

CONQUERING NEW FRONTIERS

— ANNUAL REPORT 2016-17



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 have great pleasure in sharing with you the details of the continued winning momentum of your Company when the performance boundaries were further stretched by another notch last year. It is remarkable that this was achieved in a year when the overall industry volume was static, demonetisation and implementation of BS IV emission norms had their dampening effects in sales volume development. Gaining market share in a flat market of 2016-17 in all regions and product segments which followed a share gain in a growing market of 2015-16 amply demonstrates the structural strength of your Company. The full credit goes to the vibrant organisation which had taken proactive measures in the product and market areas and was responding admirably to the changes in the business environment.

As a snapshot of your Company's performance last year,

- ❖ In the medium and heavy duty segment, a sales volume of 102,313 vehicles was realised in a flat market of 302,529 vehicles registering a growth of 4% and a market share of 33.8%. The truck segment posted an overall share 33.1% which is a record. In the bus segment, due to strategic shift to exit unprofitable segments there is a decline seen in the market share which will be overcome shortly through appropriate countermeasures. The Light Commercial Vehicle (LCV) market grew at 7.4% and with a sale of 31,770 vehicles, your Company retained the share in this segment despite fierce competition and having only one product in the line-up.
- ❖ Due to adverse conditions in target markets, our performance in the international markets has been modest. Your Company continues to do well in the defence segment and has won 19 new tenders in the last 12 -18 months. The power solutions business grew 6% along with an increase in market share. The aftermarket revenues which was a key focus area for your Company registered a growth of 31%.
- ❖ From a financial perspective, your Company has achieved a standalone revenue of ₹ 21,332 Crores. Profit after tax after exceptional items stood at ₹ 1,223 Crores a growth of 214% over the last year, an all-time high. The standalone financials include the performance of the amalgamated Hinduja Foundries Limited for the period October 1, 2016 to March 31, 2017.

❖ Some of the high points of last year are:

- 1) Six new products including the India's first Electric Bus - 'Circuit series'.
- 2) Deming Prize for the Pant Nagar plant - the highest global recognition for quality.
- 3) Highest score on Dealer Satisfaction for M&HCV range by JD Power.
- 4) "School Bus of the Year" Award for the Sunshine Bus.
- 5) Migration to BS IV with an innovative market relevant iEGR solution.
- 6) Truck plant in Bangladesh.

In the coming years, your Company will continue to provide thrust to the core business of commercial vehicles and build a portfolio of profitable segments. LCV strategy will get further sharpened and a slew of products is already in the pipeline. In enhancing customer profitability, identifying appropriate transport solutions will rank higher than just positioning products. International business will be a very important lever of growth with new bus plants planned in Africa. The defence business will be an area of great focus in tactical, armoured and tracked vehicles. The aftermarket business will target market penetration, service delivery and profitability. The power solutions business will be a pillar for growth expanding on the range through small and high horse power engines.

Looking ahead, your Company anticipates many developments in the economic and business environment, some of which are local phenomena and some triggered by global trends. The Indian Economy is on the threshold of the next phase of growth through government sponsored "Make-In-India" programmes and other investment-led strategies. Concurrently, the business environment in India is expected to undergo a radical transformation with the big push to build quality infrastructure in roads, ports, water-ways, airways and railways through the Bharat Mala and Sagar Mala programmes nudging the logistics landscape. In addition, the forthcoming GST is expected to make logistics operations simpler and seamless. In the medium term, we can expect acceleration of fleet renewals, road transport becoming more efficient, regulation such as for Fully Built Vehicles and norms in place to stop over loading, all of which should augur well for the domestic commercial vehicle industry. Your Company is well positioned to capture the upsides owing to these developments.

The global commercial vehicles market continues its strong growth trajectory. sales volumes have increased from 20.3 million vehicles in 2011 to 24.4 million vehicles in 2016 growing steadily at a rate of 4% per annum. It is tipped to touch 29 million vehicles by 2020. Trends point to an increasing focus on regulatory standards on emissions and fuel-efficient technologies. While cleaner technologies will potentially result in lower fuel costs for the customers, its impact on OEM profitability is likely to be limited. There is over capacity in the manufacturing system, especially in emerging market economies, leading to price wars. Put together, increasing competition and cost of meeting stronger emission standards are placing OEMs under profitability pressure.

For improving efficiencies, commercial vehicle players are pursuing product modularisation with an emphasis on accelerating time to market with high

degree of customisation but lower development costs and improvements through industry 4.0 levers such as preventive maintenance and yield maximisation. Furthermore, product led business models are yielding ground to solutions based models anchored on digital platforms and in that process, OEMs are facing unorthodox rivals in the business such as technology start-ups.

I am happy to inform you that your Company has already laid great emphasis on these areas in its quest for excellence and technology leadership. I am confident more than ever before that we are on track to consolidate our market gains in India sustainably and emerge as a beacon of market relevant technologies in the commercial vehicle field.

Your Company, as part of CSR, has undertaken the initiative “*Road to School*”. The primary objective of this initiative now is to improve quality of education in Government Schools in the remote rural areas in and around the facilities located in Hosur, Ennore and Vellivayalchavadi. The journey started in 2015 and today 108 schools are covered with over 15,000 children benefiting from this programme. A further 45 schools with 5000 children will be added this year, accelerating the coverage. The intent is to use education as a ‘social leveler’ in these communities. The programme is now extended to include health, hygiene and strengthening the infrastructure requirements of the schools.

All things considered, I believe your Company has delivered another year of record operational and financial performance despite the odds. The bar is now set high but I am confident that with the growth strategies and plans in place and ably supported by a determined and passionate team, your Company will continue to excel in the coming years.

I thank you all for the confidence you have reposed in the Company. I would like to acknowledge the valuable support and contribution of our extended family of customers, dealers, suppliers, financial institutions and partners.

Thank you,

Yours sincerely,



Dheeraj G Hinduja
Chairman

June 21, 2017

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dheeraj G Hinduja, Chairman
R Seshasayee, Non-Executive Vice Chairman (resigned w.e.f. July 28, 2016)
Dr. Andreas H Biagosch
Dr. Andrew C Palmer
D J Balaji Rao
A K Das
Jean Brunol
Jose Maria Alapont (appointed w.e.f. January 25, 2017)
Manisha Girotra
Sanjay K Asher
Shardul S Shroff
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
Nandkumar Khandare
Nitin Seth
Rajive Saharia
K Ram Kumar
Dr. N Saravanan
Dr. Seshu Bhagavathula
R Sivanesan
T Venkataraman
Venkatesh Natarajan

AUDITORS

M S Krishnaswami & Rajan
Deloitte Haskins & Sells 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.
Deutsche Bank A.G.
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 Ltd
Vijaya Bank

REGISTERED OFFICE

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

CORPORATE IDENTITY NUMBER

L34101TN1948PLC000105

PLANTS

Ennore (Chennai), 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	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Sales Volume								
Vehicles (numbers)	83,307	54,431	63,926	94,106	101,990	114,611	89,337	104,902
Engines (numbers)	11,757	21,447	19,050	17,377	16,170	21,757	17,441	14,023
Spare parts and others	79,124	79,969	88,506	106,194	155,400	181,458	121,257	139,169
Revenue (Gross sales)	894,715	666,664	787,260	1,215,300	1,372,081	1,329,856	1,056,085	1,448,593
Profit before tax	63,815	20,845	54,477	80,180	68,998	47,071	(9,122)	44,220
Profit after tax	46,931	19,000	42,367	63,130	56,598	43,371	2,938	33,481
Assets								
Fixed assets	205,479	439,741	481,103	499,176	546,171	597,081	584,139	537,570
Non-Current Investments	60,990	26,356	32,615	123,000	153,448	233,763	240,531	224,038
Long term loans and advances	13,550	10,020	20,145	38,463	60,824	49,934	100,146	98,292
Other non-current assets	2,076	823	363	316	743	1,203	3,309	1,950
Non-Current Assets	282,095	476,940	534,226	660,955	761,186	881,981	928,126	861,850
Current Investments	-	-	-	-	-	-	38,438	40,845
Inventories	122,391	133,001	163,824	220,890	223,063	189,602	118,870	139,853
Trade Receivables	37,583	95,797	102,206	116,450	123,076	141,941	129,901	124,267
Cash and Bank balances	45,137	8,808	51,892	17,953	3,256	1,394	1,169	75,129
Short Term loans and Advances	68,864	68,934	75,901	33,439	72,657	87,134	47,201	56,367
Other current assets	154	146	155	9,644	8,337	7,618	17,095	32,838
Current assets	274,129	306,686	393,978	398,376	430,389	427,689	352,674	469,299
Total	556,224	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	13,303	26,607	26,607	26,607	28,459
Reserves and surplus	201,595	334,470	352,327	382,993	394,626	418,903	418,182	483,410
Shareholders funds	214,898	347,773	365,630	396,296	421,233	445,510	444,789	511,869
Long term borrowings	70,632	185,826	211,819	234,813	229,335	273,784	329,650	256,634
Deferred tax liability - Net	25,382	26,344	38,454	44,389	49,037	52,737	40,677	51,027
Long-term provisions and Liabilities	9,286	9,410	11,421	7,846	7,656	8,029	7,024	9,897
Non-current liabilities	105,300	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	173,511	177,129	233,168	230,851	257,097	248,537	221,415	282,832
Other current liabilities	37,278	19,746	42,264	103,442	175,005	173,507	169,691	190,785
Short-term provisions	25,237	17,398	25,449	41,694	42,037	30,868	8,813	25,605
Current liabilities	236,026	214,273	300,880	375,987	484,314	529,610	458,660	501,722
Total	556,224	783,626	928,204	1,059,331	1,191,575	1,309,670	1,280,800	1,331,149
Basic Earnings Per Share (₹)	3.53	1.43	3.18	2.37*	2.13*	1.63*	0.11*	1.20*
Dividend per share (₹) (Face value ₹1 each)	1.50	1.00	1.50	2.00	1.00	0.60	-	0.45
Employees (numbers)	13,304	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
Sales Volume		
Vehicles (numbers)	140,457	145,066
Engines (numbers)	15,551	16,491
Spare parts and others	127,336	167,294
Revenue (Gross sales)	1,999,297	2,133,167
Profit before tax	82,654	133,009
Profit after tax	38,960	122,308
Assets		
Property, Plant and Equipment, CWIP, Tangible and Intangible assets	486,784	517,667
Investments	198,044	200,168
Trade Receivables	19	18
Loans and Others	13,472	6,267
Advance tax asset and other non-current assets	60,961	69,875
Non-current assets	759,280	793,995
Inventories	162,501	250,112
Investments	-	87,717
Trade Receivables	125,095	85,990
Cash and Bank balances	159,313	91,197
Loans and Others	19,630	15,474
Other current assets	51,556	43,171
Current Assets	518,095	573,661
Assets classified as held for sale	-	12,300
Total	1,277,375	1,379,956
Financed by		
Equity Share capital	28,459	28,459
Other Equity	512,256	584,148
Equity	540,715	612,607
Borrowings and other financial liabilities	199,509	119,354
Deferred tax liability - Net	32,910	12,690
Other Non-current liabilities and provisions	15,223	17,182
Non-current liabilities	247,642	149,226
Borrowings and other financial liabilities	151,741	204,272
Trade payables	256,269	305,218
Other current liabilities and provisions	81,008	108,618
Current liabilities	489,018	618,108
Liabilities directly associated with assets classified as held for sale	-	15
Total	1,277,375	1,379,956
Basic Earnings Per Share (₹)	1.37*	4.24*
Dividend per share (₹) (Face value ₹1 each)	0.95	1.56 [®]
Employees (numbers) including HFL for FY 2016-17	10,352	11,906

* Post Bonus Issue

[®] Dividend recommended by the Board is subject to the approval of the shareholders in the Annual General Meeting to be held on July 21, 2017.

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the sixty eighth Annual General Meeting of Ashok Leyland Limited will be held on **Friday, July 21, 2017 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

- To receive, consider and adopt:
 - the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2017, together with the Reports of the Board of Directors and the Auditors thereon; and
 - the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2017 together with the Report of Auditors thereon.

- To declare a dividend for the year ended March 31, 2017.
- 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.
- To appoint Auditors and fix their remuneration and in this regard, to consider and if thought fit, to pass the following as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Messers Price Waterhouse & Co Chartered Accountants LLP (FRN 304026E/E300009), Chennai, be and are hereby appointed as the Statutory Auditor of the Company in place of the retiring Auditors M S Krishnaswami & Rajan, Chartered Accountants (Registration No. 01554S) and Deloitte Haskins & Sells LLP, Chartered Accountants (Registration No. 117366W/W-100018), to hold office for a term of five consecutive financial years, from the conclusion of this sixty eighth Annual General Meeting of the Company till the conclusion of the seventy third Annual General Meeting, subject to ratification of the appointment at every Annual General Meeting, on such remuneration plus service tax as applicable and reimbursement of out-of pocket expenses in connection with the audit as may be mutually agreed upon by the Board of Directors and the Auditors."

Special Business

- Appointment of Mr. Jose Maria Alapont as an Independent Director**

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 Sections 149, 150, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (Act), read with the Rules made thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. Jose Maria Alapont (DIN:07712699), who was appointed as an Additional Director (Independent) of the Company by the Board of Directors with effect from January 25, 2017 and who holds office till the date of the Annual General Meeting, in terms of Section 161 of the Act, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act, signifying his intention to

propose Mr. Jose Maria Alapont as a candidate for the office of a Director of the Company, be and is hereby appointed as an Independent Director, not liable to retire by rotation, to hold office for a term of five consecutive years upto January 24, 2022."

- Ratification of Cost Auditors' Remuneration for the financial year 2016-17**

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 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the members hereby approve/ratify the remuneration of ₹6,00,000/- (Rupees Six Lakhs only) excluding service tax and out of pocket expenses at actuals, for the financial year ended March 31, 2017 to Messers Geeyes & Co., Cost Accountants, (Firm Registration No: 00044), who were appointed as the Cost Auditors to conduct the audit of cost records maintained by the Company for the financial year ended March 31, 2017."

- Adoption of new Articles of Association of the Company in conformity with the Companies Act, 2013**

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 Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association of the Company submitted to this meeting, be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.

RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board

Chennai
May 25, 2017

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:

- The Dividend of ₹1.56/- per share has been recommended by the Board of Directors for the year ended March 31, 2017, subject to approval of shareholders. Dividend, if approved at the Annual General Meeting (AGM), shall be paid on and from July 25, 2017.

2. The Register of Members and the Share Transfer books of the Company will remain closed from Thursday, July 13, 2017 to Friday, July 21, 2017 (both days inclusive) for the purpose of determining the members eligible for dividend.

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 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 Form of Proxy 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. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (Act), in respect of businesses under item nos. 4 to 7 of the Notice, is annexed herewith. For item no. 4, the explanatory statement is provided though strictly not required as per Section 102 of the Act. The relevant details as required under Regulation 36(3) of 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, of the person seeking appointment/re-appointment as Director under item nos. 3 and 5 of the Notice, are also annexed.

6. 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).

7. 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.

8. Members, who hold shares in dematerialised form, are requested to quote Depository Account Number (Client ID No.) for easy identification of attendance at the meeting.

9. Pursuant to Sections 205A and 205C, and other applicable provisions, if any, of the Companies Act, 1956, 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 became due for payment, were required to be transferred to Investor Education and Protection Fund (IEPF). Sections 124 and 125 of the Act, read with the Investor

Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), came into with effect from September 7, 2016, also contain similar provisions for transfer of such amounts to the IEPF. Accordingly, all unclaimed/unpaid dividend, remaining unclaimed/unpaid for a period of seven years from the date they became due for payment, have been transferred to the IEPF.

Details of dividend declared for the financial years from 2009-10 onwards are given below:

Financial year	Declared on	Dividend %	Amount of dividend per share (face value: ₹1/-per share) ₹ Paise
2009-10	July 27, 2010	150	1.50
2010-11	July 19, 2011	200	2.00
2011-12	July 24, 2012	100	1.00
2012-13	July 16, 2013	60	0.60
2013-14	Dividend not declared		
2014-15	June 29, 2015	45	0.45
2015-16	July 21, 2016	95	0.95

As per Section 124(6) of the Act read with the IEPF Rules as amended, all the shares in respect of which dividend has remained unpaid/unclaimed for seven consecutive years or more are required to be transferred to an IEPF Demat Account notified by the Authority. The Company has sent individual notices to all the shareholders whose dividends are lying unpaid/unclaimed against their name for seven consecutive years or more and also advertised on the Newspapers seeking action from the shareholders. Shareholders are requested to claim the same as per procedure laid down in the Rules. In case the dividends are not claimed by the due date(s), necessary steps will be initiated by the Company to transfer shares held by the members to IEPF without further notice. Please note that no claim shall lie against the Company in respect of the shares so transferred to IEPF.

In the event of transfer of shares and the unclaimed dividends to IEPF, shareholders are entitled to claim the same from IEPF by submitting an online application in the prescribed Form IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same duly signed to the Company along with the requisite documents enumerated in the Form IEPF-5. Shareholders can file only one consolidated claim in a financial year as per the IEPF Rules.

Shareholders who have not yet encashed their dividend warrant(s) pertaining to the dividend for the financial year 2009-10 onwards for the Company, are requested to lodge their claims with the RTA. It may be noted that the unclaimed dividend for the financial year 2009-10 declared by the Company on July 27, 2010 can be claimed by the shareholders by August 27, 2017.

10. Pursuant to Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amount lying with companies) Rules, 2012, the Company shall provide/host the required details of unclaimed dividend amounts referred to under Section 205C(2) of the Companies

Act, 1956 on its website and also in the Ministry of Corporate Affairs (MCA) website in the relevant form every year. For the financial year ended March 31, 2016, the information on unclaimed dividend as on the last date of AGM, i.e., July 21, 2016 was filed with the MCA and hosted on the website of the Company.

11. Electronic mode of the Notice of the sixty eighth AGM of the Company *inter-alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose e-mail IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their e-mail address, physical copies of the Notice of the sixty eighth AGM of the Company *inter-alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
12. Members whose shareholding is in electronic mode are requested to notify change in address, if any, and update bank account details to their respective depository participant(s). We also request the members to utilise the Electronic Clearing System (ECS) for receiving dividends.
13. Members may also note that the Notice of the sixty eighth AGM and the Annual Report for 2016-17 will be available on the Company's website www.ashokleyland.com and also on the website of the Stock Exchanges respectively at www.bseindia.com and www.nseindia.com. The physical copies of the aforesaid documents will also be available at the Registered Office of the Company in Chennai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor e-mail id: secretarial@ashokleyland.com or Company's RTA's e-mail id: csdstd@integratedindia.in
14. **Voting through electronic means:**
 - I. In compliance with provisions of Section 108 of the Companies Act, 2013 and the Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), the Company provides the members the facility to exercise their right to vote at the AGM by electronic means and the businesses may be transacted through e-voting services provided by National Securities Depository Limited (NSDL).
 - II. The facility for voting, through ballot paper shall be made available at the AGM and members attending the AGM who have not already cast their vote by remote e-voting shall be able to exercise their right at the AGM.
 - III. The "cut-off date" for determining the eligibility for voting either through electronic voting system or ballot is fixed as Friday, July 14, 2017. The e-voting period commences on Monday, July 17, 2017 at 9.00 a.m. IST and ends on Thursday, July 20, 2017 at 5.00 p.m. IST. During this period, a person whose name is recorded in the Register of Members or in the Register of Beneficiary Owners maintained by the depositories, as on the cut-off date, i.e., Friday, July 14, 2017, shall

be entitled to avail the facility of remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter.

IV. Process for members opting for remote e-voting:

A. In case a member receives an e-mail from NSDL [whose e-mail ID is registered with the Company/ Depository Participant(s)]:

- (i) Open the e-mail received from NSDL and open PDF file viz; "Ashok Leyland remote e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
- (ii) Launch the internet browser by typing the following URL: <https://www.evoting.nsdl.com/>.
- (iii) Click on Shareholder - Login.
- (iv) If you are already registered with NSDL for e-voting, then you can use your existing user ID and password for casting your vote.
- (v) Type User ID and password as initial password/PIN noted in step (i) above. Click Login.
- (vi) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note the new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vii) Once the home page of remote e-voting opens. Click on remote e-Voting: Active Voting Cycles.
- (viii) Select "EVEN" (E-voting Event Number) of Ashok Leyland Limited.
- (ix) Now you are ready for remote e-voting as Cast Vote page opens.
- (x) Cast your vote by selecting appropriate option and click on "SUBMIT" and also "CONFIRM" when prompted.
- (xi) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xii) Once you have voted on the resolution(s), you will not be allowed to modify your vote and cast the vote again.
- (xiii) Institutional shareholders (i.e., other than individuals, HUF, NRI, etc.) are required to send the scanned copy (PDF/JPG format) of the relevant Board Resolution and/ or Authority letter together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer through e-mail to scrutiniserbc@gmail.com with a copy marked to evoting@nsdl.co.in and csdstd@integratedindia.in.

- B. In case a member receives physical copy of the Notice [whose e-mail ID is not registered with the Company/Depository Participant(s)]:**
- a) Initial password is provided as per the format given below at the bottom of the Attendance Slip for the AGM: **EVEN (E-Voting Event Number) USER ID PASSWORD/PIN.**
 - b) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) in (IV)(A) above, to cast the vote.
- V. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the downloads section of www.evoting.nsdl.com or call Toll Free No. 1800-222-990.
 - VI. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
 - VII. The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date i.e. Friday, July 14, 2017. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of voting, either through remote e-voting or voting at the Meeting through electronic voting system or poll paper.
 - VIII. Members who have already exercised their voting through Remote e-voting can attend the AGM but cannot vote again.
 - IX. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e., Friday, July 14, 2017, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Company/RTA. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following Toll Free no.: 1800-222-990.
 - X. Your Company has appointed Ms. B Chandra, Practising Company Secretary (Membership No. ACS: 20879, CP No.7859), Chennai, as the Scrutinizer to scrutinize the voting at the meeting and the remote e-voting process in a fair and transparent manner.
 - XI. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses who are not in the employment of the Company and make a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.
 - XII. As per Regulation 44 of the SEBI Listing Regulations, the results of the e-voting are to be submitted to the Stock Exchange(s) within 48 hours of the conclusion of the AGM. The results declared along with Scrutinizer's Report shall be placed on the Company's website
- www.ashokleyland.com and the website of NSDL www.evoting.nsdl.com. The results shall also be displayed on the notice board at the Registered Office of the Company.
15. Corporate members/Foreign Institutional Investors/ Foreign Portfolio 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 documents authorising their representatives to attend and vote at the AGM well in advance.
 16. **Nomination Form:**
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 Companies Act, 2013 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 in the Company's website for download.
 17. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
 18. The Securities and Exchange Board of India has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s) with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/ Integrated Registry Management Services Private Limited (RTA), "Kences Towers", 2nd Floor, No. 1 Ramakrishna Street, North Usman Road, T. Nagar, Chennai - 600 017.
 19. 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.
 20. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e., Friday, July 21, 2017.
 21. **E-mail Registration:**
As part of the Company's GO GREEN initiative, members who have not registered their e-mail ID are requested to update the same with the Company, if held in physical form (or) to the Depository, if held in demat mode.
 22. The Route Map for the venue of the AGM is enclosed.
- Explanatory Statement pursuant to Section 102 of the Companies Act, 2013**
- As required under Section 102 of the Companies Act, 2013, the following explanatory statement sets out all material facts relating to the businesses mentioned under item nos. 4 to 7 of the accompanying Notice.
- Item No.4**
- This explanatory statement is provided though strictly not required as per Section 102 of the Act.
- In terms of the provisions of Section 139 of Companies Act, 2013 (the "Act"), no listed company can appoint or re-appoint an

audit firm as statutory auditor for more than two terms of five consecutive years. The Act further prescribes that the company has to comply with these provisions within three years from the commencement of the Act.

M S Krishnaswami & Rajan, Chartered Accountants (Registration No. 01554S) and Deloitte Haskins & Sells LLP, Chartered Accountants (Registration No. 117366W/W-100018), existing Joint Statutory Auditors have been in office for more than ten years. As per second proviso to Section 139(2) of the Companies Act, 2013 ('the Act'), a transition period of three years from the commencement of the Act was provided to appoint a new auditor when the existing audit firm has completed two terms of five consecutive years. In compliance with the provisions of the Act, the Company will have to appoint a new auditor in place of the existing Joint Statutory Auditors by March 31, 2017.

The Board of Directors has, based on the recommendation of the Audit Committee at their meeting held on January 25, 2017, proposed the appointment of Price Waterhouse & Co Chartered Accountants, LLP (FRN 304026E/E300009), as the Statutory Auditor of the Company in place of the existing Joint Statutory Auditors to hold office from the conclusion of this AGM until the conclusion of the seventy third AGM of the Company, subject to ratification by the members at every AGM.

Price Waterhouse & Co Chartered Accountants LLP have consented to their appointment as Statutory Auditors and have confirmed that if appointed, their appointment will be in accordance with Section 139 read with Section 141 of the Act.

None of the Directors, Key Managerial Personnel and their relatives is, in any way, concerned or interested, financial or otherwise, in this resolution.

The Board recommends the resolution set forth for the approval of the members.

Item No.5

The Board of Directors of the Company at their meeting held on January 25, 2017 appointed Mr. Jose Maria Alapont (Mr. Alapont) as an Additional Director of the Company with effect from January 25, 2017, pursuant to the provisions of Section 161 of the Companies Act, 2013 (Act) and the Articles of Association of the Company.

Mr. Alapont will hold office upto the date of this AGM.

The Company has received a notice in writing under Section 160 of the Act from a member, along with a deposit of requisite amount proposing the candidature of Mr. Alapont for the office of the Independent Director, to be appointed as such, under the provisions of Section 149 of the Act.

The Company has received a declaration from Mr. Alapont that he meets the criteria of independence as prescribed both under sub-section(6) of Section 149 of the Act and under SEBI Listing Regulations. In the opinion of the Board, Mr. Alapont fulfills the conditions for his appointment as an Independent Director as specified in the Act and SEBI Listing Regulations. Mr. Alapont is independent of the management and possesses appropriate skills, experience and knowledge.

Brief resume of Mr. Jose Maria Alapont

Mr. Alapont has been Chairman of the Board of Directors, President and Chief Executive Officer of Federal-Mogul Corporation, a leading global automotive supplier, from March 2005 through March 2012 and continued to serve as a director on the Board of Federal-Mogul till 2013. He has more than 40 years of global leadership experience in both vehicle manufacturers and suppliers with business and operations responsibilities in the Americas, Europe, Asia Pacific, Middle East and Africa.

Mr. Alapont, between 2003 and 2005, was Chief Executive Officer and a member of the Board of Directors of Fiat IVECO, a leading global manufacturer of commercial trucks and vans, buses, recreational, off-road, firefighting, defense and military vehicles of the Fiat Group. He also became a member of the Fiat Group Executive Committee.

He served from 1997 to 2003 in several key executive positions at Delphi Corporation, a leading global automotive supplier. He began at Delphi as Executive Director of International Operations. Mr. Alapont, in 1999, was named President of Delphi Europe, Middle East and Africa, Vice President of Delphi and also became a member of the Delphi Strategy Board. Mr. Alapont was named, in 2003, President of Delphi's International Operations, and Vice President of Worldwide Sales and Marketing.

Mr. Alapont also served from 1990 to 1997 in several key executive positions at Valeo, a leading global automotive supplier. He started at Valeo as Managing Director of Engine Cooling Systems. Mr. Alapont was named Executive Director, in 1991, of Valeo's Worldwide Heavy-Duty Engine Cooling Operations. He became, in 1992, Group Vice President of Valeo's Worldwide Clutch and Transmission Components Division and became a member of Valeo Strategy Board. He was named Group Vice President of the company's Worldwide Lighting Systems Division in 1996.

Mr. Alapont began and developed his automotive career from 1974 to 1989 at Ford Motor Company, a leading global automotive manufacturer and over the course of 15 years, starting at Ford of Spain, progressed through different management and executive positions in Quality, Power Train Testing and Validation, Manufacturing and Purchasing at Ford of Europe.

He was appointed in 2016 member of the Boards of Directors of Navistar Inc., the Manitowoc Company Inc and the Hinduja Investments and Project Services Ltd, he also was appointed in 2014 member of the Board of the Hinduja Automotive Ltd. Mr. Alapont served during 2011-2012 on the Board of Directors of Mentor Graphics Corp, during 2005-2013 on the Board of Federal-Mogul Corp. and during 2003-2005 on the Board of Fiat Iveco. He has also been a member of the Davos World Economic Forum during 2000-2011. Mr. Alapont provides valuable guidance to global industrial corporations and economic development groups in the Americas, Europe, Asia Pacific, Middle East and Africa.

Mr. Alapont was recognised, in 2012, by North wood University as an Outstanding Business Leader, selected for his business achievements and exemplary industry leadership. He was honored, in 2011, as a Leader in Innovation by Philadelphia University, for his personal accomplishments and for exemplifying

the spirit of innovation and the University's mission. He also was honored by the U.S. Hispanic Chamber of Commerce in 2010 with an Award which recognises leading global executives for their contribution as business role models. Mr. Alapont received in 2002 the Executive of the Year award from Auto Revista Magazine for successfully developing, growing and diversifying the company's global business.

A native of Spain, Mr. Alapont earned degrees in Industrial Engineering from the Technical School of Valencia in Spain and in Philology from the University of Valencia in Spain.

Mr. Alapont does not hold by himself or for any other person on a beneficial basis, any shares in the Company as per declaration given by him.

The Board based on the experience/expertise declared by Mr. Alapont, is of the opinion that Mr. Alapont has the requisite qualification to act as an Independent Director of the Company.

The Board recommends the resolution set forth for the approval of the members.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in this resolution except Mr. Alapont.

Item No.6

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Company is required to appoint a cost auditor to audit the cost records of the applicable products of the Company. As per the Rules, remuneration payable to the cost auditor is required to be ratified by the members of the Company in the general meeting. The Board of Directors of the Company at its meeting held on May 25, 2016 had considered and approved the appointment of Messers Geeyes & Co., Cost Accountants (Regn. No: 00044) as the Cost Auditor of the Company for the financial year 2016-17 on a remuneration of ₹6,00,000/- (Rupees Six Lakhs only) plus applicable service tax and out of pocket expenses that may be incurred.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in this resolution.

The Board recommends the resolution set forth for the approval/ratification of the members.

Item No.7

The Articles of Association of the Company as currently in force was originally adopted when the Company was incorporated under the Companies Act, 1913 and further amendments were adopted pursuant to the provisions under the Companies Act, 1956, from time to time, over the past several years. The references to specific sections of the Companies Act, 1956 in the existing Articles of Association may no longer be in conformity with the Companies Act, 2013.

In view of the above, it is proposed to amend the existing Articles of Association to align it with the provisions of Companies Act, 2013 including the Rules framed thereunder and adoption of specific sections from Table "F" to Schedule I to the Companies Act, 2013 which sets out the model articles of association for a company limited by shares.

Pursuant to the provisions of Section 14 of the Companies Act, 2013, read with the Rule framed thereunder, amendment of Articles of Association requires approval of shareholders by way of Special Resolution.

Accordingly, consent of the members is sought for passing an enabling Special Resolution as set out in this Item.

A copy of the existing as well as new Articles of Association of the Company is available for inspection at the Registered Office of the Company during working hours on any working day upto the date of the Annual General Meeting.

None of the Directors and Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested, financially or otherwise, in this resolution.

By Order of the Board

Chennai
May 25, 2017

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

Annexure

Details of Directors seeking appointment/re-appointment at the Annual General Meeting

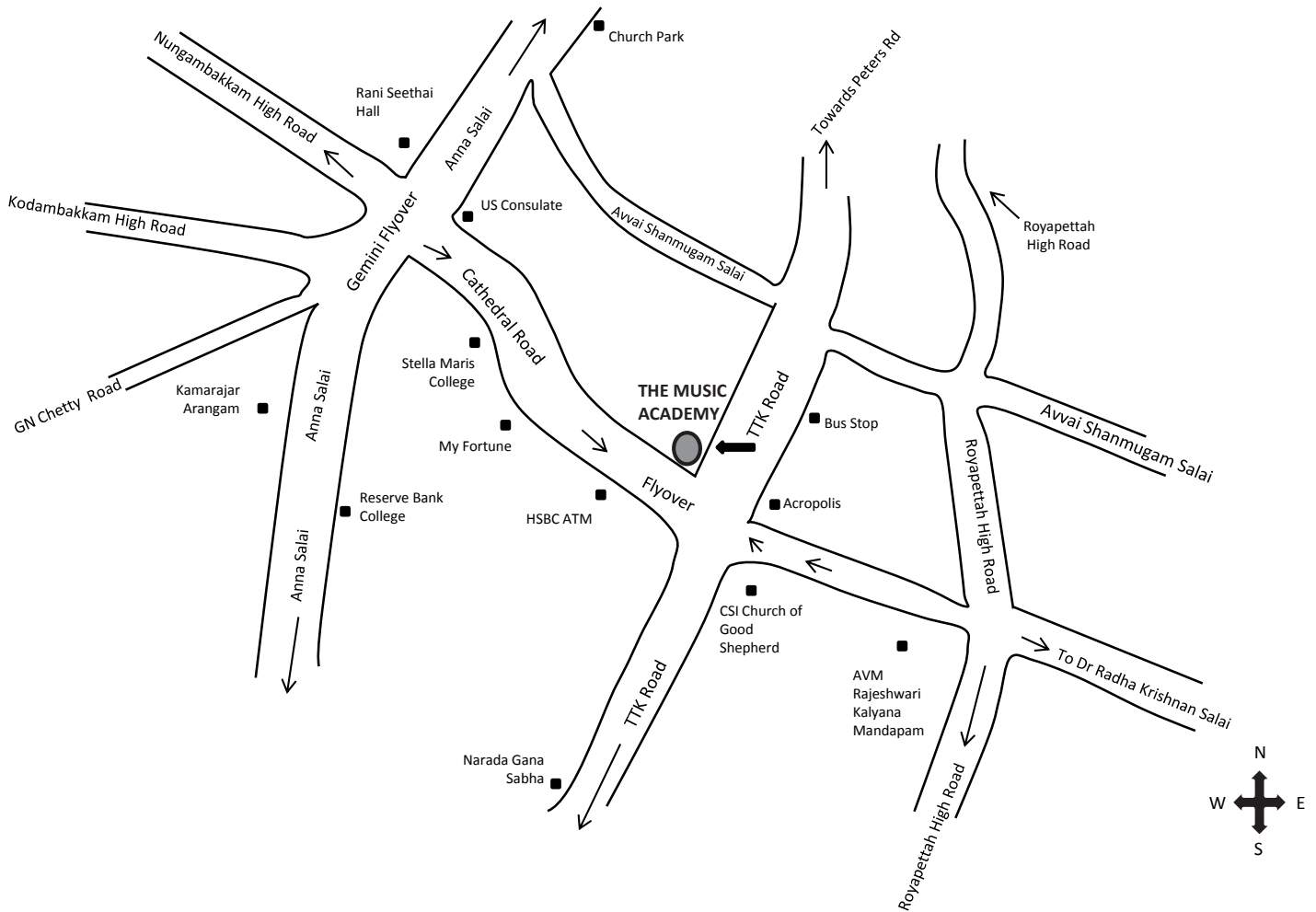
Name of the Director	Mr. Dheeraj G Hinduja	Mr. Jose Maria Alapont
Date of Birth and Age	July 27, 1971, 45 years	September 3, 1950, 66 years
Date of Appointment	September 3, 1996	January 25, 2017
Qualifications	Bachelor's Degree in Science (Economics and History) and Master's degree in business administration	Degrees in Industrial Engineering and Philology
Expertise in Specific functional areas	Various strategic and leadership level in variety of business functions.	More than 40 years of global leadership experience in both vehicle manufacturers and suppliers with business and operations responsibilities in the Americas, Europe, Asia Pacific, Middle East and Africa regions
Board Membership of other companies as on March 31, 2017	<ul style="list-style-type: none"> (i) Hinduja Tech Limited* (ii) Hinduja National Power Corporation Limited (Co-Chairman) (iii) Hinduja Leyland Finance Limited* (iv) Hinduja Automotive Limited, United Kingdom (Co-Chairman) 	<ul style="list-style-type: none"> (i) Hinduja Automotive Limited (ii) Hinduja Investment and Project Services Limited (iii) The Manitowoc Company Inc. (iv) Navistar Inc.
Chairmanship(s)/ Membership(s) of Committees of other Companies as on March 31, 2017	<ul style="list-style-type: none"> (i) Hinduja National Power Corporation Limited <ul style="list-style-type: none"> a. Nomination and Remuneration Committee (ii) Hinduja Tech Limited <ul style="list-style-type: none"> a. Nomination and Remuneration Committee* (iii) Hinduja Leyland Finance Limited <ul style="list-style-type: none"> a. Nomination and Remuneration Committee b. CSR Committee* 	<ul style="list-style-type: none"> (i) Navistar Inc <ul style="list-style-type: none"> a. Finance, Governance and Audit Committee (ii) The Manitowoc Company Inc. <ul style="list-style-type: none"> a. Finance, Governance and Audit Committee

*Chairman of the Board/Committee.

For other details such as number of shares held, number of meetings of the Board attended during the year, remuneration drawn in respect of the aforesaid directors, please refer to the Corporate Governance Report.

Route Map to the AGM Venue

Venue : The Music Academy, Madras”, New No.168 (Old No.306), TTK Road, Royapettah, Chennai - 600 014



Landmark: Cathedral Road Flyover Junction

BOARD'S REPORT

To the Members,

PERFORMANCE/OPERATIONS

Your Directors have pleasure in presenting the annual report of Ashok Leyland Limited (AL/the Company), together with the audited financial statements, for the financial year ended March 31, 2017.

FINANCIAL RESULTS

₹ in Lakhs

	Standalone		Consolidated	
	2016-17	2015-16	2016-17	2015-16
Revenue from Operations	2,133,166.91	1,999,297.42	2,406,834.78	2,231,957.88
Other Income	13,627.01	11,762.02	13,069.22	16,362.07
Total Income	2,146,793.92	2,011,059.44	2,419,904.00	2,248,319.95
Profit before tax	133,008.62	82,653.67	183,326.25	120,874.44
Less: Tax Expense	10,700.90	43,693.82	19,611.91	49,657.14
Profit after tax	122,307.72	38,959.85	163,714.34	71,217.30
Profit/(Loss) from discontinued operations	-	-	(423.31)	-
Profit for the period	122,307.72	38,959.85	163,291.03	71,217.30
Balance profit from last year	256,853.43	222,576.92		
Transfers:				
- From Debenture Redemption Reserve to Statement of Profit and Loss	5,250.00	11,625.00	-	-
Profit available for appropriation				
Appropriation:				
Dividend paid during the year	(27,035.83)	(12,806.44)	-	-
Corporate Dividend tax thereon	(5,503.86)	(2,607.09)	-	-
Pursuant to amalgamation	(92,323.21)		-	-
Other comprehensive Income arising from re-measurement of defined benefit obligation (net of tax)	(120.78)	(894.81)	-	-
Balance profit carried to Balance Sheet	259,427.47	256,853.43	-	-
Earnings Per Share (Face value ₹1/-)				
- Basic and Diluted (in ₹)	4.24	1.37	5.51	2.40

The Company has adopted "Ind AS" with effect from April 1, 2016. Financial statements for the year ended and as at March 31, 2016 have been re-stated to conform to Ind AS Note 3.1 to the consolidated financial statement provides further explanation on the transition to Ind AS.

COMPANY'S PERFORMANCE

The Commercial Vehicles segment registered a growth of 4.16 percent in the financial year 2016-17 as compared to the same period last year. Medium & Heavy Commercial Vehicles (M&HCVs) grew by 0.04 percent and Light Commercial Vehicles grew by 7.41 percent during the financial year 2016-17 over the same period last year. In effect, the combined effect of economy, industry, segmental behavior, regulations and taxes pulled down medium and heavy commercial vehicle to end the current financial year at the same level as that of previous year.

Your Company witnessed an overall 3.3 percent growth in sales (including LCV) during the financial year 2016-17, with total sales of 1,45,066 units as against 1,40,457 units during the previous financial year. Sales of M&HCV increased to 1,13,296 units with a growth of 3.21 percent as compared to 109,762 units during the previous financial year. The market share in M&HCV grew from 31.3 percent to 32.5 percent. Continued slowdown in Middle East owing to depressed oil market, uncertain economic situation in Russian/Ukrainian markets and stagnant market in Sri Lanka had a restraining effect on Company's Export volumes.

Sales of Light Commercial Vehicle (LCV) have grown 3.5 percent to 31,770 units in 2016-17 as against 30,695 units during the previous financial year.

The Power Solution Business witnessed a growth of 15 percent over the previous year, despite a steep reduction in Harvester requirements and demand remaining moderate for Powergen/Industrial segments. Revenue from Spare Parts saw a tremendous growth of approximately 28 percent as compared to the previous financial year, due to various initiatives undertaken to grow our retail sales.

Highlights of performance are discussed in detail in the Management Discussion and Analysis Report attached as **Annexure E** to this Report.

BOARD'S REPORT

AMALGAMATION

During the year under review, the Board of Directors of the Company at their meeting held on September 14, 2016, approved the draft scheme of amalgamation of Hinduja Foundries Limited (HFL) with the Company and their respective shareholders and creditors, under Sections 391 to 394 of the Companies Act, 1956 subject to regulatory approvals. The Appointed Date for the scheme of amalgamation was October 1, 2016. The intended amalgamation has been approved by the shareholders at the Court Convened Meeting held on January 23, 2017 and through Postal Ballot on January 25, 2017. The Hon'ble National Company Law Tribunal, Chennai Bench (NCLT) which heard the Company's petition on April 18, 2017 sanctioned the scheme of amalgamation of HFL with the Company and their respective shareholders and creditors. The NCLT Order was filed with the Registrar of Companies, Chennai and the scheme became effective on April 28, 2017.

The Board of Directors of the Company has formed a Committee of Directors comprising of Mr. Dheeraj G Hinduja, Chairman, Mr. Vinod K Dasari, Chief Executive Officer and Managing Director, Mr. D J Balaji Rao and Mr. Sanjay K Asher, Directors as members of the Committee and authorised the Committee to do all such acts, deeds, matters and things as may be necessary for the purpose of giving effect to the Order of NCLT on the scheme of amalgamation of HFL with the Company including but not limited to issue and allotment of the equity shares of the Company to the eligible shareholders of the Transferor Company as on the Record date.

Further to the receipt of noted letter from the designated stock exchange, the Board of Directors of the Company has fixed Wednesday, June 7, 2017 as the 'Record Date' for determining the shareholders of Hinduja Foundries Limited (Transferor Company), entitled to receive the equity shares of Ashok Leyland Limited (Transferee Company), under the Scheme of amalgamation sanctioned by NCLT. Consequent to the above, the issued, subscribed and paid-up equity share capital will stand increased from 2,845,876,634 equity shares of ₹1/- each to 2,926,534,926 equity shares of ₹1/- each.

DIVIDEND

The Board of Directors of the Company had approved the Dividend Distribution Policy on January 25, 2017 in line with Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Policy is appended to this report and is also uploaded on the Company's website at [http://www.ashokleyland.com/sites/default/files/Listing Regulation/Dividend_Distribution_Policy.pdf](http://www.ashokleyland.com/sites/default/files/Listing%20Regulation/Dividend_Distribution_Policy.pdf).

In line with the policy, your Directors are pleased to recommend a dividend of ₹1.56/- per equity share of ₹1/- each for the financial year ended March 31, 2017. Payment of dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting and would involve a cash outflow of ₹5,494,799,232.15/- including dividend distribution tax.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT

There are no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this Report.

TRANSFER TO RESERVES

Your Company does not propose to transfer amounts to the general reserve out of the amount available for appropriation and an amount of ₹1223.07 Crores is proposed to be retained in the profit and loss account.

GLOBAL DEPOSITORY RECEIPTS

During the year, Global Depository Receipts (GDRs) of the Company listed in the London Stock Exchange (LSE) was de-listed. In compliance with the Listing Rules of Financial Control Authority (FCA), United Kingdom, the Company had cancelled the listing of the GDRs. The LSE and FCA have confirmed the delisting of GDRs and the same was notified in their websites on October 25, 2016. The Indian stock exchanges, where the underlying shares are listed have been simultaneously notified about delisting of GDRs.

FINANCE

During the year, your Company fully redeemed Non Convertible Debentures (NCDs) Series AL 21 of ₹150 Crores and AL 16 of ₹60 Crores on due dates. No fresh NCDs were issued during the year.

Your Company pre-paid Secured Rupee Term Loan of ₹375 Crores. In addition, your Company repaid Secured Rupee Term Loan of ₹12.50 Crores on due dates. During the year, your Company raised fresh Secured Rupee Term Loan of ₹175 Crores from HDFC Bank.

During the year under review, your Company repaid ECB loan instalments that fell due, equivalent to USD 64.33 mn on the due dates. No fresh ECB loans were availed during the year.

As at March 31, 2017, Long term borrowings stood at ₹1,965 Crores as against ₹2,425 Crores on March 31, 2016.

HUMAN RESOURCES

Several key initiatives on the Human Resources (HR) front were initiated during the financial year through a three pronged approach - Culture, Capability, and Capacity. The focus was on Recruiting for Excellence - a strategy for Talent Acquisition from campuses of key institutes aimed at better industry institute collaboration and building sustained relationships with them. Focus on right staffing and skilling in identified international markets was given greater emphasis in line with the goal of spreading the organisation's global footprint. Your Company has put in significant focus on Leadership Development by introducing and sustaining Leadership programs to build a healthy talent pipeline who are Agile, Enabled and Empowered with global outlook.

Young Talent Program was initiated to groom functional excellence in our young workforce. Emerging Leader Program, a signature program was sustained to identify and enhance future leadership capability. Business Leader Program is now sharpened to coach and nurture leaders. Your Company started a Women Leadership Program wherein your Company hired women from exceptional educational and professional background to be groomed for business facing leadership roles. Your Company focused greatly towards building great managers to lead great teams. People Management Capability Program (Workshop followed by 90 days coaching intervention) for all People Managers was aimed to enable our managers to better impact their teams.

Employee skill and capability building across the organisation through increased focus on new skills emerging out of new regulatory frameworks, emerging technologies and customer need is clearly the Company's agenda and efforts are on in this direction. Employee Engagement gained sharper focus with initiatives such as Quarterly Leadership Meet, YOU MADE MY DAY (an initiative to enhance the spirit of Appreciation and

BOARD'S REPORT

Comerdere); JAM - a social network site for all AL Executives for more Collaboration and Connectivity. An Organisational Health Index Survey "Expressions-16" was conducted wherein 92% of Executives participated, followed by Result dissemination and Action Planning workshop across the Organisation.

To foster Diversity and Inclusion, Shristi - a women networking Forum was formed with 3 prolonged approach of Career development, Engagement and Caring for women at AL. Women friendly policies were introduced like increased maternity leave, Adoption Leave, Paternity Leave and Medical Insurance for In-laws. Your Company undertook implementation of HRM application suite - SAP Success Factor, for enabling efficient and cost effective HR systems with the objective of improving the quality of analytics available to help in enhancing the quality of decision making with regards to people and processes throughout the employee life cycle.

CORPORATE GOVERNANCE

Your Company is in compliance with the Corporate Governance guidelines, as laid out in the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations). All the Directors and the Senior Management personnel have affirmed in writing their compliance with and adherence to the Code of Conduct adopted by the Company.

The annual report of the Company contains a certificate by the Chief Executive Officer and Managing Director in terms of SEBI Listing Regulations on the compliance declarations received from the Directors and the Senior Management personnel.

The Statutory Auditors of the Company have examined the requirements of Corporate Governance with reference to SEBI Listing Regulations and have certified the compliance, as required under SEBI Listing Regulations. The Certificate in this regard is attached as **Annexure D** to this Report.

The Chief Executive Officer and Managing Director/Chief Financial Officer (CEO/CFO) certification as required under SEBI Listing Regulations is attached as **Annexure F** to this Report.

Related Party disclosures/transactions are detailed in Note 3.8 c & d of the Notes to the financial statements.

BUSINESS RESPONSIBILITY REPORT

As per Regulation 34 of SEBI Listing Regulations, a Business Responsibility Report is attached as **Annexure K** to this Report.

CONSOLIDATED FINANCIAL STATEMENTS

Your Directors have pleasure in enclosing the Consolidated Financial Statements in addition to the standalone financial statements pursuant to Section 129(3) of the Companies Act, 2013 (Act) and SEBI Listing Regulations and prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India, in this regard.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company has 24 Subsidiaries, 7 Associate Companies and 2 Joint venture companies as on March 31, 2017. During the year, the Company, Ashok Leyland Nissan Vehicles Limited (subsidiary) and Nissan Ashok Leyland Powertrain Limited, Nissan Ashok Leyland Technologies Limited (joint ventures), entered into restructuring and settlement agreements with Nissan Motor Co. Ltd, Japan (NML). As a part of the restructuring and settlement agreements, the Company acquired the entire shareholdings

from NML in the subsidiary and joint venture companies resulting in all the three companies becoming wholly owned subsidiaries of your Company.

During the year, Hinduja Leyland Finance Limited (HLFL) became a material subsidiary since the net worth of HLFL in the immediately preceding accounting year exceeded twenty percent of the consolidated net worth of the Company and its subsidiaries. In compliance with the requirements of SEBI Listing Regulations, Dr. Andreas H Biagosch, Independent Director of the Company has been appointed as an Independent Director in the Board of HLFL.

Consequent to the amalgamation of Hinduja Foundries Limited with the Company, Ashok Leyland Wind Energy Limited became an associate company of the Company.

Automotive Infotronics Limited, joint venture and Ashley Airways Limited an associate of the Company are under liquidation. The petition for voluntary winding up of Automotive Infotronics Limited was filed with the High Court of Judicature of Madras during March 2017 and the winding up process is expected to be completed during the financial year 2017-18. During the year under review Ashok Leyland (UK) Limited has initiated the process of voluntary winding up.

A report on the performance and financial position of each of the subsidiaries, associates and joint venture companies is provided in the notes to the consolidated financial statements. Pursuant to the provisions of Section 129(3) of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing salient features of the financial statements of the Company's subsidiaries, Associates and Joint Ventures in Form AOC-1 is attached to the financial statements of the Company.

Pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited financial statements in respect of the subsidiaries are available on the website of the Company.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, Mr. R Seshasayee, Non-Executive Vice Chairman stepped down from the Board with effect from July 28, 2016. The Board wishes to place on record its appreciation for the valuable contributions made by him to the Board and the Company during his long tenure.

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Dheeraj G Hinduja, Chairman retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. Jose Maria Alapont was appointed as an Additional Director (Independent) on the Board with effect from January 25, 2017. We seek your confirmation for appointment of Mr. Jose Maria Alapont as an Independent Director for a term upto five consecutive years i.e., with effect from January 25, 2017 to January 24, 2022.

The resolutions seeking approval of the members for the re-appointment of Mr. Dheeraj G Hinduja, Chairman and appointment of Mr. Jose Maria Alapont, Independent Director have been incorporated in the Notice of the Annual General Meeting of the Company along with brief details about them.

The Independent Directors of the Company have submitted a declaration under Section 149(7) of the Companies Act, 2013 that each of them meets the criteria of independence as provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as Independent Director during the year.

BOARD'S REPORT

The terms and conditions of appointment of the Independent Directors are placed on the website of the Company <http://www.ashokleyland.com/companies-act-2013-compliance>

The Company has also disclosed the Director's familiarisation programme on its website.

During the year, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company.

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company are Mr. Vinod K Dasari, Chief Executive Officer and Managing Director, Mr. Gopal Mahadevan, Chief Financial Officer and Mr. N. Ramanathan, Company Secretary. There has been no change in the Key Managerial Personnel during the year.

AUDITORS

Messers M S Krishnaswami & Rajan, Chartered Accountants (Registration No. 015545) and Deloitte Haskins & Sells LLP, Chartered Accountants (Registration No. 117366W/W-100018), existing Joint Statutory Auditors have been in office for more than ten years and in compliance with the provisions of the Act, the Audit Committee and the Board of Directors of the Company at their meetings held on January 24, 2017 and January 25, 2017 respectively, recommended the appointment of Messers Price Waterhouse & Co Chartered Accountants, LLP (FRN 304026E/E300009), as the Statutory Auditors (new auditors) of the Company in place of the existing Joint Statutory Auditors to hold office from the conclusion of the forthcoming Annual General Meeting (AGM) until the conclusion of the seventy third AGM of the Company, subject to ratification by the members at every AGM. The necessary resolution is being placed before the shareholders for approval.

The new Auditors have confirmed their eligibility to the effect that their appointment, if made, would be within the prescribed limits under the Act and that they are not disqualified for appointment.

The Auditor's report to the shareholders on the standalone and consolidated financials for the year ended March 31, 2017 does not contain any qualification, observation or adverse comment.

COST AUDITORS

Pursuant to the provisions of Section 148(3) of the Act, the Board of Directors had appointed Messers Geeyes & Co., (Firm Registration No.: 00044), as Cost Auditors of the Company, for conducting the audit of cost records for the financial year ended March 31, 2017. The audit is in progress and report will be filed with the Ministry of Corporate Affairs within the prescribed period. A proposal for ratification of remuneration of the Cost Auditors for the financial year 2016-17 is placed before the shareholders for ratification/approval.

SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Act, read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company engaged the services of Ms. B Chandra (CP No. 7859), Company Secretary in Practice, Chennai to conduct the Secretarial Audit of the Company for the financial year ended March 31, 2017. The Secretarial Audit

report for the financial year March 31, 2017 in Form No. MR-3 is attached as **Annexure H** to this Report. The Secretarial Audit report does not contain any qualification, reservation or adverse remark.

EXTRACT OF THE ANNUAL RETURN

Pursuant to the provisions of Section 92(3) of the Act, an extract of Annual Return in Form MGT-9 as on March 31, 2017 is attached as **Annexure G** to this Report.

OTHER LAWS

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder, your Company has constituted an Internal Complaints Committee (ICC). During the year, the Company received one complaint which was investigated and closed pursuant to the provisions of the aforesaid Act.

BOARD MEETINGS HELD DURING THE YEAR

During the year, six meetings of the Board of Directors were held. The details of the meetings are furnished in the Corporate Governance Report which is attached as **Annexure C** to this Report.

ADOPTION OF NEW ARTICLES OF ASSOCIATION

The Articles of Association of the Company as currently in force was originally adopted when the Company was incorporated under the Companies Act, 1913 and further amendments were adopted pursuant to the provisions under the Companies Act, 1956, from time to time, over the past several years. The references to specific sections of the Companies Act, 1956 in the existing Articles of Association may no longer be in conformity with the Companies Act, 2013. In view of the above, it is proposed to amend the existing Articles of Association to align it with the provisions of Companies Act, 2013 including the Rules framed thereunder and adoption of specific sections from Table "F" to Schedule I to the Companies Act, 2013 which sets out the model articles of association for a company limited by shares. Pursuant to the provisions of Section 14 of the Companies Act, 2013, read with the Rules framed thereunder, amendment of Articles of Association requires approval of shareholders by way of special resolution and the resolution is placed before the shareholders at the forthcoming Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Act, the Board of Directors, to the best of their knowledge and ability, confirm that:

- in the preparation of the annual financial statements for the year ended March 31, 2017, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- for the financial year ended March 31, 2017, such accounting policies as mentioned in the Notes to the financial statements have been applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for the financial year ended March 31, 2017;
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance

BOARD'S REPORT

with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- d) the annual financial statements have been prepared on a going concern basis;
- e) that proper internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively;
- f) that proper systems have been devised to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

REMUNERATION POLICY OF THE COMPANY

The objective of the Remuneration Policy is to attract, motivate and retain qualified and expert individuals that the Company needs in order to achieve its strategic and operational objectives, whilst acknowledging the societal context around remuneration and recognising the interests of Company's stakeholders.

The Company's policy on directors' appointment and remuneration and other matters provided in Section 178(3) of the Act have been disclosed in the Corporate Governance report, which forms part of the Board's Report.

PARTICULARS OF EMPLOYEES

Disclosure pertaining to the remuneration and other details as required under Section 197(12) of the Act, and the Rules framed thereunder is attached as **Annexure B** to the Board's Report.

ASHOK LEYLAND EMPLOYEE STOCK OPTION PLAN 2016

At the Annual General Meeting of the Company held on July 21, 2016, the shareholders approved formulation and implementation of Ashok Leyland Employees Stock Option Plan 2016 (AL ESOP 2016) and the total number of options approved was 42,68,815 (Forty Two Lakhs Sixty Eight Thousand Eight Hundred and Fifteen). Thereafter the Company obtained the approval of the shareholders through postal ballot for increasing the number of options from 42,68,815 (Forty Two Lakhs Sixty Eight Thousand Eight Hundred and Fifteen) employee stock options to 1,42,29,383 (One Crore Forty Two Lakhs Twenty Nine Thousand Three Hundred and Eighty Three) employee stock options for the benefit of present and future employees of the Company.

During the year under review, the Nomination and Remuneration Committee at its meeting held on September 29, 2016 granted 2,845,875 options under AL ESOP 2016 to Mr. Vinod K Dasari, Chief Executive Officer and Managing Director of the Company, which can be vested as per vesting schedule. Further, the Nomination and Remuneration Committee at its meeting held on January 24, 2017 had granted 7,454,000 options (one-time) to Mr. Vinod K Dasari, Chief Executive Officer and Managing Director of the Company, which can be vested as per vesting schedule. During the year 2016-17, there has been no exercise of stock options.

Disclosures with respect to Employees Stock Option Scheme of the Company is attached as **Annexure J**.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The particulars of loans, guarantees and investments under Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014, for the financial year 2016-17 are given in Note 3.8 f of the Notes to the financial statements.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Audit Committee and the Board of Directors have approved the Related Party Transactions Policy and the same has been hosted on the Company's website http://www.ashokleyland.com/sites/default/files/Ashok_Leyland_Limited-Policy_on_Related_Party_Transactions.pdf. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

There were no materially significant transactions with Related Parties during the financial year 2016-17 which were in conflict with the interest of the Company. Suitable disclosures as required under AS-18 have been made in Note 3.8 of the Notes to the financial statements.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The brief outline of the Corporate Social Responsibility (CSR) Policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in **Annexure I** of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The policy is available on the website of the Company.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, the Board of Directors has carried out annual performance evaluation of its own performance, the Directors Individually as well as the evaluation of the working of its Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report attached as Annexure to this report.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

Pursuant to the provisions of Section 177(9) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of the SEBI Listing Regulations, the Board of Directors had approved the Policy on Vigil Mechanism/Whistle Blower and the same was hosted on the website of the Company. This Policy inter-alia provides a direct access to the Chairman of the Audit Committee.

Your Company hereby affirms that no Director/employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year. Brief details about the policy are provided in the Corporate Governance Report attached as **Annexure C** to this Report.

DEPOSITS

Your Company has not accepted any deposit within the meaning of provisions of Chapter V of the Act read with the Companies (Acceptance of Deposits) Rules, 2014 for the year ended March 31, 2017.

BOARD'S REPORT

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

There are no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has designed a proper and adequate internal control system to ensure, adherence to Company's policies, assets are safeguarded, and that transactions are accurate, complete and properly authorized prior to recording. Information provided to management is reliable and timely, and statutory obligations are adhered to. Details are provided in Management Discussion and Analysis Report in **Annexure E** to this report.

RISK MANAGEMENT

Your Company has established a robust Enterprise Risk Management (ERM) framework embodying the principles of COSO ERM framework & ISO 31000:2009 standards to facilitate informed decision making.

ERM process is overseen by the Risk Management Committee of the Board, which is responsible to ensure that the Company has an appropriate and effective framework for managing and reporting enterprise risks.

The Steering Committee, chaired by the CEO & MD, consists of business vertical heads and is responsible for the risk management process including risk identification, impact assessment, effective implementation of risk mitigation plans, and risk reporting.

The details of Risk Management practices of the Company are provided as part of Management Discussion and Analysis Report in **Annexure E** to this Report.

RESEARCH AND DEVELOPMENT, CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Your Company continues to focus on Research and Development activities with specific reference to emission conformance, fuel efficiency, vehicular performance and enhancement of safety, aesthetics and ride comfort. Further development of the engine range and cabin is also a key result area. Expenditure incurred by way of capital and revenue on these activities is shown separately.

Information as required under Section 134(3)(m) of the Act read with Rule 8 (3) of the Companies (Accounts) Rules, 2014, relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo are furnished in **Annexure A** to this Report.

ACKNOWLEDGEMENT

The Directors wish to express their appreciation for the continued co-operation of the Government of India, governments of various states in India, bankers, financial institutions, customers, dealers and suppliers and also the valuable assistance and advice received from the joint venture partners, Hinduja Automotive Limited, United Kingdom, Holding Company, the Hinduja Group and all the shareholders. The Directors also wish to thank all the employees for their contribution, support and continued commitment throughout the year.

On behalf of the Board of Directors

Chennai
May 25, 2017

Dheeraj G Hinduja
Chairman

ANNEXURE A TO THE BOARD'S REPORT PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

A. CONSERVATION OF ENERGY

a) Conservation of Electrical Power:

- As a part of contribution/effort towards sustainable operations, the Company has taken specific initiatives in energy conservation, usage of alternate/renewable resources, green energy, optimising power consumption, etc.
- During the year, about 3.68 million electrical units have been saved leading to significant savings in energy costs about of ₹74.49 million.
- The Company has achieved a 3% reduction in terms of energy used per HECU (Hybrid Equivalent Chassis Unit) and a 7% reduction in ₹per HECU as compared to the previous financial year. This was achieved through high degree of awareness, Energy cross audits, Power quality audits and through brainstorming for Energy Saving and Conservation Ideas generation and implementation for energy saving and conservation. This is part of the Company's Mission Gemba initiative.
- Wind energy usage has gone up by about 47%, from 260 lakh kWh in FY 2016 to 381 lakh kWh in FY 2017. Usage of wind energy was around 27% of the total power consumption, a 7% increase from FY 2016. This has not only helped the Company to realise a savings of ₹1.78 million in FY 2017 but also helped in reduction of 47610 MT as CO₂ equivalent.
- Group Captive Power continued to reap benefits and help realise a saving of ₹31.12 million, consuming 396 lakh kWh in FY 2017 from 125 lakh kWh in FY 2016, which is a 215% jump and is 20% of total power consumption.
- All manufacturing plants have optimised and maintained towards Unity Power factor.
- Your Company also saved ₹41.64 million through energy saving projects, viz.
 - i. Implementation of productivity improvement projects.
 - ii. Heat pumps introduced in high power intensive washing machines.
 - iii. Thermal insulation level improved in high power intensive Furnaces.
 - iv. Heat recovered from screw compressor and used for washing machines.
 - v. Variable frequency drives implemented in Power intensive motors.
 - vi. Effective Demand side management through on line monitoring.
 - vii. Optimised usage of DG sets and Air compressors.
 - viii. Energy savings through Auto Power saving features in machine tools.
 - ix. Conventional lighting modified by LED.
 - x. Power Quality improved at press loads by introducing harmonic filters and STATCON.
 - xi. Conventional old air compressors replaced by energy efficient screw compressors.

With all the continuous efforts and endeavor on energy conservation, Your Company has become carbon negative with respect to Scope 1 in 2016-17 and is moving towards becoming a "Clean & Green" organisation.

b) Towards Wood free Plant:

The wood consumption or usage in Inter-Unit-Transfer (IUT) Logistics is now almost eliminated and is at 6 ton/month. Wood usage has been significantly reduced in Vendor Logistics, from in 317.2 ton per month in March 2015 reduced to 140.5 ton in March 2017, enabled by reusable, recycled Steel Pallets. This would amount to an annual saving of 264 ton of wood, which means a saving of 88 full grown trees, which gives 176 Man-Year of Oxygen.

c) Enhancing the Greenery towards Carbon Neutrality:

The afforestation was undertaken towards increasing greening on corners and 5650 plants were planted over 2200 sq. mtrs with the help of an external agency and the Department of Horticulture. By this expansion of Green Cover, (marching towards an Energy Efficient and Conserving Organisation), your Manufacturing Units have achieved Carbon Negative with respect to **Scope 1. Specific Carbon Footprint reduction of 31%** is realised during the FY 2017 w.r.t FY 2016 considering Scope 1 (Reduction from 170 to 118 Kgs of CO₂ equivalent/Hybrid Equivalent Chassis Unit (HECU)).

d) Water Conservation:

Consumption through Bore well (Emission factor 0.67) have been effectively used across all manufacturing units. 50% to 55% of the Fresh water consumed is recovered through Sewage/Effluent Treatment Plants. Almost 2546 Kilo-litre/Day of Water consumption was reduced from FY16 to FY 2017. This amounts to an equivalent CO₂ Emission reduction of 564 MT. This was realised by various enablers such as Rain Water Harvesting, Waste Water Management and other Water conserving improvements.

e) Solar Energy:

Roof Top Solar Energy Initiative was taken up on priority in FY 2016-17. Hinduja Renewable Private Limited was partnered with for installation of 5.14 MW through Solar for AL - 5 Plants. Agreement was based on Build - Own - Operate (BOO approach). Installation of Solar Panels had been completed in Hosur 1 and Hosur 2 in March 2017, one megawatt each in Bhandara, CPPS and Ennore units in April 2017.

Awards

- Bhandara Plant bagged "Excellent Energy Efficient Unit" and "Innovative Project "Award in the 17th National Award for Excellence in Energy Management 2016 organised by Confederation of Indian Industry.
- Ennore and Hosur 1 Plant bagged Platinum and Gold award at Raipur in NCQC national level competition for best Energy conservation project and CPPS plant won Merit Award.
- Alwar Plant won Rajasthan state Energy Efficiency award.

ANNEXURE A TO THE BOARD'S REPORT PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

B. TECHNOLOGY ABSORPTION

1) Specific Areas in which R&D was carried out by the Company

Engines and Aggregates

- I. Development of a new 3 cylinder H engine for key ICV Product.
- II. Development of innovative cost effective emission solution for horizontal deployment across engine families 40HP - 400HP.
- III. Demonstration of Euro-VI complaint engine on N6 Platform.
- IV. Development of Telematics System.

Vehicle Models

- I. Launch and ramp-up of Next Generation School Bus (Sunshine) with unique kid-friendly features.
- II. Launch and ramp-up of Next Generation ICV Truck (Guru) with Industry leading Performance.
- III. Launch of fully electric Bus (Circuit).
- IV. Development of complete range of 25, 31 and 37 ton haulage models on the CAPTAIN platform.
- V. Development of LHD range of Tractors in the CAPTAIN Platform.

2) Benefits derived as a result of R&D

- I. Introduction of entire range of BS IV complete vehicles – Buses and Trucks with innovative technology to meet BS IV.
- II. Expanded range in CAPTAIN Platform – Tractors, Tippers and Haulage.

III. More than 5 provisional patents filed during the FY 2016-17.

IV. More than 20 Technical papers published in International Conferences during the FY 2016-17.

3) Future Plan of action

- I. Introduction of BS VI range of Vehicles.
- II. Commercialisation of Alternate Propulsion vehicles including Electric, Hybrid, LNG, etc.
- III. Introduction of a New Modular Platform for Buses and Trucks.

4) Expenditure on Research and Development (R&D)

	₹ in Lakhs	
Expenditure on R&D	2016-17	2015-16
Capital	5,311.81	1,487.95
Revenue (excluding depreciation)	33,639.37	26,866.37
Less: Amount received by R&D facilities	462.45	383.86
Total	38,488.73	27,970.46
Total R&D expenditure as a % of total turnover	1.80%	1.40%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Details of earnings accrued and expenditure incurred in foreign currency are given in Note 3.16 of the Notes to the financial statements. The Company continues its efforts to improve its earnings from exports.

ANNEXURE B TO THE BOARD'S REPORT

PARTICULARS OF THE EMPLOYEES

The information required under Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

- a) **The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:**

S. No.	Name of the Director/ KMP	Ratio to median remuneration	% increase in remuneration in the financial year
1	Mr. Dheeraj G Hinduja	105.95	40.29
2	Mr. R Seshasayee*	-	-
3	Dr. Andreas H Biagosch	8.47	(3.33)
4	Dr. Andrew C Palmer	8.43	-
5	Mr. D J Balaji Rao	8.22	39.76
6	Mr. A K Das	5.68	87.98
7	Mr. Jean Brunol	8.42	(3.25)
8	Mr. Jose Maria Alapont*	-	-
9	Ms. Manisha Girotra	4.15	38.61
10	Mr. Sanjay K Asher	7.67	(8.58)
11	Mr. Shardul S Shroff	2.24	0.87
12	Mr. Sudhindar K Khanna	11.28	0.57
13	Mr. Vinod K Dasari, CEO & MD	191.98	60.61
14	Mr. Gopal Mahadevan, Chief Financial Officer	62.09	28.25
15	Mr. N Ramanathan, Company Secretary	15.23	29.89

* Since this information is for part of the year, the same is not comparable.

- b) **The median remuneration for the year 2016-17 is ₹6,71,703/-.**
- c) **The percentage increase in the median remuneration of employee in the financial year: 8.55%**
- d) **The number of permanent employees on the rolls of company: 11,906**
- e) **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**
Increase in remuneration is based on remuneration policy of the Company.
- f) **Affirmation that the remuneration is as per the remuneration policy of the Company:**
The Company affirms remuneration is as per the remuneration policy of the Company.
- g) The statement containing remuneration paid to employees and other details as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company during business hours on working days of the Company upto the date of the forthcoming Annual General Meeting. Any member interested in obtaining a copy of the same may write to the Company Secretary and the same will be provided free of cost to the member.

ANNEXURE C TO THE BOARD'S REPORT

REPORT ON CORPORATE GOVERNANCE

1. Ashok Leyland's Philosophy on Code of Governance

- i. The Corporate Governance standards demonstrate inalienable rights vested with various stakeholders and strong commitment to values, ethics and business conduct. Your Company is committed to good Corporate Governance, based on an effective Independent Board, separation of supervisory role from the executive management and constitution of Committees to oversee critical areas thus upholding the standards practically at every sphere ranging from action plan to performance measurement and customer satisfaction.
- ii. Ashok Leyland's philosophy on Corporate Governance is about intellectual honesty whereby the governance is not just about encompassing regulatory and legal requirements but also strives to enhance stakeholders' value as a whole. Your Company belongs to legacy where the visionary founders laid the stone for good governance through the philosophies of "**work to give**", implying the duty to work diligently carries the responsibility that one should give something back to others and society and "**word is a bond**" - which enables one to build trust and confidence with one's stakeholders, including employees, customers and suppliers, where long term relationships could be developed for the benefit of everyone. Thus, the standards of governance are guided by the following principles.
 - Clear and ethical strategic direction and sound business decisions.
 - Prudent financial management.
 - Transparent and professional decision making.
 - Excellence in Corporate Governance by abiding the guidelines and continuous assessment of Board processes and the management systems for constant improvisation.
- iii. Your Company protects and facilitates the exercise of shareholders' rights, provides adequate and timely information, opportunity to participate effectively and vote (including remote e-voting) in general shareholder meetings and postal ballots, and ensure equitable treatment to all the shareholders.
- iv. Your Company recognises the rights of all the stakeholders and encourages co-operation between the Company and the stakeholders to enable your participation in the Corporate Governance process.
- v. Your Company ensures adequate, timely and accurate disclosure on all material matters including the financial situation, performance, ownership and governance of the Company to the stock exchanges and the investors. Information is prepared and disclosed in accordance

with the prescribed standards of accounting, financial and non-financial disclosure and are disseminated in an equal, timely and cost efficient access to relevant information by users.

2. Board of Directors

- i. As on March 31, 2017 your Company has twelve Directors. Of the twelve directors, eleven (91.67%) are non-executive directors and nine (75%) are independent directors including a women director, with Mr. Dheeraj G Hinduja as Non-Executive Chairman. The composition of the Board is in conformity with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) and Section 149 of the Companies Act, 2013 (Act).
- ii. The number of Directorships, Committee Memberships/ Chairmanships of all Directors is within the limits prescribed under the Act and SEBI Listing Regulations. Necessary disclosures regarding Board and Committee positions in other public companies as on March 31, 2017 have been made by all the Directors of the Company.
- iii. Every Independent Director, at the first meeting of the Board in which he/she participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration under Section 149(7) of the Act that he/she meets the criteria of independence as required under Section 149(6) of the Act and as per Regulation 16(1)(b) of the SEBI Listing Regulations.
- iv. All Independent Directors maintain their limits of directorships as required under SEBI Listing Regulations. The maximum tenure of independent directors shall be in accordance with the Act and Rules made thereunder, in this regard, from time to time.
- v. The Company has issued a formal letter of appointment to all the independent directors and the terms and conditions of their appointment have been hosted in the website of the Company.

The names and categories of the Directors on the Board, their attendance at Board meetings held during the year and the number of directorships and committee chairmanship(s)/membership(s) held by them in other public companies as on March 31, 2017 are given herein below. Other directorships do not include directorships of private limited companies, Section 8 companies and companies incorporated outside India. For the purpose of determination of limit of the Board Committees, chairpersonship and membership of the Audit Committee and Stakeholders' Relationship Committee have been considered as per Regulation 26(1)(b) of SEBI Listing Regulations.

ANNEXURE C TO THE BOARD'S REPORT

REPORT ON CORPORATE GOVERNANCE

S. No.	Name of the Director	Category	Number of Board meetings during the year 2016-17		Whether attended last AGM held on July 21, 2016	Number of directorships in other public companies		Number of committee positions held in other public companies	
			Held	Attended		Director	Chairman	Member	Chairman
1	Mr. Dheeraj G Hinduja [®] (Chairman) DIN: 00133410	Promoter, Non-Independent Non-Executive	6	6	Yes	3	2	-	-
2	Mr. R Seshasayee* DIN: 00047985	Non-Independent Non-Executive	6	1	Yes	NA	NA	NA	NA
3	Dr. Andreas H Biagosch DIN: 06570499	Independent Non-Executive	6	4	Yes	1	-	-	-
4	Dr. Andrew C Palmer DIN: 02155231	Independent Non-Executive	6	3	No	-	-	-	-
5	Mr. D J Balaji Rao [®] DIN: 00025254	Independent Non-Executive	6	5	Yes	5	-	5	2
6	Mr. A K Das DIN: 00122913	Non-Independent Non-Executive	6	6	Yes	5	-	1	-
7	Mr. Jean Brunol DIN: 03044965	Independent Non-Executive	6	4	Yes	-	-	-	-
8	Mr. Jose Maria Alapont [#] DIN: 07712699	Independent Non-Executive	6	2	NA	-	-	-	-
9	Ms. Manisha Girotra DIN: 00774574	Independent Non-Executive	6	6	No	1	-	-	-
10	Mr. Sanjay K Asher DIN: 00008221	Independent Non-Executive	6	5	No	9	-	8	2
11	Mr. Shardul S Shroff DIN: 00009379	Independent Non-Executive	6	3	No	2	-	-	-
12	Mr. Sudhindar K Khanna DIN: 01529178	Independent Non-Executive	6	5	Yes	4	-	1	-
13	Mr. Vinod K Dasari (Chief Executive Officer and Managing Director) DIN: 00345657	Non-Independent Executive	6	6	Yes	5	1	-	-

* Resigned as a Director with effect from July 28, 2016.

Appointed as an Additional Director (Independent) on January 25, 2017.

® The directorship and committee position(s) held by Mr. Dheeraj G Hinduja, Chairman and Mr. D J Balaji Rao, Director in Hinduja Foundries Limited (HFL) is not included since HFL was amalgamated with the Company with the appointed date being October 1, 2016 with the effective date of April 28, 2017.

- i. None of the Directors on the Board is a member of more than ten Committees or Chairman of more than five Committees across all the Companies in which he/she is a Director.
- ii. None of the Independent Directors on the Board are serving as an Independent Director in more than seven listed entities.
- iii. None of the Directors of the Company are related to each other.
- iv. Six Board meetings were held during the year and the gap between two meetings did not exceed one hundred and twenty days. The dates on which the said meetings were held are:

May 25, 2016, July 21, 2016, September 14, 2016, November 8, 2016, January 25, 2017 and March 9 and 10, 2017. The necessary quorum was present for all the meetings. Video/tele-conferencing facilities were also used to facilitate Directors travelling/residing abroad or at other locations to participate in the meetings.

ANNEXURE C TO THE BOARD'S REPORT

REPORT ON CORPORATE GOVERNANCE

- v. The Board evaluates the Company's strategic direction, management policies, performance objectives and effectiveness of Corporate Governance practices.
- vi. In compliance with the applicable provisions of the Act and the Rules made thereunder, the Company facilitates the participation of the Directors in Board/Committee meetings through video conferencing or other audio visual mode except in respect of such meetings/items which are not permitted to be transacted through video conferencing.
- vii. Further, the Board fulfills the key functions as prescribed under the SEBI Listing Regulations.
- viii. Your Company has appointed Independent Directors who are renowned people having expertise/experience in their respective field/profession. None of the Independent Directors are Promoters or related to Promoters. They do not have pecuniary relationship with the Company and further do not hold two percent or more of the total voting power of the Company.
- ix. The details of Director(s) seeking appointment/re-appointment at the forthcoming Annual General Meeting have been furnished in the Notice convening the Meeting of the shareholders.
- x. Your Company has not issued any non-convertible instruments.
- xi. The Directors of the Company do not hold any equity shares in the Company. Mr. D J Balaji Rao, Director held 290 equity shares of Rs.10/- each in HFL. Consequent to the amalgamation of HFL with the Company and upon allotment of shares Mr. D J Balaji Rao, Director will hold 116 shares in the Company.
- xii. During the year, the Independent Directors of the Company without the presence of Non-Independent Directors and management team met on November 7, 2016, to review the performance of the Board as a whole on parameters of effectiveness and to assess the quality, quantity and timeliness of flow of information between the management and the Board. Dr. Andreas H Biagosch, Chairman of the meeting presented the views of the Independent Directors on matters relating to Board processes and other views to the full Board.
- xiii. The details of familiarisation programme done for the financial year 2016-17 have been hosted in the website of the Company under the web link http://www.ashokleyland.com/sites/default/files/Familiarisation_programme_for_Independent_Directors-update_Mar2017.pdf

3. Committees of the Board

A. Audit Committee

i. Terms of Reference:

The Company has constituted a qualified and independent Audit Committee which acts as a link between the management, external and internal auditors and the Board of Directors of the Company. The Committee is responsible for overseeing the Company's financial reporting process by providing direction to audit function and monitoring the scope and quality of internal and statutory audits. The brief description of the terms of reference of the Committee is given below:

- Financials**
- Review of the quarterly/half-yearly/annual financial statements with reference to changes, if any, in accounting policies and reasons for the same.
 - Major accounting entries involving estimates based on exercise of judgment by management, adjustments, if any, arising out of audit findings.
 - Compliance with listing and legal requirements relating to financial statements, qualifications, if any, in the draft audit report.
- Internal controls and risk management**
- Review of internal audit function and discussion on internal audit reports.
 - Review of vigil mechanism.
 - Review of adequacy of internal control systems.
 - Review of risk management policies especially enterprise level risk management.
- Compliance and other related aspects**
- Disclosure of related party transactions and subsequent modifications, if any.
 - Scrutiny of inter-corporate loans and investments.
 - Valuation of undertakings or assets of the Company.
 - Uses/application of funds raised through an issue.
 - Review and recommendation of appointment, remuneration and terms of appointment of statutory auditors.
 - Review of other services rendered by the statutory auditors.
 - Review and monitor the auditor's independence and performance, and effectiveness of the audit process.
 - Review of the management discussion and analysis of the financial conditions and results of operations, significant related party transactions, management letters issued by statutory auditors, internal audit reports.
 - Evaluation of internal financial controls and risk management systems.
 - review the functioning of the Whistle Blower Mechanism. The policy is available on our website (URL: http://www.ashokleyland.com/sites/default/files/Listing_Regulation/Ashok_Leyland-Whistle_Blower_Policy.pdf)
- ii. The Audit Committee looks into the matters as are specifically referred to it by the Board of Directors besides looking into the mandatory requirements of the Regulation 18 read with Part C of Schedule II of SEBI Listing Regulations and provisions of Section 177 of the Act.

ANNEXURE C TO THE BOARD'S REPORT

REPORT ON CORPORATE GOVERNANCE

iii. Composition:

The composition of the Audit Committee and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the financial year 2016-17	
		Held	Attended
Mr. Sanjay K Asher (Chairman)	Independent, Non-Executive	6	5
Mr. D J Balaji Rao	Independent, Non-Executive	6	5
Mr. Jean Brunol	Independent, Non-Executive	6	4
Mr. Sudhindar K Khanna	Independent, Non-Executive	6	6

iv. Meetings:

Six Audit Committee meetings were held during the year and the gap between two meetings did not exceed one hundred and twenty days.

The dates on which the said meetings were held are as follows:

May 24, 2016, July 20, 2016, September 14, 2016, November 7, 2016, January 25, 2017 and March 10, 2017.

The necessary quorum was present for all the meetings.

- v. All members of the Audit Committee are financially literate and one-half of the members have expertise in accounting/financial management.
Mr. Sanjay K Asher, Chairman of Audit Committee was not present at the Annual General Meeting held on July 21, 2016, due to personal exigencies.
- vi. The Chief Financial Officer, and Vice President - Internal Audit and Risk Management attended meetings of the Audit Committee as invitees.
- vii. The representatives of the Auditors are invited to the Audit Committee meetings. The Statutory Auditors have attended the Audit Committee Meeting where the financials results/audit reports are discussed. The Cost auditors have attended the Audit Committee Meeting where Cost Audit reports are discussed.
- viii. Mr. N Ramanathan, Company Secretary is the Secretary to the Committee.
- ix. The Company is governed by a charter adopted pursuant to the regulatory requirements and the Committee reviews the mandatory information as per requirement.

B. Nomination and Remuneration Committee

The Company has a Nomination and Remuneration Committee constituted pursuant to the provisions of Regulations 19 read with Part D of Schedule II of the SEBI Listing Regulations and Section 178 of the Act. As per the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, the Nomination and Remuneration Committee of the Company acts as the Compensation Committee for administration of Ashok Leyland Employee Stock Option Plan (AL ESOP 2016).

i. Terms of Reference

The brief description of the terms of reference of the Committee is given below:

- Formulate Remuneration Policy and a policy on Board Diversity.
- Formulate criteria for evaluation of the Directors and the Board.
- To ensure that the Remuneration Policy shall also include the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
- Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance.
- To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully; relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

ii. Composition

The composition of the Nomination and Remuneration Committee and the details of meetings attended by its members are given below:

ANNEXURE C TO THE BOARD'S REPORT

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Name	Category	Number of meetings during the financial year 2016-17	
		Held	Attended
Mr. D J Balaji Rao (Chairman)	Independent, Non-Executive	5	4
Mr. Dheeraj G Hinduja	Non-Independent, Non-Executive	5	5
Mr. A K Das	Non-Independent, Non-Executive	5	5
Ms. Manisha Girotra	Independent, Non-Executive	5	4

iii. Meetings

Five Nomination and Remuneration Committee meetings were held during the year and the gap between two meetings did not exceed one hundred and twenty days. The dates on which the said meetings were held are as follows:

May 24, 2016, September 14, 2016, September 29, 2016, November 7, 2016 and January 24, 2017.

The necessary quorum was present for all the meetings.

Mr. D J Balaji Rao, Chairman of Nomination and Remuneration Committee was present at the Annual General Meeting held on July 21, 2016.

Mr. N Ramanathan, Company Secretary is the Secretary to the Committee.

iv. Performance evaluation criteria for Directors

The Nomination and Remuneration Committee of the Board has laid down the criteria for performance evaluation of all the Directors of the Company. The performance evaluation has been done by the entire Board of Directors, except the Director concerned being evaluated. The criteria for performance evaluation are as follows:

i) Role and Accountability

- Understanding the nature and role of Independent Directors' position.
- Understanding of risks associated with the business.
- Application of knowledge for rendering advice to the management for resolution of business issues.
- Offer constructive challenge to management strategies and proposals.
- Active engagement with the management and attentiveness to progress of decisions taken.

ii) Objectivity

- Non-partisan appraisal of issues.
- Own recommendations given professionally without tending to majority or popular views.

iii) Leadership and Initiative

- Heading Board sub-committees.
- Driving any function or identified initiative based on domain knowledge and experience.

iv) Personal Attributes

- Commitment to role and fiduciary responsibilities as a Board member.
- Attendance and active participation.
- Proactive, strategic and lateral thinking.

The Remuneration Policy is annexed at the end of this Report.

v. Remuneration of Directors

(i) Criteria for making payments to Non-Executive Directors

The Non-Executive Directors of the Company are paid remuneration by way sitting fees and profit related Commission based on the criteria laid down by the Nomination and Remuneration Committee and the Board.

- Performance of the Company.
- Members' attendance, position held in the Committee(s); and
- Time spent.

(ii) Details of the remuneration for the year 2016-17:

a) Non-Executive Directors

S. No.	Name of the Director	Sitting Fees (₹)	Commission (₹)	Total (₹)
1	Mr. Dheeraj G Hinduja, Chairman	1,170,000	70,000,000	71,170,000
2	Mr. R Seshasayee, Non-Executive Vice Chairman*	250,000	776,000	1,026,000
3	Dr. Andreas H Biagosch	880,000	4,808,000	5,688,000
4	Dr. Andrew C Palmer	420,000	5,242,000	5,662,000
5	Mr. D J Balaji Rao	1,480,000	4,042,000	5,522,000
6	Mr. A K Das	900,000	2,916,000	3,816,000
7	Mr. Jean Brunol	1,160,000	4,498,000	5,658,000
8	Mr. Jose Maria Alapont#	200,000	1,656,000	1,856,000
9	Ms. Manisha Girotra	870,000	1,916,000	2,786,000
10	Mr. Sanjay K Asher	1,060,000	4,094,000	5,154,000
11	Mr. Shardul S Shroff	330,000	1,174,000	1,504,000
12	Mr. Sudhindar K Khanna	1,100,000	6,478,000	7,578,000
Total		9,820,000	107,600,000	117,420,000

* Resigned from the Board with effect from July 28, 2016.

Appointed as an Additional Director (Independent) on January 25, 2017.

ANNEXURE C TO THE BOARD'S REPORT REPORT ON CORPORATE GOVERNANCE

b) Chief Executive Officer and Managing Director

Amount in ₹

Name	Fixed Component		Variable component	Contribution to PF and SAF	Total
	Salary	Perquisites and other allowances*	Commission [#]		
Mr. Vinod K Dasari	47,066,663	1,004,003	69,870,000	11,016,000	128,956,666

* Certain perquisites are valued as per the Income Tax Rules.

[#] The Commission amount includes:

- Annual Performance Pay; and
- Long Term Incentive Plan (LTIP) as applicable.

[#]LTIP approved/payable to Mr. Vinod K Dasari is ₹316.80 Lakhs over a period of 4 years as per Policy from the financial year 2016-17. Out of the approved LTIP amount, only 20% i.e., ₹63.36 Lakhs is payable for 2016-17 as per Policy. Second instalment of approved LTIP amount @ 20% for 2015-16 i.e., ₹75.24 Lakhs is payable in 2016-17. Third installment of approved LTIP amount @30% for 2014-15 i.e., ₹102.60 Lakhs is payable in 2016-17.

The above have been approved by the Nomination and Remuneration Committee at its meeting held on May 24, 2017.

- (iii) During the year, the Company formulated Ashok Leyland Stock Option Plan 2016 (AL ESOP 2016) with the approval of the shareholders at the Annual General Meeting held on July 21, 2016. The Nomination and Remuneration Committee at its meeting held on September 29, 2016 granted 2,845,875 options under AL ESOP 2016 to Mr. Vinod K Dasari, Chief Executive Officer and Managing Director (CEO & MD) of the Company, which can be exercised as per vesting schedule. Further, the Nomination and Remuneration Committee at its meeting held January 24, 2017 had granted 7,454,000 options (one-time grant) to Mr. Vinod K Dasari, CEO & MD of the Company, which can be exercised as per vesting schedule as decided by the Nomination and Remuneration Committee.

C. Stakeholders' Relationship Committee

The Company has constituted a Stakeholders' Relationship Committee pursuant to the provisions of Regulation 20 of the SEBI Listing Regulations and Section 178 of the Act.

i. Terms of Reference

The Committee considers and resolves the grievances of the security holders. The Committee also reviews the manner and time-lines of dealing with complaint letters received from Stock Exchanges/SEBI/Ministry of Corporate Affairs etc., and the responses thereto. Based on the delegated powers of the Board of Directors, the CEO & MD approves the share transfers/transmissions on a regular basis and the same is reported at the next meeting of the Committee, normally held every quarter.

Mr. N Ramanathan, Company Secretary is the Secretary to the Committee and the Compliance Officer appointed for the compliance of capital market related laws.

ii. Composition

The composition of the Stakeholders' Relationship Committee and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the financial year 2016-17	
		Held	Attended
Mr. Sanjay K Asher (Chairman)	Independent, Non-Executive	4	2
Mr. D J Balaji Rao	Independent, Non-Executive	4	4
Mr. R Seshasayee*	Non-Independent, Non-Executive	4	1
Ms. Manisha Girotra [#]	Independent, Non-Executive	4	1

* Resigned from the Board with effect from July 28, 2016 and hence ceased to be a member of the Committee.

[#] Appointed as member of the Committee with effect from November 8, 2016.

iii. Meetings

Four Stakeholders' Relationship Committee meetings were held during the year and the gap between two meetings did not exceed one hundred and twenty days. The dates on which the said meetings were held are as follows:

May 24, 2016, July 21, 2016, November 8, 2016 and January 25, 2017.

The necessary quorum was present for all the meetings.

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iv. Details of Complaints/other Correspondence

During the year, 320 complaint letters and 3897 correspondences were received from the investors (including 24 letters from Stock Exchanges/SEBI SCORES/ROC/MCA).

Subject matter of Complaint	Pending as on March 31, 2016	During the year		Pending as on March 31, 2017
		Received	Resolved	
Non-receipt of Share Certificates	-	65	65	-
Non-receipt of Dividend	3	157	159	1
Non-receipt of Annual Report	-	84	84	-
Query on Transfer of shares	-	10	10	-
Issue of Duplicate Share Certificates	-	2	2	-
Miscellaneous	-	2	2	-
Total complaints	3	320	322	1

Subject matter of Correspondence	Pending as on March 31, 2016	During the year		Pending as on March 31, 2017
		Received	Resolved	
Revalidation of Dividend	1	282	281	2
Issue of Duplicate Share Certificates	-	71	71	-
Loss of Share Certificate	-	128	128	-
Issue of Duplicate Dividend	-	99	99	-
Procedure for Transmission	1	211	212	-
Change of Address/Bank Mandate	-	732	731	1
Other Correspondence	-	154	154	-
Unclaimed Share Certificate	-	47	47	-
Unclaimed Dividend	3	2173	2175	1
Total correspondence	5	3897	3898	4

As on March 31, 2017, there were no share transfers pending. Shareholders queries shown pending as on March 31, 2017, have been subsequently resolved within the prescribed time limits.

D. Corporate Social Responsibility Committee

The Company has constituted a Corporate Social Responsibility Committee pursuant to the provisions of Section 135 of the Act read with Companies (Corporate Social Responsibility) Rules, 2014 comprising of Mr. Dheeraj G Hinduja, as Chairman of the Committee, Ms. Manisha Girotra, Mr. Shardul S Shroff and Mr. Vinod K Dasari as members. The Committee met once during the year on November 8, 2016.

The CSR Report as required under the Companies Act, 2013 for the year ended March 31, 2017 is attached as **Annexure I** to the Board's Report.

E. Risk Management Committee

i. The Company has constituted a Risk Management Committee to assist the Board and Audit Committee in their responsibilities of overseeing Company's risk management policies and processes (including processes for monitoring and mitigating such risks) and the Company's exposure to unmitigated risks.

ii. Composition

The composition of the Risk Management Committee and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the financial year 2016 - 17	
		Held	Attended
Mr. R Seshasayee*	Non-Independent, Non-Executive	2	1
Dr. Andreas H Biagosch, Chairman	Independent, Non-Executive	2	2
Mr. D J Balaji Rao	Independent, Non-Executive	2	2
Mr. Sanjay K Asher#	Independent, Non-Executive	2	0
Mr. Gopal Mahadevan, Chief Financial Officer#	Senior Managerial Personnel	2	1

* Resigned from the Board with effect from July 28, 2016 and hence ceased to be a member of the Committee.

Appointed as member of the Committee with effect from November 8, 2016.

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iii. Meetings

Two meetings were held during the year and the dates on which the said meetings were held are July 20, 2016 and January 24, 2017.

The necessary quorum was present for all the meetings.

Mr. N Ramanathan, Company Secretary is the Secretary to the Committee.

- iv. The Chairman of the Committee will apprise the Board of the most significant risks along with the status of action taken by the Management for mitigating such risks. The Committee will also apprise the Board of the effectiveness of the Enterprise Risk Management (ERM) system.
- v. Details of Risk Management measures taken by the Company have been provided in the Management Discussion and Analysis Report which is attached to the Board's Report.
- vi. A Risk Management status report is provided to the Audit Committee for its information on a regular basis.

F. Other Committees

a) Technology and Investment Committee

The Company had in place a Technology and Investment Committee, comprising of Mr. Dheeraj G Hinduja, as Chairman of the Committee, Dr. Andreas H Biagosch, Mr. Jean Brunol, Mr. R Seshasayee and Mr. Vinod K Dasari as members. The Technology and Investment Committee met once on May 18, 2016.

The Board at its meeting held on May 25, 2016 segregated the Committee into two separate committees viz., Technology Committee and Investment Committee. Post segregation of the Committee into Technology Committee and Investment Committee, the Technology and Investment Committee cease to exist.

b) Technology Committee

The Company has in place a Technology Committee, comprising of Dr. Andrew C Palmer as the Chairman of the Committee and Dr. Andreas H Biagosch and Mr. Jean Brunol as members of the Committee. The Technology Committee considers and approves key decisions with regard to product planning and choice of technology thereof, and help prepare the Company to be in step with or be ahead of emerging global product and technology trends.

The composition of the Technology Committee and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the financial year 2016-17	
		Held	Attended
Dr. Andrew C Palmer, Chairman	Independent, Non-Executive	3	2
Dr. Andreas H Biagosch	Independent, Non-Executive	3	3
Mr. Jean Brunol	Independent, Non-Executive	3	3

The dates on which the said meetings were held are July 20, 2016, November 7, 2016 and January 24, 2017. The necessary quorum was present for all the meetings.

Mr. N Ramanathan, Company Secretary is the Secretary to the Committee

c) Investment Committee

The Company has in place an Investment Committee with Mr. Dheeraj G Hinduja, as the Chairman of the Committee and Mr. R Seshasayee, Dr. Andreas H Biagosch and Mr. Jean Brunol as Members of the Committee.

The Investment Committee considers and recommends long term strategic goals in the areas of manufacturing and product strategy, the composition of the Investment Committee and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the financial year 2016-17	
		Held	Attended
Mr. Dheeraj G Hinduja, Chairman	Non-Independent, Non-Executive	3	3
Mr. R Seshasayee*	Non-Independent, Non-Executive	3	1
Dr. Andreas H Biagosch	Independent, Non-Executive	3	3
Mr. Jean Brunol	Independent, Non-Executive	3	3

* Resigned from the Board with effect from July 28, 2016 and hence ceased to be a member of the Committee.

The dates on which the said meetings were held are July 20, 2016, November 7, 2016 and January 24, 2017. The necessary quorum was present for all the meetings.

Mr. N Ramanathan, Company Secretary is the Secretary to the Committee.

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4. General Body Meetings

a) Annual General Meetings:

Financial Year	Location	Date and Time	Special resolution passed
67 th AGM 2015-16	The Music Academy, Madras New NO.168 (Old No.306), TTK Road Royapettah Chennai - 600 014	July 21, 2016 3.00 pm	(i) Approval for issue of further securities (ii) Approval for issue of Non-Convertible Debentures on Private Placement (iii) Approval of Ashok Leyland Employees Stock Option Plan 2016
66 th AGM 2014-15	Kamaraj Memorial Hall 492, Anna Salai Teynampet Chennai - 600 006	June 29, 2015 2.30 p.m.	(i) Approval for issue of further securities (ii) Approval for Issue of Non-Convertible Debentures on private placement basis
65 th AGM 2013-14	IMAGE Auditorium 3, Thandavarayan Street MRC Nagar Raja Annamalaipuram Chennai - 600 028	July 26, 2014 10.30 a.m.	(i) Approval for: a) the borrowing limits b) creation of mortgage/security on the assets c) issue of Non-Convertible Debentures through private placement (ii) Approval for the alteration in the Articles of Association (iii) Approval for issue of further securities

- b) A Court Convened Meeting of the equity shareholders of the Company was held on January 23, 2017 at 11.30 a.m. at Image Auditorium, 3, Thandavarayan Street, MRC Nagar, Raja Annamalai Puram, Chennai - 600 028 in terms of Order dated December 12, 2016 of the Hon'ble High Court of Judicature at Madras, for obtaining the requisite approval of the shareholders of the Company for the Scheme of Amalgamation under Sections 391-394 of the Companies Act, 1956 between Hinduja Foundries Limited and Ashok Leyland Limited and their respective shareholders and creditors.

c) Postal Ballot:

During the year, pursuant to Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 (including any statutory amendment(s) or re-enactment(s) made thereunder), your Company passed the following resolutions through postal ballot as per the details below:

The voting pattern of votes casted in favor/against the resolutions passed vide Postal Ballot Notice dated November 8, 2016 is as under:

Description of the Resolution	Type of the Resolution	Number of Votes polled	Votes cast in favour		Votes cast against	
			Number of Votes	%	Number of Votes	%
Alteration of the Objects Clause and Liability Clause of the Memorandum of Association of the Company	Special	1,615,885,808	1,615,588,815	99.981	296,993	0.019
Increase in the number of stock options under Ashok Leyland Employees Stock Option Plan 2016	Special	1,551,123,069	1,518,773,322	97.914	32,349,747	2.086

The voting pattern of votes casted in favor/against the resolutions passed vide Postal Ballot Notice dated December 21, 2016 is as under:

Description of the Resolution	Type of the Resolution	Number of Votes polled	Votes cast in favour		Votes cast against	
			Number of Votes	%	Number of Votes	%
Approval of the Scheme of Amalgamation of Hinduja Foundries Limited with Ashok Leyland Limited and their respective shareholders and creditors	Requisite majority as per SEBI Circular	339,286,844	268,188,194	79.045	71,098,650	20.955

Ms. B Chandra (ACS No.:20879 and CP No.:7859), Practising Company Secretary, Chennai, was appointed as the Scrutinizer, for conducting the said Postal Ballots and e-voting process in a fair and transparent manner.

Procedure for Postal Ballot:

In compliance with Sections 108, 110 and other applicable provisions of the Companies Act, 2013 read with the Rules issued thereunder, your Company provides electronic voting (e-voting) facility to all its members. The Company engage the services of

ANNEXURE C TO THE BOARD'S REPORT

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NSDL for providing e-voting facility to all its members. The members have the option to vote either by physical ballot or through e-voting.

Your Company dispatches the postal ballot notices and forms along with postage prepaid business reply envelopes to its members whose names appear on the Register of Members/ list of beneficiaries as on cut-off date. The postal ballot notice is also sent to members in electronic form to the email addresses registered with the depository participants/ Company's Registrar and Share Transfer Agents. Your Company also publishes a notice in the newspapers declaring the details of completion of dispatch and other requirements under the Companies Act, 2013 and the Rules framed thereunder.

Voting rights are reckoned on the paid-up value of shares of your Company in the names of the shareholders as on the cut-off date. Members desiring to vote through physical ballot are requested to return the forms, duly completed and signed to as to reach the Scrutinizer before the close of the voting period.

Members desiring to exercise their votes by electronic mode are requested to vote before the close of business hours on the last date of e-voting.

The Scrutinizer submits his report to the Chairman, after the completion of scrutiny and the consolidated results of the voting by postal ballot are then announced by the Chairman/ authorised officials of your Company. The results are displayed on the website of your Company (www.ashokleyland.com), besides being communicated to the Stock Exchanges and Registrar & Transfer Agents.

The date of declaration of results of Postal Ballot shall be date on which the resolution would be deemed to have been passed, if approved by requisite majority.

Details of special resolution proposed to be conducted through postal ballot:

No special resolution is proposed to be conducted through postal ballot at the AGM to be held on July 21, 2017.

5. Disclosures

(i) Related Party Transactions

There were no materially significant transactions with the related parties, during the year, which were in conflict with the interests of the Company and that require an approval of the Company in terms of the SEBI Listing Regulations.

The Audit Committee grants omnibus approval (for one year) for the proposed related party transactions which will be valid for a year. The Audit Committee lays down the criteria for granting omnibus approvals in line with the policy for transactions which are repetitive in nature. In such cases where the need for Related Party Transaction cannot be foreseen and details as required above are not available, the Audit Committee grants omnibus approval for such transactions subject to their value not exceeding Rupees One Crore per transaction. The Audit Committee reviews on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approval given. Where it requires, the Audit Committee will report the related party transaction for the approval of

the Board. If the Board feels that shareholders' approval is required, then the same shall be put up for approval by the shareholders of the Company.

The policy on Related Party Transactions is hosted on the website of the Company under the web link http://www.ashokleyland.com/sites/default/files/Ashok_Leyland_Limited-Policy_on_Related_Party_Transactions.pdf

- (ii) Details of non-compliance by the Company, penalties, strictures imposed on the Company by the stock exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three financial years 2014-15, 2015-16 and 2016-17 respectively: NIL

(iii) Whistle Blower Policy

Your Company has established a Vigil Mechanism/ Whistle Blower Policy to enable stakeholders (including Directors and employees) to report unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The Policy provides adequate safeguards against victimisation of Director(s)/ employee(s) and direct access to the Chairman of the Audit Committee in exceptional cases. The Protected Disclosures, if any reported under this Policy will be appropriately and expeditiously investigated by the Chairman.

Your Company hereby affirms that no Director/ employee have been denied access to the Chairman and that no complaints were received during the year. The Whistle Blower Policy has been disclosed on the Company's website under the web link http://www.ashokleyland.com/sites/default/files/Ashok_Leyland-Whistle_Blower_Policy.pdf and circulated to all the Directors/employees.

- (iv) Your Company has complied with all applicable mandatory requirements in terms of SEBI Listing Regulations. A report on the compliances on the applicable laws for the Company is placed before the Board on a quarterly basis for its review and consideration.

(v) The Company has fulfilled the following non-mandatory requirements:

- The Company maintains an office for the non-executive Chairman of the Company at the Company's expense and allows reimbursement of expenses incurred in performance of his duties.
- The position of the Chairman of the Board of Directors of the Company and the CEO & MD are separate.
- The auditors' report on statutory financial statements of the Company are unqualified.
- The internal auditors of the Company, make presentations to the Audit Committee on their reports.

(vi) Reconciliation of share capital audit

The Company has engaged a practising Company Secretary to carry out a share capital audit to reconcile

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the total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

(vii) Disclosure of Accounting Treatment

The Company adopted Indian Accounting Standards ("Ind AS") from April 1, 2016 and accordingly the financial results have been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34 'Interim Financial Reporting' prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and the other accounting principles generally accepted in India.

(viii) Non-Executive Directors' compensation and disclosures

All fees/compensation paid to the Non-Executive Directors (including Independent Directors) are recommended by the Nomination and Remuneration Committee and fixed by the Board and approved by the shareholders in the General Meeting, if required and the remuneration paid/payable are within the limits prescribed under the Act.

(ix) Code of Conduct

Your Company has adopted a Code of Conduct for members of the Board (incorporating duties of Independent Directors) and the Senior Management personnel. The Code aims at ensuring consistent standards of conduct and ethical business practices across the Company. Your Company has received confirmations from all concerned regarding their adherence to the said Code. Pursuant to the Listing Agreements/SEBI Listing Regulations, CEO & MD of the Company confirmed compliance with the Code by all members of the Board and the Senior Management personnel. The Code has been hosted on the Company's website under the web link http://www.ashokleyland.com/corporate_governance.

(x) Code of Conduct for prohibition of insider trading

Your Company has adopted a Code of Conduct as per Securities and Exchange Board of India (SEBI) (Prohibition of Insider Trading) Regulations, 2015. All Directors, Designated Employees who could have access to the Unpublished Price Sensitive Information of the Company are governed by the Code. During the year under review, there has been due compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015.

6. Subsidiary Companies

Your Company monitors performance of subsidiary companies (list of subsidiary companies has been provided in the financial statements), inter-alia, by the following means:

- a) The Audit Committee reviews the financial statements, in particular, the investments made by the unlisted subsidiary companies.
- b) The minutes of the meetings of the board of directors of the unlisted subsidiary companies are placed at the meetings of the Board of Directors of the Company.
- c) The Management of the unlisted subsidiary have periodically placed before the Board of Directors of your Company regarding a statement of all significant material transactions and arrangements entered into by the Unlisted subsidiary.
- d) The Company has a material subsidiary viz., Hinduja Leyland Finance Limited (HLFL). Dr. Andreas H Biagosch, Independent Director of the Company was appointed as an Independent Director on the Board of HLFL.
- e) Your Company has not disposed of any shares in its material subsidiary resulting in reduction of its shareholding to less than fifty percent or cease the control over the subsidiary.
- f) Your Company has not sold/disposed/leased any of its assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during the current reporting financial year.
- g) Your Company formulated a Policy on Material Subsidiary as required under Clause 49(V)(D)/SEBI Listing Regulations and the policy is hosted on the website of the Company under the web link http://www.ashokleyland.com/sites/default/files/Ashok_Leyland_Limited-Policy_on_Material_Subsidiary.pdf.

7. Means of Communication

- i. **Results:** The quarterly, half-yearly and annual results are normally published in one leading national (English) business newspaper and in one vernacular (Tamil) newspaper. The results and presentations are also displayed on the Company's website www.ashokleyland.com.
- ii. **Website:** The Company's website contains a dedicated section "Investors" which displays details/information of interest to various stakeholders.
- iii. **News releases:** Official press releases are sent to the Stock Exchanges and the same is hosted on the website of the Company.
- iv. **Presentations to institutional investors/analysts:** Detailed presentations are made to institutional investors and analysts on a quarterly basis.
- v. **A Greener environment - Now and for future:** The Company's philosophy focuses on making the environment greener for the benefit of posterity. In this regard, Your Company encourages its shareholders to register/update the e-mail ids for communication purpose thereby contributing to the environment.

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REPORT ON CORPORATE GOVERNANCE

8. General shareholder information

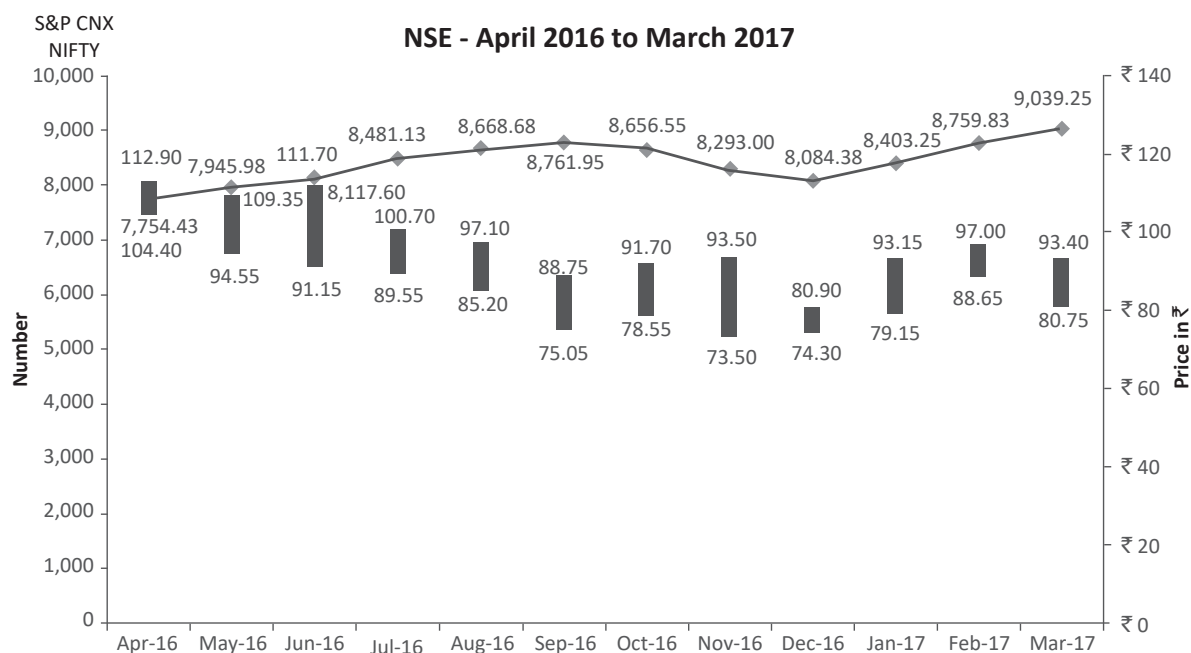
a. Sixty Eighth Annual General Meeting		
Day, Date and Time	Friday, July 21, 2017 at 2.45 pm	
Venue	The Music Academy, Madras, New No.168 (Old No.306), TTK Road, Royapettah, Chennai - 600 014	
b. Financial Calendar		
Unaudited results for the quarter ending June 30, 2017	3 rd week of July 2017	
Unaudited results for the quarter/half-year ending September 30, 2017	1 st week of November 2017	
Unaudited results for the quarter ending December 31, 2017	2 nd week of February 2018	
Audited results for the year ending March 31, 2018	Before end of May 2018	
c. Book Closure Dates		Thursday, July 13, 2017 to Friday, July 21, 2017
d. Dividend Payment Date		Shall be paid/credited before August 14, 2017
e. (i) Listing of Equity Shares		BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400001 National Stock Exchange of India Limited Exchange Plaza, C-1, Block G Bandra Kurla Complex Bandra (E), Mumbai - 400 051
(ii) Listing of Global Depository Receipts (GDRs)		The GDRs were delisted from the official list and trading was cancelled at the London Stock Exchange with effect from October 25, 2016.
(iii) Listing of Privately Placed Debentures		National Stock Exchange of India Limited
Listing Fee		Annual listing fee for the financial year 2016-17 paid to the Stock Exchanges.
Depository Fee		Annual custody fee for the financial year 2016-17 paid to the depositories.
Corporate Identity Number		L34101TN1948PLC000105
f. Stock Code		
i) Trading Symbol at		BSE Limited
	(Physical)	477
	(Demat)	500477
	National Stock Exchange of India Limited	ASHOKLEY
ii) Demat ISIN Numbers in NSDL & CDSL		Equity Shares
iii) Demat ISIN Numbers in NSDL & CDSL		Privately Placed Debentures
Ashok Leyland 10.20% 2017(Sr-AL18)		INE208A07331
Ashok Leyland 10.15% 2017(Sr-AL20)		INE208A07356
Ashok Leyland 9.60% 2018(Sr-AL22)		INE208A07364
g. Details of Debenture Trustees		
Name of the Debenture Trustee and Contact Details		SBICAP Trustee Company Limited Apeejay House, 6 th Floor 3, Dinshaw Wachha Road, Churchgate, Mumbai - 400 020 Tel No: 022-4302 5555 Fax No: 022-2204 0465 Website: www.sbicaptrustee.com

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h. Stock Market Data

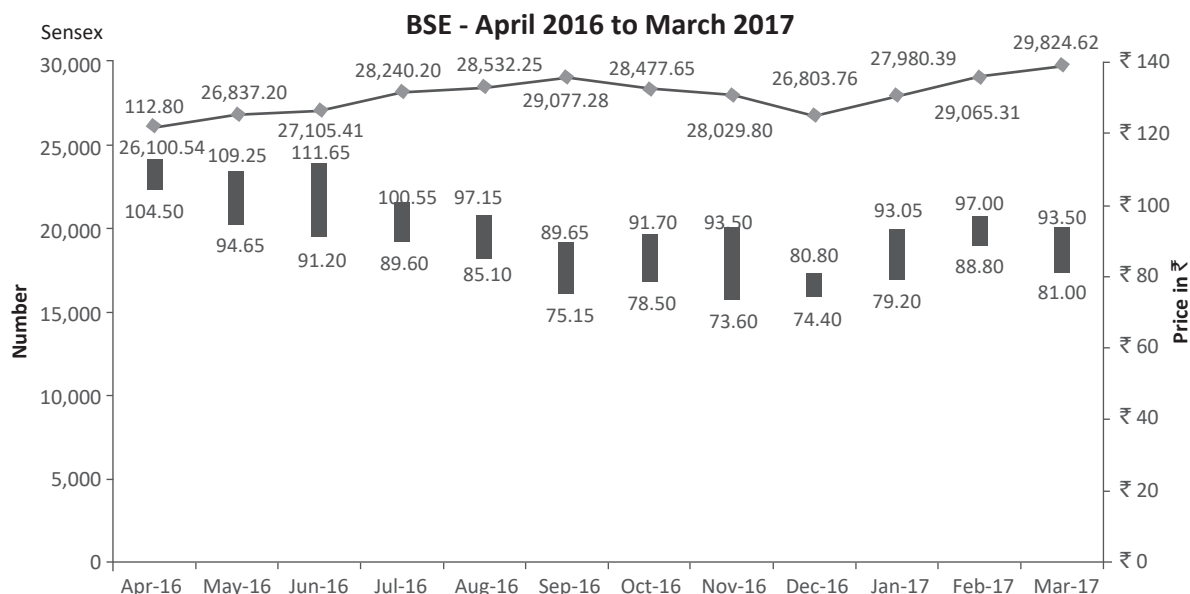
Month	BSE Limited				National Stock Exchange of India Limited			
	Share Price		Sensex Points		Share Price		CNX Nifty Points	
	High (₹)	Low (₹)	High	Low	High (₹)	Low (₹)	High	Low
Apr-2016	112.80	104.50	26,100.54	24,523.20	112.90	104.40	7,992.00	7,516.85
May-2016	109.25	94.65	26,837.20	25,057.93	109.35	94.55	8,213.60	7,678.35
Jun-2016	111.65	91.20	27,105.41	25,911.33	111.70	91.15	8,308.15	7,927.05
Jul-2016	100.55	89.60	28,240.20	27,034.14	100.70	89.55	8,674.70	8,287.55
Aug-2016	97.15	85.10	28,532.25	27,627.97	97.10	85.20	8,819.20	8,518.15
Sep-2016	89.65	75.15	29,077.28	27,716.78	88.75	75.05	8,968.70	8,555.20
Oct-2016	91.70	78.50	28,477.65	27,488.30	91.70	78.55	8,806.95	8,506.15
Nov-2016	93.50	73.60	28,029.80	25,717.93	93.50	73.50	8,669.60	7,916.40
Dec-2016	80.80	74.40	26,803.76	25,753.74	80.90	74.30	8,274.95	7,893.80
Jan-2017	93.05	79.20	27,980.39	26,447.06	93.15	79.15	8,672.70	8,133.80
Feb-2017	97.00	88.80	29,065.31	27,590.10	97.00	88.65	8,982.15	8,537.50
Mar-2017	93.50	81.00	29,824.62	28,716.21	93.40	80.75	9,218.40	8,860.10

i. Share Price performance in comparison to broad based indices - BSE Sensex and NSE Nifty Share Price Movement (BSE and NSE)



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j. 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 deal with all aspects of investor servicing relating to shares in both physical and demat form.

k. Share Transfer System

In order to further improve and speed up investor servicing, the Board has authorised the CEO & MD and CFO to approve all routine transfers, transmissions, etc., of shares. Such approval is being given by CEO & MD at frequent intervals (51 times during 2016-17). Transfers, transmissions, etc., were generally approved within seven days; requests for dematerialisation were confirmed within seven days (as against the norm of fifteen days).

l. Transfer of Shares' into Investor Education and Protection Fund (IEPF)

Pursuant to Sections 205A and 205C, and other applicable provisions, if any, of the Companies Act, 1956, 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 became due for payment, were required to be transferred to Investor Education and Protection Fund (IEPF). Sections 124 and 125 of the Act, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), came into with effect from September 7, 2016, also contain similar provisions for transfer of such amounts to the IEPF. Accordingly, all unclaimed/unpaid dividend, remaining unclaimed/unpaid for a period of seven years from the date they became due for payment, have been transferred to the IEPF.

As per Section 124(6) of the Act read with the IEPF Rules as amended, all the shares in respect of which dividend has remained unpaid/unclaimed for seven consecutive years or more are required to be transferred to an IEPF Demat Account notified by the Authority. The Company has sent individual notices to all the shareholders whose dividends are lying unpaid/unclaimed against their name for seven consecutive years or more and also advertised on the Newspapers seeking action from the shareholders. Shareholders are requested to claim the same as per

procedure laid down in the Rules. In case the dividends are not claimed by the due date(s), necessary steps will be initiated by the Company to transfer shares held by the members to IEPF without further notice. Please note that no claim shall lie against the Company in respect of the shares so transferred to IEPF.

In the event of transfer of shares and the unclaimed dividends to IEPF, shareholders are entitled to claim the same from IEPF by submitting an online application in the prescribed Form IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same duly signed to the Company along with the requisite documents enumerated in the Form IEPF- 5. Shareholders can file only one consolidated claim in a financial year as per the IEPF Rules.

m. Details of Unclaimed Securities Suspense Account

In accordance with the requirement of Regulation 34(3) and Schedule V Part F of SEBI Listing Regulations, the Company reports the following details in respect of equity shares lying in the suspense account which were issued in dematerialised form pursuant to the public issue of the Company:

Particulars	Number of Shareholders	Number of Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on April 1, 2016	2,575	2,406,901
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	32	60,820
Number of shareholders to whom shares were transferred from unclaimed shares suspense account during the year	32	60,820
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2017	2,543	2,346,081

The voting rights on the shares outstanding in the suspense account as on March 31, 2017 shall remain frozen till the rightful owner of such shares claims the shares.

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n. (i) Distribution of Shareholding as on March 31, 2017

Number of Shares	Shareholders		Number of Shares	
	Number	%	Number	%
Upto 50	149,057	28.72	3,278,453	0.12
51-100	89,911	17.32	8,247,607	0.29
101-200	80,074	15.43	14,070,805	0.49
201-500	85,821	16.54	31,909,760	1.12
501-1000	54,597	10.52	45,176,584	1.59
1001-2000	29,977	5.78	47,253,664	1.65
2001-5000	19,851	3.83	65,747,766	2.31
5001-10000	5,881	1.13	42,576,911	1.50
10001 & above	3,805	0.73	2,587,615,084	90.93
Total	518,974	100.00	2,845,876,634	100.00

(ii) Shareholding pattern as on March 31, 2017

Category	Number of Holders	Shares	%
Promoters - Hinduja Automotive Limited, UK (Includes 329,200,140 shares in GDR Form)	2	1,433,847,039	50.38
Resident Individuals (also Unclaimed securities suspense a/c)	508,425	324,717,965	11.41
Clearing Members	401	11,776,701	0.41
Financial Institutions/Insurance Co./State Govt./Govt. Companies/UTI	23	148,448,609	5.22
Foreign Institutional Investors	48	123,714,115	4.35
Foreign Portfolio Investors	330	567,926,573	19.95
NRI/OCB/Corporate Bodies - Foreign/Bank - Foreign/ Foreign Nationals/Foreign Portfolio Investor-corporate	7,172	14,427,131	0.51
Corporate Bodies/Limited Liability Partnership	2,428	81,921,226	2.88
Mutual Funds	64	105,306,062	3.70
Trusts	46	6,867,283	0.24
Banks	33	3,878,430	0.14
Others - GDR a/c	2	23,045,500	0.81
Grand Total	518,974	2,845,876,634	100.00

Your Company does not have any outstanding instruments for conversion into equity shares.

(iii) Details of shares

Mode	Number of Shares	% to paid up Capital	Number of holders
Physical	23,513,172	0.83	13,187
Electronic			
- NSDL	2,734,323,341	96.08	32,6490
- CDSL	88,040,121	3.09	179,297

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o. Dematerialisation of shares and liquidity

Shares of the Company can be held and traded in electronic form. As stipulated by SEBI, the shares of the Company are accepted in the Stock Exchanges for delivery only in dematerialisation form. The status of dematerialisation of shares of the Company as on March 31, 2017 is given below:

Holders	Physical		Demat		Total	
	Number of Shares	% to paid-up capital	Number of Shares*	% to paid-up capital	Number of Shares (*)	% to paid-up capital
Hinduja Automotive Limited*	-	-	1,433,847,039	50.38	1,433,847,039	50.38
Others	24,640,196	0.87	1,387,389,399	48.75	1,412,029,595	49.62

* including shares in GDR Form.

Your Company confirms that the entire Promoter's holdings are in electronic form and the same is in line with the directions issued by SEBI.

The equity shares of the Company are regularly traded in BSE and NSE and hence have good liquidity.

p. Outstanding GDR/Warrants and Convertible Notes, Conversion date and likely impact on the equity

No GDR is outstanding as on March 31, 2017 having an impact on equity.

q. Commodity price risk or foreign exchange risk and hedging activities

The Company being a sizable user of commodities, exposes it to the price risk on account of procurement of commodities.

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to firm commitments and highly probable forecast transactions.

r. Plant Locations

Ennore

Kathivakkam High Road
Ennore
Chennai - 600 057
Tamilnadu

Sriperumbudur (Foundry)

Plot K - 2
SIPCOT Industrial Estate
Arneri Village
Sriperumbudur - 602 105

Alwar

Plot No.SPL 298
Matsya Indl. Area
Alwar - 301 030

Ennore (Foundry)

Kathivakkam High Road
Ennore
Chennai - 600 057
Tamilnadu

Hosur - Unit II

77 Electronic Complex
Perandapalli Village
Hosur - 635 109
Tamilnadu

Rajasthan

Pantnagar
Plot No.1, Sector XII
II E, Pantnagar
Pin - 263 153
Uttarakhand

Hosur - Unit I

175 Hosur
Industrial Complex
Hosur - 635 126
Tamilnadu

Bhandara

Plot No.1 MIDC Industrial Area Village
Gadegaon Sakoli Taluk
Bhandara - 441 904
Maharashtra

Hosur - Unit IIA

Cab Panel Press Shop
SIPCOT Industrial Complex
Mornapalli village
Hosur - 635 109
Tamilnadu

Technical Centre

Vellivoyalchavadi
Via Manali New Town
Chennai - 600 103
Tamilnadu

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s. Address for Correspondence

Registrar & Share Transfer Agents (RTA) (matters relating to Shares, Dividends, Annual Reports)	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 : 91-44-28142479 e-mail: csdstd@integratedindia.in
For any other general matters or in case of any difficulties/grievances	Secretarial Department Ashok Leyland Limited No.1 Sardar Patel Road Guindy, Chennai - 600 032	Tel. : 91-44-2220 6000 Fax : 91-44-2230 4410 e-mail: secretarial@ashokleyland.com
Website address	www.ashokleyland.com	
Email ID of Investor Grievances Section	secretarial@ashokleyland.com	
Name of the Compliance Officer	N Ramanathan, Company Secretary	

Declaration regarding compliance by Board members and Senior Management Personnel with the Company's Code of Conduct

This is to confirm that for the financial year ended March 31, 2017 all members of the Board and the Senior Management Personnel have affirmed in writing their adherence to the Code of Conduct adopted by the Company.

Chennai
May 25, 2017

Vinod K Dasari
Chief Executive Officer and Managing Director

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REMUNERATION POLICY

1. Objective

The objective of the Company's remuneration policy is to attract, motivate and retain qualified and expert individuals that the Company needs in order to achieve its strategic and operational objectives, whilst acknowledging the societal context around remuneration and recognising the interests of AL's stakeholders.

2. The Nomination and Remuneration Committee

The Nomination and Remuneration Committee (Committee) is responsible for formulating and making the necessary amendments to the Remuneration Policy for the Directors, Key Managerial Personnel (KMP) and Senior Executives of AL from time to time.

3. Remuneration for Non-Executive Directors

Non-Executive Directors (NED) are remunerated by way of Sitting Fee for each meeting of the Board/Committees of the Board attended by them and an annual commission on the profits of the Company. Commission to respective NED is determined on the basis of an objective criteria discussed and agreed upon by the Committee Members unanimously. NED's are re-imbursed of any out of pocket expenses incurred by them for the purpose of the Company.

4. Remuneration for Executive Director, Key Managerial Personnel (KMP) and Senior Executives

The following elements are taken into consideration for determining the Remuneration of Executive Director, KMP and Senior Executives:

- The remuneration policy reflects a balance between the interests of AL's main stakeholders as well as a balance between the Company's short term and long term strategy. As a result, the structure of the remuneration package for the Directors, KMP and Senior Executives is designed to balance short term operational performance with the medium and long term objective of creating sustainable value within the Company, while taking into account the interests of its stakeholders. AL strives for a high performance in the field of sustainability and aims to maintain a good balance between economic gain, respect for people and concern for the environment.
- To ensure that highly skilled and qualified KMP/Senior Executives can be attracted and retained, AL aims for a total remuneration level that is comparable to levels provided by other companies that are similar to AL in terms of size and complexity.
- In designing and setting the levels of remuneration for the Directors, KMP and Senior Executives, the Committee also takes into account the relevant statutory provisions and provisions of the Corporate Governance regulations, societal and market trends and the interests of stakeholders.
- AL's policy is to offer the Directors, KMP and Senior Executives a total compensation comparable to the peer group.

Total Compensation (TC)

The total compensation of the Managing Director and Senior Executives consists of the following components:

1. Base salary
2. Variable income –
 - Annual Performance Pay (APP)
 - Performance-related Long-Term Incentive Plan (LTIP)

Base salary

On joining the Company, the Managing Director, KMP and Senior Executives receive a base salary comparable to the peer group. Every year, base salary levels are reviewed by the Committee.

Variable income

The variable income part of remuneration consists of APP and LTIP. The distribution between APP and LTIP for (on target) performance aims to achieve a proper balance between short term result and long term value creation. Further, the LTIP helps enhance retention of key executives. The parameters relating to the various elements of the variable income part of the remuneration are established and where necessary adjusted by and at the discretion of the Committee, taking into account the general rules and principles of the remuneration policy itself.

The targets are determined each year by the Committee in consultation with the respective Director/KMP/Executive, based on historical performance, the operational and strategic outlook of the Company in the short term and expectations of the Company's management and stakeholders, among other things. The targets contribute to the realisation of the objective of long term value creation.

It is one of the long term objectives to reach the proportion of variable compensation upto 50% of the total compensation.

5. Remuneration for other Employees

Remuneration of middle and lower level employees of the Company consists mostly of fixed pay and a reasonable performance pay which is reviewed on an annual basis. Increase in the remuneration of employees is effected based on an annual review taking into account performance of the employee and the performance of the Company also.

6. Remuneration for Workmen

Remuneration of workmen employed in the factories of the Company consists of fixed pay and performance incentives, which is negotiated and agreed upon on periodical basis. Increase in the remuneration of workmen is effected based on a review of performance of the Company and increase in the general price levels/cost of living index, etc.

7. Employee Stock Options

It is a long term objective of the Company to introduce employee stock options to inculcate a sense of ownership among the employees of the Company.

8. Alignment of Remunerations

The Committee strives to achieve that the remunerations of the Directors, Senior Executives, middle and lower level employees of AL are aligned to each other.

ANNEXURE C TO THE BOARD'S REPORT

REPORT ON CORPORATE GOVERNANCE

9. Term of Appointment

Term of Managing Director is generally for a period of three years and renewed for similar periods from time to time. However, the Board reserves the right to increase/decrease the period as it may deem fit. Whereas, term of the other employees, generally is upto the age of superannuation. However, Company also employs contractual employees as 'consultants' for shorter periods on need basis.

10. Post-retirement Benefits

The Managing Director and employees are entitled for retirement benefits such as provident fund, superannuation fund and gratuity.

11. Severance Arrangements

Contracts of employment with Executive Director and regular employees, provide for compensation of upto three months' pay or advance notice of similar period.

12. Loans

There is no system of granting of loans to Directors, KMP and employees of the Company.

Dividend Distribution Policy

Introduction

The Securities and Exchange Board of India vide SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016, introduced Regulation 43A in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which requires top five hundred listed entities based on market capitalisation (calculated as on March 31 of every financial year) to formulate a dividend distribution policy, which shall be disclosed in their annual reports and on their websites.

The Company being amongst top 100 listed entities based on aforesaid criteria for the year ended March 31, 2016, has formulated this policy on dividend distribution with a view to inform the shareholders about how it aims to utilise extra profits and the parameters that shall be adopted regarding the shares.

Objective

The objective of the policy is to specify the external and internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend and how the retained earnings shall be utilised, etc.

The Board of Directors (Board) may consider declaration of interim dividend depending upon the cash flow situation of the Company. The dividend distribution shall be as per the recommendations of the Board and shall always be decided at an annual general meeting of shareholders in case of final dividend. Depending on the long-term growth strategy of the Company and the prevailing circumstances, the Board may consider a higher dividend payout ratio, while trying to ensure that sufficient funds are retained for growth of the Company.

Definitions

- (i) **"Act"** means the Companies Act, 2013 and Rules made thereunder, including any statutory amendment(s) or modification(s) thereof for the time being in force.
- (ii) **"Dividend"** includes final and interim dividend.
- (iii) **"Dividend Pay-out ratio"** means a fraction of net income a company pays to its shareholders as dividend.
- (iv) **"Market capitalisation"** means the aggregate value of the company based on its current market price and the total number of outstanding shares of the company.
- (v) **"Paid-up Share Capital"** means such aggregate amount of money credited as paid-up as is equivalent to the amount received as paid-up in respect of shares issued and also

includes any amount credited as paid-up in respect of shares of the company, but does not include any other amount received in respect of such shares, by whatever name called.

- (vi) **"Regulations"** shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, from time to time and as notified by the Securities and Exchange Board of India.

Declaration and payment of Dividend

In compliance with Section 51 of the Act, the Company shall pay dividend proportionately, i.e., in proportion to the amount paid-up on each share. Dividend for a financial year shall be paid after the annual financial statements of the Company are finalised and the amount of distributable profits is available. The declaration and payment of dividend shall be in accordance with the provisions of Sections 123 to 128 of the Act. Pursuant to the provisions of Section 123 of the Act, the Board shall recommend dividend for any financial year subject to the following:

- (a) out of the profits of the Company for that year arrived after providing for depreciation; or
- (b) out of the profits of the Company for any previous financial year(s) arrived at after providing for depreciation and remaining undistributed; or
- (c) out of both (a) and (b).

Parameters for declaration of dividend

The Board shall consider the following various circumstances like current year's profit, future outlook, reinvestment opportunities of the Company, tax benefits, Company's present and future performance for declaration and payment of dividend.

(i) Financial parameters

- (a) Availability of profits;
- (b) Financial feasibility of the Company;
- (c) Favorable Debt Equity ratio;
- (d) Debt interest coverage ratio;
- (e) Liquidity position;
- (f) Business expansions, acquisitions, etc.;
- (g) Favorable state of the capital markets;
- (h) Profit growth.

(ii) External Factors

- (a) Shareholders' expectations;
- (b) Uncertain or recessionary economic and business conditions;

ANNEXURE C TO THE BOARD'S REPORT

REPORT ON CORPORATE GOVERNANCE

- (c) Restrictions imposed under the Act about declaration of dividend;
- (d) Sectorial performance;
- (e) Future uncertainties and industrial downturn;
- (f) Government policy;
- (g) Clientele effect;
- (h) Risk effect.

(iii) Internal Factors

- (a) Growth rate of past earnings;
- (b) Growth rate of predicted profits;
- (c) Expansion and modernisation of existing business;
- (d) Investment in research and development;
- (e) Working capital requirements;
- (f) Mergers and Acquisitions;
- (g) Investments in subsidiaries/Joint ventures/associates;
- (h) Buyback options;
- (i) Approach adopted - residual, stability or hybrid.

(iv) Utilisation of retained earnings

The decision of utilisation of retained earnings of the Company shall be based on the following factors:

- (a) Acquisition/Diversification of business;
- (b) Long term strategic plan;
- (c) High cost of debt;

- (d) Market or product development/expansion plan;
- (e) Increase in production capacity;
- (f) Modernisation Plan;
- (g) Replacement of Capital intensive assets.

(v) Classes of Shares

The Company has issued only one class of shares viz., equity shares. There are no other class of shares issued or proposed to be issued by the Company. In case of issue of new class of shares in the future, the policy will be reviewed accordingly.

Publication of Policy

This Policy, as approved by the Board, shall be disclosed in the Annual Report and on the website of the Company at http://www.ashokleyland.com/sites/default/files/listing_regulations/divident_distribution_policies.pdf.

Amendment

In case of any subsequent changes in the provisions of the Act or Regulations or Income Tax Act, 1961 or any other regulations which makes any of the provisions of this Policy inconsistent with the Act or such other regulations, then the provisions of the Act or such other regulations would prevail over this Policy and the relevant provisions contained in this Policy would be modified accordingly in due course to make it consistent with applicable laws.

Any such amendments shall be disclosed along with the rationale for the same in the Annual Report and on the website of the Company.

ANNEXURE D TO THE BOARD'S REPORT INDEPENDENT AUDITORS' CERTIFICATE

TO THE MEMBERS OF

ASHOK LEYLAND LIMITED

1. We have examined the compliance of conditions of Corporate Governance by ASHOK LEYLAND LIMITED ("the Company"), for the year ended on March 31, 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (the "SEBI Listing Regulations").

Management's Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

Auditors' Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI Listing Regulations during the year ended March 31, 2017.
8. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For M.S. Krishnaswami & Rajan
Chartered Accountants
Firm's Registration No: 01554S

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration No: 117366W/W-100018

M S Murali
Partner
Membership No.26453

Chennai
May 25, 2017

A Siddharth
Partner
Membership No. 31467

ANNEXURE E TO THE BOARD'S REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. MARKET TRENDS

Economy - India

In the financial year 2016-17 the Indian economy grew at an estimated 7.1%, as per government estimates reported by the Ministry of Statistics & Programme Implementation, slowing from a growth rate of 7.9% reported for FY 2015-16. Slower growth was seen across the year, with the quarter level growth numbers for Q1, Q2 and Q3 being 6.9%, 6.7% and 6.6% for FY 2016-17 as compared to 7.8%, 8.4% and 7.0% for FY 2015-16.

The demonetisation announced in Q3 resulted in a temporary blip in the economic growth, but saw a relatively quick recovery in the following quarter. The manufacturing sector grew at a healthy 7.7% in FY 2016-17, though subdued from the 10.6% levels seen in FY 2015-16. Construction is expected to show a significant uptick in FY 2016-17 at 6.4% as compared to 2.3% in FY 2015-16.

The farm sector's growth significantly accelerated to 4.4% this financial year from 0.8% last year. The growth pick-up was seen from Q2 onwards, buoyed by a normal monsoon and encouraging sowing data. The mining and quarrying sector, which saw a de-growth in Q1 & Q2 before recovering to 7.5% growth in Q3 FY 2016-17, is expected to end at a full year growth of 1.3% for FY 2016-17 as compared to 12.3% for FY 2015-16.

For FY 2017-18, growth is estimated to pick up to 7.4% levels. There is an expectation of stable to slightly positive inflationary pressures due to pick-up in economy as well as impact of seventh pay commission. It is widely expected that GST implementation in FY 2017-18 would auger well for economic growth. Economists estimate potential long term GDP growth impact at 2-4 percentage points attributable to GST.

Agriculture will face a higher base-effect and while initial weather forecasts indicated a low probability of El Nino during the Indian monsoon season, more recent forecasts have seen the risks rise. However, increased government focus (both central and state) on the rural sector and initiatives like improved support prices, agri-insurance schemes, infrastructure investments (including irrigation projects), and higher outlay for rural employment guarantee schemes all indicate a possibility of improved rural incomes, thereby driving a consumption-led growth.

There is a gradual revival being seen in the construction sector. Road laying is picking up pace and so is other construction activity. Coal mining has aggressive mid and long term prospects, given the electricity generation targets set by the central government. While investments are still subdued due to excess capacity across sectors, it is expected that a prolonged period of controlled inflation, a stable government policy and steadily improving per-capita income would improve consumption and lead to a more sustained growth in the range of 7.0-8.5%.

Economy - World

The International Monetary Fund projects the World growth to rise from 3.1% in 2016 to 3.5% in 2017 and further to 3.6% in 2018 as the long awaited cyclical recovery in manufacturing and trade is currently underway with support from buoyant financial markets worldwide. It expects growth to be broad based across the globe with developed economies expected to grow at 2.0% in 2017 (1.7% in 2016) and emerging & developing economies at 4.5% in 2017 (4.1% in 2016).

Among developed economies, United States of America is expected to grow at 2.3% in 2017 (1.6% in 2016), Euro zone is expected to retain 1.7% growth (same as 2016) and Japan at 1.2% in 2017 (1.0% in 2016). Amongst developing and emerging economies, China is expected to grow at 6.6% in 2017 and 6.2% in 2018 (6.7% in 2016), while Middle East (including North Africa

and others) and sub-saharan Africa are expected to see a slower growth at 2.6% in 2017 (3.9% in 2016).

While the growth is expected to be broad-based, factors differ. For the US it is assumed expansionary fiscal policy and real demand picking up, for Europe it is largely improving domestic demand and cyclical recovery post downturn, for Japan it is stronger exports and for oil exporters of Middle East the factors are mainly growth in non-oil sectors which are not able to fully compensate for fall in growth due to oil exports. Brazil and Russia both are expected to come out of recession.

Amidst this picture, it would be prudent to watch out for headwinds like increasingly inward looking policies across various economies, rate hikes in US and other economies and geo-political risks. Nonetheless at the current juncture, the economic environment is largely pro-growth.

Commercial vehicle industry

The domestic commercial vehicle industry, has shown a mild growth in FY 2016-17. The Medium and Heavy Commercial vehicles (M&HCV) segment was flat in FY 2016-17 as compared to a significant growth of about 30% in FY 2015-16. While the M&HCV Buses grew by 7.6%, M&HCV Trucks saw de-growth of 1.2% in FY 2016-17. The Light Commercial Vehicle (LCV) segment grew by about 7.4% as against a flat growth seen in FY 2015-16.

Export of Commercial Vehicles in FY 2016-17 grew by about 5% to reach 108,271 vehicles overall. A significant growth of 24.2% was seen in M&HCV exports, within which M&HCV trucks grew by 39.5%.

The table below provides statistics of domestic and exports sales performance by segment:

Segment	Domestic			Exports		
	2016-17	2015-16	Change (%)	2016-17	2015-16	Change (%)
M&HCV Buses	47,262	43,909	7.6%	11,771	12,291	-4.2%
M&HCV Trucks	255,267	258,488	-1.2%	31,948	22,906	39.5%
M&HCV Total	302,529	302,397	0.0%	43,719	35,197	24.2%
LCV Buses	50,864	48,936	3.9%	4,673	4,097	14.1%
LCV Trucks	360,839	334,371	7.9%	59,879	63,830	-6.2%
LCV Total	411,703	383,307	7.4%	64,552	67,927	-5.0%
CV Total	714,232	685,704	4.2%	108,271	103,124	5.0%

Source: SIAM Flash Report March 2017

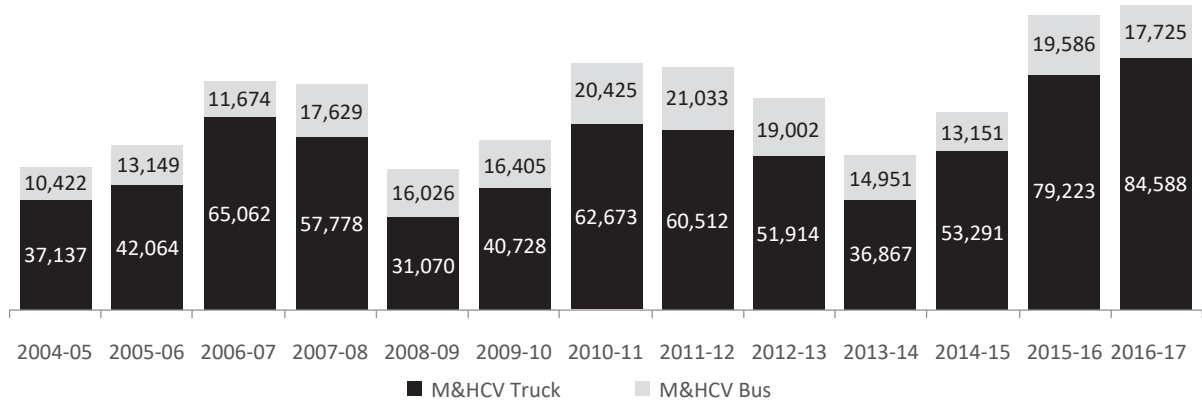
Given the expected pickup in economy, the growth prospects for both M&HCV segments and LCV segments look positive. Construction sector saw a healthy pickup in FY 2016-17, which is expected to continue to positively impact commercial vehicle outlook in FY 2017-18. Nonetheless due to pre-buying on account of Bharat Stage 4 emission norms, the first half of FY 2017-18 is expected to be subdued, resulting in a full year flat to subdued growth for M&HCV. LCV segment however is expected to maintain a 7-10% growth in FY 2017-18.

B. ASHOK LEYLAND – THE YEAR (2016-17) IN BRIEF

Your Company sold 102,313 M&HCVs in the domestic market, which included 17,725 M&HCV buses and 84,588 M&HCV Trucks. The sales growth of 6.8% in domestic M&HCV Truck segment, despite the total industry volume shrinking by 1.2%, is a testimony of confidence the customers have in the product and service offerings of your Company.

ANNEXURE E TO THE BOARD'S REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT



For the M&HCV Truck segment, your Company has given focus on getting the right product to the right customer application. There were many noteworthy product launches which were well received in the market, namely Captain Tractors, Eco version of Captain Tippers and Cabbed Multi-axle vehicles. Your Company continues to be a market leader in the 37T market segment despite aggressive push by competitors. GURU (the intermediate commercial vehicle) which was showcased in Auto-Expo 2016, with features like highest payload capacity in its class, higher carrying volumes, lower maintenance cost and longer service intervals saw a pan India launch in FY 2016-17. This year your Company also saw good impetus on the fully built solution space, which is an important future segment. Your Company worked with various large customers to offer customised solutions in applications like dry containers, reefers etc. The aggressive product launch was well supported by our network growth initiatives. Aftermarket support saw many innovations and initiatives like workshop on wheels (WOW), which are being well appreciated by our customers and help us deliver on our brand promise of "Aapki Jeet Hamari Jeet". Consequent of these, along with focused marketing activities, your Company saw a market share growth in all segments and regions of the Country, leading to a record full year market share growth.

In the M&HCV Bus segment, your Company gained market share in the ICV Segment despite heavy competition and new players entering into the market. SUNSHINE (school bus) showcased and launched in Auto-Expo 2016, with better safety features, colorful seats, hygiene and comfort, went to regular production with a healthy order book of 1000+ vehicles in FY 2016-17.

Your Company also launched the future ready Circuit series electric bus, which has zero tail pipe emission. More variants of these buses are on the anvil. Your Company maintained its Global 4th position in volume sales, in line with vision statement. Your Company will continue to work alongside progressive State Transport Undertakings (STU's) and provide safe and comfortable public transport solutions. With the bus body code implementation expected from July 2017, your Company will leverage the body building capacities at Alwar plant (Rajasthan) and at its subsidiary Global TVS Bus Body Builders Limited (Tamilnadu), and grow sales in the fully-built segment.

In FY 2016-17, your Company completed its fifth full year of participation in the LCV segment. As forecasted in FY 2015-16 annual report, after 3 consecutive years of slowing LCV demand, the market grew at 7% this year and Dost has maintained its market share of 15% in 2-3.5T GVW segment. Your Company

sold over 30,000 Dost and Partner vehicles this year. This year, your Company also bought out the shares of all 3 Joint Venture companies from its erstwhile partner, to gain full control of the LCV business. This will help expedite new product development and broaden the product offerings to cover the full LCV range.

The Power Solutions Business of your Company, focuses on engines and generation sets for electric power generation as well as engines for industrial, agricultural and marine applications. During FY 2016-17, the government impetus on infrastructure development resulted in demand for industrial equipment demand, while legislative changes in Harvester combine machines softened the demand for agricultural equipment, the marine customer segment continued to remain strong during the financial year. Your Company continued to strengthen its position and achieved a 6% growth in sales for the year. The market is likely to become more competitive, with global manufacturers trying to establish business in India, and the growth in industrial equipment manufacturers. During FY 2017-18, your Company will continue to focus on broadening its power range offerings, and explore new market opportunities outside India.

The Defence business of your Company, continued its momentum and supporting the "Make in India" policy of the Indian Government. Sale of vehicle kits increased and your Company started delivery of orders for gun towing and higher tonnage mobility vehicles. Additional tenders were awarded to your Company for the Indian Army's missile carrier applications. Your Company has embarked on a focused expansion plan to increase participation in the defence sector in India and abroad, with a focus on "Mobility on Land" by developing varied platforms and defence applications.

Your Company continued to focus on superior customer service throughout the product lifecycle. Dealer partners of your Company, expanded their capacity and reach for aftermarket service, including break-down assistance and accident repairs. Specific initiatives were taken by your Company to improve reach and availability of genuine spare parts to customers across the country. This resulted in a healthy 31% growth in the spare parts revenue in FY 2016-17.

In summary, during FY 2016-17, while your Company continued to strengthen its position across all business segments, it has also built capability in terms of a competitive product portfolio, technology leadership, wide distribution network, strong brand equity, and energised employees. It is now strongly positioned for a period of sustained growth and expansion over the coming years.

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MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Foundry Industry

The Indian foundry industry manufactures castings for applications in Auto, Tractor, Railways, Machine tools, Defence, Earth Moving/ Textile/Cement/Electrical/Power machinery, Pumps/Valves, etc. It is estimated to have a total turnover of about ₹1,00,000 Crores with export approximately ₹15,000 Crores and an annual output of 10.021 Million MT of various grades of Castings as per International Standards. Of these, Grey iron castings have the major share i.e. approximately 60% of total castings produced.

There are approximately 5000 units out of which 90% can be classified as MSME's, out of which approximately 1500 units have some International Quality Accreditation. Several large Indian foundries are modern and globally competitive with efficient Induction Furnaces and growing awareness about environment and energy conservation. Overall the industry has had a CAGR of about 9% over the last eight years. Exports were growing at about 25% annually till 2011 after which the global downturn has affected exports quite badly.

Hinduja Foundries is mainly catering to the Automotive industry in the country and having product segments of Cylinder Block, Head and Tractor Housings. Your Company is witnessing excellent growth in Tractor industry in the current year, with all positive indicators of normal monsoon.

Passenger Vehicles though is growing at the rate of 10%, however your Company is unable to take advantage of this growth due to exposure only in Diesel Engines and diesel vehicle share is shrinking currently due to reduced gap between petrol and diesel. In M&HCV, currently this segment is witnessing a slow - down due to parts availability issues after BS IV emission norms, however this segment is expected to revive soon. Overall, Indian economy is poised for some excellent growth in this financial year.

Economic performance

Once again it looks Indian economy is going to overtake China and India may end this year with 7.5% plus GDP growth. With normal monsoon expectation, this year we are in for almost all economic indicators showing positive trends. Your Company is also expecting IIP (Index of Industrial Production) giving much improved figures as this index is getting revised by removal of certain items from the index which are no more relevant.

With the stable government at Centre and winning major states elections, confidence of Indian business community is showing renewed confidence. Latest survey of The Economic Times is also exhibiting the same sentiments of the market.

The stock markets are scaling new peaks. Rupee is becoming stronger day by day against US dollar. Though global markets are still reeling under stagnancy and are not giving growth to the exports, however rise in domestic consumption is the main growth factor.

The retail inflation eased to 2.99% in April 2017 against 5.47% year ago. Government's focus on improving infrastructure is also being giving big impetus to the growth. Total roads getting added per day has improved from 11km/day (2013-14) to 22km/day (2016-17) and is set to go up substantially.

C. OPPORTUNITIES AND THREATS

The Indian economy is expected to grow steadily, interest rates are expected to be stable and fuel prices expected to remain range bound, overall leading to an environment of improved freight

availability and better margins for fleet operators. Nonetheless, FY 2017-18 also sees the implementation of Bharat Stage IV (BS IV) emission norms. The pre-buying of commercial vehicles during the last quarter of FY 2016-17 is expected to lead to subdued volumes in first half of the financial year. The performance of new products and the growth momentum in the economy during the second half of the year, will determine how the year pans out for commercial vehicle industry.

The Union Budget for FY 2017-18 is overall positive for the automotive industry with its focus on rural economy and infrastructure. It is expected to support the demand pickup already being seen in the construction segment as well as boost the consumption led freight demand. The GST implementation will be a key event relevant to industry in FY 2017-18. The impact is expected to be three pronged, firstly there will be few teething issues as the economy migrates to the new tax regime, secondly there would be structural changes in logistics of various goods, thereby affecting both volumes as well as segment mix for commercial vehicles, and thirdly it is widely expected to spur growth in logistics, distribution, and manufacturing sectors. All these factors together are likely to shape the segment-wise demand of commercial vehicles during FY 2017-18.

There are a series of policy interventions proposed by the government (e.g. bus-body code, truck code, and voluntary fleet modernisation program). These policies offer opportunities for the CV industry to enhance product offerings aimed to improve road-safety, driver comfort, and fuel efficiency. However, this would require investment in technology and production capacity, which can only be made once the scope and implementation timelines of these policy interventions become clear.

D. RISK MANAGEMENT

During the year, your Company continued to make significant gains in market share and sales volume despite challenges faced by the CV industry. Our performance was fueled by innovation, exhaustive marketing strategies and network expansion. Managing risks while strategising was key in the successful outcome of these initiatives.

Your Company also continued its efforts in enhancing sales and service outlets and brand image, new product launches, developing international markets and focusing on cost control and debt reduction. These measures enabled the Company to bring value for its customers, strengthen dealer relationships and achieve substantial reduction in interest cost.

In line with the Government Automotive Policy on emission norms, your Company will strive to work on innovative and cost-effective technology solutions such as development of powertrains and vehicles through strategic partnerships to meet regulatory requirements.

The Enterprise Risk Management (ERM) framework in your Company is inclusive, well integrated and standardised across the organisation encompassing all business units and functions. The ERM process enables business units in identifying and proactively addressing risks and opportunities, assessing them in terms of likelihood and impact, determining a response strategy, and monitoring them regularly.

ERM is integrated with the strategic business planning process. Key internal and external risks, inherent to the strategy for each of the business units are identified and the critical assumptions

ANNEXURE E TO THE BOARD'S REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

underlying the strategy are also considered. It also involves identification of risks, opportunities and trends including evaluation of shift in customer preferences, competitor actions, technology, regulatory trends, and geo-political risks.

Through the ERM process, your Company aims to be resilient to the changing business scenario, gain competitive advantage over its peers and protect and create value for stakeholders, including shareholders, employees, customers, regulators, and society.

E. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Given the nature of business and size of operations, your Company has designed a proper and adequate internal control system to ensure:

- Recording of transactions are accurate, complete and properly authorised;
- Adherence to Accounting standards and compliance to applicable statutes, Company policies and procedures;
- Effective usage of resources and safeguarding of assets.

Your Company has complied with the specific requirements as laid out under Section 134(5)(e) of the Companies Act, 2013 which calls for establishment and implementation of an Internal Financial Control framework that supports compliance with requirements of the Act in relation to the Directors' Responsibility Statement.

Your Company's Internal control framework follows the COSO (Committee of Sponsoring Organisations of the Treadway Commission) Internal control framework 2013, and supports in evaluating the operating effectiveness of internal controls in a consistent manner.

Further, your Company, through its own independent and multi-disciplinary Internal Audit function, carries out periodic risk based internal audits across locations and functions, based on the Internal Audit plan as approved by the Audit Committee of the Board.

The Internal Audit function reviews compliance vis-à-vis the established design of the Internal control, as also the efficiency and effectiveness of operations. The risks identified out of the audits are reviewed periodically and mitigation ensured. The summary of the Internal Audit findings and status of implementation of action plans for risk mitigation, are submitted to the Audit Committee every quarter for review, and concerns if any, are reported to the Board.

F. INFORMATION SECURITY

Information Technology (IT) is a key enabler and a differentiator in a competitive business environment. Your Company has embarked on various digital transformation initiatives in making your Company an 'IT-led' business. In this journey, your Company is committed to implement necessary safeguards to protect its information assets and intellectual property.

Your Company has adopted the ISO 27001 Information Security Standard to align its Information Security Management System (ISMS) with the industry best practices and has successfully renewed the ISO 27001:2013 certification for the current year.

Your Company has a dedicated Information Security function, which conducts periodic risk assessments, reviews and ensures implementation of controls to protect Confidentiality, Integrity and Availability of information.

G. FINANCIAL REVIEW

Summary of Profit and Loss account is given below:

	₹ in Crore		
	2016-17	2015-16	Inc/(Dec) %
INCOME			
Sales	21,331.67	19,992.97	6.7
Other Income	136.27	117.62	15.9
Total	21,467.94	20,110.59	6.7
Expenditure			
Material cost	13,957.27	13,194.86	5.8
Excise duty	1,313.01	1,055.67	24.4
Employee benefits expense	1,530.94	1,385.06	10.5
Finance costs	155.38	247.64	-37.3
Depreciation and amortisation	517.89	487.90	6.1
Other expenses	2,327.92	2,102.75	10.7
Total	19,802.41	18,473.88	7.2
Profit before exchange gain on swap contracts, exceptional items and tax	1,665.53	1,636.71	1.8
Exchange gain on swap contracts	15.40	5.05	205.0
Profit before exceptional items and tax	1,680.93	1,641.76	2.4
Exceptional items	350.85	815.22	-57.0
Profit before tax	1,330.09	826.54	60.9
Tax expense	107.01	436.94	-75.5
Profit after tax	1,223.08	389.60	213.9
Basic earnings per share (₹)	4.24	1.37	209.5

Revenues:

Your Company's revenues improved by 7% aided by the inclusion of revenue of Hinduja Foundries to external customers (which constitute by about 1% of increase), 3% growth in M&HCV sale volumes driven by growth in tippers, tractor trailers and ICV trucks, stable discounts (at higher levels) as well as upward revision in prices during the year.

Costs:

- Material Cost:** Through various internal initiatives, your Company could manage to contain material cost increase by about 1.0% during the year. Your Company had to concede around 1.8% towards commodity cost increases during the year which is offset by 0.8% saving through internal cost reduction measures.
- Staff Costs:** Employee expenses are up by 11% reflecting the inclusion of staff cost of Hinduja Foundries, full year impact of increments, salary revision for executives as well as provisioning for wage settlements at Ennore, Hosur I, II and IIA units during the year.
- Finance costs** decreased to ₹155 Crores during the year which includes Hinduja Foundries finance cost of ₹30 Crores. This is lower than ₹248 Crores in the previous year for your

ANNEXURE E TO THE BOARD'S REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Company reflecting lower working capital levels as well as better cash flows during the year.

- **Depreciation** for the year is at ₹518 Crores which is higher than last year reflecting the impact of depreciation for foundry assets during the year.
- **Other expenses** excluding Hinduja Foundries were lower in terms of percentage of revenue when compared to last year. However, including Hinduja Foundries other expenses were at 10.9% of revenue from operations as against 10.5% last year.
- **Capital Employed**

Total capital employed by your Company increased by 8% from ₹12774 Crores to ₹13800 Crores reflecting the increase in activity levels.

Total shareholders' funds as at March 31, 2017 before providing for dividend stood at ₹6126 Crores which is an increase of ₹719 Crores over March 31, 2016 amount of ₹5407 Crores. This increase reflects the current year profit offset by losses of Hinduja Foundries pursuant to amalgamation.

Summary of the Balance sheet is given below:

	₹ in Crores		
	31.03.2017	31.03.2016	Inc/(dec) %
SOURCES OF FUNDS			
Shareholder's funds	6,126.07	5,407.15	13.3
Non-current liabilities	1,492.26	2,476.42	(39.7)
Current liabilities	6,181.08	4,890.18	26.4
Liabilities on assets held for sale	0.15	-	100.0
Total	13,799.56	12,773.75	8.0
APPLICATION OF FUNDS			
Fixed Assets	5,176.67	4,867.84	6.3
Investments	2,001.68	1,980.44	1.1
Loans & Other non-current assets	761.60	744.52	2.2
Current Assets	5,736.61	5,180.95	10.7
Assets held for sale	123.00	-	100.0
Total	13,799.56	12,773.75	8.0

Capital Expenditure and Investments

During the year, your Company incurred ₹359 Crores towards capital expenditure, predominantly towards sustenance of existing capacity and product development activities. Further, an exchange difference of ₹5 Crores has been capitalised during the year. This is on account of the weakening of the INR against US\$ during the year. Hinduja Foundries have also incurred a capex of ₹4 Crores during second half of FY 17.

Your Company has invested in cash ₹144 Crores in Hinduja Leyland Finance Limited, ₹29 Crores in Albonair GmbH, ₹25 Crores in Ashok Leyland John Deere Construction Equipment Company Private Limited, ₹5 Crores in Albonair (India) Private Limited, ₹6 Crores in Ashok Leyland Defence Systems Limited, ₹5 Crores in Gulf Ashley Motor Limited, ₹4 Crores in Ashley Aviation Limited and ₹2 Crores in Ashley Alteams India Limited. Thus, in all your Company had invested ₹220 Crores in cash in Joint Venture (JV)/Associates/Subsidiaries during the year. Hinduja

Foundries Limited have also invested a sum of ₹0.50 Crore during the year.

Your Company, after studying its intrinsic value of investments in Joint Ventures (JV)/Associates/Subsidiaries has made an impairment provision of ₹121 Crores towards Albonair GmbH and Albonair India, in addition, ₹526 Crores has been provided towards Optare Plc. for the loans and obligation. Thus, in all your Company has impaired ₹647 Crores during the year. Last year, consequent to the significant uncertainty in continuity of the joint venture operations and the accumulated losses of the joint venture entities, the Company has provided for carrying value of the investment in Ashok Leyland Vehicles Limited, Ashley Powertrain Limited and Ashok Leyland Technologies Limited aggregating to ₹296 Crores. Consequent to the purchase of the stake from the JV partner at a purchase consideration of ₹1 for all the three said entities and the subsequent finalisation of business strategy for LCV business, the impairment has been written back to the tune of ₹296 Crores in current financial year.

Current Assets as at March 31, 2017 were higher at ₹5737 Crores when compared with previous year level of ₹5181 Crores. This increase was predominantly driven by increase in mutual fund investments as at March 31, 2017 by ₹877 Crores. Cash and cash equivalents as at March 31, 2017 was at 869 Crores lower than ₹1563 Crores as on March 31, 2016. Inventories increased by ₹876 Crores to ₹2501 Crores as at March 31, 2017 compared to ₹1625 Crores as at March 31, 2016 mainly due to increase in work in progress. 7123 BS III vehicles identified for conversion have been classified under work in progress (impact ₹815 Crores). Trade Receivables decreased by ₹391 Crores to ₹860 Crores as at March 31, 2017 from ₹1251 Crores as on March 31, 2016.

Liquidity

Your Company continued with the "Cash and Carry" system of sales during the year which has been effective since May 2009. This has enabled your Company to better manage the increased liquidity requirements. During the year, your Company has repaid long term loans of ₹1055 Crores from internal generation (₹841 Crores by AL and ₹214 Crores by Hinduja Foundries). Your Company manages its liquidity through rigorous weekly monitoring of cash flows.

Profitability

Your Company's profitability improved consequent to increased volumes continued in financial year 2016-17 also. The increased volumes were aided by replacement demand. Improvement in demand off take in tipper, tractor and ICV trucks has boosted volumes for your Company. This has also led to higher market share for your Company. As such industrial activity (trend in Index of Industrial Production) continues to be sluggish. Tighter control on material costs and operating expenses have significantly contributed to profit improvement during the year.

After 12 years, your Company's debt rating has been upgraded by ICRA. During February 2017, your Company's financial rating has been upgraded from (ICRA) AA- to (ICRA) AA with stable outlook. Details are as follows:

Agency	Long Term	Short Term Loan
ICRA	AA (stable outlook)	A1+

During the year, your Company has serviced all its debt obligations on time.

ANNEXURE E TO THE BOARD'S REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Results of Operations

Your Company generated an after-tax profit from operations of ₹1964 Crores in 2016-17 which was higher as compared to ₹1862 Crores generated last year. With marginal increase in working capital, your Company registered a net cash inflow of ₹2155 Crores from its operations which is higher when compared to ₹1683 Crores generated last year.

Cash outflow for acquisition of assets and investing activities for 2016-17 was at ₹407 Crores as against outflow of ₹218 Crores in 2015-16. Though no fresh loans were raised during 2016-17 & 2015-16 for AL, ₹175 Crores were raised by Hinduja Foundries during 2016-17. Further, your Company has made investments to the extent of ₹1070 Crores during the year. During 2015-16, your Company realised ₹580 Crores by way of sale of immovable properties and long term investments which has improved the cash flow.

Profit before tax and exceptional items stood at ₹1681 Crores as against a ₹1642 Crores last year.

After reckoning a tax liability of ₹107 Crores, Profit after tax for the current year stood at ₹1223 Crores. The earning per share has more than doubled from ₹1.37 in 2015-16 to ₹4.24 in the year under review.

Your Company has continued to publish consolidated accounts of its subsidiaries, associates and joint ventures in line with last year.

Dividend

The Directors have recommended a dividend of ₹1.56/- per equity share of Re.1/- each for the financial year ended March 31, 2017.

Cash flow statement

	₹ in Crore	
	31.03.2017	31.03.2016
Profit from operations after tax	1,964.46	1,862.44
(Inc)/Dec in Net working capital	190.31	(179.46)
Net cash flow from operating activities	2,154.77	1,682.98
Payment for acquisition of assets - net	(365.98)	(165.92)
Cash outflow for investing activities	(40.69)	(52.26)
Proceeds from sale of immovable properties and long term investments	(1,070.15)	580.02
Cash flow from financing activities	(1,371.85)	(1,210.67)
Net cash inflow/(outflow)	(693.90)	834.15

EGR innovation - a significant milestone in your Company's history

Effective April 1, 2017, India has taken steps towards controlling emissions through BS IV norms, which help in reducing emissions by reducing the quantities of Nox, carbon monoxide, hydrocarbons and particulate matters. Globally two technologies are in place to reduce the emissions viz., Selective Catalytic Reduction (SCR) and Exhaust Gas Recirculation (EGR). SCR reduces the emission by injecting urea mixed with water into the exhaust stream of diesel engine. Diesel Exhaust Fluid (DEF) called as adblue combines with Nox to form harmless nitrogen and water vapor. SCR is generally used for higher horse power engines. However, total cost of energy is high due to additional cost of DEF. SCR requires separate and complex exhaust systems that includes DEF tank, pump

module to pump DEF, dozing nozzle for injecting DEF, several sensors for measuring SCR parameters and entire electronic control system to monitor it constantly. If the sensor dislodges or the DEF levels go down the vehicle comes to limping mode. Your Company in 2010 has introduced SCR in specific markets and conducted specific studies which revealed the challenges faced by customer covering additional cost of DEF, non-availability of DEF at all locations, additional weight of SCR compromising on pay load, higher initial investment, higher maintenance cost and low awareness of technology in Indian market. Hence SCR technology was found not suitable for developing economies like India.

On the contrary EGR was found to be simpler, user-friendly and economical alternative. EGR recirculates a portion of exhaust gas back to the engines air intake where fresh air blends into it. The mixture is cooled and then fed to the engine thus reducing the nox to the desired level. Traditional EGR also had partial filter (POC) which removes hydro carbons and carbon monoxide.

Your Company has developed an intelligent EGR (iEGR) which combines the best of EGR and Common Rail System (CRS) technologies thereby making it capable of meeting BS IV emission norm above 130 HP. This was done through managing combustion efficiency improvement through in-cylinder combustion management to ensure a simple exhaust system without a partial filter. iEGR uses lower exhaust gas and lower injection pressure compared to traditional EGR thereby leading to better engine life, same oil change intervals as BS III and maximum common parts with BS III engines. iEGR is a unique innovation in emission control for emerging markets like India and is available for engines up to 400 hp. Your Company has adopted this technology in its entire range of engines that powers its diverse range of vehicles with same trusted reliability and performance. All the disadvantages of SCR is addressed in EGR which is a cost effective solution for developing market like India.

Emission norms change from BS III to BS IV and its impact

Supreme Court vide its order dated 29th March 29, 2017 has mandated that "on and from April 1, 2017, only BS IV compliant vehicles (2,3 & 4 wheelers and commercial vehicles) can be sold in India by any manufacturer or dealer. Your Company had an inventory of 9572 BS III vehicles as on March 31, 2017 (excluding defence and IO specific vehicles). AL had the following avenues:

- Convert the BS III vehicles to BS IV viz., remove the BS III discrete parts comprising engine, air intake, cooling, silencer, fuel piping, air piping etc. and fit BS IV parts. This will involve bringing back the chassis from its present location to the Units.
- Break down the chassis and sell the components in the open market or reuse the components (which are not BS III discrete) for BS IV production.
- Sell the BS III vehicles in overseas markets particularly neighbouring countries covering Sri Lanka, Nepal, Bangladesh, Africa, etc. These vehicles will not require any conversion/alteration to the existing chassis.

AL has chosen a combination of options a) and c) above to meet the regulation and manage the stock. Before choosing an option, a live conversion was successfully made as a trial with few models.

Out of 9572 BS III vehicles identified for disposal, 2449 vehicles have been earmarked for export markets and balance 7123 vehicles have been identified for conversion from BS III to

ANNEXURE E TO THE BOARD'S REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

BS IV. While deciding the option, the extent of work required for conversion was borne in mind viz., for certain models like 16T wherein conversion would involve change in drive line, clutch assembly as well as the propeller shaft and rear axle. Consequently, these models were identified for sale as such in international markets.

Hence out of total inventory of 12319 vehicles, only 7123 vehicles attracted conversion. Since these vehicles are not saleable in India, pending conversion to BS IV these were classified as WIP in the accounts. Your Company, has through adoption of appropriate iEGR technology has minimised the changes that are required to be made for conversion from BS III to BS IV and has saved considerable cost. Further, your Company has ensured that adequate provision is made in FY 2017 towards the loss on account of non-salvageable items during conversion.

The Year Ahead

Pre-buying although lower than expected has moderated the demand for CVs in early part of 2018. With possible implementation of GST, fleet operators are likely to hold their decision to purchase, while the manufacturers will align their production and inventory to the GST requirement. Consequently, the near term outlook is moderated. Nevertheless, the industry is expected to find its momentum back because of the following:

- a) Increased thrust on infrastructure and rural sector in the budget;
- b) Resumption of mining activities in select states would continue to support tipper demand which has outperformed the industry in FY 2017;
- c) Higher demand for consumption-driven sectors and e-commerce logistic service providers;
- d) Potential implementation of scrappage policy;
- e) National Green Tribunal (NGT) is expected to apply thrust on phasing out old diesel vehicles in line with fleet modernisation programme. This will lead to replacement led demand.

The industry view is that M&HCV truck is likely to witness 10% growth in FY 2018 vis-a-vis flat sales in FY 2017. Over the medium term, the demand for the CVs will also be driven by gradual acceptance of advance trucking platforms, progression to BS VI emission norms (possibly by 2020 onwards) and introduction

of technologies, which may lead to advance purchases by fleet operators. LCV segment is expected to grow at around 7-8% in FY 2018 driven by replacement demand and stronger demand from consumption-driven sectors and e-commerce companies would remain growth drivers. Over the medium term, the segment would also benefit from the rollout of GST and its impact on logistics sector and preference for hub-n-spoke model. LCV truck segment is likely to register a growth of 11-13% over the medium term.

Your Company is confident of securing the desired results on the International Operations front. A full-fledged team has been constituted and is operational from a central location ie., Dubai to cater to the growing needs of International markets.

Your Company is confident on the emission technology iEGR which it has developed for emerging markets like India addressing all the SCR pain points. Your Company is all set to reap the benefits for next few years. The product variants chosen by your Company for launch in domestic and select export markets in last two years across the segments has improved market share in domestic market as well as increase in export sales. Your Company also has plans to introduce new models in the LCV segment in the immediate future. Your Company's focus on improving the network on cost effective basis particularly in North, Central and Eastern regions has started yielding results by way of improvement in market share in these regions.

The transformational sales and marketing processes had enabled your Company to penetrate new markets and face fierce competition actions. Your Company will continue all key initiatives focused on driving down costs and profitability improvement. All these have already contributed in improving the performance and will give consistent and sustained savings in the years to come.

H. HUMAN RESOURCES

During the year under review, the total number of people on the rolls of the Company is 11,906.

Material developments in the Human Resource/Industrial relations front have been detailed under the head "Human Resource" in the Boards' Report.

ANNEXURE F TO THE BOARD'S REPORT CERTIFICATION BY CEO & MD AND CHIEF FINANCIAL OFFICER TO THE BOARD

We, Vinod K Dasari, Chief Executive Officer and Managing Director and Gopal Mahadevan, Chief Financial Officer of Ashok Leyland Limited certify that:

- A. We have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 - 1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 2. these statements present a true and fair view of the state of affairs of the Company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing Generally Accepted Accounting Principles including Accounting Standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violatively of the Company's Code of Conduct.
- C. We accept overall responsibility for establishing and monitoring the Company's internal control system for financial reporting and evaluating its effectiveness. Internal Audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal Audit works with all levels of management and Statutory Auditors, and reports significant issues to the Audit Committee of the Board. The Statutory Auditors and Audit Committee are apprised of any corrective action taken or proposed to be taken with regard to significant deficiencies and material weaknesses.
- D. We have indicated to the Auditors and to the Audit Committee:
 - 1. that there are no significant changes in internal control over financial reporting during the year;
 - 2. that there are no significant changes in accounting policies during the year;
 - 3. that there are no instances of significant fraud of which we have become aware of and which involve management or other employees who have significant role in the Company's internal control system over financial reporting.

Chennai
May 25, 2017

Vinod K Dasari
Chief Executive Officer and Managing Director

Gopal Mahadevan
Chief Financial Officer

ANNEXURE G TO THE BOARD'S REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies

(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i. CIN	L34101TN1948PLC000105
ii. Registration Date	September 7, 1948
iii. Name of the Company	Ashok Leyland Limited
iv. Category/Sub-Category of the Company	Company limited by shares/Subsidiary of Foreign Company
v. Address of the Registered office and contact details	No. 1, Sardar Patel Road, Guindy Chennai - 600 032, Tamilnadu secretarial@ashokleyland.com Ph: 044-2220 6000 Fax: 044- 2220 6001
vi. Whether listed company	Yes
vii. Name, Address and Contact details of Registrar and Transfer Agent, if any	Integrated Registry Management Services Private Limited 2 nd Floor, Kences Towers 1 Ramakrishna Street, North Usman Road T. Nagar, Chennai - 600 017 Tel : 91-44-2814 0801/03 Fax : 91-44-28142479 e-mail: csdstd@integratedindia.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:

S. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
1	Trucks	29102	67.60
2	Bus	29109	15.40

III. PARTICULARS OF HOLDING, SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANIES

S. No	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate Company	% of shares held	Applicable Section under Companies Act, 2013
1.	Hinduja Automotive Limited, U.K	New Zealand House, 80 Haymarket, London, SW1Y 4TE	Not applicable	Holding	50.38	2(46)
2.	Albonair GmbH	Carlo-Schmid-Allee 1, 44263 Dortmund, Germany.	Not applicable	Wholly owned subsidiary	100.00	2(87)(ii)
3.	Albonair Automotive Technology Co., Ltd, China	East Shanghai Road, Caifu Building, Room 501, 215400 Taicang, Jiangsu Province, P. R. China	Not applicable	Wholly owned subsidiary	100.00	2(87)(ii)
4.	Albonair (India) Private Limited	No.1, Sardar Patel Road, Guindy, Chennai - 600 032	U74110TN2009PTC073654	Wholly owned subsidiary	100.00	2(87)(ii)
5.	Ashok Leyland (UK) Limited *	Hurricane Way South, Sherburn in Elmet, Leeds, North Yorkshire, LS25 6PT, U.K	Not applicable	Wholly owned subsidiary	100.00	2(87)(ii)
6.	Ashok Leyland Nigeria Limited	Km 33, Lekki-Epe Expressway, Eputu Town, Ibeju-Lekki, Lagos	Not applicable	Wholly owned subsidiary	100.00	2(87)(ii)

ANNEXURE G TO THE BOARD'S REPORT

S. No	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate Company	% of shares held	Applicable Section under Companies Act, 2013
7.	Ashok Leyland (Chile), S.A	Serrano No. 389, Oficina 702 Iquique - 76.178.636-9	Not applicable	Subsidiary	99.97	2(87)(ii)
8.	Gulf Ashley Motor Limited	No.1, Sardar Patel Road, Guindy, Chennai - 600 032	U34102TN2004PLC052489	Subsidiary	92.98	2(87)(ii)
9.	Optare PLC	Unit 3, Hurricane Way South Sherburn in Elmet, Leeds, North Yorkshire, LS25 6PT	Not applicable	Subsidiary	75.11	2(87)(ii)
10.	Optare UK Limited	Unit 3, Hurricane Way South Sherburn in Elmet, Leeds, North Yorkshire, LS25 6PT	Not applicable	Subsidiary	75.11	2(87)(ii)
11.	Optare Group Limited	Unit 3, Hurricane Way South Sherburn in Elmet, Leeds, North Yorkshire, LS25 6PT	Not applicable	Subsidiary	75.11	2(87)(ii)
12.	Jamesstan Investments Limited	Unit 3, Hurricane Way South Sherburn in Elmet, Leeds, North Yorkshire, LS25 6PT	Not applicable	Subsidiary	75.11	2(87)(ii)
13.	Optare Holding Limited	Unit 3, Hurricane Way South Sherburn in Elmet, Leeds, North Yorkshire, LS25 6PT	Not applicable	Subsidiary	75.11	2(87)(ii)
14.	Optare (Leeds) Limited	Unit 3, Hurricane Way South Sherburn in Elmet, Leeds, North Yorkshire, LS25 6PT	Not applicable	Subsidiary	75.11	2(87)(ii)
15.	East Lancashire Bus Builders Limited	Unit 3, Hurricane Way South Sherburn in Elmet, Leeds, North Yorkshire, LS25 6PT	Not applicable	Subsidiary	75.11	2(87)(ii)
16.	Global TVS Bus Body Builders Limited	TVS Building, 7-B West Veli Street, Madurai - 625 001	U35202TN1998PLC041466	Subsidiary	66.67	2(87)(ii)
17.	Hinduja Tech GmbH	Charles-de-Gaulle-Platz 1 F, 50679, Koln	Not applicable	Subsidiary	62.00	2(87)(ii)
18.	Hinduja Technologies Inc., USA	39555, Orchard Hill Place, Suite 600, Novi, Michigan 48375	Not applicable	Subsidiary	62.00	2(87)(ii)
19.	Hinduja Tech Limited	Triton Square, C3 - C7, Tiruvika Industrial Estate, Guindy, Chennai - 600 032	U72400TN2009PLC072067	Subsidiary	62.00	2(87)(ii)
20.	Hinduja Housing Finance Limited	No. 27A, Developed Industrial Estate Guindy, Chennai - 600032	U65922TN2015PLC100093	Subsidiary	57.20	2(87)(ii)
21.	Hinduja Leyland Finance Limited	No.1, Sardar Patel Road, Guindy, Chennai - 600 032	U65993TN2008PLC069837	Subsidiary	57.20	2(87)(ii)
22.	HLF Services Limited	No.1, Sardar Patel Road, Guindy, Chennai - 600 032	U67190TN2010PLC076750	Subsidiary	54.00	2(87)(ii)
23.	Ashok Leyland Vehicles Limited	No.1, Sardar Patel Road, Guindy, Chennai - 600 032	U34102TN2008PLC067839	Wholly owned Subsidiary	100.00	2(87)(ii)
24.	Ashley Aviation Limited	Hinduja House, 171, Dr. Annie Besant Road, Worli, Mumbai - 400 018	U66030MH2008PLC180206	Associate	49.00	2(6)

ANNEXURE G TO THE BOARD'S REPORT

S. No	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate Company	% of shares held	Applicable Section under Companies Act, 2013
25.	Ashok Leyland (UAE) LLC	P. O. Box 31376, N-176, RAK Manamma Highway, Ras Al Khaimah, UAE	Not applicable	Associate	49.00	2(6)
26.	Mangalam Retail Services Limited	XI Floor, Eastwing Thaalimuthu Natarajan Building, 1, Gandhi Irwin Road, Egmore Chennai - 600 008	U51909TN2006PLC059710	Associate	37.48	2(6)
27.	Lanka Ashok Leyland PLC	Panagoda, Homagama, Sri Lanka	Not applicable	Associate	27.85	2(6)
28.	Ashok Leyland Defence Systems Limited	No.1, Sardar Patel Road, Guindy, Chennai - 600 032	U34200TN2008PLC080987	Associate	48.49	2(6)
29.	Ashok Leyland Wind Energy Limited	Old No.16, New No.18, Rutlandgate, 4 th Street, Nungambakkam, Chennai - 600006	U40105TN2010PLC077414	Associate	26.00	2(6)
30.	Ashley Alteams India Limited	No.1, Sardar Patel Road, Guindy, Chennai - 600 032	U27310TN2006PLC065084	Joint Venture	50.00	2(6)
31.	Ashok Leyland Technologies Limited	No.1, Sardar Patel Road, Guindy, Chennai - 600 032	U34300TN2008PLC067840	Wholly owned Subsidiary	100.00	2(87)(ii)
32.	Ashley Powertrain Limited	No.1, Sardar Patel Road, Guindy, Chennai - 600 032	U34102TN2008PLC067838	Wholly owned Subsidiary	100.00	2(87)(ii)
33.	Ashley Airways Limited*	Electric Mansion Appasaheb Marathe Marg, Prabhadevi Mumbai - 400 025	U62200MH2007PLC167111	Associate	49.00	2(6)
34.	Automotive Infotronics Limited*	No.1, Sardar Patel Road, Guindy, Chennai - 600 032	U29130TN2007PLC064471	Joint Venture	50.00	2(6)

*under liquidation

ANNEXURE G TO THE BOARD'S REPORT

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Shareholding

Category of Shareholders	Number of shares held at the beginning of the year (April 1, 2016)				Number of shares held at the end of the year (March 31, 2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. PROMOTER									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Governments	-	-	-	-	-	-	-	-	-
c) State Governments	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	-	-	-	-	-	-	-	-
e) Banks/Fis	-	-	-	-	-	-	-	-	-
f) Any other (Specify)	-	-	-	-	-	-	-	-	-
Sub-Total (A) (1)	-	-	-	-	-	-	-	-	-
(2) Foreign									
a) NRI - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	1,104,646,899	-	1,104,646,899	38.82	1,104,646,899	-	1,104,646,899	38.82	-
d) Banks/Fis	-	-	-	-	-	-	-	-	-
e) Any other (Specify)	-	-	-	-	-	-	-	-	-
Sub-Total (A) (2)	1,104,646,899	-	1,104,646,899	38.82	1,104,646,899	-	1,104,646,899	38.82	-
Total shareholding of Promoter (A)= (A)(1) +(A)(2)	1,104,646,899	-	1,104,646,899	38.82	1,104,646,899	-	1,104,646,899	38.82	0.00
B Public Shareholding									
1. Institutions									
a) Mutual Funds (includes UTI)	114,453,488	74,220	114,527,708	4.02	105,707,980	74,220	105,782,200	3.72	(0.31)
b) Financial Institutions/Banks	130,794,417	34,790	130,829,207	4.60	111,930,274	34,790	111,965,064	3.93	(0.66)
c) Central Government	-	-	-	-	-	-	-	-	-

ANNEXURE G TO THE BOARD'S REPORT

Category of Shareholders	Number of shares held at the beginning of the year (April 1, 2016)				Number of shares held at the end of the year (March 31, 2017)				% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
d) State Governments	1,849,720	360,000	2,209,720	0.08	1,851,670	360,000	2,211,670	0.08	0.00	
e) Venture capital Funds	-	-	-	-	-	-	-	-	-	-
f) Insurance Companies	36,101,997	1,000	36,102,997	1.27	37,673,167	1,000	37,674,167	1.32	0.06	
g) FII's	540,113,809	96,640	540,210,449	18.98	123,617,475	96,640	123,714,115	4.35	(14.64)	
h) Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-	-
i) Any other (Specify) - Foreign Banks	77,559	-	77,559	0.00	1,000	-	1,000	0.00	0.00	
Sub-Total (B) (1)	823,390,990	566,650	823,957,640	28.95	380,781,566	566,650	381,348,216	13.40	(15.55)	
2. Non-Institutions										
a) Bodies Corporate										
I. Indian	96,713,462	537,078	97,250,540	3.42	79,708,549	529,198	80,237,747	2.82	(0.60)	
II. Overseas	2,000	-	2,000	0.00	2,000	-	2,000	0.00	-	
b) Individuals										
I. Individual Shareholders holding Nominal Share Capital upto ₹1 Lakh	215,167,456	22,365,128	237,532,584	8.35	227,371,039	18,976,564	246,347,603	8.66	0.31	
II. Individual Shareholders holding Nominal Share Capital in excess of ₹1 Lakh	22,685,902	1,020,660	23,706,562	0.83	72,732,781	3,290,300	76,023,081	2.67	1.84	
c) Any other										
I. Clearing Members	5,304,765	-	5,304,765	0.19	11,776,701	-	11,776,701	0.41	0.23	
II. Trusts	471,907	-	471,907	0.02	6,867,283	-	6,867,283	0.24	0.22	
III. Corporate Body Foreign Bodies	84	-	84	0.00	84	-	84	0.00	-	
IV. NRI	11,441,854	62,180	11,504,034	0.40	14,354,939	61,960	14,416,899	0.51	0.10	
V. Foreign Nationals	3,560	-	3,560	0.00	8,348	-	8,348	0.00	0.00	
VI. Limited Liability partner ship	997,212	-	997,212	0.04	1,683,479	-	1,683,479	0.06	0.02	
VII. Unclaimed Securities Suspense A/c	2,406,901	-	2,406,901	0.08	2,346,081	-	2,346,081	0.08	0.00	
VIII. Foreign Portfolio Investor Corporate	185,846,306	-	185,846,306	6.53	567,926,573	-	567,926,573	19.96	13.43	
Sub - Total (B) (2)	541,041,409	23,985,046	565,026,455	19.85	984,777,857	22,858,022	1,007,635,879	35.41	15.55	
Total Public Shareholding (B)= (B) (1)+(B)(2)	1,364,432,399	24,551,696	1,388,984,095	48.80	1,365,559,423	23,424,672	1,388,984,095	48.81	0.00	
C Shares held by Custodians for GDRs and ADRs	352,157,140	88,500	352,245,640	12.38	352,157,140	88,500	352,245,640	12.38	0.00	
Grand Total (A) + (B) + (C)	2,821,236,438	24,640,196	2,845,876,634	100.00	2,822,363,462	23,513,172	2,845,876,634	100.00	0.00	

ANNEXURE G TO THE BOARD'S REPORT

ii) Shareholding of Promoters

S. No	Shareholder's Name	Shareholding at the beginning of the year April 1, 2016			Shareholding at the end of the year March 31, 2017			% change in share holding during the year
		Number of shares	% of total shares of the Company	% of Shares Pledged/ encumbered to total shares	No of shares	% of total shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	Hinduja Automotive Limited, U K							
	Equity Shares	1,104,646,899	38.82	2.64	1,104,646,899	38.82	1.93	-
	Shares underlying GDRs	329,200,140	11.56		329,200,140	11.56		-

iii) Change in Promoters' Shareholding (please specify, if there is no change)

S. No.		Shareholding at the beginning of the year April 1, 2016		Cumulative Shareholding during the year	
		Number of shares	% of total shares of the Company	Number of shares	% of total shares of the Company
1	Hinduja Automotive Limited, U.K				
	At the beginning of the year Equity	There is no change in the number of shares held by the Promoters between April 1, 2016 to March 31, 2017.			
	Shares underlying GDR				
	At the End of the year				

ANNEXURE G TO THE BOARD'S REPORT

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S. No.	Name	Shareholding at the beginning of the year (April 1, 2016)		Cumulative Shareholding during the year (April 1, 2016 to March 31, 2017)	
		Number of Shares	% of total shares of the Company	Number of Shares	% of total shares of the Company
1	LIFE INSURANCE CORPORATION OF INDIA				
	At the Beginning of the year	128,308,174	4.51		
	Bought during the year	0	0.00	128,308,174	4.51
	Sold during the year	23,009,224	0.81	105,298,950	3.70
	At the end of the year			105,298,950	3.70
2	GOVERNMENT PENSION FUND GLOBAL				
	At the Beginning of the year	65,035,392	2.29		
	Bought during the year	7,753,444	0.27	72,788,836	2.56
	Sold during the year	19,222,809	0.68	53,566,027	1.88
	At the end of the year			53,566,027	1.88
3	ABU DHABI INVESTMENT AUTHORITY (Under various sub accounts)				
	At the Beginning of the year	50,923,792	1.79		
	Bought during the year	12,018,306	0.42	62,942,098	2.21
	Sold during the year	22,127,707	0.78	40,814,391	1.43
	At the end of the year			40,814,391	1.43
4	KUWAIT INVESTMENT AUTHORITY FUND (Under various sub accounts)				
	At the Beginning of the year	34,033,725	1.20		
	Bought during the year	13,998,297	0.49	48,032,022	1.69
	Sold during the year	12,585,385	0.44	35,446,637	1.25
	At the end of the year			35,446,637	1.25
5	AMANSA HOLDINGS PRIVATE LIMITED				
	At the Beginning of the year	33,000,000	1.16		
	Bought during the year	11,645,268	0.41	44,645,268	1.57
	Sold during the year	10,923,700	0.38	33,721,568	1.18
	At the end of the year			33,721,568	1.18
6	JPMORGAN INDIA FUND				
	At the Beginning of the year	27,721,933	0.97		
	Bought during the year	2,000,000	0.07	29,721,933	1.04
	Sold during the year	0	0.00	29,721,933	1.04
	At the end of the year			29,721,933	1.04
7	JPMORGAN SICAV INVESTMENT COMPANY (MAURITIUS) LIMITED				
	At the Beginning of the year	26,077,534	0.92		
	Bought during the year	8,599,437	0.30	34,676,971	1.22
	Sold during the year	0	0.00	34,676,971	1.22
	At the end of the year			34,676,971	1.22

ANNEXURE G TO THE BOARD'S REPORT

S. No.	Name	Shareholding at the beginning of the year (April 1, 2016)		Cumulative Shareholding during the year (April 1, 2016 to March 31, 2017)	
		Number of Shares	% of total shares of the Company	Number of Shares	% of total shares of the Company
8	GENERAL INSURANCE CORPORATION OF INDIA				
	At the Beginning of the year	26,015,000	0.91		
	Bought during the year	0	0.00	26,015,000	0.91
	Sold during the year	2,015,000	0.07	24,000,000	0.84
	At the end of the year			24,000,000	0.84
9	JP MORGAN INDIAN INVESTMENT COMPANY (MAURITIUS) LIMITED				
	At the Beginning of the year	25,531,235	0.90		
	Bought during the year	4,554,387	0.16	30,085,622	1.06
	Sold during the year	0	0.00	30,085,622	1.06
	At the end of the year			30,085,622	1.06
10	IDFC FUND (Under various sub accounts)				
	At the Beginning of the year	25,480,000	0.90		
	Bought during the year	9,044,167	0.32	34,524,167	1.21
	Sold during the year	11,801,679	0.41	22,722,488	0.80
	At the end of the year			22,722,488	0.80

The date-wise increase/decrease in shareholding of the top ten shareholders is available at the website of the Company www.ashokleyland.com.

v) Shareholding of Directors and Key Managerial Personnel (KMP)

S. No.	For each of the Directors of the Company and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		Number of shares	% of total shares of the Company	Number of shares	% of total shares of the Company
	Directors				
1	Mr. Vinod K Dasari, CEO & MD and KMP				
	At the beginning of the year 1.4.2016	-	-	-	-
	Date wise Increase/Decrease in Shareholding during the year	-	-	-	-
	At the end of the year 31.3.2017	-	-	-	-
2	Mr. R Seshasayee, Non Executive Vice Chairman*				
	At the beginning of the year 1.4.2016	22,472	0.00	22,472	0.00
	Date wise Increase/Decrease in Shareholding during the year	-	-	-	-
	At the end of the year 31.3.2017	22,472	0.00	22,472	0.00
	Other KMPs				
1	Mr. Gopal Mahadevan, Chief Financial Officer				
	At the beginning of the year 1.4.2016	-	-	-	-
	Date wise Increase/Decrease in Shareholding during the year	-	-	-	-
	At the end of the year 31.3.2017	-	-	-	-
2	Mr. N Ramanathan, Company Secretary				
	At the beginning of the year 1.4.2016	-	-	-	-
	Date wise Increase/Decrease in Shareholding during the year	-	-	-	-
	At the end of the year 31.3.2017	-	-	-	-

* Resigned from the Board of Directors with effect from July 28, 2016.

Mr. Dheeraj G Hinduja, Dr. Andreas H Biagosch, Dr. Andrew C Palmer, Mr. D J Balaji Rao, Mr. A K Das, Mr. Jean Brunol, Mr. Jose Maria Alapont, Ms. Manisha Girotra, Mr. Sanjay Asher, Mr. Shardul S Shroff and Mr. Sudhindar K Khanna, Directors did not hold any shares during the year.

ANNEXURE G TO THE BOARD'S REPORT

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Amount in ₹

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 1.4.2016				
i) Principal Amount	14,490,118,456	14,899,613,767	-	29,389,732,223
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	420,847,701	47,669,779	-	468,517,481
Total (i + ii + iii)	14,910,966,157	14,947,283,546	-	29,858,249,704
Change in Indebtedness during the financial year				
• Addition	47,397,768,341	17,379,008,027	-	64,776,776,368
• Reduction	53,994,821,336	18,844,260,581	-	72,839,081,917
Net Change	(6,597,052,995)	(1,465,252,554)	-	(8,062,305,549)
Indebtedness at the end of the financial year 31.3.2017				
i) Principal Amount	8,064,524,518	13,435,455,589	-	21,499,980,107
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	249,388,644	46,575,404	-	295,964,047
Total (i+ii+iii)	8,313,913,162	13,482,030,993	-	21,795,944,155

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to CEO & MD

Amount in ₹

S. No.	Particulars of Remuneration	Mr. Vinod K Dasari CEO & MD	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.	47,066,663	
	(b) Value of perquisites under section 17(2) of the Income-tax Act, 1961.	69,59,003	54,025,666
2	Stock Option*		
3	Sweat Equity	-	-
4	Commission:		
	Performance Bonus	45,750,000	
	Long Term Incentive Plan (LTIP) #	24,120,000	69,870,000
5	Others- Retirement benefits	5,061,000	5,061,000
	Total (A)		128,956,666
	Ceiling as per the Act (5% of the Net profit calculated under Section 198 of the Act)	5% of the Net profit	₹8,591 Lakhs

* 2,845,875 options shall be exercised at ₹80/- per option and 74,54,000 options shall be exercised at ₹1/- per option. The options were granted during the year but not yet vested.

LTIP approved/payable to Mr. Vinod K Dasari is ₹316.80 Lakhs over a period of 4 years as per Policy from the financial year 2016-17. Out of the approved LTIP amount, only 20% i.e., ₹63.36 Lakhs is payable for 2016-17 as per Policy. Second instalment of approved LTIP amount @ 20% for 2015-16 i.e., ₹75.24 Lakhs is payable in 2016-17. Third instalment of approved LTIP amount @30% for 2014-15 i.e., ₹102.60 Lakhs is payable in 2016-17.

ANNEXURE G TO THE BOARD'S REPORT

B. Remuneration to other directors

Amount in ₹

S. No	Particulars of Remuneration	Fee for attending Board/Committee meetings*	Commission	Others, please specify	Total Amount
1.	Independent Directors				
	Dr. Andreas H Biagosch	880,000	4,808,000	-	5,688,000
	Dr. Andrew C Palmer	420,000	5,242,000	-	5,662,000
	Mr. D J Balaji Rao	1,480,000	4,042,000	-	5,522,000
	Mr. Jean Brunol	1,160,000	4,498,000	-	5,658,000
	Mr. Jose Maria Alapont	200,000	1,656,000	-	1,856,000
	Ms. Manisha Girotra	870,000	1,916,000	-	2,786,000
	Mr. Sanjay K Asher	1,060,000	4,094,000	-	5,154,000
	Mr. Shardul S Shroff	330,000	1,174,000	-	1,504,000
	Mr. Sudhindar K Khanna	1,100,000	6,478,000	-	7,578,000
	Total (1)	7,500,000	33,908,000	-	41,408,000
2.	Non-Executive Directors				
	Mr. Dheeraj G Hinduja	1,170,000	70,000,000	-	71,170,000
	Mr. A K Das	900,000	2,916,000	-	3,816,000
	Mr. R Seshasayee	250,000	776,000	-	1,026,000
	Total (2)	2,320,000	73,692,000	-	76,012,000
	Total (B) = (1) + (2)	9,820,000	107,600,000		117,420,000
	Total Managerial Remuneration				
	Ceiling as per the Act (1% of profits calculated under Section 198 of the Act)				₹1,718 Lakhs

* excluding reimbursement of travel and other expenses incurred for the Company's business/meetings.

C. Remuneration to Key Managerial Personnel

Amount in ₹

S. No.	Particulars of Remuneration	Mr. Gopal Mahadevan, Chief Financial Officer	Mr. N Ramanathan Company Secretary	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961*	40,119,967	10,000,722	50,120,689
	(b) Value of perquisites under section 17(2) Income-tax Act, 1961	727,100	11,480	738,580
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961			
2	Stock Option*	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission (as % of profit)	-	-	-
5	Others - retirement benefits	857,499	216,627	1,074,126
	Total (A)	41,704,566	10,228,829	51,933,395

* Includes APP and LTIP as applicable

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

There were no penalties/punishments/compounding of offences for the year ended March 31, 2017.

On behalf of the Board of Directors

Chennai
May 25, 2017

Dheeraj G Hinduja
Chairman

ANNEXURE H TO THE BOARD'S REPORT

To

The Members

ASHOK LEYLAND LIMITED

No. 1, Sardar Patel Road

Guindy

Chennai - 600 032

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Name of Company Secretary in Practice : **B Chandra**

ACS No.: 20879

C P No.: 7859

Chennai

May 25, 2017

ANNEXURE H TO THE BOARD'S REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies

(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members
ASHOK LEYLAND LIMITED
No. 1, Sardar Patel Road
Guindy, Chennai - 600 032

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ASHOK LEYLAND LIMITED** bearing **CIN L34101TN1948PLC000105** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Companies Act, 1956 (to the extent applicable);
- (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (v) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015;
 - c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- d. The Securities and Exchange Board of India (Listing obligations and Disclosure requirements) Regulations 2015;
 - e. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
- (vii) We are informed that the Company, during the year, was not required to comply with the following regulations and consequently not required to maintain any books, papers, minute books or other records or file any forms/returns under:
- a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - b. The Securities and Exchange Board of India (Issue and Listing of Debt securities) Regulations 2008;
 - c. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - d. The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998;
- (viii) Based on the study of the systems and processes in place and a review of the reports of (1) the heads of the Departments; (2) Occupier/Manager of the factories located in Ennore (2 units including the plant of Hinduja Foundries Limited—since merged), Sriperumbudur (1 unit of Hinduja Foundries Limited—since merged); Hosur (3 units), Bhandara, Alwar, Pantnagar, Vellivoyalchavadi which manufacture Automobiles and Spare Parts; (3) the compliance reports made by the functional heads of various departments which are submitted to the Board of Directors of the Company; (4) a test check on the licences and returns made available on other applicable laws, I report that the Company has complied with the provisions of the following statutes and the rules made there under to the extent it is applicable to them:
- Motor Vehicles Act, 1988
 - The Explosive Act, 1884
 - The Petroleum Act, 1934
 - The Environment (Protection) Act, 1986
 - The Water (Prevention and Control of Pollution) Act, 1974
 - The Air (Prevention and Control of Pollution) Act, 1981
 - Factories Act, 1948
 - Industrial Disputes Act, 1947
 - The Payment of Wages Act, 1936
 - The Minimum Wages Act, 1948
 - Employees' State Insurance Act, 1948
 - The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
 - The Payment of Bonus Act, 1965
 - The Payment of Gratuity Act, 1972

ANNEXURE H TO THE BOARD'S REPORT

- The Contract Labour (Regulation & Abolition) Act, 1970
- The Maternity Benefit Act, 1961
- The Child Labour (Prohibition & Regulation) Act, 1986
- The Industrial Employment (Standing Order) Act, 1946
- The Employees' Compensation Act, 1923
- The Apprentices Act, 1961
- Equal Remuneration Act, 1976
- The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959
- The Building and Other Construction Workers (Regulation of Employment & Conditions of Service) Act, 1996
- Conferment of Permanent Status Act, 1981
- The Municipality/Local Acts
- The Public Liability Insurance Act, 1991
- Indian Electricity Act, 2003
- The Energy Conservation Act, 2001
- The Environmental Impact Assessment Notification, 2006
- The Inflammable Substances Act, 1952
- The Legal Metrology Act, 2009
- The Coastal Regulation Zone Notification, 2011
- State Industrial Development Authority Regulations, 2005 for the State of Uttaranchal.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc., mentioned above

I further report that

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance,

and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

- Based on the minutes made available to us, we report that Majority decision is carried through and that there were no dissenting votes from any Board member that was required to be captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor, report deviations to the Board, take corrective actions and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, following events took place in the Company:

- i. The merger of Hinduja Foundries Limited with Ashok Leyland Limited was approved by the National Company Law Tribunal, Chennai Bench on April 19, 2017 and the certified copy of the Order was filed with Registrar of Companies, Chennai on April 28, 2017 from which date the Scheme of Amalgamation has become effective.
- ii. Amended the Main Objects of the Company after obtaining approval of shareholders through Postal Ballot on January 17, 2017.
- iii. The stock options granted to the employees under the AL ESOP Scheme were within the overall limits of ESOP approved by the Shareholders.
- iv. Delisted the GDRs listed with London Stock Exchange after due intimation to stock exchanges. Further, the underlying shares for the said GDRs are already listed in BSE Limited and National Stock Exchange of India Limited.
- v. The Registrar and Share Transfer Agents, Integrated Enterprises (India) Limited has demerged its Registry undertaking into a separate company in name of Integrated Registry Management Services Private Limited with the approval of SEBI, with no change in ownership or management or operational team. The Company has entered into a revised agreement with Integrated Registry Management Services Private Limited on April 6, 2017 to undertake the Company's share transfer registry services.

Name of Company Secretary in Practice : **B Chandra**
ACS No.: 20879
C P No.: 7859

Chennai
May 25, 2017

ANNEXURE I TO THE BOARD'S REPORT ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. Brief outline of the Company's CSR policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

The Company's CSR policy has been uploaded in the website of the Company under the web-link: <http://www.ashokleyland.com/sites/default/files/AL-CSR-Policy.pdf>. The projects undertaken will be within the broad framework of Schedule VII of the Companies Act, 2013. Details of the CSR policy and projects or programmes undertaken by the Company are available on the website of the Company. The Company's CSR expenditure and details of programmes are elaborated in the Business Responsibility Report.

2. Composition of the CSR Committee

- i) Mr. Dheeraj G Hinduja, Chairman - Non Executive Director
- ii) Mr. Vinod K Dasari, CEO & MD
- iii) Ms. Manisha Girotra, Independent Director; and
- iv) Mr. Shardul S Shroff, Independent Director

The Committee met on November 8, 2016 during the year under review.

3. Average net profit of the Company for the last three financial years: ₹4,073,799,056/-.

4. Prescribed CSR Expenditure (2% of the average net profit of the last three financial years) : ₹81,475,981/-

5. Details of CSR spent during the financial year

- a) Total amount spent for the financial year: ₹83,353,778/-
- b) Amount unspent, if any: Not applicable
- c) Manner in which amount spent during the financial year is detailed below.
- d) In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in the Board's report : Not applicable.

Manner in which amount spent during the financial year is detailed below:

₹ in Lakhs

S. No.	CSR project or activity identified	Sector in which the project is covered	Locations (Unit)	Amount Spent on the project or programs	Cumulative Expenditure upto reporting period	Amount spent: Direct or through implementing agency
1	Preventive Health care, Installation of Water Coolers, Health checkup for Girls, Delivery of ambulance to Rashtriya Seva samithi trust, Tirupathi	Promoting preventive health care and sanitation	Hosur I (Tamilnadu); Alwar (Rajasthan) Bhandara (Maharashtra); Marketing locations in Tirupathi, Andhra Pradesh	105.36	105.36	Direct
2	Scholarship to the Drivers Children to Assist for higher education, Delivery of Funbus and bus to schools, Funbus expense/CSR spent towards salary teaching Staff and maintenance expenses, Promoting Education, Village school - teachers interview and related expenses, Infrastructure Provided for school, Chhatarpur	Promoting education, including special education and vocation skills.	Hosur I, Ennore, Corporate Office at Chennai, Vellivoyalchavadi (Tamilnadu); Uttarakhand; Marketing locations	725.18	725.18	Direct
3	Vedic education	Promoting national heritage/Art and Culture	Corporate Office at Chennai	3.00	3.00	Direct
	Total				833.54	

6. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, follows the CSR Objectives and Policy of the Company

It is hereby stated that the implementation and monitoring of CSR Policy complies/will be in compliance with the CSR Objectives and Policy of the Company.

Chennai
May 25, 2017

Vinod K Dasari
CEO and MD

Dheeraj G Hinduja
Chairman

ANNEXURE J TO THE BOARD'S REPORT

The Ashok Leyland Employee Stock Option Plan, 2016 ("AL ESOP 2016") of your Company is in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014 ("the Regulations") and the details as per the Regulations are as under:

S. No.	Particulars	AL ESOP 2016																	
i)	Details of AL ESOP 2016																		
a)	Date of the Shareholder's approval	<p>i) Issue of 42,68,815 stock options was approved by the members at the Annual General meeting held on July 21, 2016. (ESOP -1)</p> <p>ii) Increase in number of stock options from 42,68,815 stock options to 1,42,29,383 stock options approved by the members through postal ballot voting on January 16, 2017. (ESOP -2)</p>																	
b)	Total Number of options approved under ESOS	1,42,29,383																	
c)	Vesting Requirements	<p>The options would vest over a maximum period of 5 years or such other period(s) as may be decided by the Board of Directors/Nomination and Remuneration Committee (NRC).</p> <p>Options under a grant shall begin to vest as per the following vesting schedule</p> <table border="1"> <thead> <tr> <th></th> <th>Date</th> <th>Options</th> </tr> </thead> <tbody> <tr> <td rowspan="5">ESOP - 1</td> <td>September 29, 2017</td> <td>569,175</td> </tr> <tr> <td>April 1, 2018</td> <td>569,175</td> </tr> <tr> <td>April 1, 2019</td> <td>569,175</td> </tr> <tr> <td>April 1, 2020</td> <td>569,175</td> </tr> <tr> <td>April 1, 2021</td> <td>569,175</td> </tr> <tr> <td>ESOP - 2</td> <td colspan="2">As may be determined by the NRC</td> </tr> </tbody> </table>		Date	Options	ESOP - 1	September 29, 2017	569,175	April 1, 2018	569,175	April 1, 2019	569,175	April 1, 2020	569,175	April 1, 2021	569,175	ESOP - 2	As may be determined by the NRC	
	Date	Options																	
ESOP - 1	September 29, 2017	569,175																	
	April 1, 2018	569,175																	
	April 1, 2019	569,175																	
	April 1, 2020	569,175																	
	April 1, 2021	569,175																	
ESOP - 2	As may be determined by the NRC																		
d)	Exercise Price or pricing formula	2,845,875 options shall be exercised at ₹80/- per option and 74,54,000 options shall be exercised at ₹1/- per option.																	
e)	Maximum term of option granted	The options would vest over a maximum period of 5 years or such other period(s) as may be decided by the Board/NRC.																	
f)	Source of shares (Primary, Secondary or Combination)	Primary																	
g)	Variation in terms of options	Not applicable																	
ii)	Method used to account for ESOS																		
		The employee compensation cost has been calculated using fair value method for options using the Binomial Option Pricing Model, The employee compensation cost as per the fair valuation method for the Financial year 2017-18 is ₹181,151,859.37/-.																	
iii)	Option movement during the year																		
	Number of options outstanding at the beginning of year	NIL																	
	Number of options granted during the year (grant price)	10,299,875																	
	Number of options vested during the year	Not applicable																	
	Number of options exercised during the year	Not applicable																	
	Number of shares arising as a result of exercise of options	10,299,875																	
	Money realised by exercise of options	Not applicable																	
	Number of options outstanding at the end of the year	10,299,875																	
	Number of options exercisable at the end of the year	Nil																	

ANNEXURE J TO THE BOARD'S REPORT

iv) Weighted-average exercise prices and weighted-average fair values of options:			
	Particulars	Weighted-average exercise price per option (₹)	Weighted-average fair values per option (₹)
	ESOP - 1	22.83	37.43
	ESOP - 2	22.83	80.04
v) Options granted during the year			
(a)	Key managerial personnel and senior managerial personnel		
	Name of employee	Designation	Number of options granted
	Mr. Vinod K Dasari	CEO and Managing Director	10,299,875
(b)	Any other employee who receives a grant in any one year of options amounting to 5% or more of options granted during that year - Nil		
(c)	Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant - Nil		
vi) Method and significant assumptions used during the year to estimate the fair value of options including the following information			
	Particulars	ESOP 1	ESOP 2
a.	The weighted-average values of share price	76.45	86.55
b.	Exercise price	80.00	1.00
c.	Expected volatility	38.8% to 43.2%	38.5%
d.	Expected option life	6 years	6 years
e.	Expected dividends	1.31	1.16
f.	The risk-free interest rate	6.65% to 6.78%	6.42%
g.	The method used and the assumptions made to incorporate the effects of expected early exercise;	NA	NA
h.	How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	Based on Historical share price volatility.	Based on Historical share price volatility.
i.	Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as market condition	Yes. Based on Management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.	Yes. Based on Management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations

ANNEXURE K TO THE BOARD'S REPORT

BUSINESS RESPONSIBILITY REPORT

Introduction:

The Business Responsibility disclosures in this Report illustrate our efforts towards creating enduring value for all stakeholders in a responsible manner. This Report is aligned with National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (hereinafter "NVG-SEE") released by Ministry of Corporate Affairs, and is in accordance with Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 (hereinafter "SEBI Listing Regulations"). This report provides an overview of the activities carried out by Ashok Leyland Limited under each of the nine principles as outlined in NVG.

Section A - General Information about the Company

1. Corporate Identity Number : L34101TN1948PLC000105 (CIN) of the Company
2. Name of the Company : Ashok Leyland Limited
3. Registered Office address : No. 1, Sardar Patel Road Guindy Chennai - 600 032 Tamilnadu
4. Website : www.ashokleyland.com
5. Email ID : secretarial@ashokleyland.com
6. Financial Year Reported : 2016-17
7. Sector(s) that the Company is engaged in (Industrial activity code-wise)

NIC Code	Description
29102	Manufacture of commercial vehicles such as vans, lorries, over-the-road tractors for semi-trailers, etc.
29103	Manufacturer of chassis fitted with engines for the motor vehicles included in this class
29104	Manufacturer of Motor vehicle engines
29109	Manufacture of motor vehicles n.e.c
2920	Manufacturer of bodies (coachwork) for motor vehicles

8. List three key products/services that the Company manufactures/provides (as in Balance sheet)
 - a. Medium and Heavy Commercial Vehicles
 - b. Light Commercial Vehicles
 - c. Power Solutions systems
9. Total number of locations where business activity is undertaken by the Company
 - a. Number of International locations (provide details of major 5):
Ashok Leyland Limited through its various subsidiaries/ associates/joint ventures has spread over 9 countries having manufacturing facilities in UAE, Nigeria, UK, Chile, Sri Lanka, etc.
 - b. Number of National locations:
Manufacturing locations are situated in Ennore, Chennai, Sriperumbudur, Hosur (Tamilnadu), Bhandara (Maharashtra), Alwar (Rajasthan) and Pantnagar (Uttarakhand).
Technical Centre: Vellivoyalchavadi, Tamilnadu.

10. Markets served by the Company:

- (i) Pan India across all states in India
- (ii) SEWA Cluster:
 - a) SOUTHERN AFRICA - Mozambique, Angola, Malawi, Zambia, Zimbabwe, Botswana, Mauritius
 - b) EASTERN AFRICA - Kenya, Tanzania, Uganda, Ethiopia
 - c) WESTERN AFRICA - Nigeria, Ghana, Gambia, Mali, Ivory Coast
- (iii) MENA Cluster:
 - a) MIDDLE EAST - UAE, Oman, Saudi Arabia, Qatar, Kuwait, Bahrain
 - b) NORTHERN AFRICA - Egypt, Morocco
- (iv) CIS Cluster - Russia, Ukraine
- (v) SAARC Cluster - Sri Lanka, Bangladesh, Nepal & Bhutan
- (vi) LatAm Cluster - Chile, El Salvador, Peru
- (vii) ASEAN Cluster - Fiji (Historical bus sales done), Thailand (Defence), Vietnam (aggregate kits)

Section B: Financial Details of the Company

S. No.	Particulars	FY 2016-17 Standalone (₹ in Lakhs)	FY 2015-16 Standalone (₹ in Lakhs)
1	Paid Up Capital (₹)	284,58,76,634	284,58,76,634
2	Total Turnover		
	a) Revenue from Operations (net of excise duty)	2,133,166.91	1,999,297.42
	b) Other Income (net)	13,627.01	11,762.02
3	Profit After tax	122,307.72	38,959.85

4. **Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):** The Company has spent to the tune of ₹833.54 Lakhs (2% of average net profit of the last three financial years) towards CSR activities during the current reporting year.
5. **List of activities in which expenditure in 4 above has been incurred:**
The initiatives undertaken by the Company are in line with the eligible areas as listed under Schedule – VII of the Companies Act, 2013.
Please refer CSR report annexed to the Board's Report

Section C: Other Details

1. Does the Company have any Subsidiary Company/ Companies?
Ashok Leyland has 24 Subsidiaries, 7 Associate Companies and 2 Joint venture companies as on March 31, 2017.
2. Do the Subsidiary Company/Companies participate in the BR initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s):

ANNEXURE K TO THE BOARD'S REPORT

BUSINESS RESPONSIBILITY REPORT

The subsidiary companies participate in the CSR initiatives. Hinduja Leyland Finance Limited has spent an amount of ₹110 Lakhs in CSR related activities during the year. Global TVS Bus Body Builders Limited has spent an amount of ₹10.97 Lakhs towards CSR related activities during the year.

3. Do any other entity/entities (eg., Suppliers, distributors, etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [less than 30%, 30%-60%, more than 60%]

The Company engages and partners with several entities including reputed NGOs to implement several of its BR initiatives, but tracking is not being done as of now.

Section D: BR information

1. Details of Director/Directors responsible for BR

a. Details of the Director/Directors responsible for implementation of the BR policy/policies:

The Corporate Social Responsibility (CSR) Committee and the Board of Directors are responsible for implementation of BR policies.

The members of the CSR Committee are as follows:

S. No.	Name of the Director	Category
1	Mr. Dheeraj G Hinduja	Non- Executive Chairman
2	Ms. Manisha Girotra	Independent Director
3	Mr. Shradul S Shroff	Independent Director
4	Mr. Vinod K Dasari	CEO & MD

b. Details of the BR head:

S. No.	Particulars	Details
1	DIN Number (if Applicable)	NA
2	Name	Mr. N V Balachandar
3	Designation	President - Group HR & Head CSR
4	Telephone number	044 – 2220 6707
5	e-mail id	Bala.NV@ashokleyland.com

2. Principle-wise (as per NVGs) BR Policy/policies (reply in Y/N)

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are as follows:

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability (Ethics, transparency, accountability)

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle (Safe and sustainable goods and services)

Principle 3: Businesses should promote the wellbeing of all employees (Wellbeing of employees)

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized (Responsiveness to all Stakeholders)

Principle 5: Businesses should respect and promote human rights (Promoting Human Rights)

Principle 6: Business should respect, protect, and make efforts to restore the environment (Protecting the Environment)

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner (Responsible Policy Advocacy)

Principle 8: Businesses should support inclusive growth and equitable development (Supportive Inclusive development)

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner (Providing Value to customers)

ANNEXURE K TO THE BOARD'S REPORT

BUSINESS RESPONSIBILITY REPORT

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national/international standards? If yes, specify? (Stds such as ISO 14000 (EMS) and TS 16949 (Quality))		Y				Y			
4	Has the policy being approved by the Board? If Yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	Ref @ below	Ref # below	Ref \$ below	Ref & below	Ref \$/@ below	Ref \$ below	Ref \$ below	Ref \$ below	Ref \$ below
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?		Y	Y			Y			Y

@ http://www.ashokleyland.com/sites/default/files/Listing_Regulation/Ashok_Leyland-whistle_Blower_Policy.pdf

http://www.ashokleyland.com/sites/default/files/environment_policies/Environmental-Policy-294x408_English.pdf

& http://www.ashokleyland.com/sites/default/files/Listing_Regulation/AL-CSR-Policy.pdf

\$ Restricted circulation only thru intranet portal

2a) If answer to S. No: 1 against any principle, is "No", please explain why: NOT APPLICABLE

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the principles									
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The Company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within next 1 year									
6	Any other reason (please specify)									

ANNEXURE K TO THE BOARD'S REPORT

BUSINESS RESPONSIBILITY REPORT

3. Governance related to BR

- a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 Months, 3-6 Months, Annually, More than 1 year

3-6 months

- b. Does the Company publish a BR or a sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company will be publishing a Sustainability Report for the 2016-17 and annually thereafter. The Company's Sustainability and CSR Reports can be viewed at www.ashokleyland.com.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Company is committed to adhere to the highest standards of ethical, moral and legal principles for the purpose of ensuring efficiency in the conduct of its business operations in a fair and transparent manner. The Company has adopted the Code of Conduct which lays down the general principles and standards that should govern the actions of the Company and its employees and lays emphasis on adoption of the highest standards of personal ethics, integrity, confidentiality and discipline in dealing with matters relating to the Company, which are covered in all our dealings with any stake holders viz., suppliers, customers and any joint ventures etc.

The code of conduct communicates the desired standards of behaviour expected from all executives such as Compliance with Law, Dealing with Gifts, Bribes, Equal Opportunities Employer, Action against Sexual Harassment, Concurrent Employment, Generic behavioural standards, work specific behavioural standards, Maintain confidentiality and information security, Procedure for Disciplinary Process. The code of conduct is signed by all Executives on joining the company. In addition, the general terms and conditions of employment also details on the desired conduct.

The Company also has a robust Vigil Mechanism and has a defined whistle blower policy for Directors and Employees to report to the management instances of Unethical behaviour, actual or suspected fraud, transgression of legal or regulatory requirements or violation of the Company's code of conduct. The contact details are:

Mr. Sanjay K Asher, Chairman, Audit Committee
Ashok Leyland Limited
M/s. Crawford Bayley & Co.
Advocates, Solicitors and Notaries
State Bank Buildings
N.G. N. Vaidya Marg, Fort, Mumbai - 400 023
Tel : +91 22 2266 3353 Fax: + 91 22 2266 3978
e-mail : vigil@ashokleyland.com

The Company ensures compliance of ethical standards by its stakeholders through appropriate clauses in its work contracts to which they are obligated.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

Stakeholder complaints received	323 (including 3 pending as of 31.3.2016)
Stakeholders complaints resolved	322
Percentage of Stakeholders complaints resolved	99.69 %

*Includes investor complaints

The Company has setup an investor grievance mechanism to respond to investor grievances.

If any investigation leads the Chairman of Audit Committee to conclude that an unethical or improper activity has been committed, the Chairman will recommend to the management of the Company to take such disciplinary or corrective action as deemed fit. It is clarified that any disciplinary or corrective action initiated against the subject because of the findings of an investigation pursuant to this policy would adhere to the applicable personnel or staff conduct and disciplinary procedures. A quarterly report with number of complaints received under this policy and their outcome is placed by the Audit Committee and the Board. We hereby affirm that no Director/employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the reporting year.

Principle 2: Product Life Cycle Sustainability

1. List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

As a leading automobile manufacturer, we at Ashok Leyland continue to contribute in delivering sustainable transport solutions, offering more convenient, comfortable and, safer mobility. We continuously strive to use our innovative ability to upgrade and enhance the quality of products through technological advances in our manufacturing facilities. We are committed to creating sustainable products with optimum use of the resources and minimum impact on the environment. Our vision is championed by the research and development center which provides ground breaking solutions and helps us in achieving a leading edge products for our customers.

During 2016-17, following are our major Product launches which have special features taking into consideration the social, environmental concerns, economic opportunities:

Guru (ICV Truck): It is designed to help customers increase revenue while keeping the operating costs low. Guru achieves these through its highest actual payload (120 kg/ trip payload advantage) , its best in class fuel efficiency (10% higher than competition) and, lower cost of maintenance. It also offers superior style and comfort (sleeping provision in day cabin, factory fitted music system, LED parking lamps, fully adjustable steering wheel, fully suspended cabin for better ride quality and best in class all around visibility.

Sunshine (School Bus): It is a new paradigm in Indian School Buses where safety, fun, and visual appeal have been

ANNEXURE K TO THE BOARD'S REPORT

BUSINESS RESPONSIBILITY REPORT

brought in as USPs in addition to the usual Engineering and performance parameters. It's a Telematics Ready, Roll over and frontal crash complaint bus with emphasis on safety of school children.

Circuit Series (Electric Bus): The first Indian OEM to launch an electric bus that was fully made in India for India. In addition to being environment friendly, (given that the traction device is electrical rather than diesel combustion), we also have double the efficiency in terms of energy consumption (KW/km).

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

a. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

We have been instrumental in implementing Green Supply chain. We closely work with our suppliers and vendors to reduce the environmental impacts during procurement. There has been a continuous focus on reducing usage of wood & other non-biodegradable material which contributes towards sustainable environment. One of the key initiatives in the last few years to reduce packing material use and avoid waste generation using returnable trolleys and pallets.

b. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The Company is constantly working towards improving fuel efficiency, there is a reduction of energy usage by consumers, but tracking such reduction is not possible as it is highly dependent on individual customers driving habits.

3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?

Ashok Leyland has a very clear laid out policy on sustainable sourcing called the "Green Supply chain initiative". This TPH (Tooling, Painting and Handling) document signed off with each vendor for every component talks of the way our vendors package the parts and supply to Ashok Leyland. Reduced usage of wood, cardboard/paper and polythene is allowed to be used for packaging. This is done towards contributing for better environment

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

We have a very strong localisation policy wherein the key vendors are situated surrounding the plant. This not only enables to optimise the production related costs but also significantly reduces the environmental impact of transportation of components. We have achieved localisation levels of 92% with sustained efforts.

We continuously engage with our suppliers in various ways, from capacity building to supplier audits.

To ensure consistent delivery, AL has partnered with its suppliers to implement supplier sustainability initiatives such as facilitating Q-C-D (Quality-Cost-Delivery) improvement through structured training and improving operational efficiency through implementation of GEMBA initiatives. We also help the suppliers to enhance business through phased introduction of new parts and nurturing partnerships by extending resourceful support to the suppliers during force majeure.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

We at Ashok Leyland work proactively towards conservation of natural resources and preservation of environment by using recycled materials such as steel, cast iron, aluminum, copper and lead.

Ashok Leyland believe that waste management is vital for the environmental protection and management. We constantly endeavor to minimise waste generation and reduction at the source and ensure responsible waste disposal. Our sites are committed to 'Zero Waste to Landfill' and thus, we strive to recycle and reuse our waste through various initiatives such as co-processing, recyclable pallets for material transportation. Non-hazardous waste such as packaging material and scrap are recycled and reused. Used batteries are 100% recycled. All our units are zero discharged units. We ensure that the waste generated from our operations are disposed of in an environmentally sound manner and as per the regulatory requirements.

PRINCIPLE 3: Employee Wellbeing

1. Please indicate the Total number of employees.

11,906

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.

9,296

3. Please indicate the Number of permanent women employees.

191 Executives and 84 Trainees

4. Please indicate the Number of permanent employees with disabilities

15

5. Do you have an employee association that is recognized by management?

Yes. All our Manufacturing locations except Pantnagar have Unions recognised by the Management.

6. What percentage of your permanent employees is members of this recognized employee association?

51.21%

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year

Sexual harassment : One received and resolved (Others - NIL)

ANNEXURE K TO THE BOARD'S REPORT

BUSINESS RESPONSIBILITY REPORT

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

At Ashok Leyland, we believe our employees are a major asset for our Company. Safety and creating a safe operating culture continues to be amongst our top priorities. We have a company-wide occupational health and safety policy to ensure awareness in safety and that best practices in terms of safety are being followed at all our sites.

We are focussed on improving behavioral safety, reducing hazards in the machining and assembling areas through periodical walk-through Audits and safety Improvement projects. In doing so, we have been providing continuous training and skill development workshops before commencement of work and during the term of employment. Safety awareness programmes and campaigns are conducted regularly to help the employees understand their role in making the workplace safe. Each person is encouraged to report any unsafe conditions at the workplace to the safety committee and follow the safety measures at workplace with utmost priority.

PRINCIPLE 4: Stakeholder Engagement

1. Has the company mapped its internal and external stakeholders?

Yes. The Company engage with both internal and external stake holders to understand their concerns and address the same with formal and informal mechanisms.

A detailed situational analysis is conducted in the community to understand the need, expectations and concerns of the stakeholders. The CSR group periodically engages with the external stakeholders including local government officials to discuss the plan, implementation and progress of the project.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

The Company's CSR beneficiary schools are from remote rural areas in Thiruvallur and Krishnagiri district. The schools selected cater to economically poor, migrated populations who are working in various semi-skilled and unskilled professions in and around Thiruvallur and Krishnagiri district

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

The *Road to School* Project of the Company is a holistic child development initiative focused on improving learning outcomes with both scholastic and co-scholastic interventions. The project also focuses on comprehensive Health care, hygiene and wellness of the all the students studying in the Government Primary and Middle schools where *Road to School* project is being implemented. The *Road to School* Project is being implemented in 108 schools and approximately 15,000 students in age group 6-14 are benefitted annually.

PRINCIPLE 5: Human Rights

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

Respecting human rights form the foundation of our business approach, we ensure that human rights clauses such as collective bargaining, equal opportunities and prohibition of child and forced labour are practiced and included in our contract and investment documents.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

There have been no cases of discrimination and human right breaches during the reporting period. We initiated an organisation-wide employee engagement survey "Expressions '16", in order to gauge the engagement level of our employees, to be actioned over the next two years.

PRINCIPLE 6: Environmental

1. Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? If yes, give hyperlink for the webpage etc.

Owing to the nature of our operation, we are aware of the environmental impacts caused due to emissions from our operational activities. We take conscious efforts to minimise emissions by undertaking various initiatives and implementing innovative technologies across our operations. We monitor our scope 1, scope 2 and scope 3 emissions on a continuous basis. We identified the opportunity for reduction in our scope 3 emissions at our Hosur unit. We introduced 15 buses to facilitate daily commute of our employees thus averting two and four wheeler load and reducing our emission footprint.

2. Does the company identify and assess potential environmental risks?

Yes. We have an Environmental Management System for managing our environmental impacts. As a part of this system, we identify and assess potential environmental risks arising from our operations.

3. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof. Also, if Yes, whether any environmental compliance report is filed?

For the first time in AL manufacturing units, roof top Solar PV Power Plants amounting to a total capacity of 5.02 MW has been installed and commissioned at Hosur 1, Hosur 2, Bhandara and Ennore units. Another unit of 20 KW is under installation at Management Development Centre at Hosur, with clearance from Tamilnadu and Maharashtra State Electricity Distribution Corporations. All these installations will annually generate 15 Lakh Units resulting in reduction of 817 Tons of CO₂ and net saving of approximately Rs. 0.22 Crores in electricity charges.

ANNEXURE K TO THE BOARD'S REPORT

BUSINESS RESPONSIBILITY REPORT

4 Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc.? Y/N. If yes, please give hyperlink for web page etc.

We are committed to promote sustainable mobility and drive progress through better engineered and energy efficient vehicles. Our focus on the ecosystem and environmental conservation is ingrained in the way we conduct our business. Some of our initiatives are highlighted below:

Energy Management: Our energy approach centers work on maximising efficiency and reducing energy wastage. Being part of an energy intensive sector, we continuously strive to manage our energy needs responsibly and seek opportunities to improve efficiency. Our energy needs are met by a mix of High Speed Diesel (HSD), Liquefied Petroleum Gas (LPG) and electricity. We also focus on increasing our share of renewable energy in our overall energy mix. We source wind power from external source at our Hosur and Ennore plants. We also utilise energy produced from biomass. Ashok Leyland Corporate Office Building (ALCOB) in Chennai was awarded the LEED India Gold rating. The office building reflects the brand image of the Company.

Water Management: We are committed to minimise our water footprint and reduce the freshwater consumption by reusing as much water as possible in our processes. Our primary sources of water supply for the operational use are ground water, surface water, purchased water, municipal supply. We have taken several initiatives such as rainwater harvesting, water recycling, etc. to reduce our specific water consumption year on year. All our manufacturing sites are Zero Liquid Discharge (ZLD) facilities and we regularly reuse/ recycle treated wastewater for gardening. All our plants have rainwater harvesting arrangements

Biodiversity: We put every effort to protect it through various initiatives. We have developed water bodies through water-run off and carried out tree plantation at our manufacturing sites. We nurture more than 5,00,000 trees and saplings within our campus.

We make sincere efforts to cultivate these saplings and ensure a high survival rate. Our activities at various sites have attracted a variety of migratory birds and also provided a home to different avian fauna like ducks, peacocks etc. The pond also acts as a conducive place for breeding of fishes & turtles. Our initiatives have also led to the forming of good & safe habitats for Neel Gay, Rozary and species of Deer, Rabbits etc.

Waste Management: We constantly endeavour to minimise waste generation at the source and ensure responsible waste disposal. At our sites, we are committed to 'Zero Waste to landfill' and thus, we incessantly strive to recycle and reuse our waste through various initiatives such as co-processing, stabilisation of ETP sludge, etc. Non-hazardous wastes such as packaging material and scrap are recycled and reused. Waste elimination is one of the most effective ways to increase the profitability of any business. All efforts are made to eliminate waste at source, we ensure that the waste generated from our operations are disposed off in an environmentally sound manner and as per the regulatory requirements.

5 Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

We undertake several initiatives to ensure that the emissions, effluents and waste generated as a result of our operations are well within the permissible limits prescribed by CPCB and SPCB.

6 Number of show cause/legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

We ensure that the emissions and waste generated by us at our various locations are well below the limits prescribed by Central Pollution Control Board (CPCB) and State Pollution Control Board (SPCB). We have not received any show cause notices from either CPCB or SPCB in the reporting year

PRINCIPLE 7: Policy Advocacy

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

- We are members of various chambers such as CII, SIAM etc. We have also taken conscious decisions to become the member of other leading chambers like FICCI (Federation of India Chamber of Commerce & Industry) and ASSOCHAM (The Associated Chambers of Commerce of India).
- We are an active member of SIAM (Society of Indian Automotive Manufacturers) and is also contributing in different sub committees formulated by SIAM. We are taking lead role in some of the expert committees of SIAM like Emission, Homologation, Road Safety, Committee on HR and Exports.
- We are actively involved in different technical and other meetings called by the different ministries and departments for framing the policies on road transportation.
- We have also joined hands with MORTH (Ministry of Road Transport & Highways) and Skilled Development Ministry for giving training to the drivers in various parts of the country.

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

- It is imperative to mention that the government always seriously considers the issues raised by industry associates. The modern business cannot run smoothly without involving ourselves with the activities of industry bodies. We believe that lobbying through industry associations would provide better result as against direct approach to the government.
- Through our long-standing associations with SIAM and CII, we have lobbied extensively for some issues faced by the auto industry, and for the improvement of transportation infrastructure and road safety across the country.

ANNEXURE K TO THE BOARD'S REPORT

BUSINESS RESPONSIBILITY REPORT

PRINCIPLE 8: Inclusive Growth

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

At Ashok Leyland, Corporate Social Responsibility is more than just a statement we use in our annual reports. As an organisation, we believe it is our moral duty to give back to the society thereby creating a goodwill amongst the communities we touch. When the Companies Act made it mandatory in engaging in CSR activities, it was only natural that we got down to the grass root level and after getting deliberations including at the Board level, it was decided to focus on one key area.

We chose education as an area that we would like to focus in our CSR initiatives and with this intent, we engaged with Boston Consulting Group to device a robust, high impact and sustainable programme called "Road to School".

The *Road to School* is focused in and around our plants located at Hosur, Ennore and VVC. We started this journey in the year 2015 and today we have 108 schools with over 15000 children benefiting from this programme. The intent is to use education as a social leveler and improve the learning outcomes to be at par with national learning outcomes results. The primary objective of this initiative is to reach education to the remote areas of the group that we are working with and ensure that they get learning opportunities.

While at this stage we focused on health and hygiene issues; as well as working with the local authorities in strengthening infrastructure requirements of the school, we have chosen to work in remote areas. This issue is a tribute to the CSR team, who have taken the road less travelled, and put a smile on the faces of these children. This issue also encourages you to participate in the various programmes that will be initiated this year to keep the spirit of RTS alive.

We have undertaken a number of other developmental initiatives around our manufacturing sites that provide consistent support to educational, medical and charitable organisations. These initiatives include construction and repair of public buildings, drilling public bore wells, erecting bus shelters, putting up streetlights around its manufacturing facilities and providing community television sets. They are supported by a Community Development Scheme contributed and managed by representatives from the management and the union. They aim to raise the standard of living of the people and give them a better life.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

We work with various not-for-profit and non-governmental organisations to implement our CSR programmes. They serve as a catalyst to achieve our objectives of sustainable and inclusive development. We encourage all our employees to volunteer for CSR activities as this opportunity provides employees to look beyond their routine work and contribute towards the development of society.

Road to School initiative is implemented in partnership with a NGO viz. Learning Links Foundation (LLF).

Empowering Women : We are continuously working for promoting skill training to women through our CSR intervention. The initiative is implemented through two NGOs: Seva Rural Development Society (SRDS) and Marialaya. SRDS and Marialaya provides tailoring and embroidery courses for six and three months durations

HIV Awareness Programme in India: Considering the gravity of the situation, we have undertaken various awareness and prevention programmes in Collaboration with TANSACS for truck drivers, migrants and contract labours. All our employees are covered in the awareness program.

A team of outreach staff headed by a counselor with a lab technician in Hosur are creating awareness programs through orientation and mass camps. HIV testing is conducted and if identified as positive, will be referred to ICTC Hosur (at Govt. Hospital) and for getting ART treatment. They will be followed up with our outreach staff. This centre is run through a local NGO – Hosur Jaycees Charitable Trust.

Care and support is extended to the HIV identified person on case to case basis as per the requirement.

3. Have you done any impact assessment of your initiative?

Yes. The CSR team does a periodic impact assessment of various initiatives based on which the company's further Community Development Plan and the implementation plans are worked out.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

Total expenditure incurred during the year is ₹833.54 Lakhs. For details of the Projects, Annual Report 2016-17 may please be referred.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Yes. We are committed to build healthy relationships with the local communities. Most of our community development initiatives are planned in such a way that communities carry forward these initiatives and we continuously support wherever required and we also train the communities to successfully adopt to these initiatives.

PRINCIPLE 9: Customer Value

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

We have a dedicated complaint management system "Leyland Direct", our 24x7 call centre that responds to external queries. In addition, we have an e-mail id reachus@ashokleyland.com which is monitored by Corporate Communication team to enable our customers to reach us via. e-mails. 95% of the complaints are lodged with Leyland Direct are restored within 24 hours.

ANNEXURE K TO THE BOARD'S REPORT

BUSINESS RESPONSIBILITY REPORT

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)

As a responsible company, we have robust systems in place for labelling across products with adherence to all relevant codes and specifications. Along with our products, we provide a comprehensive service booklet that has complete information about the product related to safety, operation and maintenance of the vehicle. During the reporting year, there were no incidents of non-compliance with regulation/voluntary codes concerning product and service information and labelling.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so

For our marketing communication advertisements, we adhere to Advertising Standards Council of India (ASCI) code and ensure transparent communication of our product

services and quality. During FY 2016-17, there were no incidences of non-compliance with regulation/voluntary codes concerning marketing communication, including advertising, promotion and sponsorship.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

We believe that a true understanding of customer needs also helps improve an organisation's bottom line. We, at Ashok Leyland, maintain continuous dialogue with our customers through various initiatives and surveys.

We have adopted Customer Inspired System (CIS) to identify customer needs, their requirements and to develop solutions. Our aftermarket support is pillared on three solutions viz. Spare Parts, Service and Network/Training. These three solutions are woven around 3Cs - Customer, Channel and Company. We comprehend "Customer Satisfaction" in terms of understanding the needs of our customers, providing them with the right product/service at right time for the right application, enhancing dealer profitability through revenues and establishing and managing customer relationships with our aftermarket initiatives.

INDEPENDENT AUDITORS' REPORT

To The Members of Ashok Leyland Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Ashok Leyland Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor of the amalgamating company in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, and based on the consideration of report of the other auditor on the financial information of the amalgamating company referred to in the Other Matters paragraph below, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit, total comprehensive income, cash flows and the changes in equity for the year ended on that date.

Other Matters

The standalone Ind AS financial statements include the financial information of erstwhile Hinduja Foundries Limited ("amalgamating company") for the period October 1, 2016 to March 31, 2017 consequent to amalgamation into the Company, which has been effected on April 24, 2017, with the appointed date of October 1, 2016 (Refer Note 3.21 to the standalone Ind AS financial statements). We did not audit the financial information of the amalgamating company for the period October 1, 2016 to March 31, 2017, included in the standalone Ind AS financial statements of the Company, whose financial information reflect total assets of ₹85,225.21 lakhs as at March 31, 2017 and total revenues of ₹36,558.10 lakhs for the said period, as considered in the standalone Ind AS financial statements. The said financial information of the amalgamating company, has been audited by other auditor whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of the amalgamating company and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the amalgamating company, is based solely on the report of the other auditor.

Our opinion on the standalone Ind AS financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of this matter with respect to our reliance on the work done and the report of the other auditor.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on the financial information of the amalgamating company referred to in the Other Matters paragraph above, we report, to the extent applicable that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and the report of the other auditor on the financial information of the amalgamating company referred in the Other Matters paragraph above.
 - c) The report on the financial information of the amalgamating company audited by the other auditor

INDEPENDENT AUDITORS' REPORT

referred in the Other Matters paragraph above, has been sent to us and has been properly dealt with by us in preparing this report.

- d) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and the financial information of the amalgamating company audited by the other auditor referred in the Other Matters paragraph above.
- e) In our opinion, and based on the consideration of the report of the other auditor on the financial information of the amalgamating company referred in the Other Matters paragraph above, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- f) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
- g) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our report in "Annexure A", which is based on our audit and the consideration of the report of the other auditor on the financial information of the amalgamating company referred in the Other Matters paragraph above. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- h) With respect to the other matter to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our

information and according to the explanations given to us and to the other auditor in terms of the report of the other auditor in respect of the amalgamating company referred in the Other Matters paragraph above:

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
 - iv. The Company has provided requisite disclosures in the standalone financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed by us and the representations provided to us by the Management and on the consideration of the report of the other auditor on the financial information of the amalgamating company referred in the Other Matters paragraph above, we report that the disclosures are in accordance with the books of account maintained by the Company and produced to us and to other auditor.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For M.S. Krishnaswami & Rajan

Chartered Accountants
Firm's Registration No. 01554S

M S Murali

Partner
Membership No. 26453

May 25, 2017

Chennai

For Deloitte Haskins & Sells LLP

Chartered Accountants
Firm's Registration No. 117366W/W-100018

A Siddharth

Partner
Membership No. 31467

ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph 1(g) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Ashok Leyland Limited (“the Company”) as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor of the amalgamating company in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the

reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, and based on the consideration of report of the other auditor on the financial information of the amalgamating company referred to in the Other Matters paragraph below, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

Other Matters

The standalone Ind AS financial statements include the financial information of erstwhile Hinduja Foundries Limited (“amalgamating company”) for the period October 1, 2016 to March 31, 2017 consequent to amalgamation into the Company, which has been effected on April 24, 2017, with the appointed date of October 1, 2016 (Refer Note 3.21 to the standalone Ind AS financial statements). The said financial information of the amalgamating company, has been audited by other auditor whose report has been furnished to us, and our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to the amalgamating company, is based on the report of the other auditor.

For M.S. Krishnaswami & Rajan

Chartered Accountants
Firm’s Registration No. 015545

M S Murali

Partner
Membership No. 26453

May 25, 2017
Chennai

For Deloitte Haskins & Sells LLP

Chartered Accountants
Firm’s Registration No. 117366W/W-100018

A Siddharth

Partner
Membership No. 31467

ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date on the accounts of Ashok Leyland Limited (“the Company”) for the year ended March 31, 2017)

Our reporting on the Order includes erstwhile Hinduja Foundries Limited (“the amalgamating company”) for the period October 1, 2016 to March 31, 2017, consequent to amalgamation into the Company, which has been audited by other auditor in terms of their report referred in the Other Matters paragraph of our report of even date, and our report in respect of the amalgamating company is based solely on the report of the other auditor, to the extent considered applicable for reporting under the Order in the case of the standalone Ind AS financial statements.

- (i) In respect of its fixed assets:
 - a) The Company/ the amalgamating company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - b) The fixed assets were physically verified during the year by the Management in accordance with a phased programme of verification, which, in our opinion and the opinion of the other auditor, provides for physical verification of all the fixed assets at reasonable intervals having regard to the size of the Company, nature and value of its assets. According to the information and explanation given to us and the other auditor, no material discrepancies were noticed on such verification.
 - c) According to the information and explanations given to us and the other auditor and the records examined by us and the other auditor and based on the examination of the registered sale deeds/ transfer deeds/ conveyance deeds provided to us and the other auditor, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company/ the amalgamating company as at the balance sheet date, except for certain portion of land at Bhandara unit of the Company admeasuring 25.16 acres in respect of which the title deed is not in the name of the Company – Also Refer Note 1.1(2) to the Financial Statements. Immovable properties of land and buildings whose title deeds have been pledged as security for loans, guarantees, etc., are held in the name of the Company/ the amalgamating company based on the confirmations directly received by us and the other auditor from lenders. In respect of immovable properties of land and buildings that have been taken on lease and disclosed under other non-current and other current assets in the financial statements, the lease agreements are in the name of the Company/ the amalgamating company, where the Company/ the amalgamating company is the lessee in the agreement.
- (ii) As explained to us and the other auditor, the inventories, other than goods in transit and stock lying with third parties (where certificates confirming physical inventory are received), were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us and the other auditor, the Company has granted unsecured loan to a company covered in the register maintained under Section 189 of the Companies Act, 2013, in respect of which:
 - a. The terms and conditions of the grant of such loan are, in our opinion, prima facie, not prejudicial to the Company’s interest.
 - b. The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
 - c. There is no overdue amount remaining outstanding as at the year-end.
- (iv) In our opinion and the opinion of the other auditor and according to the information and explanations given to us and the other auditor, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to information and explanations given to us and the other auditor, the Company has not accepted any deposit during the year and there are no unclaimed deposits to which the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 are applicable.
- (vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for certain products of the Company. We and the other auditor have broadly reviewed the cost records maintained by the Company/ the amalgamating company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under Sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We and the other auditor have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us and the other auditor, and the books of account examined by us and the other auditor, in respect of statutory dues:
 - a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities during the year. There were no undisputed amounts payable in respect of the aforesaid statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.
 - b) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as at March 31, 2017 on account of disputes are as stated below:

(₹ Lakhs)

Nature of Dues	Disputed Dues*	Period to which the amount relates	Forum where the dispute is pending	Amount stayed out of disputed dues
Income Tax	1,826.79	Various periods from 2007 – 2013	Appellate authority – Tribunal	-
	200.71	Various periods from 2006 – 2010	High Court	-
Sales Tax and Value Added Tax	22,261.21	Various periods from 1993 – 2016	Appellate authority – upto Commissioner level	20,535.06
	2,767.35	Various periods from 1987 – 2013	Appellate authority – Tribunal	2,767.35
	660.48	Various periods from 1986 – 2001	Central Sales tax Appellate authority	660.48
	108.92	Various periods from 2006 – 2012	High Court	108.92
Excise Duty and cess thereon	196.24	Various periods from 2008 – 2016	Appellate authority – upto Commissioner level	152.70
	2,372.23	Various periods from 2008 – 2016	Appellate authority – Tribunal	2,312.11
Customs Duty	1.78	Various periods from 2006 – 2007	Appellate authority – Tribunal	-
Service Tax and cess thereon	3,214.28	Various periods from 2009 – 2014	Appellate authority – upto Commissioner level	3,214.28
	335.07	Various periods from 2009 – 2011	Appellate authority – Tribunal	335.07

* Net of payments

For M.S. Krishnaswami & Rajan
Chartered Accountants
Firm's Registration No. 015545

M S Murali
Partner
Membership No. 26453
May 25, 2017
Chennai

- (viii) In our opinion and the opinion of other auditor and according to the information and explanations given to us and the other auditor, the Company has not defaulted in the repayment of loans or borrowings to banks and government and dues to debenture holders. There are no loans or borrowings from the financial institutions.
- (ix) In our opinion and the opinion of other auditor and according to the information and explanation given to us and the other auditor, term loans have been applied by the Company during the year for the purpose for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) To the best of our and the other auditor's knowledge and belief, and according to the information and explanations given to us and the other auditor, and considering the size and nature of the Company's operations, no fraud by the Company and no fraud of material significance on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and, hence, reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and, hence, reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and the opinion of the other auditor and according to the information and explanations given to us and the other auditor, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him, and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration No. 117366W/W-100018

A Siddharth
Partner
Membership No. 31467

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
		₹ Lakhs	₹ Lakhs	₹ Lakhs
ASSETS				
Non-current assets				
Property, plant and equipment	1.1	465,609.63	445,370.32	461,406.01
Capital work-in-progress	1.1	15,759.50	5,474.99	6,979.70
Intangible assets	1.2	31,471.18	33,828.31	37,306.99
Intangible assets under development	1.2	4,826.58	2,110.60	5,034.66
Financial Assets				
(i) Investments	1.3	200,168.31	198,043.73	269,674.40
(ii) Trade Receivables	1.4	17.95	19.36	23.46
(iii) Loans	1.5	-	9,762.06	-
(iv) Others	1.6	6,266.74	3,710.34	3,449.14
Advance tax assets (net)	1.7	11,105.68	7,436.42	2,037.60
Other non-current assets	1.8	58,769.21	53,524.29	60,726.55
		793,994.78	759,280.42	846,638.51
Current assets				
Inventories	1.9	250,111.67	162,501.35	127,620.35
Financial Assets				
(i) Investments	1.10	87,717.23	-	-
(ii) Trade Receivables	1.11	85,990.16	125,094.95	124,266.94
(iii) Cash and cash equivalents	1.12a	86,861.11	156,273.20	72,624.98
(iv) Bank balances other than (iii) above	1.12b	4,336.37	3,039.94	4,590.28
(v) Loans	1.13	346.46	7,060.05	4,715.97
(vi) Others	1.14	15,127.24	12,569.55	29,836.82
Other current assets	1.15	43,170.59	51,555.92	51,691.69
		573,660.83	518,094.96	415,347.03
Assets classified as held for sale	1.16a	12,300.00	-	40,845.20
		585,960.83	518,094.96	456,192.23
TOTAL ASSETS		1,379,955.61	1,277,375.38	1,302,830.74
EQUITY AND LIABILITIES				
Equity				
Equity Share capital	1.17	28,458.80	28,458.80	28,458.80
Other Equity	1.18	584,147.96	512,255.90	490,019.64
		612,606.76	540,714.70	518,478.44
Liabilities				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	1.19	114,632.19	182,104.44	227,029.98
(ii) Other financial liabilities	1.20	4,721.68	17,405.09	31,482.43
Provisions	1.21	13,255.38	12,280.65	9,316.41
Deferred tax liabilities (net)	1.22	12,690.21	32,910.42	28,067.49
Other non-current liabilities	1.23	3,926.36	2,942.13	451.81
		149,225.82	247,642.73	296,348.12
Current liabilities				
Financial liabilities				
(i) Borrowings	1.24	19,863.78	2,500.00	2,500.00
(ii) Trade payables	1.25	305,218.23	256,268.81	282,831.87
(iii) Other financial liabilities	1.26	184,407.84	149,240.61	139,986.94
Other current liabilities	1.27	60,180.10	62,103.39	52,649.96
Provisions	1.28	48,438.08	18,905.14	10,035.41
		618,108.03	489,017.95	488,004.18
Liabilities directly associated with assets classified as held for sale	1.16b	15.00	-	-
TOTAL EQUITY AND LIABILITIES		1,379,955.61	1,277,375.38	1,302,830.74

The accompanying notes form an integral part of the standalone financial statements

Gopal Mahadevan
Chief Financial Officer

For and on behalf of the Board

N Ramanathan
Company Secretary

Dheeraj G Hinduja
Chairman
DIN : 00133410

Vinod K Dasari
CEO and Managing Director
DIN : 00345657

This is the Balance Sheet referred to in our report of even date.

For M. S. Krishnaswami & Rajan
Chartered Accountants

For Deloitte Haskins & Sells LLP
Chartered Accountants

M S Murali
Partner
May 25, 2017
Chennai

A Siddharth
Partner

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Note No.	Year ended	Year ended
		March 31, 2017	March 31, 2016
		₹ Lakhs	₹ Lakhs
Income			
Revenue from operations	2.1	2,133,166.91	1,999,297.42
Other income	2.2	13,627.01	11,762.02
Total Income		2,146,793.92	2,011,059.44
Expenses			
Cost of materials consumed	2.3	1,305,870.20	1,209,265.63
Purchases of stock-in-trade	2.4	160,764.39	153,122.55
Changes in inventories of finished goods, stock-in-trade and work-in-progress	2.5	(70,908.13)	(42,902.14)
Excise duty on sale of goods		131,301.23	105,567.02
Employee benefits expense	2.6	153,093.50	138,506.28
Finance costs	2.7	15,537.87	24,763.87
Depreciation and amortisation expense	2.8	51,789.39	48,790.04
Other expenses	2.9	232,792.00	210,274.97
Total Expenses		1,980,240.45	1,847,388.22
Profit before exchange gain on swap contracts, exceptional items and tax		166,553.47	163,671.22
Exchange gain on swap contracts		1,539.74	504.80
Profit before exceptional items and tax		168,093.21	164,176.02
Exceptional items	2.10	(35,084.59)	(81,522.35)
Profit before tax		133,008.62	82,653.67
Tax expense:			
Current tax		31,371.90	42,203.60
Deferred tax		(20,671.00)	1,490.22
		10,700.90	43,693.82
Profit for the year		122,307.72	38,959.85
Other Comprehensive Income			
A (i) Items that will not be reclassified to Profit or Loss			
- Remeasurement of Defined Benefit Plans		(184.70)	(1,368.38)
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		63.92	473.57
B (i) Items that will be reclassified to Profit or Loss			
- Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge		1,487.24	929.86
(ii) Income tax relating to items that will be reclassified to Profit or Loss		(514.70)	(321.81)
Total Other Comprehensive Income		851.76	(286.76)
Total Comprehensive Income for the year		123,159.48	38,673.09
Earnings per share (Face value ₹1 each) -			
- Basic (in ₹)		4.24	1.37
- Diluted (in ₹)		4.24	1.37
[Refer Note 3.5]			

The accompanying notes form an integral part of the standalone financial statements

Gopal Mahadevan
Chief Financial Officer

For and on behalf of the Board

N Ramanathan
Company Secretary

Dheeraj G Hinduja
Chairman
DIN : 00133410

Vinod K Dasari
CEO and Managing Director
DIN : 00345657

This is the Statement of Profit and Loss referred to in our report of even date.

For M. S. Krishnaswami & Rajan
Chartered Accountants

For Deloitte Haskins & Sells LLP
Chartered Accountants

M S Murali
Partner

May 25, 2017
Chennai

A Siddharth
Partner

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
	₹ Lakhs	₹ Lakhs
Cash flow from operating activities		
Profit for the year	122,307.72	38,959.85
Adjustments for :		
Income tax expense	10,700.90	43,693.82
Depreciation and amortisation expense	51,789.39	48,790.04
Share based payments cost	1,811.52	-
Impairment loss allowance, write off on trade receivable/ advances (net)	2,601.68	561.07
Impairment loss/(reversal) in the value of investments	(17,429.49)	55,793.79
Impairment loss allowance on loans (including interest)	24,414.08	-
Provision for obligations	28,100.00	2,500.00
Foreign exchange loss/ (gain)	596.38	580.22
Profit on sale of Property, plant and equipment (PPE) and intangible assets - net	(803.36)	(85.67)
Profit on sale of investments - net	(2,306.99)	23,787.12
Net loss arising on financial asset mandatorily measured at FVTPL	785.49	(4,165.19)
Finance costs	15,537.87	24,763.87
Interest income	(6,781.31)	(4,449.41)
Dividend income	(115.87)	(398.09)
Operating profit before working capital changes	231,208.01	230,331.42
Adjustments for changes in :		
Trade receivables	41,176.24	(1,262.67)
Inventories	(80,981.63)	(34,881.00)
Non-current and current financial assets	(331.89)	(4,265.28)
Other non-current and current assets	4,890.64	9,577.05
Related party advances/receivables (net)	(1,752.15)	(1,237.30)
Trade payables	44,015.10	(27,173.57)
Non-current and current financial liabilities	10,180.84	21,396.92
Other non-current and current liabilities	(2,849.65)	10,565.80
Other non-current and current provisions	4,683.57	9,333.97
Cash generated from operations	250,239.08	212,385.34
Income tax paid (net)	(34,761.96)	(44,087.60)
Net cash from operating activities [A]	215,477.12	168,297.74
Cash flow from investing activities		
Purchase of PPE and intangible assets	(37,827.29)	(17,022.33)
Proceeds on sale of PPE and intangible assets	1,229.17	430.68
Purchase of investments (net)	(109,595.63)	(9,989.05)
Proceeds from sale of investments (net)	2,580.37	46,985.72
Proceeds on sale of immovable properties - exceptional items	-	20,000.00
Proceeds from sale of non-current investments - exceptional items	-	1,005.57
Movement in other bank balances	(1,250.00)	1,500.00
Inter corporate deposits - given	(70,610.00)	(50,125.00)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Year ended	Year ended
	March 31, 2017	March 31, 2016
	₹ Lakhs	₹ Lakhs
Inter corporate deposits - repaid	70,610.00	50,125.00
Loans and advances (given) / repaid to related parties (net)	(9,577.42)	(11,597.38)
Interest received	6,642.64	4,449.40
Dividend received	115.87	421.52
Net cash (used in) / from investing activities	[B] (147,682.29)	36,184.13
Cash flow from financing activities		
Proceeds from non-current borrowings	17,500.00	-
Repayments of non-current borrowings	(102,260.24)	(72,835.00)
Payments relating to swap contracts on non-current borrowings	(11,004.87)	(6,025.70)
Proceeds from current borrowings	619,000.00	14,55,300.00
Repayments of current borrowings	(611,501.57)	(14,55,300.00)
Interest paid	(16,378.76)	(26,792.98)
Dividend paid and tax thereon	(32,539.69)	(15,413.53)
Net cash (used in) financing activities	[C] (137,185.13)	(121,067.21)
Net (decrease) / increase in cash and cash equivalents	[A+B+C] (69,390.30)	83,414.66
Opening cash and cash equivalents	156,273.20	72,624.98
Add - Pursuant to business combination (Refer Note 3.21)	118.38	-
Exchange fluctuation on foreign currency bank balances	(140.17)	233.56
Closing cash and cash equivalents [Refer Note 1.12a to the Financial Statements]	86,861.11	156,273.20

Notes:

- Shares aggregating in value to ₹806.58 lakhs are pending to be issued and allotted for consideration other than cash pursuant to business combination (Refer Note 3.21).
- Share application money paid aggregating ₹336.91 lakhs has been converted into investments in equity instruments during the year.

The accompanying notes form an integral part of the standalone financial statements

Gopal Mahadevan
Chief Financial Officer

For and on behalf of the Board

N Ramanathan
Company Secretary

Dheeraj G Hinduja
Chairman
DIN : 00133410

Vinod K Dasari
CEO and Managing Director
DIN : 00345657

This is the Statement of Cash Flows referred to in our report of even date.

For M. S. Krishnaswami & Rajan
Chartered Accountants

For Deloitte Haskins & Sells LLP
Chartered Accountants

M S Murali
Partner

May 25, 2017
Chennai

A Siddharth
Partner

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

A. Equity Share Capital		₹ Lakhs	
Balance at the beginning of April 1, 2015	Changes in equity share capital during the year	Balance at the end of March 31, 2016	Balance at the end of March 31, 2017
	28,458.80	28,458.80	28,458.80
B. Other Equity		₹ Lakhs	
Particulars	Reserves and Surplus		Items of Other Comprehensive Income
Total	Capital Reserve	Securities Premium Reserve	Effective portion of Cash Flow Hedges
Balance at the beginning of April 1, 2015	8,793.10	138,696.65	161.34
Profit for the year	-	-	38,959.85
Other comprehensive income	-	-	(894.81)
Total Comprehensive Income for the year	-	-	38,065.04
Adjustment on account of componentisation of property, plant and equipment	-	-	(19.62)
Exchange difference on translation of outstanding loan balances	-	-	-
Exchange difference amortised	-	-	776.87
Dividend including tax thereon	-	-	(15,413.53)
Transfer to retained earnings	-	(11,625.00)	11,625.00
Balance at the end of March 31, 2016	8,793.10	138,696.65	769.39
Profit for the year	-	-	122,307.72
Other comprehensive income	-	-	(120.78)
Total Comprehensive Income for the year	-	-	122,186.94
Exchange difference on translation of outstanding loan balances	-	-	(750.25)
Exchange difference amortised	-	-	2,029.29
Dividends including tax thereon	-	-	(32,539.69)
Recognition of share based payments	-	-	1,811.52
Taken over pursuant to business combination (Refer Note 3.21)	-	50,948.91	-
Consequent to business combination (Refer Note 3.21)	806.58	17,593.32	(92,323.21)
Transfer to retained earnings	-	(5,250.00)	5,250.00
Balance at the end of March 31, 2017	806.58	26,386.42	1,675.46

The accompanying notes form an integral part of the standalone financial statements

<p>Gopal Mahadevan Chief Financial Officer</p> <p>N Ramanathan Company Secretary</p>	<p style="text-align: center;">For and on behalf of the Board</p> <p style="text-align: center;">Dheeraj G Hinduja Chairman DIN : 00133410</p> <p style="text-align: center;">Vinod K Dasari CEO and Managing Director DIN : 00345657</p>	<p style="text-align: center;">For M. S. Krishnaswami & Rajan Chartered Accountants</p> <p style="text-align: center;">M S Murali Partner</p> <p style="text-align: center;">May 25, 2017 Chennai</p>
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This is the Statement of changes in Equity referred to in our report of even date.

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1A. General information

Company Background:

Ashok Leyland Limited (“the Company”) is a public limited company incorporated and domiciled in India and governed by the Companies Act, 2013 (“Act”). The Company’s registered office is situated at 1, Sardar Patel Road, Guindy, Chennai, Tamil Nadu, India. The main activities of the Company are those relating to manufacture and sale of wide range of commercial vehicles. The Company also manufactures engines for industrial and marine applications.

1B. Significant Accounting Policies

1B.1 Basis of Preparation and Presentation

Compliance with Indian Accounting Standards (Ind AS):

The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. Up to the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company’s first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015.

First-time adoption:

In accordance with Ind AS 101 on First time adoption of Ind AS, the Company has prepared its first Ind AS financial statements which include:

- (i) Three Balance sheets namely, the opening Balance sheet as at April 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising assets or liabilities which are not permitted by Ind AS, by reclassifying assets and liabilities from previous GAAP as required by Ind AS, and applying Ind AS in measurement of recognised assets and liabilities; and Balance sheets as at March 31, 2017 and 2016; and
- (ii) Two statements each of profit and loss; cash flows and changes in equity for the years ended March 31, 2017 and 2016 together with related notes.

The same accounting policies have been applied for all the periods presented except when the Company has made use of certain exceptions and/ or exemptions.

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

All assets and liabilities have been classified as current or non-current as per the Company’s normal operating cycle and other criteria set out in the schedule III to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has determined its operating cycle as twelve months for the purpose of current – non-current classification of assets and liabilities.

The financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest lakhs, except where otherwise indicated.

The financial statements were approved for issue by the board of directors on May 25, 2017.

The significant accounting policies are detailed below.

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1B.2 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods:

Revenue from the sale of goods is recognised when the goods are despatched or appropriated in accordance with the terms of sale at which time the title and significant risks and rewards of ownership pass to the customer. Revenue is recognised when collectability of the resulting receivable is reasonably assured.

Revenue is inclusive of excise duty and is reduced for estimated customer returns, commissions, rebates and discounts, and other similar allowances.

Rendering of services:

Revenue from services is recognised when the services are rendered in accordance with the specific terms of contract and when collectability of the resulting receivable is reasonably assured.

Other Operating Revenues:

Other operating revenues comprise of income from ancillary activities incidental to the operations of the Company and is recognised when the right to receive the income is established as per the terms of the contract.

Dividend and Interest Income:

Dividend income from investments is recognised when the Company's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

1B.3 Foreign currency transactions

The Company's foreign operations (including foreign branches) are an integral part of the Company's activities. In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on translation or settlement of long term foreign currency monetary items in respect of loans borrowed before April 1, 2016 at rates different from those at which they were initially recorded or reported in the previous financial statements, insofar as it relates to acquisition of depreciable assets, are adjusted to the cost of the assets and depreciated over remaining useful life of such assets. In other cases of long term foreign currency monetary items, these are accumulated in "Foreign currency monetary item translation difference account" and amortised by recognition as income or expense in each period over the balance term of such items till settlement occurs but not beyond March 31, 2020; and
- Exchange difference on translation of derivative instruments designated as cash flow hedge (see Note 1B.17 below for hedging accounting policies).

1B.4 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1B.5 Government Grants

Government grants (including export incentives) are recognised only when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

The benefit of a government loan at a below market rate of interest is treated as a government grant, measured at the difference between proceeds received and the fair value of the loan based on prevailing market rates.

The Company has applied Ind AS 109 'Financial Instruments' and Ind AS 20 'Accounting for Government Grants and Disclosure of Government Assistance' prospectively to government loans existing at the date of transition and the Company has not recognised the corresponding benefit of the government loans at the below-market rate of interest as a government grant. Consequently, the Company has used the previous GAAP carrying amounts of the government loans at the date of transition as the carrying amount of these loans in the opening Ind AS Balance Sheet.

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1B.6 Employee benefits

Retirement benefit costs and termination benefits:

Payments to defined contribution plans i.e., Company's contribution to provident fund, superannuation fund, employee state insurance and other funds are determined under the relevant schemes and/ or statute and charged to the Statement of Profit and Loss in the period of incurrence when the services are rendered by the employees.

In respect of provident fund, contributions made to a trust administered by the Company, the interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be contributed by the Company and charged to the Statement of Profit and Loss.

For defined benefit plans i.e. Company's liability towards gratuity (funded), other retirement/ terminations benefits and compensated absences, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Defined benefit costs are comprised of:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement.

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

Re-measurement of net defined benefit liability/ asset pertaining to gratuity comprise of actuarial gains/ losses (i.e. changes in the present value resulting from experience adjustments and effects of changes in actuarial assumptions) and is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

A liability for a termination benefits like expenditure on Voluntary Retirement Scheme is recognised at the earlier of when the Company can no longer withdraw the offer of termination benefit or when the Company recognises any related restructuring costs.

Short-term and other long-term employee benefits:

A liability is recognised for benefits accruing to employees in respect of salaries, wages, performance incentives, medical benefits and other short term benefits in the period the related service is rendered, at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

1B.7 Share-based payment arrangements

Equity-settled share-based payments to employees (primarily employee stock option plan) are measured by reference to the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 3.15.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity at the end of the year. At the end of each year, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options outstanding account.

1B.8 Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Current tax:

Current tax is determined on taxable profits for the year chargeable to tax in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 including other applicable tax laws that have been enacted or substantively enacted.

Deferred tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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Deferred tax asset is recognised for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

1B.9 Property, plant and equipment

Cost:

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost (net of duty/ tax credit availed) less accumulated depreciation and accumulated impairment losses. Cost of all civil works (including electrification and fittings) is capitalised with the exception of alterations and modifications of a capital nature to existing structures where the cost of such alteration or modification is ₹100,000 and below.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures, plant and equipment (including patterns and dies) where the cost exceeds ₹10,000 and the estimated useful life is two years or more, is capitalised and stated at cost (net of duty/ tax credit availed) less accumulated depreciation and accumulated impairment losses.

Deemed cost on transition to Ind AS:

The Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2015 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

Depreciation/ amortisation:

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Freehold land is not depreciated.

Estimated useful lives of the assets, based on technical assessment, which are different in certain cases from those prescribed in Schedule II to the Act, are as follows:

Classes of Property, Plant and Equipment	Useful life (years)
Buildings	Depreciated over balance
Non-factory service installations:	
- In customer premises	12
- Lease improvements	3
Quality equipment, canteen assets, major Jigs and fixtures and hand tools	12
Other plant and machinery	20
Patterns and dies	5
Furniture and fittings	8
Furniture and fittings - lease improvements	3
Vehicles:	
- Trucks and buses	5
- Cars and motorcycles	3
Office equipment	8
Office equipment – Data processing system (including servers)	5

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of Property, Plant and Equipment.

De-recognition:

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

1B.10 Intangible assets

The Company has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2015 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

Intangible assets acquired separately:

Intangible assets with finite useful lives that are acquired separately, where the cost exceeds ₹10,000 and the estimated useful life is two years or more, is capitalised and carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets - research and development expenditure:

Expenditure on research activities e.g. the design and production of prototypes is recognised as an expense in the period in which it is incurred.

An internally generated intangible assets arising from development (or from development phase of internal project) is recognised, if and only if, all of the following have been demonstrated:

- technical feasibility of completing the intangible asset;
- intention to complete the intangible asset and intention/ ability to use or sell it;
- how the intangible asset will generate probable future economic benefit;
- availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and
- the ability to measure reliably the attributable expenditure during the development stage.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

De-recognition of intangible assets:

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is derecognised.

Useful lives of intangible assets:

Estimated useful lives of the intangible assets, based on technical assessment, are as follows:

Classes of Intangible Assets	Useful life (years)
Computer Software:	
Acquired	5
Developed	5/10
Technical Knowhow:	
Acquired	5/6
Developed	6/10

1B.11 Impairment losses

At the end of each reporting period, the Company determines whether there is any indication that its assets (property, plant and equipment, intangible assets and investments in equity instruments in subsidiaries, joint ventures and associates carried at cost) have suffered an impairment loss with reference to their carrying amounts. If any indication of impairment exists, the recoverable amount (i.e. higher of the fair value less costs of disposal and value in use) of such assets is estimated and impairment is recognised, if the carrying amount exceeds the recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money

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and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1B.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in the arrangement.

1B.13 Inventories

Inventories are stated at lower of cost and net realisable value.

Cost of raw materials, stores, spares, consumable tools and traded goods comprises cost of purchases and includes taxes and duties and is net of eligible credits under CENVAT/ VAT schemes. Cost of work-in-progress, work-made components and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overheads, which is allocated on a systematic basis. Cost of inventories also includes all other related costs incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cost of inventories are determined as follows:

- Raw materials, stores, spares, consumable tools, traded goods: on moving weighted average basis; and
- Work-in-progress, works-made components and finished goods: on moving weighted average basis plus appropriate share of overheads.

Cost of surplus/ obsolete/ slow moving inventories are adequately provided for.

1B.14 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Warranties:

Provisions for expected cost of warranty obligations under legislation governing sale of goods are recognised on the date of sale of the relevant products at the Management's best estimate of the expenditure required to settle the obligation which takes into account the empirical data on the nature, frequency and average cost of warranty claims and regarding possible future incidences.

1B.15 Non-current assets held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell and disclosed separately in balance sheet. Liabilities associated with assets classified as held for sale are estimated and disclosed separately in the balance sheet.

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1B.16 Business Combinations

A common control business combination, involving entities or businesses in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and where the control is not transitory, is accounted for using the pooling of interests method.

Other business combinations, involving entities or businesses are accounted for using acquisition method.

The Company has elected not to apply Ind AS 103 'Business Combinations' retrospectively to past business combinations that occurred before the transition date of April 1, 2015.

1B.17 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Classification of financial assets

The financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition.

After initial recognition:

- (i) Financial assets (other than investments and derivative instruments) are subsequently measured at amortised cost using the effective interest method.

Effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Investments in debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments on principal and interest on the principal amount outstanding.

Income on such debt instruments is recognised in profit or loss and is included in the "Other Income".

The Company has not designated any debt instruments as fair value through other comprehensive income.

- (ii) Financial assets (i.e. derivative instruments and investments in instruments other than equity of subsidiaries, joint ventures and associates) are subsequently measured at fair value.

Such financial assets are measured at fair value at the end of each reporting period, with any gains (e.g. any dividend or interest earned on the financial asset) or losses arising on re-measurement recognised in profit or loss and included in the "Other Income".

Investments in equity instruments of subsidiaries, joint ventures and associates

The Company measures its investments in equity instruments of subsidiaries, joint ventures and associates at cost in accordance with Ind AS 27. At transition date, the Company has elected to continue with the carrying value of such investments measured as per the previous GAAP and use such carrying value as its deemed cost.

Impairment of financial assets:

A financial asset is regarded as credit impaired when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The Company applies the expected credit loss model for recognising impairment loss on financial assets (i.e. the shortfall between the contractual cash flows that are due and all the cash flows (discounted) that the Company expects to receive).

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De-recognition of financial assets:

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of profit and loss.

The Company has applied the de-recognition requirements of financial assets prospectively for transactions occurring on or after April 1, 2015 (the transition date).

Financial liabilities and equity instruments:

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities (other than derivative instruments) are subsequently measured at amortised cost using the effective interest method. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the "Finance Costs".

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and are subsequently measured (if not designated as at Fair value through profit or loss) at the higher of:

- the amount of impairment loss allowance determined in accordance with requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

The Company has applied the de-recognition requirements of financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

Derivative financial instruments:

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and cross currency interest rate swaps. Further details of derivative financial instruments are disclosed in Note 3.6.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at Fair value through profit or loss.

As of the transition date, the Company has assessed whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed on the later of the date of first became a party to the contract and the date when there has been change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

Hedge accounting:

The Company designates certain derivatives as hedging instruments in respect of foreign currency risk, as either fair value hedges, cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 3.6 sets out details of the fair values of the derivative instruments used for hedging purposes.

Fair value hedges

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "Other Income".

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) are included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

1C. Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements in conformity with Ind AS requires the Company's Management to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities recognised in the financial statements that are not readily apparent from other sources. The judgements, estimates and associated assumptions are based on historical experience and other factors including estimation of effects of uncertain future events that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates (accounted on a prospective basis) and recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods of the revision affects both current and future periods.

The following are the critical judgements and estimations that have been made by the Management in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements and/or key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Provision for impairment loss and other obligations relating to a subsidiary company

As stated in Note 3.23, The Company has significant financial involvement in Optare Plc, U.K., a subsidiary company (Optare), by way of Equity investment, Loans and financial guarantees to Optare's lenders for loans taken by Optare.

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Optare has also made losses in the current year as there have been curtailment in business due to increased competition which has a significant effect on business performance, future cash flows and servicing of third parties liabilities. Based on the Company's assessment of these factors and business valuation of Optare by an independent valuer, the Company has recognised an impairment loss of ₹24,414.08 lakhs for loans given to Optare and has made a provision of ₹28,100.00 lakhs for its obligations towards Optare's lenders, and for third party claims and other potential liabilities.

Impairment loss reversal relating to an erstwhile joint venture

As stated in Note 3.22, the uncertainties relating to continuity of the joint venture operations were resolved consequent to an agreement dated September 7, 2016, reached between the Company and the joint venture partner. The settlement resulted in acquisition of balance stake of the joint venture partner by the Company in the erstwhile joint venture entities and the continuity of LCV business thereof.

Subsequently, the Company reformulated its business plan/strategy for LCV business which is expected to enhance its growth prospects. Considering the above developments/factors and business valuation by an independent valuer, the impairment loss of ₹29,597.51 lakhs recognised in the previous year which no longer required, has been reversed in the books.

Inventories

An inventory provision is recognised for cases where the realisable value is estimated to be lower than the inventory carrying value. The inventory provision is estimated taking into account various factors, including prevailing sales prices of inventory item, changes in the related laws / emission norms and losses associated with obsolete / slow-moving / redundant inventory items. The Company has, based on these assessment, made adequate provision in the books.

Taxation

Tax expense is calculated using applicable tax rate and laws that have been enacted or substantially enacted. In arriving at taxable profit and all tax bases of assets and liabilities, the Company determines the taxability based on tax enactments, relevant judicial pronouncements and tax expert opinions, and makes appropriate provisions which includes an estimation of the likely outcome of any open tax assessments / litigations. Any difference is recognised on closure of assessment or in the period in which they are agreed.

Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, unabsorbed depreciation and unused tax credits could be utilised.

Provision for product warranty

The Company's product warranty obligations and estimations thereof are determined using historical information on the type of product, nature, frequency and average cost of warranty claims and the estimates regarding possible future incidences of product failures. Changes in estimated frequency and amount of future warranty claims, which are inherently uncertain, can materially affect warranty expense.

Fair value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The Management determines the appropriate valuation techniques and inputs for the fair value measurements. In estimating the fair value of an asset or a liability, the Company used market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engaged third party qualified valuers to perform the valuations in order to determine the fair values based on the appropriate valuation techniques and inputs to fair value measurements. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 3.6.

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.1 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK IN PROGRESS

DESCRIPTION	GROSS CARRYING AMOUNT (COST / DEEMED COST)				DEPRECIATION / AMORTISATION			NET CARRYING AMOUNT 31.03.2017	
	01.04.2016	Additions	Acquisition through Business Combination (Refer Note 3.21)	Disposals	31.03.2017	Upto 31.03.2016	Charge during the year		Disposals
Property, plant and equipment (PPE)									
Freehold land	52,853.42	1.32	9,614.85	-	62,469.59	-	-	-	62,469.59
Buildings	126,113.65	1,863.42	6,195.86	239.23	133,933.70	5,089.81	5,293.93	222.10	10,161.64
Building given on lease	1,004.81	118.18	-	-	1,122.99	21.61	22.99	-	44.60
Plant and equipment	292,355.25	13,028.90	27,522.57	10,246.17	322,660.55	32,917.72	35,587.17	9,863.98	58,640.91
Plant and equipment given on lease	3.45	-	-	-	3.45	0.28	0.28	-	0.56
Furniture and fittings	2,726.94	651.28	830.73	47.22	4,161.73	1,006.92	798.31	47.22	1,758.01
Furniture and fittings given on lease	21.93	-	-	-	21.93	5.82	4.54	-	10.36
Vehicles and aircraft	7,167.83	3,333.19	39.34	45.88	10,494.48	917.45	1,494.57	19.46	2,392.56
Office Equipment	4,657.12	2,142.79	55.71	1,618.14	5,237.48	1,574.47	1,531.23	1,618.07	1,487.63
Office Equipment given on lease	0.71	-	-	-	0.71	0.71	-	-	0.71
TOTAL	486,905.11	21,139.08	44,259.06	12,196.64	540,106.61	41,534.79	44,733.02	11,770.83	74,496.98
Capital work-in-progress									
TOTAL						41,534.79	44,733.02	11,770.83	74,496.98
Capital work-in-progress									15,759.50

Notes:

- Buildings include cost of service installations ₹17,844.72 lakhs.
- A portion of the Buildings in Bhandara at ₹950.00 lakhs is on a land, the title for which is yet to be transferred to the Company. Further, the title of land and buildings acquired through business combination, which are in the name of the amalgamating company, are yet to be transferred in the name of the Company.
- Cost of Buildings as at March 31, 2017 includes:
 - ₹3.42 lakhs being cost of shares in Housing Co-operative Society representing ownership rights in residential flats and furniture and fittings thereat.
 - ₹132.38 lakhs representing cost of shares in Housing Co-operative Society representing ownership rights in residential flats including undivided interest in land.
- Additions to PPE and Capital work-in-progress include exchange (gain) / loss aggregating to ₹624.37 lakhs capitalised as under:

Building	₹6.72 lakhs
Plant and equipment	₹617.52 lakhs
Furniture and fittings	₹0.47 lakhs
Vehicles and aircraft	₹1.46 lakhs
Office equipment	₹8.41 lakhs
Capital work-in-progress	₹(10.21) lakhs
- For details of assets given as security against borrowings, Refer Note 3.13
- Amount of contractual commitments for the acquisition of PPE [Refer Note 3.12(a)]

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.1 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK IN PROGRESS

DESCRIPTION	GROSS CARRYING AMOUNT (COST / DEEMED COST)			DEPRECIATION / AMORTISATION			NET CARRYING AMOUNT
	01.04.2015 (Refer Note 5)	Additions	Disposals	Upto 31.03.2015 (Refer Note 5)	Charge during the year	Disposals	
Property, plant and equipment (PPE)							
Freehold land	52,849.98	3.44	-	-	-	-	52,853.42
Buildings	122,422.99	3,894.94	204.28	-	5,120.41	30.60	121,023.84
Building given on lease	1,004.81	-	-	-	21.61	-	983.20
Plant and equipment	274,141.34	18,426.26	212.35	-	32,940.61	22.89	259,437.53
Plant and equipment given on lease	3.45	-	-	-	0.28	-	3.17
Furniture and fittings	2,514.14	213.43	0.63	-	1,007.24	0.32	1,720.02
Furniture and fittings given on lease	21.93	-	-	-	5.82	-	16.11
Vehicles and aircraft	6,430.68	750.54	13.39	-	919.77	2.32	6,250.38
Office Equipment	2,015.98	2,683.66	42.52	-	1,616.50	42.03	3,082.65
Office Equipment given on lease	0.71	-	-	-	0.71	-	-
TOTAL	461,406.01	25,972.27	473.17	-	41,632.95	98.16	445,370.32
Capital work-in-progress							5474.99

Notes:

- Buildings include cost of service installations ₹17,339.00 lakhs.
- A portion of the Buildings in Bhandara revalued at ₹950.00 lakhs is on a land, the title for which is yet to be transferred to the Company.
- Cost of Buildings as at March 31, 2016 includes:
 - ₹3.42 lakhs being cost of shares in Housing Co-operative Society representing ownership rights in residential flats and furniture and fittings thereat.
 - ₹132.38 lakhs representing cost of residential flats including undivided interest in land.
- Additions to PPE and Capital work-in-progress include exchange (gain) / loss aggregating ₹11,483.71 lakhs capitalised as under:
 Building ₹2,791.74 lakhs, Plant and equipment ₹11,403.30 lakhs, Furniture and fittings ₹113.65 lakhs, Vehicles and aircraft ₹4.24 lakhs, Office equipment ₹179.37 lakhs, Capital work-in-progress ₹(3,008.59) lakhs.
- The Company has elected the previous GAAP carrying amounts of PPE as at April 1, 2015 (the transition date) as deemed cost and has accordingly disclosed the same as above.
- For details of assets given as security against borrowings, Refer Note 3.13.
- Amount of contractual commitments for the acquisition of PPE [Refer Note 3.12(a)]

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.2 INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

DESCRIPTION	GROSS CARRYING AMOUNT (COST / DEEMED COST)			DEPRECIATION / AMORTISATION			NET CARRYING AMOUNT 31.03.2017
	01.04.2016	Additions	Disposals	31.03.2016	Charge during the year	Disposals	
Intangible assets							
Computer software							
- Developed	9,487.65	-	-	1,332.54	1,332.54	-	6,822.57
- Acquired	4,829.26	428.96	3.70	1,378.64	1,405.58	3.70	2,474.00
Others							
Technical knowhow							
- Developed	12,249.52	4,270.28	-	2,037.77	2,104.27	-	12,377.76
- Acquired	14,418.97	-	-	2,408.14	2,213.98	-	9,796.85
TOTAL	40,985.40	4,699.24	3.70	7,157.09	7,056.37	3.70	31,471.18
Intangible assets under development							4,826.58

Notes:

- Additions to Intangible assets and Intangible assets under development include:
 - Exchange (gain) / loss aggregating to ₹(47.01) lakhs capitalised as under :
 - Software ₹(60.24) lakhs, Technical Knowhow ₹18.67 lakhs, Intangible assets under development ₹(5.44) lakhs.
 - Other expenses capitalised ₹6,908.95 lakhs - Refer Notes 2.6 and 2.9 to the Financial Statements.
- Intangible assets mainly include:
 - Vehicle technology relating to design, emission - ₹11,818.84 lakhs
 - Software for accounting / operations purpose - ₹9,296.57 lakhs
- Amount of contractual commitments for the acquisition of intangible assets [Refer Note 3.12(a)].

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.2 INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

DESCRIPTION	GROSS CARRYING AMOUNT (COST / DEEMED COST)			DEPRECIATION / AMORTISATION			NET CARRYING AMOUNT 31.03.2016
	01.04.2015 (Refer Note 2)	Additions	Disposals	Upto 31.03.2015 (Refer Note 2)	Charge during the year	Disposals	
Intangible assets							
Computer software							
- Developed	9,487.65	-	-	-	1,332.54	-	8,155.11
- Acquired	1,917.84	2,911.42	-	-	1,378.64	-	3,450.62
Others							
Technical know/how							
- Developed	12,249.52	-	-	-	2,037.77	-	10,211.75
- Acquired	13,651.98	766.99	-	-	2,408.14	-	12,010.83
TOTAL	37,306.99	3,678.41	-	-	7,157.09	-	33,828.31
Intangible assets under development							2110.60

Notes:

- Additions to Intangible assets and Intangible assets under development include:
 - Exchange (gain) / loss aggregating to ₹(993.75) lakhs capitalised as under :
Software ₹834.84 lakhs, Technical Know/how ₹90.66 lakhs, Intangible assets under development ₹(1,919.25) lakhs.
 - Other expenses capitalised ₹445.22 lakhs - Refer Notes 2.6 and 2.9
- The Company has elected the previous GAAP carrying amounts of intangible assets as at April 1, 2015 (the transition date) as deemed cost and has accordingly disclosed the same as above.
- Intangible assets mainly include:
 - Vehicle technology relating to design, emission - ₹9,636.76 lakhs
 - Software for accounting / operations purpose - ₹11,605.73 lakhs
- Amount of contractual commitments for the acquisition of intangible assets [Refer Note 3.12(a)].

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.3 NON-CURRENT FINANCIAL ASSETS - INVESTMENTS

DESCRIPTION	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Nos	₹ Lakhs	Nos	₹ Lakhs	Nos	₹ Lakhs
I) Investments in Equity Instruments						
1) Subsidiaries						
a) Equity Shares of ₹10 each						
Global TVS Bus Body Builders Limited	6,600,000	1,449.57	6,600,000	1,449.57	6,600,000	1,449.57
HLF Services Limited	27,000	55.74	27,000	55.74	27,000	55.74
Albonair (India) Private Limited @	15,000,000	2,614.80	10,000,000	2,114.80	-	-
Hinduja Leyland Finance Limited	235,749,382	92,267.08	217,499,800	77,849.92	217,499,800	77,849.92
Ashok Leyland Vehicles Limited (formerly Ashok Leyland Nissan Vehicles Limited) *	802,645,918	19,587.63	-	-	-	-
Ashley Powertrain Limited (formerly Nissan Ashok Leyland Powertrain Limited) *	209,100,419	7,404.67	-	-	-	-
Ashok Leyland Technologies Limited (formerly Nissan Ashok Leyland Technologies Limited) *	52,050,000	2,605.21	-	-	-	-
b) Equity Shares of ₹100 each						
Gulf Ashley Motor Limited	2,761,428	2,793.59	2,300,357	2,332.52	1,724,018	1,756.18
c) Equity Shares						
Optare PLC						
Ordinary shares of British Pence 0.1 each	1,678,704,162	14,989.44	1,678,704,162	14,989.44	1,678,704,162	14,989.44
Deferred shares of British Pence 0.9 each	195,557,828	-	195,557,828	-	195,557,828	-
d) Equity shares of GBP 1 each						
Ashok Leyland (UK) Limited (under liquidation)	105,300	102.10	105,300	102.10	105,300	102.10
e) Equity shares of Naira 1 each						
Ashok Leyland (Nigeria) Limited	9,999,999	35.71	9,999,999	35.71	9,999,999	35.71
f) Equity shares of USD 20 each						
Ashok Leyland (Chile) S.A.	28,499	376.46	3,499	39.54	3,499	39.54
g) Equity Shares of Euro 1 each						
Albonair GmbH @	51,995,000	45,578.66	47,995,000	42,712.51	-	-
h) Equity shares of UAE Dirhams of 1000 each						
Ashok Leyland (UAE) LLC (including beneficial interest of ₹5,641.19 lakhs)	35,770	11,049.10	35,770	11,049.10	35,770	11,049.10

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.3 NON-CURRENT FINANCIAL ASSETS - INVESTMENTS (CONTINUED)

DESCRIPTION	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Nos	₹ Lakhs	Nos	₹ Lakhs	Nos	₹ Lakhs
2) Associates						
a) Equity Shares of ₹10 each						
Ashok Leyland Defence Systems Limited	1,487,567	148.76	17,567	1.76	17,567	1.76
Ashley Aviation Limited	1,960,000	196.00	1,960,000	196.00	1,960,000	196.00
Mangalam Retail Services Limited	37,470	4.47	37,470	4.47	37,470	4.47
b) Equity shares of Srilankan Rupees 10 each						
Lanka Ashok Leyland, PLC	1,008,332	57.46	1,008,332	57.46	1,008,332	57.46
3) Joint Ventures						
Equity Shares of ₹10 each						
Hinduja Tech Limited	95,450,000	9,737.41	95,450,000	9,737.41	95,450,000	9,737.41
Ashley Alteams India Limited	70,000,000	4,057.00	67,500,000	3,807.00	65,000,000	3,557.00
Ashok Leyland John Deere Construction Equipment Company Private Limited (2016: Cost ₹100)	25,000,010	2,500.00	10		186,068,150	18,606.82
Automotive Infotronics Limited (Under liquidation)	-	-	15,751,762	150.00	15,751,762	150.00
Ashok Leyland Vehicles Limited (formerly Ashok Leyland Nissan Vehicles Limited) *	-	-	409,349,418	19,587.63	409,349,418	19,587.63
Ashley Powertrain Limited (formerly Nissan Ashok Leyland Powertrain Limited) *	-	-	74,021,705	7,404.67	74,021,705	7,404.67
Ashok Leyland Technologies Limited (formerly Nissan Ashok Leyland Technologies Limited) *	-	-	26,025,000	2,605.21	26,025,000	2,605.21
4) Others (At Fair value through profit or loss)						
a) Equity Shares of ₹10 each						
Hinduja Foundries Limited # \$	-	-	5,405,793	2,205.56	5,405,793	1,740.67
Ashok Leyland Wind Energy Limited	7,812,950	911.97	3,456,950	476.37	3,456,950	476.37
Chennai Willingdon Corporate Foundation (Cost ₹900)	100	0.01	100	0.01	100	0.01
Hinduja Energy (India) Limited	61,147,058	19,310.24	61,147,058	19,310.24	61,147,058	18,711.00
Hinduja Global Solutions Limited #	-	-	-	-	5,079	28.75
Hinduja Ventures Limited #	-	-	-	-	5,079	20.55
Chemplast Sanmar Limited	356,000	35.60	356,000	35.60	-	-
IndusInd Bank Limited #	-	-	-	-	5,063,923	44,866.36
OPG Power Generation Private Limited	194,115	21.46	-	-	-	-
Kamachi Industries Limited	525,010	52.50	-	-	-	-
b) Equity shares of ₹100 each partly paid-up						
Adyar Property Holding Co. Limited (₹65 paid up)	300	0.20	300	0.20	300	0.20

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.3 NON-CURRENT FINANCIAL ASSETS - INVESTMENTS (CONTINUED)

DESCRIPTION	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Nos	₹ Lakhs	Nos	₹ Lakhs	Nos	₹ Lakhs
c) Equity Shares of ₹2 each						
Hinduja Properties Limited	-	-	747,960	67.33	747,960	62.32
Sub Total		237,942.84		218,377.87		235,141.96
Less: Impairment in Value of Investments						
Ashok Leyland John Deere Construction Equipment Company Private Limited (utilised from provision for obligation made last year of equivalent amount)		2,500.00		-		-
Optare PLC		14,989.44		14,989.44		-
Albonair GmbH		22,072.80		10,678.13		-
Albonair (India) Private Limited		1,234.03		528.70		-
Ashok Leyland (UK) Limited (under liquidation)		68.03		-		-
Ashok Leyland Vehicles Limited (formerly Ashok Leyland Nissan Vehicles Limited) *		-		19,587.63		-
Ashley Powertrain Limited (formerly Nissan Ashok Leyland Powertrain Limited) *		-		7,404.67		-
Ashok Leyland Technologies Limited (formerly Nissan Ashok Leyland Technologies Limited) *		-		2,605.21		-
Aggregate of Impairment in Value of Investments		40,864.30		55,793.78		-
Total Investments in Equity Instruments (net)	A	197,078.54		162,584.09		235,141.96
II) Investments in Preference Shares (At Fair value through profit or loss)						
1) Associates						
Ashley Aviation Limited 6% Cumulative Redeemable Non-Convertible Preference shares of ₹10 each	5,800,000	404.24	1,800,000	138.06	1,800,000	171.58
Ashok Leyland Defence Systems Limited 6% Non-Cumulative Non-Convertible Redeemable Preference shares of ₹10 each	10,000,000	434.28	5,000,000	299.96	-	-
2) Joint Ventures						
Hinduja Tech Limited 1% Non-Cumulative Non-Convertible Redeemable Preference shares of ₹10 each	23,900,000	2,251.25	23,900,000	2,254.43	23,900,000	2,035.45
3) Others						
Hinduja Foundries Limited \$ 10% Cumulative Non-Convertible Redeemable Preference shares of ₹100 each	-	-	1,500,000	1,937.28	1,500,000	2,268.46

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.3 NON-CURRENT FINANCIAL ASSETS - INVESTMENTS (CONTINUED)

DESCRIPTION	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Nos	₹ Lakhs	Nos	₹ Lakhs	Nos	₹ Lakhs
6% Cumulative Non-Convertible Redeemable Preference shares of ₹100 each, paid up value of ₹66.67 per share	-	-	1,000,000	712.33	1,000,000	742.72
9% Cumulative Non-Convertible Redeemable Preference shares of ₹100 each	-	-	30,000,000	30,117.08	30,000,000	29,113.17
Total Investments in Preference Shares	B	3,089.77		35,459.14		34,331.38
		200,168.31		198,043.23		269,473.34
III) Investment in Government Securities (At amortised cost)						
National Savings Certificate of the face value of ₹0.50 lakh	C	-	-	0.50	-	0.50
IV) Investment in Bonds (At amortised cost)						
Non convertible redeemable bonds of ₹10 Lakhs each						
ICICI Bank Limited #	D	-	-	-	20	200.56
Total Non - Current Investments	E=A+B+C+D	200,168.31		198,043.73		269,674.40

Notes:

1. # represents quoted investments

Particulars	₹Lakhs		
	March 31, 2017	March 31, 2016	April 1, 2015
Aggregate value of quoted investments (at Fair value)	-	2,205.56	46,856.89
Aggregate market value of quoted investments	-	2,205.56	46,856.89
Aggregate value of unquoted investments	241,032.61	251,631.95	222,817.51
Aggregate value of impairment in value of investments	40,864.30	55,793.78	-

2. Aggregate value of investments as on April 1, 2015:

	₹Lakhs		
	Carrying Amount as per previous GAAP	Fair value adjustments	Carrying Amount as per Ind AS
a) in equity instruments of subsidiaries, joint ventures and associates (at previous GAAP value as deemed cost)	169,235.73	-	169,235.73
b) in others at fair value through profit or loss	60,443.59	39,995.08	100,438.67

3. Investments are fully paid-up unless otherwise stated.

4. The equity investments in Ashley Alteams India Limited can be disposed off / encumbered only with the consent of banks / financial institutions who have given loans to Ashley Alteams India Limited.

5. Lock-in commitment in the shareholders agreement: [Also refer Note 3.12]

	No of Shares
Hinduja Leyland Finance Limited	2,84,72,743

6. * Refer Note 3.22 relating to acquisition of control in these companies.

7. @ Refer Note 1.16. These investments have been reclassified as non-current in 2016.

8. \$ Refer Note 3.21 relating to amalgamation with the company.

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs
1.4 NON-CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES			
(Unsecured, considered good)			
Trade receivables	17.95	19.36	23.46
	17.95	19.36	23.46
Notes:			
1. These are carried at amortised cost			
2. For details of assets given as security against borrowings (Refer Note 3.14).			
1.5 NON-CURRENT FINANCIAL ASSETS - LOANS			
(Unsecured, considered good unless otherwise stated)			
Loans to related parties in foreign currency (Refer Note 3.8)			
Considered good	-	9,762.06	-
Considered doubtful	24,274.75	-	-
Less: Allowance for doubtful loans	24,274.75	-	-
	-	9,762.06	-
Notes:			
1. These are carried at amortised cost.			
2. Movement in allowance for doubtful loans is as follows:	Opening	Additions (net)	Closing
March 2017	-	24,274.75	24,274.75
1.6 NON-CURRENT FINANCIAL ASSETS - OTHERS			
(Unsecured, considered good)			
a) Security Deposits	4,557.13	2,028.11	2,050.73
b) Other receivables *	786.54	786.54	786.54
c) Others			
i. Employee advances	293.64	563.18	265.44
ii. Other advances	629.43	332.51	346.43
	923.07	895.69	611.87
	6,266.74	3,710.34	3,449.14
Of the above,			
Due from Directors / Officers	1.37	3.41	5.45
* on sale of windmill undertaking of the Company.			
Notes:			
1. These are carried at amortised cost.			
2. For details of assets given as security against borrowings (Refer Note 3.14).			
1.7 NON - CURRENT - ADVANCE TAX ASSETS (NET)			
Advance income tax (net of provision)	11,105.68	7,436.42	2,037.60
	11,105.68	7,436.42	2,037.60

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs
1.8 OTHER NON-CURRENT ASSETS			
(Unsecured, considered good unless otherwise stated)			
a) Prepayments under operating leases	13,513.87	12,525.87	12,682.84
b) Capital Advances			
Considered good	4,687.09	5,185.32	3,372.87
Considered doubtful	153.12	-	1.00
Less: Allowance for doubtful advances	153.12	-	1.00
	4,687.09	5,185.32	3,372.87
c) Balances with customs, port trust, central excise etc.			
Considered good	484.50	-	-
Considered doubtful	1,428.06	1,428.06	1,428.06
Less: Allowance for doubtful amounts	1,428.06	1,428.06	1,428.06
	484.50	-	-
d) Others			
Considered good			
i. Input tax refundable	11,942.45	10,997.26	29,811.19
ii. Sales tax paid under protest	25,138.87	21,903.10	11,893.21
iii. Other advances (includes prepaid expenses, etc.)	3,002.43	2,912.74	2,966.44
Considered doubtful			
Supplier advance	3.52	4.27	4.27
Less: Allowance for doubtful advances	3.52	4.27	4.27
	40,083.75	35,813.10	44,670.84
	58,769.21	53,524.29	60,726.55
1.9 INVENTORIES			
(a) Raw materials and components	52,463.34	38,768.87	51,455.59
(b) Work-in-progress	98,421.93	1,529.99	4,163.19
(c) Finished goods	64,376.78	92,361.39	43,898.51
(d) Stock-in-trade			
(i) Commercial vehicles	977.22	944.96	1,563.37
(ii) Spare parts and auto components (including works made)	25,779.14	21,151.64	18,489.46
	26,756.36	22,096.60	20,052.83
(e) Stores, spares and consumable tools	8,093.26	7,744.50	8,050.23
	250,111.67	162,501.35	127,620.35
Notes :			
1. Goods in transit included above are as below :			
(a) Raw materials and components	4,716.18	2,102.36	2,990.50
(b) Stock-in-trade			
(i) Commercial vehicles	86.50	138.36	455.89
(ii) Spares parts and auto components (including works made)	9.06	11.50	253.40
(c) Stores spares and consumables tools	47.43	-	-
2. Cost of materials consumed (including cost of purchased goods) during the year is ₹1,395,726.46 lakhs (2015-16: ₹1,319,486.04 lakhs).			
3. The amount of write down of inventory recognised as an expense during the year is ₹1,881.24 lakhs (2015-16: ₹1,217.07 lakhs).			
4. For details of assets given as security against borrowings, (Refer Note 3.14).			

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Units	₹ Lakhs	Units	₹ Lakhs	Units	₹ Lakhs
1.10 CURRENT FINANCIAL ASSETS - INVESTMENTS						
(Unquoted)						
Units in mutual funds *	154,635,883	87,717.23	-	-	-	-
		87,717.23				

* carried at fair value through profit or loss

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	₹ Lakhs		₹ Lakhs		₹ Lakhs	
1.11 CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES						
Trade receivables - unsecured						
Considered good						
Related parties (Refer Note 3.8)		15,451.47		18,373.71		12,955.75
Others		70,538.69		106,721.24		111,311.19
Considered doubtful		4,837.32		848.36		573.16
		90,827.48		125,943.31		124,840.10
Less: Allowance for doubtful debts		4,837.32		848.36		573.16
		85,990.16		125,094.95		124,266.94
Age analysis of trade receivables						
Outstanding for more than six months from the date they are due		21,864.39		27,007.48		24,140.42
Others		64,125.77		98,087.47		100,126.52
		85,990.16		125,094.95		124,266.94

Notes :

1. Movement in Allowance for doubtful debts is as follows:

Particulars	March 2017	March 2016
Opening	848.36	573.16
Pursuant to business combination	1,237.39	-
Additions (net)	2,751.57	275.20
Closing	4,837.32	848.36

2. These are carried at amortised cost.

4. For details of assets given as security against borrowings, (Refer Note 3.14).

1.12 a. Cash and Cash Equivalents			
i) Balance with banks:			
a) In current accounts	6,527.15	34,964.67	25,534.85
b) In cash credit accounts	57,810.74	47,440.34	22,538.90
c) In deposit accounts *	2,500.00	73,700.00	24,500.00
ii) Cheques, drafts on hand	20,000.80	146.43	23.63
iii) Cash and stamps on hand	22.42	21.76	27.60
	86,861.11	156,273.20	72,624.98
1.12 b. Bank balances other than (a) above			
i) Unclaimed dividend accounts (earmarked)	586.37	539.94	590.28
ii) In deposit accounts #	3,750.00	2,500.00	4,000.00
	4,336.37	3,039.94	4,590.28

* This represents deposits with original maturity of less than or equal to 3 months.

This represents deposits with original maturity of more than 3 months.

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31 2017	As at March 31,2016	As at April 1 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs
1.13 CURRENT FINANCIAL ASSETS - LOANS			
(Unsecured, considered good)			
Loans to related parties in foreign currency (Refer Note 3.8)	346.46	7,060.05	4,715.97
	346.46	7,060.05	4,715.97
1.14 CURRENT FINANCIAL ASSETS - OTHERS			
(Unsecured, considered good unless otherwise stated)			
a) Interest accrued :			
- Loans to related parties (Refer Note 3.8)			
Considered good	3.06	3.35	913.63
Considered doubtful	139.32	-	-
Less: Allowance for doubtful amount	139.32	-	-
	3.06	3.35	913.63
- Others	133.64	103.74	68.43
b) Security deposits	509.07	241.83	212.38
c) Employee advances	1,676.80	2,582.95	1,764.44
d) Receivable on sale of immovable properties / investments	-	40.22	20,000.00
e) Derivatives designated as hedging instruments carried at fair value	2,840.51	1,609.65	596.38
f) Receivable in respect of sale of non-current investment (in escrow bank account)	711.38	726.70	1,709.02
g) Related parties (Refer Note 3.8)			
i. Advances in foreign currency	0.38	337.29	205.19
ii. Doubtful advances	-	155.19	-
iii. Others advances	3,192.47	894.30	525.98
	3,192.85	1,386.78	731.17
Less: Allowance for doubtful advances	-	155.19	-
	3,192.85	1,231.59	731.17
h) Unbilled revenue	2,170.26	1,698.88	1,502.31
i) Others (includes expenses recoverable, etc.)	3,889.67	4,330.64	2,339.06
	15,127.24	12,569.55	29,836.82
Of the above			
Due from Directors / officers	2.04	33.19	2.14
Notes:			
1. These (except derivatives) are carried at amortised cost. Derivatives are carried at fair value through profit or loss			
2. For details of assets given as security against borrowings (Refer Note 3.14)			
1.15 OTHER CURRENT ASSETS			
(Unsecured, considered good unless otherwise stated)			
a) Prepayments under operating leases	168.34	155.41	155.41
b) Advances to related parties (Refer Note 3.8)	204.62	595.46	37.21
c) Export incentive receivables	5,122.92	6,431.54	7,253.53

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31 2017	As at March 31, 2016	As at April 1 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs
1.15 OTHER CURRENT ASSETS (CONTINUED)			
d) Supplier advances			
Considered good	12,872.68	8,540.45	11,013.21
Considered doubtful	2,958.91	131.68	-
	15,831.59	8,672.13	11,013.21
Less: Allowance for doubtful advances	2,958.91	131.68	-
	12,872.68	8,540.45	11,013.21
e) Balances with customs, port trust, central excise etc.	9,763.33	14,662.51	12,477.10
f) Others*	15,038.70	21,170.55	20,755.23
	43,170.59	51,555.92	51,691.69

* Include:

- Input tax credit recoverable			
- Value Added Tax / Sales Tax	4,953.00	12,143.24	9,718.56
- Service tax	1,587.75	2,743.42	975.24
- Entry tax	2,376.90	1,769.04	3,025.39
- Prepaid expenses	4,220.18	4,205.64	6,887.75

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Nos	₹ Lakhs	Nos	₹ Lakhs	Nos	₹ Lakhs
1.16a ASSETS CLASSIFIED AS HELD FOR SALE						
i) Carrying value of Investments in equity instruments (unquoted) held for sale:						
a) Albonair (India) Private Limited						
Equity shares of ₹10 each	-	-	-	-	10,000,000	2,114.80
b) Albonair GmbH						
Equity shares of Euro 1 each	-	-	-	-	42,495,000	38,730.40
ii) Property, plant and equipment - Freehold land at Hyderabad		12,300.00		-		-
		12,300.00		-		40,845.20

1.16b LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

Liabilities directly associated with assets classified as held for sale	15.00	-	-
	15.00	-	-

Note:

The freehold land at Hyderabad has been vested with the Company during the year pursuant to business combination of erstwhile Hinduja Foundries Limited (Refer Note 3.21). The Company intends to dispose off the surplus freehold land, and has estimated its fair value (less cost to sell) based on present market prices, which is more than the carrying amount. The Company expects to complete the sale in the next few months.

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs
1.17 EQUITY SHARE CAPITAL			
Authorised			
2785,60,00,000 (2016 and 2015: 25,356,000,000) Equity shares of ₹1 each (Refer Note 3.21)	278,560.00	253,560.00	253,560.00
	278,560.00	253,560.00	253,560.00
Issued			
a) 219,97,66,829 Equity shares of ₹1 each	21,997.67	21,997.67	21,997.67
b) 64,63,14,480 Equity shares of ₹1 each issued through Global Depository Receipts	6,463.14	6,463.14	6,463.14
	28,460.81	28,460.81	28,460.81
Subscribed and fully paid up			
a) 219,95,62,154 Equity shares of ₹1 each	21,995.62	21,995.62	21,995.62
b) 64,63,14,480 Equity shares of ₹1 each issued through Global Depository Receipts (Refer Note 2b)	6,463.14	6,463.14	6,463.14
	28,458.76	28,458.76	28,458.76
Add: Forfeited shares (amount originally paid up in respect of 760 shares)	0.04	0.04	0.04
	28,458.80	28,458.80	28,458.80

Notes:

- Reconciliation of number of equity shares subscribed

	2017	2016
Balance as at the beginning / end of the year	2,845,876,634	2,845,876,634

- Shares issued in preceding 5 years

- The Company had issued and allotted during the year 2011-12, 133,03,38,317 equity shares as fully paid-up bonus shares by utilisation of securities premium reserve in the ratio of 1:1.
- As on March 31, 2017, there are 35,22,45,640 equity shares representing the outstanding Global Depository Receipts (GDRs). The balance GDRs have been converted into equity shares.

- Shares held by the Holding Company

Hinduja Automotive Limited, the holding company, holds 110,46,46,899 (2016: 110,46,46,899, 2015: 110,46,46,899) Equity shares and 54,86,669 (2016: 54,86,669, 2015: 54,86,669) Global Depository Receipts (GDRs) equivalent to 32,92,00,140 (2016: 32,92,00,140, 2015: 32,92,00,140) Equity shares of ₹1 (2016: ₹1, 2015: ₹1) each aggregating to 50.38% (2016: 50.38%, 2015: 50.38%) of the total share capital.

- Shareholders other than the Holding Company holding more than 5% of the equity share capital

Life Insurance Corporation of India holds 105,298,950 (2016: 128,308,174, 2015: 18,76,02,225) Equity shares of ₹1 (2016: ₹1, 2015: ₹1) each aggregating to 3.70% (2016: 4.51%, 2015: 6.59%).

- Rights, preferences and restrictions in respect of equity shares and GDRs issued by the Company

- The Equity share holders are entitled to receive dividends as and when declared; a right to vote in proportion to holding etc. and their rights, preferences and restrictions are governed by / in terms of their issue under the provisions of the Companies Act, 2013.
- The rights, preferences and restrictions of the GDR holders are governed by the terms of their issue, and the provisions of the Companies Act, 2013. Each GDR holder is entitled to receive 60 equity shares [2016: 60 equity shares, 2015: 60 equity shares] of ₹1 each, per GDR, and their voting rights can be exercised through the Depository.

- Information relating to Employees Stock Option Plan including details of options outstanding as at March 31, 2017 - Refer Note 3.15.

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Note	₹ Lakhs	₹ Lakhs	₹ Lakhs
1.18 OTHER EQUITY				
Shares Pending Allotment	A	806.58	-	-
Capital Reserve	B	26,386.42	8,793.10	8,793.10
Securities Premium Reserve	C, J	189,645.56	138,696.65	138,696.65
Capital Redemption Reserve	J	333.33	-	-
Debenture Redemption Reserve	D	10,000.00	15,250.00	26,875.00
Share Options Outstanding Account	E	1,811.52	-	-
General Reserve	F, J	95,211.11	94,321.86	94,341.48
Cash Flow Hedge Reserve	G, J	1,675.46	769.39	161.34
Foreign currency monetary item translation difference	H	(1,149.49)	(2,428.53)	(1,424.85)
Retained Earnings	I, J	259,427.47	256,853.43	222,576.92
		584,147.96	512,255.90	490,019.64

Refer "Statement of Changes in Equity" for additions / deletions in each reserve.

Notes:

- A. Share pending allotment represents equity shares to be issued pursuant to business combination during the year i.e. the scheme of amalgamation of Hinduja Foundries Limited with the Company. (Refer Note 3.21)
- B. Capital reserve represents reserve created pursuant to the business combinations upto year end.
- C. Securities premium reserve represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act, 2013 (the Act) for specified purposes.
- D. Debenture redemption reserve represents reserve created out of profit / retained earnings at specified value of debentures to be redeemed.
- E. Share options outstanding account relates to stock options granted by the Company to employees under an employee stock options plan. (Refer Note 3.15)
- F. General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, bonus issue, etc.
- G. Cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated in this reserve are reclassified to profit or loss only when the hedged transaction affects the profit or loss.
- H. Foreign currency monetary items translation difference represents exchange differences on translation of long term foreign currency monetary items at rates different from those at which they were initially recorded in so far as they do not relate to acquisition of depreciable asset. These exchange differences in respect of borrowings upto March 31, 2016 are amortised by recognition as income or expense in each year over the balance term till settlement occurs but not beyond March 31, 2020.
- I. In respect of the year ended March 31, 2017, the Board of Directors has proposed a dividend of ₹1.56 per equity share (2016: ₹0.95 per equity share, 2015: ₹0.45 per equity share) subject to approval by the shareholders at the ensuing Annual General Meeting after which dividend would be accounted and paid out of the retained earnings available for distribution in accordance with the provisions of the Act. Revaluation reserve transferred to retained earnings on transition date may not be available for distribution. (Also Refer Note 3.2.A)
- J. Pursuant to the business combination during the year referred to above, the reserves and surplus of the amalgamating company as on October 1, 2016 have been taken over at the carrying values.

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs
1.19 NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS			
a) Secured borrowings			
i. Debentures	14,971.63	39,913.03	60,829.24
ii. Term loan from banks	25,541.79	25,000.00	30,000.00
b) Unsecured borrowings			
i. External commercial borrowings from banks	63,224.73	105,883.91	124,733.80
ii. Interest free sales tax loans	10,894.04	11,307.50	11,466.94
	114,632.19	182,104.44	227,029.98

Notes:

- These are carried at amortised cost.
- Refer Note 1.26 for current maturities of non-current borrowings.
- Refer Note 3.13 for security and terms of the borrowings.
- The Company has been authorised to issue 3,65,00,000 Redeemable Non-Cumulative Non-Convertible Preference Shares of ₹10 each valuing ₹3,650.00 lakhs and 7,70,00,000 (2016: 20,00,000, 2015: 20,00,000) Non-Convertible Redeemable Preference Shares of ₹100 each valuing ₹77,000.00 lakhs (2016: ₹2,000.00 lakhs, 2015: ₹2,000.00 lakhs). (Also Refer Note 3.21)

1.20 NON-CURRENT FINANCIAL LIABILITIES - OTHERS			
a) Capital creditors	-	516.65	120.15
b) Derivatives not designated in hedging relationship	4,721.68	16,888.44	31,362.28
	4,721.68	17,405.09	31,482.43

Note:

These (except derivatives) are carried at amortised cost. Derivatives are carried at fair value through profit or loss.

1.21 NON-CURRENT PROVISIONS			
a) Provision for employee benefits			
i. Compensated absences (Refer Note 3.4)	6,480.63	5,874.29	5,646.85
ii. Others including post retirement benefits	4,119.06	4,082.40	2,354.75
b) Provision for product warranties	2,655.69	2,323.96	1,314.81
	13,255.38	12,280.65	9,316.41

Note:

Movement in Provision for product warranties is as follows :	Opening	Additions (net of utilisation)	Closing
March 2017	2,323.96	331.73	2,655.69
March 2016	1,314.81	1,009.15	2,323.96

This provision is recognised once the products are sold. The estimated provision takes into account historical information, frequency and average cost of warranty claims and the estimate regarding possible future incidence of claims. The provision for warranty claims represents the present value of management's best estimate of the future economic benefits. The outstanding provision for product warranties as at the reporting date is for the balance unexpired period of the respective warranties on the various products which range from 1 to 18 months.

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs
1.22 DEFERRED TAX LIABILITIES (NET)			
a) Deferred tax liabilities	74,104.87	75,298.91	78,948.86
b) Deferred tax (assets)	(6,053.47)	(3,021.37)	(7,999.43)
	68,051.40	72,277.54	70,949.43
c) Unused tax credits (MAT credit entitlement)	(55,361.19)	(39,367.12)	(42,881.94)
	12,690.21	32,910.42	28,067.49
Note:			
Refer Note 3.3 for details of deferred tax liabilities and assets.			
1.23 OTHER NON-CURRENT LIABILITIES			
Income received in advance	3,926.36	2,942.13	451.81
	3,926.36	2,942.13	451.81
1.24 CURRENT FINANCIAL LIABILITIES - BORROWINGS			
Secured borrowings			
Loans from banks (Includes cash credit, packing credit, etc)	1,363.78	2,500.00	-
Unsecured borrowings			
Short term loans from banks	18,500.00	-	2,500.00
	19,863.78	2,500.00	2,500.00
Notes:			
1. These are carried at amortised cost.			
2. Refer Note 3.14 for security and terms of the borrowings.			
3. Commercial paper - maximum balance outstanding during the year is ₹80,000.00 lakhs (2016: ₹90,000.00 lakhs).			
1.25 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES			
Trade payables - including acceptances			
Total outstanding dues of micro enterprises and small enterprises [Refer Note 3.18]	727.87	473.51	742.97
Total outstanding dues of creditors other than micro enterprises and small enterprises	304,490.36	255,795.30	282,088.90
	305,218.23	256,268.81	282,831.87
Note:			
These are carried at amortised cost.			

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs
1.26 CURRENT FINANCIAL LIABILITIES - OTHERS			
a) Current maturities of long-term debts	79,989.28	56,893.95	72,782.70
b) Interest accrued but not due on borrowings	2,959.42	4,416.59	7,014.74
c) Unclaimed dividends	586.37	539.94	590.28
d) Contribution to gratuity fund	2,645.08	1,379.62	971.24
e) Employee benefits	27,328.63	28,873.52	20,838.24
f) Capital creditors	3,615.86	2,066.45	2,581.05
g) Derivatives not designated in hedging relationships	10,939.35	11,317.20	3,373.86
h) Derivatives designated in hedging relationships	336.21	106.01	123.66
i) Book overdraft in cash credit accounts	66.62	-	2,086.46
j) Others *	55,941.02	43,647.33	29,624.71
	184,407.84	149,240.61	139,986.94
* Include:			
Accrued expenses / liabilities	55,053.06	41,351.48	25,168.57

Notes:

- Refer Note 3.13 for security and terms of the borrowings.
- These (except derivatives) are carried at amortised cost. Derivatives are carried at fair value through profit or loss.

1.27 OTHER CURRENT LIABILITIES			
a) Income received in advance	3,198.01	460.11	343.07
b) Advance from customers	21,524.63	27,393.00	28,090.66
c) Statutory liabilities	34,593.45	34,250.28	24,216.23
d) Others	864.01	-	-
	60,180.10	62,103.39	52,649.96

1.28 CURRENT PROVISIONS

a) Provision for employee benefits			
- Compensated absence	1,316.07	938.74	1,102.02
- Others including post retirement benefits	1,950.71	147.85	158.28
b) Provision for product warranties	17,071.30	15,318.55	8,775.11
c) Provision for obligations (Refer Note 3.23)	28,100.00	2,500.00	-
	48,438.08	18,905.14	10,035.41

Notes:

- Movement in Provision for product warranties is as follows :

	Opening	Additions (net of utilisation)	Closing
March 2017	15,318.55	1,752.75	17,071.30
March 2016	8,775.11	6,543.44	15,318.55

This provision is recognised once the products are sold. The estimated provision takes into account historical information, frequency and average cost of warranty claims and the estimate regarding possible future incidence of claims. The provision for warranty claims represents the present value of management's best estimate of the future economic benefits. The outstanding provision for product warranties as at the reporting date is for the balance unexpired period of the respective warranties on the various products which range from 1 to 18 months

- Movement in Provision for obligations is as follows :

	Opening	Additions	Utilisation	Closing
March 2017	2,500.00	28,100.00	2,500.00	28,100.00
March 2016	-	2,500.00	-	2,500.00

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Year ended March 31, 2017	Year ended March 31, 2016
	₹ Lakhs	₹ Lakhs
2.1 REVENUE FROM OPERATIONS		
a) Sale of products		
- Commercial vehicles		
Manufactured	1,775,562.04	1,706,583.87
Traded	111,660.79	114,212.77
- Engines and gensets	40,696.80	41,489.31
- Ferrous castings and patterns	23,904.38	-
- Spare parts and others	167,293.95	127,335.73
(A)	2,119,117.96	1,989,621.68
b) Revenue from services (B)	20,097.65	15,602.45
c) Other operating revenues		
- Contract manufacturing	10,797.29	10,112.27
- Export incentives	7,027.99	6,715.13
- Scrap sales	8,246.38	7,615.35
- Others including recoveries (freight, etc.)	13,783.89	13,211.13
(C)	39,855.55	37,653.88
(A+B+C)	2,179,071.16	2,042,878.01
Less: Commission, rebate and discounts	45,904.25	43,580.59
	2,133,166.91	1,999,297.42
2.2 OTHER INCOME		
a) Interest income from		
i. Non-current investments	-	3.63
ii. Loans to related parties (Refer Note 3.8)	1,789.35	804.20
iii. Others, including bills discounting	4,991.96	3,641.58
	6,781.31	4,449.41
b) Dividend income from		
Non-current investments	115.87	398.09
c) Profit / (loss) on sale of investments - net		
i. Current investments	2,261.28	394.23
ii. Non-current investments	45.71	(952.79)
	2,306.99	(558.56)
d) Other non-operating income		
i. Profit on sale of fixed assets - net	803.36	85.67
ii. Foreign exchange gain - net	918.40	-
iii. Net gain / (loss) arising on financial asset mandatorily measured at FVTPL	(785.49)	4,165.19
iv. Others	3,486.57	3,222.22
	4,422.84	7,473.08
	13,627.01	11,762.02

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Year ended March 31, 2017	Year ended March 31, 2016
	₹ Lakhs	₹ Lakhs
2.3 COST OF MATERIALS CONSUMED		
a) Forgings and castings	117,558.32	110,041.48
b) Plates, sheets, bars, steel tubes and angles	95,637.30	74,463.50
c) Tyres, tubes and flaps	146,045.39	144,652.92
d) Finished and other items	950,109.65	882,533.50
	1,309,350.66	1,211,691.40
Less: Cash discount earned	3,480.46	2,425.77
	1,305,870.20	1,209,265.63
Of the above		
1. Imported items - amount	24,594.46	29,887.57
- percentage	1.88%	2.47%
2. Indigenous items - amount	1,281,275.74	1,181,803.83
- percentage	98.12%	97.53%
2.4 PURCHASES OF STOCK-IN-TRADE		
a) Engines	-	51.01
b) Commercial vehicles	102,346.16	104,846.86
c) Spare parts and auto components	58,418.23	48,224.68
	160,764.39	153,122.55
2.5 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS		
a) Changes in inventories		
- Finished goods and stock-in-trade	23,324.85	(50,506.65)
- Work-in-progress	(92,273.44)	2,633.20
Net change	(68,948.59)	(47,873.45)
b) Movement in excise duty content in finished goods and stock-in-trade	(1,959.54)	4,971.31
	(70,908.13)	(42,902.14)
Note:		
Changes in inventories - work-in-progress is after considering stock of erstwhile Hinduja Foundries Limited as at October 1, 2016 taken over pursuant to business combination - ₹4,618.50 lakhs.		
2.6 EMPLOYEE BENEFITS EXPENSE		
a) Salaries and wages	119,889.82	110,506.18
b) Contribution to provident, gratuity and other funds	9,000.54	8,140.85
c) Share based payments costs *	1,811.52	-
d) Staff welfare expenses	24,715.63	19,962.37
	155,417.51	138,609.40
Less: Expenses capitalised	2,324.01	103.12
	153,093.50	138,506.28

* For share options given by the company to employees under employee stock option plan, (Refer Note 3.15).

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Year ended March 31, 2017	Year ended March 31, 2016
	₹ Lakhs	₹ Lakhs
2.7 FINANCE COSTS		
Interest expense	15,537.87	24,763.87
	15,537.87	24,763.87
2.8 DEPRECIATION AND AMORTISATION EXPENSE		
A) Property, plant and equipment		
(i) Buildings	5,293.93	5,120.41
(ii) Plant and equipment	35,587.17	32,940.61
(iii) Furniture and fittings	798.31	1,007.24
(iv) Vehicles and aircraft	1,494.57	919.77
(v) Office equipment	1,531.23	1,616.50
(vi) Assets given on lease		
- Buildings	22.99	21.61
- Plant and equipment	0.28	0.28
- Furniture and fittings	4.54	5.82
- Office equipment	-	0.71
	(A) 44,733.02	41,632.95
B) Intangible assets		
(i) Computer software		
- Developed	1,332.54	1,332.54
- Acquired	1,405.58	1,378.64
(ii) Technical knowhow		
- Developed	2,104.27	2,037.77
- Acquired	2,213.98	2,408.14
	(B) 7,056.37	7,157.09
	(A + B) 51,789.39	48,790.04
Also refer Note 1.1 and 1.2		
2.9 OTHER EXPENSES		
(a) Consumption of stores and tools	9,167.56	7,625.28
(b) Power and fuel	16,872.53	11,596.35
(c) Rent	2,137.84	2,144.28
(d) Repairs and maintenance		
- Buildings	5,124.33	4,053.07
- Plant and machinery	14,923.24	12,568.01
(e) Insurance	1,258.29	759.81
(f) Rates and taxes, excluding taxes on income	5,249.06	5,446.74
(g) Research and development	8,416.99	6,783.87
(h) Service and product warranties	27,398.90	27,927.03
(i) Packing and forwarding charges	69,969.63	71,797.87
(j) Selling and administration expenses - net	59,320.03	41,764.03
(k) Annual maintenance contracts	14,843.84	13,817.65

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Year ended March 31, 2017	Year ended March 31, 2016
	₹ Lakhs	₹ Lakhs
(l) Impairment loss allowance / write off on trade receivable / advances (net)	2,694.70	4,333.08
	237,376.94	210,617.07
Less: Expenses capitalised	4,584.94	342.10
	232,792.00	210,274.97
Note :		
Selling and administration expenses include:		
- Directors' sitting fees	98.20	91.00
- Commission to Non Whole-time Directors	1,076.00	812.00
- CSR Expenditure (Refer Note 3.20)	833.54	369.05
2.10 EXCEPTIONAL ITEMS		
a) Profit / (loss) on sale of non-current investments		
- Ashok Leyland John Deere Construction Equipment Company Private Limited	-	(23,228.56)
b) Impairment reversal / (loss) in the value of investments		
- Ashok Leyland Vehicles Limited (formerly Ashok Leyland Nissan Vehicles Limited)	19,587.63	(19,587.63)
- Optare PLC	-	(14,989.44)
- Ashley Powertrain Limited (formerly Nissan Ashok Leyland Powertrain Limited)	7,404.67	(7,404.67)
- Ashok Leyland Technologies Limited (formerly Nissan Ashok Leyland Technologies Limited)	2,605.21	(2,605.21)
- Ashok Leyland (UK) Limited (under liquidation)	(68.03)	-
- Albonair (India) Private Limited	(705.32)	(528.70)
- Albonair GmbH	(11,394.67)	(10,678.14)
	17,429.49	(55,793.79)
c) Impairment loss allowance on loans (including interest)		
- Optare PLC	(24,414.08)	-
d) Provision for obligations		
- Optare PLC (Refer Note 3.23)	(28,100.00)	-
- Ashok Leyland John Deere Construction Equipment Company Private Limited (Also Refer Note 1.3)	-	(2,500.00)
	(28,100.00)	(2,500.00)
	(35,084.59)	(81,522.35)

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.1 Ind AS Reconciliations

3.1.1 Balance Sheet

Particulars	Refer Note 3.2	Previous GAAP	Transition Effect	Ind AS	Previous GAAP	Transition Effect	Ind AS
		As at March 31, 2016 ₹ Lakhs	As at March 31, 2016 ₹ Lakhs	As at March 31, 2016 ₹ Lakhs	As at April 1, 2015 ₹ Lakhs	As at April 1, 2015 ₹ Lakhs	As at April 1, 2015 ₹ Lakhs
ASSETS							
Non-current assets							
Property, plant and equipment	A, C, H	471,604.32	(26,234.00)	445,370.32	488,248.30	(26,842.29)	461,406.01
Capital work-in-progress	C	5,461.63	13.36	5,474.99	6,979.70	-	6,979.70
Intangible assets	C	33,763.30	65.01	33,828.31	37,306.99	-	37,306.99
Intangible assets under development	C	2,105.46	5.14	2,110.60	5,034.66	-	5,034.66
Financial Assets							
(i) Investments	B	197,427.32	616.41	198,043.73	229,679.33	39,995.07	269,674.40
(ii) Trade Receivables		19.36	-	19.36	23.46	-	23.46
(iii) Loans		9,762.06	-	9,762.06	-	-	-
(iv) Others		3,710.34	-	3,710.34	3,449.14	-	3,449.14
Advance tax assets (net)		7,436.42	-	7,436.42	2,037.60	-	2,037.60
Other non-current assets	A, H, I	78,201.41	(24,677.12)	53,524.29	89,090.32	(28,363.77)	60,726.55
		809,491.62	(50,211.20)	759,280.42	861,849.50	(15,210.99)	846,638.51
Current assets							
Inventories	H	173,059.40	(10,558.05)	162,501.35	139,852.72	(12,232.37)	127,620.35
Financial Assets							
(i) Trade Receivables		125,094.95	-	125,094.95	124,266.94	-	124,266.94
(ii) Cash and cash equivalents	J	153,773.20	2,500.00	156,273.20	70,538.51	2,086.47	72,624.98
(iii) Bank balances other than (ii) above		3,039.94	-	3,039.94	4,590.28	-	4,590.28
(iv) Loans		7,060.05	-	7,060.05	4,715.97	-	4,715.97
(v) Others	J	12,463.54	106.01	12,569.55	29,713.17	123.65	29,836.82
Other current assets	A, H	54,569.44	(3,013.52)	51,555.92	54,776.73	(3,085.04)	51,691.69
		529,060.52	(10,965.56)	518,094.96	428,454.32	(13,107.29)	415,347.03
Assets classified as held for sale		-	-	-	40,845.20	-	40,845.20
		529,060.52	(10,965.56)	518,094.96	469,299.52	(13,107.29)	456,192.23
TOTAL ASSETS		1,338,552.14	(61,176.76)	1,277,375.38	1,331,149.02	(28,318.28)	1,302,830.74
EQUITY AND LIABILITIES							
Equity							
Equity Share capital		28,458.80	-	28,458.80	28,458.80	-	28,458.80
Other Equity	A - G	522,955.03	(10,699.13)	512,255.90	483,410.58	6,609.06	490,019.64
		551,413.83	(10,699.13)	540,714.70	511,869.38	6,609.06	518,478.44
Liabilities							
Non-current liabilities							
Financial Liabilities							
(i) Borrowings	C	198,437.55	(16,333.11)	182,104.44	256,633.61	(29,603.63)	227,029.98
(ii) Other financial liabilities	C	516.65	16,888.44	17,405.09	120.15	31,362.28	31,482.43
Provisions	D	13,080.18	(799.53)	12,280.65	9,691.75	(375.34)	9,316.41
Deferred tax liabilities (Net)	E, I	53,555.31	(20,644.89)	32,910.42	51,026.69	(22,959.20)	28,067.49
Other non-current liabilities		2,942.13	-	2,942.13	451.81	-	451.81
		268,531.82	(20,889.09)	247,642.73	317,924.01	(21,575.89)	296,348.12

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.1 Ind AS Reconciliations (Continued)

Particulars	Refer Note 3.2	Previous GAAP	Transition Effect	Ind AS	Previous GAAP	Transition Effect	Ind AS
		As at March 31, 2016 ₹ Lakhs	As at March 31, 2016 ₹ Lakhs	As at March 31, 2016 ₹ Lakhs	As at April 1, 2015 ₹ Lakhs	As at April 1, 2015 ₹ Lakhs	As at April 1, 2015 ₹ Lakhs
Current liabilities							
Financial Liabilities							
(i) Borrowings	J	-	2,500.00	2,500.00	2,500.00	-	2,500.00
(ii) Trade Payables		256,268.81	-	256,268.81	282,831.87	-	282,831.87
(iii) Other financial liabilities	C, J	148,626.36	614.25	149,240.61	137,769.20	2,217.74	139,986.94
Other current liabilities		62,103.39	-	62,103.39	52,649.96	-	52,649.96
Provisions	D, G	51,607.93	(32,702.79)	18,905.14	25,604.60	(15,569.19)	10,035.41
		518,606.49	(29,588.54)	489,017.95	501,355.63	(13,351.45)	488,004.18
TOTAL EQUITY AND LIABILITIES		1,338,552.14	(61,176.76)	1,277,375.38	1,331,149.02	(28,318.28)	1,302,830.74

3.1.2 Statement of Profit and Loss

Particulars	Refer Note 3.2	Previous GAAP	Transition Effect	Ind AS
		Year ended March 31, 2016 ₹ Lakhs	Year ended March 31, 2016 ₹ Lakhs	Year ended March 31, 2016 ₹ Lakhs
Income				
Revenue from operations	K	1,882,158.21	117,139.21	1,999,297.42
Other income	B,K	10,986.92	775.10	11,762.02
Total Income		1,893,145.13	117,914.31	2,011,059.44
Expenses				
Cost of materials consumed	H,K	1,215,975.54	(6,709.91)	1,209,265.63
Purchases of stock-in-trade		153,122.55	-	153,122.55
Changes in inventories of finished goods, stock-in-trade and work-in-progress		(42,902.14)	-	(42,902.14)
Excise duty on sale of goods	K	-	105,567.02	105,567.02
Employee benefits expense	L	139,874.67	(1,368.39)	138,506.28
Finance costs	C	27,354.46	(2,590.59)	24,763.87
Depreciation and amortisation expense	A, C, H	44,366.68	4,423.36	48,790.04
Other expenses	D, K	199,490.37	10,784.60	210,274.97
Total Expenses		1,737,282.13	110,106.09	1,847,388.22
Profit before exchange gain on swap contracts, exceptional items and tax		155,863.00	7808.22	163,671.22
Exchange gain on swap contracts	C	-	504.80	504.80
Profit before exceptional items and tax		155,863.00	8,313.02	164,176.02
Exceptional items	B	(38,942.82)	(42,579.53)	(81,522.35)
Profit before tax		116,920.18	(34,266.51)	82,653.67
Tax expense:				
Current tax		42,203.60	-	42,203.60
Deferred tax	E	2,539.00	(1,048.78)	1,490.22
Tax expense		44,742.60	(1,048.78)	43,693.82
Profit for the year		72,177.58	(33,217.73)	38,959.85
Other Comprehensive Income				
A (i) Items that will not be reclassified to Profit or Loss				
- Remeasurement of Defined Benefit Plans	L, M	-	(1,368.38)	(1,368.38)

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.1 Ind AS Reconciliations (Continued)

Particulars	Refer Note 3.2	Previous GAAP	Transition Effect	Ind AS
		Year ended March 31, 2016	Year ended March 31, 2016	Year ended March 31, 2016
		₹ Lakhs	₹ Lakhs	₹ Lakhs
(ii) Income tax relating to items that will not be reclassified to Profit or Loss	E	-	473.57	473.57
B				
(i) Items that will be reclassified to Profit or Loss				
- Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge	M	-	929.86	929.86
(ii) Income tax relating to items that will be reclassified to Profit or Loss	E	-	(321.81)	(321.81)
Total Other Comprehensive Income		-	(286.76)	(286.76)
Total Comprehensive Income for the year		72,177.58	(33,504.49)	38,673.09

3.1.3 Reconciliation of Net Profit and Equity as reported under previous GAAP and Ind AS is as under:

Particulars	Refer Note 3.2	₹ Lakhs		
		Net Profit Reconciliation	Equity Reconciliation	
		Year ended March 31, 2016	As at March 31, 2016	As at April 1, 2015
Net Profit / Equity as per previous Indian GAAP		72,177.58	551,413.83	511,869.38
Adjustment for proposed dividend (including tax thereon)	G	-	32,539.69	15,413.53
Impact on remeasurement of leasehold land	A	-	(25,741.59)	(26,097.51)
Fair valuation of investments	B	(39,378.65)	616.42	39,995.08
Measurement of financial liabilities at amortised cost and impact of related derivative contracts	C	3,105.03	(214.79)	(3,310.18)
Others	A, D, L	2,007.11	823.41	530.93
Deferred Taxes	E	1,048.78	(18,722.27)	(19,922.79)
Net Profit for the period as per Ind AS		38,959.85		
Other Comprehensive Income (net of tax)	M	(286.76)		
Total Comprehensive Income / Equity as per Ind AS		38,673.09	540,714.70	518,478.44

3.1.4 Statement of cash flows:

Particulars	Refer Note 3.2	Previous GAAP	Transition Effect	Ind AS
		Year ended March 31, 2016	Year ended March 31, 2016	Year ended March 31, 2016
₹ Lakhs				
Net cash flow from operating activities	C, H, J	167,561.23	736.51	168,297.74
Net cash flow from investing activities	C, H	38,758.64	(2,574.51)	36,184.13
Net cash flow (used in) financing activities	C, J	(123,318.74)	2,251.53	(121,067.21)
Net cash inflow		83,001.13	413.53	83,414.66
Opening cash and cash equivalents	J	70,538.51	2,086.47	72,624.98
Exchange fluctuation on foreign currency bank balances		233.56	-	233.56
Closing cash and cash equivalents	J	153,773.20	2,500.00	156,273.20

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.2 Notes to the reconciliations:

- A Under previous GAAP, prepayments under operating lease for land were included in Property, Plant and Equipment (PPE). Under Ind AS, the same are specifically covered by Ind AS 17 on 'leases' and hence reflected under other non-current/ current assets. The related foreign exchange differences and depreciation thereof and revaluation reserve has been de-recognised. The effect of these are reflected in total equity and profit or loss.
- B Under previous GAAP, long term investments were measured at cost less diminution in value which is other than temporary. Under Ind AS, non-current investments (other than investments in equity instruments of subsidiaries, associates and joint ventures) are measured at fair value through profit or loss. Consequently, the differences, as at the transition date and as at the end of year 2015-16, respectively between carrying value as per previous GAAP and fair value, are reflected in total equity and profit or loss.
- C Under previous GAAP, certain long term borrowings (for aquisition of property, plant and equipment) with associated derivative contracts (currency and interest rate swaps) were considered as intergral and were accordingly accounted. Under Ind AS, borrowings and the associated derivative contracts are reckoned as seperate financial liabilities and are measured at amortised cost (using effective interest method) and at fair value respectively. The effect of these (carrying values, finance costs, capitalised exchange differences and depreciation thereon) is reflected in total equity and profit or loss. Further, the effect, in case of all other borrowings measured at amortised cost, is reflected similarly in total equity and profit or loss.
- D Under previous GAAP, discounting of provisions was not permitted and provisions were measured at best estimate of the expenditure required to settle the obligation at the balance sheet date without considering the effect of discounting. Under Ind AS, provisions are measured at discounted amounts. The effect of these are reflected in total equity and profit or loss.
- E Under Ind AS, deferred taxes are recognised relating to Ind AS adjustments including deferred taxes measured using balance sheet approach. The effect of these are reflected in total equity and profit or loss.
- F Under previous GAAP, the fixed assets of the Company were revalued and a revaluation reserve was created. Under Ind AS, the Company has adopted previous GAAP carrying value as deemed cost for PPE as on transition date and accordingly revaluation reserve has been transferred to retained earnings.
- G Under previous GAAP, proposed dividends were recognised as a provision in the financial statements, even if declared after the balance sheet date. Under Ind AS, dividends are recognised when declared. This resulted in a timing difference and has been reflected in total equity of the relevant financial years.
- H Under previous GAAP, patterns and dies were classified under inventories and related charge was included in cost of materials consumed. Under Ind AS, patterns and dies are classified as part of PPE and related amortisation included in depreciation/ amortisation charge for the year. Related supplier advances have been re-classified to capital advances.
- I Under previous GAAP, mimimum alternate tax entitlements were classified under other non-current assets. Under Ind AS, it is classified as unused tax credits under deferred tax.
- J Under previous GAAP, short term borrowings and book overdraft forming part of a single bank consortium agreement were reflected as net in cash and cash equivalents. Under Ind AS, they have not been so reflected in view of the offsetting criteria not being met, and therefore have been reflected separately in borrowings and other current financial liabilities respectively. On similar principles, derivative assets have been disclosed under other current financial assets and derivative liabilities under other current financial liabilities.
- K Under previous GAAP, cash discount paid, cash discount received and outward freight recoveries were recorded under other expenses, other income and packing and forwarding charges respectively. Under Ind AS, they are reflected, as adjustments, in revenue for sale of products, cost of materials consumed and other operating income respectively. Further, under Ind AS, excise duty, under previous GAAP, was adjusted in revenue from sale of products whereas under Ind AS, it is considered as a production cost and hence disclosed seperately as an expense in the statement of profit and loss.
- L Under previous GAAP, actuarial gains and losses on employees defined benefit obligations were recognised in profit or loss. Under Ind AS, the actuarial gains and losses on re-measurement of net defined benefit obligations are recognised in other comprehensive income. This resulted in a reclassification between profit or loss and other comprehensive income.
- M Under previous GAAP, there was no separate record in the financial statements for Other Comprehensive Income (OCI). Under Ind AS, specified items of income, expense, gains and losses are presented under OCI.

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.3 Income taxes relating to continuing operations

	Year ended March 31, 2017	Year ended March 31, 2016
	₹ Lakhs	₹ Lakhs
3.3.1 Income tax recognised in profit or loss		
Current tax		
In respect of the current year	31,371.90	42,203.60
	31,371.90	42,203.60
Deferred tax		
In respect of the current year	(20,671.00)	1,490.22
	(20,671.00)	1,490.22
Total income tax expense recognised in profit or loss	10,700.90	43,693.82
3.3.2 Income tax expense for the year reconciled to the accounting profit:		
Profit before tax	133,008.62	82,653.67
Income tax rate	34.608%	34.608%
Income tax expense	46,031.62	28,604.78
Effect of income that is exempt from taxation	(0.31)	(70.69)
Effect of tax losses and tax offsets recognised upon amalgamation	(34,851.40)	-
Effect of previously unrecognised and unused tax losses and deductible temporary differences now recognised as deferred tax assets	(857.76)	(136.63)
Effect of different tax rates of subsidiaries / branches operating in overseas jurisdictions	44.90	363.60
Effect of concessions and other allowances	(21,748.28)	(15,529.69)
Effect of exceptional items, disallowances and reversals –net	22,082.12	30,462.45
Income tax expense recognised in profit or loss	10,700.90	43,693.82
3.3.3 Income tax recognised in other comprehensive income		
Deferred tax		
Arising on income and expenses recognised in other comprehensive income:		
Fair value remeasurement of hedging instruments entered into for cash flow hedges	(921.90)	(407.20)
Remeasurement of defined benefit obligation	63.92	473.57
	(857.98)	66.37
Arising on income and expenses reclassified from equity to profit or loss:		
Relating to cash flow hedges	407.20	85.39
	407.20	85.39
Total income tax recognised in other comprehensive income	(450.78)	151.76

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.3 Income taxes relating to continuing operations (Continued)

3.3.4 Analysis of deferred tax assets / liabilities:

	₹ Lakhs					
March 31, 2017	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in other equity	Utilisation of unused tax credits	Closing balance
Deferred tax (liabilities)/assets in relation to:						
PPE and intangible assets	(69,573.83)	(1,776.95)	-	-	-	(71,350.78)
Voluntary retirement scheme compensation	663.52	1,662.34	-	-	-	2,325.86
Expenditure allowed upon payments	2,357.85	1,305.84	63.92	-	-	3,727.61
Unused tax credit (MAT credit entitlement)	39,367.11	15,994.08	-	-	-	55,361.19
Cash flow hedges	(407.20)	-	(514.70)	-	-	(921.90)
Other temporary differences	(5,317.87)	3,485.69	-	-	-	(1,832.19)
	(32,910.42)	20,671.00	(450.78)	-	-	(12,690.21)

Deferred taxes were not recognised in the books of amalgamating company in the business combination referred to in Note 3.21.

	₹ Lakhs					
March 31, 2016	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in other equity	Utilisation of unused tax credits	Closing balance
Deferred tax (liabilities)/assets in relation to:						
PPE and intangible assets	(72,127.21)	2,543.02	-	10.36	-	(69,573.83)
Voluntary retirement scheme compensation	987.10	(323.58)	-	-	-	663.52
Unused tax losses (including unabsorbed depreciation)	4,676.68	(4,676.68)	-	-	-	-
Expenditure allowed upon payments	2,335.65	(451.37)	473.57	-	-	2,357.85
Unused tax credit (MAT credit entitlement)	42,881.94	-	-	-	(3,514.83)	39,367.11
Cash flow hedges	(85.39)	-	(321.81)	-	-	(407.20)
Other temporary differences	(6,736.26)	1,418.39	-	-	-	(5,317.87)
	(28,067.49)	(1,490.22)	151.76	10.36	(3,514.83)	(32,910.42)

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, unused tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses and unused tax credits could be utilised.

3.3.5 Unrecognised deductible temporary differences, unused tax losses and unused tax credits

	₹ Lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
- Unused tax losses (capital)	35,602.70	35,623.86	7,606.73

Note: These will expire in various years upto 2024-25.

3.4 Retirement benefit plans

3.4.1 Defined contribution plans

Eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions are made to the provident fund and pension fund set up as irrevocable trusts by the Company. The interest rates declared and credited by trusts to the members have been higher than the statutory rate of interest declared by the Central Government and there have been no shortfalls on this account. The Company also has a superannuation plan.

The total expense recognised in profit or loss of ₹7,669.25 lakhs (2015-2016: ₹7,053.20 lakhs) represents contribution payable to these plans by the Company at rates specified in the rules of the plan.

3.4.2 Defined benefit plans

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death, while in employment or on termination of employment of an amount equivalent to 26 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation. The Company makes annual contributions to a funded gratuity scheme administered by the Life Insurance Corporation of India.

Company's liability towards gratuity (funded), other retirement benefits and compensated absences are actuarially determined at each reporting date using the projected unit credit method.

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.4 Retirement benefit plans (Continued)

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit.
Interest rate risk	A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

3.4.3 The principal assumptions used for the purposes of the actuarial valuations were as follows:

	As at March 31, 2017	As at March 31, 2016
Gratuity		
Discount rate	7.50%	7.90%
Expected rate of salary increase	3.25%	3.25%
Average Longevity at retirement age - past service	16.50	17.10
Average Longevity at retirement age - future service	11.50	11.30
Compensated Absences		
Discount rate	7.50%	7.90%
Expected rate of salary increase	3.25%	3.25%
Other defined benefit plans		
Discount rate	7.50%	7.90%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

3.4.4 Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:

	Year ended March 31, 2017	Year ended March 31, 2016
	₹Lakhs	₹Lakhs
Gratuity		
Current service cost	1,183.89	1,091.76
Net interest expense / (income)	90.88	(4.11)
Components of defined benefit costs recognised in profit or loss	1,274.77	1,087.65
<u>Remeasurement on the net defined benefit liability comprising:</u>		
Actuarial (gain)/loss arising from changes in financial assumptions	519.09	(129.28)
Actuarial (gain)/loss arising from experience adjustments	(236.94)	966.88
Actuarial gain/(loss) on plan assets	(97.45)	530.78
Components of defined benefit costs recognised in other comprehensive income	184.70	1,368.38
Total	1,459.47	2,456.03
Compensated Absences and other defined benefit plans		
Current service cost	1,181.64	730.18
Net interest expense	543.50	539.28

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.4 Retirement benefit plans (Continued)

	Year ended March 31, 2017	Year ended March 31, 2016
	₹ Lakhs	₹ Lakhs
Actuarial (gain)/loss arising from changes in financial assumptions	204.77	(48.53)
Actuarial (gain)/loss arising from experience adjustments	89.04	(182.32)
Components of defined benefit costs recognised in profit or loss	2,018.95	1,038.61

The current service cost and the net interest expense for the year are included in "contribution to provident, gratuity and other funds" under employee benefits expense in profit or loss (Refer Note 2.6)

3.4.5 The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs
Gratuity			
Present value of defined benefit obligation	24,586.95	21,884.14	21,434.47
Fair value of plan assets	21,941.86	20,504.52	20,463.23
Net liability arising from defined benefit obligation (funded)	2,645.08	1,379.62	971.24
Compensated Absences and other defined benefit plans			
Present value of defined benefit obligation	8,390.99	7,434.73	7,431.51
Fair value of plan assets	-	-	-
Net liability arising from defined benefit obligation (unfunded)	8,390.99	7,434.73	7,431.51

Gratuity is reflected in "Contribution to gratuity fund" under current financial liabilities and compensated absences is reflected in "Post retirement benefits" under provisions. [Refer Notes 1.21, 1.26 and 1.28]

3.4.6 Movements in the present value of the defined benefit obligation in the current year were as follows:

	Year ended March 31, 2017	Year ended March 31, 2016
	₹ Lakhs	₹ Lakhs
Gratuity		
Opening defined benefit obligation	21,884.14	21,434.47
Pursuant to business combination	3,090.72	-
Current service cost	1,183.89	1,091.76
Interest cost	1,698.91	1,553.58
Actuarial (gain)/loss arising from changes in financial assumptions	519.09	(129.28)
Actuarial (gain)/loss arising from experience adjustments	(236.94)	966.88
Benefits paid	(3,552.86)	(3,033.27)
Closing defined benefit obligation	24,586.95	21,884.14
Compensated Absences and other defined benefit plans		
Opening defined benefit obligation	7,434.73	7,431.51
Pursuant to business combination	224.10	-
Current service cost	1,181.64	730.18
Interest cost	543.50	539.28
Actuarial (gain)/loss arising from changes in financial assumptions	204.77	(48.53)
Actuarial (gain)/loss arising from experience adjustments	89.04	(182.32)
Benefits paid	(1,286.79)	(1,035.39)
Closing defined benefit obligation	8,390.99	7,434.73

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.4 Retirement benefit plans (Continued)

	Year ended March 31, 2017	Year ended March 31, 2016
3.4.7 Movements in the fair value of the plan assets in the current year were as follows:		
Gratuity		
Opening fair value of plan assets	20,504.52	20,463.23
Pursuant to business combination	881.70	-
Expected return on plan assets	1,608.03	1,557.69
Actuarial gain/(loss) on plan assets	97.45	(530.78)
Contributions	2,403.03	2,047.65
Benefits paid	(3,552.86)	(3,033.27)
Closing fair value of plan assets	21,941.87	20,504.52

3.4.8 The Company funds the cost of the gratuity expected to be earned on a yearly basis to Life Insurance Corporation of India, which manages the plan assets.

The actual return on plan assets was ₹1,705.48 lakhs (2015-16: ₹1,026.91 lakhs).

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase.

The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period.

	As at March 31, 2017	As at March 31, 2016
	₹ Lakhs	₹ Lakhs
Gratuity		
If the discount rate is 50 basis points higher/lower, the defined benefit obligation would:		
decrease by	753.66	625.21
increase by	797.08	661.24
If the expected salary increases/decreases by 50 basis points, the defined benefit obligation would:		
increase by	839.06	704.91
decrease by	798.34	671.27
Compensated Absences		
If the discount rate is 50 basis points higher/lower, the defined benefit obligation would:		
decrease by	262.25	233.58
increase by	279.69	249.07
If the expected salary increases/decreases by 50 basis points, the defined benefit obligation would:		
increase by	289.82	259.37
decrease by	273.62	244.90

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of each reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from previous year.

The Company expects to make a contribution of ₹1,864.25 lakhs (as at March 31, 2016: ₹2,403.03 lakhs) to the defined benefit plans (gratuity - funded) during the next financial year.

The average duration of the benefit obligation (gratuity) as at March 31, 2017 is 6.7 years (as at March 31, 2016: 6.5 years).

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Year ended March 31, 2017	Year ended March 31, 2016
	₹	₹
3.5 Earnings per share		
Basic earnings per share	4.24	1.37
Diluted earnings per share	4.24	1.37
Face value per share	1.00	1.00
3.5.1 Basic and diluted earnings per share	₹ Lakhs	₹ Lakhs
Profit for the year attributable to equity shareholders	122,307.72	38,959.85
	Nos.	Nos.
Weighted average number of equity shares used in the calculation of basic earnings per share	2,886,095,289	2,845,876,634
Weighted average number of equity shares after adjustment for effect of dilution *	2,886,095,289	2,845,876,634

* impact of 1,421,725 shares to be issued under employees stock option is anti-dilutive and hence these shares have been excluded.

3.6 Financial Instruments

3.6.1 Capital management

The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual master planning and budgeting and five year's corporate plan for working capital, capital outlay and long-term product and strategic involvements. The funding requirements are met through equity, internal accruals and a combination of both long-term and short-term borrowings.

The Company monitors the capital structure on the basis of total debt to equity and maturity profile of the overall debt portfolio of the Company.

	March 31, 2017	March 31, 2016	April 1, 2015
Debt (long-term and short-term borrowings including current maturities)	214,485.25	241,498.39	302,312.68
Equity	612,606.76	540,714.70	518,478.44
Debt equity ratio	0.35	0.45	0.58

3.6.2 Financial risk management

In course of its business, the Company is exposed to certain financial risks that could have significant influence on the Company's business and operational / financial performance. These include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Board of Directors reviews and approves risk management framework and policies for managing these risks and monitors suitable mitigating actions taken by the management to minimise potential adverse effects and achieve greater predictability to earnings.

In line with the overall risk management framework and policies, the treasury function provides services to the business, monitors and manages through an analysis of the exposures by degree and magnitude of risks.

The Company uses derivative financial instruments to hedge risk exposures in accordance with the Company's policies as approved by the board of directors.

(A) Market risk

Market risk is the risk that changes in market prices, liquidity and other factors that could have an adverse effect on realizable fair values or future cash flows to the Company. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates as future specific market changes cannot be normally predicted with reasonable accuracy.

(1) Foreign currency risk management:

The Company undertakes transactions denominated in foreign currencies and thus it is exposed to exchange rate fluctuations. The Company actively manages its currency rate exposures, arising from transactions entered and denominated in foreign currencies, through a centralised treasury division and uses derivative instruments such as foreign currency forward contracts to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by Management.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.6 Financial Instruments (Continued)

As on March 31, 2017 (all amounts are in equivalent ₹ in lakhs):

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD	95,398.49	1,368.95	94,029.54	21,267.72	1,895.71	19,372.01	(74,657.53)
EUR	667.96	196.77	471.19	1,448.93	-	1,448.93	977.74
GBP	219.57	-	219.57	24,414.08	-	24,414.08	24,194.51
JPY	36,537.04	2,340.98	34,196.06	322.93	-	322.93	(33,873.13)
Others	398.64	-	398.64	198.27	-	198.27	(200.37)

As on March 31, 2016 (all amounts are in equivalent ₹ in lakhs):

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD	97,415.13	2,721.07	94,694.06	38,720.32	21,676.55	17,043.77	(77,650.29)
EUR	1,006.40	-	1,006.40	618.16	-	618.16	(388.24)
GBP	190.93	-	190.93	16,446.08	-	16,446.08	16,255.15
JPY	61,463.64	2,471.16	58,992.48	340.67	-	340.67	(58,651.81)
Others	728.89	-	728.89	363.83	-	363.83	(365.06)

As on April 1, 2015 (all amounts are in equivalent ₹ in lakhs):

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD	115,964.67	2,833.98	113,130.69	35,918.16	22,352.34	13,565.82	(99,564.87)
EUR	482.38	-	482.38	297.57	-	297.57	(184.81)
GBP	917.40	-	917.40	5,634.70	-	5,634.70	4,717.30
JPY	59,706.53	-	59,706.53	15.64	-	15.64	(59,690.89)
Others	1,134.12	-	1,134.12	485.90	-	485.90	(648.22)

Note - Some of the derivatives reported under this column are not designated in hedging relationships but have been taken to economically hedge the foreign currency exposure.

Foreign currency sensitivity analysis:

Movement in the functional currencies of the various operations of the Company against major foreign currencies may impact the Company's revenues from its operations. Any weakening of the functional currency may impact the Company's cost of imports and cost of borrowings and consequently may increase the cost of financing the Company's capital expenditures.

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a parallel foreign exchange rates shift in the foreign exchange rates of each currency by 2%, which represents Management's assessment of the reasonably possible change in foreign exchange rates.

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.6 Financial Instruments (Continued)

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financials instruments and the impact on the other components of equity arises from foreign currency forward contracts designated as cash flow hedges. The following table details the Company's sensitivity movement in the foreign currencies:

₹Lakhs			
USD impact			
	March 31, 2017	March 31, 2016	April 1, 2015
Profit or loss	1,493.15	1,553.01	1,991.30
Equity	2,847.99	3,034.31	3,235.04

₹Lakhs			
EUR impact			
	March 31, 2017	March 31, 2016	April 1, 2015
Profit or loss	19.56	7.76	3.70
Equity	22.93	19.40	3.54

₹Lakhs			
GBP impact			
	March 31, 2017	March 31, 2016	April 1, 2015
Profit or loss	483.89	325.10	94.35
Equity	484.11	327.01	114.54

₹Lakhs			
JPY impact			
	March 31, 2017	March 31, 2016	April 1, 2015
Profit or loss	677.47	1,173.04	1,193.82
Equity	677.25	1,173.04	1,193.82

₹Lakhs			
Impact of other currencies			
	March 31, 2017	March 31, 2016	April 1, 2015
Profit or loss	4.01	7.30	12.96
Equity	4.01	7.30	12.96

In Management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

The following table details the forward foreign currency contracts outstanding at the end of the reporting period:

	Foreign currency (in lakhs)			Equivalent value in ₹ (lakhs)			Fair value of contracts assets (liabilities) (in ₹ lakhs)		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Cash flow hedges:									
Buy USD	59.50	68.25	-	3,858.58	4,521.90	-	(136.00)	(45.82)	-
Sell USD	1,104.10	1,186.13	994.99	71,600.89	78,587.04	62,186.88	2,732.23	1,198.35	325.53
Sell USD - Buy EUR	2.43	18.01	5.39	168.38	1,357.86	362.15	1.11	27.36	(53.61)
Sell USD - Buy GBP	0.14	1.00	10.92	11.33	95.47	1,009.77	0.02	(3.30)	(25.17)
Sell USD - Buy JPY	0.17	-	-	0.10	-	-	0.01	-	-
Fair value hedges:									
Buy USD	74.14	95.06	45.34	4,807.98	6,298.20	2,833.98	(200.21)	(54.43)	(2.57)
Sell USD	29.23	327.17	357.64	1,895.71	21,676.55	22,352.34	105.58	381.48	228.54
Sell USD - Buy EUR	2.84	-	-	196.77	-	-	1.56	-	-

Note:

Included in the balance sheet under 'other financial assets' and 'other financial liabilities'. [Refer Notes 1.14 and 1.26]

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.6 Financial Instruments (Continued)

(2) Interest rate risk management:

The Company is exposed to interest rate risk pertaining to funds borrowed at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies. Further, in appropriate cases, the Company also effects changes in the borrowing arrangements to convert floating interest rates to fixed interest rates.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming that the amount of the liability as at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/ lower, the Company's profit for the year ended March 31, 2017 would decrease/ increase by ₹242.74 lakhs (2015-16: decrease/ increase by ₹376.77 lakhs). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

(3) Foreign currency and interest rate sensitivity analysis for swap contracts:

The Company has taken cross currency and interest rate swap (CCIRS) contracts for hedging its foreign currency and interest rate risks related to certain external commercial borrowings. This CCIRS contracts are composite contracts for both the foreign currency and interest rate risks and thus the mark-to-market value is determined for both the risks together. The mark-to-market loss as at March 31, 2017 is ₹15,661.03 lakhs (March 31, 2016: ₹28,205.64 lakhs and April 1, 2015: ₹34,736.15 lakhs). If the foreign currency and interest rate movement each is 2% higher/ lower, the Company's profit for the year ended March 31, 2017 would approximately decrease/ increase by ₹1,523.25 lakhs (2015-16: decrease/ increase by ₹2,582.87 lakhs).

(4) Equity price risk:

Equity price risk is related to the change in market reference price of the investments in quoted equity securities. The fair value of some of the Company's investments exposes the Company to equity price risks. In general, these securities are not held for trading purposes.

Equity price sensitivity analysis

The fair value of equity instruments as at March 31, 2017, March 31, 2016 and April 1, 2015 was ₹Nil, ₹2,205.56 lakhs and ₹46,656.33 lakhs respectively. A 5% change in prices of equity instruments held as at March 31, 2017, March 31, 2016 and April 1, 2015 would result in an increase/ decrease of ₹Nil, ₹110.28 lakhs and ₹2,332.82 lakhs in fair value of equity instruments respectively.

(B) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee cover is taken. The Company operates predominantly on cash and carry basis excepting sale to State Transport Undertaking (STU), Government project customers based on tender terms and certain export customers which are on credit basis. The average credit period is in the range of 7 days to 90 days. However, in select cases, credit is extended which is backed by Security deposit/ Bank guarantee/ Letter of credit and other forms. The Company's trade and other receivables consists of a large number of customers, across geographies, hence the Company is not exposed to concentration risk.

The Company makes an allowance for doubtful debts using expected credit loss model and on a case to case basis.

Movement in expected credit loss allowance

	Year ended March 31, 2017	Year ended March 31, 2016
	₹ Lakhs	₹ Lakhs
Balance at the beginning of the year	848.36	573.16
Pursuant to business Combination	1237.39	-
Incremental expected credit loss allowance	2751.57	275.20
Balance at the end of the year	4,837.32	848.36

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings.

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.6 Financial Instruments (Continued)

(C) Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company has obtained fund and non-fund based working capital limits from various banks. Furthermore, the Company has access to funds from debt markets through commercial paper programs, non-convertible debentures, and other debt instruments. The Company invests its surplus funds in bank fixed deposit and mutual funds, which carry minimal mark to market risks.

The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

The table below summarises the maturity profile remaining contractual maturity period at the balance sheet date for its non-derivative financial liabilities based on the undiscounted cash flows.

	₹ Lakhs			
	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
March 31, 2017				
Trade payables	305,218.23	-	-	305,218.23
Other financial liabilities	93,143.00	-	-	93,143.00
Borrowings	99,853.06	107,990.93	6,641.26	214,485.25
	498,214.29	107,990.93	6,641.26	612,846.48
March 31, 2016				
Trade payables	256,268.81	-	-	256,268.81
Other financial liabilities	80,923.44	516.65	-	81,440.09
Borrowings	59,393.95	175,463.18	6,641.26	241,498.39
	396,586.20	175,979.83	6,641.26	579,207.29
April 1, 2015				
Trade payables	282,831.87	-	-	282,831.87
Other financial liabilities	63,706.62	120.15	-	63,826.77
Borrowings	75,282.70	202,082.54	24,947.44	302,312.68
	421,821.19	202,202.69	24,947.44	648,971.32

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.6 Financial Instruments (Continued)

The table below summarises the maturity profile for its derivative financial liabilities based on the undiscounted contractual net cash inflows and outflows on derivative liabilities that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

₹ Lakhs

	Due in 1st year	Due in 2nd to 5th year	Carrying amount
March 31, 2017			
Currency and interest rate swaps	10,939.35	4,721.68	15,661.03
Foreign exchange forward contracts	336.21	-	336.21
	11,275.56	4,721.68	15,997.24
March 31, 2016			
Currency and interest rate swaps	11,317.20	16,888.44	28,205.64
Foreign exchange forward contracts	106.01	-	106.01
	11,423.21	16,888.44	28,311.65
April 1, 2015			
Currency and interest rate swaps	3,373.86	31,362.28	34,736.14
Foreign exchange forward contracts	123.66	-	123.66
	3,497.52	31,362.28	34,859.80

3.6.3 Categories of Financial assets and liabilities:

₹ Lakhs

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Financial assets			
a. <u>Measured at amortised cost:</u>			
Investments	-	0.50	201.06
Cash and cash equivalents	86,861.11	156,273.20	72,624.98
Other bank balances	4,336.37	3,039.94	4,590.28
Trade Receivables	86,008.11	125,114.31	124,290.40
Loans	346.46*	16,822.11	4,715.97
Others	18,553.47	14,670.24	32,689.59
* net of allowance			
b. <u>Mandatorily measured at fair value through profit or loss (FVTPL):</u>			
Investments	111,138.97	57,554.44	100,237.60
Derivatives designated in hedge accounting relationships	2,840.51	1,609.65	596.37
Financial liabilities			
a. <u>Measured at amortised cost:</u>			
Borrowings	214,485.25	241,498.39	302,312.68
Trade Payables	305,218.23	256,268.81	282,831.87
Other financial liabilities	93,143.00	81,440.09	63,826.77
b. <u>Mandatorily measured at fair value through profit or loss (FVTPL):</u>			
Derivatives designated in hedge accounting relationships	336.21	106.01	123.66
Derivatives not designated in hedge accounting relationships	15,661.03	28,205.64	34,736.14

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.6 Financial Instruments (Continued)

3.6.4 Fair value measurements:

- (A) Financial assets and liabilities that are not measured at fair values but in respect of which fair values are as follows:
Except for the following, the Management considers that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values:

₹ Lakhs

	March 31, 2017		March 31, 2016		April 1, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities						
(i) Financial liabilities held at amortised cost:						
- Debentures	39,968.91	42,431.86	60,898.74	65,098.22	107,310.22	114,710.69
(ii) Fair value hierarchy		Level 2		Level 2		Level 2

(determined in accordance with generally accepted pricing models with the most significant inputs being the market interest rates)

(B) Financial assets and financial liabilities that are measured at fair value on a recurring basis as at the end of each reporting period:

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values for material financial assets and material financial liabilities have been determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial liabilities	Fair value as at			Fair value hierarchy	Valuation technique(s) and key input(s)
	March 31, 2017	March 31, 2016	April 1, 2015		
Derivative instruments, i.e. forward foreign currency contracts, currency and interest rate swaps	Assets – ₹2,840.51 lakhs; and Liabilities- ₹15,997.24 lakhs	Assets – ₹1,609.65 lakhs; and Liabilities- ₹28,311.65 lakhs	Assets – ₹596.37 lakhs; and Liabilities – ₹34,859.80 lakhs	Level 2	Discounted future cash flows which are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of the Company/ various counterparties. Further, in case of swap contracts, the future estimated cash flows also consider forward interest rates (from observable yield curves at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of the Company/ various counterparties.
Investments in quoted equity shares	Equity shares of Hinduja Foundries Limited - ₹Nil (consequent to merger - Refer Note 3.21)	Equity shares of Hinduja Foundries Limited - ₹2,205.56 lakhs	Equity shares of Indusind Bank Limited - ₹44,866.36 lakhs Equity instruments in Hinduja Foundries Limited - ₹1,740.67 lakhs	Level 1	Quoted bid prices in an active market.
Investments in mutual funds	₹87,717.23 lakhs	₹Nil	₹Nil	Level 1	Net assets value in an active market.

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.6 Financial Instruments (Continued)

Financial assets	Fair value as at (₹Lakhs)			Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	March 31, 2017	March 31, 2016	April 1, 2015				
Investments in unquoted preference shares	Preference shares of: Hinduja Foundries Limited - ₹Nil (consequent to merger - Refer Note 3.21) Hinduja Tech Limited - ₹2,251.25 lakhs Others - ₹838.52 lakhs	Preference shares of: Hinduja Foundries Limited - ₹32,766.69 lakhs Hinduja Tech Limited - ₹2,254.43 lakhs Others - ₹438.02 lakhs	Preference shares of: Hinduja Foundries Limited - ₹32,124.35 lakhs Hinduja Tech Limited - ₹2,035.45 lakhs Others - ₹171.58 lakhs	Level 3	Income approach – in this approach, the discounted cash flow method used to capture the present value of the expected future economic benefits to be derived from the ownership of these preference shares	The significant inputs were: a) the estimated cash flows from the dividends on these preference shares and the redemption proceeds on maturity; and b) the discount rate to compute the present value of the future expected cash flows	A slight decrease in the estimated cash inflows in isolation would result in a significant decrease in the fair value. (Note 2)
Investments in unquoted equity shares	Equity shares of: Hinduja (Energy) Limited - ₹19,310.24 lakhs Others - ₹512.18 lakhs	Equity shares of: Hinduja (Energy) Limited - ₹19,310.24 lakhs Others - ₹579.51 lakhs	Equity shares of: Hinduja (Energy) Limited - ₹18,711.00 lakhs Others - ₹538.90 lakhs	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these equity instruments	The significant inputs were: a) the estimated cash flows; and b) the discount rate to compute the present value of the future expected cash flows	A slight decrease in the estimated cash inflows in isolation would result in a significant decrease in the fair value. (Note 3)

Notes:

- There were no transfers between Level 1, 2 and 3 during the year.
- A 5% increase/ decrease in the WACC or discount rate used would decrease/ increase the fair value of the unquoted preference shares by ₹56.68 lakhs / ₹60.83 lakhs (as at March 31, 2016: ₹1,137.28 lakhs/ ₹1,166.69 lakhs, as at April 1, 2015: ₹2,527.78 lakhs / ₹2,863.69 lakhs).
- A 50 basis points increase/ decrease in the WACC or discount rate used would decrease/ increase the fair value of the unquoted equity instruments by ₹3,051.24 lakhs (as at March 31, 2016: ₹3,051.24 lakhs, as at April 1, 2015: ₹2,956.55 lakhs).
A 5% increase/ decrease in the cash flows would increase/ decrease the fair value of the unquoted equity instruments by ₹9,074.22 lakhs (as at March 31, 2016: ₹9,074.22 lakhs, as at April 1, 2015: ₹8,792.63 lakhs).
- Gain / loss recognised in profit or loss included in other income (Refer Note 2.2) arising from fair value measurement of Level 3 financial assets is loss of ₹1,002.72 lakhs (2016: gain of ₹1,460.54 lakhs)

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.7 Segment information

The Company's primary segment is identified as business segment based on nature of products, risks, returns and the internal business reporting system. The Company is principally engaged in a single business segment viz., commercial vehicles and related components.

The secondary segment is the geographical location of the customers

					₹ Lakhs
Particulars	Year	In India	Outside India	Unallocated	Total
Revenue from external customers	2017	1,952,322.01	180,844.90	-	2,133,166.91
	2016	1,788,663.45	210,633.97	-	1,999,297.42
Segment assets	2017	992,338.51	41,078.39	346,538.71	1,379,955.61
	2016	861,430.05	75,592.76	340,352.57	1,277,375.38
	2015	810,782.89	65,184.02	426,863.83	1,302,830.74
Capital expenditure during the year	2017	37,173.24	65.34	958.30	38,196.88
	2016	25,786.22	91.32	(655.65)	25,221.89

- Revenue from external customers comprises of income from sale of products, services and other operating revenues. [Refer Note 2.1]
- Carrying amount of segment assets comprises of non - current assets and current assets identified to the respective segments. However segment assets in India also include certain common assets used to generate revenue in both segments but not feasible for allocation.
- Unallocated assets includes current and non current assets other than considered in (b) above.
- Capital expenditure during the year represents net additions to PPE and intangible assets and movement in capital work-in-progress and intangible assets under development.

3.8 Related party disclosure

a) List of parties where control exists

Holding company

Hinduja Automotive Limited, United Kingdom

Machen Holdings SA

(Holding Company of Hinduja Automotive Limited, United Kingdom)

Machen Development Corporation, Panama

(Holding Company of Machen Holdings SA)

Amas Holdings SA

(Holding Company of Machen Development Corporation, Panama)

Subsidiaries

Albonair (India) Private Limited

Ashok Leyland Vehicles Limited (formerly Ashok Leyland Nissan Vehicles Limited)..... from November 26, 2016

Ashley Powertrain Limited (formerly Nissan Ashok Leyland Powertrain Limited)..... from November 26, 2016

Ashok Leyland Technologies Limited (formerly Nissan Ashok Leyland Technologies Limited)..... from November 26, 2016

Albonair GmbH, Germany

Albonair Automotive Technology Co. Ltd., China

Ashok Leyland (Nigeria) Limited

Ashok Leyland (UK) Limited (under liquidation)

Gulf Ashley Motor Limited

Optare plc

Optare UK Ltd.

Optare Group Ltd.

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.8 Related party disclosure Contd.

Jamesstan Investments Ltd.
Optare Holdings Ltd.
Optare (Leeds) Ltd.
East Lancashire Bus Builders Ltd.
Ashok Leyland (Chile) S.A.
Hinduja Leyland Finance Limited
Hinduja Housing Finance Limited from April 15, 2015
HLF Services Limited
Global TVS Bus Body Builders Limited
Ashok Leyland (UAE) LLC
Avia Ashok Leyland Motors s.r.o..... upto April 21, 2016
Avia Trucks UK Limited, Great Britain.....upto April 21, 2016
Avia Ashok Leyland Rus, Russia..... upto April 21, 2016
LLC Ashok Leyland Russia
Ashok Leyland West Africa

b) Other related parties

Fellow subsidiaries

Hinduja Auto Components Limited
Hinduja Automotive (UK) Limited
Gulf Oil Lubricants India Limited
Hinduja Foundries Limited.....from April 1, 2016 to September 30, 2016

Associates

Ashley Aviation Limited
Ashok Leyland Defence Systems Limited
Lanka Ashok Leyland PLC
Mangalam Retail Services Limited

Joint Ventures

Ashley Alteams India Limited
Automotive Infotronics Limited (under liquidation)
Ashok Leyland John Deere Construction Equipment Company Private Limited upto March 28, 2016
Ashok Leyland John Deere Construction Equipment Company Private Limited (along with Gulf Ashley Motor Limited).....from March 29, 2016
Ashok Leyland Vehicles Limited (formerly Ashok Leyland Nissan Vehicles Limited)..... upto November 25, 2016
AshLey Powertrain Limited (formerly Nissan Ashok Leyland Powertrain Limited)..... upto November 25, 2016
Ashok Leyland Technologies Limited (formerly Nissan Ashok Leyland Technologies Limited)..... upto November 25, 2016
Hinduja Tech Limited

Key management personnel

Mr. Vinod K Dasari, CEO and Managing Director

Note:

Transactions with Ashok Leyland Wind Energy Limited (ALWEL) has not been disclosed as being with an Associate, since the company does not have significant influence over ALWEL, although the Company holds 26% of the equity share capital of ALWEL.

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.8 Related party disclosure (Continued)

c) Related Party Transactions - summary

	Subsidiaries		Fellow Subsidiaries		Associates		Joint Ventures		Holding Company		Key Management Personnel		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Transactions during the year ended March 31														
1 Purchase of raw materials, components and traded goods (net of CENVAT / VAT)	30,834.55	6,463.75	21,815.52	8,706.32	5,166.40	96.96	76,669.16	108,015.93	-	-	-	-	-	134,485.63
2 Sales and services (net of excise duties)	84,833.33	94,011.92	1,389.19	956.38	33,816.93	33,124.64	3,846.09	3,972.83	-	-	-	-	-	123,885.54
3 Other operating income	2,700.22	-	565.58	100.30	96.85	1.82	8,100.65	10,183.36	-	-	-	-	-	11,463.30
4 Other expenditure incurred / (recovered) (net)	4,490.80	2,318.77	(4.30)	-	654.05	(863.67)	3,821.57	4,602.30	215.51	68.69	-	-	-	9,177.63
5 Advance / current accounts - net increase / (decrease)	563.62	(153.41)	-	-	-	228.79	1,690.85	(8.36)	-	-	-	-	-	2,254.47
6 Interest and other income	2,089.35	804.20	-	24.16	241.98	225.00	-	-	-	-	-	-	-	2,331.33
7 Purchase of assets	-	-	-	-	-	-	13.00	19.50	-	-	-	-	-	13.00
8 Sale of asset	-	-	8.51	-	-	-	-	-	-	-	0.36	4.38	-	8.87
9 Dividend payments	-	-	-	-	-	-	-	-	13,621.55	6,452.31	-	-	-	13,621.55
10 Dividend Income	-	-	-	-	114.98	193.82	-	-	-	-	-	-	-	114.98
11 Remuneration to key management personnel	-	-	-	-	-	-	-	-	-	-	3,176.69	1,056.45	-	3,176.69
12 Financial guarantees given	34,409.65	-	-	-	-	-	-	-	-	-	-	-	-	34,409.65
13 Financial guarantees released	14,320.88	-	-	-	-	-	-	-	-	-	-	-	-	14,320.88
14 Investments in shares of	18,244.39	4,558.45	-	-	1,297.00	500.00	2,500.00	4,895.00	-	-	-	-	-	22,041.39
15 Advance converted to investment in equity instruments	336.91	-	-	-	-	-	-	-	-	-	-	-	-	336.91
16 Disposal of investments	-	23.25	-	-	-	-	-	-	-	-	-	-	-	23.25
17 Share application money given	-	336.91	-	-	-	-	-	-	-	-	-	-	-	336.91
18 Loans / advance given	16,585.04	17,243.94	-	-	1.00	-	4.25	-	-	-	-	-	23.33	16,590.29
19 Loans / advance repaid	5,776.86	4,910.45	-	-	1.00	-	4.25	-	-	-	-	-	5.83	5,782.11

₹ Lakhs

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.8 Related party disclosure (Continued)

	Subsidiaries												Fellow Subsidiaries			Associates			Joint Ventures			Holding Company			Key Management Personnel			Total		
	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015			
Balances as on March 31	11,769.62	12,553.10	10,922.07	113.97	263.87	-	3,559.91	3,900.21	156.74	7.97	1,656.53	1,876.94	-	-	-	-	-	-	-	-	-	-	-	-	15,451.47	18,373.71	12,955.75			
1 Trade receivables	346.46	16822.11	4715.97	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	346.46	16,822.11	4,715.97			
2 Loans (net of provision of ₹24,274.75 lakhs, as on March 31, 2016 ₹Nil, as on April 1, 2015 ₹Nil)	2,968.64	31.51	1,095.00	307.11	-	-	94.03	351.93	60.64	30.36	1,092.17	525.98	-	-	-	-	-	-	17.50	0.01	-	-	-	-	3,400.14	1,493.11	1,681.63			
3 Other financial and non-financial assets	8,485.88	2,861.62	2,645.51	1436.20	961.80	359.03	355.08	25.29	2,236.15	791.11	4,433.43	10,277.26	133.81	51.89	6.11	698.70	474.04	356.40	11,900.78	8,808.07	15,880.46	-	-	-	-	-	-			
4 Trade and other payables	0.38	337.29	0.38	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.38	-	-	-	-	-	0.38	337.29	0.38			
5 Share application money	29,424.93	14,320.88	13,870.50	-	-	-	-	-	-	2,375.74	2,584.97	2,303.66	-	-	-	-	-	-	-	-	-	-	-	-	31,800.67	16,905.85	16,174.16			
6 Financial guarantees																														

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.8 Related party disclosure (Continued)

d) Significant Related Party Transactions

	₹ Lakhs	
	2017	2016
1 Purchase of raw materials, components and traded goods (net of CENVAT / VAT)		
Hinduja Foundries Limited	10,903.40	-
Gulf Oil Lubricants India Limited	10,912.12	8,706.32
Ashok Leyland Vehicles Limited	101,867.19	102,639.95
2 Sales and services (net of excise duties)		
Gulf Ashley Motor Limited	56,713.93	51,031.25
Ashok Leyland (UAE) LLC	26,464.82	42,745.95
Lanka Ashok Leyland PLC	33,638.69	33,120.94
3 Other operating income		
Ashok Leyland Vehicles Limited	7,819.79	7,497.50
Ashley Powertrain Limited	2,979.40	2,614.86
4 Other expenditure incurred / (recovered) (net)		
Hinduja Automotive Limited, United Kingdom	215.51	68.69
Gulf Ashley Motor Limited	1,048.52	398.18
HLF Services Limited	2,084.83	1,370.35
Ashok Leyland Defence Systems Limited	392.87	147.06
Ashok Leyland Vehicles Limited	3,075.85	3,515.72
Hinduja Tech Limited	1,532.89	843.93
Ashok Leyland (UK) Limited	166.48	387.91
Lanka Ashok Leyland PLC	122.98	(1,147.17)
Ashok Leyland John Deere Construction Equipment Company Private Limited	(73.35)	127.16
5 Advance / current account - net increase / (decrease)		
Ashok Leyland Vehicles Limited	1,934.20	(45.69)
Ashley Powertrain Limited	320.27	37.33
Ashok Leyland Defence Systems Limited	-	228.79
Ashok Leyland (UAE) LLC	-	(159.36)
6 Interest and other income		
Optare Plc	1,780.24	729.27
Ashok Leyland (UAE) LLC	300.00	-
Ashley Aviation Limited	225.00	225.00
7 Dividend income		
Lanka Ashok Leyland PLC	114.98	193.82
8 Dividend payment		
Hinduja Automotive Limited, United Kingdom	13,621.55	6,452.31
9 Investment in shares of		
Albonair GmbH	2,866.15	3,982.11
Hinduja Leyland Finance Limited	14,417.17	-
Gulf Ashley Motor Limited	461.07	576.34
Ashok Leyland Defence Systems Limited	647.00	-
Ashok Leyland John Deere Construction Equipment Company Private Limited	2,500.00	4,645.00

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.8 Related party disclosure (Continued)

₹ Lakhs

	2017	2016
10 Share application money converted to investment in equity instruments		
Ashok Leyland (Chile) S.A	336.91	-
11 Disposal of investments		
Gulf Ashley Motor Limited	-	23.25
12 Share application money given		
Ashok Leyland (Chile) S.A	-	336.91
13 Loans / advance given		
Optare Plc	16,576.29	16,895.98
14 Loans / advance repaid		
Optare Plc	5,768.11	4,910.45
15 Purchase of assets		
Hinduja Tech Limited	13.00	19.50
16 Financial guarantees released		
Optare Plc	14,320.88	-
17 Financial guarantees given		
Optare Plc	21,034.65	-
Ashok Leyland Vehicles Limited	13,375.00	-
18 Sale of asset		
Hinduja Foundries Limited	8.51	-
19 Remuneration to key management personnel *		
Mr. Vinod K Dasari		
Short term employee benefits	1,048.37	725.19
Other long term employee benefits	316.80	331.26
Share-based payment	1,811.52	-

* excludes contribution for gratuity and compensated absences as the incremental liability has been accounted for by the Company as a whole.

e. Details of advances in the nature of loans (excluding interest accrued)

₹ Lakhs

Name of the company	Status	2017				2016				
		Outstanding amount	Maximum loan outstanding during the year	Investment in shares of the Company	Direct investment in shares of subsidiaries of the Company	Status	Outstanding amount	Maximum loan outstanding during the year	Investment in shares of the Company	Direct investment in shares of subsidiaries of the Company
Albonair GmbH	Subsidiary	346.46	377.91	-	248.84	Subsidiary	376.98	376.98	-	248.84
Optare Plc	Subsidiary	24,274.75	28,937.96	-	22,002.31	Subsidiary	16,445.14	19,300.20	-	22,002.31

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.8 Related party disclosure (Continued)

f. Disclosure as required under section 186(4) of the Companies Act, 2013:

Particulars	As at	As at	Purpose
	March 31, 2017	March 31, 2016	
	₹ Lakhs	₹ Lakhs	
i) Loans outstanding			
- Albonair GmbH	346.46	376.98	Funding for operations
- Optare Plc	24,274.75	16,445.14	Funding for working capital
ii) Investments (refer Note 1.3)	241,313.59	253,221.10	
iii) Guarantees			
- Optare plc	19,236.88	14,320.88	Guarantees for term loan / working capital
- Ashley Alteams India Limited	2,375.74	2,584.97	Guarantees for term loan
- Ashok Leyland Vehicles Limited	10,188.05	-	Guarantees for term loan / working capital

3.9 Operating lease arrangements

Company as lessee

Leasing arrangements

Operating leases relate to leases of land and building with lease term ranging from 1 year to 99 years. Payments recognised as an expense for non- cancellable lease

	Year ended	Year ended
	March 31, 2017	March 31, 2016
	₹ Lakhs	₹ Lakhs
Rent	172.18	155.41
	172.18	155.41

	As at	As at
	March 31, 2017	March 31, 2016
	₹ Lakhs	₹ Lakhs
Non-cancellable operating lease commitments		
Not later than 1 year	172.18	155.41
Later than 1 year but not later than 5 years	688.71	621.63
Later than 5 years	13,164.59	11,904.25

3.10 Disclosure on Specified Bank Notes

Details of specified bank notes held and transacted during the period November 8, 2016 to December 30, 2016

	₹ Lakhs		
	Specified Bank Notes (SBN's)	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	22.28	5.44	27.72
(+) Permitted receipts	-	41.97	41.97
(-) Permitted payments	-	16.48	16.48
(-) Amount deposited in Banks	22.28	14.06	36.34
Closing cash in hand as on December 30, 2016	-	16.87	16.87

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.11 Contingent liabilities

	As at March 31, 2017 ₹ Lakhs	As at March 31, 2016 ₹ Lakhs	As at April 1, 2015 ₹ Lakhs
a) Claims against the Company not acknowledged as debts (net)			
i) Sales tax / VAT	31,222.40	21,201.59	20,168.15
ii) Excise duty	2,655.24	1,509.30	1,509.30
iii) Service Tax	3,700.75	3,053.54	55.92
iv) Customs Duty	42.73	40.95	773.58
v) Others	2,875.88	2,647.58	1,231.51
These have been disputed by the Company on account of issues of applicability and classification.			
b) Corporate guarantees given to others for loans taken by subsidiaries and a joint venture company *	12,563.79	16,905.85	16,174.16

Future cash outflows in respect of the above are determinable only on receipt of judgement / decisions pending with various forums / authorities.

* Net of provision of ₹19,236.88 lakhs (as at March 31, 2016: ₹Nil; April 1, 2015: ₹Nil) against the same.

3.12 Commitments

	As at March 31, 2017 ₹ Lakhs	As at March 31, 2016 ₹ Lakhs	As at April 1, 2015 ₹ Lakhs
a) Capital commitments (net of advances) not provided for [including ₹2,742.77 lakhs (2016: ₹1,170.00 lakhs; 2015: ₹625.29 lakhs) in respect of intangible assets]	13,474.20	9,396.52	10,031.38
b) Uncalled liability on partly paid shares / investments	0.11	0.11	0.11
c) Other commitments			
i) Financial support given to certain subsidiaries, joint ventures, etc.			
ii) Lock-in commitment in shareholders agreement [Refer Note 1.3]			

The outflow in respect of the above is not practicable to ascertain in view of the uncertainties involved.

3.13 Details of non-current borrowings

	As at March 31, 2017			Particulars of Redemption / Repayment	As at March 31, 2016			As at April 1, 2015		
	Non Current	Current Maturities	Total		Non Current	Current Maturities	Total	Non Current	Current Maturities	Total
	₹ Lakhs	₹ Lakhs	₹ Lakhs		₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs
a. Secured borrowings:										
i. Debenture series										
9.60% AL 22	15,000.00	-	15,000.00	June 21, 2018	15,000.00	-	15,000.00	15,000.00	-	15,000.00
10.15% AL 20	-	15,000.00	15,000.00	December 28, 2017	15,000.00	-	15,000.00	15,000.00	-	15,000.00
10.20% AL 18	-	10,000.00	10,000.00	June 28, 2017	10,000.00	-	10,000.00	10,000.00	-	10,000.00
10.25% AL16	-	-	-	October 14, 2016 - ₹6,000 lakhs, 2015 - ₹4,500 lakhs	-	6,000.00	6,000.00	6,000.00	4,500.00	10,500.00
9.45% AL 21	-	-	-	June 21, 2016	-	15,000.00	15,000.00	15,000.00	-	15,000.00
10.05% AL 19	-	-	-	December 28, 2015	-	-	-	-	15,000.00	15,000.00
8.20% AL 15	-	-	-	July 22, 2015	-	-	-	-	7,000.00	7,000.00
10.10% AL 17	-	-	-	June 28, 2015	-	-	-	-	20,000.00	20,000.00
	15,000.00	25,000.00	40,000.00		40,000.00	21,000.00	61,000.00	61,000.00	46,500.00	107,500.00

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.13 Details of non-current borrowings (Continued)

	As at March 31, 2017			Particulars of Redemption / Repayment	As at March 31, 2016			As at April 1, 2015		
	Non Current	Current Maturities	Total		Non Current	Current Maturities	Total	Non Current	Current Maturities	Total
	₹ Lakhs	₹ Lakhs	₹ Lakhs		₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs
ii. Term loans:										
TL - 10	13,178.17	6,665.83	19,844.00	Repayable in 12 equal quarterly installments starting after three years from the date of first disbursement	-	-	-	-	-	-
TL - 9	8,000.00	2,000.00	10,000.00	Repayable in 20 equal quarterly installments of ₹500.00 lakhs starting June 30, 2017	-	-	-	-	-	-
TL - 8	4,375.00	2,500.00	6,875.00	Repayable in 12 equal quarterly installments of ₹625.00 lakhs starting from March 31, 2017	-	-	-	-	-	-
TL - 7 *	-	-	-	December 16, 2018 and 2017 - ₹12,500.00 lakhs each, 2016 - ₹5,000.00 lakhs	25,000.00	5,000.00	30,000.00	30,000.00	-	30000.00
TL - 1	-	-	-	February 5, 2016	-	-	-	-	3,333.33	3333.33
TL - 2	-	-	-	June 1, 2015	-	-	-	-	5,000.00	5000.00
	25,553.17	11,165.83	36,719.00		25,000.00	5,000.00	30,000.00	30,000.00	8,333.33	38,333.33

* Prepayment made during the year 2016-17.

Debentures and term loans (excluding TL - 10, TL - 9 and TL - 8) aggregating ₹40,000.00 lakhs (2016: ₹91,000.00 lakhs; 2015: ₹145,833.33 lakhs) are secured by a first charge on pari-passu basis on all Property, Plant and Equipment (PPE) of the Company aggregating ₹461,045.88 lakhs (2016: ₹473,620.76 lakhs; 2015: ₹523,720.81 lakhs) excluding certain immovable properties (residential buildings and certain immovable assets) and movable PPE such as aircraft of the Company.

Term loans (TL - 10, TL - 9 and TL - 8) aggregating ₹36,719.00 lakhs are secured by a first charge on pari-passu basis on all Property, Plant and Equipment (PPE) of the amalgamating company (now a division of the Company), as per the scheme of amalgamation, aggregating ₹42,181.04 lakhs and second charge on pari-passu basis on all current assets of that division.

b. Unsecured borrowings:

i. ECB loans

	As at March 31, 2017			Particulars of Redemption / Repayment	As at March 31, 2016			As at April 1, 2015		
	Non Current	Current Maturities	Total		Non Current	Current Maturities	Total	Non Current	Current Maturities	Total
	₹ Lakhs	₹ Lakhs	₹ Lakhs		₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs
ECB -13	12,970.00	-	12,970.00	3 equal instalments on September 10, 2020, 2019, 2018	13,251.00	-	13,251.00	12,500.00	-	12500.00
ECB -12	32,425.00	9,727.50	42,152.50	June 26, 2020 - ₹12,970.00 lakhs and June 26, 2019, 2018, 2017 - ₹9,727.50 lakhs each	43,065.75	-	43,065.75	40,625.00	-	40625.00
ECB -11	6,485.00	6,485.00	12,970.00	3 equal installments on March 25, 2019, 2018, 2017	13,251.00	6,625.50	19,876.50	18,750.00	-	18750.00

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.13 Details of non-current borrowings (Continued)

	As at March 31, 2017			Particulars of Redemption / Repayment	As at March 31, 2016			As at April 1, 2015		
	Non Current	Current Maturities	Total		Non Current	Current Maturities	Total	Non Current	Current Maturities	Total
	₹ Lakhs	₹ Lakhs	₹ Lakhs		₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs
ECB -1	11,705.01	11,705.01	23,410.02	3 equal instalments on June 9, 2018, 2017, 2016	23,806.35	11,903.17	35,709.52	31,556.48	-	31,556.48
ECB -2	-	3,706.88	3,706.88	3 equal instalments on October 24, 2017, 2016 and 2015	3,769.63	3,769.63	7,539.26	6,662.44	3,331.22	9,993.66
ECB -3	-	9,337.67	9,337.67	September 20, 2017 - ₹9,337.67 lakhs and 2016 - ₹8,591.40 lakhs and 2015 - ₹1,997.15 lakhs	9,495.76	8,591.40	18,087.16	15,983.61	1,997.95	17,981.56
ECB -14	-	2,594.38	2,594.38	10 equal half-yearly installments commencing from August 2013	-	-	-	-	-	-
ECB -10	-	-	-	July 12, 2015	-	-	-	-	12,500.00	12,500.00
	63,585.01	43,556.44	107,141.45		106,639.49	30,889.70	137,529.19	126,077.53	17,829.17	143,906.70
ii. Interest free sales tax loans										
Programme II	10,894.04	413.46	11,307.50	Varying amounts repayable on a periodical basis ending in June 2028	11,307.50	159.44	11,466.94	11,466.94	65.53	11,532.47
	10,894.04	413.46	11,307.50		11,307.50	159.44	11,466.94	11,466.94	65.53	11,532.47
iii. Loans from others										
-Loan 5	-	-	-	Varying amounts repayable on a quarterly basis ending in July 2015	-	-	-	-	106.96	106.96
	-	-	-		-	-	-	-	106.96	106.96

The above debentures, term loans, external commercial borrowings and loans from others carry varying rates of interest with the maximum rate of interest going upto 10.20% (as at March 31, 2016: 10.25%, as at April 1, 2015: 10.25%) per annum. The weighted average rate of interest of these loans is around 5.72% (2015-16 : 6.00%) per annum.

3.14 Details of current borrowings

	As at	Particulars of Repayment	As at	As at
	March 31, 2017		March 31, 2016	April 1, 2015
	₹ Lakhs		₹ Lakhs	₹ Lakhs
Secured borrowings				
- STL 15	1,363.78	On demand	-	-
- STL 14	-	April 6, 2016	2,500.00	-
	1,363.78		2,500.00	-

STL 14 is secured by way of hypothecation of inventories (excluding stores and spares related to plant and equipment), bills receivable, book debts and all other movables both present and future of the Company to the extent of ₹165,000 lakhs (2016: ₹165,000 lakhs).

STL 15 is secured by way of first charge on pari-passu basis on all current assets of the amalgamating company (now a division of the Company), as per the scheme of amalgamation, and second charge on pari-passu basis on all Property, Plant and Equipment of that division aggregating ₹42,181.04 lakhs.

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.14 Details of current borrowings (Continued)

	As at March 31, 2017	Particulars of Repayment	As at March 31, 2016	As at April 1, 2015
	₹ Lakhs		₹ Lakhs	₹ Lakhs
Unsecured borrowings				
- STL 16	18,500.00	August 18, 2017 ₹11,300.00 lakhs and May 30, 2017 ₹7,200.00 lakhs	-	-
- STL 13	-	September 26, 2015	-	2,500.00
	18,500.00		-	2500.00

The above loans carry varying rates of interest with the maximum rate of interest going upto 11.55% (as at March 31, 2016: 9.7%, as at April 1, 2015: 10.25%) per annum. The weighted average rate of interest of these loans is around 7.96% (2015-16: 7.25%) per annum.

The carrying value of the above borrowings (as reflected in Notes 1.19, 1.24 and 1.26) are measured at amortised cost using effective interest method while the above borrowings represents principal amount outstanding.

3.15 Share based payments

3.15.1 Details of employees stock option plan of the Company

The Company has Employees Stock Options Plan (ESOP) scheme granted to employees which has been approved by the shareholders of the Company. In accordance with the terms of the plan, eligible employees may be granted options to purchase equity shares of the Company. Each employee share option converts into one equity share of the Company on exercise at the exercise price as per the scheme. The options carry neither rights to dividend nor voting rights. Options can be exercised at any time from the date of vesting to the date of their expiry.

The following share based payment arrangements were in existence during the current and prior year:

Option series	Number	Grant date	Expiry date	Exercise price ₹	Fair value at grant date
ESOP 1 (Refer Note below)	2,845,875	September 29, 2016	April 1, 2026	80.00	37.43
ESOP 2	7,454,000	January 25, 2017	January 25, 2023	1.00	80.04

Note:

Under ESOP 1, shares vest on varying dates within the expiry date mentioned above with an option life of 5 years after vesting.

3.15.2 Fair value of share options granted during the year

The weighted average fair value of the stock options granted during the financial year is ₹68.27 (2015-16: ₹Nil). Options were priced using a binomial option pricing model. Where relevant, the expected life used in the model has been adjusted based on Management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. Expected volatility is based on the historical share price volatility.

Inputs into the model:	ESOP 1	ESOP 2
Grant date share price	76.45	86.55
Exercise price	80.00	1.00
Expected volatility	38.8% to 43.2%	38.5%
Option life (Refer Note 3.15.1)	6 years	6 years
Dividend yield	1.31	1.16
Risk-free interest rate	6.65% to 6.78%	6.42%

3.15.3 Movements in share options during the year

	Year ended March 31, 2017 Numbers	Weighted average exercise price	Year ended March 31, 2016 Numbers	Weighted average exercise price
Granted during the year	10,299,875	22.83	-	-
Balance at the end of the year	10,299,875	22.83	-	-

There are no share options exercised, forfeited or expired during the year.

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.15 Share based payments (Continued)

3.15.4 Share options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average exercise price of ₹22.83 (as at March 31, 2016: ₹Nil) and a weighted average remaining contractual life of 6.7 years (as at March 31, 2016: Nil).

3.16 Other Information (including foreign currency transactions)

	Year ended March 31, 2017	Year ended March 31, 2016
	₹ Lakhs	₹ Lakhs
3.16.1 Information regarding Imports (c.i.f)		
a) Raw materials and components	20,612.39	32,011.55
b) Trading goods and others	6,544.74	4,363.90
c) Spares and tools	693.89	464.88
d) Capital items	4,572.36	2,202.13
	<u>32,423.38</u>	<u>39,042.46</u>
3.16.2 Expenditure incurred in foreign currency		
a) Royalty	1,236.52	420.87
b) Professional and consultation fees	2,070.40	1,266.73
c) Interest and commitment charges	4,639.83	4,965.00
d) Commission on sales	12,142.21	11,421.22
e) Research and development	189.94	151.16
f) Travel	692.64	549.35
g) Other expenses		
- Freight charges	2,403.20	2,495.46
- Product warranty	1,041.11	777.47
- Packing and forwarding	15,112.97	18,038.30
- Others	4,900.71	5,601.82
	<u>23,457.99</u>	<u>26,913.05</u>
	<u>44,429.53</u>	<u>45,687.38</u>
3.16.3 Earnings in foreign currency		
a) Export of goods - FOB value	171,072.67	200,903.28
b) Interest and dividend	3,178.67	2,623.09
c) Others (includes freight, insurance and commission earned)	8,368.41	8,184.23
	<u>182,619.75</u>	<u>211,710.60</u>
3.16.4 Auditors' remuneration		
Included under selling and administration expenses - net [Refer Note 2.9]		
i) For financial audit	188.00	152.00
ii) For taxation matters	20.00	20.00
iii) For other services - review of accounts, certification work, etc.	117.12	75.75
iv) For reimbursement of expenses	7.30	3.58

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.16 Other Information (Continued)

	Year ended March 31, 2017	Year ended March 31, 2016
	₹ Lakhs	₹ Lakhs
3.16.5 Total research and development costs charged to the Statement of Profit and Loss [including amount shown under Note 2.9]	38,051.87	32,734.63
3.16.6 Impact of exchange (gain) / loss for the year in the Statement of Profit and Loss due to:		
a) Translation / settlement (net)	(2947.69)	(77.22)
b) Amortisation of exchange difference	2,029.29	776.87
c) Exchange difference on swap contracts	(1539.74)	(504.80)
d) Depreciation on exchange difference capitalised	4,753.46	4,473.63

3.16.7 The other income includes ₹20.89 lakhs being amount realised on sale of shares in Automotive Infotonics Limited, in excess of carrying value of the said investment as at April 1, 2015. The original cost of the said investment was ₹1,575.18 lakhs.

3.17 Accounting for long term monetary items in foreign currency forward contracts

Exchange difference in long term monetary items in foreign currency

The Company has elected the option under Ind AS 101 'First-time Adoption of Indian Accounting Standards' and has continued the policy adopted for accounting of exchange differences arising from translation of long term foreign currency monetary items recognised in the financial statements upto March 31, 2016. Accordingly, exchange difference on translation or settlement of long term foreign currency monetary items at rates different from those at which they were initially recorded or as at April 1, 2007, in so far as it relates to acquisition of depreciable assets are adjusted to the cost of the assets. In other cases, such exchange differences, arising effective April 1, 2011, are accumulated in "Foreign currency monetary item translation difference account" and amortized by recognition as income or expense in each year over the balance term till settlement occurs but not beyond March 31, 2020.

Accordingly,

- Foreign exchange (gain) / loss relating to acquisition of depreciable assets, capitalised during the year ended March 31, 2017 aggregated ₹577.36 Lakhs [year ended March 31, 2016 ₹10,489.96 Lakhs].
- Amortized net exchange difference in respect of long term monetary items relating to other than acquisition of depreciable assets, charged to the statement of profit and loss for the year ended March 31, 2017 is ₹2,029.29 Lakhs [year ended March 31, 2016 ₹776.87 Lakhs].
- The un-amortised net exchange difference in respect of long term monetary items relating to other than acquisition of depreciable assets, is a loss of ₹1,149.49 lakhs as at March 31, 2017 [as at March 31, 2016: loss of ₹2,428.53 lakhs]. These amounts are reflected as part of the "Other Equity".

3.18 The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of information available with the Company. The amount of principal and interest outstanding is given below:

Particulars	₹ Lakhs		
	2017	2016	2015
i) Principal amount paid after appointed date during the year	28.85	319.28	273.10
ii) Amount of interest due and payable for the delayed payment of principal amount	0.90	3.10	5.17
iii) Principal amount remaining unpaid as at year end (over due)	0.28	23.31	16.18
iv) Principal amount remaining unpaid as at year end (not due)	726.59	446.57	720.49
v) Interest due and payable on principal amount unpaid as at the year end	0.09	0.53	1.13
vi) Total amount of interest accrued and unpaid as at year end	0.99	3.63	6.30

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.19 Details of eligible expenditure incurred on in-house Research and Development (R & D) facilities:

₹ Lakhs

Particulars	Included in Notes to the Financial Statements	Approved R&D facilities	
		2017	2016
(i) Capital expenditure			
(a) Land	1.1 and 1.2	-	-
(b) Buildings		748.76	53.13
(c) Capital equipments		748.76	53.13
		5,311.81	1,487.95
(ii) Revenue expenditure (net)			
(a) Salaries/wages *	2.6	18,959.84	15,339.81
(b) Material/consumables/spares *	2.3 and 2.9	8,113.71	6,265.65
(c) Utilities	2.9	969.76	1,032.41
(d) Other expenditure directly related to R&D *	2.9	5,596.06	4,228.50
(e) Total revenue expenditure (Total of (ii) (a) to (ii) (d))		33,639.37	26,866.37
(iii) Total R&D expenditure			
(Total of (i) (c) and (ii) (e))		38,951.18	28,354.32
(iv) Less: Amount received by R & D facilities	2.1 and 2.9	462.45	383.86
(v) Net amount of R & D expenditure (iii) - (iv)		38,488.73	27,970.46

Capital expenditure is on incurrence basis, hence includes net additions in Capital work-in-progress

Note:

* Includes an amount in respect of (ii) (a) - 2017: ₹2,322.69 lakhs (2016: ₹103.12 lakhs); (ii) (b) - 2017: ₹2,855.91 lakhs (2016: ₹342.10 lakhs) and (ii) (d) 2017: ₹777.01 lakhs (2016: ₹Nil) capitalised in books.

3.20 CSR Expenditure:

₹ Lakhs

Particulars	Year ended	Year ended
	March 31, 2017	March 31, 2016
(a) Gross amount required to be spent by the company during the year as per Section 135 of the Companies Act, 2013 read with schedule VII	814.76	Nil
(b) Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	833.54	369.05

3.21 Accounting for business combination

The Scheme of amalgamation for the merger of Hinduja Foundries Limited ("the amalgamating company") with the Company was approved by the Board of Directors in its meeting held on September 14, 2016 with an appointed date of October 01, 2016. The said scheme has been approved by various statutory and regulatory bodies and final order of National Company Law Tribunal ("NCLT") has been received on April 24, 2017. This common control business combination has been accounted as per the scheme and in accordance with Ind AS 103 "Business Combination" notified under the Companies Act, 2013. Further, in terms of the Scheme, 8,06,58,292 equity shares of ₹1 each of the Company are pending to be issued and allotted as fully paid up to the shareholders of the amalgamating company. This has been included under "Other Equity" and considered in computation of earnings per share (basic and diluted).

3.21.1 Pursuant to the aforesaid Scheme of amalgamation, the authorised equity share capital of the Company stands increased by the authorised equity share capital of the amalgamating company aggregating ₹25,000.00 Lakhs (250,00,00,000 equity shares of face value of ₹1 each).

The company is further authorised to issue 7,50,00,000 non-convertible redeemable preference shares of ₹100 each aggregating to ₹75,000.00 lakhs (Refer Note 1.19)

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.21 Accounting for business combination (Continued)

3.21.2 Accounting treatment

The business combination has been accounted by using the Pooling of Interest method in accordance with the said approved Scheme of Amalgamation and Ind AS 103.

Accordingly, the Company has recorded all the assets, liabilities and reserves of the amalgamating company at their respective book values as appearing in the their books of account as on October 1, 2016, the details of which are as follows:

Particulars	₹ Lakhs
ASSETS	
Property, plant and equipment and capital work-in progress	45,223.84
Non-current investments	455.33
Cash and cash equivalents	118.38
Trade receivables	11,018.41
Inventories	6,628.68
Other assets	18,888.16
LIABILITIES	
Borrowings	51,401.19
Trade payables	12,850.52
Other liabilities and provisions	5,427.15
RESERVES	
Capital redemption reserve	333.33
Securities premium reserve	50,948.91
General Reserve	889.25
Cash flow hedge reserve	(66.47)
Retained earnings	(92,323.21)

3.22 Pursuant to a settlement agreement dated September 7, 2016 between the Company and Nissan Motor Co. Ltd. Japan, the uncertainties relating to the joint venture operations were resolved. The settlement agreement resulted in continuity of LCV business by the Company and acquisition of the balance stake of Nissan in the joint venture companies. These companies became wholly owned subsidiaries of the Company post receipt of various regulatory approvals and completion of share transfer formalities in November 2016. Subsequently, the Company reformulated its business strategy for LCV business considering the growth prospects. The Company had, in the previous year, provided for an impairment loss of ₹29,597.51 lakhs in view of the uncertainties as stated above.

Considering the above developments/ factors and business valuation by an independent valuer, the impairment loss of ₹29,597.51 lakhs recognised in the previous year, has been reversed in the books.

3.23 The Company has financial involvement (Equity investment of ₹14,989.44 lakhs and Loans of ₹24,414.08 lakhs) in Optare Plc, U.K., a subsidiary company (Optare). The Company has also given financial guarantees aggregating ₹19,236.88 lakhs to Optare's lenders for loans taken by Optare.

Optare has made losses in the current year and its accumulated losses as at the year end have substantially eroded its network. There have been curtailment in business due to increased competition which has affected Optare's ability to meet its third parties liabilities. In view of these factors and business valuation of Optare by an independent valuer, the Company has recognised, in the current year, an impairment loss of ₹24,414.08 lakhs for loans given to Optare and has made a provision of ₹20,000.00 lakhs for its obligations towards loans advanced to Optare by its lenders, and a provision of ₹8,100.00 lakhs for third party claims and other potential liabilities.

In 2016, the Company had recognised an impairment loss of ₹14,989.44 lakhs for impairment in value of its equity investment in Optare.

Gopal Mahadevan
Chief Financial Officer

N Ramanathan
Company Secretary

For and on behalf of the Board

Dheeraj G Hinduja
Chairman
DIN : 00133410

Vinod K Dasari
CEO and Managing Director
DIN : 00345657

May 25, 2017
Chennai

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ASHOK LEYLAND LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **Ashok Leyland Limited** (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), its associates and its joint ventures, comprising the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss including Other comprehensive income, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group including its associates and joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and its joint ventures and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the auditor of the amalgamating company referred to in sub-paragraph (b) and other auditors in terms of their reports referred to in sub-paragraphs (c) and (d) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of the other auditor on the financial information of the amalgamating company referred to below in sub-paragraph (b) and reports of other auditors on the financial statements/ consolidated financial statements/ financial information of the subsidiaries, associates and joint ventures referred to below in sub-paragraphs (c) and (d) of the Other Matters paragraph, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint ventures as at March 31, 2017, and their consolidated profit, consolidated total comprehensive income, consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matters

- (a) Consolidated financial statements of one subsidiary which reflect total assets of ₹1,750.18 lakhs as at March 31, 2017, total revenues of ₹655.40 lakhs and net cash flows of ₹249.75 lakhs for the year ended March 31, 2017, and Group's share of loss of ₹1,274.46 lakhs for the year ended March 31, 2017 in respect of two joint ventures, have been audited by either one of us.
- (b) The consolidated Ind AS financial statements include the financial information of erstwhile Hinduja Foundries Limited ("amalgamating company") for the period October 1, 2016 to March 31, 2017 consequent to amalgamation into the Parent Company, which has been effected on April 24, 2017, with the appointed date of October 1, 2016 (Refer Note 3.23 to the consolidated Ind AS financial statements). We did not audit the financial information of the amalgamating company for the period October 1, 2016 to March 31, 2017, included in the standalone Ind AS financial statements of the Parent Company, whose financial information reflect total assets of ₹85,225.21 lakhs as at March 31, 2017 and total revenues of ₹36,588.10 lakhs for the said period, as considered in the consolidated Ind AS financial statements. The said financial information of the amalgamating company, has been audited by other auditor whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of the amalgamating company

INDEPENDENT AUDITORS' REPORT

and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the amalgamating company, is based solely on the report of the other auditor.

- (c) We did not audit the financial statements/ consolidated financial statements/ financial information of ten subsidiaries whose financial statements/ consolidated financial statements reflect total assets of ₹1,366,921.25 lakhs as at March 31, 2017, total revenues of ₹383,281.00 lakhs and net cash flows amounting to ₹882.05 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net profit of ₹304.18 lakhs for the year ended March 31, 2017, as considered in the consolidated Ind AS financial statements, in respect of four associates and one joint venture, whose financial statements/ financial information have not been audited by us. These financial statements/ consolidated financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associates, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, associates and joint venture is based solely on the reports of the other auditors.
- (d) We did not audit the financial statements/ consolidated financial statements/ financial information of three subsidiaries, whose financial statements/ consolidated financial statements/ financial information reflect total assets of ₹14,056.74 lakhs as at March 31, 2017, total revenues of ₹27,018.77 lakhs and net cash flows amounting to ₹(249.08) lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net loss of ₹16.22 lakhs for the year ended March 31, 2017, as considered in the consolidated Ind AS financial statements, in respect of one joint venture, whose financial statements/ financial information have not been audited by us. These financial statements/ consolidated financial statements/ financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and one joint venture, is based solely on such unaudited financial statements/ consolidated financial statements/ financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/ financial information are not material to the Group.
- (e) The comparative financial information for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 in respect of seven subsidiaries, four associates and four joint ventures included in the consolidated Ind AS financial statements prepared in accordance with the Ind AS have been audited by other auditors and have been relied upon by us.

Our opinion on the consolidated Ind AS financial statements above, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with regard to our reliance on the work done and the

reports of the other auditors and the financial statements/ financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on the financial information of the amalgamating company referred to above in sub-paragraph (b) and reports of other auditors on the financial statements/ consolidated financial statements/ financial information of the subsidiaries, associates and joint ventures referred to above in sub-paragraphs (c) and (d) of the Other Matters paragraph above, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor on the financial information of the amalgamating company referred in the Other Matters paragraph above.
- (c) The report on the financial information of the amalgamating company audited by the other auditor, referred to in Other Matters paragraph above, has been sent to us and has been properly dealt with by us in preparing this report.
- (d) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements and the financial information of the amalgamating company audited by the other auditor referred to in Other Matters paragraph above.
- (e) In our opinion, and based on the consideration of the report of the other auditor on the financial information of the amalgamating company referred to in Other Matters paragraph above, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- (f) On the basis of the written representations received from the directors of the Parent as on March 31, 2017 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies, associate companies and joint venture companies incorporated in India, none of the directors of the Group companies, its associate companies and joint venture companies incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
- (g) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our Report in "Annexure A", which is based on our audit of the Parent and the consideration of the report of the other auditor on the financial information of the amalgamating company referred in the Other Matters paragraph above, the auditors' reports of subsidiary companies, associate companies and

INDEPENDENT AUDITORS' REPORT

joint venture companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Parent's/ such subsidiary company's/ such associate company's and such joint venture company's internal financial controls over financial reporting.

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and to other auditor in terms of the report of the other auditor in respect of the amalgamating company referred in the Other Matters paragraph above:
- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint ventures.
 - ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary

For M.S. Krishnaswami & Rajan
Chartered Accountants
Firm's Registration No. 01554S

M S Murali
Partner
Membership No. 26453

May 25, 2017
Chennai

companies, associate companies and joint venture companies incorporated in India.

- iv. The Parent has provided requisite disclosures in the consolidated Ind AS financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the Management, we report that the disclosures are in accordance with the relevant books of account maintained by those entities for the purpose of preparation of the consolidated Ind AS financial statements and as produced to us and to the other auditor of the amalgamating company and to the other auditors by the Management of the respective Group entities. However, the auditor of one subsidiary engaged in financing activities was unable to obtain sufficient and appropriate audit evidence to report on whether the disclosure are in accordance with the books of account maintained by the Group and as produced to them by the management of the subsidiary, refer Note 3.12 to the consolidated Ind AS financial statements.

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration No. 117366W/W-100018

A Siddharth
Partner
Membership No. 31467

ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph (e) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the consolidated Ind AS financial statements of Ashok Leyland Limited (“the Company”) (hereinafter referred to as “the Parent”) as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of the Parent and its subsidiary companies, which includes internal financial controls over financial reporting of its associate companies and joint venture companies, which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent, its subsidiary companies, its associate companies and joint venture companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (“the Guidance Note”) issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, its subsidiary companies, its associate companies and joint venture companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing, deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of the amalgamating company referred to in sub-paragraph (b) and the other auditors of the subsidiary companies, associate companies and joint venture companies, which are companies incorporated in India, in terms of their reports referred to below in sub-paragraph (c) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the aforesaid entities.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, and based on the consideration of report of other auditor of the amalgamating company referred to below in sub-paragraph (b) and the reports of the other auditors of the subsidiary companies, associate companies and joint venture companies, which are companies incorporated in India, referred to below in sub-paragraph (c) of the Other Matters paragraph below, the Parent, its subsidiary companies, its associate companies and joint venture companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

Other Matters

- a) Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary company and two joint venture companies, which are companies incorporated in India, is based on the corresponding reports issued by either one of us.
- b) The consolidated Ind AS financial statements include the financial information of erstwhile Hinduja Foundries Limited (“amalgamating company”) for the period October 1, 2016 to March 31, 2017 consequent to amalgamation into the Parent Company, which has been effected on April 24, 2017, with the appointed date of October 1, 2016 (Refer

ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph (e) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Note 3.23 to the consolidated Ind AS financial statements). The said financial information of the amalgamating company, has been audited by other auditor whose report has been furnished to us, and our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to the amalgamating company, is based on the corresponding report of the other auditor of the amalgamating company.

For M.S. Krishnaswami & Rajan

Chartered Accountants
Firm’s Registration No. 01554S

M S Murali

Partner
Membership No. 26453

May 25, 2017
Chennai

- c) Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to seven subsidiary companies, three associate companies and one joint venture company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

For Deloitte Haskins & Sells LLP

Chartered Accountants
Firm’s Registration No. 117366W/W-100018

A Siddharth

Partner
Membership No. 31467

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
		₹ Lakhs	₹ Lakhs	₹ Lakhs
ASSETS				
Non-current assets				
Property, plant and equipment	1.1	507,222.98	469,273.53	487,456.14
Capital work-in-progress	1.1	19,592.19	6,625.98	7,580.84
Goodwill (on consolidation)		110,773.98	75,390.52	105,807.42
Other intangible assets	1.2	41,081.71	44,314.00	45,790.08
Intangible assets under development	1.2	4,826.58	2,110.60	5,034.08
Financial assets				
(i) Investments	1.3	84,521.11	76,696.64	131,764.50
(ii) Trade receivables	1.4	17.95	19.36	23.46
(iii) Loans	1.5	664,267.33	570,542.67	332,858.18
(iv) Others	1.6	11,777.72	16,466.11	15,394.78
Deferred tax assets (net)	1.7a	11,347.95	7,573.58	4,393.03
Advance tax assets (net)	1.8	13,739.46	9,601.37	3,092.61
Other non-current assets	1.9	81,365.59	54,365.87	60,932.78
		1,550,534.55	1,332,980.23	1,200,127.90
Current assets				
Inventories	1.10	277,111.87	192,233.28	151,446.00
Financial assets				
(i) Investments	1.11	108,810.57	26,411.31	28,455.09
(ii) Trade receivables	1.12	103,392.05	146,138.13	139,970.70
(iii) Cash and cash equivalents	1.13a	101,313.56	168,118.69	83,998.35
(iv) Bank balances other than (iii) above	1.13b	5,047.60	3,532.99	4,644.20
(v) Loans	1.14	411,117.52	277,203.92	220,283.63
(vi) Others	1.15	25,943.55	16,734.29	33,732.74
Other current assets	1.16	47,175.70	56,517.82	54,804.42
		1,079,912.42	886,890.43	717,335.13
Assets classified as held for sale	1.17a	12,334.07	-	-
TOTAL ASSETS		2,642,781.04	2,219,870.66	1,917,463.03
EQUITY AND LIABILITIES				
Equity				
Equity share capital	1.18	28,458.80	28,458.80	28,458.80
Other equity	1.19	610,835.52	497,911.34	446,949.85
Equity attributable to owners of the Company		639,294.32	526,370.14	475,408.65
Non-controlling interest		58,899.10	41,728.69	38,550.30
Total equity		698,193.42	568,098.83	513,958.95
Liabilities				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	1.20	887,642.06	752,710.93	555,165.97
(ii) Other financial liabilities	1.21	4,865.16	17,656.53	32,073.33
Provisions	1.22	18,915.93	20,769.46	15,268.04
Deferred tax liabilities (net)	1.7b	12,692.92	32,910.00	28,063.60
Other non-current liabilities	1.23	4,591.23	3,544.19	1,019.97
		928,707.30	827,591.11	631,590.91
Current liabilities				
Financial liabilities				
(i) Borrowings	1.24	175,801.11	107,267.86	104,426.96
(ii) Trade payables	1.25	338,534.02	270,112.07	295,980.17
(iii) Other financial liabilities	1.26	398,854.17	359,351.60	302,051.88
Other current liabilities	1.27	70,558.98	67,264.87	57,561.78
Provisions	1.28	31,541.81	20,087.33	11,863.79
Current tax liabilities (net)	1.29	575.23	96.99	28.59
		1,015,865.32	824,180.72	771,913.17
Liabilities directly associated with assets classified as held for sale	1.17b	15.00	-	-
TOTAL EQUITY AND LIABILITIES		2,642,781.04	2,219,870.66	1,917,463.03

The accompanying notes form an integral part of the Consolidated financial statements.

Gopal Mahadevan
Chief Financial Officer

For and on behalf of the Board

N Ramanathan
Company Secretary

Dheeraj G Hinduja
Chairman
DIN : 00133410

Vinod K Dasari
CEO and Managing Director
DIN : 00345657

This is the Consolidated Balance Sheet referred to in our report of even date.

For M. S. Krishnaswami & Rajan
Chartered Accountants

For Deloitte Haskins & Sells LLP
Chartered Accountants

M S Murali
Partner
May 25, 2017
Chennai

A Siddharth
Partner

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Note No.	Year ended	Year ended
		March 31, 2017	March 31, 2016
		₹ Lakhs	₹ Lakhs
Continuing Operations			
Income			
Revenue from operations	2.1	2,406,834.78	2,231,957.88
Other income	2.2	13,069.22	16,362.07
Total Income		2,419,904.00	2,248,319.95
Expenses			
Cost of materials and services consumed		1,397,946.87	1,282,193.74
Purchases of stock-in-trade		142,786.74	161,603.34
Changes in inventories of finished goods, stock-in-trade and work-in-progress		(68,974.42)	(46,417.79)
Excise duty on sale of goods		131,885.56	105,967.66
Employee benefits expense	2.3	190,088.07	171,066.68
Finance costs	2.4	104,879.96	92,504.99
Depreciation and amortisation expense	2.5	57,278.88	52,393.78
Other expenses	2.6	283,708.56	259,651.45
Total Expenses		2,239,600.22	2,078,963.85
Profit before exchange gain on swap contracts / Share of loss of joint ventures and associates / exceptional items and tax		180,303.78	169,356.10
Exchange gain on swap contracts		1,539.74	504.80
Share of loss of joint ventures and associates (net)		(986.50)	(7,849.12)
Profit before exceptional items and tax		180,857.02	162,011.78
Exceptional items	2.7	2,469.23	(41,137.34)
Profit before tax		183,326.25	120,874.44
Tax expense:			
Current tax		44,002.58	51,363.24
Deferred tax		(24,390.67)	(1,706.10)
		19,611.91	49,657.14
Profit for the year from continuing operations		163,714.34	71,217.30
Loss from discontinued operations		(423.31)	-
Loss for the year from discontinued operations		(423.31)	-
Profit for the year		163,291.03	71,217.30
Other Comprehensive Income			
A (i) Items that will not be reclassified to Profit or Loss			
Remeasurement of defined benefit plans		(129.87)	(1,350.29)
Share of other comprehensive income in associates and joint ventures		(7.74)	9.68
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		53.25	464.16
B (i) Items that will be reclassified to Profit or Loss			
Exchange differences in translating the financial statements of foreign operations		5,003.74	(478.72)
Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge		1,487.24	929.86
Share of other comprehensive income in associates and joint ventures		233.17	(111.34)
(ii) Income tax relating to items that will be reclassified to Profit or Loss		(514.70)	(321.81)
Total Other Comprehensive Income		6,125.09	(858.46)
Total Comprehensive Income for the year		169,416.12	70,358.84
Profit for the year attributable to			
Owners of the Company		158,935.54	68,193.32
Non-controlling interests		4,355.49	3,023.98
Other Comprehensive Income for the year attributable to			
Owners of the Company		4,784.17	(780.25)
Non-controlling interests		1,340.92	(78.21)
Total Comprehensive Income for the year attributable to			
Owners of the Company		164,143.02	67,413.07
Discontinued operations		(423.31)	-
Non-controlling interests		5,696.41	2,945.77
Earnings per equity share (Face value ₹1 each) (for continuing operations) *			
- Basic (in ₹)		5.52	2.40
- Diluted (in ₹)		5.52	2.40
Earnings per equity share (Face value ₹1 each) (for discontinued operations) *			
- Basic (in ₹)		(0.01)	-
- Diluted (in ₹)		(0.01)	-
Earnings per equity share (Face value ₹1 each) (for discontinued and continuing operations) *			
- Basic (in ₹)		5.51	2.40
- Diluted (in ₹)		5.51	2.40
* [Refer Note 3.6]			

The accompanying notes form an integral part of the Consolidated financial statements.

Gopal Mahadevan
Chief Financial Officer

For and on behalf of the Board

N Ramanathan
Company Secretary

Dheeraj G Hinduja
Chairman
DIN : 00133410

Vinod K Dasari
CEO and Managing Director
DIN : 00345657

This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

For M. S. Krishnaswami & Rajan
Chartered Accountants

For Deloitte Haskins & Sells LLP
Chartered Accountants

M S Murali
Partner
May 25, 2017
Chennai

A Siddharth
Partner

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	March 31, 2017	March 31, 2016
	₹ Lakhs	₹ Lakhs
Cash flow from operating activities		
Profit for the year	163,291.03	71,217.30
Adjustments for :		
Income tax expense	19,611.91	49,657.14
Share of loss of joint ventures and associates (net)	986.50	7,849.12
Depreciation and amortisation expense	57,278.88	52,393.78
Provision for obligations	8,128.22	-
Provision for losses relating to a subsidiary	-	2,393.09
Impairment in value of goodwill	9,606.16	30,416.90
Impairment loss allowance / write off on trade receivable / advances / loans	20,999.51	7,793.38
Provision for non-moving inventory	5,421.35	-
Net loss / (gain) arising on financial asset mandatorily measured as at FVTPL	785.49	(4,165.19)
Foreign exchange (gains) / losses	(1,508.87)	580.23
(Profit) on sale of property, plant and equipment (PPE) (net)	(804.08)	(95.95)
(Profit) / loss on sale of investments (net)	(2,351.62)	558.56
Gain on disposal of interest in a former joint venture	(18,745.78)	-
Provision for losses relating to joint venture entities (net) - (reversal) / charge	(1,457.83)	8,327.35
Share based payment costs	1,968.90	122.32
Finance costs	19,531.53	26,132.54
Interest income	(4,919.84)	(4,310.39)
Dividend income	(0.89)	(487.00)
Operating profit before working capital changes	277,820.57	248,383.18
Adjustments for changes in :		
Trade receivables	65,804.87	(6,374.27)
Inventories	(78,503.56)	(40,787.28)
Non-current and current financial assets	(239,798.01)	(309,285.99)
Other non-current and current assets	8,851.28	7,324.97
Related party advances / receivables (net)	1,185.29	(1,030.16)
Trade payables	11,394.04	(26,473.18)
Non-current and current financial liabilities	27,896.47	26,350.98
Other non-current and current liabilities	(237.54)	17,478.97
Other non-current and current provisions	(20.55)	11,224.96
Cash generated from / (used in) operations	74,392.86	(73,187.82)
Income tax paid (net)	(47,383.23)	(54,278.96)
Net cash from / (used in) operating activities	[A] 27,009.63	(127,466.78)
Cash flow from investing activities		
Purchase of PPE and intangible assets	(44,885.67)	(26,186.11)
Proceeds on sale of PPE and intangible assets	1,283.69	568.54
Proceeds on sale of immovable properties - exceptional item	-	20,000.00
Proceeds from sale of investments - exceptional item	-	982.32
Proceeds from sale of investments (net)	7,294.85	49,357.66
Purchase of investments (net)	(135,001.03)	(5,430.60)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017 (CONTINUED)

Particulars	March 31, 2017	March 31, 2016
	₹ Lakhs	₹ Lakhs
Movement in other bank balances	(1,468.18)	1,060.87
Inter corporate deposits given	(70,610.00)	(50,125.00)
Inter corporate deposits repaid	70,610.00	50,125.00
Interest received	3,287.47	4,517.61
Dividend received	0.89	487.00
Net cash (used in) / from investing activities	[B] (169,487.98)	45,357.29
Cash flow from financing activities		
Issues of shares to Non-controlling interest shareholders	11,855.87	137.35
Proceeds from non-current borrowings	418,643.26	415,500.00
Repayments of non-current borrowings	(353,415.30)	(207,080.85)
Proceeds from current borrowings	682,991.95	1,470,040.47
Repayments of current borrowings	(622,645.34)	(1,462,453.02)
Movement in swap contracts	(11,004.87)	(6,025.70)
Interest paid	(20,111.47)	(28,708.45)
Dividend paid and tax thereon	(32,539.69)	(15,413.53)
Net cash from financing activities	[C] 73,774.41	165,996.27
Net (decrease) / increase in cash and cash equivalents	[A+B+C] (68,703.94)	83,886.78
Opening cash and cash equivalents	168,118.69	83,998.35
Add: Consequent to business combination (Refer Notes 3.22 and 3.23)	2,038.98	-
Exchange fluctuation on foreign currency bank balances	(140.17)	233.56
Closing cash and cash equivalents (Refer Note 1.13 a)	101,313.56	168,118.69

Note:

Shares aggregating in value to ₹806.58 lakhs are pending to be issued and allotted for consideration other than cash pursuant to business combination (Refer Note 3.23).

The accompanying notes form an integral part of the Consolidated financial statements.

Gopal Mahadevan

Chief Financial Officer

For and on behalf of the Board

N Ramanathan

Company Secretary

Dheeraj G Hinduja

Chairman

DIN : 00133410

Vinod K Dasari

CEO and Managing Director

DIN : 00345657

This is the Consolidated Statement of Cash Flows referred to in our report of even date.

For M S Krishnaswami & Rajan

Chartered Accountants

For Deloitte Haskins & Sells LLP

Chartered Accountants

M S Murali

Partner

May 25, 2017

Chennai

A Siddharth

Partner

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

A. Equity Share Capital		₹ Lakhs								
Balance at the beginning of April 1, 2015	28,458.80	Changes in equity share capital during the year	28,458.80							
Balance at the end of March 31, 2016	28,458.80	Changes in equity share capital during the year	28,458.80							
B. Other Equity		₹ Lakhs								
Particulars	Shares Pending Allotment	Reserves and Surplus	Items of Other Comprehensive Income							
	Capital Reserve	Securities Premium Reserve	Capital Reserve							
	Debt Redemption Reserve	Share Option Outstanding Account	General Reserve							
	Foreign currency monetary item translation difference	Statutory Reserve	Retained Earnings							
	Exchange difference on translation of outstanding loan balances	Foreign currency monetary item translation reserve	Foreign currency translation reserve							
	Exchange difference amortised	Effective portion of Cash Flow Hedges	Attributable to owners of the Company							
	Dividends including tax thereon	Non-controlling interests	Non-controlling interests							
	Recognition of share based payments	Transfer to/from retained earnings	Transfer to/from retained earnings							
	Issue of equity shares to Non-controlling interest (NCI) and change in interests between the owners and NCI	Balance at the end of March 31, 2016	Balance at the end of March 31, 2017							
Balance at the beginning of April 1, 2015	8,793.10	146,964.34	120.84	94,341.48	(1,472.65)	2,232.77	168,933.63	161.34	446,949.85	38,550.30
Profit for the year	-	-	-	-	-	-	68,193.32	-	68,193.32	3,023.98
Other comprehensive income	-	-	-	-	-	-	(878.16)	(510.14)	(780.25)	(78.21)
Total Comprehensive Income for the year	-	-	-	-	-	-	67,315.16	(510.14)	608.05	2,945.77
Premium on issue of shares	-	51.79	-	-	-	-	-	-	-	51.79
Adjustment on account of componentisation of property, plant and equipment	-	-	-	(19.62)	-	-	-	-	-	(19.62)
Exchange difference on translation of outstanding loan balances	-	-	-	-	(1,780.55)	-	-	-	-	(1,780.55)
Exchange difference amortised	-	-	-	-	776.87	-	-	-	-	776.87
Dividends including tax thereon	-	-	-	-	-	-	(15,413.53)	-	-	(15,413.53)
Recognition of share based payments	-	-	28.73	-	-	-	-	-	-	28.73
Issue of equity shares to Non-controlling interest (NCI) and change in interests between the owners and NCI	-	(11.44)	-	-	-	(6.29)	(77.54)	-	-	(95.27)
Transfer to/from retained earnings	-	-	-	-	-	1,723.18	9,901.82	-	-	-
Balance at the end of March 31, 2016	8,793.10	147,004.69	149.57	94,321.86	(2,476.33)	3,949.66	230,659.54	(510.14)	769.39	41,728.69

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

₹ Lakhs

Particulars	Shares Pending Allotment				Reserves and Surplus					Items of Other Comprehensive Income			
	Capital Reserve	Securities Premium Reserve	Capital Redemption Reserve	Debt Redemption Reserve	Share Option Outstanding Account	General Reserve	Foreign currency monetary item translation difference	Statutory Reserve	Retained Earnings	Foreign currency translation reserve	Effective portion of Cash Flow Hedges	Attributable to owners of the Company	Non-controlling interests
Profit for the year	-	-	-	-	-	-	-	-	158,935.54	-	-	158,935.54	4,355.49
Other comprehensive income	-	-	-	-	-	-	-	-	(102.82)	3,914.45	972.54	4,784.17	1,340.92
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	158,832.72	3,914.45	972.54	163,719.71	5,696.41
Exchange difference on translation of outstanding loan balances	-	-	-	-	-	-	(750.25)	-	-	-	-	(750.25)	-
Exchange difference amortised	-	-	-	-	-	-	2,029.29	-	-	-	-	2,029.29	-
Dividends including tax thereon	-	-	-	-	-	-	-	-	(32,539.69)	-	-	(32,539.69)	-
Recognition of share based payments	-	-	-	-	1,901.54	-	-	-	-	-	-	1,901.54	-
Taken over pursuant to business combination	-	-	50,948.91	333.33	-	-	889.25	-	(92,323.21)	-	(66.47)	(40,218.19)	-
Consequent to business combination (Refer Note 3.23)	806.58	17,593.32	-	-	-	-	-	-	-	-	-	18,399.90	-
Issue of equity shares to Non-controlling interest (NCI) and change in interests between the owners and NCI	-	-	(98.26)	-	(0.60)	-	-	(18.66)	499.39	-	-	381.87	11,474.00
Transfer to securities premium	-	-	164.16	-	(164.16)	-	-	-	-	-	-	-	-
Transfer to/from retained earnings	-	-	-	(5,250.00)	-	-	-	1,931.64	3,318.36	-	-	-	-
Balance at the end of March 31, 2017	806.58	26,386.42	198,019.50	333.33	10,000.00	1,886.35	95,211.11	5,862.64	268,447.11	3,404.31	1,675.46	610,835.52	58,899.10

The accompanying notes form an integral part of the Consolidated financial statements.

Gopal Mahadevan
Chief Financial Officer

N Ramanathan
Company Secretary

This is the Consolidated Statement of Changes in Equity referred to in our report of even date.

For M. S. Krishnaswami & Rajan
Chartered Accountants

M S Murali
Partner
May 25, 2017
Chennai

For and on behalf of the Board

Dheeraj G Hinduja
Chairman
DIN : 00133410

Vinod K Dasari
CEO and Managing Director
DIN : 00345657

For Deloitte Haskins & Sells LLP
Chartered Accountants

A Siddharth
Partner

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1A. General information

Background:

Ashok Leyland Limited (“the Parent Company”) is a public limited company incorporated and domiciled in India and governed by the Companies Act, 2013 (“Act”). The Parent Company’s registered office is situated at 1, Sardar Patel Road, Guindy, Chennai, Tamil Nadu, India. The Parent Company has fourteen subsidiaries, four joint ventures and four associates. The main activities of the Parent Company along with its subsidiaries, joint ventures and associates relate to manufacture, sale, vehicle finance and services related to wide range of commercial vehicles. Also Refer Note 3.16. The Parent Company also manufactures engines for industrial and marine applications. The Parent Company together with its subsidiaries is hereinafter referred to as the “Group”.

1B. Significant Accounting Policies

1B.1 Basis of Preparation and Presentation

Compliance with Indian Accounting Standards (Ind AS):

The consolidated financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. Upto the year ended March 31, 2016, the Group prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Group’s first Ind AS consolidated financial statements. The date of transition to Ind AS is April 1, 2015.

First-time adoption:

In accordance with Ind AS 101 on First time adoption of Ind AS, the Group has prepared its first Ind AS consolidated financial statements which includes:

- (i) Three Balance sheets namely, the opening Balance sheet as at April 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising assets or liabilities which are not permitted by Ind AS, by reclassifying assets and liabilities from previous GAAP as required by Ind AS, and applying Ind AS in measurement of recognised assets and liabilities; and Balance sheets as at March 31, 2017 and 2016.
- (ii) Two statements each of profit and loss; cash flows and changes in equity for the years ended March 31, 2017 and 2016 together with related notes.

The same accounting policies have been applied for all the periods presented except when the Group has made use of certain exceptions and/ or exemptions.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

All assets and liabilities have been classified as current or non-current as per the Group’s normal operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has determined its operating cycle as twelve months for the purpose of current – non-current classification of assets and liabilities.

The consolidated financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest lakhs, except where otherwise indicated.

The consolidated financial statements were approved for issue by the board of directors on May 25, 2017.

The significant accounting policies are detailed below.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1B.2 Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Parent Company and its subsidiaries. The Parent Company has control over the subsidiaries as it is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to affect its returns through its power over the subsidiaries.

When the Parent Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Parent Company considers all relevant facts and circumstances in assessing whether or not the Parent Company's voting rights in an investee are sufficient to give it power, including rights arising from other contractual arrangements.

Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Parent Company gains control until the date when the Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Adjustments are made to the financial statements of subsidiaries, as and when necessary, to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

In case of subsidiaries consolidated for the first time consequent to adoption of IND AS, the deemed cost of goodwill as of the transition date has been computed to equal the difference between:

- the Group's interest in carrying amounts of assets and liabilities; and
- the cost, in the Parent Company's separate financial statements, of its investment in the subsidiary.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Parent Company.

1B.3 Business combinations

A common control business combination, involving entities or businesses in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and where the control is not transitory, is accounted for using the pooling of interests method in accordance with Ind AS 103 'Business Combinations'.

Other business combinations, involving entities or businesses are accounted for using acquisition method. Consideration transferred in such business combinations is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange of control of the acquiree.

Goodwill is recognised and is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree, over the net of the consideration date amounts of the identifiable assets acquired and the liabilities assumed.

The Group has elected not to apply Ind AS 103 'Business Combinations' retrospectively to past business combinations that occurred before the transition date of April 1, 2015.

1B.4 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or when there is an indication that the unit may be impaired. The recoverable amount of cash generating unit is determined for each legal entity based on a value in use calculation which uses cash flow projections and appropriate discount rate is applied. The discount rate takes into account the expected rate of return to shareholders, the risk of achieving the business projections, risks specific to the investments and other factors. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1B.5 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired.

When there is any objective evidence of impairment, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the investment becomes a subsidiary, the Group accounts for its investment in accordance with Ind AS 103 'Business Combination'. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures it at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with Ind AS 109. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest is included in the determination of the gain or loss on disposal of the associate or joint venture.

1B.6 Non-current assets held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell and disclosed separately in balance sheet. Liabilities associated with assets classified as held for sale are estimated and disclosed separately in the balance sheet.

If the criteria for classifying Non-current assets or disposal groups as held for sale is not met then the Group measures a non-current asset or disposal group at the lower of:

- a. its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale, and
- b. its recoverable amount at the date of the subsequent decision not to sell.

1B.7 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods:

Revenue from the sale of goods is recognised when the goods are despatched or appropriated in accordance with the terms of sale at which time the title and significant risks and rewards of ownership pass to the customer. Revenue is recognised when collectability of the resulting receivable is reasonably assured.

Revenue is inclusive of excise duty and is reduced for estimated customer returns, commissions, rebates and discounts, and other similar allowances.

Rendering of services:

Revenue from services is recognised when the services are rendered in accordance with the specific terms of contract and when collectability of the resulting receivable is reasonably assured.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Interest / Finance Income relating to financing activities:

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate which is applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Loan processing / arranger fee income is accounted for on effective interest basis.

The Group's policies relating to interest/ finance income from financing activities satisfies the prudential norms for income recognition as prescribed by RBI for Non-Banking Financial Companies.

Other Operating Revenues:

Other operating revenues comprise of income from ancillary activities incidental to the operations of the Group and is recognised when the right to receive the income is established as per the terms of the contract.

Dividend and Interest Income:

Dividend income from investments is recognised when the Group's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

1B.8 Foreign currency transactions

In preparing the consolidated financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in a foreign currency are retranslated at the rates prevailing at that date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on translation or settlement of long term foreign currency monetary items in respect of loans borrowed before April 1, 2016 at rates different from those at which they were initially recorded or reported in the previous consolidated financial statements, insofar as it relates to acquisition of depreciable assets, are adjusted to the cost of the assets and depreciated over remaining useful life of such assets. In other cases of long term foreign currency monetary items, these are accumulated in "Foreign currency monetary item translation difference account" and amortised by recognition as income or expense in each period over the balance term of such items till settlement occurs but not beyond March 31, 2020.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's entities whose functional currency is other than INR are translated into Currency Units using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign currency translation reserve (and attributed to non-controlling interests as appropriate).

Exchange difference on translation of derivative instruments designated as cash flow hedge (see Note 1B.20 below for hedging accounting policies).

1B.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1B.10 Government Grants

Government grants (including export incentives) are recognised only when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

The benefit of a government loan at a below market rate of interest is treated as a government grant, measured at the difference between proceeds received and the fair value of the loan based on prevailing market rates.

The Group has applied Ind AS 109 'Financial Instruments' and Ind AS 20 'Accounting for Government Grants and Disclosure of Government Assistance' prospectively to government loans existing at the date of transition and the Group has not recognised the corresponding benefit of the government loans at the below-market rate of interest as a government grant. Consequently, the Group has used the previous GAAP carrying amounts of the government loans at the date of transition as the carrying amount of these loans in the opening Ind AS Balance Sheet.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1B.11 Employee benefits

Retirement benefit costs and termination benefits:

Payments to defined contribution plans i.e., Group's contribution to provident fund, superannuation fund, employee state insurance and other funds are determined under the relevant schemes and/ or statute and charged to the Statement of Profit and Loss in the period of incurrence when the services are rendered by the employees.

In respect of provident fund, contributions made to a trust administered by the Group, the interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be contributed by the Group and charged to the Statement of Profit and Loss.

For defined benefit plans i.e. Group's liability towards gratuity (funded)/(unfunded), other retirement/ terminations benefits and compensated absences, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Defined benefit costs are comprised of:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement.

The Group presents the first two components of defined benefit costs in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

Re-measurement of net defined benefit liability/ asset pertaining to gratuity comprise of actuarial gains/ losses (i.e. changes in the present value resulting from experience adjustments and effects of changes in actuarial assumptions) and is reflected immediately in the consolidated balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

A liability for a termination benefits like expenditure on Voluntary Retirement Scheme is recognised at the earlier of when the Group can no longer withdraw the offer of termination benefit or when the Group recognises any related restructuring costs.

Short-term and other long-term employee benefits:

A liability is recognised for benefits accruing to employees in respect of salaries, wages, performance incentives, medical benefits and other short term benefits in the period the related service is rendered, at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

1B.12 Share-based payment arrangements

Equity-settled share-based payments to employees (primarily employee stock option plan) are measured by reference to the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 3.7.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options outstanding account.

1B.13 Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Current tax:

Current tax is determined on taxable profits for the year chargeable to tax in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 including other applicable tax laws that have been enacted or substantively enacted. Foreign companies recognise tax assets / liabilities in accordance with applicable local laws.

Deferred tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

1B.14 Property, plant and equipment

Cost:

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost (net of duty/ tax credit availed) less accumulated depreciation and accumulated impairment losses. Cost of all civil works (including electrification and fittings) is capitalised with the exception of alterations and modifications of a capital nature to existing structures where the cost of such alteration or modification is ₹100,000 and below.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures, plant and equipment (including patterns and dies) where the cost exceeds ₹10,000 and the estimated useful life is two years or more, is capitalised and stated at cost (net of duty/ tax credit availed) less accumulated depreciation and accumulated impairment losses.

Deemed cost on transition to Ind AS:

The Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2015 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

Depreciation/ amortisation:

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Freehold land is not depreciated.

Classes of Property, Plant and Equipment	Useful life (years)
Buildings	Depreciated over balance
Non-factory service installations:	
- In customer premises	12
- Lease improvements	3
Quality equipment, canteen assets, major Jigs and fixtures and hand tools	12
Other plant and machinery	20
Patterns and dies	5
Furniture and fittings	8
Furniture and fittings - lease improvements	3
Vehicles:	
- Trucks and buses	5
- Cars and motorcycles	3
Office equipment	8
Office equipment – Data processing system (including servers)	5

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of Property, Plant and Equipment.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

De-recognition:

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

1B.15 Intangible assets

The Group has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2015 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

Intangible assets acquired separately:

Intangible assets with finite useful lives that are acquired separately, where the cost exceeds ₹10,000 and the estimated useful life is two years or more, is capitalised and carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets - research and development expenditure:

Expenditure on research activities e.g. the design and production of prototypes is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from development phase of internal project) is recognised, if and only if, all of the following have been demonstrated:

- technical feasibility of completing the intangible asset;
- intention to complete the intangible asset and intention/ ability to use or sell it;
- how the intangible asset will generate probable future economic benefit;
- availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and
- the ability to measure reliably the attributable expenditure during the development stage.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

De-recognition of intangible assets:

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is derecognised.

Useful lives of intangible assets:

Estimated useful lives of the intangible assets, based on technical assessment, are as follows:

Classes of Intangible Assets	Useful life (years)
Computer Software:	
Acquired	5
Developed	5/10
Technical Knowhow:	
Acquired	5/6
Developed	6/10

1B.16 Impairment losses

At the end of each reporting period, the Group determines whether there is any indication that its assets (tangible, intangible assets and investments in equity instruments in joint ventures and associates carried at cost) have suffered an impairment loss with reference to their carrying amounts. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount exceeds the recoverable amount. Recoverable amount is higher of the fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1B.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in the arrangement.

1B.18 Inventories

Inventories are stated at lower of cost and net realisable value.

Cost of raw materials, stores, spares, consumable tools and traded goods comprises cost of purchases and includes taxes and duties and is net of eligible credits under CENVAT/ VAT schemes. Cost of work-in-progress, work-made components and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overheads, which is allocated on a systematic basis. Cost of inventories also includes all other related costs incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cost of inventories are determined as follows:

- Raw materials, stores, spares, consumable tools, traded goods: on moving weighted average basis; and
- Work-in-progress, works-made components and finished goods: on moving weighted average basis plus appropriate share of overheads.

Cost of surplus/ obsolete/ slow moving inventories are adequately provided for.

1B.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Warranties:

Provisions for expected cost of warranty obligations under legislation governing sale of goods are recognised on the date of sale of the relevant products at the Management's best estimate of the expenditure required to settle the obligation which takes into account the empirical data on the nature, frequency and average cost of warranty claims and regarding possible future incidences.

1B.20 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Classification of financial assets

The financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition.

After initial recognition:

- (i) Financial assets (other than investments and derivative instruments) are subsequently measured at amortised cost using the effective interest method.

Effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Investments in debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments on principal and interest on the principal amount outstanding.

Income on such debt instruments is recognised in profit or loss and is included in the "Other Income".

The Group has not designated any debt instruments as fair value through other comprehensive income.

- (ii) Financial assets (i.e. derivative instruments and investments in instruments other than equity of joint ventures and associates) are subsequently measured at fair value.

Such financial assets are measured at fair value at the end of each reporting period, with any gains (e.g. any dividend or interest earned on the financial asset) or losses arising on re-measurement recognised in profit or loss and included in the "Other Income".

Investments in equity instruments of joint ventures and associates

The Group measures its investments in equity instruments of joint ventures and associates at cost in accordance with Ind AS 27 and Ind AS 110. At transition date, the Group has elected to continue with the carrying value of such investments measured as per the previous GAAP and use such carrying value as its deemed cost.

Impairment of financial assets:

A financial asset is regarded as credit impaired when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The Group applies the expected credit loss model for recognising impairment loss on financial assets (i.e. the shortfall between the contractual cash flows that are due and all the cash flows (discounted) that the Group expects to receive).

Further, with respect to financing activities of the Group, the Group adjusts for the effects of macro-economic factors on the internal probability of defaults. Accordingly, the financial instruments are classified into Stage 1 – Standard Assets with 0 to 90 days past due (DPD), Stage 2 – Significant Credit Deterioration or overdue between 91 to 120 days and Stage 3 – Default Assets with overdue for more than 120 days as at March 31, 2017 and 150 days as at March 31, 2016. The Group also takes into account the below qualitative parameters in determining the increase in credit risk for the financial assets:

- 1) Significant negative deviation in the business plan of the borrower
- 2) Significant decrease in the value of collateral
- 3) Change in market conditions and industry trends

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

Default Assets wherein the Management does not expect any realistic prospect of recovery are written off to the Consolidated Statement of Profit and Loss.

De-recognition of financial assets:

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Consolidated Statement of profit and loss.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Group has applied the de-recognition requirements of financial assets prospectively for transactions occurring on or after April 1, 2015 (the transition date).

Financial liabilities and equity instruments:

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities

All financial liabilities (other than derivative instruments) are subsequently measured at amortised cost using the effective interest rate method or at FVTPL. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the "Finance Costs".

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and are subsequently measured (if not designated as at FVTPL) at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

De-recognition of financial liabilities:

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

The Group has applied the de-recognition requirements of financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

Derivative financial instruments:

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and cross currency interest rate swaps. Further details of derivative financial instruments are disclosed in Note 3.8.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

As of the transition date, the Group has assessed whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed on the later of the date of first became a party to the contract and the date when there has been change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

Hedge accounting:

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk, as either fair value hedges, cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 3.8 sets out details of the fair values of the derivative instruments used for hedging purposes.

Fair value hedges

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "Other Income" line item.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) are included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

1C. Critical accounting judgments and key sources of estimation uncertainty:

The preparation of consolidated financial statements in conformity with Ind AS requires the Group's Management to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities recognised in the consolidated financial statements that are not readily apparent from other sources. The judgements, estimates and associated assumptions are based on historical experience and other factors including estimation of effects of uncertain future events that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates (accounted on a prospective basis) and recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods of the revision affects both current and future periods.

The following are the critical judgements and estimations that have been made by the Management in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements and/or key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of goodwill

The carrying amount of goodwill significant to the Group are stated in Note 3.16. The recoverable amounts have been determined based on value in use calculations which uses cash flow projections covering generally a period of five years (which are based on key assumptions such as margins, expected growth rates based on past experience and Management's expectations/ extrapolation of normal increase/ steady terminal growth rate) and appropriate discount rates that reflects current market assessments of time value of money and risks specific to these investments. The Management believes that any reasonable possible change in key assumptions on which recoverable amount is based is not expected to cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit. However, based on the impairment assessment carried out by the Group, the Management has determined that in respect of certain subsidiaries, there is an impairment considering the above criteria/ factors and accordingly, an impairment loss aggregating ₹9,606.16 lakhs (2016: ₹30,416.90 lakhs) in the value of goodwill has been recognised.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Provision for obligations

As stated in Note 3.22, Optare Plc, UK (Optare) a subsidiary has made losses in the current year as there have been curtailment in business due to increased competition which has a significant effect on Optare's business performance, future cash flows and servicing of third parties liabilities. Based on the Parent Company's assessment of these factors and business valuation of Optare by an independent valuer, the Parent Company has made a provision of ₹8,100.00 lakhs for third party claims and other potential liabilities.

Gain on disposal of interest in a former joint venture

As stated in Note 3.23, the uncertainties relating to the joint venture operations were resolved consequent to an agreement dated September 7, 2016 reached between the Parent Company and the joint venture partner. The settlement agreement resulted in continuity of LCV business by the Parent Company and acquisition of the balance stake of the joint venture partner by the Parent Company in the erstwhile joint venture entities. These companies became wholly owned subsidiaries and subsequently, the Parent Company reformulated its business strategy for LCV business which is expected to enhance its growth prospects. A resultant gain on disposal of interests in this former joint venture of ₹18,745.78 lakhs has been recognised as an exceptional item and acquisition of these subsidiaries at fair value resulted in a goodwill of ₹44,989.62 lakhs.

Inventories

An inventory provision is recognised for cases where the realisable value is estimated to be lower than the inventory carrying value. The inventory provision is estimated taking into account various factors, including prevailing sales prices of inventory item, changes in the related laws / emission norms and losses associated with obsolete / slow-moving / redundant inventory items. The Company has, based on these assessments, made adequate provision in the books.

Taxation

Determining of income tax liabilities using tax rates and tax laws that have been enacted or substantially enacted requires the Management to estimate the level of tax that will be payable based upon the Group's/ expert's interpretation of applicable tax laws, relevant judicial pronouncements and an estimation of the likely outcome of any open tax assessments including litigations or closures thereof.

Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, unabsorbed depreciation and unused tax credits could be utilized.

Provision for product warranty

The Group's product warranty obligations and estimations thereof are determined using historical information on the type of product, nature, frequency and average cost of warranty claims and the estimates regarding possible future incidences of product failures. Changes in estimated frequency and amount of future warranty claims, which are inherently uncertain, can materially affect warranty expense.

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Management determines the appropriate valuation techniques and inputs for the fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuations. The Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 3.8.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1.1 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

DESCRIPTION	GROSS CARRYING AMOUNT (COST / DEEMED COST / VALUATION)				DEPRECIATION / AMORTISATION			NET CARRYING AMOUNT	
	01.04.2016	Additions	Acquisition through business combinations (Refer Note 3.22 and 3.23)	Adjustments* Disposals	31.03.2017	Upto 31.03.2016	Charge during the year		Adjustments* Disposals
Freehold land	55,118.39	1.32	9,614.85	-	64,734.56	-	-	-	64,734.56
Buildings	138,188.25	3,750.98	6,195.86	(225.04)	147,670.82	5,576.87	5,856.52	(18.85)	136,478.38
Building given on lease	1,004.81	118.18	-	-	1,122.99	21.61	22.99	-	1,078.39
Plant and equipment	299,197.35	13,693.68	45,119.91	(439.55)	347,325.22	33,894.06	37,647.90	(137.31)	285,784.55
Plant and equipment given on lease	3.45	-	-	-	3.45	0.28	0.28	-	2.89
Furniture and fittings	3,743.91	1,150.52	861.95	(27.77)	5,662.41	1,283.59	1,110.37	(8.91)	3,343.28
Furniture and fittings given on lease	21.93	-	-	-	21.93	5.82	4.54	-	11.57
Vehicles and aircraft	10,058.81	4,770.64	52.62	(411.62)	14,371.94	1,233.76	2,116.25	(60.26)	11,136.94
Office Equipment	5,754.58	2,557.29	102.48	(19.23)	6,775.53	1,872.22	1,930.50	(9.48)	4,601.43
Office Equipment given on lease	0.71	-	-	-	0.71	0.71	-	-	-
Electrical and other installations on lease hold premises	107.30	6.68	-	-	113.98	37.04	25.95	-	50.99
TOTAL	513,199.49	26,049.29	61,947.67	(1,123.21)	587,803.54	43,925.96	48,715.30	(234.81)	507,222.98
Capital work-in-progress									19,592.19

* Adjustments includes currency movements relating to foreign operations.

Notes:

- Buildings include cost of service installations ₹17,844.72 lakhs.
- A portion of the Buildings in Bhandara revalued at ₹950 lakhs is on a land, the title for which is yet to be transferred to the Parent Company. Further the title of land and buildings acquired through business combination which are in the name of amalgamating company are yet to be transferred in the name of the Parent Company.
- Cost of Buildings as at March 31, 2017 includes:
 - ₹3.42 lakhs being cost of shares in Housing Co-operative Society representing ownership rights in residential flats and furniture and fittings thereat.
 - ₹132.38 lakhs representing cost of residential flats including undivided interest in land.
- Additions to PPE and Capital work-in-progress include exchange (gain) / loss aggregating to ₹624.37 lakhs capitalised as under:
 - Building ₹6.72 lakhs, Plant and equipment ₹617.52 lakhs, Furniture and fittings ₹0.47 lakhs, Vehicles and aircraft ₹1.46 lakhs, Office equipment ₹8.41 lakhs, Capital work-in-progress ₹(10.21) lakhs.
- For details of assets given as security against borrowings - Refer Note 3.15
- Amount of contractual commitments for the acquisition of PPE [Refer Note 3.14]

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1.2 OTHER INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

DESCRIPTION	GROSS CARRYING AMOUNT (COST / DEEMED COST / VALUATION)				DEPRECIATION / AMORTISATION			NET CARRYING AMOUNT
	01.04.2016	Additions	Acquisition through business combinations (Refer Note 3.22)	Disposals	31.03.2016	Charge during the year	Upto 31.03.2017	
Intangible Assets								
Computer software								
- Developed	9,487.65	-	-	-	1,332.54	1,332.54	2,665.08	6,822.57
- Acquired	5,173.39	602.32	45.63	(26.68)	1,466.53	1,546.82	3,000.09	2,790.87
Technical knowhow								
- Developed	23,501.82	6,150.88	-	(1,674.16)	3,064.40	3,466.46	6,271.32	21,671.42
- Acquired	14,426.97	-	-	-	2,412.36	2,217.76	4,630.12	9,796.85
TOTAL	52,589.83	6,753.20	45.63	(1,700.84)	8,275.83	8,563.58	16,566.61	41,081.71
Intangible assets under development								4,826.58

* Adjustments includes currency movements relating to foreign operations.

Notes:

- Additions to Intangible assets and Intangible assets under development include:
 - Exchange (gain) / loss aggregating to ₹(47.01) lakhs capitalised as under :
 - Software ₹(60.24) lakhs, Technical Knowhow ₹18.67 lakhs, Intangible assets under development ₹(5.44) lakhs.
 - Other expenses capitalised ₹6,908.95 lakhs - Refer Notes 2.3 and 2.6
- Intangible assets mainly include:
 - Vehicle technology relating to design, emission - ₹21,112.49 lakhs
 - Software for accounting / operations purpose - ₹9,296.57 lakhs
- Amount of contractual commitments for the acquisition of intangible assets [Refer Note 3.14]

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1.2 OTHER INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

DESCRIPTION	GROSS CARRYING AMOUNT (COST / DEEMED COST / VALUATION)				DEPRECIATION / AMORTISATION			NET CARRYING AMOUNT
	01.04.2015 (Refer Note 2 below)	Additions	Adjustments*	Disposals 31.03.2016	Upto 31.03.2015 (Refer Note 2 below)	Charge during the year	Adjustments* Disposals Upto 31.03.2016	
Intangible Assets								
Computer software								
- Developed	9,487.65	-	-	9,487.65	-	1,332.54	-	8,155.11
- Acquired	2,040.73	3,120.41	12.25	5,173.39	-	1,464.40	2.13	3,706.86
Technical knowhow								
- Developed	20,601.72	2,538.89	361.21	23,501.82	-	3,007.05	57.35	20,437.42
- Acquired	13,659.98	766.99	-	14,426.97	-	2,412.36	-	12,014.61
TOTAL	45,790.08	6,426.29	373.46	52,589.83	-	8,216.35	59.48	44,314.00

Intangible assets under development

* Adjustments includes currency movements relating to foreign operations.

Notes:

- Additions to Intangible assets and Intangible assets under development include:
 - Exchange (gain) / loss aggregating to ₹(993.75) lakhs capitalised as under :
 - Software ₹834.84 lakhs, Technical Knowhow ₹90.66 lakhs, Intangible assets under development ₹(1,919.25) lakhs.
 - Other expenses capitalised ₹445.22 lakhs - Refer Notes 2.3 and 2.6
- The Group has elected the previous GAAP carrying amounts of Intangible assets as at April 1, 2015 (the transition date) as deemed cost and has accordingly disclosed the same as above.
- Intangible assets mainly include:
 - Vehicle technology relating to design, emission - ₹19,862.42 lakhs
 - Software for accounting / operations purpose - ₹11,605.73 lakhs
- Amount of contractual commitments for the acquisition of intangible assets [Refer Note 3.14]

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1.3 NON-CURRENT FINANCIAL ASSETS - INVESTMENTS

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Nos	₹ Lakhs	Nos	₹ Lakhs	Nos	₹ Lakhs
I) Investment in Equity Instruments						
1) Associates (at deemed cost)						
a) Equity Shares of ₹10 each						
Ashok Leyland Defence Systems Limited						
Cost of Acquisition (including goodwill of ₹1.59 lakhs)	1,487,567	148.76	17,567	1.76	17,567	1.76
Add / Less : Group share of (Loss)/profit		(109.98)		(1.76)		2.01
Carrying amount of Investment		38.78		-		3.77
Ashley Aviation Limited						
Cost of Acquisition (including goodwill of ₹112.38 lakhs)	1,960,000	196.00	1,960,000	196.00	1,960,000	196.00
Less : Group share of Loss		196.00		196.00		196.00
Carrying amount of Investment		-		-		-
Mangalam Retail Services Limited						
Cost of Acquisition (including goodwill of ₹0.50 lakhs)	37,470	4.47	37,470	4.47	37,470	4.47
Add : Group share of Profit		0.28		0.89		0.52
Carrying amount of Investment		4.75		5.36		4.99
b) Equity shares of Srilankan Rupees 10 each						
Lanka Ashok Leyland, PLC						
Cost of Acquisition (including goodwill of ₹21.45 lakhs)	1,008,332	57.46	1,008,332	57.46	1,008,332	57.46
Add : Group share of Profit		3,504.33		3,050.58		3,005.70
Less: Dividend Income		114.98		193.80		23.43
Carrying amount of Investment		3,446.81		2,914.24		3,039.73
2) Joint Ventures (at deemed cost)						
a) Equity Shares of ₹10 each						
Ashok Leyland Technologies Limited (formerly Nissan Ashok Leyland Technologies Limited) *						
Cost of Acquisition (including goodwill of ₹212.30 lakhs)		-	26,025,000	2,605.21	26,025,000	2,605.21
Less : Group share of Loss		-		2,605.21		2,605.21
Carrying amount of Investment		-		-		-
Ashley Powertrain Limited (formerly Nissan Ashok Leyland Powertrain Limited) *						
Cost of Acquisition (including goodwill of ₹15.96 lakhs)		-	74,021,705	7,404.67	74,021,705	7,404.67
Less : Group share of Loss		-		1,619.68		1,633.49
Less : Impairment in value of investment		-		5,784.99		-
Carrying amount of Investment		-		-		5,771.18

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1.3 NON-CURRENT FINANCIAL ASSETS - INVESTMENTS (CONTINUED)

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Nos	₹ Lakhs	Nos	₹ Lakhs	Nos	₹ Lakhs
Ashok Leyland Vehicles Limited (formerly Ashok Leyland Nissan Vehicles Limited) *						
Cost of Acquisition (including goodwill of ₹353.65 lakhs)		-	409,349,418	19,587.63	409,349,418	19,587.63
Less : Group share of Loss		-		19,587.63		19,587.63
Carrying amount of Investment		-		-		-
Hinduja Tech Limited						
Cost of Acquisition (including goodwill of ₹3,699.60 lakhs)	95,450,000	9,737.41	95,450,000	9,737.41	95,450,000	9,737.41
Less : Group share of Loss		7,953.43		7,177.08		6,920.66
Carrying amount of Investment		1,783.98		2,560.33		2,816.75
Automotive Infotronics Limited (Under Liquidation)						
Cost of Acquisition		-	15,751,762	150.00	15,751,762	150.00
Add : Group share of Profit / (Loss)		-		16.22		-
Carrying amount of Investment		-		166.22		150.00
Ashley Alteams India Limited						
Cost of Acquisition	70,000,000	4,057.00	67,500,000	3,807.00	65,000,000	3,557.00
Less : Group share of Loss		3,272.93		3,338.75		3,032.52
Carrying amount of Investment		784.07		468.25		524.48
Ashok Leyland John Deere Construction Equipment Company Private Limited						
Cost of Acquisition	257,518,150	25,751.82	232,518,150	23,251.82	186,068,150	18,606.82
Less : Group share of Loss		22,186.40		21,687.38		13,907.45
Less: Impairment in value of investment (utilised from provision for obligation made last year of equivalent amount)		3,565.42		-		-
Carrying amount of Investment		-		1,564.44		4,699.37
3) Other (at fair value through profit or loss)						
a) Equity Shares of ₹10 each						
Hinduja Foundries Limited # \$		-	5,405,793	2,205.56	5,405,793	1,740.67
Ashok Leyland Wind Energy Limited	7,812,950	911.97	3,456,950	476.37	3,456,950	476.37
Chennai Willingdon Corporate Foundation	100	0.01	100	0.01	100	0.01
Hinduja Energy (India) Limited	61,147,058	19,310.24	61,147,058	19,310.24	61,147,058	18,711.00
Hinduja Global Solutions Limited #		-		-	5,079	28.75
Hinduja Ventures Limited #		-		-	5,079	20.55
IndusInd Bank Limited #		-		-	5,063,923	44,866.36
Chemplast Sanmar Limited	400,500	35.60	400,500	35.60		-
OPG Power Generation Private Limited	194,115	21.46		-		-
Kamachi Industries Limited	525,000	52.50		-		-
b) Equity shares of ₹100 each partly paid-up						
Adyar Property Holding Co. Limited (₹65 paid up)	300	0.20	300	0.20	300	0.20

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1.3 NON-CURRENT FINANCIAL ASSETS - INVESTMENTS (CONTINUED)

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Nos	₹ Lakhs	Nos	₹ Lakhs	Nos	₹ Lakhs
c) Equity Shares of ₹2 each						
Hinduja Properties Limited	-	-	747,960	67.33	747,960	62.32
Total Investment in Equity Instruments (net)	A	26,390.37	29,774.15		82,916.50	
II) Investment in Preference Shares (at fair value through profit or loss)						
1) Associates						
6% Cumulative Redeemable Non-Convertible Preference shares of ₹10 each						
Ashley Aviation Limited	5,800,000	404.24	1,800,000	138.06	1,800,000	171.58
Less : Group share of Loss		268.28		138.06		140.69
Carrying amount of Investment		135.96		-		30.89
6% Non-Cumulative Non-Convertible Redeemable Preference shares of ₹10 each						
Ashok Leyland Defence Systems Limited	10,000,000	434.28	5,000,000	299.96	-	-
Less : Group share of Loss		-		58.94		-
Carrying amount of Investment		434.28		241.02		-
2) Joint Ventures						
1% Non-Cumulative Non-Convertible Redeemable Preference shares of ₹10 each						
Hinduja Tech Limited	23,900,000	2,251.25	23,900,000	2,254.43	23,900,000	2,035.45
III) Others (at fair value through profit or loss)						
10% Cumulative Non-Convertible Redeemable Preference shares of ₹100 each						
Hinduja Foundries Limited \$	-	-	1,500,000	1,937.28	1,500,000	2,268.46
6% Cumulative Non-Convertible Redeemable Preference shares of ₹100 each, paid up value of ₹66.67 per share						
Hinduja Foundries Limited \$	-	-	1,000,000	712.33	1,000,000	742.72
9% Cumulative Non-Convertible Redeemable Preference shares of ₹100 each						
Hinduja Foundries Limited \$	-	-	30,000,000	30,117.08	30,000,000	29,113.17
Total Investment in Preference Shares	B	2,821.49	35,262.14		34,190.69	
III) Investment in Government Securities (at amortised cost)						
National Savings Certificate of the face value of ₹0.50 lakh		-		0.50		0.50
IV) Investment in Debentures or Bonds (at amortised cost)						
Non convertible redeemable bonds of ₹10 Lakhs each						
ICICI Bank Limited - Nil (2016: Nil, 2015: 20) bonds #		-		-		200.56
Investments in debentures (relating to financing activities)		41,914.32		4,341.67		10,664.18
Total Investment in Debentures or Bonds	C	41,914.32	4,341.67		10,864.74	

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1.3 NON-CURRENT FINANCIAL ASSETS - INVESTMENTS (CONTINUED)

		As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
		Nos	₹ Lakhs	Nos	₹ Lakhs	Nos	₹ Lakhs
V)	Investment in pass-through securities (relating to financing activities) (at amortised cost)	D	3,394.93		7,318.18		3,792.07
VI)	Investment in mutual funds (relating to financing activities) (at amortised cost)	E	10,000.00		-		-
	Total Non-Current Investments	F=A+B +C+D+E	84,521.11		76,696.64		131,764.50

Notes:

1. “#” represents quoted investments

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Aggregate value of quoted investments (at fair value)	-	2,205.56	46,856.89
Aggregate market value of quoted investments	-	2,205.56	46,856.89
Aggregate value of unquoted investments	88,086.53	80,276.07	84,907.61
Aggregate value of impairment in value of investments	3,565.42	5,784.99	-

2. Aggregate value of investment as on April 1, 2015:

Category-wise investments:	Carrying Amount as per previous GAAP	Adjustments	Carrying Amount as per IND AS
a) In equity instruments of joint ventures and associates (at previous GAAP carrying values as deemed cost)	8,121.59	8,888.88 [^]	17,010.47
b) Financial assets carried at amortised cost	14,456.25	-	14,456.25
c) Financial assets carried at fair value through profit or loss	58,059.23	42,238.74 [@]	100,297.97

[^] relating to joint ventures on account of equity accounting and change in classification under Ind AS

[@] On account of fair value adjustments

3. Investments are fully paid-up shares unless otherwise stated.

4. The equity investment in Ashley Alteams India Limited can be disposed off / encumbered only with the consent of banks / financial institutions who have given loans to Ashley Alteams India Limited.

5. * Refer Note 3.22 relating to acquisition of control in these companies.

6. Investments accounted for using equity method ₹8,879.88 lakhs (2016: ₹10,174.50 lakhs, 2015: ₹19,076.81 lakhs).

7. \$ Refer Note 3.23 relating to amalgamation with the Parent Company.

	As at	As at	As at
	March 31, 2017	March 31, 2016	April 1, 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs
1.4 NON-CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES (Unsecured, considered good)			
Trade receivables	17.95	19.36	23.46
	17.95	19.36	23.46

Notes:

1. These are carried at amortised cost.

2. For details of assets given as security against borrowings - Refer Note 3.15

1.5 NON-CURRENT FINANCIAL ASSETS - LOANS

Secured:			
Loans to customers under financing activities (considered good)	667,580.40	571,058.62	337,170.84
Loans to customers under financing activities (considered doubtful)	10,902.41	8,910.89	1,469.51
Unsecured:			
Loans to customers under financing activities (considered doubtful)	3,882.09	1,226.90	359.30
	682,364.90	581,196.41	338,999.65
Less: Allowance for loans (as per expected credit loss model)	18,097.57	10,653.74	6,141.47
	664,267.33	570,542.67	332,858.18

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1.5 NON-CURRENT FINANCIAL ASSETS - LOANS (CONTINUED)

Notes:

1. These are carried at amortised cost.

	Opening	Additions (net)	Closing
March 2017	10,653.74	7,443.83	18,097.57
March 2016	6,141.47	4,512.27	10,653.74

	As at March 31, 2017 ₹ Lakhs	As at March 31, 2016 ₹ Lakhs	As at April 1, 2015 ₹ Lakhs
1.6 NON-CURRENT FINANCIAL ASSETS - OTHERS (Unsecured, considered good)			
a) Security Deposits	5,918.26	2,515.55	2,452.25
b) Other receivable *	786.54	786.54	786.54
c) Bank Balance in deposit accounts	4.10	15.24	74.68
d) Derivatives not designated in hedging relationships	1,402.26	-	-
e) Others			
i) Employee advances	293.64	563.18	265.44
ii) Other advances	669.51	953.02	882.68
iii) Bank deposits held as security (relating to financing activities) [collateral towards securitisation / assignment of receivables]	2,703.41	11,632.58	10,933.19
	11,777.72	16,466.11	15,394.78
Of the above,			
Due from Directors / Officers	1.37	3.41	5.45

* on sale of windmill undertaking of the Parent Company

Notes:

- These (except derivatives) are carried at amortised cost. Derivatives are carried at fair value through profit or loss.
- For details of assets (except bank deposits held as security) given as security against borrowings - Refer Note 3.15.

1.7a DEFERRED TAX ASSETS (NET)			
i) Deferred tax (liabilities)	(100.61)	(103.18)	(47.95)
ii) Deferred tax assets	11,313.78	7,676.36	4,432.99
	11,213.17	7,573.18	4,385.04
Unused tax credits (Minimum alternate tax credit entitlement)	134.78	0.40	7.99
	11,347.95	7,573.58	4,393.03

1.7b DEFERRED TAX LIABILITIES (NET)			
i) Deferred tax (liabilities)	76,328.19	77,757.82	81,102.83
ii) Deferred tax assets	(8,274.08)	(5,480.70)	(10,157.29)
	68,054.11	72,277.12	70,945.54
Unused tax credits (Minimum alternate tax credit entitlement)	(55,361.19)	(39,367.12)	(42,881.94)
	12,692.92	32,910.00	28,063.60

Note:

Refer Note 3.4 for details of deferred tax liabilities and assets.

	As at March 31, 2017 ₹ Lakhs	As at March 31, 2016 ₹ Lakhs	As at April 1, 2015 ₹ Lakhs
1.8 NON-CURRENT ADVANCE TAX ASSETS (NET)			
Advance income tax (net of provision)	13,739.46	9,601.37	3,092.61
	13,739.46	9,601.37	3,092.61

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs
1.9 OTHER NON-CURRENT ASSETS			
(Unsecured, considered good unless otherwise stated)			
a) Prepayments under operating leases	29,865.23	12,525.87	12,682.84
b) Capital Advances			
i) Considered good	4,707.96	5,561.14	3,504.35
ii) Considered doubtful	249.38	11.41	22.90
Less: Allowance for doubtful advances	249.38	11.41	22.90
	4,707.96	5,561.14	3,504.35
c) Balances with customs, port trust, central excise etc.			
i) Considered good	513.72	-	41.23
ii) Considered doubtful	1,428.06	1,428.06	1,428.06
Less: Allowance for doubtful amounts	1,428.06	1,428.06	1,428.06
	513.72	-	41.23
d) Others			
Considered good			
i) Input tax refundable	11,942.45	10,997.26	29,811.19
ii) Sales tax paid under protest	25,138.87	21,903.10	11,893.21
iii) Other advances (includes advance for leasehold land, prepaid expenses, etc)	9,197.36	3,378.50	2,999.96
Considered doubtful			
i) Supplier advance	3.52	4.27	4.27
ii) Other advances	-	5.95	-
Less: Allowance for doubtful advances	3.52	10.22	4.27
	46,278.68	36,278.86	44,704.36
	81,365.59	54,365.87	60,932.78
1.10 INVENTORIES			
a) Raw materials and components	74,659.33	54,808.56	65,768.26
b) Work-in-progress	102,156.00	5,302.84	8,278.70
c) Finished goods	67,981.15	93,096.08	45,653.05
d) Stock-in-trade			
i) Commercial vehicles	1,543.66	8,076.38	3,798.36
ii) Spare parts and auto components (including works made)	27,953.97	23,192.96	19,679.99
e) Stores, spares and consumable tools	8,239.11	7,756.46	8,267.64
	282,533.22	192,233.28	151,446.00
Less: Provision for non-moving inventory	5,421.35	-	-
	277,111.87	192,233.28	151,446.00

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1.10 INVENTORIES (CONTINUED)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs
Notes :			
1. Goods in transit included above are as follows:			
a) Raw materials and components	6,775.26	4,276.75	6,725.92
b) Stock-in-trade			
(i) Commercial vehicles	86.50	138.36	455.89
(ii) Spares parts and auto components (including works made)	9.06	11.50	253.40
c) Stores, spares and consumable tools	47.43	-	-
2. Cost of materials consumed (including cost of purchased goods) during the year is ₹1,471,759.19 lakhs (2015-16: ₹1,397,379.29 lakhs).			
3. The amount of write down of inventory recognised as an expense during the year is ₹1,881.24 lakhs (2015-16: ₹1,217.07 lakhs).			
4. For details of assets given as security against borrowings - Refer Note 3.15			

	As at March 31 2017	As at March 31,2016	As at April 1 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs
1.11 CURRENT FINANCIAL ASSETS - INVESTMENTS			
(Unquoted)			
i) Investments in mutual funds (Units: 154,635,883, 2016: Nil, 2015: Nil) (carried at fair) value through profit or loss)	87,717.23	-	-
ii) Investments in pass through securities (relating to financing activities) (carried at amortised cost)	8,775.95	8,472.12	11,605.51
iii) Investments in debentures (relating to financing activities) (carried at amortised cost)	12,317.39	17,939.19	16,849.58
	108,810.57	26,411.31	28,455.09
1.12 CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES			
Trade receivables - unsecured			
Considered good			
Related Parties (Refer Note 3.10)	3,681.85	5,820.61	2,033.68
Others	99,710.20	140,317.52	137,937.02
Considered doubtful	4,897.90	961.70	914.32
	108,289.95	147,099.83	140,885.02
Less: Allowance for doubtful debts	4,897.90	961.70	914.32
	103,392.05	146,138.13	139,970.70
Age analysis of trade receivables			
Outstanding for more than six months from the date they are due	22,209.35	27,126.87	24,236.38
Others	81,182.70	119,011.26	115,734.32
	103,392.05	146,138.13	139,970.70

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1.12 CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES (CONTINUED)

Notes:

1 Movement in allowance for doubtful debts is as follows:

Particulars	2017	2016
Opening	961.70	914.32
Pursuant to business combination	1,237.39	-
Additions (net)	2,698.81	47.38
Closing	4,897.90	961.70

2 These are carried at amortised cost.

3 For details of assets given as security against borrowings - Refer Note 3.15.

	As at March 31 2017	As at March 31,2016	As at April 1 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs
1.13a Cash and cash equivalents			
i) Balances with banks:			
a) In current accounts	19,178.77	42,283.57	34,279.90
b) In cash credit accounts	57,810.74	47,440.34	22,538.90
c) In deposit accounts *	2,773.15	73,955.51	24,590.21
ii) Cheques, drafts on hand	21,021.11	4,380.32	2,529.82
iii) Cash and stamps on hand	529.79	58.95	59.52
	101,313.56	168,118.69	83,998.35
1.13b Bank balances other than (a) above			
i) Unclaimed dividend accounts (earmarked)	586.37	539.94	590.28
ii) In deposit accounts (earmarked)	36.47	51.94	53.92
iii) In deposit accounts #	4,424.76	2,941.11	4,000.00
	5,047.60	3,532.99	4,644.20

* This represents deposits with original maturity of less than or equal to 3 months.

This represents deposits with original maturity of more than 3 months.

1.14 CURRENT FINANCIAL ASSETS - LOANS

Secured:			
Loans to customers under financing activities (considered good)	356,982.02	243,240.93	189,087.36
Loans to customers under financing activities (considered doubtful)	59,465.12	34,734.03	31,235.09
Unsecured:			
Loans to customers under financing activities (considered good)	5,099.47	115.39	2,205.99
Loans to customers under financing activities (considered doubtful)	1,530.47	2,070.41	1,993.48
Less: Allowance for loans (as per expected credit loss model)	11,959.56	7,190.69	4,238.29
Others	-	4,233.85	-
	411,117.52	277,203.92	220,283.63

Note:

Movement in allowance for loans is as follows:

	Opening	Additions (net)	Closing
March 2017	7,190.69	4,768.87	11,959.56
March 2016	4,238.29	2,952.40	7,190.69

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As at March 31 2017	As at March 31, 2016	As at April 1 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs
1.15 CURRENT FINANCIAL ASSETS - OTHERS			
(Unsecured, considered good unless otherwise stated)			
a) Interest accrued :			
- Relating to financing activities	1,855.33	222.99	463.05
- Others	137.78	107.48	74.64
b) Security deposits	889.78	490.24	301.30
c) Employee advances	1,847.43	2,732.61	1,853.91
d) Receivable on sale of immovable properties / investments	-	40.22	20,000.00
e) Derivatives not designated in hedging relationships	1,462.42	-	-
f) Derivatives designated in hedging relationships	2,840.51	1,609.65	596.38
g) Receivable in respect of sale of non-current investment (in escrow bank account)	1,359.50	726.70	1,709.02
h) Related parties (Refer Note 3.10)			
Other advances	343.81	872.09	549.42
Doubtful advances	-	155.19	-
Less: Allowance for doubtful advances	-	155.19	-
	343.81	872.09	549.42
i) Unbilled revenue	2,170.26	1,698.88	1,502.31
j) Bank deposits held as security (relating to financing activities) [collateral towards securitisation / assignment of receivables]	3,296.97	-	-
k) Others (includes expenses recoverable, etc.)	9,739.76	8,233.43	6,682.71
	25,943.55	16,734.29	33,732.74
Of the above			
Due from Directors / Officers	2.04	33.19	2.14

Notes:

- These (except derivatives) are carried at amortised cost. Derivatives are carried at fair value through profit or loss.
- For details of assets given as security against borrowings - Refer Note 3.15

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs
1.16 OTHER CURRENT ASSETS			
(Unsecured, considered good unless otherwise stated)			
a) Prepayments under operating leases	401.66	155.41	155.41
b) Advances to related parties [Refer Note 3.10]	87.69	589.51	37.21
c) Export incentive receivables	5,133.08	6,486.31	7,300.44
d) Supplier advances			
i. Considered good	13,341.06	9,668.02	11,968.91
ii. Considered doubtful	2,958.91	131.68	-
Less: Allowance for doubtful advances	2,958.91	131.68	-
	13,341.06	9,668.02	11,968.91

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs
1.16 OTHER CURRENT ASSETS CONTINUED			
e) Balances with customs, port trust, central excise etc.			
i. Considered good	10,785.81	15,562.62	13,040.75
ii. Considered Doubtful	6,158.99	-	-
Less: Allowance for doubtful amounts	6,158.99	-	-
	10,785.81	15,562.62	13,040.75
f) Others *	17,426.40	24,055.95	22,301.70
	47,175.70	56,517.82	54,804.42
* Includes:			
- Input tax credit recoverable (Value added tax / sales tax, service tax, entry tax)	9,210.57	17,886.06	14,169.59
- Prepaid expenses	6,108.00	4,721.48	7,974.57

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs
1.17a ASSETS CLASSIFIED AS HELD FOR SALE			
Property, plant and equipment and others	12,334.07 *	-	-
	12,334.07	-	-
1.17b LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE			
Liabilities directly associated with assets classified as held for sale	15.00*	-	-
	15.00	-	-

Note:

* Includes freehold land at Hyderabad of ₹12,300.00 lakhs which has been vested with the Parent Company during the year pursuant to business combination of erstwhile Hinduja Foundries Limited (Refer Note 3.23). The Parent Company intends to dispose off the surplus freehold land, and has estimated its fair value (less cost to sell) based on present market prices, which is more than the carrying amount. The Parent Company expects to complete the sale in the next few months.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs
1.18 EQUITY SHARE CAPITAL			
Authorised			
27,856,000,000 (2016 and 2015: 25,356,000,000) Equity shares of ₹1 each [Refer Note 3.23]	278,560.00	253,560.00	253,560.00
	278,560.00	253,560.00	253,560.00
Issued			
a) 2,199,766,829 Equity shares of ₹1 each	21,997.67	21,997.67	21,997.67
b) 646,314,480 Equity shares of ₹1 each issued through Global Depository Receipts	6,463.14	6,463.14	6,463.14
	28,460.81	28,460.81	28,460.81
Subscribed and fully paid up			
a) 2,199,562,154 Equity shares of ₹1 each	21,995.62	21,995.62	21,995.62
b) 646,314,480 Equity shares of ₹1 each issued through Global Depository Receipts (Refer Note 2(b) below)	6,463.14	6,463.14	6,463.14
	28,458.76	28,458.76	28,458.76
Add: Forfeited shares (amount originally paid up in respect of 760 shares)	0.04	0.04	0.04
	28,458.80	28,458.80	28,458.80

Notes:

Reconciliation of number of Equity shares subscribed	2017	2016
1. Balance as at the beginning/end of the year	2,845,876,634	284,58,76,634

2. Shares issued in preceding 5 years

- (a) The Company had issued and allotted during the year 2011-12, 1,330,338,317 equity shares as fully paid-up bonus shares by utilisation of securities premium reserve in the ratio of 1:1.
- (b) As on March 31, 2017, there are 352,245,640 equity shares representing the outstanding Global Depository Receipts (GDRs). The balance GDRs have been converted into Equity shares.

3. Shares held by the Holding Company

Hinduja Automotive Limited, the holding company, holds 1,104,646,899 (2016: 1,104,646,899, 2015: 1,104,646,899) Equity shares and 5,486,669 (2016: 5,486,669, 2015: 5,486,669) Global Depository Receipts (GDRs) equivalent to 329,200,140 (2016: 329,200,140, 2015: 329,200,140) Equity shares of ₹1 (2016: ₹1, 2015: ₹1) each aggregating to 50.38% (2016: 50.38%, 2015: 50.38%) of the total equity share capital.

4. Shareholders other than the Holding Company holding more than 5% of the equity share capital

Life Insurance Corporation of India holds 105,298,950 (2016: 128,308,174, 2015: 18,76,02,225) Equity shares of ₹1 (2016: ₹1, 2015: ₹1) each aggregating to 3.70% (2016: 4.51%, 2015: 6.59%).

5. Rights, preferences and restrictions in respect of equity shares and GDRs issued by the Company

- a) The Equity share holders are entitled to receive dividends as and when declared; a right to vote in proportion to holding etc. and their rights, preferences and restrictions are governed by / in terms of their issue under the provisions of the Companies Act, 2013.
 - b) The rights, preferences and restrictions of the GDR holders are governed by the terms of their issue, and the provisions of the Companies Act, 2013. Each GDR holder is entitled to receive 60 equity shares (2016: 60 equity shares, 2015: 60 equity shares) of ₹1 each, per GDR, and their voting rights can be exercised through the Depository.
6. Information relating to Employees Stock Option Plan including details of options outstanding as at March 31, 2017 - Refer Note 3.7.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
		₹ Lakhs	₹ Lakhs	₹ Lakhs
1.19 OTHER EQUITY				
a) Shares Pending Allotment	A	806.58	-	-
b) Capital Reserve	B	26,386.42	8,793.10	8,793.10
c) Securities Premium Reserve	C,L	198,019.50	147,004.69	146,964.34
d) Capital Redemption Reserve	L	333.33	-	-
e) Debenture Redemption Reserve	D	10,000.00	15,250.00	26,875.00
f) Share Options Outstanding Account	E	1,886.35	149.57	120.84
g) General Reserve	F,L	95,211.11	94,321.86	94,341.48
h) Cash Flow Hedge Reserve	G,L	1,675.46	769.39	161.34
i) Foreign currency monetary item translation difference	H	(1,197.29)	(2,476.33)	(1,472.65)
j) Statutory Reserve	I	5,862.64	3,949.66	2,232.77
k) Foreign Currency Translation Reserve	J	3,404.31	(510.14)	-
l) Retained earnings (Surplus in Consolidated Statement of Profit and Loss)	K,L	268,447.11	230,659.54	168,933.63
		610,835.52	497,911.34	446,949.85

Notes:

- A) Shares pending allotment represent Equity shares to be issued pursuant to business combination during the year i.e. the scheme of amalgamation of Hinduja Foundries Limited with the Parent Company. (Refer Note 3.23)
- B) Capital reserve represents reserve created pursuant to the business combinations upto year end.
- C) Securities premium reserve represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act, 2013 ("the Act") for specified purposes.
- D) Debenture redemption reserve represents reserve created out of profit / retained earnings at specified value of debentures to be redeemed.
- E) Share options outstanding account relates to stock options granted by the Group to employees under an employee stock options plan. (Refer Note 3.7)
- F) General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, bonus issue, etc.
- G) Cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated in this reserve are reclassified to profit or loss only when the hedged transaction affects the profit or loss.
- H) Foreign currency monetary items translation difference represents exchange differences on translation of long term foreign currency monetary items at rates different from those at which they were initially recorded in so far as they do not relate to acquisition of depreciable assets. These exchange differences in respect of borrowings upto March 31, 2016 are amortised by recognition as income or expense in each year over the balance term till settlement occurs but not beyond March 31, 2020.
- I) The statutory reserve has been created pursuant to statutory regulations at a percentage of profit for the year.
- J) Foreign currency translation reserve represents exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Indian Rupees) which are recognised directly in other comprehensive income and accumulated in this foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.
- K) In respect of the year ended March 31, 2017, the Board of Directors of the Parent Company has proposed a dividend of ₹1.56 per equity share (2016: ₹0.95 per equity share, 2015: ₹0.45 per equity share), subject to approval by the shareholders at the ensuing Annual General Meeting after which dividend would be accounted and paid out of the retained earnings available for distribution in accordance with the provisions of the Act (Also Refer Note 3.3). Revaluation reserve transferred to retained earnings on transition date may not be available for distribution.
- L) Pursuant to the business combination during the year referred to above, the reserves and surplus of the amalgamating company as on October 1, 2016 have been taken over at the carrying values.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As at March 31, 2017 ₹ Lakhs	As at March 31, 2016 ₹ Lakhs	As at April 1, 2015 ₹ Lakhs
1.20 NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS			
a) Secured borrowings			
i) Debentures	213,070.14	239,411.53	150,629.81
ii) Term loan from banks	522,441.45	345,821.51	238,659.57
iii) External commercial borrowings from banks	6,744.24	-	-
iv) Other loans	3,138.76	58.64	-
b) Unsecured borrowings			
i) Debentures	68,128.70	50,227.84	29,675.85
ii) External commercial borrowings from banks	63,224.73	105,883.91	124,733.80
iii) Interest free sales tax loans	10,894.04	11,307.50	11,466.94
	887,642.06	752,710.93	555,165.97
Notes:			
1. These are carried at amortised cost.			
2. Refer Note 1.26 for current maturities of non-current borrowings.			
3. Refer Note 3.15 for security and terms of the borrowings.			
4. The Parent Company has been authorised to issue 36,500,000 Redeemable Non-Cumulative Non-Convertible Preference Shares of ₹10 each valuing ₹3,650.00 lakhs and 77,000,000 (2016: 2,000,000, 2015: 2,000,000) Non-Convertible Redeemable Preference Shares of ₹100 each valuing ₹77,000.00 lakhs (2016: 2,000 lakhs, 2015: 2,000 lakhs) (Also Refer Note 3.23).			
5. Of the above, borrowings relating to financing activities are given below:			
a) Secured borrowings			
Debentures	198,098.51	199,498.50	89,800.57
Term loans from banks	484,399.66	320,821.50	194,789.07
Other loans	20.76	58.64	-
b) Unsecured borrowings			
Debentures	68,128.70	50,227.84	29,675.85
	750,647.63	570,606.48	314,265.49
1.21 NON-CURRENT FINANCIAL LIABILITIES - OTHERS			
a) Capital creditors	-	516.65	120.15
b) Derivatives not designated in hedging relationships	4,721.68	16,888.44	31,362.28
c) Others	143.48	251.44	590.90
	4,865.16	17,656.53	32,073.33
Note:			
These (except derivatives) are carried at amortised cost. Derivatives are carried at fair value through profit or loss.			
1.22 NON-CURRENT PROVISIONS			
a) Provision for employee benefits			
i) Compensated absences [Refer Note 3.5]	7,157.62	6,060.27	5,729.17
ii) Others including post retirement benefits	4,139.32	4,439.18	2,516.64
b) Provision for product warranties	7,618.99	10,270.01	7,022.23
	18,915.93	20,769.46	15,268.04

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1.22 NON-CURRENT PROVISIONS (CONTINUED)

Note:

Movement in Provision for product warranties is as follows:

	Opening	Additions / (Net of utilisations)	Closing
March 2017	10,270.01	(2,651.02)	7,618.99
March 2016	7,022.23	3,247.78	10,270.01

This provision is recognised once the products are sold. The estimated provision takes into account historical information, frequency and average cost of warranty claims and the estimate regarding possible future incidence of claims. The provision for warranty claims represents the present value of management's best estimate of the future economic benefits. The outstanding provision for product warranties as at the reporting date is for the balance unexpired period of the respective warranties on the various products which range from 1 to 60 months.

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs
1.23 OTHER NON-CURRENT LIABILITIES			
a) Income received in advance	3,926.36	2,942.13	451.81
b) Others (includes deferred lease rent, etc.)	664.87	602.06	568.16
	4,591.23	3,544.19	1,019.97
1.24 CURRENT FINANCIAL LIABILITIES - BORROWINGS			
a) Secured borrowings			
Loans	153,808.86	100,153.79	69,177.55
b) Unsecured borrowings			
Loans	21,992.25	7,114.07	5,859.50
Commercial papers (maximum outstanding during the year ₹80,000.00 lakhs (2016: ₹90,000.00 lakhs))	-	-	29,389.91
	175,801.11	107,267.86	104,426.96

Notes :

- These are carried at amortised cost.
- Out of the above, loans from banks in the form of short term loans, cash credit, packing credit, working capital demand loans, etc:

- Secured	81,478.85	100,153.79	69,177.55
- Unsecured	21,992.25	7,114.07	5,859.50
- Out of the above, borrowings relating to financing activities:

- Secured	117,494.67	59,344.65	35,632.47
- Unsecured	-	-	29,389.91
- Refer Note 3.15 for security and terms of the borrowings.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1.25 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs
Trade payables - including acceptances			
a) Total outstanding dues of micro enterprises and small enterprises [Refer Note 3.19]	732.29	473.51	742.97
b) Total outstanding dues of creditors other than micro enterprises and small enterprises	337,801.73	269,638.56	295,237.20
	338,534.02	270,112.07	295,980.17

Note: These are carried at amortised cost.

1.26 CURRENT FINANCIAL LIABILITIES - OTHERS

a) Current maturities of long-term debt	253,349.91	245,378.97	218,674.56
b) Interest accrued but not due on borrowings	24,506.48	18,388.00	15,384.40
c) Unclaimed dividends	586.37	539.94	590.28
d) Contribution payable to gratuity fund	585.92	2,487.62	997.41
e) Employee benefits	31,683.58	30,407.62	22,627.82
f) Capital creditors	4,892.52	2,111.41	2,593.79
g) Derivatives not designated in hedging relationships	10,939.35	11,317.20	3,373.86
h) Derivatives designated in hedging relationships	336.21	106.01	123.66
i) Book overdraft in cash credit accounts	66.62	-	2,086.46
j) Assignees towards collections in assigned assets (relating to financing activities)	15,042.55	5,062.60	4,794.93
k) Others (includes accrued expenses/liabilities, etc.)	56,864.66	43,552.23	30,804.71
	398,854.17	359,351.60	302,051.88

Notes :

- These (except derivatives) are carried at amortised cost. Derivatives are carried at fair value through profit or loss.
- Refer Note 3.15 for security and terms of the borrowings.
- Current maturities of long term debts include ₹147,816.18 lakhs (2016: ₹174,164.52 lakhs, 2015: ₹145,597.78 lakhs) relating to financing activities.
- Interest accrued but not due on borrowings include ₹21,252.92 lakhs (2016: ₹13,938.22 lakhs, 2015: ₹8,358.71 lakhs) relating to financing activities.

1.27 OTHER CURRENT LIABILITIES

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs
a) Income received in advance	3,198.01	460.11	343.07
b) Advance from customers	19,539.31	27,550.49	27,732.14
c) Statutory liabilities	46,227.24	37,992.06	28,549.62
d) Others	1,594.42	1,262.21	936.95
	70,558.98	67,264.87	57,561.78

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1.28 CURRENT PROVISIONS

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs
a) Provision for employee benefits			
i) Compensated absences [Refer note 3.5]	1,646.82	1,063.65	1,186.49
ii) Others including Post retirement benefits	2,056.17	215.46	548.03
b) Provision for product warranties	19,738.82	16,308.22	10,129.27
c) Provision for obligations [Refer Note 3.21]	8,100.00	2,500.00	-
	31,541.81	20,087.33	11,863.79

Notes:

1 Movement in Provision for product warranties is as follows:

	Opening	Additions (net of utilisation)	Closing
March 2017	16,308.22	3,430.60	19,738.82
March 2016	10,129.27	6,178.95	16,308.22

This provision is recognised once the products are sold. The estimated provision takes into account historical information, frequency and average cost of warranty claims and the estimate regarding possible future incidence of claims. The provision for warranty claims represents the present value of management's best estimate of the future economic benefits. The outstanding provision for product warranties as at the reporting date is for the balance unexpired period of the respective warranties on the various products which range from 1 to 60 months.

2 Movement in Provision for obligations is as follows:

	Opening	Additions	Utilisation	Closing
March 2017	2,500.00	8,100.00	2,500.00	8,100.00
March 2016	-	2,500.00	-	2,500.00

1.29 CURRENT TAX LIABILITIES (NET)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs
Provision for taxation (net of advance tax)	575.23	96.99	28.59
	575.23	96.99	28.59

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

		Year ended March 31, 2017	Year ended March 31, 2016
		₹ Lakhs	₹ Lakhs
2.1 REVENUE FROM OPERATIONS			
a) Sale of products			
- Commercial vehicles			
Manufactured		1,792,295.96	1,734,409.01
Traded		182,159.53	170,054.61
- Engines and gensets		46,917.25	41,489.31
- Ferrous castings and patterns		23,641.16	-
- Spare parts and others		198,739.34	162,266.03
	(A)	2,243,753.24	2,108,218.96
b) Revenue from services	(B)	24,970.10	16,192.28
c) Interest / finance income relating to financing activities	(C)	149,983.05	115,431.70
d) Other operating revenues			
- Contract manufacturing		8,111.29	10,112.27
- Export incentives		7,064.65	6,811.39
- Scrap sales		8,505.70	7,979.73
- Others including recoveries (freight, etc.)		13,945.42	14,006.61
	(D)	37,627.06	38,910.00
	(A+B+C+D)	2,456,333.45	2,278,752.94
Less: Commission, rebate and discounts		49,498.67	46,795.06
		2,406,834.78	2,231,957.88
2.2 OTHER INCOME			
a) Interest income from			
i) Non-current investments		23.52	23.64
ii) Others, including bills discounting		4,896.32	4,286.75
		4,919.84	4,310.39
b) Dividend income from			
i) Current investments		-	282.71
ii) Non-current investments		0.89	204.29
		0.89	487.00
c) Profit / (loss) on sale of investments (net)			
i) Current investments		2,326.80	394.23
ii) Non-current investments		24.82	(952.79)
		2,351.62	(558.56)
d) Other non-operating income			
i) Profit on sale of fixed assets (net)		804.08	95.95
ii) Foreign exchange gain (net)		321.44	-
iii) Net gain / (loss) arising on financial asset mandatorily measured as at FVTPL		(785.49)	4,165.19
iv) Miscellaneous receipts		5,456.84	7,862.10
		5,796.87	12,123.24
		13,069.22	16,362.07

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	Year ended March 31, 2017	Year ended April 31, 2016
	₹ Lakhs	₹ Lakhs
2.3 EMPLOYEE BENEFITS EXPENSE		
a) Salaries and wages	153,201.30	139,872.22
b) Contribution to provident and other funds	10,342.05	9,106.36
c) Share based payment costs *	1,968.90	122.32
d) Staff welfare expenses	26,899.83	22,068.90
	192,412.08	171,169.80
Less: Expenses capitalised	2,324.01	103.12
	190,088.07	171,066.68
* For share options given by the Group to employees under employee stock option plan - Refer Note 3.7.		
2.4 FINANCE COSTS		
a) Interest expense	19,531.53	26,132.54
b) Interest relating to financing activities	85,348.43	66,372.45
	104,879.96	92,504.99
2.5 DEPRECIATION AND AMORTISATION EXPENSE		
A) Property, plant and equipment		
i) Buildings	5,856.52	5,603.89
ii) Plant and equipment	37,647.90	33,939.99
iii) Furniture and fittings	1,110.37	1,285.06
iv) Vehicles and aircraft	2,116.25	1,368.25
v) Office equipment	1,930.50	1,914.78
vi) Assets given on lease		
- Buildings	22.99	21.61
- Plant and equipment	0.28	0.28
- Furniture and fittings	4.54	5.82
- Office equipment	-	0.71
vii) Electrical and other installations on lease hold premises	25.95	37.04
	(A) 48,715.30	44,177.43
B) Intangible assets		
i) Computer software		
- Developed	1,332.54	1,332.54
- Acquired	1,546.82	1,464.40
ii) Technical knowhow		
- Developed	3,466.46	3,007.05
- Acquired	2,217.76	2,412.36
	(B) 8,563.58	8,216.35
	(A + B) 57,278.88	52,393.78

Also Refer Notes 1.1 and 1.2

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	Year ended March 31, 2017	Year ended March 31, 2016
	₹ Lakhs	₹ Lakhs
2.6 OTHER EXPENSES		
(a) Consumption of stores and tools	9,309.31	7,751.06
(b) Power and fuel	18,642.39	12,596.41
(c) Rent	5,284.37	4,808.04
(d) Repairs and maintenance		
- Buildings	5,249.33	4,261.20
- Plant and machinery	15,203.42	12,823.95
- Others	124.54	71.61
(e) Insurance	1,933.71	1,214.31
(f) Rates and taxes, excluding taxes on income	5,703.84	5,700.69
(g) Research and development	9,078.53	7,619.78
(h) Service and product warranties	29,000.58	33,704.00
(i) Packing and forwarding charges	70,134.19	72,314.15
(j) Selling and administration expenses (net)	76,274.51	57,321.80
(k) Annual maintenance contracts	15,056.41	14,038.49
(l) Service provider fees	1,431.07	1,721.08
(m) Impairment loss allowance / write off on trade receivable / advances (net)	2,756.76	4,669.19
(n) Impairment loss allowance / write off relating to financing activities	23,110.54	19,377.79
	288,293.50	259,993.55
Less: Expenses capitalised	4,584.94	342.10
	283,708.56	259,651.45
Note :		
Selling and administration expenses include:		
- Directors' sitting fees	98.20	91.00
- Commission to Non Whole-time Directors	1,076.00	812.00
2.7 EXCEPTIONAL ITEMS		
a) Gain on disposal of interest in a former joint venture (Refer Note 3.22)	18,745.78	-
b) Impairment in value of goodwill		
- Optare Plc	-	(21,274.71)
- Albonair (India) Private Limited	(468.83)	(245.17)
- Albonair GmbH	(9,123.02)	(8,881.06)
- Others	(14.31)	(15.96)
	(9,606.16)	(30,416.90)
c) Provision for obligations relating to a subsidiary		
- Optare Plc (Refer Note 3.21)	(8,100.00)	-
- Others	(28.22)	-
d) Provision for losses relating to a subsidiary		
- Avia Ashok Leyland s.r.o.	-	(2,393.09)
e) Provision for losses relating to joint venture entities (net) - reversal / (charge)	1,457.83	(8,327.35)
	2,469.23	(41,137.34)

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.1 Basis of consolidation

3.1.1 The Consolidated Financial Statements relate to Ashok Leyland Limited (the Parent Company) and its subsidiaries (the Parent Company and its subsidiaries together constitute “the Group”), its joint ventures and associates.

3.1.2 Principles of consolidation

- The Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standard 110 (IND AS 110) “Consolidated Financial Statements”, Indian Accounting Standard 28 (IND AS 28) “Investments in Associates and Joint Ventures prescribed under Section 133 of the Companies Act, 2013.
- The Consolidated Financial Statements of the Group have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealised profits have been fully eliminated.
- The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the Consolidated Financial Statements as Goodwill.
- The difference between the proceeds from the disposal of investments in the subsidiary and the carrying amount of its assets and liabilities as on the date of disposal is recognised as profit or loss on disposal of investments in the subsidiary in the Consolidated Statement of Profit and Loss.
- Non-controlling interests in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the non-controlling shareholders at the dates on which investments are made by the Parent Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above.
- The following subsidiaries are considered in the Consolidated Financial Statements:

S.No.	Name of the Subsidiary	Country of Incorporation	% of ownership interest	% of ownership interest	% of ownership interest
			31-Mar-17	31-Mar-16	1-Apr-15
1	Hinduja Leyland Finance Limited and its subsidiary	India	57.20%	57.43%	57.51%
2	Global TVS Bus Body Builders Limited	India	66.67%	66.67%	66.67%
3	Gulf Ashley Motor Limited	India	92.98%	91.69%	91.62%
4	Optare Plc and its subsidiaries	UK	75.11%	75.11%	75.11%
5	Ashok Leyland (UK) Limited (under liquidation)@	UK	100.00%	100.00%	100.00%
6	Ashok Leyland (Nigeria) Limited	Nigeria	100.00%	100.00%	100.00%
7	Ashok Leyland (Chile) SA *	Chile	100.00%	100.00%	100.00%
8	HLF Services Limited	India	80.25%	80.42%	84.22%
9	Albonair (India) Private Limited	India	100.00%	100.00%	100.00%
10	Albonair GmbH and its subsidiary *	Germany	100.00%	100.00%	100.00%
11	Ashok Leyland Vehicles Limited [formerly Ashok Leyland Nissan Vehicles Limited] (w.e.f November 26, 2016)	India	100.00%	Not Applicable	Not Applicable
12	Ashley Powertain Limited [Nissan Ashok Leyland Powertrain Limited] (w.e.f November 26, 2016)	India	100.00%	Not Applicable	Not Applicable
13	Ashok Leyland Technologies Limited [Nissan Ashok Leyland Technologies Limited] (w.e.f November 26, 2016)	India	100.00%	Not Applicable	Not Applicable
14	Ashok Leyland (UAE) LLC and its subsidiaries (including beneficial interest)	UAE	100.00%	100.00%	100.00%

@ The operations of Ashok Leyland (UK) Limited (under liquidation) are not significant in relation to the Group’s business. The financial statements of the subsidiary companies used in the consolidation are drawn upto the same reporting date as of the Parent Company i.e. year ended March 31, 2017.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.1 Basis of consolidation (Continued)

- g The following Joint Ventures have been considered in the preparation of Consolidated Financial Statements of the Group in accordance with IND AS 28 "Investments in Associates and Joint Ventures":

S. No.	Name of the Joint Venture	Country of Incorporation	% of Ownership interest	% of Ownership interest	% of Ownership interest
			31-Mar-17	31-Mar-16	1 Apr-15
1	Ashley Alteams India Limited	India	50.00%	50.00%	50.00%
2	Ashok Leyland John Deere Construction Equipment Company Private Limited #	India	50.00%	50.00%	50.00%
3	Automotive Infotronics Limited (under liquidation) *	India	50.00%	50.00%	50.00%
4	Hinduja Tech Limited	India	62.00%	62.00%	62.00%
5	Ashok Leyland Vehicles Limited ** [formerly Ashok Leyland Nissan Vehicles Limited] (upto November 25, 2016)	India	Not Applicable	51.00%	51.00%
6	Ashley Powertrain Limited ** [Nissan Ashok Leyland Powertrain Limited] (upto November 25, 2016)	India	Not Applicable	49.00%	49.00%
7	Ashok Leyland Technologies Limited ** [Nissan Ashok Leyland Technologies Limited] (upto November 25, 2016)	India	Not Applicable	50.00%	50.00%

The Parent Company along with its subsidiary Gulf Ashley Motor Limited holds 50% interest.

* The operations of Automotive Infotronics Limited (under liquidation) are not significant in relation to the Group's business

** Became subsidiaries during the year.

The following associates have been considered in the preparation of Consolidated Financial Statements of the Group in accordance with Indian Accounting Standard (IND AS) 28 "Investments in Associates and Joint Ventures

S.No.	Name of the Associate	Country of Incorporation	% of Ownership interest	% of Ownership interest	% of Ownership interest
			31-Mar-17	31-Mar-16	1 Apr-15
1	Ashok Leyland Defence Systems Limited	India	48.49%	26.00%	26.00%
2	Mangalam Retail Services Limited	India	37.48%	37.48%	37.51%
3	Ashley Aviation Limited	India	49.00%	49.00%	49.00%
4	Lanka Ashok Leyland Plc	Sri Lanka	27.85%	27.85%	27.85%

Ashok Leyland Wind Energy Limited where the Parent Company holds 26% (with effect from October 1, 2016) is not treated as associate under Ind AS as the Group does not exercise significant influence over the entity.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.1 Basis of consolidation (Continued) 3.1.3 Additional Information, as required under Schedule III to the Companies Act, 2013 of entities consolidated as Subsidiaries, Joint Ventures and Associates

S No	Name of the Entity	Net Assets		Share in Profit or Loss		Share in Other comprehensive income		Share in Total comprehensive income	
		As a % of Consolidated Net Assets	Amount ₹ Lakhs	As a % of Consolidated Profit or (Loss)	Amount ₹ Lakhs	As a % of Consolidated Profit or (Loss)	Amount ₹ Lakhs	As a % of Consolidated Profit or (Loss)	
Parent Company									
1	Ashok Leyland Limited	95.83	612,606.76	76.95	122,307.72	17.80	851.76	75.23	123,159.48
Indian Subsidiaries									
2	Hinduja Leyland Finance Limited and its subsidiary	22.16	141,660.54	9.98	15,860.15	0.79	37.46	9.71	15,897.61
3	Global TVS Bus Body Builders Limited	0.58	3,718.50	0.17	270.18	0.08	3.88	0.17	274.06
4	Gulf Ashley Motor Limited	0.45	2,859.34	(0.18)	(280.11)	(0.05)	(2.43)	(0.17)	(282.54)
5	HLF Services Limited	0.03	208.82	0.02	32.22	0.15	7.08	0.02	39.30
6	Albonair (India) Private Limited	0.12	766.09	(0.14)	(229.95)	(0.07)	(3.15)	(0.14)	(233.10)
7	Ashok Leyland Vehicles Limited (w.e.f. November 26, 2016)	(4.77)	(30,496.02)	(0.16)	(249.32)	0.01	0.70	(0.15)	(248.62)
8	Ashley Powertrain Limited (w.e.f. November 26, 2016)	3.01	19,231.42	0.10	157.45	(0.01)	(0.33)	0.10	157.12
9	Ashok Leyland Technologies Limited (w.e.f. November 26, 2016)	(1.77)	(11,335.09)	0.26	409.54	0.02	0.95	0.25	410.49
Foreign Subsidiaries									
10	Ashok Leyland (UK) Limited (under liquidation)	0.01	34.08	(0.01)	(12.42)	-	-	(0.01)	(12.42)
11	Ashok Leyland (Nigeria) Limited	0.02	140.41	0.01	12.22	-	-	0.01	12.22
12	Ashok Leyland (Chile) S.A	0.00	16.67	(0.11)	(176.94)	-	-	(0.11)	(176.94)
13	Optare Plc UK and its subsidiaries	(5.41)	(34,561.35)	(6.26)	(9,957.07)	111.02	5,311.08	(2.84)	(4,645.99)
14	Ashok Leyland (UAE) LLC and its subsidiaries	1.40	8,969.43	0.22	346.21	(4.20)	(201.03)	0.09	145.18
15	Albonair GmbH and its subsidiary	0.41	2,612.36	(1.36)	(2,165.31)	(2.22)	(106.31)	(1.39)	(2,271.62)
16	Non controlling interest in all subsidiaries	(9.21)	(58,899.10)	(2.74)	(4,355.49)	(28.03)	(1,340.92)	(3.48)	(5,696.41)
Associates (Investment as per the equity method)									
Indian									
17	Ashley Aviation Limited	0.02	135.96	(0.04)	(60.42)	-	-	(0.04)	(60.42)
18	Ashok Leyland Defence Systems Limited	0.07	473.06	0.01	8.36	-	-	0.01	8.36
19	Mangalam Retail Services Limited	0.00	4.75	(0.00)	(0.39)	-	-	(0.00)	(0.39)
Foreign									
20	Lanka Ashok Leyland PLC	0.54	3,446.81	0.19	302.03	4.83	231.21	0.33	533.24
Joint Ventures (Investment as per the equity method)									
Indian									
21	Ashley Alteams India Limited	0.12	784.07	0.03	54.60	(0.06)	(2.69)	0.03	51.91
22	Ashok Leyland John Deere Construction Equipment Private Limited	-	-	(0.32)	(501.09)	-	-	(0.31)	(501.09)
23	Automotive Infotonics Limited (under liquidation)	-	-	(0.01)	(16.22)	-	-	(0.01)	(16.22)
24	Hinduja Tech Limited	0.63	4,035.23	(0.49)	(773.37)	(0.06)	(3.09)	(0.47)	(776.46)
Sub Total		104.24	666,412.74	76.12	120,982.58	100.00	4,784.17	76.83	125,766.75
Add/(Less): Effect of intercompany adjustments / eliminations									
Total		100.00	639,294.32	100.00	158,935.54	100.00	4,784.17	100.00	163,719.71

Notes:

Net Assets and Share in Profit or Loss for Parent Company, Subsidiaries, and Joint Ventures are as per the Standalone / Consolidated Financial Statements of the respective entities from the date of acquisition wherever applicable.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.2 Ind AS Reconciliations 3.2 (a) Consolidated Balance Sheet

Particulars	Previous GAAP		Transition effect		Ind AS		Previous GAAP		Transition effect		Ind AS	
	As at March 31, 2016 ₹ Lakhs	As at March 31, 2016 ₹ Lakhs	As at March 31, 2016 ₹ Lakhs	As at March 31, 2016 ₹ Lakhs	As at March 31, 2016 ₹ Lakhs	As at April 1, 2015 ₹ Lakhs	As at April 1, 2015 ₹ Lakhs	As at April 1, 2015 ₹ Lakhs	As at April 1, 2015 ₹ Lakhs	As at April 1, 2015 ₹ Lakhs	As at April 1, 2015 ₹ Lakhs	
ASSETS												
Non-current assets												
Property, plant and equipment	A, C, H, N, O	526,516.56	(57,243.03)	469,273.53	538,665.37	(51,209.23)	487,456.14					
Capital work-in-progress	C, N, O	16,235.93	(9,609.95)	6,625.98	16,578.76	(8,997.92)	7,580.84					
Goodwill (on consolidation)	N, O	63,917.49	11,473.03	75,390.52	68,566.66	37,240.76	105,807.42					
Other intangible assets	C, N, O	44,528.04	(214.04)	44,314.00	45,673.69	116.39	45,790.08					
Intangible assets under development	C, N, O	2,105.46	5.14	2,110.60	5,034.08	-	5,034.08					
Financial assets												
(i) Investments	B, N, O	69,039.67	7,656.97	76,696.64	80,637.07	51,127.43	131,764.50					
(ii) Trade receivables		19.36	-	19.36	23.46	-	23.46					
(iii) Loans	P	539,229.79	31,312.88	570,542.67	319,398.41	13,459.77	332,858.18					
(iv) Others	N, O	20,538.68	(4,072.57)	16,466.11	19,461.40	(4,066.62)	15,394.78					
Deferred tax assets (net)	E, I	3,499.88	4,073.70	7,573.58	2,179.86	2,213.17	4,393.03					
Advance tax assets (net)	N, O	10,578.65	(977.28)	9,601.37	4,078.60	(985.99)	3,092.61					
Other non-current assets	A, H, I, N, O	83,540.15	(29,174.28)	54,365.87	95,393.99	(34,461.21)	60,932.78					
		1,379,749.66	(46,769.43)	1,332,980.23	1,195,691.35	4,436.55	1,200,127.90					
Current assets												
Inventories	H, N, O	206,026.32	(13,793.04)	192,233.28	156,644.89	(5,198.89)	151,446.00					
Financial assets												
(i) Investments	O	26,411.31	-	26,411.31	69,300.29	(40,845.20)	28,455.09					
(ii) Trade receivables	N, O	151,529.25	(5,391.12)	146,138.13	133,874.80	6,095.90	139,970.70					
(iii) Cash and cash equivalents	J, N, O	171,800.81	(3,682.12)	168,118.69	85,820.14	(1,821.79)	83,998.35					
(iv) Bank balances other than (iii) above	N, O	3,982.99	(450.00)	3,532.99	4,688.64	(44.44)	4,644.20					
(v) Loans	P	258,186.05	19,017.87	277,203.92	198,918.13	21,365.50	220,283.63					
(vi) Others	J, N, O	22,509.25	(5,774.96)	16,734.29	44,475.57	(10,742.83)	33,732.74					
Other current assets	A, H, N, O	72,326.19	(15,808.37)	56,517.82	63,048.68	(8,244.26)	54,804.42					
		912,772.17	(25,881.74)	886,890.43	756,771.14	(39,436.01)	717,335.13					
Assets classified as held for sale	O	3,793.54	(3,793.54)	-	-	-	-					
TOTAL ASSETS		2,296,315.37	(76,444.71)	2,219,870.66	1,952,462.49	(34,999.46)	1,917,463.03					

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.2 Ind AS Reconciliations (Continued)

Particulars	Previous GAAP		Transition effect		Ind AS		Previous GAAP		Transition effect		Ind AS	
	As at March 31, 2016	As at March 31, 2016	As at March 31, 2016	As at March 31, 2016	As at March 31, 2016	As at March 31, 2016	As at April 1, 2015	As at April 1, 2015	As at April 1, 2015	As at April 1, 2015	As at April 1, 2015	As at April 1, 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs
EQUITY AND LIABILITIES												
Equity												
Equity share capital	28,458.80	-	-	-	28,458.80	-	28,458.80	-	-	-	-	28,458.80
Other equity	470,757.82	27,153.52	27,153.52	497,911.34	422,671.76	24,278.09	422,671.76	24,278.09	24,278.09	446,949.85	475,408.65	
Equity attributable to owners of the Company	499,216.62	27,153.52	27,153.52	526,370.14	451,130.56	24,278.09	451,130.56	24,278.09	24,278.09	475,408.65	475,408.65	
Non controlling interests	30,098.69	11,630.00	11,630.00	41,728.69	26,314.86	12,235.44	26,314.86	12,235.44	12,235.44	38,550.30	38,550.30	
Total Equity	529,315.31	38,783.52	38,783.52	568,098.83	477,445.42	36,513.53	477,445.42	36,513.53	36,513.53	513,958.95	513,958.95	
Liabilities												
Non-current liabilities												
Financial liabilities												
(i) Borrowings	759,714.66	(7,003.73)	(7,003.73)	752,710.93	621,940.30	(66,774.33)	621,940.30	(66,774.33)	(66,774.33)	555,165.97	555,165.97	
(ii) Other financial liabilities	1,621.39	16,035.14	16,035.14	17,656.53	735.49	31,337.84	735.49	31,337.84	31,337.84	32,073.33	32,073.33	
Provisions	24,781.34	(4,011.88)	(4,011.88)	20,769.46	15,784.61	(516.57)	15,784.61	(516.57)	(516.57)	15,268.04	15,268.04	
Deferred tax liabilities (net)	53,555.31	(20,645.31)	(20,645.31)	32,910.00	51,030.78	(22,967.18)	51,030.78	(22,967.18)	(22,967.18)	28,063.60	28,063.60	
Other non-current liabilities	3,055.17	489.02	489.02	3,544.19	1,495.98	(476.01)	1,495.98	(476.01)	(476.01)	1,019.97	1,019.97	
	842,727.87	(15,136.76)	(15,136.76)	827,591.11	690,987.16	(59,396.25)	690,987.16	(59,396.25)	(59,396.25)	631,590.91	631,590.91	
Current liabilities												
Financial liabilities												
(i) Borrowings	109,302.53	(2,034.67)	(2,034.67)	107,267.86	82,663.57	21,763.39	82,663.57	21,763.39	21,763.39	104,426.96	104,426.96	
(ii) Trade payables	296,553.69	(26,441.62)	(26,441.62)	270,112.07	308,194.61	(12,214.44)	308,194.61	(12,214.44)	(12,214.44)	295,980.17	295,980.17	
(iii) Other financial liabilities	315,489.55	43,862.05	43,862.05	359,351.60	251,069.64	50,982.24	251,069.64	50,982.24	50,982.24	302,051.88	302,051.88	
Other current liabilities	119,606.76	(52,341.89)	(52,341.89)	67,264.87	96,139.02	(38,577.24)	96,139.02	(38,577.24)	(38,577.24)	57,561.78	57,561.78	
Provisions	83,222.67	(63,135.34)	(63,135.34)	20,087.33	45,934.48	(34,070.69)	45,934.48	(34,070.69)	(34,070.69)	11,863.79	11,863.79	
Current tax liabilities (net)	96.99	-	-	96.99	28.59	-	28.59	-	-	28.59	28.59	
	924,272.19	(100,091.47)	(100,091.47)	824,180.72	784,029.91	(12,116.74)	784,029.91	(12,116.74)	(12,116.74)	771,913.17	771,913.17	
Liabilities directly associated with assets classified as held for sale	-	-	-	-	-	-	-	-	-	-	-	
TOTAL EQUITY AND LIABILITIES	2,296,315.37	(76,444.71)	(76,444.71)	2,219,870.66	1,952,462.49	(34,999.46)	1,952,462.49	(34,999.46)	(34,999.46)	1,917,463.03	1,917,463.03	

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.2 Ind AS Reconciliations (Continued)

3.2 (b) Consolidated Statement of Profit and Loss

Particulars	Refer Note 3.3	Previous GAAP	Transition effect	Ind AS
		Year ended March 31, 2016 ₹ Lakhs	Year ended March 31, 2016 ₹ Lakhs	Year ended March 31, 2016 ₹ Lakhs
Income				
Revenue from operations	K, N, O, P	2,065,870.51	166,087.37	2,231,957.88
Other income	B, K, N, O	15,187.70	1,174.37	16,362.07
Total Income		2,081,058.21	167,261.74	2,248,319.95
Expenses				
Cost of materials and services consumed	H, K, N, O	1,332,823.45	(50,629.71)	1,282,193.74
Purchases of stock-in-Trade	N, O	72,395.55	89,207.79	161,603.34
Changes in inventories of finished goods, stock-in-trade and work-in-progress	N, O	(49,387.80)	2,970.01	(46,417.79)
		1,355,831.20	41,548.09	1,397,379.29
Excise duty on sale of goods	K, N, O	-	105,967.66	105,967.66
Employee benefits expense	L, N, O, Q	177,212.24	(6,145.56)	171,066.68
Finance costs	C, N, O	96,785.31	(4,280.32)	92,504.99
Depreciation and amortisation expense	A, C, H, N, O	52,442.17	(48.39)	52,393.78
Other expenses	D, K, N, O, P	239,581.57	20,069.88	259,651.45
Total Expenses		1,921,852.49	157,111.36	2,078,963.85
Profit before exchange gain on swap contracts / Share of profit / (loss) of joint ventures and associates / exceptional items and tax		159,205.72	10,150.38	169,356.10
Exchange gain on swap contracts	C	-	504.80	504.80
Share of profit / (loss) of joint ventures and associates (net)	N, O	614.13	(8,463.25)	(7,849.12)
Profit before exceptional items and tax		159,819.85	2,191.93	162,011.78
Exceptional Items	B, N, O	3,444.34	(44,581.68)	(41,137.34)
Profit before tax		163,264.19	(42,389.75)	120,874.44
Tax expense				
Current tax	N, O	51,558.91	(195.67)	51,363.24
Deferred tax	E, N, O	1,214.89	(2,920.99)	(1,706.10)
		52,773.80	(3,116.66)	49,657.14
		110,490.39	(39,273.09)	71,217.30
Minority Interest (Previous GAAP)		3,422.05	(3,422.05)	-
Profit for the year		107,068.34	(35,851.04)	71,217.30
Other Comprehensive Income				
A (i) Items that will not be reclassified to Profit or Loss				
Remeasurement of defined benefit plans	L, M	-	(1,350.29)	(1,350.29)
Share of other comprehensive income in associates and joint ventures	L, M	-	9.68	9.68
(ii) Income tax relating to items that will not be reclassified to Profit or Loss	E	-	464.16	464.16

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.2 Ind AS Reconciliations (Continued)

3.2 (b) Consolidated Statement of Profit and Loss (Continued)

Particulars	Refer Note 3.3	Previous GAAP	Transition effect	Ind AS
		Year ended March 31, 2016 ₹ Lakhs	Year ended March 31, 2016 ₹ Lakhs	Year ended March 31, 2016 ₹ Lakhs
B (i) Items that will be reclassified to Profit or Loss				
Exchange differences in translating the financial statements of foreign operations		-	(478.72)	(478.72)
Effective portion of gains and loss on hedging instruments in a cash flow hedge	M	-	929.86	929.86
Share of other comprehensive income in associates and joint ventures		-	(111.34)	(111.34)
(ii) Income tax relating to items that will be reclassified to Profit or Loss	E	-	(321.81)	(321.81)
Total Other Comprehensive Income		-	(858.46)	(858.46)
Total Comprehensive Income for the year		107,068.34	(36,709.50)	70,358.84

3.2 (c) Reconciliation of Net Profit and Equity as reported under previous GAAP and Ind AS is as under

₹ Lakhs

Particulars	Refer Note 3.3	Net Profit Reconciliation	Equity Reconciliation	
		Year ended March 31, 2016	As at March 31, 2016	As at April 1, 2015
Net profit / Other Equity as per previous GAAP		107,068.34	470,757.82	422,671.76
Adjustment for proposed dividend (including tax thereon)	G	-	32,539.69	15,413.53
Impact on remeasurement of leasehold land	A	-	(25,741.59)	(26,097.51)
Fair valuation of investments	B	(39,378.65)	616.42	39,989.69
Measurement of financial liabilities at amortised cost and impact of related derivative contracts	C	3,105.03	(214.79)	(3,310.18)
Adjustments relating to financing activities	C, P	(2,517.03)	(5,704.80)	(3,213.86)
Reclassification of subsidiaries to joint ventures / consolidation of subsidiaries	N, O	(6,518.79)	38,739.99	18,887.24
Others	A, D, L, N, O, Q, R	4,183.92	3,029.96	1,115.89
Deferred tax (net)	E	2,250.50	(16,111.36)	(18,506.71)
Net Profit for the period as per Ind AS		68,193.32	497,911.34	446,949.85
Other Comprehensive Income (net of tax)	M	(780.25)	-	-
Total Comprehensive Income / Other Equity as per Ind AS		67,413.07	497,911.34	446,949.85

3.2 (d) Consolidated Statement of Cash Flows:

₹ Lakhs

Particulars	Refer Note 3.3	Previous GAAP	Transition Effect	Ind AS
		Year ended March 31, 2016	Year ended March 31, 2016	Year ended March 31, 2016
Net cash (used in) operating activities	C, H, J, N, O	(95,179.53)	(32,287.25)	(127,466.78)
Net cash from / (used in) investing activities	C, H, N, O	55,153.55	(9,796.26)	45,357.29
Net cash from financing activities	C, J, N, O	124,618.50	41,377.77	165,996.27
Net cash inflow / (outflow)		84,592.52	(705.74)	83,886.78
Opening cash and cash equivalents	J, N, O	85,820.14	(1,821.79)	83,998.35
Pursuant to first time consolidation of subsidiaries	N, O	1,154.59	(1,154.59)	-
Exchange fluctuation on foreign currency bank balances		233.56	-	233.56
Closing cash and cash equivalents	J, N, O	171,800.81	(3,682.12)	168,118.69

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.3 Notes to the reconciliations

- A Under previous GAAP, prepayments under operating lease for land were included in Property, Plant and Equipment (PPE). Under Ind AS, the same are specifically covered by Ind AS 17 on 'leases' and hence reflected under other non-current/ current assets. The related foreign exchange differences and depreciation thereof and revaluation reserve has been de-recognised. The effect of these are reflected in other equity and Consolidated statement of profit and loss.
- B Under previous GAAP, long term investments were measured at cost less diminution in value which is other than temporary. Under Ind AS, non-current investments (other than investments in equity instruments of associates and joint ventures) are measured at fair value through profit or loss. Consequently, the differences, as at the transition date and as at the end of year 2015-16, respectively between carrying value as per previous GAAP and fair value, are reflected in other equity and Consolidated statement of profit and loss.
- C Under previous GAAP, certain long term borrowings (for aquisition of property, plant and equipment) with associated derivative contracts (currency and interest rate swaps) were considered as intergral and were accordingly accounted. Under Ind AS, borrowings and the associated derivative contracts are reckoned as seprate financial liabilities and are measured at amortised cost (using effective interest method) and at fair value respectively. The effect of these (carrying values, finance costs, capitalised exchange differences and depreciation thereon) is reflected in other equity and profit or loss. Further, the effect, in case of all other borrowings measured at amortised cost, is reflected similarly in other equity and Consolidated statement of profit and loss.
- D Under previous GAAP, discounting of provisions was not permitted and provisions were measured at best estimate of the expenditure required to settle the obligation at the balance sheet date without considering the effect of discounting. Under Ind AS, provisions are measured at discounted amounts. The effect of these are reflected in other equity, non-controlling interest and Consolidated statement of profit and loss.
- E Under Ind AS, deferred taxes are recognised relating to Ind AS adjustments including deferred taxes measured using balance sheet approach. The effect of these are reflected in other equity, non controlling interest and Consolidated statement of profit and loss.
- F Under previous GAAP, the fixed assets of the Parent Company were revalued and a revaluation reserve was created. Under Ind AS, the Group has adopted previous GAAP carrying value as deemed cost for PPE as on transition date and accordingly revaluation reserve has been transferred to retained earnings.
- G Under previous GAAP, proposed dividends were recognised as a provision in the financial statements, even if declared after the balance sheet date. Under Ind AS, dividends are recognised when declared. This resulted in a timing difference and has been reflected in other equity of the relevant financial years.
- H Under previous GAAP, patterns and dies were classified under inventories and related charge was included in cost of materials consumed. Under Ind AS, patterns and dies are classified as part of PPE and related depreciation included in depreciation / amortisation charge for the year. Related supplier advances have been re-classified to capital advances.
- I Under previous GAAP, miminum alternate tax entitlements were classified under other non-current assets. Under Ind AS, it is classified as unused tax credits under deferred tax.
- J Under previous GAAP, short term borrowings and book overdraft forming part of a single bank consortium agreement were reflected as net in cash and cash equivalents. Under Ind AS, they have not been so reflected in view of the offsetting criteria not being met, and therefore have been reflected separately in borrowings and other current financial liabilities respectively. On similar principles, derivative assets have been disclosed under other current financial assets and derivative liabilities under other current financial liabilities.
- K Under previous GAAP, cash discount paid, cash discount received and outward freight recoveries were recorded under other expenses, other income and packing and forwarding charges respectively. Under Ind AS, they are reflected, as adjustments, in revenue for sale of products, cost of materials consumed and other operating income respectively. Further, under previous GAAP, excise duty was adjusted in revenue from sale of products whereas under Ind AS, it is considered as a production cost and hence disclosed separately as an expense in the Consolidated statement of profit and loss.
- L Under previous GAAP, actuarial gains and losses on employees defined benefit obligations were recognised in consolidated profit or loss. Under Ind AS, the actuarial gains and losses on re-measurement of net defined benefit obligations are recognised in other comprehensive income. This resulted in a reclassification between consolidated profit or loss and other comprehensive income.
- M Under previous GAAP, there was no separate record in the financial statements for Other Comprehensive Income (OCI). Under Ind AS, specified items of income, expense, gains and losses are presented under OCI.
- N Under previous GAAP, the interests in joint ventures were consolidated on proportionate basis. Under Ind AS, the Group has accounted for its interests in the joint ventures using 'equity method' set out in Ind AS 28 'Investments in associates and joint ventures'. This has resulted in derecognition of the carrying amounts of assets and liabilities previously consolidated line by line and, in recognition of their net aggregate amounts so derecognised as initial investments on date of transition to Ind AS. The initial investments are increased / reduced by the Groups share of profits / loss and any distribution (such as dividend) after the transition date. The effect of these is reflected in other equity, Consolidated profit or loss and Consolidated cash flows. Further, two subsidiaries were reassessed under Ind AS as joint ventures resulting in similar accounting treatment / effect as above in case of the other joint ventures.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.3 Notes to the reconciliations (Continued)

- O Under previous GAAP, two subsidiaries were classified as held for sale and accordingly not consolidated until the end of year 2015-16 when they were not so classified. Under Ind AS, these subsidiaries were consolidated as on the transition date and for the entire year 2015-16. Similarly, under Ind AS, one associate was reassessed as a subsidiary on meeting the control criteria set out in Ind AS 110 and, accordingly, consolidated on transition date and for the year 2015-16. The effect of these is reflected in other equity, Consolidated Profit or Loss and Consolidated cash flows.
- P Under previous GAAP, income and expenses pertaining to loans given to customers under financing activities were being amortised over the tenure of loans and provision for losses was made in accordance with the statutory provisioning norms applicable to the financing activities. Under Ind AS, these loans are measured at amortised cost (using effective interest method) and allowance for these loans are measured using expected credit loss model. The effect of these (carrying values, revenue from operations, other expenses) is reflected in other equity and consolidated profit or loss.
- Q Under the previous GAAP, equity settled employee share-based payments were recognised using the intrinsic value method. Under Ind AS, the cost of equity settled employee share-based payments is recognised based on the fair value of the options as on the grant date. The effect of these is reflected in other equity and consolidated profit or loss.
- R Under previous GAAP, losses attributable to minority interest which were in excess of their interest were absorbed by the Group. Under Ind AS, losses attributable to non controlling interest are recognised in "Non controlling interest" even if they resulted in a deficit balance. The effect of these is reflected in other equity, non-controlling interest and consolidated profit or loss.

3.4 Income taxes relating to continuing operations

	Year ended March 31, 2017	Year ended March 31, 2016
	₹ Lakhs	₹ Lakhs
3.4.1 Income tax recognised in profit or loss		
Current tax		
In respect of the current year	44,022.91	51,356.86
In respect of prior years	(20.33)	6.38
A	44,002.58	51,363.24
Deferred tax		
In respect of the current year	(24,390.67)	(1,706.10)
B	(24,390.67)	(1,706.10)
Total income tax expense recognised in the Consolidated profit or loss	(A+B) 19,611.91	49,657.14

Income tax recognised on discontinued operations is Nil.

3.4.2 Income tax expense for the year reconciled to the accounting profit

	Year ended March 31, 2017	Year ended March 31, 2016
	₹ Lakhs	₹ Lakhs
Profit before tax from continuing operations	183,326.25	120,874.44
Applicable income tax rate	34.608%	34.608%
Income tax expense calculated at the tax rate	63,445.55	41,832.23
Effects of:		
-exempt income / credits (reversals) not taxable	(0.31)	(409.36)
-charges disclosed as exceptional items and other disallowances / reversals	22,082.12	30,462.45
-previously unrecognised and unused tax losses and tax offsets recognised subsequent to business combination	(34,851.40)	-
-concessions and other allowances	(21,748.28)	(15,529.69)
-previously unrecognised and unused tax loss on capital account	(860.31)	(136.63)
-different tax rates of subsidiaries / branches operating in overseas jurisdictions	(8,605.05)	(6,273.31)
-other adjustments	169.92	(294.93)
	19,632.24	49,650.76
Adjustments recognised in the current year in relation to the current tax of prior years	(20.33)	6.38
Income tax expense recognised in Consolidated profit or loss (relating to continuing operations)	19,611.91	49,657.14

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.4 Income taxes relating to continuing operations (Continued)

	Year ended March 31, 2017	Year ended March 31, 2016
	₹ Lakhs	₹ Lakhs
3.4.3 Income tax recognised in other comprehensive income		
Deferred tax:		
Arising on income and expenses recognised in other comprehensive income:		
Fair value remeasurement of hedging instruments entered into for cash flow hedges	(921.91)	(407.21)
Remeasurement of defined benefit obligation	53.25	464.16
A	(868.66)	56.95
Arising on income and expenses reclassified from equity to profit or loss:		
Relating to cash flow hedges	407.21	85.40
B	407.21	85.40
Total income tax recognised in other comprehensive income (A+B)	(461.45)	142.35
Bifurcation of the income tax recognised in other comprehensive income into:		
Items that will not be reclassified to profit or loss	53.25	464.16
Items that will be reclassified to profit or loss	(514.70)	(321.81)
	(461.45)	142.35

3.4.4 Analysis of deferred tax asset/liabilities:

	₹ Lakhs					
March 31, 2017	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Reclassified from equity to profit or loss	Other adjustments	Closing balance
Deferred tax assets (net):						
Property, plant, and equipment and Intangible Assets	(166.40)	(20.01)	-	-	-	(186.41)
Provision for impairment of financial assets (relating to financing activities)	6,127.57	4,221.14	-	-	-	10,348.71
Unused tax losses (including unabsorbed depreciation)	203.05	26.94	-	-	-	229.99
Expenditure allowed upon payments	101.85	16.08	(10.67)	-	-	107.26
Unused tax credit (MAT credit entitlement)	0.37	33.66	-	-	65.35	99.38
Other temporary differences	1,307.14	(558.12)	-	-	-	749.02
	7,573.58	3,719.68	(10.67)	-	65.35	11,347.95
Deferred tax liabilities (net):						
Property, plant, and equipment and Intangible Assets	69,573.81	1,776.94	-	-	-	71,350.75
Voluntary retirement scheme compensation	(663.52)	(1,662.34)	-	-	-	(2,325.86)
Expenditure allowed upon payments	(2,357.85)	(1,305.84)	(63.92)	-	-	(3,727.61)
Unused tax credit (MAT credit entitlement)	(39,363.64)	(15,994.08)	-	-	-	(55,357.72)
Cash flow hedges	407.20	-	514.70	-	-	921.90
Other temporary differences	5,314.00	(3,485.67)	-	-	3.13	1,831.46
	32,910.00	(20,670.99)	450.78	-	3.13	12,692.92

Deferred taxes were not recognised in the books of amalgamating company in the business combination referred to in Note 3.23.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.4 Income taxes relating to continuing operations (Continued)

March 31, 2016	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Reclassified from equity to profit or loss	Other adjustments	Closing balance
₹ Lakhs						
Deferred tax assets (net)						
Property, plant, and equipment and Intangible Assets	(172.35)	5.95	-	-	-	(166.40)
Provision for impairment of financial assets (relating to financing activities)	3,495.85	2,631.72	-	-	-	6,127.57
Unused tax losses (including unabsorbed depreciation)	193.42	9.63	-	-	-	203.05
Expenditure allowed upon payments	54.24	47.61	-	-	-	101.85
Unused tax credit (MAT credit entitlement)	0.37	-	-	-	-	0.37
Other temporary differences	821.50	501.41	(9.41)	-	(6.36)	1,307.14
	4,393.03	3,196.32	(9.41)	-	(6.36)	7,573.58
Deferred tax liabilities (net)						
Property, plant, and equipment and Intangible Assets	72,127.21	(2,543.04)	-	(10.36)	-	69,573.81
Voluntary retirement scheme compensation	(987.10)	323.58	-	-	-	(663.52)
Unused tax losses (including unabsorbed depreciation)	(4,676.68)	4,676.68	-	-	-	-
Expenditure allowed upon payments	(2,335.65)	451.37	(473.57)	-	-	(2,357.85)
Unused tax credit (MAT credit entitlement)	(42,881.94)	-	-	-	3,518.30	(39,363.64)
Cash flow hedges	85.39	-	321.81	-	-	407.20
Other temporary differences	6,732.37	(1,418.37)	-	-	-	5,314.00
	28,063.60	1,490.22	(151.76)	(10.36)	3,518.30	32,910.00

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, unused tax losses and unused tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses and unused tax credits could be utilised. Such deferred tax assets and liabilities are computed separately for each taxable entity and each taxable jurisdiction.

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs
3.4.5 Unrecognised deductible temporary differences, unused tax losses and unused tax credits			
- Unused tax losses	142,530.30	66,510.23	50,182.84
- Unused capital losses	35,602.70	35,623.86	7,606.73
- Unabsorbed depreciation	49,521.19	71.81	100.95
	227,654.19	102,205.90	57,890.52

Notes:

- These will expire in various years upto 2024-25.
- The above are gross amounts on which appropriate tax rates would apply.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.5 Retirement benefit plans

3.5.1 Defined contribution plans

Eligible employees of the Group are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Group make monthly contributions at a specified percentage of the covered employees' salary. The contributions are made to the provident fund and pension fund set up as an irrevocable trusts by the Group. The interest rates declared and credited by trusts to the members have been higher than the statutory rate of interest declared by the Central Government and there have been no shortfalls on this account. The Group also has a superannuation plan.

The total expense recognised in consolidated profit or loss of ₹8,678.00 lakhs (2015-16: ₹7,660.09 lakhs) represents contribution payable to these plans by the Group at rates specified under the law.

3.5.2 Defined benefit plans

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death, while in employment or on termination of employment of an amount equivalent to 26 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Group accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation.

Group's liability towards gratuity, other retirement benefits and compensated absences are actuarially determined at each reporting date using the projected unit credit method.

These plans typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit.
Interest rate risk	A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

	As at March 31, 2017	As at March 31, 2016
3.5.3 The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Gratuity		
Discount rate	6.88% to 7.64%	7.68% to 8.12%
Expected rate of salary increase	3.25% to 12.00%	3.25% to 12.00%
Average Longevity at retirement age - past service	11.50 to 16.50	11.30 to 17.10
Average Longevity at retirement age - future service	9.00 to 15.60	8.40 to 11.30
Compensated Absences		
Discount rate	7.00% to 7.50%	7.00% to 7.90%
Expected rate of salary increase	3.25% to 10.00%	3.25% to 10.00%
Other defined benefit plans		
Discount rate	7.50%	7.90%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.5 Retirement benefit plans (Continued)

	Year ended March 31, 2017	Year ended March 31, 2016
	₹ Lakhs	₹ Lakhs
3.5.4 Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:		
Gratuity		
Current service cost	1,550.53	1,439.78
Net interest expense	113.52	6.49
Components of defined benefit costs recognised in Consolidated profit or loss (A)	1,664.05	1,446.27
Remeasurement on the net defined benefit obligation comprising:		
Actuarial (gain)/loss arising from changes in demographic assumptions	0.23	-
Actuarial (gain)/loss arising from changes in financial assumptions	490.77	(154.90)
Actuarial (gain)/loss arising from experience adjustments	(262.01)	978.05
Actuarial (gain)/loss on plan assets	(99.12)	527.14
Components of defined benefit costs recognised in other comprehensive income (B)	129.87	1,350.29
Total (A+B)	1,793.92	2,796.56
Compensated Absences and other defined benefit plans		
Current service cost	1,182.99	731.51
Net interest expense	544.61	540.20
Actuarial (gain)/loss arising from changes in financial assumptions	208.14	(46.48)
Actuarial (gain)/loss arising from experience adjustments	87.15	(182.57)
Components of defined benefit costs recognised in Consolidated profit or loss	2,022.89	1,042.66

The current service cost and the net interest expense for the year are included in the "Contribution to provident fund, gratuity and other funds" under employee benefits expense' in Consolidated profit or loss [Refer Note 2.4].

The remeasurement of the net defined benefit liability is included in other comprehensive income.

	Year ended March 31, 2017	As at March 31, 2016	As at April 1, 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs
3.5.5 The amount included in the Consolidated balance sheet arising from the Group's obligation in respect of its defined benefit plans is as follows:			
Gratuity			
Present value of defined benefit obligation	25,200.81	22,241.29	21,716.47
Fair value of plan assets	22,396.77	20,763.51	20,658.29
Net (liability) arising from defined benefit obligation	(2,804.04)	(1,477.78)	(1,058.18)
Funded	(2,788.63)	(1,468.76)	(1,050.78)
Unfunded	(15.41)	(9.02)	(7.40)
Net (liability) arising from defined benefit obligation	(2,804.04)	(1,477.78)	(1,058.18)
Compensated Absences and other defined benefit plans			
Present value of defined benefit obligation	8,804.44	7,123.92	6,915.66
Fair value of plan assets	-	-	-
Net liability arising from defined benefit obligation (unfunded)	8,804.44	7,123.92	6,915.66

Gratuity is reflected in 'contribution to gratuity fund' under current financial liabilities and in 'Others including post retirement benefits' under provisions. Compensated absences is reflected under provision. [Refer Note 1.22, 1.26 and 1.28]

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.5 Retirement benefit plans (Continued)

	Year ended March 31, 2017	Year ended March 31, 2016
	₹ Lakhs	₹ Lakhs
3.5.6 Movements in the present value of the defined benefit obligation in the current year were as follows:		
Gratuity		
Opening defined benefit obligation	22,241.29	21,716.47
Addition pursuant to business combination	3,229.08	-
Current service cost	1,550.53	1,439.78
Interest cost	1,730.00	1,569.18
Actuarial (gain)/loss arising from changes in demographic assumptions	0.23	-
Actuarial (gain)/loss arising from changes in financial assumptions	490.77	(154.90)
Actuarial (gain)/loss arising from experience adjustments	(262.01)	978.05
Benefits paid	(3,779.08)	(3,307.29)
Closing defined benefit obligation	25,200.81	22,241.29
Compensated Absences and other defined benefit plans		
Opening defined benefit obligation	7,123.92	7,459.00
Addition pursuant to business combination	224.10	-
Current service cost	1,182.99	731.51
Interest cost	544.61	540.20
Actuarial (gain)/loss arising from changes in financial assumptions	208.14	(46.48)
Actuarial (gain)/loss arising from experience adjustments	87.15	(182.57)
Benefits paid	(566.47)	(1,377.74)
Closing defined benefit obligation	8,804.44	7,123.92
3.5.7 Movements in the fair value of plan assets were as follows:		
Gratuity		
Opening fair value of plan assets	20,763.51	20,658.30
Addition pursuant to business combination	1,020.44	-
Expected return on plan assets	1,616.49	1,562.68
Actuarial gain/(loss) on plan assets	(99.12)	527.14
Contributions	2,874.53	1,322.68
Benefits paid	(3,779.08)	(3,307.29)
Closing fair value of plan assets	22,396.77	20,763.51
The actual return on plan assets was ₹1,723.12 Lakhs (2015-16: ₹1,037.59 Lakhs).		

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.5 Retirement benefit plans (Continued)

3.5.8 Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period, while holding all other assumptions constant.

	As at March 31, 2017	As at March 31, 2016
	₹ Lakhs	₹ Lakhs
Gratuity		
If the discount rate is 50 basis points higher / lower, the defined benefit obligation would:		
decrease by	767.46	628.29
increase by	811.68	664.34
If the expected salary increases / decreases by 50 basis points, the defined benefit obligation would:		
increase by	853.41	708.17
decrease by	812.26	674.51
Compensated Absences		
If the discount rate is 50 basis points higher / lower, the defined benefit obligation would:		
decrease by	262.99	234.13
increase by	280.48	249.66
If the expected salary increases / decreases by 50 basis points, the defined benefit obligation would:		
increase by	290.58	259.94
decrease by	274.34	245.44

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of each reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from previous year.

The Group expects to make a contribution of ₹1,968.10 lakhs (as at March 31, 2016: ₹2,431.88 lakhs) to the defined benefit plans (gratuity - funded) during the next financial year.

The average duration of the benefit obligation (gratuity) as at March 31, 2017 is 6.7 years (as at March 31, 2016: 6.5 years)..

3.6 Earnings per share

	Year ended March 31, 2017	Year ended March 31, 2016
Basic earnings per share		
For continuing operations (₹)	5.52	2.40
For discontinued operations (₹)	(0.01)	-
For discontinued and continuing operations (₹)	5.51	2.40
Diluted earnings per share		
For continuing operations (₹)	5.52	2.40
For discontinued operations (₹)	(0.01)	-
For discontinued and continuing operations (₹)	5.51	2.40
Face value per share (₹)	1.00	1.00

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.6 Earnings per share (Continued)

3.6.1 Basic and diluted earnings per share

	As at March 31, 2017	As at March 31, 2016
	₹ Lakhs	₹ Lakhs
Profit for the year from continuing operations attributable to owners of the Parent Company	159,358.85	68,193.32
Loss for the year from discontinued operations attributable to owners of the Parent Company	(423.31)	-
Profit for the year from discontinued and continuing operations attributable to owners of the Parent Company	158,935.54	68,193.32
Weighted average number of equity shares used in the calculation of basic earnings per share	2,886,095,289	2,845,876,634
Weighted average number of equity shares after adjustment for effect of dilution *	2,886,095,289	2,845,876,634

* impact of 1,421,725 shares to be issued under employees stock option is anti-dilutive and hence these shares have been excluded.

3.7 Share based payments

3.7.1 Details of employees stock option plan of the Parent Company

The Parent Company has Employees Stock Options Plan (ESOP) scheme granted to employees which has been approved by the shareholders of the Parent Company. In accordance with the terms of the plan, eligible employees may be granted options to purchase equity shares of the Parent Company. Each employee share option converts into one equity share of the Parent Company on exercise at the exercise price as per the scheme. The options carry neither rights to dividend nor voting rights. Options can be exercised at any time from the date of vesting to the date of their expiry.

The following share based payment arrangements were in existence during the current and prior year:

Option series	Number	Grant date	Expiry date	Exercise price ₹	Fair value at grant date
ESOP 1 (Refer Note below)	2,845,875	29-Sep-16	1-Apr-26	80.00	37.43
ESOP 2	7,454,000	25-Jan-17	25-Jan-23	1.00	80.04

Note:

Under ESOP 1, shares vest on varying dates within the expiry date mentioned above with an option life of 5 years after vesting.

3.7.2 Fair value of share options granted during the year

The weighted average fair value of the stock options granted during the financial year is ₹68.27 (2015-16: ₹Nil). Options were priced using a binomial option pricing model. Where relevant, the expected life used in the model has been adjusted based on Management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. Expected volatility is based on the historical share price volatility.

Inputs into the model:

	ESOP 1	ESOP 2
Grant date share price	76.45	86.55
Exercise price	80.00	1.00
Expected volatility	38.8% to 43.2%	38.5%
Option life (Refer Note 3.7.1)	6 years	6 years
Dividend yield	1.31	1.16
Risk-free interest rate	6.65% to 6.78%	6.42%

3.7.3 Movements in share options during the year

	Year ended March 31, 2017 Numbers	Weighted average exercise price (₹)	Year ended March 31, 2016 Numbers	Weighted average exercise price (₹)
Granted during the year	10,299,875	22.83	-	-
Balance at the end of the year	10,299,875	22.83	-	-

There are no share options exercised, forfeited or expired during the year.

3.7.4 Share options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average exercise price of ₹22.83 (as at March 31, 2016: ₹Nil) and a weighted average remaining contractual life of 6.7 years (as at March 31, 2016: Nil).

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.8 Financial Instruments

3.8.1 Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group determines the amount of capital required on the basis of annual master planning and budgeting and five year's corporate plan for working capital, capital outlay and long-term product and strategic involvements. The funding requirements are met through equity, internal accruals and a combination of both long-term and short-term borrowings.

The Group monitors the capital structure on the basis of total debt to equity and maturity profile of the overall debt portfolio of the Group.

	March 31, 2017	March 31, 2016	April 1, 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs
Debt (long-term and short-term borrowings including current maturities)*	1,316,793.08	1,105,357.76	878,267.49
Total equity	698,193.42	568,098.83	513,958.95
Debt equity ratio	1.89	1.95	1.71
* includes borrowing in relation to financing activity	1,015,958.48	804,115.65	524,885.65

3.8.2 Financial risk management

In course of its business, the Group is exposed to certain financial risks that could have significant influence on the Group's business and operational / financial performance. These include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Management reviews and approves risk Management framework and policies for managing these risks and monitor suitable mitigating actions taken by the management to minimise potential adverse effects and achieve greater predictability to earnings.

In line with the overall risk management framework and policies, the treasury function provides services to the business, monitors and manages through an analysis of the exposures by degree and magnitude of risks.

The Group uses derivative financial instruments to hedge risk exposures in accordance with the Group's policies.

(A) Market risk

Market risk is the risk that changes in market prices, liquidity and other factors that could have an adverse effect on realisable fair values or future cash flows to the Group. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates as future specific market changes cannot be normally predicted with reasonable accuracy.

(1) Foreign currency risk management:

The Group undertakes transactions denominated in foreign currencies and thus it is exposed to exchange rate fluctuations. The Group actively manages its currency rate exposures, arising from transactions entered and denominated in foreign currencies, through a centralised treasury division and uses derivative instruments such as foreign currency forward contracts to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by Management. The carrying amounts of foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

As on March 31, 2017 (all amounts are in equivalent ₹ lakhs):

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD	128,129.22	14,647.25	113,481.97	33,591.34	1,895.71	31,695.63	(81,786.34)
EUR	1,652.33	196.77	1,455.56	1,450.74	-	1,450.74	(4.82)
GBP	667.98	-	667.98	-	-	-	(667.98)
JPY	36,548.91	2,340.98	34,207.93	322.93	-	322.93	(33,885.00)
Others	532.21	-	532.21	198.27	-	198.27	(333.94)

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.8 Financial Instruments (Continued)

As on March 31, 2016 (all amounts are in equivalent ₹ lakhs):

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD	134,264.50	2,721.07	131,543.43	59,138.62	21,676.55	37,462.07	(94,081.37)
EUR	1,443.89	-	1,443.89	659.81	-	659.81	(784.08)
GBP	190.93	-	190.93	0.94	-	0.94	(189.99)
JPY	61,463.64	2,471.16	58,992.48	340.67	-	340.67	(58,651.81)
Others	1,052.89	-	1,052.89	363.83	-	363.83	(689.06)

As on April 1, 2015 (all amounts are in equivalent ₹ lakhs):

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD	148,725.14	2,833.98	145,891.16	54,245.55	22,352.34	31,893.21	(113,997.95)
EUR	946.66	-	946.66	462.09	-	462.09	(484.57)
GBP	917.40	-	917.40	241.02	-	241.02	(676.38)
JPY	59,706.53	-	59,706.53	15.64	-	15.64	(59,690.89)
Others	1,383.94	-	1,383.94	485.90	-	485.90	(898.04)

Note - Some of the derivatives reported under this column are not designated in hedging relationships but have been taken to economically hedge the foreign currency exposure.

Foreign currency sensitivity analysis:

Movement in the functional currencies of the various operations of the Group against major foreign currencies may impact the Group's revenues from its operations. Any weakening of the functional currency may impact the Group's cost of imports and cost of borrowings and consequently may increase the cost of financing the Group's capital expenditures.

The following table details the Group's sensitivity movement in the foreign currencies. The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel. foreign exchange rates shift in the foreign exchange rates of each currency by 2%. 2% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower.

₹ Lakhs

	USD impact		
	March 31, 2017	March 31, 2016	April 1, 2015
Profit or loss	1,635.73	1,881.63	2,279.96
Equity	2,990.57	3,362.93	3,523.70

	EUR impact		
	March 31, 2017	March 31, 2016	April 1, 2015
Profit or loss	0.10	15.68	9.69
Equity	3.27	11.48	2.45

	GBP impact		
	March 31, 2017	March 31, 2016	April 1, 2015
Profit or loss	13.36	3.80	13.53
Equity	13.14	1.89	6.66

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.8 Financial Instruments (Continued)

	JPY impact		
	March 31, 2017	March 31, 2016	April 1, 2015
Profit or loss	677.70	1,173.04	1,193.82
Equity	677.48	1,173.04	1,193.82

	Impact of other currencies		
	March 31, 2017	March 31, 2016	April 1, 2015
Profit or loss	6.68	13.78	17.96
Equity	6.68	13.78	17.96

In Management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

The following table details the forward foreign currency contracts outstanding at the end of the reporting period:

	Foreign currency (in Lakhs)			Notional value (₹ Lakhs)			Fair value assets (liabilities) *		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Cash flow hedges:									
Buy USD	59.50	68.25	-	3,858.58	4,521.90	-	(136.00)	(45.82)	-
Sell USD	1,104.10	1,186.13	994.99	71,600.89	78,587.04	62,186.88	2,732.23	1,198.35	325.53
Sell USD - Buy EUR	2.43	18.01	5.39	168.38	1,357.86	362.15	1.11	27.36	(53.61)
Sell USD - Buy GBP	0.14	1.00	10.92	11.33	95.47	1,009.77	0.02	(3.30)	(25.17)
Sell USD - Buy JPY	0.17	-	-	0.10	-	-	0.01	-	-
Fair value hedges:									
Buy USD	75.38	95.06	50.97	4,888.96	6,298.20	3,188.33	(199.83)	(54.43)	(2.57)
Sell USD	29.23	327.17	357.64	1,895.71	21,675.55	22,352.34	105.58	381.48	228.97
Sell USD - Buy EUR	2.84	-	-	196.77	-	-	1.56	-	-
Buy GBP	-	15.00	-	-	1,450.15	-	-	132.60	-

* included in the balance sheet under 'other financial assets' and 'other financial liabilities'. [Refer notes 1.15 and 1.26]

(2) Interest rate risk management:

(a) For business other than financing activities:

The Group is exposed to interest rate risk pertaining to funds borrowed at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies. Further, in appropriate cases, the Group also effects changes in the borrowing arrangements to convert floating interest rates to fixed interest rates.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming that the amount of the liability as at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher / lower, the Group's profit for the year ended March 31, 2017 would decrease / increase by ₹471.09 lakhs (2015-16: decrease / increase by ₹541.44 lakhs). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

(b) For business relating to financing activities:

The Group is exposed to interest rate risk because it borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the previous reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended March 31, 2017 would increase by ₹438 lakhs (2015-16: increase by ₹349 lakhs). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.8 Financial Instruments (Continued)

(3) Foreign currency and interest rate sensitivity analysis for swap contracts:

The Group has taken cross currency and interest rate swap (CCIRS) contracts for hedging its foreign currency and interest rate risks related to certain external commercial borrowings. This CCIRS contracts are composite contracts for both the foreign currency and interest rate risks and thus the mark-to-market value is determined for both the risks together. The mark-to-market loss as at March 31, 2017 is ₹15,661.03 lakhs (March 31, 2016: ₹28,205.64 lakhs and April 1, 2015: ₹34,736.15 lakhs). If the foreign currency and interest rate movement each is 2% higher/ lower, the Group's profit for the year ended March 31, 2017 would approximately decrease/ increase by ₹1,523.25 lakhs (2015-16: decrease/ increase by ₹2,582.87 lakhs).

(4) Equity price risk:

Equity price risk is related to the change in market reference price of the investments in quoted equity securities. The fair value of some of the Group's investments exposes the Group to equity price risks. In general, these securities are not held for trading purposes.

Equity price sensitivity analysis

The fair value of equity instruments as at March 31, 2017, March 31, 2016 and April 1, 2015 was ₹Nil, ₹2,205.56 lakhs and ₹46,656.33 lakhs respectively. A 5% change in prices of equity instruments held as at March 31, 2017, March 31, 2016 and April 1, 2015 would result in an increase/ decrease of ₹Nil, ₹110.28 lakhs and ₹2,332.82 lakhs in fair value of equity instruments respectively.

(B) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables and Loans under customer financing activities consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee cover is taken. The Group's trade and other receivables, including loans under customer financing activities, consists of a large number of customers, across geographies, hence the Group is not exposed to concentration risk.

The Group has used a practical expedient by computing the expected credit loss allowance for trade receivable based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. Further, the Group also makes an allowance for doubtful debts / loans under customer financing activities on a case to case basis.

Expected credit loss provision matrix for financing activities is as follows:

Ageing (weighted average across various portfolios)	Expected Credit Loss %
0-90 days past due	1.15%
90-180 days past due	2.61%
More than 180 days past due	39.42%

Movement in Credit loss allowance

	Year ended March 31, 2017	Year ended March 31, 2016
	₹ Lakhs	₹ Lakhs
Balance at the beginning of the year	18,806.13	11,294.08
Addition pursuant to business combination	1,237.39	-
Incremental credit loss allowance	14,911.51	7,512.05
Balance at the end of the year	34,955.03	18,806.13

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings.

(C) Liquidity risk

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group has obtained fund

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.8 Financial Instruments (Continued)

and non-fund based working capital limits from various banks. Furthermore, the Group has access to funds from debt markets through commercial paper programs, non-convertible debentures, and other debt instruments. The Group invests its surplus funds in bank fixed deposit and mutual funds, which carry minimal mark to market risks.

The Group also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

The table below summarises the maturity profile remaining contractual maturity period at the balance sheet date for its non-derivative financial liabilities based on the undiscounted cash flows.

	₹ Lakhs			
	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
March 31, 2017				
Trade payables	338,534.02	-	-	338,534.02
Other financial liabilities	134,228.70	143.48	-	134,372.18
Borrowings	429,151.02	859,958.98	27,683.08	1,316,793.08
	901,913.74	860,102.46	27,683.08	1,789,699.28
March 31, 2016				
Trade payables	270,112.07	-	-	270,112.07
Other financial liabilities	102,549.42	768.09	-	103,317.51
Borrowings	352,646.83	725,069.76	27,641.17	1,105,357.76
	725,308.32	725,837.85	27,641.17	1,478,787.34
April 1, 2015				
Trade payables	295,980.17	-	-	295,980.17
Other financial liabilities	79,879.80	711.05	-	80,590.85
Borrowings	323,101.52	481,519.76	73,646.21	878,267.49
	698,961.49	482,230.81	73,646.21	1,254,838.51

The table below summarises the maturity profile for its derivative financial liabilities based on the undiscounted contractual net cash inflows and outflows on derivative liabilities that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

	₹ Lakhs		
	Due in 1st year	Due in 2nd to 5th year	Carrying amount
March 31, 2017			
Currency and interest rate swaps	10,939.35	4,721.68	15,661.03
Foreign exchange forward contracts	336.21	-	336.21
	11,275.56	4,721.68	15,997.24
March 31, 2016			
Currency and interest rate swaps	11,317.20	16,888.44	28,205.64
Foreign exchange forward contracts	106.01	-	106.01
	11,423.21	16,888.44	28,311.65
April 1, 2015			
Currency and interest rate swaps	3,373.86	31,362.28	34,736.14
Foreign exchange forward contracts	123.66	-	123.66
	3,497.52	31,362.28	34,859.80

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.8 Financial Instruments (Continued)

3.8.3 Categories of Financial assets and liabilities:

	March 31, 2017	March 31, 2016	April 1, 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs
Financial assets			
a. Measured at amortised cost:			
Investments	76,402.59	38,071.16	43,111.90
Cash and cash equivalents	101,313.56	168,118.69	83,998.35
Other bank balances	5,047.60	3,532.99	4,644.20
Trade Receivables	103,410.00	146,157.49	139,994.16
Loans (net of allowance for loans)	1,075,384.85	847,746.59	553,141.81
Others	32,016.08	31,590.75	48,531.14
b. Mandatorily measured at fair value through profit or loss (FVTPL):			
Investments	110,870.69	57,357.44	100,096.91
Derivatives designated as hedging instruments	2,840.51	1,609.65	596.38
Derivatives not designated as hedging instruments	2,864.68	-	-
Financial liabilities			
a. Measured at amortised cost:			
Borrowings	1,316,793.08	1,105,357.76	878,267.49
Trade Payables	338,534.02	270,112.07	295,980.17
Other financial liabilities	134,372.18	103,317.51	80,590.85
b. Mandatorily measured at fair value through profit or loss (FVTPL):			
Derivative designated in hedge accounting relationships	336.21	106.01	123.66
Derivative not designated in hedge accounting relationships	15,661.03	28,205.64	34,736.14

3.8.4 Fair value measurements:

(A) Financial assets and liabilities that are not measured at fair values but in respect of which fair values are as follows:

Except for the following, the Management consider that the carrying amounts of financial assets and financial liabilities recognised in the Consolidated Financial Statements approximate their fair values:

	March 31, 2017		March 31, 2016		April 1, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Financial assets held at amortised cost:						
- Investments relating to financing activities	76,402.59	79,070.88	38,071.16	38,071.16	42,911.34	42,911.34
- Receivables relating to financing activities (net of allowance for loans)	1,075,384.85	1,115,213.92	843,512.74	847,828.71	553,141.81	557,394.81
Financial liabilities						
Financial liabilities held at amortised cost:						
- Debentures	378,526.13	382,576.80	310,625.08	315,961.56	226,786.64	234,187.11

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.8 Financial Instruments (Continued)

₹ Lakhs

Fair value hierarchy as at March 31, 2017				
	Level 1	Level 2	Level 3	Total
Financial assets				
- Investments relating to financing activities	10,000.00	54,231.71	14,839.17	79,070.88
- Receivables relating to financing activities	-	-	1,115,213.92	1,115,213.92
Financial liabilities				
- Debentures	-	382,576.80	-	382,576.80

Fair value hierarchy as at March 31, 2016				
	Level 1	Level 2	Level 3	Total
Financial assets				
- Investments relating to financing activities	-	22,280.86	15,790.30	38,071.16
- Receivables relating to financing activities	-	-	847,828.71	847,828.71
Financial liabilities				
- Debentures	-	315,961.56	-	315,961.56

Fair value hierarchy as at April 1, 2015				
	Level 1	Level 2	Level 3	Total
Financial assets				
- Investments relating to financing activities	-	27,513.76	15,397.58	42,911.34
- Receivables relating to financing activities	-	-	557,394.81	557,394.81
Financial liabilities				
- Debentures	-	234,187.11	-	234,187.11

The fair values of the financial assets and financial liabilities included in the level 3 and level 2 category above have been determined in accordance with generally accepted pricing models with the most significant input being the market interest rates.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.8 Financial Instruments (Continued)

(B) Financial assets and financial liabilities that are measured at fair value on a recurring basis as at the end of each reporting period:

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values for material financial assets and material financial liabilities have been determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial liabilities	Fair value as at			Fair value hierarchy	Valuation technique(s) and key input(s)
	March 31, 2017	March 31, 2016	April 1, 2015		
Derivative instruments, i.e. forward foreign currency contracts, currency and interest rate swaps	Assets – ₹5,705.19 lakhs; and Liabilities – ₹15,997.24 lakhs	Assets – ₹1,609.65 lakhs; and Liabilities – ₹28,311.65 lakhs	Assets – ₹596.38 lakhs; and Liabilities – ₹34,859.80 lakhs	Level 2	"Discounted future cash flows which are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of the Company/ various counterparties. Further, in case of swap contracts, the future estimated cash flows also consider forward interest rates (from observable yield curves at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of the Company/ various counterparties.
Investments in quoted equity shares	Equity shares of Hinduja Foundries Limited - ₹Nil (consequent to merger - Refer Note 3.23)	Equity shares of Hinduja Foundries Limited - ₹2,205.56 lakhs	"Equity shares of Indusind Bank Limited - ₹44,866.36 lakhs Equity instruments in Hinduja Foundries Limited - ₹1,740.67 lakhs"	Level 1	Quoted bid prices in an active market.
Investments in mutual funds	₹87,717.23 lakhs	₹Nil	₹Nil	Level 1	Net assets value in an active market.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.8 Financial Instruments (Continued)

Financial assets/ financial liabilities	Fair value as at (₹ Lakhs)			Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	March 31, 2017	March 31, 2016	April 1, 2015				
Investments in unquoted preference shares	Preference shares of: Hinduja Foundries Limited - ₹Nil (consequent to merger - Refer Note 3.23) Hinduja Tech Limited - ₹2,251.25 lakhs Others - ₹838.52 lakhs	Preference shares of: Hinduja Foundries Limited - ₹32,766.69 lakhs Hinduja Tech Limited - ₹2,254.43 lakhs Others - ₹438.02 lakhs	Preference shares of: Hinduja Foundries Limited - ₹32,124.35 lakhs Hinduja Tech Limited - ₹2,035.45 lakhs Others - ₹171.58 lakhs	Level 3	Income approach – in this approach, the discounted cash flow method used to capture the present value of the expected future economic benefits to be derived from the ownership of these preference shares	The significant inputs were: a) the estimated cash flows from the dividends on these preference shares and the redemption proceeds on maturity; and b) the discount rate to compute the present value of the future expected cash flows	A slight decrease in the estimated cash inflows in isolation would result in a significant decrease in the fair value. (Note 2)
Investments in unquoted equity shares	Equity shares of: Hinduja (Energy) Limited - ₹19,310.24 lakhs Others - ₹512.18 lakhs	Equity shares of: Hinduja (Energy) Limited - ₹19,310.24 lakhs Others - ₹579.51 lakhs	Equity shares of: Hinduja (Energy) Limited - ₹18,711.00 lakhs Others - ₹543.91 lakhs	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these equity instruments	The significant inputs were: a) the estimated cash flows; and b) the discount rate to compute the present value of the future expected cash flows	A slight decrease in the estimated cash inflows in isolation would result in a significant decrease in the fair value. (Note 3)

Notes:

- There were no transfers between Level 1, 2 and 3 during the year.
- A 5% increase/ decrease in the WACC or discount rate used would decrease/ increase the fair value of the unquoted preference shares by ₹56.68 lakhs / ₹60.83 lakhs (as at March 31, 2016: ₹1,137.28 lakhs/ ₹1,166.69 lakhs, as at April 1, 2015: ₹2,527.78 lakhs / ₹2,863.69 lakhs).
- A 50 basis points increase/ decrease in the WACC or discount rate used would decrease/ increase the fair value of the unquoted equity instruments by ₹3,051.24 lakhs (as at March 31, 2016: ₹3,051.24 lakhs, as at April 1, 2015: ₹2,956.55 lakhs).
A 5% increase/ decrease in the cash flows would increase/ decrease the fair value of the unquoted equity instruments by ₹9,074.22 lakhs (as at March 31, 2016: ₹9,074.22 lakhs, as at April 1, 2015: ₹8,792.63 lakhs).
- Gain / loss recognised in profit or loss (included in other income - Refer Note 2.2) arising from fair value measurement of Level 3 financial assets is loss of ₹1,002.72 lakhs (2016: gain of ₹1,460.54 lakhs)

3.8.5 Transfer of financial assets relating to financing activities:

The Group transfers finance receivables in securitization transactions. In such transactions, the Group surrenders control over the receivables, though it continues to act as an agent for the collection and monitoring of the receivables. The Group also provides credit enhancements to the transferee in respect of securitization transactions on account of which the Group continues to have the obligation to pay to the transferee, limited to the extent of credit enhancements even if it does not collect the equivalent amounts from the original assets and accordingly continues to retain substantially all risks and rewards associated with the receivables.

During the year ended March 31, 2017, the Group securitised loans with an aggregate carrying amount of ₹44,939.08 lakhs to various special purpose vehicles (SPV) for cash proceeds of ₹44,939.08 lakhs. As the Group has not transferred the significant risks and rewards relating to these loans, it continues to recognise the full carrying amount of the loans and has recognised the cash received on the transfer as a secured borrowing.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.8 Financial Instruments (Continued)

As at March 31, 2017, the carrying amount of these loans that have been transferred but have not been derecognised amounted to ₹44,883.66 lakhs and the carrying amount of the associated liability is ₹43,083.29 lakhs.

During the year ended March 31, 2016, the Group securitised loans with an aggregate carrying amount of ₹Nil lakhs to various special purpose vehicle (SPV) for cash proceeds of ₹Nil lakhs.

As at March 31, 2016, the carrying amount of these loans that have been transferred but have not been derecognised amounted to ₹16,886.18 lakhs and the carrying amount of the associated liability is ₹16,886.18 lakhs.

3.8.6 Collateral related disclosures for financing activities:

Fair value of collaterals over which the Group has taken possession and held as at March 31, 2017, March 31, 2016, and April 1, 2015 amounted to ₹12,504.05 lakhs, ₹12,131.18 lakhs, and ₹11,328.31 lakhs, respectively. The collateral represents vehicles financed by the Group and the Group generally undertakes disposal of these vehicles through an auction process.

3.9 Segment related disclosures

The Group's primary segment is identified as business segment based on nature of products, risks, returns and the internal business reporting system as per Ind AS 108. The Group is engaged in Commercial Vehicle and Financial Services mainly relating to vehicle and housing financing.

Particulars	Year ended	Year ended
	March 31, 2017	March 31, 2016
	₹ Lakhs	₹ Lakhs
i Segment Revenue		
Commercial vehicle	2,256,851.73	2,116,526.18
Financial service	153,176.13	117,471.81
Gross Revenue	2,410,027.86	2,233,997.99
Less: Intersegmental revenue	3,193.08	2,040.11
Revenue from operations	2,406,834.78	2,231,957.88
ii Segment Results		
Commercial vehicle	163,970.59	161,567.79
Financial service (after deducting interest expense on loan financing)	24,335.24	18,063.58
Total Segment Profit before Interest and Tax	188,305.83	179,631.37
Interest Expense	(19,531.53)	(26,132.54)
Other Income	13,069.22	16,362.07
Share of profit / (loss) of associates and joint ventures	(986.50)	(7,849.12)
(Loss) / Profit for the year from discontinued operations	(423.31)	-
Exceptional items	2,469.23	(41,137.34)
Profit before Tax	182,902.94	120,874.44
Tax	19,611.91	49,657.14
Profit after Tax (including share of profit / (loss) of associate and joint venture)	163,291.03	71,217.30
iii Segment Assets		
Commercial vehicle	1,451,880.06	1,298,087.63
Financial service	1,190,900.98	921,783.03
Total Segment Assets	2,642,781.04	2,219,870.66
iv Segment Liabilities		
Commercial vehicle	1,446,368.36	1,294,571.48
Financial service	1,196,412.68	925,299.18
Total Segment Liabilities	2,642,781.04	2,219,870.66

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.10 Related party disclosure

a) List of parties where control exists

Holding company

Hinduja Automotive Limited, United Kingdom

Machen Holdings SA

(Holding Company of Hinduja Automotive Limited, United Kingdom)

Machen Development Corporation, Panama

(Holding Company of Machen Holdings SA)

Amas Holdings SA

(Holding Company of Machen Development Corporation, Panama)

b) Other related parties

Fellow subsidiaries

Hinduja Auto Components Limited

Hinduja Automotive (UK) Limited

Gulf Oil Lubricants India Limited

Hinduja Foundries Limited.....from April 1, 2016 to September 30, 2016

Associates

Ashley Aviation Limited

Ashok Leyland Defence Systems Limited

Lanka Ashok Leyland PLC

Mangalam Retail Services Limited

Joint Ventures

Ashley Alteams India Limited

Automotive Infotronics Limited (under liquidation)

Ashok Leyland John Deere Construction Equipment Company Private Limitedupto March 28, 2016

Ashok Leyland John Deere Construction Equipment Company Private Limited
(Along with Gulf Ashley Motor Limited).....from March 29, 2016

Ashok Leyland Vehicles Limited (formerly Ashok Leyland Nissan Vehicles Limited)upto November 25, 2016

Ashley Powertrain Limited (formerly Nissan Ashok Leyland Powertrain Limited)upto November 25, 2016

Ashok Leyland Technologies Limited (formerly Nissan Ashok Leyland Technologies Limited)upto November 25, 2016

Hinduja Tech Limited

Key management personnel

Mr. Vinod K Dasari, CEO and Managing Director

Note:

Transaction with Ashok Leyland Wind Energy Limited (ALWEL) has not been disclosed as being with associate since the Parent Company does not have significant influence over ALWEL, although the Parent Company holds 26% of the equity share capital of ALWEL.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.10 Related party disclosure (Continued) c) Related Party Transactions - summary

	₹ Lakhs																
	Fellow Subsidiaries			Associates			Joint Ventures			Holding Company			Key Management Personnel			Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	
Transactions during the year ended March 31																	
1 Purchase of raw materials, components and traded goods (net of CENVAT / VAT)	21,815.52	8,706.32	5,166.40	96.96	76,669.16	1,08,015.93	-	-	-	-	-	-	-	-	1,03,651.08	1,16,819.21	
2 Sales and services (net of excise duties)	1,389.19	956.38	33,816.93	33,124.64	3,846.09	3,972.83	-	-	-	-	-	-	-	-	39,052.21	38,053.85	
3 Other operating income	565.58	100.30	96.85	1.82	8,100.65	10,183.36	-	-	-	-	-	-	-	-	8,763.08	10,285.48	
4 Other expenditure incurred / (recovered) (net)	(4.30)	-	654.05	(863.67)	3,829.08	4,602.30	336.98	68.69	-	-	-	-	-	-	4,815.81	3,807.32	
5 Advance / current accounts - net increase / (decrease)	-	-	-	228.79	1,690.85	(8.36)	32.21	-	-	-	-	-	-	-	1,723.06	220.43	
6 Interest and other income	-	24.16	241.98	225.00	-	-	-	-	-	-	-	-	-	-	241.98	249.16	
7 Purchase of assets	-	-	-	-	13.00	19.50	-	-	-	-	-	-	-	-	13.00	19.50	
8 Sale of asset	8.51	-	-	-	-	-	-	-	-	-	-	-	0.36	4.38	8.87	4.38	
9 Dividend payments	-	-	-	-	-	-	13,621.55	6,452.31	-	-	-	-	-	-	13,621.55	6,452.31	
10 Remuneration to key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	3,176.69	1,056.45	3,176.69	1,056.45	
11 Investments in shares of	-	-	1,297.00	500.00	2,500.00	4,895.00	-	-	-	-	-	-	-	-	3,797.00	5,395.00	
12 Loans / advance given	-	-	1.00	-	4.25	-	-	-	-	-	-	-	-	23.33	5.25	23.33	
13 Loans / advance repaid	-	-	1.00	-	4.25	-	-	-	-	-	-	-	-	5.83	5.25	5.83	
Balances as on March 31																	
1 Trade receivables	113.97	263.87	-	3,559.91	3,900.21	156.74	7.97	1,656.53	1,876.94	-	-	-	-	-	3,681.85	5,820.61	2,033.68
2 Other financial and non financial assets	307.11	-	94.03	351.93	60.64	30.36	1,092.17	525.98	-	-	-	-	17.50	0.01	431.50	1,461.60	586.63
3 Trade and other payables	1,436.20	961.80	359.03	355.08	25.29	2,236.15	797.20	4,433.43	10,277.26	151.05	51.89	6.11	698.70	474.04	3,438.23	5,946.45	13,234.95
4 Financial guarantees	-	-	-	-	-	-	-	2,375.74	2,584.97	2,303.66	-	-	-	-	2,375.74	2,584.97	2,303.66

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.10 Related party disclosure (Continued)

d) Significant Related Party Transactions

₹ Lakhs

	2017	2016
1 Purchase of raw materials, components and traded goods (net of CENVAT / VAT)		
Hinduja Foundries Limited	10,903.40	-
Gulf Oil Lubricants India Limited	10,912.12	8,706.32
Ashok Leyland Vehicles Limited	76,400.39	1,02,639.95
2 Sales and services (net of excise duties)		
Lanka Ashok Leyland, PLC	33,638.69	33,120.94
Ashok Leyland Vehicles Limited	3,410.03	3,425.25
3 Other operating income		
Ashok Leyland Vehicles Limited	5,864.84	7,497.50
Ashley Powertrain Limited	2,234.55	2,614.86
4 Other expenditure incurred / (recovered) (net)		
Hinduja Automotive Limited, United Kingdom	336.98	68.69
Ashok Leyland Defence Systems Limited	392.87	147.06
Ashok Leyland Vehicles Limited	2,306.89	3,515.72
Hinduja Tech Limited	1,540.40	843.93
Lanka Ashok Leyland, PLC	122.98	(1,147.17)
Ashok Leyland John Deere Construction Equipment Company Private Limited	(73.35)	127.16
5 Advance/current account - net increase / (decrease)		
Ashok Leyland Vehicles Limited	1,450.65	(45.69)
Ashley Powertrain Limited	240.20	37.33
Ashok Leyland Defence Systems Limited	-	228.79
6 Interest and other income		
Ashley Aviation Limited	225.00	225.00
7 Dividend payment		
Hinduja Automotive Limited, United Kingdom	13,621.55	6,452.31
8 Investment in shares of		
Ashok Leyland Defence Systems Limited	647.00	-
Ashok Leyland John Deere Construction Equipment Company Private Limited	2,500.00	4,645.00
9 Purchase of assets		
Hinduja Tech Limited	13.00	19.50
10 Sale of assets		
Hinduja Foundries Limited	8.51	-
11 Remuneration to key management personnel*		
Mr. Vinod K Dasari		
Short term employee benefits	1,048.37	725.19
Other long term employee benefits	316.80	331.26
Share-based payment	1,811.52	-

* excludes contribution for gratuity and compensated absences as the incremental liability has been accounted for by the Parent Company as a whole.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.11 Operating lease arrangements

Group as lessee

Operating leases relate to leases of land and building with lease term ranging from 1 year to 99 years.

Payments recognised as an expense for non cancellable lease

	Year ended March 31, 2017	Year ended March 31, 2016
	₹ Lakhs	₹ Lakhs
Rent	975.65	1,071.78
	975.65	1,071.78
Non-cancellable operating lease commitments		
Not later than 1 year	975.65	1,071.78
Later than 1 year but not later than 5 years	5,237.21	5,991.13
Later than 5 years	18,472.52	19,215.30

3.12 Disclosure on Specified Bank Notes (SBNs)

Details of specified bank notes held and transacted during the period November 8, 2016 to December 30, 2016

Particulars	₹ Lakhs		
	Specified Bank Notes (SBNs)	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	1,408.36	57.18	1,465.54
(+) Permitted receipts	1,320.88	11,474.34	12,795.22
(-) Permitted payments	0.32	58.85	59.17
(-) Amount deposited in banks	2,728.92	10,285.23	13,014.15
Closing cash in hand as on December 30, 2016	-	1,187.44	1,187.44

Of the above, details of SBNs held and transacted during the period November 8, 2016 to December 30, 2016 relating to subsidiary engaged in financing activities in respect of which the auditor of the subsidiary was unable to obtain sufficient and appropriate audit evidence, are as follows:

Particulars	₹ Lakhs		
	Specified Bank Notes (SBNs)	Other denomination notes	Total
Closing cash in hand as on November 8, 2016 #	1,378.10	45.33	1,423.43
(+) Permitted receipts *	1,320.81	11,276.41	12,597.22
(-) Permitted payments	-	-	-
(-) Amount deposited in banks	2,698.91	10,160.16	12,859.07
Closing cash in hand as on December 30, 2016	-	1,161.58	1,161.58

Based on the daily cash register and petty cash summary statement maintained across the branches.

* Includes direct cash deposits made by the customers in subsidiary's bank accounts vide RBI Circular No. DCM (Plg) No. 1226/10.27.00/2016-17 dated November 8, 2016 under Section 3(c)(v). Also includes withdrawal from bank.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.13 Contingent liabilities

₹ Lakhs

	As at	As at	As at
	March 31, 2017	March 31, 2016	April 1, 2015
a) Claims against the Group not acknowledged as debts (net)			
i) Sales tax / VAT	31,333.27	21,588.47	20,322.51
ii) Excise duty, Service tax, Customs duty	6,423.95	4,604.94	2,339.95
iii) Others	2,875.88	2,647.58	1,231.51
These have been disputed by the Group on account of issues of applicability and classification.			
b) Corporate guarantees given to others for loans taken by a joint venture	2,375.74	2,584.97	2,303.66
c) Share of contingent liabilities of joint ventures and associates	2,351.48	1,919.58	1,827.29

Future cash outflows in respect of the above are determinable only on receipt of judgement / decisions pending with various forums / authorities.

3.14 Commitments

₹ Lakhs

	As at	As at	As at
	March 31, 2017	March 31, 2016	April 1, 2015
a) Capital commitments (net of advances) not provided for	13,906.84	10,064.61	10,731.47
[including ₹2,742.77 lakhs (2016: ₹1,170.00 lakhs; 2015: ₹625.29 lakhs) in respect of intangible assets]			
b) Uncalled liability on partly paid shares / investments	0.11	0.11	0.11
c) Share of commitments of joint ventures	98.14	308.66	900.60
d) Other commitments			
i) Financial support given to certain subsidiaries, joint ventures, etc.			

The outflow in respect of the above is not practicable to ascertain in view of the uncertainties involved.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.15 Details of borrowings:

I Non-current borrowings:	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015			
	Non-current Current	Total	Particulars of Redemption / Repayment	Non-current Current	Total	Non-current Current	Total	Non-current Current	Total	
	₹ Lakhs	₹ Lakhs		₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	
a. Secured Borrowings:										
i. Debenture Series										
9.60% AL 22	15,000.00	-	15,000.00	June 21, 2018	15,000.00	-	15,000.00	15,000.00	-	15,000.00
10.15% AL 20	-	15,000.00	15,000.00	December 28, 2017	15,000.00	-	15,000.00	15,000.00	-	15,000.00
10.20% AL 18	-	10,000.00	10,000.00	June 28, 2017	10,000.00	-	10,000.00	10,000.00	-	10,000.00
10.25% AL 16	-	-	-	October 14, 2016 - ₹6,000 lakhs, 2015 - ₹4,500 lakhs	-	6,000.00	6,000.00	6,000.00	4,500.00	10,500.00
9.45% AL 21	-	-	-	June 21, 2016	-	15,000.00	15,000.00	15,000.00	-	15,000.00
10.05% AL 19	-	-	-	December 28, 2015	-	-	-	-	15,000.00	15,000.00
8.20% AL 15	-	-	-	July 22, 2015	-	-	-	-	7,000.00	7,000.00
10.10% AL 17	-	-	-	June 28, 2015	-	-	-	-	20,000.00	20,000.00
10.50% Sub 1	-	-	-	Redemption period is 3 years	30,000.00	-	30,000.00	30,000.00	-	30,000.00
8.85% to 10.70% Sub 1	103,500.00	-	103,500.00	Redemption period is 3 to 5 years	95,000.00	-	95,000.00	60,000.00	-	60,000.00
"BR SBI + 0.05% to 0.35% Sub 1 (BR SBI - Base Rate of State Bank of India)"	95,000.00	-	95,000.00	Redemption period is 3 to 5 years	75,000.00	-	75,000.00	-	-	-
ii. Term loans:										
TL - 10	213,500.00	25,000.00	238,500.00		240,000.00	21,000.00	261,000.00	151,000.00	46,500.00	197,500.00
TL - 9	13,178.17	6,665.83	19,844.00	Repayable in 12 equal quarterly installments starting after three years from the date of first disbursement	-	-	-	-	-	-
TL - 8	8,000.00	2,000.00	10,000.00	Repayable in 20 equal quarterly installments of ₹500.00 lakhs starting June 30, 2017	-	-	-	-	-	-
TL - 7	4,375.00	2,500.00	6,875.00	Repayable in 12 equal quarterly installments of ₹625.00 lakhs starting March 31, 2017	-	-	-	-	-	-
TL - 6	-	-	-	December 16, 2018 and 2017 - ₹12,500.00 lakhs each, 2016 - ₹5,000.00 lakhs	25,000.00	5,000.00	30,000.00	30,000.00	-	30,000.00
TL - 5	-	-	-	February 5, 2016	-	-	-	-	3,333.33	3,333.33

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.15 Details of borrowings (continued)

I Non-current borrowings:	As at March 31, 2017		Particulars of Redemption / Repayment	As at March 31, 2016		As at April 1, 2015	
	Non Current	Total		Non Current	Total	Non Current	Total
	₹ Lakhs	₹ Lakhs		₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs
TL - 2	-	-	June 1, 2015	-	-	-	5,000.00
TL - 1 - Sub 1	484,488.62	632,477.74	Repayable in varying installments in 3 to 5 years	320,950.32	495,300.62	194,790.49	340,530.30
TL - 1 - Sub 2	12,500.00	19,165.00	Repayable in 16 Quarterly equal installments immediately after a moratorium of 3 years from the date of first draw down	-	-	-	-
TL - 1 - Sub 3	-	12,135.38	Repayable by April 2017	-	14,320.50	13,870.50	-
TL - 1 - Sub 4	-	-	Repayable by December 2015	-	-	-	200.00
	522,541.79	177,955.33		345,950.32	193,670.80	238,660.99	154,273.14
I Non-current borrowings:		700,497.12		345,950.32	539,621.12	238,660.99	392,934.13

I Non-current borrowings:

- 1 Debentures and term loans (excluding TL - 7, TL - 1 and TL - 2) aggregating ₹40,000.00 lakhs (2016: ₹91,000.00 lakhs, 2015: ₹145,833.33 lakhs) are secured by a first charge on pari-passu basis on all Property, Plant and Equipment (PPE) of the Parent Company aggregating ₹461,045.88 lakhs (2016: ₹499,771.29 lakhs, 2015: ₹523,720.81 lakhs) excluding certain immovable properties (residential buildings and certain immovable assets) and movable PPE such as aircraft of the Parent Company.
- 2 Term loans (TL - 10, TL - 9 and TL - 8) aggregating ₹36,719.00 lakhs are secured by a first charge on pari-passu basis on all Property, Plant and Equipment (PPE) of the amalgamating company (now a division of the Parent Company), as per the scheme of amalgamation, aggregating ₹42,181.04 lakhs and second charge on pari-passu basis on all current assets of that division.
- 3 Debentures of Sub 1 of a subsidiary are secured by first ranking mortgage of an immovable property in favour of trustees, in addition to specific assets, by pari passu charge on hypothecation of loan receivables with a security cover of 11.0% as per the terms of issue of the subsidiary.
- 4 Term loans availed by a subsidiary from various banks (TL-1 Sub 1) are secured by hypothecation of designated assets on finance / loan and future receivables therefrom, and investments in pass through certificates of the subsidiary.
- 5 Term loans availed by a subsidiary (TL-1 Sub 2) are secured by first pari-passu charge on entire property, plant and equipment of the subsidiary (immovable & movable).
- 6 Term loan availed by a subsidiary from a bank (TL-1 - Sub 3) are secured against property, plant and equipment, receivables and inventories of the subsidiary.
- 7 Term loan availed by a subsidiary from a bank (TL-1 - Sub 4) are secured against property, plant and equipment, receivables and inventories of the subsidiary.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.15 Details of borrowings (continued)

I Non-current borrowings:	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	Non Current ₹ Lakhs	Current Maturities ₹ Lakhs	Total ₹ Lakhs	Non Current ₹ Lakhs	Current Maturities ₹ Lakhs	Total ₹ Lakhs	Non Current ₹ Lakhs	Current Maturities ₹ Lakhs	Total ₹ Lakhs
iii. ECB loans :									
ECB - Sub 2	6,744.24	6,744.24	13,488.48	-	-	-	-	-	-
			Repayable in 8 equal semi-annual instalments commencing after a moratorium period of 3 years following each draw down						
	6,744.24	6,744.24	13,488.48	-	-	-	-	-	-
(ECB - Sub 2) availed by a subsidiary is secured by a first-pari passu charge over the current and future movable property, plant & equipment of the subsidiary.									
iv. Other loans:									
OL - Sub 1	20.76	39.67	60.43	58.64	45.33	103.97	103.97	-	103.97
			Repayable in monthly instalments over a period of 4 years						
OL - Sub 2	3,118.00	-	3,118.00	-	-	-	-	-	-
			Repayable after 14 years from the month of availment						
	3,138.76	39.67	3,178.43	58.64	45.33	103.97	103.97	-	103.97
1. Other loans (OL - Sub 1) availed by a subsidiary are related to vehicles owned are secured against these vehicles.									
2. Other loans (OL - Sub 2) availed by a subsidiary are secured by way of pari-passu charge on current and future property, plant and equipment of the subsidiary.									
b. Unsecured borrowings:									
i ECB loans:									
ECB - 13	12,970.00	-	12,970.00	13,251.00	-	13,251.00	12,500.00	-	12,500.00
			3 equal instalments on September 10, 2020, 2019, 2018						
ECB - 12	32,425.00	9,727.50	42,152.50	43,065.75	-	43,065.75	40,625.00	-	40,625.00
			June 26, 2020 - ₹12,970.00 lakhs and June 26, 2019, 2018, 2017 - ₹9,727.50 lakhs each						
ECB - 11	6,485.00	6,485.00	12,970.00	13,251.00	6,625.50	19,876.50	18,750.00	-	18,750.00
			3 equal instalments on March 25, 2019, 2018, 2017						
ECB - 1	11,705.01	11,705.01	23,410.02	23,806.35	11,903.17	35,709.52	31,556.48	-	31,556.48
			3 equal instalments on June 9, 2018, 2017, 2016						
ECB - 2	-	3,706.88	3,706.88	3,769.63	3,769.63	7,539.26	6,662.44	3,331.22	9,993.66
			3 equal instalments on October 24, 2017, 2016 and 2015						

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.15 Details of borrowings (continued)

	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	Non Current	Current Maturities	Total	Non Current	Current Maturities	Total	Non Current	Current Maturities	Total
	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs
ECB - 3	-	9,337.67	9,337.67	9,495.76	8,591.40	18,087.16	15,983.61	1,997.95	17,981.56
			September 20, 2017 - ₹9,337.67 lakhs and 2016 - ₹8,591.40 lakhs and 2015 - ₹1,997.15 lakhs						
ECB - 14	-	2,594.38	2,594.38	-	-	-	-	-	-
			2,594.38 10 equal half-yearly instalments commencing from August 2013						
ECB - 10	-	-	-	-	-	-	-	12,500.00	12,500.00
			- July 12, 2015						
	63,585.01	43,556.44	107,141.45	106,639.49	30,889.70	137,529.19	126,077.53	17,829.17	143,906.70
ii Debenture series:									
11.30% p.a. to 12.40% - Subordinated redeemable non-convertible debentures - Sub 2	68,500.00	-	68,500.00	50,500.00	-	50,500.00	30,000.00	-	30,000.00
			Redemption period is 5 to 7 years						
	68,500.00	-	68,500.00	50,500.00	-	50,500.00	30,000.00	-	30,000.00
iii. Interest free sales tax loans:									
Programme II	10,894.04	413.46	11,307.50	11,307.50	159.44	11,466.94	11,466.94	65.53	11,532.47
			Varying amounts repayable on a periodical basis ending on June 2028						
	10,894.04	413.46	11,307.50	11,307.50	159.44	11,466.94	11,466.94	65.53	11,532.47
iv. Loans from Others:									
-Loan 5	-	-	-	-	-	-	-	106.96	106.96
			Varying amounts repayable on a quarterly basis ending in July 2015						
	-	-	-	-	-	-	-	106.96	106.96

The above debentures, term loans, external commercial borrowings and loans from others carry varying rates of interest with the maximum rate of interest going upto 12.40% (as at March 31, 2016: 12.40%; as at April 1, 2015: 12.40%) per annum.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.15 Details of borrowings (continued)

II	Current borrowings:	As at March 31, 2017 ₹ Lakhs	Particulars of Redemption / Repayment	As at March 31, 2016 ₹ Lakhs	As at April 1, 2015 ₹ Lakhs
a	Secured borrowings				
	- STL 15	1,363.78	Repayable on demand	-	-
	- STL 14	-	April 6, 2016	2,500.00	-
	- STL 1 Sub 1	45,164.66	Repayable on demand	59,344.65	35,632.47
	- STL 2 Sub 1	72,500.00	Repayable on various dates within one year	-	-
	- STL Sub 3	7,079.01	Repayable on demand	4,767.32	4,636.16
	- STL Sub 4	-	Repayable on demand	325.01	30.42
	- STL 1 - Sub 6	1,956.39	Repayable on demand	2,072.02	1,015.26
	- STL 2 - Sub 6	-	Repayable on demand	-	1,000.00
	- STL 3 - Sub 6	6,412.08	Repayable on demand	3,727.26	-
	- STL Sub 7	624.39	Repayable on demand	390.87	1,866.16
	- STL Sub 8	18,878.54	Repayable on demand	27,026.66	24,997.08
		153,978.85		100,153.79	69,177.55
1	STL 14 is secured by way of hypothecation of inventories (excluding stores and spares related to plant and equipment), bills receivable, book debts and all other movables both present and future of the Parent Company to the extent of ₹165,000 lakhs (2016: ₹165,000 lakhs)				
2	STL 15 is secured by way of first charge on pari-passu basis on all current assets of the amalgamating company (now a division of the Parent Company), as per the scheme of amalgamation, and second charge on pari-passu basis on all Property, Plant and Equipment of that division aggregating ₹42,181.04 lakhs.				
3	STL 1 Sub 1 relating to a subsidiary are cash credit facilities and working capital demand loans from banks which are secured by way of a pari passu charge on the receivables due to the subsidiary other than those that are specifically charged to the other lenders of the subsidiary.				
4	STL 2 Sub 1 relating to a subsidiary are in the nature of other loans which are secured by first ranking mortgage of an immovable property, in addition to specific assets, by pari passu charge on hypothecation of loan receivables with a security cover of 110% as per the terms of issue of the subsidiary.				
5	STL Sub 3 relating to a subsidiary is in the nature of an overdraft facility which is secured against property, plant and equipment, receivables and inventories of the subsidiary.				
6	STL Sub 4 are secured by way of assignment of trade receivable and assignment of all risk insurance policy covering property, plant and equipment and inventories.				
7	STL 1 Sub 6 relating to a subsidiary is a working capital facility (Dealer financing facility) which is secured by stock of vehicles, Spare Parts, Lubricants and related book debts of the subsidiary and STL 2 Sub 6 and STL 3 Sub 6 are also a working capital facility which is secured by stock of vehicles and related book debts of the subsidiary.				
8	STL Sub 7 relating to a subsidiary are secured by way of a charge on immovable and moveable properties (including plant and machinery, spares, tools, finished and semi finished goods, raw materials and book debts) of the subsidiary.				
9	STL Sub 8 relating to a subsidiary are secured by trade receivable and assignment of all risk insurance policy covering property, plant and equipment and inventories of the subsidiary.				
b	Unsecured borrowings				
	- STL 16	18,500.00	August 18, 2017 ₹ 11,300.00 lakhs and May 30, 2017 ₹ 7,200.00 lakhs	-	-
	- STL 13	-	September 26, 2015	-	2,500.00
	- STL - Sub 1	-	Repayable on demand	-	29,389.91
	- STL - Sub 5	3,492.25	Repayable on demand	3,803.29	3,359.50
	- STL - Sub 8	-	Repayable on demand	3,310.78	-
		21,992.25		7,114.07	35,249.41

The above loans carry varying rates of interest with the maximum rate of interest going upto 11.55% (as at March 31, 2016: 9.7%, as at April 1, 2015: 10.25%) per annum. The carrying value of the above borrowings (as reflected in Notes 1.20, 1.24 and 1.26) are measured at amortised cost using effective interest method while the above borrowings represents principal amount outstanding.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.16 Information relating to subsidiaries

A) Details of the Group's subsidiaries are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest		
			As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Hinduja Leyland Finance Limited and its subsidiary	Relating to financing activities	Chennai - India	57.20%	57.43%	57.51%
Global TVS Bus Body Builders Limited	Relating to commercial vehicle	Madurai - India	66.67%	66.67%	66.67%
Gulf Ashley Motor Limited	Trading in commercial vehicle	Chennai - India	92.98%	91.69%	91.62%
Ashok Leyland Vehicles Limited (formerly Ashok Leyland Nissan Vehicles Limited)	Manufacturing of commercial vehicle	Chennai - India	100.00%	Not applicable	Not applicable
Ashok Leyland Technologies Limited (formerly Nissan Ashok Leyland Technologies Limited)	Relating to commercial vehicle	Chennai - India	100.00%	Not applicable	Not applicable
Ashley Powertrain Limited (formerly Nissan Ashok Leyland Powertrain Limited)	Relating to commercial vehicle	Chennai - India	100.00%	Not applicable	Not applicable
Optare plc and its subsidiaries	Manufacturing of commercial vehicle	United Kingdom	75.11%	75.11%	75.11%
Ashok Leyland (UK) Limited (Under liquidation)	Relating to commercial vehicle	United Kingdom	100.00%	100.00%	100.00%
Ashok Leyland (Nigeria) Limited	Trading in commercial vehicle	Nigeria	100.00%	100.00%	100.00%
Ashok Leyland (Chile) SA	Trading in commercial vehicle	Chile	100.00%	100.00%	100.00%
HLF Services Limited	Manpower supply services	Chennai - India	80.25%	80.42%	84.22%
Ashok Leyland (UAE) LLC and its subsidiaries including beneficial interest	Manufacturing of commercial vehicle	UAE	100.00%	100.00%	100.00%
Albonair (India) Private Limited	Relating to commercial vehicle	India	100.00%	100.00%	100.00%
Albonair GmbH and its subsidiary	Relating to commercial vehicle	Germany	100.00%	100.00%	100.00%

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.16 Information relating to subsidiaries (continued)

B) Composition of the Group:

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries		
		March 31, 2017	March 31, 2016	April 1, 2015
Relating to commercial vehicle	United Kingdom	1	1	1
Manufacturing of commercial vehicle	UAE	1	1	1
Manufacturing of commercial vehicle	Russia*	1	-	-
Manufacturing of commercial vehicle	Ivory Coast*	1	-	-
Trading in commercial vehicle	Nigeria	1	1	1
Trading in commercial vehicle	Chile	1	1	1
Relating to commercial vehicle	India	3	1	1
Manufacturing of commercial vehicle	India	1	1	1
Relating to commercial vehicle	Germany	1	1	1
Relating to commercial vehicle	China*	1	1	1
Relating to commercial vehicle	Czech Republic*	Not applicable	1	1

* wholly owned step down subsidiaries

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries**		
		March 31, 2017	March 31, 2016	April 1, 2015
Relating to financing activities	Chennai - India	2	2	1
Relating to commercial vehicle	Madurai - India	1	1	1
Manufacturing of commercial vehicle	United Kingdom	7	7	7
Trading in commercial vehicle	Chennai - India	1	1	1
Manpower supply services	Chennai - India	1	1	1

** includes 7 step down subsidiaries

C) Details of non-wholly owned subsidiaries that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests			Total comprehensive income allocated to non-controlling interests		Accumulated non-controlling interests		
		March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	April 1, 2015
		₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs
Hinduja Leyland Finance Limited	Chennai - India	42.80%	42.57%	42.49%	6,776.75	5,171.55	60,630.24	42,724.89	37,400.20
Individually immaterial subsidiaries with non-controlling interests					(1,080.34)	(2,225.78)	(1,731.14)	(996.20)	1,150.10
					5,696.41	2,945.77	58,899.10	41,728.69	38,550.30

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.16 Information relating to subsidiaries (continued)

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	March 31, 2017	March 31, 2016	April 1, 2015
Hinduja Leyland Finance Limited	₹ Lakhs	₹ Lakhs	₹ Lakhs
Current assets	457,401.16	317,094.48	259,593.93
Non-current assets	739,033.74	608,204.70	367,391.54
Total assets	1,196,434.90	925,299.18	626,985.47
Current liabilities	303,948.36	254,213.13	224,662.89
Non-current liabilities	750,826.00	570,738.96	314,308.92
Total liabilities	1,054,774.36	824,952.09	538,971.81
Equity attributable to owners of the Company	81,030.30	57,622.20	50,613.47
Non-controlling interests	60,630.24	42,724.89	37,400.20

	Year ended March 31, 2017	Year ended March 31, 2016
	₹ Lakhs	₹ Lakhs
Revenue	153,176.13	117,471.81
Expenses (including tax)	137,315.98	105,342.81
Profit for the year	15,860.15	12,129.00
Profit attributable to owners of the Company	9,099.37	6,963.34
Profit attributable to the non-controlling interests	6,760.78	5,165.66
Profit for the year	15,860.15	12,129.00
Other Comprehensive Income attributable to owners of the Company	21.49	7.94
Other Comprehensive Income attributable to the non-controlling interests	15.97	5.89
Other Comprehensive Income for the year	37.46	13.83
Total Comprehensive Income attributable to owners of the Company	9,120.86	6,971.28
Total Comprehensive Income attributable to the non-controlling interests	6,776.75	5,171.55
Total Comprehensive Income for the year	15,897.61	12,142.83
Net cash (outflow) from operating activities	(194,996.45)	(278,896.78)
Net cash (outflow) / inflow from investing activities	(44,833.96)	1,920.36
Net cash inflow from financing activities	237,087.46	279,230.00
Net cash (outflow) / inflow	(2,742.95)	2,253.58

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.16 Information relating to subsidiaries (continued)

	March 31, 2017	March 31, 2016	April 1, 2015
D) Goodwill (on consolidation)	₹ Lakhs	₹ Lakhs	₹ Lakhs
Gross Goodwill at the beginning of the year	105,807.42	105,807.42	105,807.42
Add: Recognised during the year [on account of business combination (Refer Note 3.22)]	44,989.62	-	-
Gross Goodwill at the end of the year	150,797.04	105,807.42	105,807.42
Opening accumulated impairment	30,416.90	-	-
Add: Impairment during the year	9,606.16	30,416.90	-
Closing accumulated impairment	40,023.06	30,416.90	-
Carrying amount of Goodwill	110,773.98	75,390.52	105,807.42

Allocation of goodwill to cash-generating units

Each of the subsidiaries is identified as a separate cash generating unit. Goodwill has been allocated for impairment testing purposes to these cash-generating units.

The carrying amount of goodwill was allocated to major cash-generating units as follows:

	March 31, 2017	March 31, 2016	April 1, 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs
Hinduja Leyland Finance Limited and its subsidiaries	42,647.12	42,647.12	42,647.12
Subsidiaries in light commercial vehicle business	44,989.62	-	-
Albonair GmbH and its subsidiary	20,893.50	30,016.77	38,897.83
Optare and its subsidiaries	-	-	21,274.71
Others	2,243.74	2,726.63	2,987.76
	110,773.98	75,390.52	105,807.42

Cash-generating units to which goodwill is allocated are tested for impairment annually at each reporting date, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to that unit.

Also Refer Notes 1B.4 and 1C.

3.17 Information relating to Associates

Details of material associates

There are no associates which are individually material and thus, only aggregate information of associates that are not individually material is given below:

	For the year ended March 31, 2017	For the year ended March 31, 2016
Aggregate information of associates that are not individually material	₹ Lakhs	₹ Lakhs
The Group's share of profit / (loss) from continuing operations	249.58	215.39
The Group's share of other comprehensive income	231.21	6.78
The Group's share of total comprehensive income	480.79	222.17

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
	₹ Lakhs	₹ Lakhs	₹ Lakhs
Aggregate carrying amount of the Group's interests in these associates	4,060.58	3,160.62	3,079.38

	As at March 31, 2017	As at March 31, 2016
	₹ Lakhs	₹ Lakhs
The unrecognised share of loss of an associate for the year *	-	69.81
* consequent to investment being nil under equity accounting		
Cumulative share of loss of an associate	-	69.81

3.18 Information relating to Joint ventures

Details of material joint ventures

There are no joint ventures which are individually material and thus, only aggregate information of joint ventures that are not individually material is given below:

	For the year ended	
	March 31, 2017	March 31, 2016
	₹ Lakhs	₹ Lakhs
Aggregate information of joint ventures that are not individually material		
The Group's share of profit / (loss) from continuing operations	(1,236.08)	(8,064.51)
The Group's share of other comprehensive income	(5.78)	2.90
The Group's share of total comprehensive income	(1,241.86)	(8,061.61)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Aggregate carrying amount of the Group's interests in these joint ventures	4,819.30	7,013.67	15,997.23

	As at March 31, 2017	As at March 31, 2016
Unrecognised share of losses of joint ventures		
The unrecognised share of loss of joint ventures for the year*	-	3,225.75
* consequent to investment being nil under equity accounting		
Cumulative share of loss of joint ventures	-	25,533.22

3.19 The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of information available with the Group. The amount of principal and interest outstanding is given below:

Particulars	₹ lakhs		
	2017	2016	2015
i) Principal amount paid after appointed date during the year	28.85	319.28	273.10
ii) Amount of interest due and payable for the delayed payment of Principal amount	0.90	3.10	5.17
iii) Principal amount remaining unpaid as at year end (over due)	0.28	23.31	16.18
iv) Principal amount remaining unpaid as at year end (not due)	731.02	446.57	720.49
v) Interest due and payable on principal amount unpaid as at the year end	0.09	0.53	1.13
vi) Total amount of interest accrued and unpaid as at year end	0.99	3.63	6.30

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.20 Accounting for long term monetary items in foreign currency forward contracts

Exchange difference in long term monetary items in foreign currency

The Group has elected the option under Ind AS 101 'First-time Adoption of Indian Accounting Standards' and has continued the policy adopted for accounting of exchange differences arising from translation of long term foreign currency monetary items recognised in the financial statements upto March 31, 2016. Accordingly, exchange difference on translation or settlement of long term foreign currency monetary items at rates different from those at which they were initially recorded or as at April 1, 2007, in so far as it relates to acquisition of depreciable assets are adjusted to the cost of the assets. In other cases, such exchange differences, arising effective April 1, 2011, are accumulated in "Foreign currency monetary item translation difference account" and amortised by recognition as income or expense in each year over the balance term till settlement occurs but not beyond March 31, 2020.

Accordingly,

- Foreign exchange (gain) / loss relating to acquisition of depreciable assets, capitalised during the year ended March 31, 2017 aggregated ₹577.36 lakhs [year ended March 31, 2016 ₹10,489.96 lakhs].
- Amortised net exchange difference in respect of long term monetary items relating to other than acquisition of depreciable assets, charged to the Consolidated Statement of Profit and Loss for the year ended March 31, 2017 is ₹2,029.29 lakhs [year ended March 31, 2016 ₹776.87 lakhs].
- The un-amortised net exchange difference in respect of long term monetary items relating to other than acquisition of depreciable assets, is a loss of ₹1,197.29 lakhs as at March 31, 2017 [as at March 31, 2016: loss of ₹2,476.33 lakhs]. These amounts are reflected as part of the 'Other equity'.

3.21 Optare Plc UK (Optare), a subsidiary Company, has made losses in the current year and its accumulated losses as at the year end have substantially eroded its networth. There have been curtailment in business due to reduction in industry volume and increased competition which has affected Optare's financial position. In view of these factors and business valuation of Optare by an independent valuer, the Parent Company has, in the current year, made a provision of Rs 8,100.00 lakhs for third party claims and other potential liabilities.

3.22 Accounting for business combination

Pursuant to a settlement agreement dated September 7, 2016 between the Parent Company and Nissan Motor Co. Ltd. Japan, the Parent Company acquired stake from Nissan Motor Co. Ltd. in the joint venture companies. These companies (Subsidiaries in light commercial vehicle business) became wholly owned subsidiaries of the Parent Company post receipt of various regulatory approvals and completion of share transfer formalities in November 2016.

This business combination has been accounted using acquisition method in accordance with Ind AS 103 "Business combinations" giving rise to gain on disposal of interest in the joint venture of ₹18,745.78 lakhs included under exceptional items in the Consolidated statement of profit and loss and a goodwill of ₹44,989.62 lakhs included in the Consolidated balance sheet. The fair values of assets and liabilities taken over are as follows:

Particulars	₹ lakhs		
	Ashok Leyland Vehicles Limited	Ashley Powertrain Limited	Ashok Leyland Technologies Limited
ASSETS			
Property, plant and equipment including capital work-in-progress	12,428.30	6,031.60	203.60
Other intangible assets	0.02	-	44.70
Non current financial assets	10,700.00	3,700.00	-
Current financial assets	10,039.50	12,683.10	3,381.10
Cash and cash equivalents	1,812.50	45.30	62.80
Other current assets	6,337.00	106.90	271.80
Other non current assets	18,964.80	4,137.60	1,593.60
LIABILITIES			
Current financial liabilities	43,786.60	7,320.40	986.60
Other current liabilities	2,777.00	279.40	741.00
Current provisions	8,731.87	217.80	70.70
Borrowings	39,476.78	-	14,400.00
Consideration paid	0.00	0.00	0.00

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.23 The Scheme of amalgamation for the merger of Hinduja Foundries Limited (“the amalgamating company”) with the Parent Company was approved by the Board of Directors in its meeting held on September 14, 2016 with an appointed date of October 01, 2016. The said scheme has been approved by various statutory and regulatory bodies and final order of National Company Law Tribunal (“NCLT”) has been received on April 24, 2017. This common control business combination has been accounted as per the scheme and in accordance with Ind AS 103 “Business Combination” notified under the Companies Act, 2013. Further, in terms of the Scheme, 80,658,292 equity shares of ₹1 each of the Parent Company are pending to be issued and allotted as fully paid up to the shareholders of the amalgamating company. This has been included under “Other Equity” and considered in computation of earnings per share (basic and diluted).

3.23.1 Pursuant to the aforesaid Scheme of amalgamation, the authorised equity share capital of the Parent Company stands increased by the authorised equity share capital of the amalgamating company aggregating ₹25,000.00 lakhs (2,500,000,000 equity shares of face value of ₹1 each).

The Parent Company is further authorised to issue 75,000,000 non-convertible redeemable preference shares of ₹100 each aggregating to ₹75,000.00 lakhs (Refer Note 1.20).

3.23.2 Accounting treatment

The business combination has been accounted by using the Pooling of Interest method in accordance with the said approved Scheme of amalgamation and Ind AS 103.

Accordingly, the Parent Company has recorded all the assets, liabilities and reserves of the amalgamating company at their respective book values as appearing in the their books of account as on October 1, 2016, the details of which are as follows:

Particulars	₹ Lakhs
ASSETS	
Property, plant and equipment and capital work-in progress	45,223.84
Non-current investments	455.33
Cash and cash equivalents	118.38
Trade receivables	11,018.41
Inventories	6,628.68
Other assets	18,888.16
LIABILITIES	
Borrowings	51,401.19
Trade payables	12,850.52
Other liabilities and provisions	5,427.15
RESERVES	
Capital redemption reserve	333.33
Securities premium reserve	50,948.91
General reserve	889.25
Cash flow hedge reserve	(66.47)
Retained earnings	(92,323.21)

Gopal Mahadevan
Chief Financial Officer

For and on behalf of the Board

N Ramanathan
Company Secretary

Dheeraj G Hinduja
Chairman
DIN : 00133410

Vinod K Dasari
CEO and Managing Director
DIN : 00345657

May 25, 2017
Chennai

FINANCIAL HIGHLIGHTS 2016-17

(Statement pursuant to first proviso to sub-section 3 of Section 129 of the Companies Act, 2013, read with Rule 5 of Companies (Account) Rules, 2014 in Form AOC - I)

Part "A": Subsidiaries (Pursuant to first proviso to sub-section 3 of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

S. no	Subsidiary	Acquired on	Country of incorporation	Reporting Period	Reporting Currency	Share capital (including share application money pending allotment)	Other equity	Total liabilities	Total assets	Investments (except in case of investments in subsidiaries)	Turnover	Profit / (Loss) before taxation	Tax Expenses / (Credit)	Profit / (Loss) after taxation	Other Comp. Income	Total Comp. Income	Proposed dividend- equity	% of Shareholding
1	Hinduja Leyland Finance Limited and its subsidiary	April 1, 2013	India	Apr - Mar	INR	41,215.59	100,444.95	1,196,434.90	1,196,434.90	76,402.59	153,176.13	24,335.24	8,475.09	15,860.15	37.46	15,897.61	-	57.20%
2	Ashok Leyland Vehicles Limited	November 26, 2016	India	Apr - Mar	INR	80,264.59	(110,760.61)	57,489.58	57,489.58	-	28,197.71	(249.32)	-	(249.32)	0.70	(248.62)	-	100.00%
3	Ashok Leyland Technologies Limited	November 26, 2016	India	Apr - Mar	INR	5,205.00	(16,540.09)	2,810.93	2,810.93	-	1,532.91	409.54	-	409.54	0.95	410.49	-	100.00%
4	Ashley Powertrain Limited	November 26, 2016	India	Apr - Mar	INR	20,910.04	(1,678.62)	26,658.75	26,658.75	-	6,598.58	158.06	0.61	157.45	(0.33)	157.12	-	100.00%
5	Global TVS Bus Body Builders Limited	December 10, 2013	India	Apr - Mar	INR	990.00	2,728.50	5,701.10	5,701.10	-	6,971.24	393.60	123.42	270.18	3.88	274.06	-	66.67%
6	Gulf Ashley Motors Limited	April 1, 2013	India	Apr - Mar	INR	2,970.00	(110.66)	14,164.43	14,164.43	-	70,800.41	(304.18)	(24.07)	(280.11)	(2.43)	(282.54)	-	92.98%
7	Optare PLC and its subsidiaries	April 1, 2013	UK	Apr - Mar	GBP	1,839.13	(36,400.48)	18,299.38	18,299.38	-	30,632.98	(9,957.07)	-	(9,957.07)	5,311.08	(4,645.99)	-	75.11%
8	Ashok Leyland (UK) Limited (under liquidation)	April 1, 2013	UK	Apr - Mar	GBP	88.75	(54.67)	34.08	34.08	-	157.83	4.57	16.99	(12.42)	-	(12.42)	-	100.00%
9	Ashok Leyland (Nigeria) Limited	April 1, 2013	Nigeria	Apr - Mar	NGN	36.09	104.32	749.35	749.35	-	136.90	20.21	7.99	12.22	-	12.22	-	100.00%
10	Ashok Leyland (Chile) SA	April 1, 2013	Chile	Apr - Mar	CLP	376.46	(359.79)	540.80	540.80	-	71.33	(176.94)	-	(176.94)	-	(176.94)	-	100.00%
11	HLF Services Limited	April 1, 2013	India	Apr - Mar	INR	5.00	203.82	6,701.02	6,701.02	-	10,824.48	42.98	10.76	32.22	7.08	39.30	-	80.25%
12	Ashok Leyland (UAE) LLC and its subsidiaries	April 1, 2015	UAE	Apr - Mar	AED	9,652.20	(682.77)	39,343.35	39,343.35	-	74,388.73	343.66	(2.55)	346.21	(201.03)	145.18	-	100.00%
13	Albonair (India) Private Limited	April 1, 2013	India	Apr - Mar	INR	1,500.00	(733.91)	1,750.40	1,750.40	-	655.40	(229.95)	-	(229.95)	(3.15)	(233.10)	-	100.00%
14	Albonair GmbH, Germany and its subsidiary	April 1, 2013	Germany	Apr - Mar	EUR	36,807.66	(34,195.30)	12,766.55	12,766.55	-	26,810.54	(2,165.31)	-	(2,165.31)	(106.31)	(2,271.62)	-	100.00%

Notes:

- There were no subsidiaries liquidated during the FY - 2016-17.
- Ashok Leyland (UAE) LLC is a subsidiary under Ind AS from April 1, 2015.
- Ashok Leyland Vehicles Limited has become subsidiary under Ind AS from November 26, 2016, though as per the Act, it became subsidiary on April 1, 2013.
- Exchange rate used in case of foreign subsidiaries, associates and joint ventures are given below:

CURRENCY	EURO	GBP	CLP	USD	NGN	AED	LKR
Closing Rate	69.2925	80.9025	0.0984	64.8500	0.2124	17.6550	0.4274

FINANCIAL HIGHLIGHTS 2016-17

(Statement pursuant to first proviso to sub-section 3 of Section 129 of the Companies Act, 2013, read with Rule 5 of Companies (Account) Rules, 2014 in Form AOC - I)

Part "B": Associates and Joint Ventures

(Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associates and Joint Ventures)

Sl. No	Name of Associate / Joint Venture	Latest Audited Balance Sheet date	Shares held by the Company on the year end		Significant influence	Reason for not consolidation	Net worth		Total comprehensive income for the year	
			No.	Investment Held (₹ in lakhs)			Holding %	₹ Lakhs	Considered in consolidation	Not considered in consolidation
(A) Associates										
1	Ashley Aviation Limited	31-Mar-17	1,960,000	196.00	49.00%	Voting Power	Not Applicable	(544.51)	(60.42)	(59.86)
2	Ashok Leyland Defence Systems Limited	31-Mar-17	1,487,562	148.76	48.49%	Voting Power	Not Applicable	105.37	8.36	23.80
3	Lanka Ashok Leyland PLC	31-Mar-17	1,008,332	57.46	27.85%	Voting Power	Not Applicable	12,600.79	533.24	544.29
4	Mangalam Retail Services Limited	31-Mar-17	37,470	4.47	37.48%	Voting Power	Not Applicable	10.75	(0.39)	(0.66)
(B) Joint Ventures										
1	Ashley Alteams India Limited	31-Mar-17	70,000,000	7,000.00	50.00%	Voting Power	Not Applicable	1,579.36	51.91	51.92
2	Hinduja Tech Limited	31-Mar-17	95,450,000	9,737.41	62.00%	Voting Power	Not Applicable	2,565.69	(776.46)	(477.09)
3	Ashok Leyland John Deere Construction Equipment Company Private Limited#	31-Mar-17	25,000,010	25,751.82	50.00%	Voting Power	Not Applicable	7,346.97	(501.09)	(568.92)

The following Joint Ventures / Associates are under liquidation, hence not disclosed above

- Ashley Airways Limited (under liquidation)
- Automotive Infotonics Limited (under liquidation)
- # The Parent Company along with its subsidiary Gulf Ashley Motor Limited holds 50% interest.

Gopal Mahadevan

Chief Financial Officer

N Ramanathan

Company Secretary

May 25, 2017
Chennai

For and on behalf of the Board

Dheeraj G Hinduja

Chairman

DIN : 00133410

Vinod K Dasari

CEO and Managing Director

DIN : 00345657



ASHOK LEYLAND

Aapki Jeet. Hamari Jeet.

Registered Office: Ashok Leyland Limited, No. 1, Sardar Patel Road, Guindy, Chennai - 600032
Tel.: +91 44 2220 6000 | **E-mail:** reachus@ashokleyland.com | **Website:** www.ashokleyland.com

www.sapprints.com

CONQUERING NEW FRONTIERS







SUSTAINABILITY REPORT 2016-17



SUSTAINABILITY POLICY

We at Ashok Leyland are committed to environmental, social and economic performance in our business towards being a sustainable organization.

Towards this, we shall

-  Fulfill the organization's compliance obligations.
-  Initiate actions to protect environment in all our activities, products and services through (a) efforts to reduce, reuse, recycle and reclaim vital resources (b) sustainable resource use and (c) protection of biodiversity in our future design and manufacturing activities.
-  Adopt principles of extended producer responsibility through lifecycle perspective.
-  Ensure addressing environmental, social, health and safety impacts of our products and services across our entire value chain.
-  Continually improve environmental, social, health and safety performance by spreading awareness and training to all our stake holders.
-  Be a preferred neighbour in our community through our proactive actions.

We will continuously propagate, our sustainability policy and our commitment to climate change mitigation, to all our stake holders viz., employees, suppliers, contractors, customers and our neighbours.

Umesh K. Dasari

Managing Director

June 2016

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ABOUT THE REPORT



We are happy to publish our first sustainability report which presents our sustainability performance from 1st April, 2016 up to 31st March, 2017. This report delineates data and information along with our plans for the future, across the economic, environmental and social pillars of sustainability in resonance with our philosophy 'AAPKI JEET. HAMARI JEET'. We have been practising sustainability for 70 years and have now embarked on the journey of reporting our sustainability performance. Going forward we intend to disclose our sustainability performance on an annual basis.

This report is prepared 'In - accordance' - Core option of the Global Reporting Initiative (GRI) G4 guidelines. In doing so we have applied the four principles of stakeholder inclusiveness, sustainability context, materiality and completeness for defining the report content and methodologies in its development. It details our performance on the triple bottom line (economic, environment and social) and includes the issues found to be material based on the interactions with various stakeholder groups of Ashok Leyland Limited. The report is also mapped to the nine principles of the National Voluntary Guidelines on Social, Environmental and Economic (NVG-SEE) responsibilities of business in India issued by the Ministry of Corporate Affairs and complies to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 on "Business Responsibility Reporting" (BRR), regulation 34. The data reported on economic performance is based on audited financial statements by the Company's auditors.

The report boundary extends to our operations in India to include the sites of Hosur (Units 1 and 2), Ennore, Bhandara, Alwar, Pantnagar and Vellivoyal Chavadi (VVC), North Chennai and our Corporate office. We have 24 subsidiaries, 7 associate companies and 2 joint venture companies as on March 31, 2017. However sustainability performance of our subsidiaries, joint ventures and supply chain partners will be evaluated for inclusion in future reports as we are in the process of developing the systems for making qualitative and quantitative disclosures for the identified material aspects as applicable to our subsidiaries and joint ventures.

We have identified and prioritised our key stakeholders and have established a positive dialogue with them to identify our material issues which have significant impact on our business and stakeholders. This report contains a Disclosure on Management Approach (DMA) for every material aspect identified during our stakeholder engagement and materiality assessment process. These DMA's are disclosed in appropriate sections of the report. Key facts and figures regarding sustainability related data for sites within the reporting scope have been disclosed as per the issues identified in the relevant sections.

The report includes forward-looking statements based on certain assumptions and management plans. In the report, these statements have been identified by words such as 'intend', 'anticipate', 'believe', 'expect', 'project', 'plan', etc., as far as possible. Should they materialise, the achievement of the projections is subject to risks and uncertainties.

To ensure consistency and completeness in our disclosures, the contents of this report and performance data has been verified by a third party. In Financial Year (FY) 2016-17, authenticity of data, information and conformance of 'In accordance' – Core option of reporting has been verified by DNV GL Business Assurance India Private Limited. The assurance has been conducted as per ISAE 3000 (Revised) and the statement provided by DNV GL Business Assurance India Private Limited, is included in the report. They have verified the report for a selected set of economic, environment and social performance related key indicators.

Your comments, suggestions and questions are always welcome in relation to this report:

Please contact us at:

Mr. N Ramanathan
Company Secretary

Registered Office:

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E- mail : secretarial@ashokleyland.com
Website : www.ashokleyland.com

CIN: L34101TN1948PLC000105



MESSAGES



Message from the Chairman



I am happy to present to you this sustainability report for the FY 2016-17.

Over the years, Ashok Leyland has played a key role in the transportation needs of the country. We have been benchmarking our products and solutions against global standards of technology and quality. Sustainability has been at the core of our corporate strategy. It is our strong belief that economic growth and resource conservation are complementary goals to support sustainable development.

The automotive industry has footprints across all three pillars of sustainability, namely economic, environmental and social. For long term sustainability, a company needs to function in a manner that meets the evolving needs of all its stakeholders in a fair and equitable manner. We recognise that sound environmental and safety management, managing aspirations of our workforce, building mutual trust and understanding with our customers and channel partners, and maintaining cordial harmonious relationship with the community, are imperatives for our business sustainability. In FY 2016-17, we have made progressive advancements across all the three pillars.

On the economic front, through appropriate product and market actions we have been consistently improving our market presence, growing our revenues and profitability and expect to maintain the momentum in the years to follow. On the social aspect, our Corporate Social Responsibility (CSR) initiatives address education, environment, health and road safety. On the environment front, we are focused on implementing energy, waste and emission reducing initiatives constantly endeavoring to reduce our environmental impact. We address the impact of climate change across the value chain and remain committed to reducing the environmental footprint across our operations and products throughout their life cycle.

Last year, our Bhandara unit won the 'Front Runner Award in Sustainability 4.0 Awards - 2017' competition organised by Frost & Sullivan and The Energy and Resources Institute. Our manufacturing facility in Pantnagar was awarded the coveted Deming prize for implementation of Total Quality Management.

I believe Ashok Leyland is making steady progress in the path of sustainable growth in a wholesome manner while being fully committed to bettering our environment and the quality of life of all our stakeholders.

I hope you find the report interesting. Thank you.

Yours sincerely,

Dheeraj G Hinduja

Chairman

OUR VISION

To be in the

Global Top 10 in M&HCV Trucks
(>7.5T GVW)

&

Global Top 5 in M&HCV Buses
(8m and above)

in volume terms.


MANAGING DIRECTOR



Message from the Managing Director



It is with great pleasure that I present to you Ashok Leyland's sustainability report for the year FY 2016-17. This report details our overall triple bottom-line performance in the context of economic, social, and environmental sustainability. Sustainability has always been an integral part of Ashok Leyland's corporate ethos and business strategy. The future of Ashok Leyland, can only be secured by our ability to deliver value to our stakeholders and the society in which we operate.

Ashok Leyland is fully committed to performance excellence across all spheres of its business activities addressing concerns such as consumption of resources, pollution, and more importantly giving back to the societies in which we operate. The focus areas for reporting the current year's performance include our business performance, environmental performance, customer and employee satisfaction, and community service.

Under business performance we had initiatives like PRISM which were designed to address concerns of customers in a speedy and responsive manner and SPARK which enabled customers get right spare-parts within a reasonable time and cost.

Environmental concerns would mould the way businesses are run in the coming years. The global risks report by World Economic Forum for the year 2016 lists the issues of 'failure of climate change mitigation and adaption', 'extreme weather events', 'water crisis', 'energy price shock' as the top ten risks in terms of impact on societies. To play our part in mitigating these risks, we at Ashok Leyland are focused on a 'green approach'. We have initiated several measures in adding green cover across our manufacturing plants, water harvesting, recycling, and introducing alternative sources of energy such as solar power.

We also had the unveiling of 'Circuit series' of transport buses which are India's first indigenous electric bus, and the launch of 'iEGR' (intelligent Exhaust Gas Recirculation), a cost effective solution to address BS-IV requirements.

In community service, we take pride in our CSR programme called 'Road to School', which saw Ashok Leyland adopt nearly 108 schools in Tamil Nadu in supporting their infrastructural needs and Ashok Leyland employees volunteering in teaching at these schools. Our BLESSING SCHEME (Ashirwaad Yojana) started in collaboration with the Government of Uttarakhand and Training Partner NTTF, with the objective to enhance skills and employability of local communities has become a benchmark for the industry.

The above initiatives not only contribute to the well-being of societies in which we operate, but also make sound business sense. It is in this context that we have started reporting our overall sustainability, by proactively disclosing the details and results of our efforts across the three pillars of sustainability.

Our reporting journey started last year with an internally circulated sustainability report. This is our first published sustainability report and conforms to 'In accordance' - Core option developed by the Global Reporting Initiative (GRI). Going forward we aim to move towards reporting as per GRI standards.

Ashok Leyland is committed to sustainability in all facets of its business which is aligned with our brand and corporate philosophy of "AAPKI JEET. HAMARI JEET" (In your success, lies our success) I would like to take this opportunity to thank all our stakeholders for their ongoing support, and look forward to ideas and suggestions for further enhancing value.

Vinod K. Dasari

Vinod K. Dasari

Managing Director and CEO

A low-angle photograph of a modern glass skyscraper, showing the grid of windows and the building's structure against a clear sky. The image is partially obscured by a large, stylized graphic element consisting of overlapping blue and orange shapes.

ORGANISATIONAL PROFILE



ORGANISATIONAL PROFILE

Founded in 1948 and headquartered at Chennai, Ashok Leyland Limited is a public limited Indian automobile company under the flagship of Hinduja Group of Companies. Our manufacturing facilities are located at different geo locations with predominance in pan India (refer page 49 of the annual report FY 2016-17 for complete portfolio). With a combined turnover of INR 2,146,793.92 lakhs our annual installed capacity is of 150,000 vehicles in India, we have an employee base of ¹10,222 staff.

For more information about us (e.g. our evolution, joint ventures, subsidiaries, etc.) and our group, we request our readers to refer to our website at www.ashokleyland.com and our Annual Report FY 2016-17 at <http://www.ashokleyland.com/performanceports>.

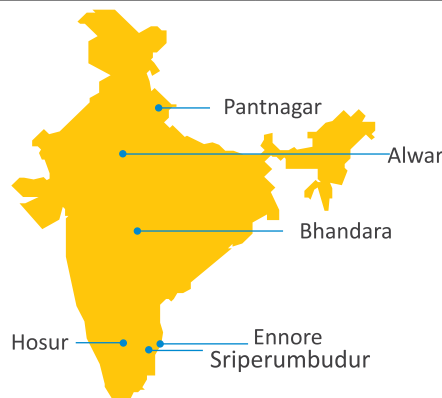
Company Ownership

We at Ashok Leyland, have emerged as India's leading player in the automotive industry since our establishment and are one of the country's most esteemed business groups. Our shares are listed on the Bombay Stock Exchange (BSE) (Script no. 500477) and also on the National Stock Exchange of India (NSE) (Script name: "ASHOKLEY"). Please refer to page 15 for the shareholding pattern of the Company.

¹ The reported number of employee base is pertaining only to Indian operations of Ashok Leyland. Since Hinduja Foundries Limited (HFL) became a part of Ashok Leyland in October 2016, we have not included the employee base details of HFL in this reporting year

Our manufacturing units in India:

Location	Operation
Ennore, Tamil Nadu	Buses, trucks, engines, axles etc
Hosur, Tamil Nadu	Trucks, special vehicles, power units and press shop
Alwar, Rajasthan	Bus manufacturing
Bhandara, Maharashtra	Gearbox
Pantnagar, Uttarakhand	New generation platforms and cabs
Foundries Division, Ennore, and Sriperumbudur, Tamil Nadu	Castings for automobiles and tractors to industrial engines, construction equipment and power generation equipment





Our Products

At Ashok Leyland, we offer a wide range of products to meet our customers' requirements and preferences. Our products are geared towards meeting fuel efficiency and promoting the safety of our customers. We put concerted efforts to innovate and manufacture products that are best suited for Indian markets. We are also working on enhancing our product and service portfolio to ensure less cyclicity.

Buses, trucks, light vehicles, defence mobility solutions and power solutions form our product portfolio.

Buses

We manufacture a variety of buses ranging from 18 seaters to 80 seaters, to suit different needs of our users with the following applications:

- City application buses
- Sub-urban application buses
- Inter-city application buses
- School / Staff / Tourist application buses
- Special application buses

Trucks

Our truck range spans from 2.5T to 49T GVW that cater to over 70 diverse applications from construction & mining to distribution trucks to long haulage vehicles & tractor-trailers.

Medium & Heavy Duty Vehicles (MHCVs)

Based on applications and GVW, our products serve the following segments.

- Haulage – 16 Tons
- Multi-axle vehicles - 25 Tons / 31 Tons / 37 Tons
- Tractor trailers - 35 Tons / 40 Tons / 49 Tons
- Tippers - 16 Tons / 25 Tons / 31 Tons / 37 Tons
- Distribution trucks (Indian Commercial Vehicles) - 10 / 12 Tons

Light Commercial Vehicles (LCVs)

Our light vehicles are utilised in a variety of applications such as intra-city and last-mile transportation of vegetables, fruits, mineral water, groceries, ice-creams, etc. Our first product the DOST was an award winning product and various products have been added since its release.





List of Memberships and Associations

We actively participate with the following associations that are working to formulate policies and regulations for improvement of environment.

- Confederation of Indian Industry (CII)
- Society of Automotive Manufacturers (SIAM)
- Indo-Japan Chamber of Commerce
- Madras Productivity Council
- Madras Chamber of Commerce

The current LCV portfolio includes:

- DOST, a friend in the true sense, provides car-like comfort, class leading payload, low turning radius and superior mileage.

- PARTNER is a next generation LCV truck. Partner provides superior load carrying capacity and a class leading comfort. Its advance ZD30 engine provides 10% higher mileage than competitor products.
- MiTR, the new age LCV bus, is one of the most stylishly designed 27-seater / 31 -seater. The ZD30 engine has Low NVH and hence the MiTR bus is extremely quiet from inside. The MiTR has first-in-class front and rear parabolic suspension for superior passenger comfort.

Defence Mobility Solutions

We pioneered the design, development and manufacture of specialised defense logistics vehicles for the Indian armed forces. We are the key supplier of logistics vehicles to the Indian Army (70,000 stallion vehicles) and one of the largest in the world. We have since expanded into specialist vehicles like Field Artillery Tractors, Missile Carriers, Bridge launchers, 6x6 and 8x8 high mobility vehicles.





CORPORATE GOVERNANCE



CORPORATE GOVERNANCE

At Ashok Leyland, we believe that sound governance can be a platform to build trusting relationships with our stakeholders. We strongly commit ourselves to our values, ethics and business conduct and our corporate governance standards exhibit inalienable rights vested with various stakeholders. With a robust governance structure, we have set clear roles and responsibilities for unbiased decision making across the organisation. We recognise our stakeholders' rights and foster co-operation between them and with the company. Our directors and members of various committees of the Board have a sound understanding of issues beyond regulatory and legal requirements which accounts to enhanced stakeholders' value. Our two guiding philosophies are **work to give** and **word is a bond** which talk about our responsibility towards the society and building long term relationships with our stakeholders. Our governance standards are based on the following principles:

- Clear and ethical strategic direction and sound business decisions
- Prudent financial management
- Transparent and professional decision making
- Adherence to guidelines and continuous assessment of board processes and management system for continuous improvement.

Various committees at Ashok Leyland regularly evaluate our performance, and consider relevant topics such as human rights, environmental matters, corruption etc. in its evaluation.

Committees of the Board

We have various committees in place with the purpose of establishing strategies and directions and to follow-up on performance. Each committee has specific terms of reference/ scopes that focus on different issues related to our business. Our committees operate in co-ordination with the Board's decisions and set targets in agreement with the management. These targets are reviewed periodically and suggestions and improvements are incorporated in the current functioning.

Audit Committee

We have constituted an independent Audit Committee that adheres to Regulation 18 of SEBI Listing Regulations and Section 177 of the Companies Act, 2013 (Act) which acts as a link between the management, external and internal auditors and the Board of Directors of Ashok Leyland. The Committee is responsible for supervising the Company's financial reporting process and providing guidance to the audit function. It is also accountable for monitoring the scope and ensuring the quality of internal and statutory audits. Members of committee are

Mr. Sanjay K. Asher (Chairman of the committee), Mr. D. J. Balaji Rao, Mr. Jean Brunol and Mr. Sudhindar K. Khanna. For further details, please refer page numbers 27-28 of the Annual Report 2016-17.

Nomination and Remuneration Committee

Our Nomination and Remuneration Committee adheres to Regulation 19 of SEBI Listing Regulations and Section 178 of the Act. This committee is responsible for formulation of policies on remuneration and board diversity and for formulating criteria for evaluation of directors and the board. The members of committee are Mr. D. J. Balaji Rao (Chairman of committee), Mr. Dheeraj G. Hinduja, Mr. A. K. Das and Ms. Manisha Girotra. For further details, please refer page numbers 28-30 of the Annual Report 2016-17.

Stakeholders' Relationship Committee

We have constituted a Stakeholders' Relationship Committee that abides by Regulation 20 of SEBI Listing Regulations and Section 178 of the Act. The major function of this committee is to receive and redress the grievances of the security holders. It is also responsible for reviewing the manner and timelines of dealing with the complaint letters received from Stock Exchanges/SEBI/Ministry of Corporate Affairs etc., and the responses thereto. Members of the committee are Mr. Sanjay K. Asher (Chairman), Mr. D. J. Balaji Rao, and Ms. Manisha Girotra. For further details, please refer page numbers 30-31 of the Annual Report 2016-17.

Corporate Social Responsibility Committee

We have constituted a Corporate Social Responsibility Committee which is in line with the provisions of Section 135 of the Act read with Companies (Corporate Social Responsibility) Rules, 2014 comprising of Mr. Dheeraj G. Hinduja, as Chairman of the Committee, Ms. Manisha Girotra, Mr. Shardul S. Shroff and Mr. Vinod K. Dasari as members.

Risk Management Committee

A Risk Management Committee has been formed to assist the Board and Audit Committee in their responsibilities of overseeing Company's risk management policies and processes (including processes for monitoring and mitigating such risks) and the Company's exposure to unmitigated risks. The committee comprising, Dr. Andreas H. Biagosch as Chairman of committee, Mr. D. J. Balaji Rao, Mr. Sanjay K. Asher and Mr. Gopal Mahadevan as members. For further details, please refer page numbers 31-32 of the Annual Report 2016-17.

Technology Committee

Being a company with an aspiration to pioneer in world-class technology, we have constituted the Technology Committee.

The Technology Committee considers and approves key decisions with regard to product planning and choice of technology thereof, and help prepare the Company to be in step with or be ahead of emerging global product and technology trends. The members of Technology committee are Dr. Andrew C. Palmer as the Chairman of the Committee, Dr. Andreas H. Biagosch and Mr. Jean Brunol as members of the committee.

Investment Committee

The Investment Committee considers and recommends long term strategic goals in the areas of manufacturing and product strategy. The members of the Investment Committee are Mr. Dheeraj G. Hinduja, as the Chairman of the Committee, Dr. Andreas H. Biagosch and Mr. Jean Brunol as members of the committee.

Governance Structure

1. **Mr. Dheeraj G Hinduja** (Chairman)
Promoter, Non- Independent Non-Executive

2. **Mr. R Seshasayee***
Non- Independent, Non-Executive

3. **Dr. Andreas H Biagosch**
Independent, Non-Executive

4. **Dr. Andrew C Palmer**
Independent, Non-Executive

5. **Mr. D J Balaji Rao**
Independent, Non-Executive

6. **Mr. A K Das**
Non- Independent, Non-Executive

7. **Mr. Jean Brunol**
Independent, Non-Executive

8. **Mr. Jose Maria Alapont[#]**
Independent, Non-Executive

9. **Ms. Manisha Girotra**
Independent, Non-Executive

10. **Mr. Sanjay K Asher**
Independent, Non-Executive

11. **Mr. Shardul S Shroff**
Independent, Non-Executive

12. **Mr. Sudhindar K Khanna**
Independent, Non-Executive

13. **Mr. Vinod K Dasari** (CEO & MD)
Non-Independent, Executive

Appointed as an Additional Director (Independent) on January 25, 2017

* Resigned as a Director with effect from July 28, 2016



Shareholding Pattern

Category	Number of Holders	Number of Shares	% to paid up capital
Promoters – Hinduja Automotive Limited, UK (Includes 329,200,140 shares in GDR Form)	2	1,433,847,039	50.38
Resident Individuals (also unclaimed securities suspense A/C)	508,425	324,717,965	11.41
Clearing Members	401	11,776,701	0.41
Financial Institutions/Insurance Co./State Govt./ Govt. Companies/UTI	23	148,448,609	5.22
Foreign Institutional Investors	48	123,714,115	4.35
Foreign Portfolio Investors	330	567,926,573	19.95
NRI/OCB/Corporate Bodies - Foreign/Bank - Foreign/ Foreign Nationals/Foreign Port Folio Investor-corporate	7,172	14,472,131	0.51
Corporate Bodies/Limited Liability Partnership	2,428	81,921,226	2.88
Mutual Funds	64	105,306,062	3.70
Trusts	46	6,867,283	0.24
Banks	33	3,878,430	0.14
Others - GDR A/C	2	23,045,500	0.81
Grand Total	518,974	2,845,876,634	100.00

Risk Management

At Ashok Leyland, we have established a robust Enterprise Risk Management (ERM) framework embodying the principles of COSO ERM framework & ISO 31000:2009 standard that encourage a sound risk culture and facilitate informed decision making.

Our risk management system is driven by our aim to protect and create value for and instill confidence amongst our stakeholders, including shareholders, employees, customers, regulators, and society. It enables us in identifying particular risk events or circumstances in relation to the organisation's objectives (risks and opportunities), assessing them in terms of likelihood and magnitude of impact, determining a response strategy, and monitoring them on a regular basis. The ERM process is integrated with our strategic business planning process and the approach is inclusive, well integrated and standardised across the organisation, encompassing all business units & functions.

Risks that are inherent to the strategy for each of the business units are identified by an external environment scan and the critical assumptions underlying the strategy are also considered at the stage of strategy setting. Both internal and external risks are considered. The ERM also supports pro-active identification of risks that would enable us to adapt to the changing scenario. By this process key risks, opportunities & trends are identified.

The ERM framework



The ERM is overseen by the Board of Directors, through the Risk Management Committee (RMC) which is responsible to ensure that the Company has an appropriate and effective ERM framework. The RMC appraises the Board on a periodic basis on the effectiveness of the ERM framework, the enterprise risks faced by the Company and how these are managed. It also reviews the organisation's risk appetite statement on an annual basis. The Steering Committee is chaired by CEO & MD and consists of core business vertical heads. The committee reviews on a quarterly basis, the enterprise risks which are subsequently tabled at the RMC.

Our performance in the last financial year was augmented by timely evaluation and responses to shifts in customer preferences, competitor actions, changes in the technology landscape, regulatory trends, and geo-political risks which aided us in becoming resilient to changing business scenario, gain competitive advantage over our peers, and protect and

create value for our stakeholders across strata. Some of the key actions implemented to mitigate risks are as under:

- Enhancement of service outlets and brand image
- Launching of new products
- Pursuing new domestic markets across the country
- Developing alternate international markets
- Focusing on cost control and debt reduction

Code of Conduct

We have adopted a Code of Conduct that aims at ensuring consistent standards of conduct and ethical business practices across the Company. Each of the members of the Board and senior management has affirmed in writing, their adherence to this Code. Any actual or potential violation of the Code of Conduct would be a matter of concern for the Company.

The code unambiguously lays down the general principles and standards that govern the actions of the Company and its employees, laying emphasis on adoption of highest standards of personal ethics, integrity, confidentiality and discipline in dealing with matters relating to the Company.

Internal Control Systems

Given the nature of business and size of operations, we have designed a proper and adequate internal control system to ensure:

- Transactions recorded are accurate, complete and properly authorised
- Adherence to Accounting standards and compliance to applicable statutes, Company policies and procedures
- Effective usage of resources and safeguarding of assets

At Ashok Leyland, we have complied with the specific requirements as laid out under Section 134(5)(e) of the Companies Act, 2013 which calls for establishment and implementation of an Internal Financial Control framework that supports compliance with requirements of the Act in relation to the Director's responsibility statement.

Our internal control framework follows the COSO (Committee of Sponsoring Organisations of the Treadway Commission) Internal control framework 2013, and supports in evaluating the operating effectiveness of internal controls in a consistent manner.

Further, through its own independent & multi-disciplinary internal audit function, we carry out periodic risk based internal audits across locations and functions, based on the internal audit plan as approved by the Audit Committee of the Board.

The internal audit function reviews compliance vis-à-vis the established design of the internal control, as also the efficiency and



effectiveness of operations. The risks identified out of the audits are reviewed periodically and mitigation ensured. The summary of the internal audit findings and status of implementation of action plans for risk mitigation, are submitted to the Audit Committee every quarter for review, and concerns if any, are reported to the Board.

Information Security

Information Technology (IT) is a key enabler and a differentiator in a competitive business environment. We have embarked on various digital transformation initiatives in making the Company an 'IT-led' business. In this journey, we have committed to implement necessary safeguards to protect our information assets and intellectual property.

We have adopted the ISO 27001 Information Security Standard to align our Information Security Management System (ISMS) with the industry best practices and have successfully renewed the ISO 27001:2013 certification for the current year.

We have a dedicated Information security function, which conducts periodic risk assessments, reviews and ensures implementation of controls to protect confidentiality, integrity and availability of information.

Vigil Mechanism/ Whistle Blower Policy

To enable our Directors and Employees to report to the management, instances of unethical behavior, actual or suspected fraud, transgression of legal or regulatory requirements or violation of the Company's Code of Conduct, we have established an avenue called "Vigil Mechanism/ Whistle Blower Policy". It is a channel to reinforce a robust implementation of the Company's Code of Conduct and policies.

It has been formulated with the aim to provide a mechanism for Directors and Employees of the Company to approach the

Chairman of the Audit Committee, as the case may be. The Policy was reviewed and approved by the Board of Directors of the Company at its meeting held during November 6, 2014. If an investigation leads the Chairman of the Audit committee to conclude that an unethical or improper activity has been committed, the Chairman will recommend to the management of the Company to take such disciplinary or corrective action as deemed fit. It is clarified that any disciplinary or corrective action initiated against the subject as a result of the findings of an investigation pursuant to this policy would adhere to the applicable personnel or staff conduct and disciplinary procedures. A quarterly report with number of complaints received under this policy and their outcome is placed before the Audit Committee and the Board. We hereby affirm that no Director / Employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the reporting year.

Management Remuneration

At Ashok Leyland, we have a Nomination and Remuneration Committee constituted pursuant the provisions of Regulations 19 of SEBI Listing Regulations and Section 178 of the Companies Act, 2013. The committee is accountable to formulate a policy on remuneration and lay down the criteria for performance evaluation. The performance evaluation is done by the entire Board of Directors and care is taken that no Director takes part in his own evaluation. The Non-Executive Directors (NEDs) are remunerated by way of sitting fee for each meeting and profit related commission. The commission to respective NED is evaluated according to the objective criteria discussed and agreed upon by the Nomination and Remuneration Committee unanimously. The aim is to engage, encourage and retain experienced and skilled individuals that the Company needs in order to achieve its strategic and operational objectives. The Committee strives to align the remunerations of Directors, Senior Executives, Middle and Lower level employees to each other.





STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT



STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Stakeholder Engagement

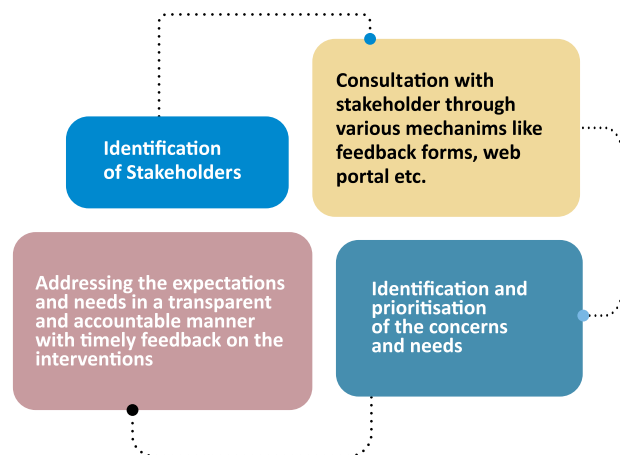
Stakeholder engagement is a process to identify people who affect or may be affected by the decision of the company. The process is a key to achieve the triple bottom line and important to our business as it helps in identifying economic, environmental and social issues that matter most to our performance and in order to improve our decision making process.

At Ashok Leyland, we understand sustainable development for an organisation depends on meeting the expectations of the stakeholders and bridging a constructive dialogue with them. It is important to understand stakeholders' views on the issues that are important to them.

Engaging with our stakeholders is a continuous process that helps us in fostering long term relationships with them. This also helps in understanding their needs and aids us in meeting their expectations. During stakeholder interactions we communicate our efforts and seek their suggestions. We conducted a separate stakeholder engagement process for our sustainability report. We have created a robust approach to engage with our stakeholders that is based on trust, accountability and transparency.

Prioritising Stakeholders

- List down all the stakeholders
- Identify the extent of impacts of stakeholders on Ashok Leyland
- Identify the ability of the stakeholders to influence the decision of Ashok Leyland
- Based on the impact and influence, prioritise the key stakeholders



Stakeholder Group	Mode of Engagement	Frequency of Engagement	Key Expectations	Feedback Assessment
Employees	<ul style="list-style-type: none"> • Monthly and quarterly meet • Personal review and visits • Surveys • Training • Annual day • Events 	Monthly, Quarterly, Annually and need Basis	<ul style="list-style-type: none"> • Continuous learning and development • Plant safety • Employee safety • Knowledge management 	<ul style="list-style-type: none"> • Employee engagement survey • Annual appraisal • Chairman's award • MD's townhall meetings • Improvement competition
Suppliers	<ul style="list-style-type: none"> • Suppliers meet • Tech days • Mutual visits • Monthly meetings with leadership • Events 	Monthly, Quarterly, Annually and need basis	<ul style="list-style-type: none"> • Long term business commitments • Supplier development • Scheduling • Economic scenario with respect to commercial vehicle industry • Scheduling • Honouring payment 	<ul style="list-style-type: none"> • Vendor summit • Workshops • Strategic supplier meet
Dealers	<ul style="list-style-type: none"> • Events • Dealer panel engagement 	Weekly, Need basis, Annually	<ul style="list-style-type: none"> • Loans • Margins • Show room locations 	<ul style="list-style-type: none"> • Annual conference • Field visit
Customers (Institutional and Retail)	<ul style="list-style-type: none"> • Events • Survey • Ashok Leyland initiatives 	Need basis, Periodically	<ul style="list-style-type: none"> • Delivery • Technical communication • New product development 	<ul style="list-style-type: none"> • Customer satisfaction survey
Government and Regulatory authorities	<ul style="list-style-type: none"> • One to one meetings • Events and conferences 	Periodically, Need basis	<ul style="list-style-type: none"> • Compliance 	<ul style="list-style-type: none"> • Compliance reports

We have identified employees, customers, suppliers, dealers, government and regulatory authorities, shareholders & financial institutions and media as our stakeholders. This report responds to the concerns of our key stakeholders. In future years, we aim to expand our pool of stakeholders engaged with and respond to their expectations, if any. We would like

our stakeholders to peruse this report and provide valuable feedback in our effort to improve our performance in future.

Materiality Assessment

Materiality assessment helps us in identifying global issues like resource optimisation, energy efficiency, skill development, business growth & profitability etc. which are important to our organisation. The analysis helps us to understand the important topics to be included in the sustainability report in accordance to our discussion with both internal and external stakeholders. These topics lay the foundation of our sustainability reporting as they reflect our vision, action plans and progress made towards mitigating they key challenges faced by us across various sustainability aspects.

The materiality assessment has been carried as per Global Reporting Initiative (GRI) G4 principles and the issues have been defined in the report accordingly. Material issues identified through the exercise conducted in 2016-17 outlined



in the materiality list have been finalised through inputs from stakeholders and discussions with the senior management.

We adopted the following process for materiality assessment:

1. An exhaustive list of material issues was identified through an extensive research of material issues reported by global peers.
2. We conducted a stakeholder engagement process by collecting the inputs through questionnaires and interactions.
3. We also sought inputs from senior management on sustainability topics which are significant to our business.
4. Following our discussions, the material issues were then reviewed and finalised by the sustainability core team.



Material Issues	Where does the impact occur (Internal / External / Internal and External)	Sections in the report
ECONOMIC		
Business growth and profitability	Internal	Economic Performance
R&D and innovation	Internal	Economic Performance
Regulatory compliance	Internal and external	Corporate Governance Environmental Performance Product Innovation and Safety
Procurement - Sourcing strategy and policy	Internal and external	Economic Performance
ENVIRONMENTAL		
Energy management	Internal and external	Environmental Performance
Water management	Internal and external	Environmental Performance
Air emissions (including GHG emissions)	Internal and external	Environmental Performance
Biodiversity	Internal and external	Environmental Performance
Waste management	Internal and external	Environmental Performance
Resource optimisation	Internal and external	Environmental Performance
SOCIAL		
Product safety and quality	Internal and external	Product Innovation and Safety
Recruitment and talent / skill management	Internal	Workforce Management
Human rights in supply chain	External	Workforce Management
Occupational health and safety	Internal and external	Occupational Health and Safety
Customer satisfaction	Internal and external	Customer Delight
Labour management relationship (Freedom of association & collective bargaining)	Internal and external	Workforce Management
Inclusive growth	Internal and external	Inclusive Growth and Community Development
Grievance mechanism	Internal and external	Environmental Performance Workforce Management
Supply chain management	Internal	Economic Performance





ECONOMIC PERFORMANCE



ECONOMIC PERFORMANCE

The FY 2016-17 continued to be another difficult year in the global economic scenario, plagued by increasing policy uncertainties, lower investments and stagnated global trade. The Eurozone growth subdued reflecting its increasing economic and political uncertainty while China continued its decline due to its unbalanced credit, housing and industrial markets. Slowdowns in Europe and China outweighed the accelerated growth in United States (US) and emerging markets. The global economic growth downturned as emerging Asia was offset by Brexit and the plateauing US market. The global commercial vehicles market has maintained its growth momentum. Sales volumes have increased from 20.3 million vehicles in 2011 to 24.4 million vehicles in 2016 growing steadily at a rate of 4% per annum.

We strive to stretch our performance boundaries year after year. Economic performance is material to us for our overall sustainability. In the reporting period, when the overall industry volume was static, and while demonetisation and implementation of BS IV emission norms had their dampening effects; we went on to gain significant market share. This was possible by taking proactive measures in the product and market areas and responding to the changes in the business environment. In the coming years, we will continue to provide thrust to the core business of commercial vehicles and build a portfolio of profitable segments.

Our Economic Performance

The financial year 2016-17 has been exceptional for us as we closed the fiscal year with record revenues of INR 21,33,167 lakhs; a growth of 7%. Our net profit stood at INR 1,22,308 lakhs, against INR 38,960 lakhs for the same period last year and recorded a 214% jump in our net profits. We were successful in clocking a double digit EBITDA performance for the 9th straight quarter and registered a 11% EBITDA margin for FY 2016-17. Our domestic market share increased across all segments and regions and posted an overall 33.8%, an increase of 1.1% over last year.

Though market remained flat for M&HCV industry with total sales of 3,02,529 units, as against 3,02,397 units for the same period last year, our total volumes in domestic market registered a growth of 4% at 1,02,313 for FY 2016-17 as against 98,809 for FY 2015-16. Our total M&HCV volume including exports increased by 3% to 1,13,296 nos, while our LCV volume increased to 31,770 units, a gain of 4%.

For FY 2016-17, the Board has recommended a dividend of INR 1.56 per share which is subject to the approval of the shareholders.

Our investments in R&D of INR 38,488.73 lakhs for the financial year 2016-17, an increase of 37.6% over the previous year. These

investments amount to 1.8% of our total turnover this year versus 1.4% in the previous year. A significant portion of this investment is towards development of advanced engines and aggregates and launch of new vehicle models.

The expenditure towards CSR initiatives was INR 833.54 lakhs. The details of the CSR amount spent during the financial year is detailed in our annual report for FY 2016-17 available on our website.

Few highlights in the economic performance for the FY 2015-16 and FY 2016-17 are:

Particulars	Economic Performance (in INR lakhs)	
	FY 2015-16	FY 2016-17
Economic Value Generated	2,011,059.44	2,146,793.92
Economic Value Distributed	1,904,500.55	2,042,612.30
Operating costs	1,581,994.43	1,680,190.73
Community investments	369.05	833.54
Payments to Government	150,377.71	168,176.99
Employee wage and Benefits	138,506.28	153,093.50
Payments to providers of capital	33,253.08	40,317.54
Economic Value Retained	106,558.89	104,181.62

Direct and Indirect Economic Impacts

Change being the constant element, we as an automotive company rely on our customers' innovative attitude and mindset. At Ashok Leyland, we put concerted efforts to adapt to rapid urbanisation, fulfil demand for improved infrastructure and increased mobility solutions and augment the company's economic value as a corporation. Our objective is to accompany expansion with sustainable growth assisting the company and allowing us to create a positive difference in the society through creation of employment opportunities and regional development. We are committed to embed sustainability principles in our operations and build healthy relationships with the local communities thereby contributing to our business advancement. We also have broader economic impacts through sound investments in different projects, community support programs and social up-gradation which eventually contributes to the overall economic development of the society.

Reaching the largest volume growth in truck sales in the northern parts of the country

Positioning a class leading 10x2 truck

Gaining market share through launch of six new products across different segments

Recognised as one of the top 40 brands in India






Grew aftermarket revenues by 31%

Supply Chain Management

The supply chain of a company like ours comprises hundreds of companies making various parts and components that are ultimately assembled in a plant. The right parts and components, of high quality must arrive at the right time, in the right quantity, and in a coordinated manner so that the assembly can be done efficiently. The chain tends to be multi-tiered and complex for an automobile industry and its effective management is essential for our business. We strive to accomplish this by our various supply chain relationship initiatives and supplier audits.

At Ashok Leyland, we ensure that all our Micro, Small and Medium Enterprises (MSME) payments are done within 45 days as per the legal standards. During the year, we have not been in violation of any legal requirements and no penalty was imposed in regards to payments.



Product Development	Parts, Aggregates and Raw Materials	Manufacturing	Sales & Distribution	After Sales Service
 <p>Concept to launch</p> <hr/> <p>In-house design of Vehicles, Aggregates and Integration</p> <hr/> <p>Excludes design of proprietary parts</p>	 <p>93% of our suppliers are based in India</p> <hr/> <p>45% of our materials are sourced within the respective state</p> <hr/> <p>Supplier base includes Direct, Indirect Material Suppliers and Service Providers.</p>	 <p>Ennore and Hosur units in Tamilnadu, Alwar unit in Rajasthan, Bhandara in Maharashtra and Pantnagar in Uttarakhand, are our manufacturing plants within India</p> <hr/> <p>Press, Weld, Paint, Aggregate Manufacture, Assembly</p>	 <p>Customer touch points across India</p> <hr/> <p>Domestic Business - Dealers, Direct Sales</p> <hr/> <p>International Business - Distributors</p>	 <p>Service - Dealers and Ashok Leyland Authorised Workshops</p> <hr/> <p>Includes - spareparts, aggregates, Annual Maintenance Contracts, Prolife (Aggregate Re-conditioning)</p>

We strengthen our sustainability objective in our leadership and management roles to maximise the value at every stage of our value chain. We strive to improve our performance and aim sustainable growth by sharing fundamental values and principles with all our stakeholders. Our value chain extends right from product development to after sales service.

Our major focus in supply chain management is on quality, delivery, cost reduction, local sourcing, managing risks and regulatory compliance. We believe in developing local markets and contribute in their economic growth and thus 98% by value of materials used in the manufacturing plants are sourced locally³. Our future plans for our supply chain include eliminating and minimising usage of packaging material like wood, plastics and cartons.

Supplier Audits

Before onboarding a supplier, we abide by our supplier selection policy and conduct a detailed new supplier audit. For our existing suppliers, we have regular surveillance audits.

The audits verify suppliers' process and systems for their quality, cost, logistics, development, management and category specific capabilities such as sheet metal, casting, forging and so on. There is a threshold score for each heading to pass and an overall score to qualify as a potential supplier for Ashok Leyland.

Supply Chain Relationship Initiatives

We believe that engaging with our suppliers helps in building trusting relationships with them and recognising our suppliers' efforts help us in motivating them to improve their performance.

Our various supply chain relationship initiatives are as below:

1. "A Panel & B Panel Meetings", bi-yearly "Strategic Partners Meet" and "Annual Supplier summit"- These are senior management engagement programmes with Ashok Leyland's strategic partners convened to discuss mutual business interests on a regular basis. At our Annual Supplier Summit, each year, we honor our suppliers with Gold and Silver awards for the following categories:
 - Best Quality Performance
 - Cost Competitiveness
 - Best delivery performance
 - New Product development capability
 - Business Alignment
 - After Market Support
 - Best Debutant
2. "Gemba at supplier", "Weldone", "Castright", "Heatwave"- These are our various supply chain capability enhancement programmes.
3. Regular visits by Ashok Leyland executives to supplier sites and vice versa.

³ Local is considered as India



ENVIRONMENTAL PERFORMANCE



ENVIRONMENTAL PERFORMANCE

At Ashok Leyland, we have always been at the forefront of environmental stewardship. Environmental protection is a key component of sustainability which is driven by our Environmental Policy and Sustainability Policy. We are aware of the negative impacts our operations have on the environment and have identified energy efficiency, GHG emissions, biodiversity, emissions to air (VOCs), waste management, water management and resource optimisation as material environmental aspects.

Our focus on the ecosystem and environmental conservation is ingrained in the way we conduct our business. We believe that effective use of resources, transforming to low carbon energy sources, sound waste and water management techniques are becoming increasingly important for long term business sustainability. Therefore, we ensure that our operations are energy efficient and have low environmental impact. Through our initiatives across various material aspects – energy, water, waste, emissions and biodiversity, we have improved our performance and enhanced efficiency on various fronts.

We are focused on implementing energy, waste and emission reducing initiatives and further reduce our environmental impacts along with operational costs. We address the impact of climate change across our value chain and remain focused to reduce environmental footprint across our operations and products throughout their life cycle.

Energy Management

The consequences of climate change can now be evidently observed with global temperature rising quickly. Emission from combustion of conventional fuels like coal, diesel, etc. have direct impact on our climate. In this environment, where the world is fighting with these issues along with the concern of energy security, we at Ashok Leyland, have taken the challenge

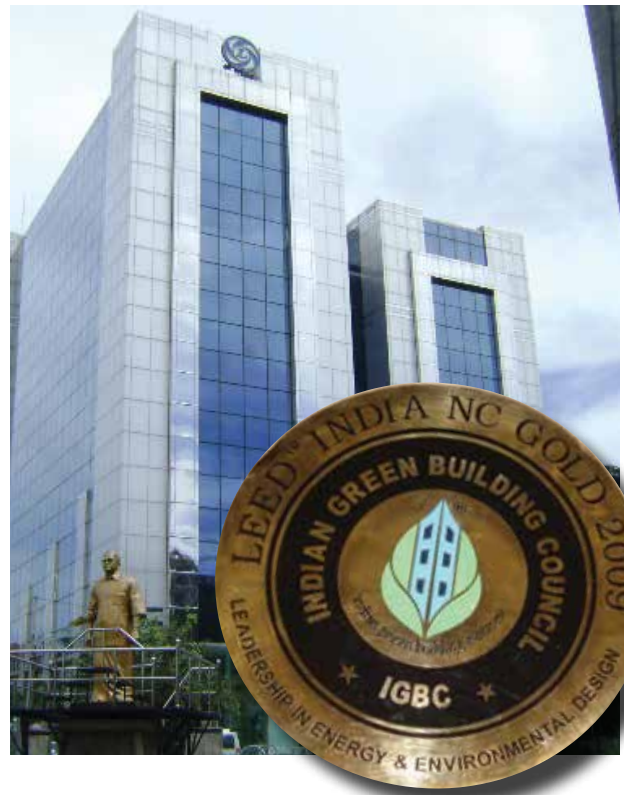


head on and tackling the issues by optimising our energy demand. Our cutting edge technology has not only helped us to reduce our energy needs and greenhouse gas emissions but has also helped our customers to reduce the same.

We continuously work towards managing our energy needs sustainably and improve energy efficiency. Our energy needs are met by a mix of renewable and non-renewable sources of energy. Renewable sources include wind energy and non-renewables are High Speed Diesel (HSD), Compressed Natural Gas (CNG), Liquefied Petroleum Gas (LPG) and Grid Electricity.

In FY 2016-17, we consumed 3,42,708 GJ of total direct energy (HSD, CNG and LPG) and 4,01,291 GJ of indirect energy from grid electricity. Our overall energy intensity for FY 2016-17 was reported as 5.25 GJ/ HECU⁴ which is 7% less than FY 2015-16.

We have introduced various initiatives to conserve our energy through conventional sources and improve energy efficiency. Through our various initiatives, we have conserved 16,633 GJ of energy in the reporting year.



Replacement of Propane to Regasified Liquefied Natural Gas (RLNG)

Propane was used earlier in the Pantnagar plant for heating application in paint process. Propane was costly and logistics and storage was difficult. Also enhanced safety precautions where to be taken while unloading the propane from tanker to bullet.

With the arrival of GAIL pipeline at Pantnagar industrial area, we converted the usage of propane to RLNG. Natural gas is safer as compared to propane. It is much lighter compared to propane and rapidly dissipates into the air when released however Propane being heavier settles down.

Propane was earlier transported from depot through road which was 300 Kms from the plant while natural gas is transported through pipeline and therefore we achieved saving in diesel consumption in transportation.

We have also achieved saving of 1 lakh kWh during winter season as vaporiser is not required in case of natural gas.

Till March 2017, we have saved 105 tCO₂e.

⁴ HECU – Hybrid Equivalent Chassis Unit. HECU factor is arrived as the ratio of cost incurred per aggregate to the average operating cost per HECU (INR 15,832 rounded INR 15,000 per HECU)





Introduction of roof top solar plant

We have commissioned roof top solar plants at our different units amounting to a total of 5 MW. We have installed the same at Hosur 1 & 2, Bhandara and Ennore units.

These installation will annually generate 15 lakh units that could result in reduction of 1,230 tCO₂e.

Introduction of heat pump in flood washing machines - Hosur 1

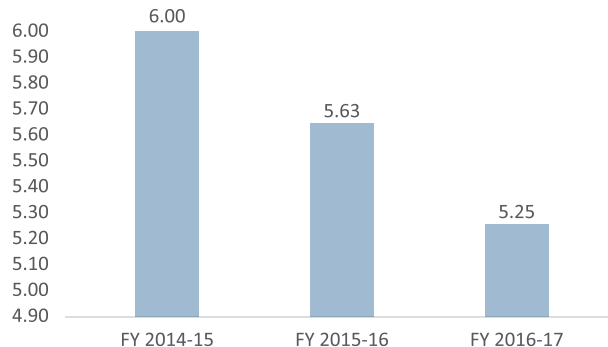
Flood washing machines are used to clean the machine components. Earlier the cleaning media was heated using conventional electric heaters which consumed 48 kW per machine of energy.

The conventional heaters are now replaced by air source heat pump. These are energy efficient pumps that absorb heat from one part and release it in another part rather than converting it from a fuel like conventional heater.

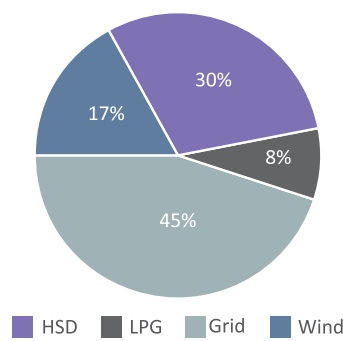
This has resulted in reducing energy consumption and thus carbon footprint. By using heat pump we have also reduced our operating cost and since they have a long lifespan, the rate of return has also increased.

We have been able to achieve a saving of 5 units per engine resulting an overall saving of 38 kW per machine.

Specific Energy Consumption (GJ/HECU)



Energy Composition



We also focus on increasing our share of renewable energy sources in our overall energy mix. We source wind power from external source at our Hosur, Bhandara, Ennore plants and VVC centre. In FY 2016-17, we utilised 150,499 GJ of energy from renewable sources which 17% of the overall energy consumption.

Energy conservation by providing Variable Frequency Drives (VFDs) for the paint shop floors in Vehicle Test Shop (VTS) - Hosur 2

Paint booth in the VTS shop consists of a 75 kW supply blower and 4 nos. of 22 kW exhaust motors. All these motors running continuously in order to maintain air balancing inside the booth. This resulted in high energy consumption.

We identified this situation as one the potential area for energy reduction and thus introduced VFD panel and booth balancing by operating the blowers on 45 Hz. The air balancing remained the same even after reducing the frequency and helped us in achieving energy reduction. This has resulted in conserving 1,12,700 kWh of energy per year.

Power consumption optimisation by use of pyro blocks

Earlier in heat treatment furnaces, the inner lining of furnaces were lined with fire clay bricks. Due to this the come to heat time was more which resulted in higher energy consumption.

We have replaced the brick lining with high density monolithic CF blocks (pyro blocks) with excellent heat reflection properties. This has resulted in reducing the heat loss and achieve more power saving.

By implementing the new lining we have achieved an annual saving of 58,000 kWh.

Improve the usage of treated effluent water from Zero Liquid Discharge Plant (ZLDP)

Before:

- Treated water from ZLDP (75 KLD) is used as feed for softener plant at paint shop.
- Good quality water (<100 TDS) is used for under quality application (softener)
- Parallely RO plant is consuming raw water (120 KLD) & generating reject water of (40 KLD)

After:

- Extended the treated water pipe line up to RO plant
- Used treated water (<100 TDS) with the volume of 75 KLD as input to RO plant
- Connected the reject water line to input tank while using treated water
- Reduce the raw water consumption by 20 KLD
- Reduce the effluent water generation by 20 KLD from RO plant

Benefits:

- Water conservation: 7,300 KL/ annum
- Reduction in Effluent Generation: 7,300 KL/ annum

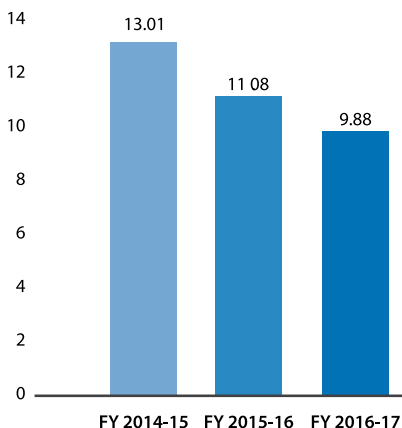
Water Management

Over the years, water has become one of the major natural resources due to steep depletion in the quantity of fresh water resources. Water management is one our major sustainability issues as the water demand is significant across all our operations. We continuously strive to reduce our water consumption and maintain a Zero Liquid Discharge (ZLD) status for our sites in Hosur (Unit 1 and 2), Ennore, Alwar and Pantnagar and endeavour to become water positive in future. Our rainwater harvesting capacity is 441,889 KL and it was observed that during the rainy season, there is overflow of rainwater.

Water is a major resource utilised during our production processes and we are committed to reduce our fresh water consumption by reusing as much water possible. We withdraw water from various sources like tankers, river, bore well, municipality supply etc. In the

places where we are located in industrial areas we source water from government supply although in FY 2016-17, our total water consumption was 13,99,857 KL which is 2% less than FY 2015-16. Our overall specific water consumption for the reporting period has reduced by 11% from 11.08 KL/HECU in FY 2015-16 to 9.88 KL/HECU in FY 2016-17 through our water conservation initiatives that include rainwater harvesting, water recycling etc.

Specific Water Consumption (KL/HECU)



Water withdrawal by source	Ground Water (KL)	Tankers (KL)	River (KL)	Municipal Supply (KL)
Hosur 1	1,58,220.00	0.00	0.00	0.00
Hosur 2	1,99,086.00	0.00	0.00	0.00
Ennore	4,12,309.00	0.00	0.00	0.00
VVC	0.00	0.00	0.00	76,710.00
Bhandara	45,152.00	0.00	69,946.00	0.00
Alwar	16,425.00	0.00	0.00	4,375.00
CPPS	23,461.00	2,398.00	0.00	0.00
Pantnagar	3,85,007.00	0.00	0.00	0.00
Corporate	0.00	6,768.00	0.00	0.00
Total	12,39,660.00	9,166.00	69,946.00	81,085.00



Wastewater Discharged (KL)	
Hosur 1	62,735.00
Hosur 2	1,25,152.00
Ennore	3,00,101.00
VVC	37,438.00
Bhandara	22,933.00
Alwar	10,820.50
Pantnagar	1,08,733.00
CPPS	6,304.20
Sub Total	6,74,216.70

Reduce the water consumption at canteen hand wash area

In canteen hand wash area, we provided 84 conventional taps that dispensed water at a rate of 12 litre per minute. For hand washing 84 KLD water was consumed which appeared to be on the high side.

We then replaced the conventional tap with water saving taps that dispense water at a rate of 4 litre per minute and thus reduced daily consumption by 15 KLD.

An overall conservation of 5,475 KL/ annum of water was achieved.

We also focus on reuse of treated wastewater at our sites with an aim to reduce our fresh water consumption. In FY 2016-17, we discharged 6,74,216 KL of wastewater from our all our units, out of which 48% was recycled. The treated water is then either used in manufacturing process or domestic purpose such as gardening and cleaning.

Biodiversity

At Ashok Leyland, we acknowledge the importance of natural resources and take concerted efforts to conserve them. We have



undertaken several initiatives to restore natural resources and minimise the impacts of our operations on biodiversity. Some of our key initiatives include tree plantation that emphasise on native species at our manufacturing sites and development of water bodies to enhance our flora and fauna.

We nurture 3,88,464 trees and saplings within our campuses. We have planted 22,590 trees and saplings across our sites in FY 2016-17. We ensure that these saplings receive appropriate inputs for growth and put in efforts for achieving high survival rates. This year we achieved 94% survival rate for the saplings planted. Run-off water is utilised for the creation for water bodies, thus ensuring water conservation. As a result of our activities, various resident and migratory birds are observed at various sites and they have now become home to different



avian fauna such as ducks, peacocks etc. The pond also supports the breeding of fishes & turtles. Our initiatives have also provided a safe habitat for Neel Gay, Rozary and species of Deer, Rabbit etc.

Our sites are primarily located in industrial zones and none of our plants are located in the vicinity of eco sensitive or biodiversity rich zones, except for one unit at Ennore. Our site at Ennore does not cause any harm to the surrounding biodiversity and none of the IUCN red listed species are located and affected by our operations. We consistently work towards fulfilling our commitment of minimising environmental impacts of our operations and look forward to engaging with local communities for conservation of the ecosystem that we function in.

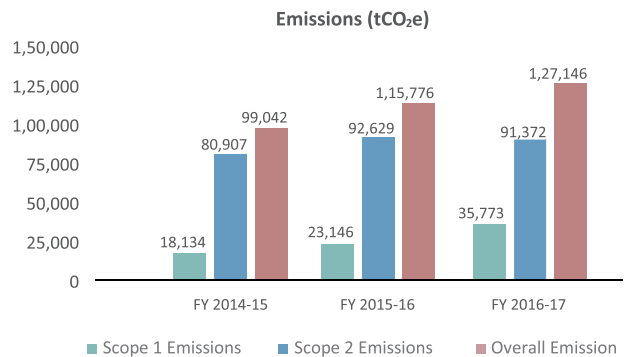
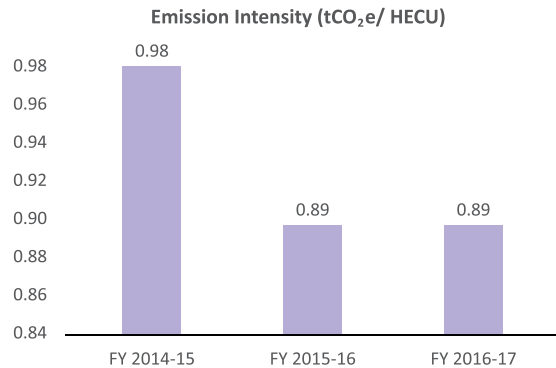
Emissions

Climate change due to human energy intensive activities have created a real challenge and thus work needs to be done to address such risks on global scale. We must create solutions that help in reducing the adverse effects and helped to achieve our environmental goals without undermining the growth of global economy. We are part of a sector that is a significant source of emission and limiting them is a challenge for an automotive industry.

We have maintained a GHG inventory that covers our Scope 1 and Scope 2 emissions from our sites under the GEMBA initiative. The inventory is based on accuracy, relevance, completeness and consistency. The calculation under GHG inventory in accordance with the Greenhouse Gas Protocol. We constantly monitor the emission portfolio of our products as well as our manufacturing process. We aspire to continuously reduce our carbon footprint and lower our emissions. To achieve our goal of reducing emissions, we have undertaken several initiatives and implemented innovative technologies across our operations

Emission Factors considered for calculating Scope 1 and Scope 2 emissions:	
High Speed Diesel:	2.68 kg/liter
Compressed Natural Gas:	0.054 kg/liter
Liquefied Petroleum Gas:	2.98 kg/kg
Grid Electricity:	0.82 ton CO ₂ e/MWh

Global Warming Potential (GWP) of Ozone Depleting Substances:	CFC Name	Commercial Name	Value
	HCFC-22	R-22	1760
	HFC-134a	R-134a	1300
	HFC-404a	R-404a	3922
	HFC-410a	R-410a	2088
	HFC-407c	R-407c	1774



Direct (Scope 1) and Indirect (Scope 2) GHG Emissions

Our GHG emissions from manufacturing process are from consumption of conventional fuels like HSD, LPG and usage of grid electricity. In FY 2016-17 our overall scope 1 GHG emissions were 35,773 tCO₂e and indirect GHG emissions were 91,372 tCO₂e. As compared to FY 2015-16 our overall emissions have increased by 10%.

Reduce the carbon footprint level of the plant by installation of 120 CFM compressor - Hosur 2

We are using compressed air for maintaining circulation of paints in both Cab paint and Frame paint. Earlier we were running a 500 CFM compressor to cater the above need during non-production hours and holidays.

We studied the actual requirement and identified that 120 CFM is sufficient to cater the need. We then installed 120 CFM compressor that resulted in saving of 380 CFM.

This also reduced the energy consumption and carbon footprint. We were able to save 1.97 lakh units/ annum of energy and reduction of 162 tCO₂e of indirect emissions.



The overall emission intensity for FY 2016-17 is 0.89 tCO₂e/HECU. The emission intensity in the reporting remains the same as compared to FY 2015-16.

The sources of Scope 1 emissions from our operations are consumption of fuels like HSD, LPG and CNG while Scope 2 emissions are from utilisation of grid electricity.

Air Emissions

At Ashok Leyland, we continuously monitor our air emissions and have placed necessary controls and taken measures to manage our air emissions within permissible limits. Our air emissions include Particulate Matter (PM), Nitrogen Oxide (NO_x) and Sulphur Oxide (SO_x) from our operations. We ensure that air emissions are compliant to National Ambient Air Quality Standards (NAAQS) 2009. The usage of Ozone Depleting Substance (ODS) has been under the applicable regulations for all our sites and these are now only used as refrigerants in air conditioning units and chilling plants.

Air Emission		
Type of Emission	Unit	Reported Value (FY 2016-17)
Nox	mg/m ³	104.46
SOx	mg/m ³	22.79
PM2.5	mg/m ³	0.75
PM10	mg/m ³	57.31
Volatile Organic Compound	MT	58.2
CO	mg/m ³	128.99

Ozone Depleting Substances	Unit	Quantity (kg CFC-11eq)
R022	kg	562
R404A	kg	13.5
R134A	kg	214.8
R410A	kg	10.50
R407C	kg	10

Waste Management

Being a responsible organisation, we believe that effective waste management is an important factor in environmental protection and management and we are committed to reducing and effectively managing our waste. Our waste management practices emphasise on reducing, recycling and disposing the waste in an environmental friendly manner. We adhere to the newly formed Hazardous and Other Waste Management Rules, 2016 and have also collaborated with cement plants for co-processing of the hazardous waste generated; 34% of the waste generated was sent for co-processing in FY 2016-17. We pledge by 'Zero Waste to landfill' and strive to recycle and reuse waste through initiatives such as co-processing, stabilisation of ETP sludge etc. We also recycle non-hazardous waste such as packaging material and scrap.

Our operations and processes include pressing, fabrication, and painting, assembling and testing of vehicles at our manufacturing sites. As a result of our activities, we generate solid and liquid waste of both hazardous and non-hazardous waste nature.

Type of Waste	Unit	Source	Method of Disposal	Amount of Waste (MT)
Hazardous Waste				
Used Oil/ Spent Oil/ Waste Oil	MT	Manufacturing Machine shop	Incineration, Reuse, Sold to authorised recycler	245.02
Chemical Sludge/ Phosphate Sludge/ Paint Sludge/ ETP Sludge	MT	Effluent Treatment Plant	Reuse, Sold to authorised recycler, Incineration, Sent for co-processing	572.65
Oil Filter/ Oil Sludge	MT	Machine shop	Incineration, Recycled	306.92
Discarded Container	MT	Empty barrel of oil, grease and wax	Reuse, Recycle	522.14
Used Batteries	MT	Chassis assembly, Electrical maintenance, DG house	Return to manufacturer/dealer/Sold to authorised recycler/dismantlers	39.02
E-Waste	MT	Manufacturing	Sold to authorised recycler	9.63
Other (includes waste gloves, cotton, spent ion exchange resin)	MT	Water treatment facility, paint shop process	Sent for co-processing	7.02

Type of Waste	Unit	Source	Method of Disposal	Amount of Waste (MT)
Non-Hazardous Waste				
Steel castings, MS scrap, grinding dust, Aluminum scrap	MT	Machining of components	Sold to registered agencies for recycling	9157.47
Steel dust/ Shot blast dust	MT	Shot blasting	Sold, Landfilled	182.42
Cardboard/ Waste paper	MT	Packaging/ Unpacking	Sold to registered agencies for recycling	241.635
Plastic Waste	MT	Receipt from supplier along with material	Sold to registered agencies for recycling	20.10

We believe that elimination of waste is an effective way to enhance profitability. We take all required efforts to eliminate waste generation at source and ensure that the waste generated from our operations is disposed off in an environmentally sound manner following regulatory norms.

Spill Management

Spillages have been identified as a potential risk in our operations and it is our endeavor to ensure zero spills. In this regard, we undertake several measures to avoid spills and during the reporting period there were no incidences of significant spills across our operations.

Hazardous waste reduction by procuring & storing hydraulic oil through bulk storage system - Hosur 2

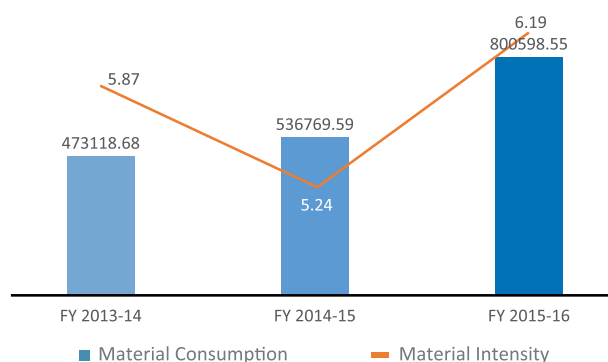
Earlier we were procuring hydraulic oil through barrels which leads to generation of hazardous waste in from of empty barrels and waste coolant. We generated around 1500 barrels per year and 3000 litres of waste coolant oil.

We have installed and implemented the bulk containers storage and procurement of Hydraulic oil through bulk tankers which has resulted in eliminating the barrels and coolant oil.

Material Management

We at Ashok Leyland consider material management to be important to our business as it helps in maintaining resources and operational efficiency that is important for efficient use of raw materials. For manufacturing of our products, our primary raw material is steel while we also use cast iron, lubricants,

Material Consumption (MT) and Intensity (MT/HECU)



paints, aluminum, copper, tyres and rubber as secondary materials. In the current reporting year we are disclosing our primary raw material consumption and strive to expand the pool in future reports. In addition, we also use aggregate materials like axle and gear boxes. These materials are either

Reduction of Electro Deposition (ED) paint consumption

We have upgraded to ninth generation ED paint from eight generation ED paint in cabins. Earlier eight generation required minimum 20 μ of paint thickness to pass salt spray test. By introducing ninth generation ED paint the paint thickness of 17 μ meet the salt spray test and other requirement. This has resulted in saving ED paint consumption from 3.6 kg/ Equivalent Cabin Unit (ECU) to 3 kg/ ECU. We have achieved an overall saving of 24,000 kg of ED paint.



Weight reduction in dummy axle rear hub of all MAV models

We used oil flinger in dummy axle rear hub of all MAV models which necessitated the machining of rear hub surface where flinger was mounted. This machining generated 4 kg of machining waste.

The oil flinger was then removed thereby eliminating the need of machining operation. This has resulted in material reduction of 1,09,500 kg/ annum of cast iron.

By implementing this we have also achieved reduction in hub weight by 1.5 kg and machining time by approximately 4 minutes.

Eliminate passivation process in frame pretreatment by introducing modified phosphate chemical - Hosur 2

We consumed 3000 kg of chemicals per annum for passivation process in frame pre-treatment. This also resulted in generation of 150 empty chemical container per month.

We then introduced modified phosphate chemical that eliminated the passivation process. This resulted in eradicating the used of chemical and generation of container.

This has also resulted in water consumption reduction by 180 KL/annum.

produced in-house or procured from various external suppliers. In FY 2016-17 our overall steel consumption was 38,051 MT. In the reporting year our material consumption intensity has decreased by 12% as compared to FY 2015-16.

Environmental Expenditure

In FY 2016-17 our overall environmental expenditure was INR 28,22,95,027 million which includes environmental management expenses and expenditure on treatment, disposal, equipment, maintenance and operation. We also invest in installation of cleaner technologies and treatment of emissions.

Compliance

We are committed to complying fully with all applicable environmental laws and regulations that are imposed by Ministry of Environment and Forest & Climate Change (MoEFCC) and Central/ State Pollution Control Board. In FY 2016-17 no forms of non-monetary sanctions and monetary fines were levied upon us for any non-compliance with environmental laws and regulations.

Environmental Grievance

It is our constant endeavor to conduct our business with complete transparency for which we have developed robust environmental grievance mechanism for our stakeholders. This also helps us to develop strong and long term relationship with them. In the reporting period we did not receive any complaints about the environmental impact of our operations.





PRODUCT INNOVATION AND SAFETY



PRODUCT INNOVATION AND SAFETY

As a leading automobile manufacturer we are committed to contributing towards sustainable transportation. Rising customer expectations and evolving regulatory norms such as Bharat Stage IV have resulted in the need to innovate. We strive to gain competitive edge over our peers by enhancing the quality of our products through technological advancement and our ability to innovate. Innovation is our core competency which also reflects across our entire value chain. Preparing for the next wave of growth, we are working on a portfolio of businesses with less cyclicity and launching a range of contemporary products while adopting globally benchmarked business processes.

Our unique program achieveMORE aims at increasing value to customer and consumption of raw material while Reach90 lays emphasis on increasing the reliability of our vehicles. Our research and development center is focused on making continuous improvements in product planning and developing processes to predict and address the environmental and social impacts of products over life cycle. This enables us to manufacture fuel efficient vehicles that provide customer safety with an improved performance. It is because of our globally benchmarked testing facilities that our vehicles have become synonymous with the qualities of reliability and ruggedness. The 6-poster, one of its kind in the country, is a torture track simulator for multi-axle vehicles that significantly reduces testing time. In the reporting

year, we spent a total of INR 38,488.73 lakhs on our research and development activities which is 1.8% of total turnover and all of our products manufactured were evaluated for improvement assessing their health and safety impact.

This year, we received the prestigious 2016 Deming Prize for our Pantnagar manufacturing facility, making us the first truck and bus plant in the world and also the only CV manufacturer outside of Japan to win the Deming Prize. We have always had an intense emphasis on quality processes and customer oriented approach. With large and strategic investments in technology and quality and a young and energetic workforce, the receipt of the Deming award is an important step in our ambition to become a world-leader in the global commercial vehicle industry.

During 2016-17, following are our major product launches which have special features taking into consideration the social, environmental concerns, economic opportunities.

Guru (ICV Truck): It is designed to help customers increase revenue while keeping the operating costs low. Guru achieves these through its highest actual payload, its best in class fuel efficiency (10% higher than competition) and, lower cost of maintenance. It also offers superior style comfort and safety

(sleeping provision in day cabin, factory fitted music system, LED parking lamps, fully adjustable steering wheel, fully suspended cabin for better ride quality and best in class all around visibility.

Sunshine (School Bus): It is a new paradigm in Indian School Buses where safety, fun, and visual appeal have been brought in as unique selling point in addition to the usual engineering and performance parameters. It's a telematics ready, roll over and frontal crash complaint bus with emphasis on safety of school children.

Circuit Series (Electric Bus): The first Indian OEM to launch an electric bus that was fully made in India for India. In addition to being environment friendly, (given that the traction device is electrical rather than diesel combustion), we also have doubled the efficiency in terms of energy consumption (kW/km).

Product Development Center at VVC

Our product development center is a platform promoting a full range of development among all systems and vehicles. It consists of National Accreditation Board for Testing and Calibration Laboratories (NABL) accredited testing facilities with over 1,000 full-time engineers employed.



The various activities conducted at the product development center are:

1. Design and Simulation including the following:
 - Design and development of all aggregates including engines, chassis, gear box, axles etc.
 - Noise Vibration and Harshness (NVH) related simulation studies
 - Crash simulation for truck cabins and bus body roll over studies
 - Computational Fluid Dynamics (CFD) simulation for external and internal fluid flow
 - Multibody dynamics for vehicle kinematic simulation and Finite Element Analysis for durability

2. Testing and Validation at

- Component level
- Vehicle level
- Engine level

Few of our innovative initiatives

Engines & Aggregates	Vehicle Models
Development of BS-IV engines with iEGR	Launch of 4x2 and 6x2 tractor models of CAPTAIN platform with factory built cabs
	Launch of BS-IV haulage variants in FES trucks
Development of dual data set strategy for our range of engines.	Launch of export models for ICV bus variants and M&HCV buses
Development of new variants of ICV truck cab	Demonstration of fully-packaged EURO-VI compliant CAPTAIN vehicle

achieVEMORE

achieVEMORE is our company wide initiative driven by a cross functional team. It utilises our various tools, methodologies, techniques and best practices to reduce the bill of material cost while improving the value for the customer. In order to accomplish the objective, we have aligned Key Result Areas (KRA's) to the targets within our different business units and encouraged them to participate in the initiative. Through this we have followed a systematic process to transform from idea generation to idea implementation.

Function	Tools for faster decisions / actions
PD	Competitor benchmarking/Tear Down Rapid Average Cost Estimation tool (RACE)
Sourcing	Cost transparency through LPP, ZBC tools market analysis for alternate sourcing
Marketing	Product features categorisation: a) Above the line (ATL) b) On the line (OTL) c) Below the line (BTL)

Reach90

Mission Reach90 is one drive initiated in April 2015 to enhance the overall reliability of Ashok Leyland products. Learning from our success in other major initiative, we used a CFT model. Key objective of this drive was to achieve 90% reliability on all our systems. To achieve this, we followed a five step process for implementation and focused on two areas viz; corrective action and preventive action.



- 90% of vehicle must not return to workshops for unscheduled visits within warranty period
- No walk-home incident within 18 months in service

Sunshine

We are India's largest bus manufacturer and fourth largest in the world. We designed project sunshine to carry forward our thought of modernising the industry with our products. Sunshine offers outstanding features to its occupants and is the outcome of our thorough research and analysis of numerous stakeholder voices. It provides operating economics and unmatched reliability to customers, and comfort, safety and hygiene to children.

This next generation school bus has been built to ensure highest level of safety for its occupants and we have built it to go beyond the basic regulatory requirements by making it frontal crash protected and rollover compliant. For meeting the concerns of parents, Sunshine has been incorporated with i-ALERT, an advanced tracking software, through which they can monitor their child's movements and location, on a real-time basis. The rooted software also provides parents with pick-up and drop off alerts and can also be used by school operators to monitor the well-being of children inside the bus while tracking the condition of bus at the same time.

Sunshine comes with high-end features to enhance the comfort of children such as worldview windows to offer best-in-class visibility and ventilation, lowest fixed step entry which helps even the youngest of children to climb on their own, artistically designed cheerful and comfortable happy seats, anti-bacterial interiors which is an industry-first and many more. It provides an enhanced driving experience to drivers with its unique features such as all-round visibility of children, enhanced drive ability and maneuverability. Sunshine offers unmatched value to schools and operators through its superior product design and low operating cost. Apart from school and college buses (with 33 to 50-seater options), staff bus variants are also available.

GURU

We have upped the ante over the last few years and that has reflected in our winning product portfolio. During the year, we launched GURU, a modern day automotive with cutting-edge features in the ICV segment. ICV is one of our key focus area to achieve our vision in trucks and with GURU, we aim to elate our market share in this segment.

GURU is prudently designed and built on four important pillars: Mileage, Payload, Reliability and Comfort.

Along with the best in class fuel efficiency, GURU enables customers increase their revenue stream by offering a high payload capacity while keeping the operating costs low. Through its reliable and robust aggregates, it ensures maximum uptime and longer product life. It also offers superior style and comfort for a better ride quality and best in class all around visibility.

Mileage

In order to deliver a top-level fuel efficiency, GURU is equipped with a 3 cylinder engine with inline CRS system. The engine provides optimum power, and delivers consistent kmpl over wide speed band. It is mated to a 6 speed overdrive gearbox for higher mileage in part load, and return empty condition. This enables GURU to offer 10% higher mileage than competition.

Payload

GURU offers a high actual payload, approximately 250 kg higher



3 cylinder engine



6 speed overdrive gearbox

payload for every trip with faster turnaround time. It endows superior riding comfort through its multi-leaf suspension available in front & rear and front shock absorbers. Additionally, it is fitted with reliable and robust axles and boasts a structurally reinforced load body

Comfort

GURU also offers superior style and comfort and caters to the demand of the driver community. Its key inherent features are:

1. Sleeping provision in day cab
2. Adjustable driver seat
3. Easy-to-maintain PVC floor mat
4. Easily accessible parking brake
5. Factory fitted music system
6. 4 spoke tilt & telescopic steering wheel
7. Easy-to-understand, new-look instrument cluster
8. 12V electrical system with waterproof connectors

Moreover, its hydraulically tiltable day cabin, all metal asymmetric front fascia, larger windshield for all-round visibility, standard round headlamp and stylish LED signature lamp (parking lamp) makes its style of note.

Circuit Series (Electric Bus)



Aligning to the various government initiatives, we here at Ashok Leyland have developed the first of its kind, Indian-made 100% electric bus, which offers the latest in EV technology customised for the Indian market. Under the 'Make in India' flagship program of Government of India with a motive of 'Made in India, for India', we became the first Indian OEM to launch a circuit series electric bus .

The bus was completely designed and engineered in India considering our expertise in managing Indian operational conditions and customer specific requirements. It is equipped with a driveline motor based powertrain technology which offers consistent uptime and reliability in all conditions. The bus is particularly engineered on Indian-

specific platform to handle varied topography, gradients and usage conditions. It is developed on a simple, mass market platform which assists the operator to cater to regular mass commute customers with minimal efforts. This also makes the journey cost-effective for the operator by minimising the operational and maintenance cost. Moreover, the bus is enabled with an integrated Fire Detection and Suppression System (FDSS) as a standard part in its EV range.

We pride ourselves to present the 'Zero emission – Non-Polluting' bus in support of the government initiative of reducing 8 Lakh crore fuel import bill.

Our Pan India network will support the EV bus platform ensuring its assured service and maintenance. We have 576 service touch points and over 5,000 Leyparts present across the country. We also offer a suite of onsite service with our 'Tatkaal program' and customised training modules to drivers and technicians.

Waste collection vehicles

The Swachh Bharat mission was initiated to ensure hygiene, waste management and cleanliness across the nation by the Government of India in 2014. The Mission aims to accomplish the vision of a "Clean India" by 2nd October 2019, the 150th birthday of Mahatma Gandhi. However, collection and segregation of solid waste is a key problem in waste management. Currently, the collection efficiency is around 68% and hand- carts or large trucks are being widely used for solid waste collection. Usually the solid waste collection points are located in narrow lanes, crowded interior parts of the city or in places where the roads are improper. This makes it difficult for large trucks to navigate narrow and crowded lanes making the whole process of solid waste collection inefficient and time consuming.

At Ashok Leyland, we visited Municipal corporations and interacted with our customers to capture their voice. Taking this into account and using our core philosophy to provide innovative solutions to meet customer demands, we developed different waste collection vehicles based on DOST platform. DOST open body Garbage Tipper was designed in such a way that solid waste from the household can be directly dumped into vehicle and directly moved to dump site. Its key feature of low loading platform height eases waste collection and the vehicle is able carry waste up to 3.3 cu.m. DOST hopper was designed to move collected solid waste to larger trucks – the bin placed on the DOST is lifted and the solid waste is unloaded into the truck. DOST hopper with bin lifter was designed in such a way that the waste bin is lifted automatically by a hydraulic mechanism attached to the DOST and then the collected waste is directly moved to larger trucks.



First Electric Bus



These vehicles are embedded with inherent features like Low TCD which makes maneuvering through narrow roads easier, high ground clearance making it easier to navigate through rough roads. Some more features include class leading payload, powerful and class leading fuel efficient engine, Front Impact Absorption Bar and Brake boosters with LSPV. All vehicles have robust aggregates to handle the challenging working and operating environment associated with waste management.

Compliance

We, at Ashok Leyland, always seek to run our business in an eco-friendly manner and to conserve natural resources. We make sure that our vehicles are in compliance with all the local, regional and national laws and regulations with respect to vehicle emissions and fuel economy so as to have minimum environmental and social impacts. During the reporting period, there were no incidents of non-compliance with statutory requirements, and no monetary fines were imposed on us.



strictly adhere to Advertising Standards Council of India (ASCI) code. During FY 2016-17, there were no incidences of non-compliance with regulations / voluntary codes with respect to marketing communication, including advertising, promotion and sponsorship.



Product Labelling and Market Communication

Upholding high levels of safety and comfort for our customers has always been our priority. We strictly follow all the relevant codes and specifications with respect to labelling the products. Each of our product comes with a comprehensive service manual with complete information about the products' usage, safety, operation and maintenance. During the year, there were no incidents of non-compliance to regulations / voluntary codes concerning our product and service information and labelling.

We believe that the key to win our customers' trust is transparent communication of our products' quality and offerings and therefore, for our marketing communication advertisements, we





CUSTOMER DELIGHT



CUSTOMER DELIGHT

Customer satisfaction is central to Ashok Leyland's business philosophy. Our constant endeavour is to understand our customers' requirements and expectations and meet them through all our products and services. To improve the quality of our products and services, we maintain a constant dialogue with our customers and aftermarket in the form of regular meets, surveys, networking and various initiatives.

To ensure information security and privacy of customer data, we have established information security management systems in line with the international standard ISO 27001: 2005. We have put in place processes to protect the private data of our customers and take utmost care while handling customer data.

There were no complaints regarding breach of customer privacy and loss of customer data during the reporting period.

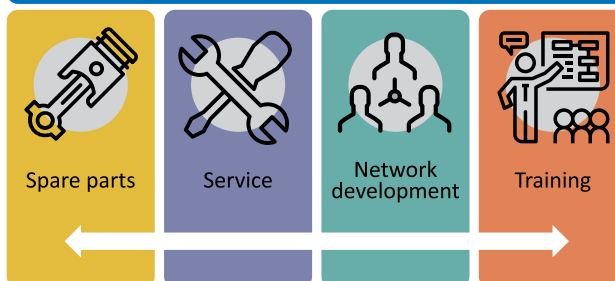
Our umbrella initiatives Leverage Analytics to drive Decisions (LEAD) and Practical Improvement in Sales and Marketing (PRISM) are structured around the 3 Cs – Customer, Channel and Company.

Practical Improvement in Sales and Marketing (PRISM): PRISM is our transformation program and consists of 22 initiatives. These are directed towards our sales, strategy, processes, market share, and customer satisfaction and dealer profitability. Through this program, we manage a database of over 9 lakh customers.

Our Umbrella Initiatives



Our after market solutions



It has generated 900,000 interactions per year and 120,000 transactions per year. This is accomplished through market mapping, sales funnels, enhanced workshop processes, discount management, customer database and beat planning.

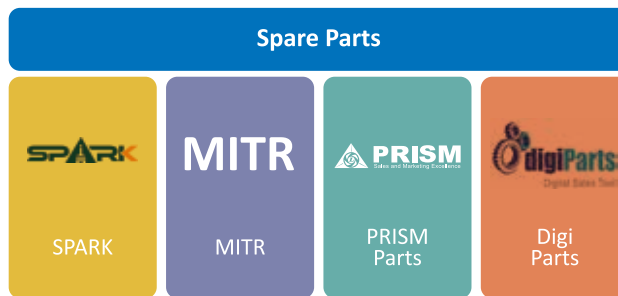
Leverage Analytics to drive Decisions (LEAD):

The LEAD initiative was driven to set a foundation for data analytics, in the year 2015-16. The main aim was to generate actionable insights from sales and service data that we accumulate and to further augment them in our systems and processes. Our understanding of sales and after-sales scenarios are obtained by data capture, analysis, action links and delivery. These are supplemented by the technology enabled organisational models and interfaces enabled by lead. As part of the LEAD initiative, about 25 different initiatives have been rolled out, covering sales and markets assessment, service and warranty analytics, pricing and dealer financials.

Evolving from a descriptive and diagnostic phase of analytics to a predictive and prescriptive phase, innovative initiatives were launched leveraging optimisation, simulation, pattern recognition, data mining and machine learning techniques.

Spare Parts

Our aftermarket comprises a vast network of dealers and part retailers. Through this network, we continuously strive to ensure that genuine parts are available to all our customers via our 2 brands: LEYPARTS® and VALUEPARTS. Timely availability of the



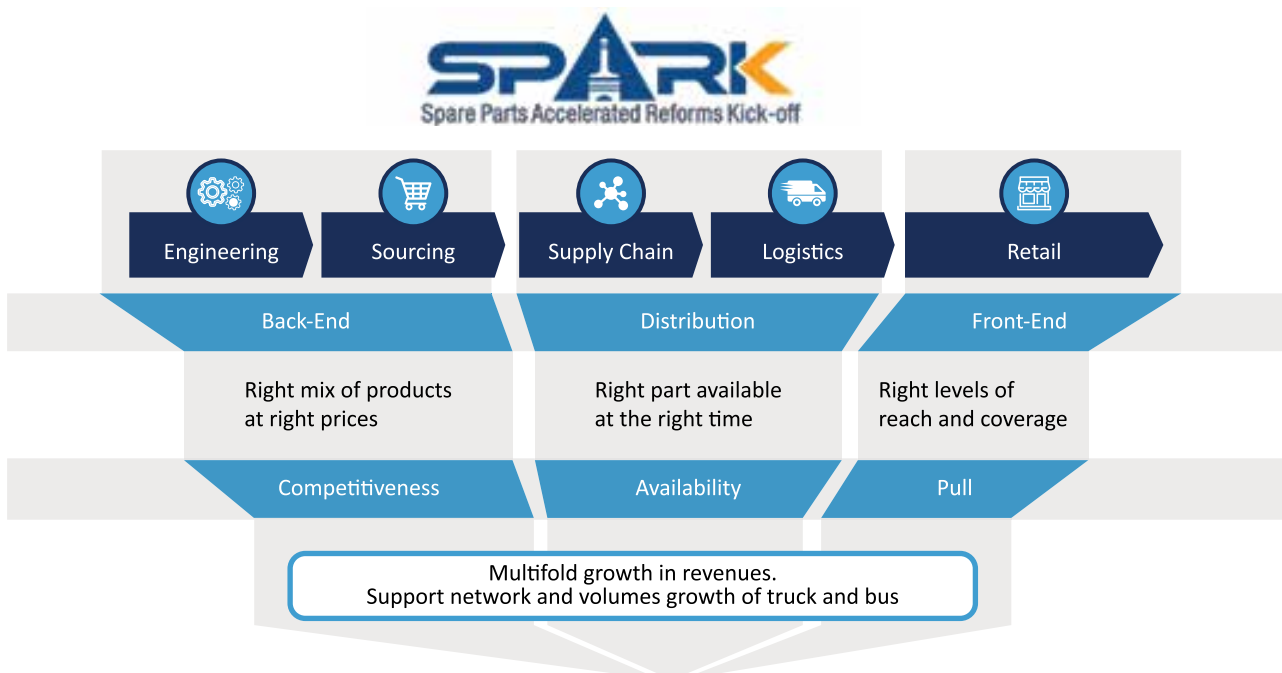
right parts at the front-end plays a major role in complementing our truck and bus business volumes. These parts are ready-to-fit and economised for the long term. We also make a wide range of repair kits available to our customers.

We have refined warehouses at Alwar and Hosur to support the sale of parts and through our spare parts business, we are able to support 7.38 lakh vehicles across the globe.

The initiatives we have under spare parts are SPARK, MITR, PRISM parts and DigiParts .

SPARK

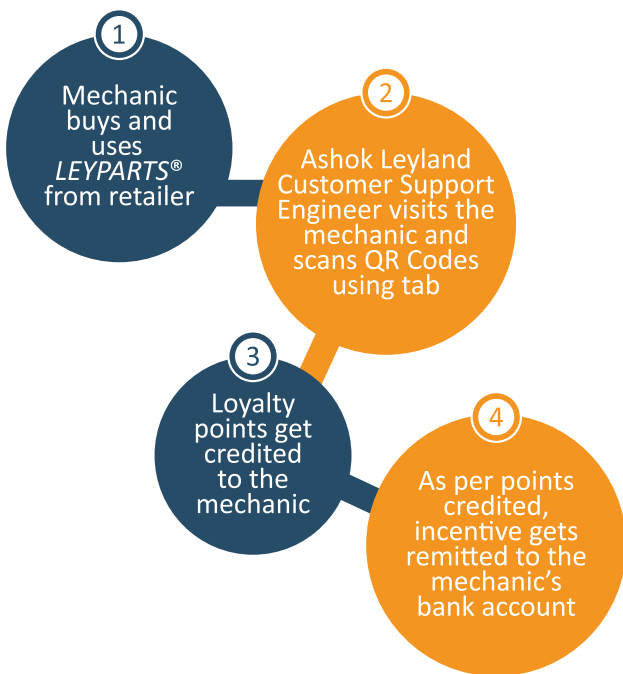
To reduce risks due to cyclical nature of vehicles business, it is necessary to increase our acyclical businesses such as spare parts multifold. SPARK initiative was started with this very idea i.e. to increase the spare parts business multifold in the coming 5 years. SPARK focused on interventions at various elements of



the value chain to ensure pull generation, increased availability and competitiveness in the market. SPARK focused on bringing in product group focus by forming product triads consisting of representatives from sourcing, engineering and spare parts departments.

Mutual Improvement through Relationships (MITR)

A multilevel loyalty program with a registered base of over 20,000 mechanics, MITR encourages and incentivises them to use original and genuine spare parts for repair and replacement, in a tamper-proof, hi-tech turn, QR code based redemption. Patrons of the scheme can redeem points as cash or gifts. Moreover, benefits like training, children’s scholarships and family health insurance ensure that the mechanic’s are advantaged from the association with Ashok Leyland.



PRISM Parts

“PRISM parts” is a framework we designed to put processes in place at dealer’s end to boost secondary retail sales. It covers a customer database management, weekly beat plans and manpower planning. It also features a branch dashboard with issues highlighted in the daily call reports in the dashboard. These reports are reviewed on a daily basis and feedback is provided. As part of this programme, a market assessment is also done by market mapping, database review and network assessment.

Digi parts

Digi parts, the online digital parts tool, assists the dealer parts executives and customer supports executives for all market

related activities. Apart from online sales, coupon redemption, beat plan and daily call report, Digi parts is now enriched with retailer report card, new mechanic enrollment facility, update KYC documents and many more tools that helps the users to interact with customers in a more productive way.

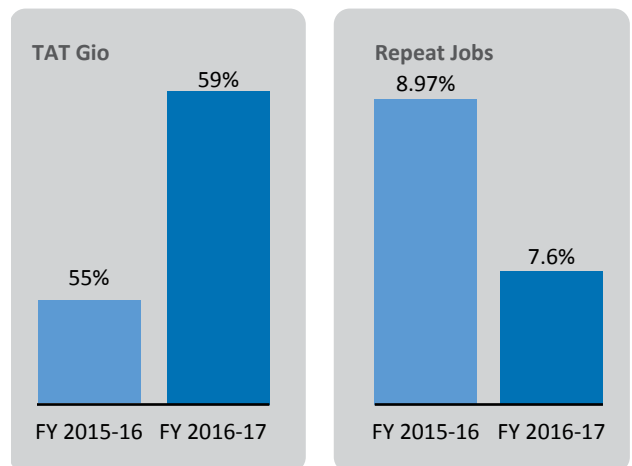
Service support solutions

We provide reliable service support to our customers through our authorised network at site service, through mobile workshops, genuine spare parts and our skilled mechanics. Through life-cycle approach, we provide support for improving reliability, customer support for vehicle up-time and end route support and channel support for process and viability.



1. PRISM Service

PRISM helps offering uniform experience for the customers across the country in our authorised network. This PRISM process has made significant changes over the past few years and provides clarity to all the stakeholders in workshops and helps improving all the service deliveries. Upfront diagnosis by technical advisors has improved identification of vehicle issues, and helped provide an accurate cost and time estimate to customers. Through telemarketing initiatives, leading to increased customer footfalls into workshops and augmented customer profitability, we have also institutionalised service marketing.



PRISM service has facilitated us to meet the top customer requirement from a workshop like faster Turn Around Time (TAT) of the vehicle, improved quality of attention and accurate cost and time estimates. PRISM has also increased the adherence to processes at front office, inside workplace and post service to in turn provide better service experience to customers.

PRISM processes enable us to interact regularly with our stakeholders regarding each service delivery, identifying the root cause for the discrepancy and take corrective action. In FY 2016-17, we reported a 4% increase over 2015-16 in TAT GIGO Adherence and about 0.8% drop in repeat complaints reported across the nation.

The TAT performance and the quality of attention (first time right or less repeat) has improved significantly as shown in the graph below



2. EasE-Pay

“EasE-Pay” is our online payment gateway to provide facility for customers to pay their service bills online from anywhere in the world.

This was intended to minimise driver to carry cash and electronically settle for any en-route service support that may be required. This also decreases the vehicle wait time at our workshops post the service with EasE-Pay, the customer can connect digitally to settle the payment.

3. At-site support

Need for at-site service support is increasing, particularly from the customers who operate vehicles in remote locations like mines, construction areas and from big fleet owners. Providing at-site support improves the vehicle uptime and cost of transportation. The at-site attention is provided through mobile service vans, Workshop On Wheels (WOW), by positioning container workshops in remote locations and through quick service bikes.

Workshop On Wheels (WOW)

WOW is a service offering that ensures customised doorstep service and ensures higher uptime. Every WOW vehicle is equipped with requisite tools, equipments, spare parts, lube, and 2-3 trained mechanics. Customers can opt for periodic maintenance services, breakdown assistance services and special repair services. The initiative has enabled us to reach



remote areas where service facility is limited.



Service at Site to Satisfy You (SASSY)

SASSY is a fully loaded container workshop that can be set up with minimal support infrastructure in a very short lead time, creating 1 to 2 bay service capacity. The container is manned with 2-3 trained mechanics and provides service to our customers in remote locations.

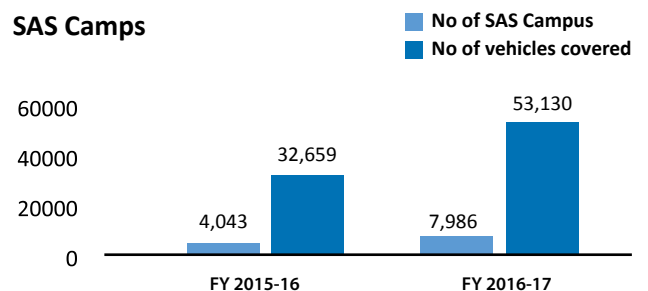
Service at Site (SAS) van

The concept of SAS van was developed with an aim to achieve customer satisfaction and thereby enhance our brand equity and future business. Our SAS van is equipped to provide following services:

- All periodic maintenance services (oil/coolant/filter replacement)
- Replacement of wear and tear parts like brake pad, brake lining
- Checking and replacement of belts, tyre rotation, control cables
- Brake bleeding
- Battery checkup
- Minor repairs
- Extended Warranty familiarisation

The LCV dealers adopt a ‘fixed day fixed location’ concept for SAS activities based on the available units in operation in respective villages and consistently conduct the services on same dates. Under this service, we conducted 7,986 camps covering 53,130 vehicles.

SAS Camps





4. Pit Stop Service

Our pit stop servicing has redefined our service support and led to deep rooted customer engagement. It is one of our primary differentiator in sales which puts entry barrier for competition and exit barrier for customer. This service is supported by a 24x7 support through skilled manpower and telematics enabled fleet management system. We have a setup of 60+ pit stops comprising Mother Pit Stop (dedicated bay, exclusive spares and float stocks, customised preventive and scheduled maintenance) and Transit Pit Stop (every 250 km en-route with skilled manpower, parts and a dedicated mobile service unit with driver) for dedicated service support to key fleet owners.

This service was initiated on Delhi-Mumbai Highway, and is now scaled up to all the highways in the country. A fleet of 2,000 vehicles is serviced through this model in the last 2 years.

5. Service products

Annual Maintenance Contract (AMC) – ‘Vishvas’ is a vehicle care solution for customers and enables customers to escape from all the maintenance work and focus on their core business.

We have two types of AMC support corridor, AMC where vehicles visit our authorised workshop for service, and At-Site AMC which provides door step services to our customers.

Extended Warranty Package (EWP) – Provides comfort to the customer even beyond the standard warranty period regarding repair of any major aggregate in the vehicle. The extended warranty period is applicable for the entire driveline and available with options of 3, 4 or 5 years.

6. Samriddhi

At Ashok Leyland, we envision exciting possibilities of growth by enlisting all stakeholders in a shared vision. Technicians form an integral part of the value chain. Their hard work and enthusiasm have consistently contributed to the growth of our organisation, ensuring an increasing number of happy and satisfied customers every year.



The brand “Samriddhi” resonates with AL brand value “Aapki Jeet. Humari Jeet”. Samriddhi is a Sanskrit word meaning prosperity. The prosperity or goodness of technicians will bring prosperity to dealers & to Ashok Leyland and vice versa.

Samriddhi is an incentive program for our Dealer Technicians to recognise and reward their commitment towards excellence and to encourage them for skill enhancement. This program being the first of its kind, in the industry has an objective to address the major concern of high attrition among technicians and to improve their commitment levels to the job.

7. i-ALERT

i-Alert is a pioneering product that helps in round-the-clock monitoring of vehicles, using real-time data analytics. It provides information on vehicle performance, predicts service requirements, helps in planning maintenance schedules for quick and efficient service at service centers, and ensures faster turnarounds, thus helping vehicles stay on-road longer.

It offers numerous benefits to our customers such as vehicle movement tracking, vehicle health status, geo fencing, route deviation, fuel level



management, stolen vehicle recovery, diagnostic alerts and reports, service reminders, driver monitoring and driving distance and time.

8. Lead initiatives in Service

Data mining and leveraging the data for improving the efficiency and effectiveness of all the service deliveries are done in a routine manner through LEAD programme.

1. Early warning system to spot product issue trends early and to provide a platform for stakeholders to conduct deeper investigations on the identified issue.
2. Service calling tool, the current focus of which is to make 'schedule maintenance' calling more effective by augmenting service revenue with priority customer calling and increase customer satisfaction by increasing customer connects.

Service revenue, service potential estimation, AMC pricing, service 360, war room tracker and dashboard, vehicle parc tagging etc. are other aftermarket initiatives of the LEAD programme.

Other than the above initiatives, we have formed a centralised Key Account Management Cell (KAM Cell) which contacts the National KAM customer's site in-charges to help assist in day to day services & resolving maintenance issues for complete at-site support for service and spares and for special attention in network. We also have a dedicated complaint management system "Leyland Direct", our 24x7 call centre that responds to external queries. In addition to this, we have an e-mail id reachus@ashokleyland.com which is monitored by corporate communication team to enable our customers to reach us via. e-mails.

Network Development

In facilitating our dealers to deliver high level of customer satisfaction, consistently, network development assists us in attaining a global reach for our sales, services and aftermarket support. Under this, we have various initiatives like customer satisfaction surveys, dealer profitability, balance scorecard and MaxIT.



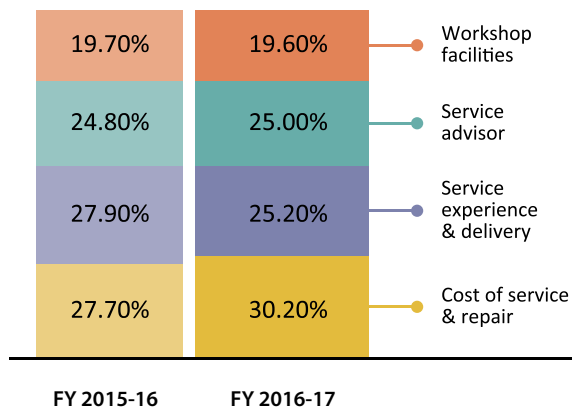
1. Customer Satisfaction Survey

Our M&HCV sales & service customer satisfaction study is a bi-annual customer satisfaction research programme for both sales and service, covering customers of LCV and M&HCV range of vehicles. We have been conducting the study since 2010.

The study comprises a service satisfaction and a sales satisfaction study. The studies are conducted by a third party. The data collection is done using Computer Assisted Telephonic Interview (CATI) based on the customer database provided by Ashok Leyland. Customers are contacted for the study through a close ended 15-20 minute questionnaire.

For FY 2016-17, Q1 & Q3 were the two quarters covered in the programme. Respondents from Q1 and Q3 were combined to form a total sample of 5,209 for Sales Satisfaction Study analysis. For service, the combined respondents for H1 and H2 were 5,292 for the year 2016-17.

M&HCV Service Satisfaction Study



Results of the study show that overall sales satisfaction index has improved to 794 in FY 2016-17, up from 791 in FY 2015-16. All regions recorded improvements. An index score of above 800 is the target that drives positive advocacy in terms of both recommendation and re-service. Hence, we have set a target to increase the index from 794 in FY 2016-17 to 850 in FY 2017-18. Similarly, overall service satisfaction index has improved to 699 in FY 2016-17, up from 673 in FY 2015-16. All regions showed improvements. We have set a target to increase the index from 699 in FY 2016-17 to 750 in FY 2017-18.

2. Dealer Profitability

To augment dealer profitability, we have several network initiatives here at Ashok Leyland. The Ashok Leyland LEAD programme features dealer financial dashboards to recognise opportunities and drive operational improvements for the



dealer and increase drive service absorption ratio. A dealer financials tunable profit and loss (P&L) is used to define the dealer Memorandum of Agreement (MoA) such that the dealer earns a reasonable return. This helps us understand the optimal levels of retention and set incentives for the dealer.

The dealer financials exercise features comprehensive dealer reviews with senior leadership at dealerships on sales, service, parts and financial performance. We also identify dealers to “support” in line with the “AAP KI JEET HAMARI JEET” philosophy as part of our best Practices and Action Plan “IDEATE”.

“Winning thru Skill Enhancement” of the PRISM programme is our initiative that is aimed at upgrading the dealer sales team’s selling approach & capabilities to help them deal with evolving market landscape & competitive intensity. The objectives of the programme are to drive Dealer Sales Executives (DSEs) for solution selling and customer life time value, building competencies to adapt to the changing selling model and enhancing sales process implementation. The programme has led to a positive impact on core sales metrics in terms of increased DSE productivity, sales process implementation and hence profitability.

Clearly articulated processes & tools in place have led to bettered alignment and understanding of training needs, mechanisms to track & measure effectiveness and continuous PDCA and an overall increased motivation/ engagement of the sales force.

Our service training programme, where we develop eLearning modules that act as an interactive diagnostic tool for technical advisors, is another network initiative. We also conduct a Dealer Financial Analysis which gives a unique insight into the financial performance of dealers in an outlet.

Balance scorecard Model was developed as part of PRISM to measure and reward the compliance to PRISM processes that would impact the Dealer Financials directly.

3. MaxIT

MaxIT, a sales configurator tool, was developed to assist Dealer Sales Executives (DSE) to suggest the right vehicle for right application. It helps customers to configure their own vehicle with the various options which we provide in our products.

The configurator was designed based on below sections,

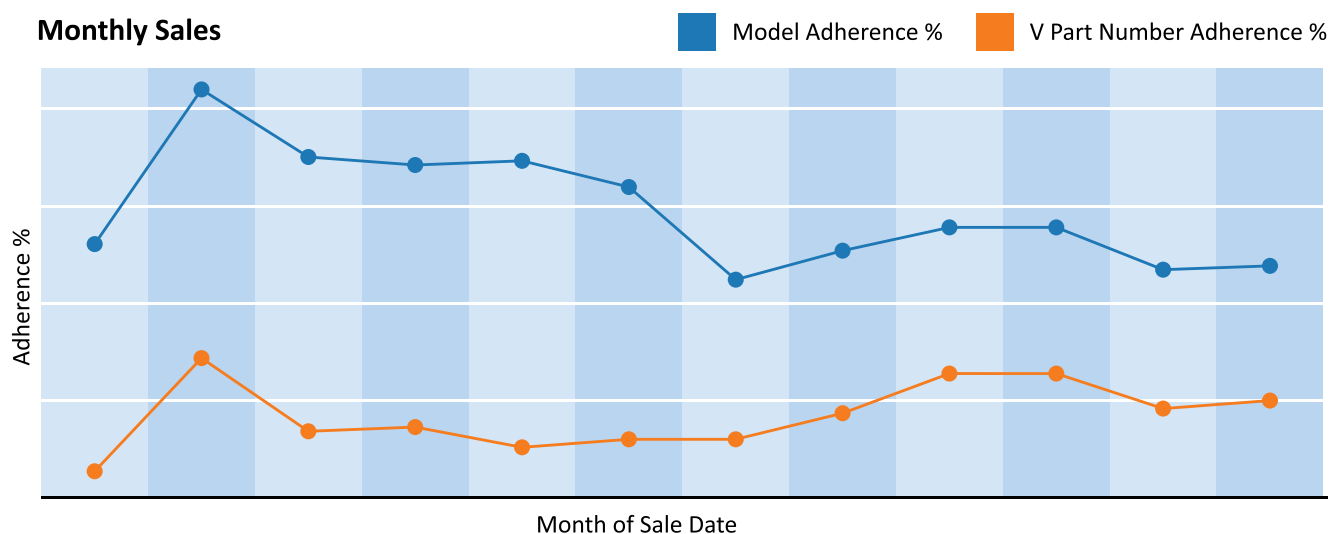
- Choose the model
- Select the fully built options
- Selection of service products
- Pricing and Availability
- Selection of Financial Assistance
- Order Placement and tracking

The dealer sales executives are to select the application and few business inputs like payload and loading pattern for trucks, and number of seats and fuel type for bus. Based on the business inputs, the configurator will suggest the vehicle models and provides fully built options based on customer requirements.

For the selected model, the customer is taken through service products like Annual Maintenance Contract (AMC), Extended Warranty package (EWP) and Insurance options. The customer can then choose the service products suitable for the application and know the price immediately.

MAXIT allows us to measure the sales process adherence (sales quality), thereby improving vehicle sales planning, forecasting and operations planning.

Monthly Sales



Training

We provide various training to enhance skills of drivers, dealers and mechanics who impact customer satisfaction and dealer profitability. We have various types of training programmes- Service Training, Driver Training, Sales Training and Knowledge on Wheels (KNOW).

1. Service Training

Our Service training programme is aimed at training the manpower working with our channel partners as per their roles and responsibilities to offer continual improvement in skills for higher productivity, retention and motivation. We have fully equipped training centres at Alwar, Chennai, Bhubaneswar, Nagpur, Nasik, Ludhiana, Namakkal and Pantnagar that offer regular programmes on product familiarisation, overhaul, trouble shooting and maintenance for our entire product range for both dealer and customer.

Service training is provided to all dealerships during new product and technology launch and in case of frequent complaints.

2. Sales training

We provide sales training to dealer sales executives to enhance their knowledge and skills, thus improving productivity. We offer structured sales training programmes, competency framework and assessment for Dealer Sales Executives (DSEs) that define knowledge and skill sets to help dealers to excel in their roles.

3. Driver training

We recognise that adequate training and certification should be imparted to drivers to ensure compliance with regulations and their on road safety and efficiency. Efficient driving can result in 5% or more fuel saving and reduce operating costs by 3%.

We offer driver training to fleet owners, their drivers, individual drivers cum owners who appreciate that professionally trained drivers can make a significant difference to their businesses and drivers in the unorganised sector. Thus far, over 8,00,000 drivers have been benefitted from these programs.

We have nine well-established Driver Training Institutes (DTI) in India in the following locations:

- Namakkal, Tamil Nadu
- Burari, Delhi
- Chhindwara, Madhya Pradesh
- Kaithal, Haryana



- Chhatia, Odisha
- Railmagra, Rajasthan
- Dharwad, Karnataka
- Yelahanka, Karnataka
- Vadodara, Gujarat

4. Knowledge on Wheels (KNOW)

The objective of our Knowledge on Wheels (KNOW) programme is to take the knowledge and skills to the doorstep of all users and service providers of Ashok Leyland products including customers, channel partners, MMGs, local mechanics and technicians. The program focuses on product familiarisation, maintenance, trouble shooting, minor repairs and diagnostics with state of the art tools and equipment.



Currently the programme reach is pan-India with 16 KNOWs positioned, one at each of our regional offices.

They travel with a set itinerary, monthly plan and provide training on the spot with a calendar for coverage of the identified target audience. Each KNOW vehicle is assigned with a dedicated expert trainer to deliver training as per the standard operating procedure. This is achieved through experienced trainers/instructors, who ensure effective knowledge and skills transfer. Since the introduction of the first KNOW vehicle in July 2016, over 7,700 personnel have been trained on BS IV module as of 31st March 2017.

The number of KNOWs will be further scaled up from the present 16 to 65 vehicles in FY 17-18 for a wider coverage of new product training to be provided to channel partners, customers and local mechanics. KNOWs will also be provided to international operations in the countries of Bangladesh, Nepal, Ivory Coast, Dubai, Saudi and Kenya progressively to cater to the need of overseas customers.

Training Initiatives







WORKFORCE MANAGEMENT



WORKFORCE MANAGEMENT

Our success depends greatly on the skills, knowledge, experience and commitment of our employees and we lay great emphasis on ensuring employee satisfaction and overall well-being. For our organisation to be as efficient as possible, effective staffing, forecasting the hiring requirements, retaining workforce and ensuring their work-life balance is indispensable. Hence, as a large organisation, workforce management is a material aspect for Ashok Leyland. Our efforts are directed towards hiring and retaining the best talent in the industry by providing them with an environment that supports their personal and professional prosperity. Our HR vision is “To build and sustain an agile, enabled, and empowered workforce with a global outlook, thereby leading AL from Good to Great”. We continue to update our strategies in alignment with our vision and undertake several initiatives for talent acquisition and management. We periodically review our existing systems and look forward to modification for improvement.

One of our key initiatives involves collaboration with institutes for building long-term relations through identification of campus ambassadors. In order to motivate our management staff to perform at their full potential, we initiated the Emerging Leaders Program in 2008 which was revamped last year and our first batch graduated in March 2016. We have implemented SAP SF for talent management which has enhanced cost effectiveness.



Integrated HR systems, our talent management process functions through the Hays Job Evaluation metric for evaluation at all senior levels. In order to promote innovation amongst employees, we have launched an initiative named IGNITE an innovation platform to unleash the innovative thinking abilities of employees. The Chairman's award is an initiative undertaken to encourage healthy competition among our individual employees and teams to bring out the best in themselves. An organisation-wide employee engagement survey "Expressions '16" has been initiated to gauge the engagement of our employees.

The various initiatives for talent acquisition and management have been linked to our strategy. The initiatives are aimed at the entire life-cycle of the employees. We have a psychometric tool developed to improve our capability to hire specialists and premium talent; Pre-employment medical and background checks to ensure a hassle free pre-employment experience and the building of a desirable workforce; employee referral aimed at strengthening our internal channel of sourcing and enhancing the pride associated with being an employee of Ashok Leyland.

The number of permanent employees on the payroll of the company for the year 2016-17 is 10,222⁴. We strictly comply by the strict statutory and regulatory norms in payment of wages and benefits as per State Government at all entry levels. Our entry level wages are fixed as per the minimum wages fixed by the State Government. We also adhere to the labour laws regarding collective bargaining fixed by the Government of India. In FY 2016-17, 51.21 % employees were covered under the collective bargaining process. We follow a mandated procedure as per the Industrial Disputes Act of 21 days of notice period regarding any operational change.

Workforce Breakup at Ashok Leyland

Employees by category	As on 31st March 2017		
	Male	Female	Total
Senior Management	113	1	114
Middle Management	1,527	34	1,561
Junior Management	3,212	155	3,367
Total	4,852	190	5,042

Employees by age-group	As on 31st March 2017		
	Male	Female	Total
< 30	1,223	100	1,323
30 to 50	3,071	76	3,147
>50	558	14	572
Total	4,852	190	5,042

⁴ Excludes Hinduja Foundries Limited

New Hires at Ashok Leyland

New hires	As on 31st March 2017		
	Male	Female	Total
Senior Management	12	0	12
Middle Management	104	4	108
Junior Management	413	19	432
Total	529	23	552

New hires by age-group	As on 31st March 2017		
	Male	Female	Total
< 30	178	15	193
30 to 50	341	8	349
>50	10	0	10
Total	529	23	552

Attrition at Ashok Leyland

Attrition	As on 31st March 2017		
	Male	Female	Total
Senior Management	19	2	21
Middle Management	72	4	76
Junior Management	211	22	233
Total	302	28	330

New hires by age-group	As on 31st March 2017		
	Male	Female	Total
< 30	106	15	121
30 to 50	140	11	151
>50	56	2	58
Total	302	28	330

Benefits Provided to Employees

We are determined to offer our employees with benefits and opportunities that contribute to their overall well-being. We provide our full-time employees with benefits such as maternity leave annual bonus, performance based reward, health care, life insurance, retirement provision and disability and invalidity coverage.

Human Rights

Our business approach is based on respect for human rights and we ensure that human rights clauses such as collective bargaining, equal opportunities and prohibition of child and forced labour are practised and included in all our contract and investment documents. We have a recognised union in all our manufacturing plants except at Pantnagar and the unions



are headed by a President who are top notch Union leaders in the society. We follow a democratic set up where employees have freedom to express their opinions and we emphasis on participative management. Many of the productivity improvements and welfare initiatives are driven by committees anchored by associates. Bilateral settlements are signed between the management and union every three years which covers the work conditions of the associates. We have been managing a harmonious IR climate for many years in the past except for some minor skirmishes where union follows a democratic way of showing their displeasure. (eg. Hunger strike which happened at Hosur recently and it was done by associates outside their work hours). There have been no cases of discrimination and human right breaches filed during the reporting period.

Employee Well Being

MBA Summer Internship

This program has been initiated to explore an effective low cost channel for resources and potential recruits for special projects while encouraging experiential learning among the youth. MBA interns from reputed business schools are hired and are expected to bring in new thoughts and ideas. They complete short term projects that create an effective impact on business as a part of the summer internship as per the MBA curriculum. The number of MBA internships and allocation of resources is proposed by the talent acquisition team and number of internships are approved by VP-HR post annual business needs review. There is an eligibility criteria laid down in the MBA summer internship policy for application as an intern. The interns are deployed for a period of 3 months and job descriptions are floated, post which applicants are shortlisted and interviewed. A stipend and certificate are provided to the interns on completion of the internship. The effectiveness of the internship is evaluated by the head of department and a panelist representing HR. Based on the candidates' performance, a decision on the pre-placement offer is made.

Enhancing the onboarding experience of new joiners:

This year we undertook a survey to improve the onboarding experience of new joiners. We realised that the incoming high potential talent has a tendency to get disengaged due to a lack of a defined process for onboarding. When a new employee enters a company with little or no experience, it greatly impacts both the business and the employee themselves. Since we invest greatly in hiring, we acknowledge the need to support new joiners with a formal onboarding process. Post the survey, actions were defined and implemented to enhance the process and we observed a significant improvement in the responses of new joiners. The respondents of this survey were employees who have completed a tenure of less than 6 months.

Post the survey, for each phase, processes that were challenging for new joiners were identified as "pain points" and subsequent action steps were developed and implemented. The newly implemented action steps were then checked for effectiveness through periodic surveys and significant improvements were observed in the responses received from new-joiners.

Expressions '16:

Our Employee Engagement Survey provides an insight into employee perspective and expectations. This year, we invited our employees to participate in the survey and following were the results of the survey:

1. Overall employee engagement is at 56% and is comparable to that of the industry

Strengths:

2. High pride of association with a brand like Ashok Leyland, best in the market, in terms of products, quality and customer satisfaction
3. Customer requirements are understood and incorporated in the products delivered
4. Periodic communication from top to bottom provides clarity regarding the future and growth

Areas of improvement:

5. Recognition to be given to the right people irrespective of work level
6. Team work and inter departmental collaboration needs to improve

Recognitions

You Made My Day – YMMD

The YMMD program has been initiated to foster a culture of genuine respect and appreciation for each other's efforts among employees. Through this program we aspire to enable and inculcate spontaneous collaboration at work driven by trust and respect. We aim to bring alive the tagline "Aapki Jeet Hamari Jeet" by acknowledging the spirit for camaraderie.

In the near future we wish to publicly recognise and applaud employees receiving maximum appreciation-celebrating positive



behavior, those who appreciate others – celebrate spirit of collaboration and extend the initiative to stakeholders other than employees, celebrating the spirit of “Aapki Jeet, Hamari Jeet”.

Diversity and equal opportunity

We are an equal opportunity employer and we do not discriminate on the basis of cast, creed, gender or ethnicity. We maintain a remuneration ratio 1:1 for males and females. The remuneration for any employee is strictly based on merit and is governed by the pay scale of that particular grade. Our diversity and inclusion framework aims at:

- Increasing women’s participation in the workforce
- Making the work environment more conducive for collaboration and diverse ways of working
- Creating a framework for encouraging and capturing voice towards better engagement

Currently, women constitute 5% of our employees. We have undertaken several initiatives to enhance diversity in our workforce. Our maternity policy offers 24 week maternity leave and this was implemented prior to the mandate under the Maternity Benefit (amendment) act 2017. We also promote a paternity leave of one week and in the last 2 quarters, approximately 50 employees have availed it. We are also in the process of developing a crèche for children of parents working in Guindy and Tech Centre that shall have the capacity to hold about 52 children.

‘Shristi’ is our internal women’s network formed in 2016. 190 employees are covered under this network. It consists of a governing body of 8 members. Shristi operates on 3 pillars of career development, engagement and inclusive policy.

In order to promote fair representation of women in leadership roles, we have launched a Women Leader Program. This aims at grooming women for various senior leadership roles and build the Leadership succession pipeline.

Initiatives for Talent Management, Career Development and Performance Enhancement

Chairman’s Award

This is the highest form of recognition bestowed on individuals and teams that have significantly contributed towards the strategy implementation at Ashok Leyland. It has been designed to honor the individuals/ teams that have performed exceedingly well and set examples for others to follow. These awards recognise initiatives that could be in the areas of identifying new sources of value creation or enhancing performance of existing drivers in the areas of new or enhanced products, services, processes, innovations, etc. The awards are further categorised as Hinduja Excellence Award (HEA) and Ashok Leyland Excellence Award (ALEA).



Hinduja Excellence Awards (HEA) are awarded to recognise teams/ individuals whose contribution significantly impacts the organisational strategy, at the level of overall business. A maximum of three awards can be given out under this category. ALEA are awarded to recognise exceptional achievements by teams/ individuals which have enhanced or significantly impacted the key value drivers of the organisation in terms of quality, people, brand, innovation and efficiency, demonstrating role model quality management systems, people leadership, creation of a distinctive brand identity, out of the box thinking and significant saving of resources.

These awards are applicable to all executives on the permanent roll of Ashok Leyland and its subsidiaries across the world. This could be individuals or teams that have worked on such critical initiatives.

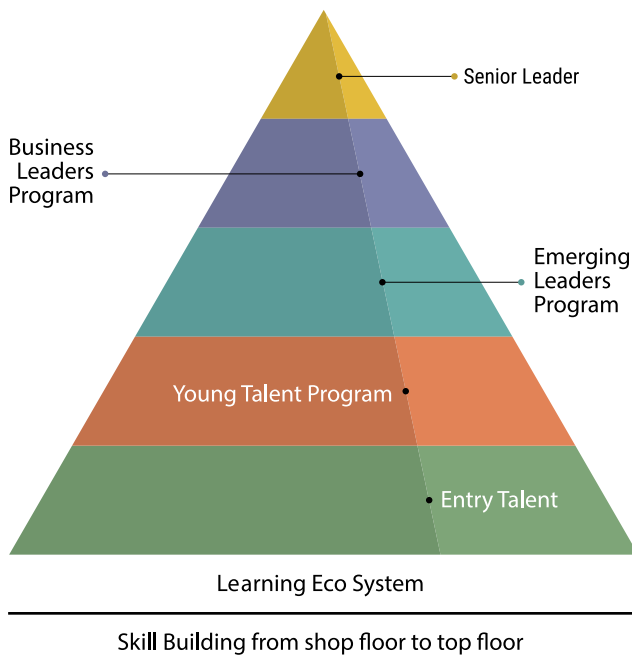
Leadership Pyramid

We have created leadership capability pipeline for our senior leaders who are agile, enabled and empowered with a global outlook. With this we identify the talent readiness among the leaders through annual succession planning and their talent reviews.

Emerging Leaders’ Programme

This programme was initiated in the year 2008 and was revamped in 2016 to compliment the changing business needs. It has been designed to generate a talent pool and a pipeline that would enable us to deploy human resource seamlessly and effectively





expected to chalk out an Individual Development Plan (IDP) by accessing inputs from the assessment center and mentors.

On successful completion and certification as an emerging leader, the participants are provided with:

- A merit increment on Cost to Company (CTC)
- An enhanced role in the organisation based on business needs and aspirations and
- A 3-year career roadmap which is identified and documented in the IDP, agreed by relevant divisions and monitored by the respective HR business partners and business heads

Young Talent Program

Our Young Talent Program (YTP) focuses to engage, leverage and proper our young stars towards functional/ project excellence. YTP will be run as an intensive 1 year program involving individual development planning, action planning and stretch projects, a management development program from a leading institute and various performance and competency enhancing inputs at critical inflection points. The selected candidates will go through 1 – year long interventions to enhance their leadership potential and to contribute to functional/ project excellence in the current area of work.

in critical positions at middle and senior management levels. The aim of this program is to identify high potential employees with consistently high performance and empower them with a platform and an opportunity of accelerated and holistic learning to be groomed into leaders.

It is a 12 months program in which selected employees are provided with an opportunity to undergo a General Management Program (GMP) and learning in soft skills through a reputed B-school. One senior leader of Ashok Leyland is assigned as a mentor to each participant to enable effective completion of the program. The participants receive an opportunity of completing one large cross-sectional, business critical project and are

Graduate Engineer Trainee (GET)

Graduate Engineers are hired from reputed institutes across the country after a rigorous selection process. After a year's multifunctional training at our management development centre and operating divisions, they are absorbed into several roles across verticals and horizontals like Manufacturing, Operations, Quality, Service, Analytics and Product Development.

Diploma Engineer Trainee (DET)

DET's are meant to be the front line supervisory resources for the manufacturing, service, product development and quality functions.

Training Data in Man-hours					
Locations	FY 2016-17				
	Junior Management	Middle Management	Senior Management	Male	Female
Hosur 1	1,262	4,271	624	6,085	72
Hosur 2	5,428	0	7,028	23,712	0
Ennore	4,440	3,224	80	19,630	192
Bhandara	1,256	1,725	99	3,094	13
Alwar	866	21	91	877	101
Pantnagar	4,170	5,423	2,324	60,182	5,884
VVC	19,220	24,622	68	41,718	2,192



Diploma engineers are hired from reputed colleges. After going through a structured holistic development Program, they are absorbed into various domains and verticals across the organisation.

Training

Continuous development of our employees is crucial to retaining our workforce. We constantly strive to cover all our employees under training programmes to provide all possible support to enhance their talents and skills and enhance employee interaction and cohesion. Training is provided to employees at all the levels in our organisation, from leadership to junior management.

Ignite

We believe that a motivated workforce is capable of transforming business through innovation and we are geared towards tapping and channelising the latent talent within them. Ignite is one such program undertaken at all our locations to trigger, enable and spark innovation among our employees and encourage them to come up with breakthrough ideas that could benefit our business. It was initiated in November 2015 and covers all our employees.

This program provides the employees with an opportunity to publish or present their idea at major forums that are open to

any or all team members. Based on the uniqueness of the idea, the teams or individuals involved can acquire assistance to register for a patent. If the idea involves a product innovation, the branding/ naming of the product would be done after the project leader and the project leader would receive an opportunity to participate as a delegate in one relevant national or international symposium of his/ her choice. Through this program, we have observed an increase in submission of breakthrough ideas from employees.

The ideas showcased on this platform promote innovation and pioneering solutions, resulting in

- Sustained increase in revenues,
- Sustained increase in profitability
- Recurring cost savings

We have received 71 ideas so far, out of which 22 proposals were shortlisted and the employees who had submitted then were asked to present a detailed case study. 9 proposals were further shortlisted for presenting the ideas as a business case for a further feasibility study.

The Blessing Scheme (Pantnagar)

In line with ALP vision of “Creating Employability”, BLESSING SCHEME (Ashirwaad Yojana) has been started in collaboration with Govt. of Uttarakhand and Training Partner NTTF. The objective of this scheme is to create more employable talent in Uttarakhand state. Our target for FY 2016-17 is to make 450 young persons of this region employable. Following are the features of this schemes:

- Selection and recruitment of rural unprivileged area students (Minimum 15% female employee)
- Practical oriented 4 years diploma course module with NTTF
- World Class training facilities like CNC training, auto cad, metrology lab etc
- Exposure to world class manufacturing facilities.
- Considerable investment on training



Through practical oriented course, students shall gain expertise. We have already achieved employment ratio of 22% of girl employees in plants against our set target of 15%. On completion of this training, students get employed at Ashok Leyland and in other industries.

Performance Development

We endeavor to provide feedback to all our employees on their performance. Among our entire employee population, all eligible employees undergo a formal performance review process. This year we observed concerted efforts towards cascading of goals and 4,780 of our executive population received annual appraisal this year.



People Management Capability Development Program

This program was conducted to build capacities of managers to:

- Enhance the art of giving quality and constructive feedback
- Drive high performance
- Create an enabling, engaging and collaborative atmosphere

Employee Grievance Mechanism

People Red Book

“People Red Book” refers to our process of gathering grievances reported by employees (this includes workers, staff, supervisors as well as managers) regarding administration. A policy has been formulated taking the following in to consideration:

- Employees are treated fairly at all times
- Complaints raised by employees are dealt with courtesy and on time
- Employees are fully informed of avenues to escalate their complaints/ grievance within the Organisation and alternative remedy if they are not fully satisfied with the response to their complaints
- All complaints are dealt efficiently and fairly

Every HR/ ER/ Admin department or process as it may be called, appoints a people red book administrator. Administrator ensures the proper maintenance of the red book as well as is responsible for entering the complaints/ needs of employees those does not have red book access (in case of units only). Administrator coordinates with the leadership team on one hand and with the action takers and red book coordinators on the other hand. As per the classification of grievance/ need, the person responsible primarily resolves the grievance/ need. This will be according to directions provided by the department head/ process leader. If the grievance is work related, the person assigned should take it up with the concerned officer/ supervisor, and follow up until correction is complete. In the reporting year, we have not received any employee related grievances.

POSH

This is a platform for raising work place harassment issues, awareness of Prevention of Sexual Harassment Act (POSH) in employees and adherence to compliance. It consists of the members of ICC (Internal Compliance Committee) and HR Representative. The objective of this platform is to ensure a harassment free workplace for all employees of Ashok Leyland. We had one incident of sexual harassment during the reporting period and it was resolved in the same year.





OCCUPATIONAL HEALTH AND SAFETY



OCCUPATIONAL HEALTH AND SAFETY

We are committed to safeguard the health, safety and welfare of all employees, contractors and visitors. In this regard, we are continuously enhancing our culture of safety and maintaining the health and physical well-being of employees. We have a health and safety policy which covers all the manufacturing, R&D, warehouse, distribution centers and office buildings across all our plants. Our health and safety policy is applicable throughout the company and we are constantly looking for ways to strengthen implementation of our safety related initiatives across all our manufacturing facilities.

Our approach to safety is two-fold, we have site-level programs and management systems. We integrate health and safety in our

operations such that, the risks of injury or ill-health are being reduced with interactive programs that we undertake and the safety communications we circulate. Our occupational safety program takes an account of all measures for the prevention of work accidents, work-related illnesses, and occupational diseases. The safety program consists of accident investigation, emergency response, ergonomics, hazard identification and risk assessment health and wellness, lock-out-tag-out, and continual workplace inspections. Some of the processes included in our management systems are chemical management, confined space management, and health and safety management.

The management and administration of our health and safety objectives is entrusted with the respective site level safety committees. The composition of the safety committee has been designed to ensure equal representation of both employees and management. The committee conducts monthly town halls aiming to discuss any concerns, observations, results of audits and also reviews and highlight our safety strategy. Some of the best practices our committees adhere to are transparent communication on incidents, accidents and their reporting, documenting the discussions and circulating key developments on safety improvements at the plant level, and regularly conducting training on the application of safety principles and management of safety risks.



During the year, we have taken special initiatives towards the promotion of occupational health, safety and wellbeing of our employees and communities where we operate, some of them are as follows:

- Circulation of flyers and notices on health and safety topics such as prevention of industrial accidents, wellness and mental healthcare.
- Conducting refresher training on basic first aid training and the awareness and appropriate usage of Personal Protective Equipment (PPE). Additional training conducted include driver safety for personnel involved in the operation of powered equipment, safe lifting practices, fire and electrical safety, accident response, spill response and training on machine specific safeguards.
- In order to make our employees active members in implementing workplace safety we frequently conduct toolbox talks, discussion on shop floor safe working practices, conduct fire safety demonstrations and regular mock drills, reporting unsafe acts and reduction of work place stress



During the reporting year, our Frequency Severity Index decreased by 8.7% in comparison to the FY 2015-16 values.

Our Safety Performance

For permanent employees

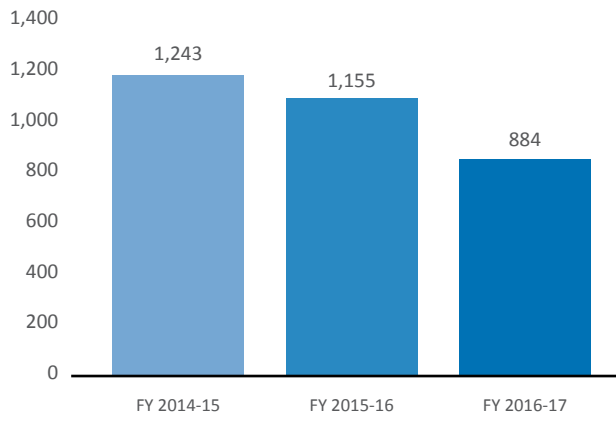
Year	FY 2014-15		FY 2015-16		FY 2016-17	
	Male	Female	Male	Female	Male	Female
First aid incidents	1229	14	1141	14	881	3
Lost time case (R+NR)	107	0	98	0	70	0
Injury rate	0.01	0.03	0.01	0.02	0.01	0.00
Fatality	0	0	1	0	0	0
Lost day rate	0.002	0	0.07	0	0.003	0
Man-days lost	200	0	6377	0	291	0

For contract employees

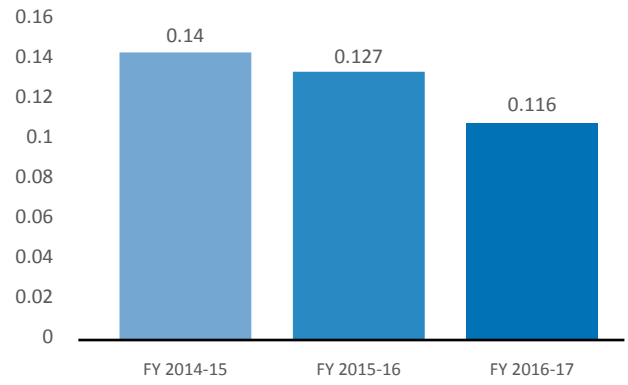
Year	FY 2014-15		FY 2015-16		FY 2016-17	
	Male	Female	Male	Female	Male	Female
First aid incidents	99	0	107	0	86	0
Lost time case (R+NR)	4	0	8	0	5	0
Injury rate	0.003	0	0.006	0	0.005	0
Fatality	0	0	0	0	0	0
Lost day rate	0	0	0.002	0	0.001	0
Man-days lost	6	0	35.5	0	26	0



Number of first aid incidents for permanent employees



Frequency Severity Index





INCLUSIVE GROWTH AND COMMUNITY DEVELOPMENT



INCLUSIVE GROWTH AND COMMUNITY DEVELOPMENT

We strive to be a trusted corporate citizen and we hope to fulfil our responsibilities to the societies and communities in which we operate. We believe community development is about community building and upliftment across the various socio-economic groups. We consider it as our moral responsibility to make a positive contribution to the development of communities and regions where we operate.

Our efforts towards overall community development focus on the following areas, namely, basic education, and education



for the girl child, health and hygiene awareness in line with government initiatives such as Swachh Bharat, road safety measures and environment-related issues. We have identified these areas based on the needs of our communities through regular interactions and our affiliations with NGO's. We believe in supporting the social environment such that inclusive growth and corresponding community development achieve the ultimate goal of social prosperity. We are in compliance with the CSR spending of 2% as mandated by the Companies Act.

Apart from the programs grouped in the above areas, we also undertake various other projects on a need basis. In this view, we conduct various programmes with innovative solutions to address socio-economic community issues. In order to leverage our social responsibility initiatives we have tried to increase our community volunteering in this reporting year. Furthermore, as agents of positive societal change, we are committed to achieve a wider outreach of our practices that are, both, good for inclusion and business.

Education

Education systems play an important role in reform as it is fundamental to a nation's growth and development. We are of the belief that education prepares children for better future prospects and enables them to participate actively in citizenship.



Road to school

One of our most widespread programmes is the Road to School programme. Currently we have a total of 15,155 students enrolled under the programme. The objective of this programme is to improve the access to quality education while simultaneously providing necessary support for skill development, training and health of students. We have implemented this programme across six blocks surrounding our plants in Chennai, Hosur; Puzhal, Minjur, Anchetty, Shoolagiri, Natrampalayam and Thaggatty. We continue to maintain our successful partnership with Learning Links Foundation (LLF) to conduct various academic, co-curricular and extra-curricular activities.



Through our initiatives we have focused on improving the learning in the following subject areas viz. Tamil, English, Math, Social Studies and Science. In order to ensure our impacts are measurable, we conducted baseline tests for all the students enrolled in the programme.



We focus on providing holistic education to students by engaging in fun ways of learning. We believe that holistic education provides well-balanced paths for children to be prepared to face challenges along with continuous academic progress. We organise sport activities and competitions, science fairs, arts and crafts, rhymes recitation, storytelling, spelling bee, poster making, math competitions and motivational talks for the children in an effort to imbibe the culture of all-round learning. We also conduct remedial support classes for differently abled students to ensure their learning levels are continuously improving. We also give them practical training to visit Banks, Post Offices, Govt Hospitals etc.

We also ensure that the impacts of our programme are constantly improving by scheduling management review visits by senior officials to the schools. The officials interact with the children on various topics and cross check their learning levels, in addition to end-line assessments at the end of academic year.



Following are the highlights of the key outcomes of the initiative:

- In the Phase-2 of the first year of the project implementation learning improvement increases of 29% in Natrampalayam, 34% in Thaggatty, 40% in Minjur and 35% in Puzhal, 17% Anchetty and 14.5% Shoolagiri cluster were observed in comparison to the baseline assessments conducted in July, 2016.
- A reading skill improvement of 67% in Minjur and 59% in Puzhal was observed.
- Sixty-seven children in Hosur and thirty-five children in Chennai, who had previously dropped out from school, were brought back to attend routine classes.



We initiated several initiatives across various schools to fix and newly construct additional facilities to help upgrade the current infrastructure across the schools. Some of our efforts in this regard include rebuilding damaged roofs, laying down water pipelines, construction of bore wells, structural modifications such as partition boards to enable better access for students, lighting and repairs of critical hygiene elements such as washrooms. Additionally, we also provided some schools with public address systems, music systems, water purifiers etc.

Further, in order to provide rich learning experiences, 4 School Buses were commissioned for the Road To School project, to benefit 108 schools to plan and execute learning excursions and mobile library initiatives.

In addition to the above facilities we also undertook medical check-ups all the students from 108 villages and wellness sessions for students and community. Some of the highlights of the wellness programme have been listed below:

- Health check-ups were conducted for 6,215 children in Chennai and 7,500 children in Hosur which were recorded in health cards.
- Apart from providing health services we also sensitised the children and the community about health issues in collaboration with the Ennore Medical Team and District Child Protection Officer. The awareness sessions were conducted on the following topics; personal hygiene, benefits of drinking good water, menstrual hygiene, good touch / bad touch and dental care.
- A surgery was facilitated for a student with a back tumour. Additionally, in specific cases ENT treatments, neurology treatment, dermatology treatments, cardiac check-ups, surgeries for tonsillitis, cataract were conducted.
- Dental camps and dental treatment benefited 805 students from the block areas surrounding our Chennai and Hosur plants.
- We also provided first aid kits to 36 schools, prescription glasses to students on a need basis and distributed 172 water purifiers in 71 schools.

Driver Care

We at Ashok Leyland, believe in providing access to quality education and a myriad of opportunities to students. We have implemented a scholarship programme called 'All the Best' in association with the TVS dealer in Tamil Nadu. The objective of the programme is to encourage the drivers' children to pursue education. With our help, a total of 175 students were awarded

scholarships to enable uninterrupted continuation of their education until graduation in the reporting year.

Recently, we inducted the first batch of 135 youth who successfully completed the 4-year diploma in Manufacturing Engineering Program. Our Pantnagar plant has demonstrated the effectiveness of this scheme by involving solely the students trained as a part of this program to work on the assembly line operations.



Infrastructure

Community Development Scheme

With a vision to improve the quality of life, we have undertaken a number of developmental initiatives around our manufacturing sites that provide consistent support to educational, medical and charitable organisations. These initiatives, under the Community Development Scheme, include construction and repair of public buildings, drilling public bore wells, erecting bus shelters, putting up streetlights around its manufacturing facilities and providing community television sets.

Empowering Women

Empowering women through skills and smart economics is vital to end poverty and boost shared prosperity. We are continuously working to promote skill training among women



through our CSR intervention. The initiative is implemented in association with two NGOs: Seva Rural Development Society (SRDS) and Marialaya. SRDS and Marialaya provide tailoring and embroidery courses for six and three month's durations which help women to earn their livelihood. We ensure smooth functioning of the project and support NGOs in the implementation by facilitating the payment of the rent of the machines, maintenance charges and salary for teaching staff.

Health

We provide awareness on diseases like HIV/AIDS, tuberculosis, sexually transmitted infection and cancer via our project Arogya Health Centre. We have received appreciation, awards from Aardhana social welfare. We are carrying out the activities in association with Hosur Jaycees charitable trust, a local NGO. In the reporting year, we conducted 29 medical camps in villages to screen patients for various diseases.



HIV Awareness and Nutrition Programme

Arogya Health Centre sponsored nutrition to HIV positive children under the age of 15 years. We recognise the challenges faced by people living with HIV/AIDS. Maintaining proper nutrition is vital to improve the immune systems and

help manage HIV symptoms and complications. We provide nutrition such as grains, pulses, ground nuts, jiggery and dates to children.

We also conduct HIV/AIDS awareness programmes to sensitise the community to prevent the spread of the disease and to empower people living with the disease to live with dignity. During the reporting year, 28,652 people attended our awareness programme.

We also supported the World Aids Day programme in association with the Government and various NGO's. We conducted a rally and organised a speech to help dispel the myths associated with the disease, counter ignorance, fear, stigma and discrimination of people with HIV with the help of our field officer.

Road Safety Awareness

We conducted road safety awareness campaigns at three locations around the Alwar plant at Govt. ITI Rajgarh, Govt. Primary School Deran Ka Baas and Ashok Leyland circle. As a part of this campaign we engaged persons in road safety pledges, distributed informative pamphlets on the dangers of traffic and safe practices. We also presented safety awareness videos to inform participants of the safe behavior and choices in relation to road safety.





ASSURANCE STATEMENT



INDEPENDENT ASSURANCE STATEMENT

Scope and Approach

DNV GL Business Assurance India Private Limited ('DNV GL') has been commissioned by Ashok Leyland Limited ('Ashok Leyland' or 'the Company') to undertake an independent Limited level of assurance of the Company's Sustainability Report 2016-17 in its printed format (the 'Report') for the Financial year ended 31st March' 2017 based on International Standard on Assurance Engagements 3000 (ISAE 3000) Revised*. The management of Company is responsible for all information provided in the Report as well as the processes for collecting, analyzing and reporting the information presented in the printed report. The intended users of this assurance statement are the management of the Company. Our assurance engagement was planned and carried out from May to July' 2017.

We performed our work using DNV GL's assurance methodology VeriSustain^{TM1}, which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements 3000 (ISAE 3000) Revised and the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines.

The sustainability performance disclosure in scope was the verification of the qualitative and quantitative information on sustainability performance disclosed in the Report covering Economic, Environmental and Social performance of the activities undertaken by the Company over the Reporting period 1st April' 2016 to 31st March' 2017 and based on the Global Reporting Initiative G4 Sustainability Reporting Guidelines (GRI G4) for 'In accordance' – Core option of reporting. We evaluated the sustainability performance disclosures including reported data using GRI G4 principles on defining report content and the reliability principle together with the Company's data protocols on how the data are measured, recorded and reported to arrive at the conclusion.

We understand that the reported financial data and information including CSR expenditure are based on Company's Annual Report and Accounts dated 31st March' 2017, which are subject to a separate independent audit process. The review of accuracy financial data taken from the Annual Report and Accounts is not within the scope of our work.

We planned and performed our work to obtain the evidence that we considered necessary to provide a basis for our assurance opinion. We are providing a 'limited level' of assurance and no external stakeholders were interviewed as part of this assurance engagement. A 'high level' of assurance would have required additional work at Group and site level to gain further evidence to support the basis of our assurance opinion.

Responsibilities of the Directors of Company and of the Assurance Providers

The Directors of Ashok Leyland Limited have sole responsibility for the preparation of the Report. In performing our assurance work, our responsibility is to the management of the Company; however, our statement represents our independent opinion and is intended to inform stakeholders of the Company. DNV GL was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. This is the first year that we have provided assurance of the Report.

¹ The verisustain protocol is available on www.dnvgl.com

* Assurance Engagements other than Audits and Reviews of Historical Financial Information

DNV GL's assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Basis of Our Opinion

A multi-disciplinary team of sustainability and assurance specialists performed work at Corporate office at Chennai and sample sites. We undertook the following activities:

- Review of the current sustainability issues that could affect the Company and are of interest to identified stakeholders;
- Review of management approach to stakeholder engagement and recent outputs although we have no direct engagement with stakeholders;
- Review of information provided to us by management team on its reporting and management processes relating to the GRI G4 content Principles;
- Interviews with selected Directors and senior managers responsible for management of sustainability issues and review of selected evidence to support issues discussed. We were free to choose interviewees and interviewed those with overall responsibility for the programmes to deliver the Group Sustainability Objectives for medium and long term vision.
- Site visits were conducted at manufacturing locations at Hosur -2 (including visit to social project), Ennore and Research and Development Centre at Vellivoyalchavadi at Chennai, Tamil Nadu to review process and systems for preparing site level sustainability data and implementation of sustainability strategy. We were free to choose the sites we visited and they were selected on the basis of their materiality to the group for sustainability impacts;
- Offsite review of supporting evidence for key claims and data in the Report. Our verification processes were prioritised according to materiality and we based our prioritisation on the materiality of issues at a consolidated Corporate level;
- Review of the processes for gathering and consolidating the specified performance data and, for a sample, checking the data consolidation; and
- An independent assessment of reporting against the Global Reporting Initiative (GRI) G4 Guidelines, 'In accordance' – Core option of reporting.

During the assurance process, we did not come across limitations to the scope of the agreed assurance engagement except that the verification was limited to data and information disclosed for the reporting year 2016-17.

Opinion

On the basis of the work undertaken, nothing came to our attention to suggest that the Report together with referenced information does not properly describe adherence to GRI G4 Reporting requirements i.e. Content Principles, General Standard Disclosure and Specific Standard Disclosures as below:

- General Standard Disclosures:** The Report together with references to Annual Report describes Company's responses to General Standard Disclosures.
- Specific Standard Disclosures:** The Report describes the generic disclosures on Management Approach (DMA) and Performance Indicators for identified material Aspects as below:

Economic

- Economic Performance – G4-EC1;
- Procurement practices - G4-EC9;

Environmental

- Material - G4-EN1;
- Energy – G4-EN3,5,6;
- Water – G4-EN8,10;
- Emissions – G4-EN15,16,19,21;
- Effluents and Waste – G4-EN22,23;
- Compliance – G4-EN29;

Social**Labour Practices and Decent Work**

- Employment – G4-LA1;
- Labour Management Relations – G4-LA4;
- Occupational Health and Safety – G4-LA6;
- Training and Education – G4-LA9;
- Labour Practices Grievance Mechanisms – G4-LA16;

Human Rights

- Non-discrimination – G4-HR3;
- Freedom of Association and Collective Bargaining – G4-HR4;
- Child Labour – G4-HR5;
- Forced and Compulsory labour – G4-HR6;

Society

- Local Communities –G4-SO1;
- Compliance – G4-SO8;

Product Responsibility

- Customer Health and Safety – G4-PR1;
- Product and Service Labelling – G4-PR5;
- Customer Privacy – G4-PR8;
- Compliance – G4-PR9.

Observations

Without affecting our assurance opinion, we also provide the following observations. We have evaluated the Report's adherence to the following principles on a scale of 'Good', 'Acceptable' and 'Needs Improvement':

Stakeholder Inclusiveness:

The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability.

The stakeholder engagement process is well established to identify sustainability challenges and concerns of diverse stakeholder groups and the Report brings out key concerns of diverse stakeholders. The stakeholder concerns are well identified documented and reported. In our opinion, the level at which the Report adheres to this principle is **'Good'**.

Materiality

The process of determining the issues that are most relevant to an organization and its stakeholders

The materiality determination process was based on inputs from key stakeholders including employees, customers, suppliers, governments, regulatory bodies, media and senior management of the Company. The output of process clearly brings out material issues in internal and external context. In our opinion, the level at which the Report adheres to this principle is **'Good'**.

Responsiveness

The extent to which an organization responds to stakeholder issues.

The Report has fairly brought out key responses to the identified materiality aspects i.e. the Report focusses its disclosures on key material aspects at macro level and has not missed out responses to identified material aspects, however the Report needs to further strengthen the disclosure of management approach especially the Disclosure on evaluation of management approach (DMA-c) and identified material aspects in supply chain. The Company is in the process of developing systems for reporting on supply chain. In our opinion, the level at which the Report adheres to this principle is **'Acceptable'**.

Reliability

The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.

The Company has established manual spreadsheet-based system for capturing the sustainability performance data from primary sources for monitoring environmental, labour and social performance at the three sites visited by us. During our verification, we observed some of the data inaccuracies at the sites visited by us; these were found to be attributable to transcription and aggregation errors. These errors have been communicated for correction and corrected for sample sites visited. In our opinion, the level at which the Report adheres to this principle is **'Acceptable'**.

Completeness

How much of all the information that has been identified as material to the organisation and its stakeholders is reported.

The Report has fairly attempted to disclose the General and Specific Standard disclosures including the disclosure on management approach and performance indicators for identified material aspects for GRI G4 – 'In accordance' – Core option of reporting for the chosen reporting boundary and the reporting of performance and data for some of the sustainability performance indicators is limited to the reporting year. In our opinion, the level at which the Report adheres to this principle is **'Acceptable'**.

Neutrality

The extent to which a report provides a balanced account of an organization’s performance, delivered in a neutral tone.

The disclosures related to sustainability issues and performances are generally reported in a neutral tone, in terms of content and presentation, however the Report could further bring out responses related to the challenges faced during the reporting period at various locations of operations in terms of location specific material aspects, sustainability goals and targets in objective manner. In our opinion, the level at which the Report adheres to this principle is ‘**Acceptable**’.

Opportunities for Improvement

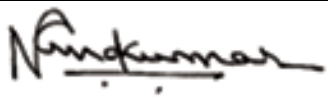

The following is an excerpt from the observations and opportunities for improvement reported to the management of the Company and are not considered for drawing our conclusions on the Report; however, they are generally consistent with the management’s objectives:

- The Report needs to explicitly bring out strategic priorities under strategy and analysis, and report short, medium and long term sustainability goals and targets for identified material Aspects and disclose the same in its future reports;
- Reporting boundary needs to include all entities included in the organization’s consolidated financial statement;
- A systematic process of internal audit of data management systems may be established to further strengthen the reliability of reported sustainability performance;
- A comprehensive supply chain risk assessment covering the value chain partners will help in evolving appropriate sustainability strategies to manage risks.

DNV GL’s Competence and Independence

DNV GL is a global provider of sustainability services, with qualified environmental and social assurance specialists working in over 100 countries. DNV GL states its independence and impartiality with regard to this assurance engagement. We were not involved in the preparation of any statements or data included in the Report, with the exception of this Assurance Statement. We maintain complete impartiality toward any people interviewed.

For and on behalf of DNV GL Business Assurance India Private Limited

	
Vadakepatth Nandkumar Lead Verifier DNV GL – Business Assurance India Private Limited.	Prasun Kundu Assurance Reviewer DNV GL - Business Assurance India Private Limited

Bangalore, India, 08th July’ 2017

DNV GL Business Assurance India Private Limited is part of DNV GL – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. www.dnvgl.com



GLOSSARY

A/C.....	Account	DMA	Disclosure on Management Approach
AIDS.....	Acquired Immune Deficiency Syndrome	DNV GL	Det Norske Veritas (Norway) and Germanischer Lloyd
AL.....	Ashok Leyland	DSE	Dealer Sales Executive
ALCOB.....	Ashok Leyland Corporate Building	DTI	Driver Training Institutes
ALEA	Ashok Leyland Excellence Award	EBITDA.....	Earnings before interest, tax, depreciation and amortisation
AMC.....	Annual Maintenance Contract	ECU	Equivalent Cabin Unit
ASCI	Advertising Standards Council of India	ED	Electro Deposition
ATL.....	Above the line	EGR	Exhaust Gas Recirculation
BRR	Business Responsibility Reporting	ELP	Emerging Leaders Program
BS.....	Bharat Stage	ENT	Ear, Nose, Throat
BSE.....	Bombay Stock Exchange	ER	Employee Relations
BTL.....	Below the line	ETP.....	Effluent Treatment Plant
CATI.....	Computer Assisted Telephone Interview	EV	Electric Vehicles
CEO	Chief Executive Officer	EWP	Extended Warranty Package
CFD	Computational Fluid Dynamics	FDSS.....	Fire Detection and Suppression System
CFM	Cubic Feet per Minute	FES.....	Fire Equipment Services
CNC.....	Computer Numeric Control	FTE.....	Full Time Equipment
CNG	Compressed Natural Gas	FY.....	Financial Year
COSO ERM	Committee of Sponsoring Organisations of the Treadway Commission – Enterprise Risk Management	GAIL.....	Gas (India) Limited
CPPS.....	Cab Press and Panel Shop	GDR	Global Depository Receipt
CSR	Corporate Social Responsibility	GET	Graduate Engineer Trainee
CTC	Cost To Company	GHG	Green House Gases
Cum	Cubic Meter	GIGO.....	Garbage In, Garbage Out
CV	Commercial Vehicle	GJ.....	Giga Joules
DET	Diploma Engineer Trainee	GMP.....	General Management Program
DG.....	Diesel Generator	GRI	Global Reporting Initiative

GVW	Gross Vehicle Weight	NED.....	Non-Executive Director
GWP	Global Warming Potential	NGO	Non-Governmental Organisation
HEA.....	Hinduja Excellence Award	NOx.....	Nitrogen Oxide
HECU.....	Hybrid Equivalent Common Unit	NRI.....	Non-Residential Indian
HIV.....	Human Immunodeficiency Virus	NSE	National Stock Exchange
HoD.....	Head of Department	NTTF	Nettur Technical Training Foundation
HP	Horse Power	NVG-SEE	National Voluntary Guidelines on Social, Environmental and Economic
HPSV.....	High Pressure Sodium Vapour	NVH	Noise Vibration and Harshness
HR.....	Human Resources	OCB.....	Overseas Corporate Bodies
HSD.....	High Speed Deisel	ODS.....	Ozone Depleting Substances
Hz.....	Hertz	OEM.....	Original Equipment Manufacturer
ICC	Internal Compliance Committee	OTL	On the line
ICVs.....	Intermediate Commercial Vehicles	P&L.....	Profit and Loss
IDP	Individual Development Plan	PD	Product Development
iEGR	intelligent Exhaust Gas Recirculation	PDCA.....	Plan, Do, Check, Act
INR.....	Indian Rupees	PM	Particulate Matter
ISAE.....	International Standard on Assurance Engagements	POSH.....	Prevention of Sexual Harassment
ISMS.....	Information Security Management System	PPE.....	Personal Protective Equipment
ISO	International Organisation of Standardisation	PRISM	Practical Improvement in Sales and Marketing
IT.....	Information Technology	PVC	Polyvinyl Chloride
ITI.....	Industrial Training Institute	R&D	Research & Development
IUCN	International Union for Conservation of Nature	RACE	Rapid Average Cost Estimation
KAM.....	Key Account Manager cell	RLNG.....	Regasified Liquid Natural Gas
kg.....	Kilogram	RMC.....	Risk Management Committee
KLD	Kilo Litre per Day	RO	Reverse Osmosis
KLD	Kilo Liters per Day	SAP SF.....	SAP Success Factors
Km	Kilometer	SAS.....	Service At Site
kmpl.....	kilo meter per liter	SASSY	Service At Site to Satisfy You
KNOW.....	Knowledge on Wheels	SCR	Selective Catalytic Reduction
KRA	Key Result Areas	SEBI.....	Securities Exchange Board of India
kW	Kilo Watt	SOx	Sulphur Oxides
kWh	Kilowatt-hour	SPARK	Spare Parts Accelerated Reforms Kick-off
KYC.....	Know Your Customer	SRDS	Seva Rural Development Society
L&D.....	Learning & Development	STP.....	Sewage Treatment Plant
LCV.....	Light Commercial Vehicle	TAT	Turn Around Time
LEAD	Leverage Analytics to drive Decisions	tCO ₂ e	Tonne CO ₂ Equivalent
LED.....	Light Emitting Diode	TDS	Total Dissolved Solids
LLF	Learning Links Foundation	UK	United Kingdom
LPG	Liquefied Petroleum Gas	US	United States
LPM	Liter Per Minute	UTI	Unit Trust of India
LPP.....	Linear Performance Pricing	VFD	Variable Frequency Drive
LSPV.....	Load Sensing Proportional Valve	VOCs.....	Volatile Organic Compounds
M&HCV.....	Medium & Heavy Commercial Vehicle	VP	Vice President
MBA.....	Master of Business Administration	VTS.....	Vehicle Tracking System
MD.....	Managing Director	VVC.....	Vellivoyal Chavadi
MITR	Mutual Improvement Through Relationships	WOW	Workshop On Wheels
MoA.....	Memorandum of Agreement	YMMD	You Made My Day
MoEFCC	Ministry of Environment and Forest & Climate Change	YTP.....	Young Talent Program
MSME	Micro, Small and Medium Enterprises	ZBC	Zero Based Costing
MT	Metric Ton	ZD30	a 3-litre (2953 cc), inline four cylinder, diesel engine that replaced the Nissan QD engine
MWh.....	Megawatt hour	ZLDP.....	Zero Liquid Discharge Plant
NAAQS.....	National Ambient Air Quality Standards		
NABL.....	National Accreditation Board for Testing and Calibration Laboratories		



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G4-4	10, 11	
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G4-13	Since this is our first year of reporting, this is not applicable.	
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G4-23		Since this is our first year of reporting, this is not applicable.
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ENVIRONMENT POLICY

We at Ashok Leyland are committed to protecting the environment and will

-  Fulfill the organization's compliance obligations.
-  Adopt pollution prevention/reduction techniques in design, manufacture of our products and promote end of life disposal considering lifecycle perspective.
-  Conserve all resources such as power, water, oil, gas, compressed air etc., and maximize use of eco- friendly resources for our future design and manufacturing activities.
-  Continuously strive to minimize waste generation by all possible ways and reduce, reuse and recycle the same through a timebound action plan.
-  Provide a clean, safe and healthy work environment by spreading awareness and training.
-  Set and implement objectives and targets for continually addressing the environmental impacts.

Towards fulfilling the above objectives, we propagate, our environmental policy and our commitment to climate change mitigation, to all our stake holders viz., employees, suppliers, customers and our neighbours. We will also strive towards enhancing our environmental sustainability.

Umasid K. Dasari

Managing Director

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