ASHOK LEYLAND

Aapki Jeet. Hamari Jeet.

July 5, 2019

National Stock Exchange of India Limited
Exchange Plaza
C-1, Block G, Bandra Kurla Complex
Bandra (E), Mumbai - 400 051

Through : NEAPS

Symbol : ASHOKLEY

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001

Through: BSE Listing Centre

Scrip Code : 500477

Dear Sirs,

Submission of Annual Report for the year 2018-19

The Annual General Meeting of the Company is scheduled to be held on Wednesday, July 31, 2019 at 2.45 p.m. at Kamaraj Memorial Hall, 498-500, Anna Salai, Teynampet, Chennai - 600 006.

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements), 2015, we submit herewith the following :-

- Annual Report for the year 2018-19 along with AGM Notice
- Admission Slip with Proxy Form

Thanking you,

Yours faithfully,
for Ashok Leyland Limited

N Ramanathan
Company Secretary

Encl : a/a

ASHOK LEYLAND

Aapki Jeet. Hamari Jeet.

FASTER HIGHER GREATER

ANNUAL REPORT 2018 - 19

HINDUJA GROUP

FORWARD-LOOKING STATEMENT

In this Annual Report, we have disclosed forward-looking information to enable investors to fully appreciate our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set our anticipated results based on management plans and assumptions. We have tried, where possible, to identify such statements by using words such as ‘anticipate’, ‘expect’, ‘project’, ‘intend’, ‘plan’, ‘believe’, and words of similar substance in connection with any discussion of future performance.

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

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

CHAIRMAN'S MESSAGE

Dear Shareholder,

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

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

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

CHAIRMAN'S MESSAGE

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

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

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

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

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

CHAIRMAN'S MESSAGE

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

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

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

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

Thank you,

Yours sincerely,

Dheeraj G Hinduja
Chairman

July 1, 2019

CORPORATE INFORMATION

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

CHAIRMAN EMERITUS
R J Shahaney

COMPANY SECRETARY
N Ramanathan

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

STATUTORY AUDITORS
Price Waterhouse & Co Chartered Accountants LLP

COST AUDITORS
Geeyes & Co.

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

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

CORPORATE IDENTITY NUMBER
L34101TN1948PLC000105

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

WEBSITE
www.ashokleyland.com

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

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

A HISTORICAL PERSPECTIVE OF THE COMPANY

₹ in Crores

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Sales Volume						
Vehicles (numbers)	63,926	94,106	101,990	114,611	89,337	104,902
Engines (numbers)	19,050	17,377	16,170	21,757	17,441	14,023
Spare parts and others	885	1,062	1,554	1,815	1,213	1,392
Revenue (Gross sales)	**7,873**	**12,153**	**13,721**	**13,299**	**10,561**	**14,486**
Profit before tax	**545**	**802**	**690**	**471**	**(91)**	**442**
Profit after tax	**424**	**631**	**566**	**434**	**29**	**335**
Assets						
Fixed assets	4,811	4,992	5,462	5,971	5,841	5,376
Non-Current Investments	326	1,230	1,534	2,338	2,405	2,240
Long term loans and advances	201	385	608	499	1,002	983
Other non-current assets	4	3	7	12	33	20
Non-Current Assets	**5,342**	**6,610**	**7,611**	**8,820**	**9,281**	**8,619**
Current Investments	-	-	-	-	384	408
Inventories	1,638	2,209	2,231	1,896	1,189	1,398
Trade Receivables	1,022	1,164	1,231	1,419	1,299	1,243
Cash and Bank balances	519	180	33	14	12	751
Short Term loans and Advances	759	334	727	871	472	564
Other current assets	2	96	83	76	171	328
Current assets	**3,940**	**3,983**	**4,305**	**4,276**	**3,527**	**4,692**
Total	**9,282**	**10,593**	**11,916**	**13,096**	**12,808**	**13,311**
Financed by						
Share capital	133	133	266	266	266	285
Reserves and surplus	3,523	3,830	3,946	4,189	4,182	4,834
Shareholders funds	**3,656**	**3,963**	**4,212**	**4,455**	**4,448**	**5,119**
Long term borrowings	2,118	2,348	2,293	2,738	3,297	2,566
Deferred tax liability - Net	385	444	490	527	407	510
Long-term provisions and Liabilities	114	78	77	80	70	99
Non-current liabilities	**2,617**	**2,870**	**2,860**	**3,345**	**3,774**	**3,175**
Short-term borrowings	-	-	102	767	587	25
Trade payables	2,332	2,309	2,571	2,485	2,214	2,828
Other current liabilities	423	1,034	1,750	1,735	1,697	1,908
Short-term provisions	254	417	421	309	88	256
Current liabilities	**3,009**	**3,760**	**4,844**	**5,296**	**4,586**	**5,017**
Total	**9,282**	**10,593**	**11,916**	**13,096**	**12,808**	**13,311**
Basic Earnings Per Share (₹)	3.18	2.37*	2.13*	1.63*	0.11*	1.20*
Dividend per share (₹) (Face value ₹1/- each)	1.50	2.00	1.00	0.60	-	0.45
Employees (numbers)	13,662	15,812	15,734	14,668	11,552	11,204

*Post Bonus Issue

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

A HISTORICAL PERSPECTIVE OF THE COMPANY

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

₹ in Crores

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

amount is below rounding off norms adopted by the Company.

$ For 2018-19 only

* Post Bonus Issue

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

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

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the seventieth Annual General Meeting of Ashok Leyland Limited will be held on **Wednesday, July 31, 2019 at 2.45 p.m. at Kamaraj Memorial Hall, 498-500, Anna Salai, Teynampet, Chennai - 600 006** to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt:

    a) the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2019, together with the Reports of the Board of Directors and the Auditors thereon; and

    b) the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2019 together with the Report of Auditors thereon.

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

3. To appoint a Director in place of Mr. Dheeraj G Hinduja (DIN: 00133410) who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

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

    "**RESOLVED** that pursuant to the provisions of Sections 149 and 152, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Qualification of Directors) Rules, 2014, and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Dr. Andreas H Biagosch (DIN: 06570499), who was appointed as an Independent Director and who holds office of Independent Director upto July 25, 2019 and being eligible, and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the Board of the Company from July 26, 2019 till July 25, 2024."

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

    "**RESOLVED** that pursuant to the provisions of Sections 149 and 152, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Qualification of Directors) Rules, 2014, and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Jean Brunol (DIN: 03044965), who was appointed as an Independent Director and who holds office of Independent Director upto July 25, 2019 and being eligible, and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the Board of the Company from July 26, 2019 till July 25, 2024."

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

    "**RESOLVED** that pursuant to the provisions of Sections 149 and 152, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Qualification of Directors) Rules, 2014, and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Sanjay K Asher (DIN: 00008221), who was appointed as an Independent Director and who holds office of Independent Director upto July 25, 2019 and being eligible, and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the Board of the Company from July 26, 2019 till July 25, 2024."

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

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

    RESOLVED FURTHER that pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Act including the relevant Rules as applicable and relevant (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V of the Act and Article 142 of the Articles of Association of the Company, approval of the members of the Company be and is hereby accorded to the appointment of Mr. Gopal Mahadevan as Whole-time Director ("WTD") designated as "Whole-time Director and Chief Financial Officer" of the Company for a period of five years from May 24, 2019 to May 23, 2024, on the following terms and conditions:

A. Fixed Compensation

Basic Salary, Perquisites, Allowances, Retiral benefits, etc.: ₹ 34,500,000/- (Rupees Three Crores Forty-Five Lakhs only) per annum with liberty to the Nomination and Remuneration Committee and the Board of Directors to alter and vary the terms and conditions of the fixed compensation in such manner as may be agreed between the Company and the WTD.

The annual increments will be decided and approved by the Nomination and Remuneration Committee and the Board of Directors based on his and the Company's performance.

B. Annual Performance Pay/Commission

In addition, Annual Performance Pay and Commission, shall be based on the Company's performance and contributions made by the WTD, as may be decided by the Nomination and Remuneration Committee and the Board of Directors.

C. Others

a) Perquisites, allowances, insurance, retiral benefits including Gratuity and Provident Fund, etc., shall be as per the Policy of the Company.

b) Club fee as per Company Policy in force, as applicable to the Senior Management personnel of the Company.

c) For the purpose of calculating the perquisites and allowances, these shall be evaluated as per the Income Tax Rules, wherever applicable. In the absence of any such rules, perquisites and allowances shall be evaluated at actual cost incurred by the Company in providing such perquisites and allowances.

d) No sitting fee for meetings of the Board or Committees thereof attended by him during his tenure as WTD.

D. Overall Remuneration

The Board may revise the remuneration payable to WTD, during any financial year, during currency of the tenure of office, in such manner as may be agreed to between the Nomination and Remuneration Committee/Board of Directors and WTD, subject to the condition that the remuneration by way of salary, perquisites, annual performance pay, commission, allowances and other benefits, shall be within the limits permissible under Section 197 of the Act.

E. Minimum Remuneration

In the event of any loss or inadequacy of profits for any financial year, the Nomination and Remuneration Committee/Board of Directors shall approve the remuneration payable to WTD, during such financial year, in such manner as agreed to between the Nomination and Remuneration Committee/Board of Directors and WTD, however, not exceeding the maximum limits specified in this behalf under Schedule V to the Act.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Nomination and Remuneration Committee and/or the Board of Directors be and are hereby authorised to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient, usual and proper in the best interest of the Company."

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

"**RESOLVED** that pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the remuneration payable to Messers Geeyes & Co., Cost Accountants, (Firm Registration No. 000044), appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ended March 31, 2019, amounting to ₹700,000/- (Rupees Seven Lakhs only) plus applicable taxes and reimbursement of out-of-pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified."

By Order of the Board

Chennai
May 24, 2019

N Ramanathan
Company Secretary

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

NOTES:

1. The Dividend of ₹ 3.10/- per share has been recommended by the Board of Directors for the year ended March 31, 2019, subject to approval of shareholders. Dividend, if approved at the Annual General Meeting ("AGM"), shall be paid/credited before August 24, 2019.

2. The Register of Members and the Share Transfer books of the Company will remain closed from Thursday, July 25, 2019 to Wednesday, July 31, 2019 (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 the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Further, a member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as Proxy and such person shall not act as proxy for any other person or shareholder. All alterations made in the Proxy Form should be initialed.

4. Revenue Stamp should be affixed on the Proxy Form. Proxy Forms which are not stamped are liable to be considered invalid. It is advisable that the Proxy holder's signature may also be furnished in the Proxy Form, for identification purposes.

5. Corporate Members/Foreign Portfolio Investors/Foreign Institutional Investors/Financial Institutions intending to send their authorised representatives to attend the AGM are requested to send a duly certified copy of the Board resolution/such other duly authorised documents authorising their representatives to attend and vote at the AGM well in advance.

6. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act"), setting out material facts in respect of businesses under item nos. 4 to 8 of the Notice, is annexed hereto. The relevant details, pursuant to Regulations 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI Listing Regulations") and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of the Directors seeking re-appointment/ appointment at this AGM are also annexed.

7. At the sixty eighth AGM held on July 21, 2017 the members approved appointment of Price Waterhouse & Co Chartered Accountants LLP (FRN 304026E/E300009), Chennai as the Statutory Auditors of the Company to hold office for a period of five years from the conclusion of that AGM till the conclusion of the seventy third AGM, subject to ratification of their appointment by members at every AGM, if so required under the Act. The requirement to place the matter relating to appointment of auditors for ratification by members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the seventieth AGM.

8. 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).

9. 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.

10. Members are requested to note that, dividends if not encashed for a consecutive period of seven years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, members/claimants are requested to claim their dividends from the Company, within the stipulated timeline.
    The members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an application to the IEPF Authority, in Form No. IEPF-5 available on www.iepf.gov.in. The Members/Claimants can file only one consolidated claim in a financial year as per the IEPF Rules. For details, please refer to Corporate Governance Report which is a part of this Annual Report.

11. Pursuant to Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amount lying with companies) Rules, 2012, the information on unclaimed dividend as on the last date of AGM, i.e., July 17, 2018 was filed with the Ministry of Corporate Affairs and hosted on the website of the Company.

12. Electronic mode of the Notice of the seventieth 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 seventieth 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.

13. Members may also note that the Notice of the seventieth AGM and the Annual Report for 2018-19 will be available on the Company's website www.ashokleyland.com and also on the website of the stock exchanges at www.bseindia.com and www.nseindia.com. Physical copies of the aforesaid documents will also be available at the Registered Office of the Company at 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 to the Company's RTA's e-mail id: csdstd@integratedindia.in.

14. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company as permitted under Section 72 of the Act, read with the Rules made thereunder are requested to send the prescribed Form SH-13 to the Corporate/Registered Office of the Company. Any change or cancellation of the nomination

already given is to be given in Form SH-14. Form SH-13 and Form SH-14 are available on the Company's website for download.

15. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, will be available for inspection by the members at the AGM.

16. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, Permanent Account Number, ECS mandates, nominations, power of attorney, bank account details, etc., to their Depository Participant(s) in case the shares are held by them in electronic form and to Integrated Registry Management Services Private Limited, "Kences Towers", 2nd Floor, No. 1, Ramakrishna Street, North Usman Road, T Nagar, Chennai - 600 017 in case the shares are held by them in physical form.

17. 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.

18. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialised form.

19. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the AGM, i.e., Wednesday, July 31, 2019.

20. As part of 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.

21. The Route Map for the venue of the AGM is enclosed.

22. Voting through electronic means:

(i) In compliance with provisions of Section 108 of the Act 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 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 Wednesday, July 24, 2019. The e-voting period commences on Saturday, July 27, 2019 at 9.00 a.m. IST and ends on Tuesday, July 30, 2019 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., Wednesday, July 24, 2019 shall be entitled to avail the facility of remote e-voting. The remote-voting module shall be disabled by NSDL for voting thereafter.

(iv) Process for members opting for remote e-voting:

The instructions for shareholders voting electronically are as under:

Step 1: Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com/

Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below: How to Log-in to NSDL e-Voting website?

(i) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

(ii) Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

(iii) A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL e-services i.e., IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

(iv) Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	**Your User ID is:**
(a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
(b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
(c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example, if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

(v) Your password details are given below:

a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

c) How to retrieve your 'initial password'?

(i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a pdf file. Open the pdf file. The password to open the pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The pdf file contains your 'User ID' and your 'initial password'.

(ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

(vi) If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

(vii) After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

(viii) Now, you will have to click on "Login" button.

(ix) After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

(i) After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.

(ii) After clicking on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

(iii) Select "EVEN" of Company.

(iv) Now you are ready for e-Voting as the Voting page opens.

(v) Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

(vi) Upon confirmation, the message "Vote cast successfully" will be displayed.

(vii) You can also take the printout of the vote cast by you by clicking on the print option on the confirmation page.

(viii) Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

(i) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter, etc. with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer by e-mail to scrutiniserbc@gmail.com with a copy marked to evoting@nsdl.co.in.

(ii) It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

(iii) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in.

23. 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., July 24, 2019. A person, whose name is recorded in the Register of Members or in the Register of beneficial owners maintained by the depositories on the cutoff 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.

24. Members who have already exercised their voting through remote e-voting can attend the AGM, but cannot vote again.

25. Your Company has appointed Messers B Chandra & Associates, Practising Company Secretaries (Firm Reg. No. P2017TN065700), Chennai, as the Scrutinizer to scrutinize the voting at the meeting and the remote e-voting process, in a fair and transparent manner.

26. 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.

27. As per Regulation 44 of the SEBI Listing Regulations, the results of the e-voting are to be submitted to the Stock Exchanges 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.

EXPLANATORY STATEMENT

As required under Section 102 of Companies Act, 2013 ("the Act"), the following explanatory statement sets out all material facts relating to the businesses mentioned under Item Nos. 4 to 8 of the accompanying notice.

Item Nos. 4, 5 and 6

Dr. Andreas H Biagosch (DIN: 06570499), Mr. Jean Brunol (DIN: 03044965) and Mr. Sanjay K Asher (DIN:00008221) were appointed as Independent Directors on the Board of the Company pursuant to the provisions of Section 149 of the Act, read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the erstwhile Clause 49 of the Listing Agreement with the stock exchanges. They hold office as Independent Directors of the Company till July 25, 2019.

The Nomination and Remuneration Committee (NRC) of the Board of Directors, based on the report of performance evaluation of Independent Directors, has recommended the re-appointment of Dr. Andreas H Biagosch, Mr. Jean Brunol and Mr. Sanjay K Asher as Independent Directors for a second term of 5 (five) consecutive years on the Board of the Company from July 26, 2019 upto July 25, 2024.

The Board, based on the performance evaluation of Independent Directors and as per the recommendation of the NRC, considers that, given their background and experience and contributions made by them during their tenure, the continued association of Dr. Andreas H Biagosch, Mr. Jean Brunol and Mr. Sanjay K Asher would be beneficial to the Company and it is desirable to continue to avail their services as Independent Directors. Accordingly, it is proposed to re-appoint Dr. Andreas H Biagosch, Mr. Jean Brunol, and Mr. Sanjay K Asher as Independent Directors of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the Board of the Company.

Section 149 of the Act and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") *inter alia* prescribe that an independent director of a Company shall meet the criteria of independence as provided in Section 149(6) of the Act. Section 149(10) of the Act provides that an independent director shall hold office for a term of up to five consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the Company and disclosure of such appointment in its Board's Report. Section 149(11) provides that an independent director may hold office for up to two consecutive terms.

Dr. Andreas H Biagosch, Mr. Jean Brunol and Mr. Sanjay K Asher are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

The Company has received notices in writing from a member under Section 160 of the Act proposing the candidature of Dr. Andreas H Biagosch, Mr. Jean Brunol and Mr. Sanjay K Asher for the office of Independent Directors of the Company.

The Company has also received declarations from Dr. Andreas H Biagosch, Mr. Jean Brunol, and Mr. Sanjay K Asher that they meet with 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, Dr. Andreas H Biagosch, Mr. Jean Brunol, and Mr. Sanjay K Asher fulfil the conditions for appointment as Independent Directors as specified in the Act and the SEBI Listing Regulations and are independent of the management.

Details of Directors whose re-appointment as Independent Directors is proposed at Item Nos. 4 to 6, are provided in the "Annexure" to the Notice pursuant to the provisions of SEBI Listing Regulations and the Secretarial Standard on General Meetings ("SS-2") issued by the Institute of Company Secretaries of India. Copy of draft letters of appointment of Dr. Andreas H Biagosch, Mr. Jean Brunol, and Mr. Sanjay K Asher setting out the terms and conditions of appointment are available for inspection by the members at the registered office of the Company.

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 the resolutions Nos. 4, 5 and 6 except Dr. Andreas H Biagosch, Mr. Jean Brunol, Mr. Sanjay K Asher and their relatives, respectively.

The Board recommends the Special Resolutions set out at Item Nos. 4, 5 and 6 of the Notice, for approval by the members.

Item No. 7

Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors, at its meeting held on May 24, 2019 appointed Mr. Gopal Mahadevan, ("Mr. Gopal") (DIN: 01746102) as an Additional Director of the Company and also designated him as a Whole-time Director ("WTD") and Chief Financial Officer of the Company for period of five years from May 24, 2019 to May 23, 2024, subject to the approval of the shareholders at this Annual General Meeting.

Keeping in view that Mr. Gopal brings with him a rich and varied experience of over 30 years across Industries, it would be in the interest of the Company to appoint him as WTD of the Company.

Brief profile of Mr. Gopal

Mr. Gopal is a member of the Institute of Chartered Accountants of India and a qualified Company Secretary with over 30 years' experience in Finance function across a spectrum of industries. Mr. Gopal has had extensive experience in manufacturing, internet services, financial services and project companies. During his career, he has also been involved in restructuring and M&A. He has worked with renowned organisations like Thermax Ltd, Amara Raja Batteries Ltd, Sify, Sanmar Group and TTK Pharma Ltd. He is a member of the board of several companies in Ashok Leyland Group of companies. He has received several awards and recognitions. In one of the earlier organisations, Mr. Gopal had also handled HR and Strategy as additional responsibilities. Mr. Gopal joined Ashok Leyland in July 2013, as CFO and has been one of the core team members leading the turnaround and growth of the Company.

Mr. Gopal holds 120,000 by shares in the Company as per the declaration given by him.

The terms contained in the resolutions shall constitute the written memorandum setting out the terms of appointment. The approval of the members is being sought for the appointment of Mr. Gopal as Director and as WTD and the remuneration payable to him for a period of five years from May 24, 2019 to May 23, 2024.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution No. 7 except Mr. Gopal and his relatives.

Item No. 8

Pursuant to the provisions of Section 148 of 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 said Rules, remuneration payable to the cost auditors 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 18, 2018 had considered and approved the appointment of Messers Geeyes & Co., Cost Accountants (Registration No. 00044) as the cost auditors of the Company for the financial year 2018-19 on a remuneration of ₹700,000/- (Rupees Seven Lakhs only) plus applicable Goods and 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, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board recommends the resolution set out at Item No. 8 for the approval/ratification of the members.

By Order of the Board

Chennai
May 24, 2019

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 retiring by Rotation/seeking appointment/re-appointment at the ensuing Annual General Meeting

Name of the Director	**Mr. Dheeraj G Hinduja**	**Dr. Andreas H Biagosch**	**Mr. Jean Brunol**	**Mr. Sanjay K Asher**	**Mr. Gopal Mahadevan**
Date of Birth and Age	July 27, 1971; 47 years	May 22, 1955; 64 years	March 23, 1952; 67 years	November 26, 1963; 55 years	May 20, 1966; 53 Years
Date of Appointment	September 3, 1996	May 10, 2013	October 20, 2010	December 21, 2010	May 24, 2019
Qualifications	BSC, MBA	Mechanical Engineering and Business Administration	Graduate of the Ecole Normale Supérieure de Saint Cloud, holding the highest General Physics' degree in France (Agrégation); State Doctorate in Optics and Image Processing; Master's in Business Administration from Research Center for Executive Managing Director (CRC).	B.Com, LLB, FCA	B.Com, ACA
Expertise in Specific functional areas	Various strategies and leadership level in variety of business functions.	Retired from McKinsey & Company in July 2012 after serving 28 years of service at McKinsey & Company. He was a member of McKinsey's Executive Board for 12 years, serving in different roles such as chairing the Client Committee, chairing the Professional Standards Committee, and leading all of McKinsey's industry practices worldwide. He was also a member of all of the Firm's personnel committees.	Mr. Jean Brunol was a Senior Vice President Business & Operations Strategy, Member of Federal Mogul Strategy Board; Federal Mogul Corporation in charge of worldwide Business and Operations Strategy as well as International Operations. Based in Paris and in Detroit he managed the restructuring of Federal Mogul Operations in Europe, development of the Company in Asia Pacific as well as South America, Mergers and Acquisitions of the corporation and Global advanced Technology reengineering. He was previously Senior Vice President Business Strategy and International Operations at IVECO a leading Commercial Vehicle Manufacturers and based in Italy. Prior to his appointment in the Company, he was the CEO of the World Leader of high technology batteries SAFT.	Practising Advocate since 1989 with M/s Crawford Bayley & Co., which is a leading law firm. He was admitted as a Solicitor in the year 1993 and is presently a Senior Partner of M/s Crawford Bayley & Co. He was an invitee to the Committee formed by the Government of India, Department of Disinvestment for the purposes of standardising the transaction documents in relation to privatisation of the public sector enterprises of the Government of India.	Over 30 years' experience in Finance function across a spectrum of industries. He has had extensive experience in manufacturing, internet services, financial services and project companies. During his career, he has also been involved in restructuring and M&A. He has worked with renowned organisations like Thermax Ltd, Amara Raja Batteries Ltd, Sify, Sanmar Group and TTK Pharma Ltd. He is a member of the board of several companies in Ashok Leyland Group of companies. He has received several awards and recognitions. In one of the earlier organisations, Mr. Gopal had also handled HR and Strategy as additional responsibilities. Mr. Gopal joined Ashok Leyland in July 2013, as CFO and has been one of the core team members leading the turnaround and growth of the Company.

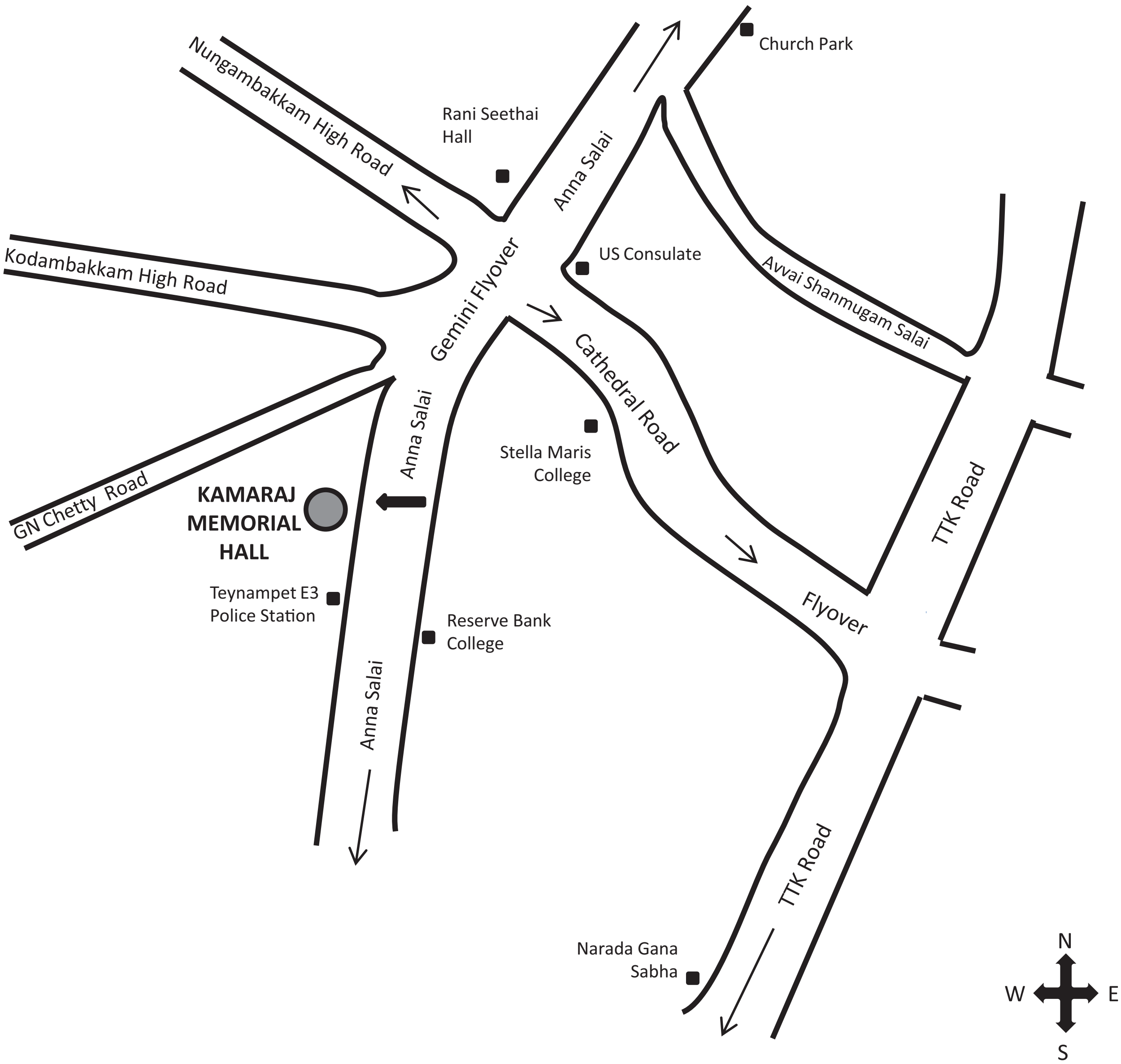
Name of the Director	Mr. Dheeraj G Hinduja	Dr. Andreas H Biagosch	Mr. Jean Brunol	Mr. Sanjay K Asher	Mr. Gopal Mahadevan
Board Membership of other Companies as on March 31, 2019	(i) Hinduja National Power Corporation Ltd, Co-Chairman (ii) Hinduja Leyland Finance Limited* (iii) Hinduja Tech Limited* (iv) Hinduja Automotive Limited, United Kingdom, Co-Chairman	(i) IMPACTING I GmbH & Co. KG, Managing Director (ii) Hinduja Leyland Finance Limited (iii) Aixtron SE (iv) Lurssen MB (v) Wacker Chemie AG (vi) ATHOS Services GmbH	(i) Houghton International Inc. (ii) SHILOH Industries Inc.	(i) Bajaj Allianz General Insurance Co. Ltd (ii) Bajaj Allianz Life Insurance Co. Ltd (iii) Balakrishna Industries Ltd. (iv) Finolex Cables Limited (v) Finolex Industries Limited (vi) Sahyadri Hospitals Limited (vii) Sudarshan Chemical Industries Limited (viii) Tribhovandas Bhimji Zaveri Limited (ix) Arch Protection Chemicals Private Ltd. (x) Auxilo Finserve Private Ltd (xi) Finolex Plasson Industries Private Limited (xii) Kineco Kaman Composites-India Pvt. Ltd. (xiii) Lonza India Private Limited (xiv) NV Advisory Services Private Ltd. (xv) Orbit Electricals Private Ltd. (xvi) Siporex India Private Limited (xvii) SK Restaurants Private Limited	(i) Ashok Leyland Defence Systems Limited* (ii) Global TVS Bus Body Builders Limited* (iii) Hinduja Tech Limited (iv) Hinduja Leyland Finance Limited (v) Hinduja Housing Finance Limited (vi) Ashok Leyland UAE LLC (vii) Optare Plc, UK (viii) Lanka Ashok Leyland Limited
Chairmanship(s)/ Membership(s) of Committees of other Companies as on March 31, 2019	1) Hinduja National Power Corporation Limited (a) Nomination and Remuneration Committee (b) Corporate Social Responsibility Committee 2) Hinduja Tech Limited (a) Nomination and Remuneration Committee 3) Hinduja Leyland Finance Limited (a) Nomination and Remuneration Committee (b) Corporate Social Responsibility Committee*	1) Hinduja Leyland Finance Limited (a) Risk Management Committee (b) Corporate Social Responsibility Committee 2) Aixtron SE (a) Audit Committee	1) Houghton International Inc. (a) Compensation Committee* 2) SHILOH Industries Inc. (a) Audit Committee (b) Compensation Committee (c) Strategy & Technology Committee*	1) Bajaj Allianz General Insurance Co. Ltd (a) Audit Committee (b) Nomination Remuneration Committee 2) Bajaj Allianz Life Insurance Co. Ltd (a) Audit Committee (b) Nomination Remuneration Committee 3) Balakrishna Industries Ltd. (a) Nomination and Remuneration Committee 4) Finolex Industries Limited (a) Nomination Remuneration Committee 5) Sudarshan Chemical Industries Limited (a) Audit Committee (b) Nomination Remuneration Committee (c) Stakeholders' Relationship Committee* 6) Tribhovandas Bhimji Zaveri Limited (a) Nomination Remuneration Committee	1) Lanka Ashok Leyland Limited (a) Audit Committee* (b) Related Party Transactions Review Committee 2) Hinduja Tech Limited (a) Audit Committee (b) Operating Committee 3) Hinduja Leyland Finance Limited (a) Audit Committee (b) Credit Committee (c) Asset Liability Management Committee* (d) Capital Raising Committee 4) Optare PLC (a) Audit Committee 5) Hinduja Housing Finance Limited (a) Nomination and Remuneration Committee (b) Audit Committee (c) Risk Management Committee* 6) Global TVS Bus Body Builders Limited (a) Nomination and Remuneration Committee
Number of Shares held	NIL	NIL	NIL	NIL	120,000

*Chairman of the Board/Committee

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

ROUTE MAP TO THE AGM VENUE

Venue: Kamaraj Memorial Hall, 498-500, Anna Salai, Teynampet, Chennai - 600 006



Landmark: Next to Teynampet E3 Police Station

BOARD'S REPORT

To the Members,

PERFORMANCE/OPERATIONS

Your Directors have pleasure in presenting the seventieth Annual Report of Ashok Leyland Limited ("AL"/"the Company") along with the audited financial statements for the financial year ended March 31, 2019.

FINANCIAL RESULTS

(₹ in Crores)

	Standalone		Consolidated	
	2018-19	2017-18	2018-19	2017-18
Revenue from Operations	29,054.95	26,633.00	33,196.84	29,917.11
Other Income	109.94	196.58	128.06	199.14
Total Income	**29,164.89**	**26,829.58**	**33,324.90**	**30,116.25**
Profit Before tax	**2,496.80**	**2,385.83**	**2,871.66**	**2,564.93**
Less: Tax expenses	513.60	668.10	677.06	751.11
Profit after tax	**1,983.20**	**1,717.73**	**2,194.60**	**1,813.82**
Profit/(Loss) from discontinued operations				
Profit for the period	**1,983.20**	**1,717.73**	**2,194.60**	**1,813.82**
Balance profit from last year	3,728.11	2,594.27	-	-
Transfers:				
- From Debenture Redemption Reserve to Statement of Profit and Loss	37.50	62.50		
Profit available for appropriation	5,748.81	4,374.50		
Appropriation:				
Dividend paid during the year	713.23	456.54		
Corporate Dividend tax thereon	146.61	92.94		
Pursuant to amalgamation	-	(74.72)		
Transition adjustment on account of adoption of IND AS 115	(0.47)	-		
Other Comprehensive Income arising from re-measurement of defined benefit obligation (net of tax)	(42.59)	(22.19)		
Balance of profit carried to Balance sheet	**4,845.91**	**3,728.11**		
Earnings per share (Face value of ₹1/-)				
- Basic and diluted (₹)	6.76/6.76	5.87/5.85	7.08/7.08	6.02/6.00

COMPANY'S PERFORMANCE

The Commercial vehicle market in India posted a growth of 18% YoY in total industry volume (TIV), which was driven by 19% growth in Light Commercial Vehicles (LCV) volume and the 15% growth in Medium and Heavy Commercial Vehicles (M&HCV) despite challenges caused by revision in axle load norms and the NBFC liquidity crisis. CV exports grew by 3% over last year driven by 27% growth in M&HCV Trucks. Other segments showed decline over last year.

Your Company sold 131,936 M&HCVs in the domestic market (16,323 M&HCV Buses and 115,613 M&HCV Trucks), growing by 13.2% over the previous year. LCV continued to register record sales of 54,508 vehicles, with a growth of 26% over the previous year. Your Company sold 12,301 vehicles in the export markets of Middle East, Africa and SAARC region. 21,859 engines were sold in industrial and marine applications registering a growth of 16.6% over last year. Revenues of the Spare Parts business clocked 18.6% growth over last year through improved penetration in multiple product groups, enhanced network reach, specific initiatives in supply chain, packaging and warehouse operations. Your Company introduced the En-Dhan card as part of Customer Solutions Business offering for our customers which has been well received.

New product models 4123, Guru 10T, Boss 1616 sleeper, Partner 17ft, were launched in response to customer demand.

Your Company conducted large scale National and Regional Expos to showcase its wide product portfolio and technological edge. Highlights of performance are discussed in detail in the Management Discussion and Analysis Report attached as **Annexure E** to this Report.

SHARE CAPITAL

During the year under review, the Nomination and Remuneration Committee (NRC), issued and allotted 8,423,175 shares upon exercise of stock options granted under Ashok Leyland Employees Stock Option Plan 2016 by the senior management personnel.

Consequent to the above, the issued and paid up share capital of the Company stands at ₹2,935,527,276/- with the face value of ₹1/- each as on the date of the report.

DIVIDEND

The Dividend Distribution Policy framed in line with Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") is appended to this report and is also uploaded on the Company's website at https://www.ashokleyland.com/documents/1305159/1312436/Dividend_Distribution_Policy.pdf/29ad8580-bd49-125b-68f9-5073ceaf06ae

In line with the policy, your Directors are pleased to recommend a dividend of ₹3.10/- per equity share of ₹1/- each for the financial year ended March 31, 2019. Payment of dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting and would involve a cash outflow of ₹1,097.07 Crores, 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 ₹1,983.20 Crores is proposed to be retained in the profit and loss account.

FINANCE

Long Term Funding:

(a) Secured Non-Convertible Debentures

During the year, your Company fully redeemed Non-Convertible Debentures (NCDs) Series AL 22 of ₹150 Crores on due date. No fresh NCDs were issued during the year. There are no outstanding debentures as on March 31, 2019.

(b) Rupee Term Loans

Your Company repaid secured rupee term loan of ₹68.75 Crores on due dates. No fresh rupee term loans were availed during the year.

(c) External Commercial Borrowings (ECBs)

During the year under review, your Company repaid ECB loan instalments that fell due, equivalent to USD 65.62 millions on the due dates. No fresh ECB loans were availed during the year.

As at March 31, 2019, Long term borrowings stood at ₹533.09 Crores as against ₹1,128.42 Crores on March 31, 2018.

HUMAN RESOURCES

Your Company continued to focus on the three levers of people framework - Culture, Capability and Capacity with focus towards building a high performing, innovative and caring organisation where it is fun to work for the workforce. An organisation wide employee engagement survey - "Expressions" was again conducted this year to assess the effectiveness of engagement actions taken based on feedback from 2016 survey. The overall engagement score increased by around 15% and your Company was in the top quartile amongst the benchmarked organisations in the auto sector.

To imbibe a strong learning culture, your Company successfully launched Ashok Leyland University for various functions based on both the leadership and functional competency framework. Your Company also launched the first ever integrated boot camp for all campus hires that included BE, B.Tech, M.Tech, CA and Post Graduate HR professionals.

Your Company has trained most of the hiring managers on a premium program, "HIRE" (Harnessing Internal Recruitment Expertise) to bring in consistency in selection process using a scientific methodology. Your Company also introduced gamification process in campus hiring which employed behavioral science and neuro cognitive models to map and assess the candidates effectively.

Continuing the trend of investing in building future capabilities, your Company successfully launched signature programs on Project management, SCRUM, Foundry technology and programs on BS VI as these are the technologies going forward. Your Company launched the digital HRM and learning platform of Success Factors which provides the employees with an opportunity to learn anytime - anywhere. Your Company partnered with one of the world's leading online learning platform, Coursera to roll out programs across various discipline. A special 5-minute learning capsule for senior leaders called 5ML was launched to provide constant stimulation to their intellect and to gain perspective on various business challenges.

Your Company got the 'Leapvault CLO award 2018 'for the best blended learning program from Tata Institute of Social Sciences (TISS), 'Tamilnadu Best Employer Brand Award 2018' and awards in 4 different categories in 'Mega Corporate Film Festival Seminar and Awards 2018' instituted by Learning and OD Roundtable.

CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standard of Corporate Governance and adhere to Corporate Governance guidelines, as laid out in 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 Chairman in terms of SEBI Listing Regulations on the compliance declarations received from the Directors and Senior Management personnel.

The Company has obtained a certificate from a practising company secretary confirming compliance, as per SEBI Listing Regulations. The Certificate in this regard is attached as **Annexure D** to this Report.

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

BUSINESS RESPONSIBILITY REPORT

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

CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to Section 129(3) of the Companies Act, 2013 ("Act") and SEBI Listing Regulations the consolidated financial statements prepared in accordance with the Indian Accounting Standards prescribed by the Institute of Chartered Accountants of India, is provided in the Annual Report.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company has 21 Subsidiaries, 5 Associates and 2 Joint ventures as on March 31, 2019. Hinduja Leyland Finance Limited is a material subsidiary of the Company.

During the year under review, the scheme of amalgamation of Ashok Leyland Vehicles Limited, Ashley Powertrain Limited and Ashok Leyland Technologies Limited ("LCV companies") with Ashok Leyland Limited under Sections 230 to 232 of the Act was filed with the Hon'ble National Company Law Tribunal, Chennai

Bench (Hon'ble NCLT). The Hon'ble NCLT vide Order dated December 17, 2018, sanctioned the scheme of amalgamation of LCV companies with Ashok Leyland Limited. The certified copy of the Order of the Hon'ble NCLT dated December 20, 2018 was filed with the Registrar of Companies by LCV companies and Ashok Leyland Limited and the scheme became effective from December 21, 2018, with the Appointed Date being from April 1, 2018.

During the year under review, in pursuance to the approval received from the Ministry of Civil Aviation, the Company has acquired the balance shares from individual shareholders of Ashley Aviation Limited making it a wholly-owned subsidiary (100%) of the Company.

During the year Ashok Leyland John Deere Construction Equipment Company Private Limited (ALJD) reduced its paid-up capital from ₹5,150,363,000 to ₹355,842,460 and returned the money to the shareholders. Further, ALJD has initiated voluntary liquidation process and has appointed a liquidator under Insolvency and Bankruptcy Code, 2016.

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. Vinod K Dasari, Chief Executive Officer and Managing Director and Mr. D J Balaji Rao, Independent Director stepped down from the Board with effect from the close of the business hours on March 31, 2019. Mr. Sudhindhar K Khanna, Independent Director stepped down from the Board with effect from the close of the business hours on April 5, 2019. The Board wishes to place on record its appreciation for the valuable contributions made by them to the Board and the Company.

Dr. Andreas H Biagosch, Mr. Jean Brunol and Mr. Sanjay K Asher were appointed as Independent Directors on the Board of the Company with effect from July 26, 2014 for a period of five years pursuant to the provisions of Section 149 of the Act, read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the erstwhile Clause 49 of the Listing Agreement entered with the stock exchanges. The NRC and Board of Directors, on the basis of the report of performance evaluation of Independent Directors, has recommended re-appointment of Dr. Andreas H Biagosch, Mr. Jean Brunol and Mr. Sanjay K Asher as Independent Directors for a second term of 5 (five) consecutive years on the Board of the Company from July 26, 2019 and upto July 25, 2024.

The Independent Directors of the Company have submitted a declaration under Section 149(7) of the Act and SEBI Listing Regulations 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. The terms and conditions of appointment of the Independent Directors are placed on the website of the Company https://www.ashokleyland.com/en/companies-act-2013-compliance

Mr. Dheeraj G Hinduja, Chairman retires by rotation at the forthcoming Annual General Metting (AGM) and being eligible, offers himself for re-appointment.

Mr. Gopal Mahadevan was appointed as an Additional Director and designated as a Whole-time Director and Chief Financial Officer for a period of five years from May 24, 2019 to May 23, 2024, subject to the approval of the shareholders at this AGM.

The resolutions seeking approval of the members for the re-appointment of Mr. Dheeraj G Hinduja, Chairman, Dr. Andreas H Biagosch, Mr. Jean Brunol and Mr. Sanjay K Asher, Independent Directors and appointment of Mr. Gopal Mahadevan as Director and Whole-time Director have been incorporated in the notice of the AGM of the Company along with brief details about them.

The Company has also disclosed the Director's familiarisation programme on its website https://www.ashokleyland.com/documents/1305159/1312436/Familiarisation-programme-for-Directors-update-Mar-2019.pdf/b5316f0d-f0f7-1ca1-730c-f55a98a7d98f

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 attending meetings of the Company.

Pursuant to the provisions of Sections 2(51) and 203 of the Act, the Key Managerial Personnel of the Company are Mr. Gopal Mahadevan, Whole-time Director and Chief Financial Officer and Mr. N Ramanathan, Company Secretary.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

Pursuant to the provisions of the Act and Regulation 4 of the 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 methodology and criteria in which the evaluation has been carried out has been explained in the Corporate Governance Report attached as **Annexure C** to this report.

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 has been disclosed in the Corporate Governance report, which forms part of the Board's Report.

AUDITORS

Price Waterhouse & Co Chartered Accountants LLP (FRN 304026E/E300009), Chennai, Statutory Auditors of the Company hold office till the conclusion of Seventy third Annual General Meeting of the Company. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the ensuing AGM and a note in respect of same has been included in the Notice for this AGM.

The Auditor's Report to the shareholders on the standalone and consolidated financial statement for the year ended March 31, 2019 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 Geeyes & Co., (Firm Registration No.: 000044), as Cost Auditors of the Company, for conducting the audit of cost records for the financial year ended March 31, 2019. 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 2018-19 is placed before the shareholders for ratification/ approval.

The cost records as specified by the Central Government under sub-section (1) of Section 148 of the Act as required by the Company are maintained by the Company.

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, 2019. The Secretarial Audit Report for the financial year ended March 31, 2019 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.

Pursuant to Regulation 24(A) of SEBI listing Regulations, the Company has obtained annual secretarial compliance report from Ms. B Chandra (CP No. 7859), Company Secretary in Practice, Chennai and the same will be submitted to the stock exchanges within the prescribed time limits. The Annual Secretarial Compliance Report does not contain any remarks or observations. Hinduja Leyland Finance Limited, material subsidiary of the Company has obtained secretarial audit report from a practising company secretary and it does not have any remarks.

The Board confirms the compliance of the provisions of the Secretarial Standards notified by the Institute of Company Secretaries of India, New Delhi.

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, 2019 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. During the year under review, there were no cases received/filed pursuant to the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year, the Company reached out to employees through e-learning modules and awareness sessions for creating greater awareness with respect to the Company's' Policy on Sexual Harassment at workplace.

The Company is in compliance with the Foreign Exchange Management Act, 1999 and the Regulations made thereunder with respect to downstream investments made in its subsidiaries.

BOARD MEETINGS HELD DURING THE YEAR

During the year, five 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.

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:

(a) in the preparation of the annual financial statements for the year ended March 31, 2019, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;

(b) for the financial year ended March 31, 2019, 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, 2019;

(c) that proper and sufficient care has been taken for the 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 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.

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 enclosed as **Annexure B** to the Board's Report.

ASHOK LEYLAND EMPLOYEE STOCK OPTION SCHEMES

During the year under review, the Nomination and Remuneration Committee (NRC) issued and allotted 8,423,175 shares to senior management personnel upon exercise of stock options granted under Ashok Leyland Employees Stock Option Plan 2016 (AL ESOP 2016). Further, during the year under review, the NRC granted 1,000,000 options convertible into equal number of equity shares of ₹1/- each to a senior management personnel of the Company under AL ESOP 2016.

During the year under review, the shareholders of the Company through Postal Ballot approved the formulation and implementation of Ashok Leyland Employees Stock Option Plan 2018 (AL ESOP 2018) and the total number of options approved was 50,000,000 (Five Crores). The NRC has granted 13,100,000 options to eligible senior management personnel under AL ESOP 2018.

Disclosure with respect to AL ESOP 2016 and AL ESOP 2018 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 2018-19 are given in Note No.3.8 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 https://www.ashokleyland.com/documents/1305159/1312436/PolicyonRelatedPartyTransactions.pdf/625ab0ce-d4de-ae71-7784-fd4e0879fd19.

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 2018-19 which were in conflict with the interest of the Company. Suitable disclosures as required under Ind AS - 24 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.

COMMITTEES

As on March 31, 2019, the Company has Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Risk Management Committee, Corporate Social Responsibility Committee, Investment Committee and Technology Committee.

Mr. Dheeraj G Hinduja was inducted as a Member of the Stakeholders' Relationship Committee with effect from March 20, 2019. Mr. Jose Maria Alapont, Independent Director and Mr. Sanjay K Asher, Independent Director were inducted as Member of the Audit Committee and Corporate Social Responsibility Committee respectively, with effect from May 15, 2019.

Detailed note on the composition of the Board and its Committees are provided in the Corporate Governance Report attached as **Annexure C** 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 and in accordance with the requirements of Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018, 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.

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 financial year ended March 31, 2019.

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 the Company's policies, the assets are safeguarded, and that transactions are accurate, complete and properly authorised prior to recording. 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 and ISO 31000 standard that fosters a sound risk management culture and facilitates 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.

An internal Risk Steering Committee, comprising of key members of Senior Leadership and core Business vertical heads 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 as practiced by the Company are provided as part of Management Discussion and Analysis Report attached as **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, shareholders, customers, dealers and suppliers and also, the valuable assistance and advice received from the joint venture partners, Hinduja Automotive Limited, 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.

For and on behalf of the Board of Directors

Chennai
May 24, 2019

Dheeraj G Hinduja
Chairman

ANNEXURE A TO THE BOARD'S REPORT

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE

A. CONSERVATION OF ENERGY

a) Conservation of Electrical Power:

- As a part of continuous 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 6.78 million electrical units have been saved leading to significant savings in energy costs of about ₹46.53 million.
- The Company has achieved a 3% reduction in terms of energy used per HECU (Hybrid Equivalent Chassis Unit) and a 1% reduction per tonne of production at Foundry division 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 of idea generation, followed by implementation of these projects for energy saving and conservation. This is part of the Company's Mission Gemba initiative.
- The usage of wind energy was around 20% of the total power consumption which was 68.91 million units. This year 6.89 million units of solar energy was generated from 5.14 MW. The Company's Green Energy initiative saw significant operating cost savings to the tune of ₹97.71 million while the Company was also making a very impressive reduction in emissions by 62,152 tCO2e.
- In continuation to Pantnagar and Hosur plants with LED lighting modifications during last year, this year Ennore plant has taken up for modification from conventional lighting to LED lighting in FY2019.
- Group Captive Power continued to reap benefits and help realise a saving of ₹122.40 million, consuming 109.29 million units in this FY which is 31% of total power consumption.
- Use of Indian Energy exchange (IEX) power through online bidding has resulted in savings of ₹79.32 million by purchasing 61.02 million units which is 17% of total power consumption.
- All manufacturing plants have optimised and maintained towards unity Power factor.
- The Company had invested ₹77.90 million towards Energy Conservation initiatives during FY2019.
- The Company has also saved 6.78 million Kwh through energy saving projects, viz.
  - i. Engine Assembly upgraded with energy efficient Air Handling Units.
  - ii. Furnace capacity enhanced for better productivity.
  - iii. Foundry division Power factor improved at HV side.
  - iv. Paint booth efficiency improved by optimising loading methods.
  - v. Boilers switched over from HSD to LPG.
  - vi. Heat pumps introduced at design stage for new washing machines.
  - vii. Heat recovered from screw compressors and utilised for washing application.
  - viii. Translucent sheets and Turbo ventilators installed for better day lighting and ventilation.
  - ix. Lighting modification (LEDification) continued at renovated buildings.
  - x. Productivity improvement through cycle time reduction and process modification.
  - xi. Energy savings through auto power saving features in machine tools.
  - xii. Effective energy planning and forecasting through online monitoring.
  - xiii. Downsizing of motors and pumps with enhanced energy efficiency.
  - xiv. Conventional airconditioned units were replaced by energy efficient units.
  - xv. Optimised usage of DG sets and air compressors.

With all the continuous efforts and endeavor on energy conservation, your Company is moving towards carbon neutral and becoming a "Cleaner and Greener" organisation.

b) Towards wood-free Plant:

Usage of wood has been significantly reduced in vendor logistics from 67Kgs/HECU in FY18 to 50.25Kgs/HECU in FY19 (25% reduction) enabled by reusable, recycled Steel Pallets.

c) Enhancing the Greenery towards Carbon Neutrality:

Intense green drive to create more green spaces; emphasis has been for planting more trees in and around manufacturing units. The Company created cumulatively 20 multilayer dense forests using Miyawaki Method - a Japanese Way. About 40,000 trees were planted in 13,160 Sqm (20 locations) in this method so far in FY2019, whereas 25,790 trees planted in 8,468 Sqm till FY2018, with the help of an external agency and Department of Horticulture. Total tree plantations done in FY2019 is 83,000 compared to 70,000 in FY2018 across all plants.

d) Water Conservation:

- Ashok Leyland is now a 'Water Positive' Company certified by DNV GL.
- AL is water positive by 1.24 times as per DNV GL - Business Assurance, a global provider of certification, verification, assessment.
- DNV GL adopted a risk-based approach and conducted the on-site and off-site verifications of the qualitative and quantitative information and data of all the Plants/sites of the Company in FY2019.

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

- Ground water consumption has been minimised across all manufacturing units by implementing rainwater harvesting and other water efficiency improvements.
- Around 55-60% of the fresh water consumed is recovered through Sewage/Effluent Treatment/ Zero Liquid Discharge. Plants put the treated water into use both for inland gardening as well as process applications.
- The specific water consumption reduction is from 8.37 KL/HECU to 6.68 KL/HECU (20% Improvement on water management) - without the Corporate & Vellivoyalchavadi water consumption
- Effectively utilised 544 KL of harvested rain water for process applications. Considering 50% recovery from Industrial RO Plants, there is a reduction in withdrawal of fresh ground water to the tune of 1088 KL which translates to 0.6 tCO2e emission reduction.

e) Solar Energy

The Company would invest in setting up 70 MW Group captive solar power project in Tamil Nadu.

5 MW roof top solar project was taken up at Pantnagar, Alwar and Bhandara Plants. Installation work has been started and completion is expected in April 2019.

These arrangements are expected to reduce the overall cost of production and significant reduction in CO_2 emission.

Awards

- Ashok Leyland - Winner of the Golden Peacock Award for Sustainability 2018. This prestigious award was received at the Institute of Directors (IoD) India's 18th Annual London Global Convention on Corporate Governance & Sustainability and Global Business meet on October 25, 2018 in London.
- Ashok Leyland Corporate Office Building at Chennai became India's first Office Complex to receive LEED v 4.1 Platinum certification for building operations and maintenance globally.
- Corporate office was awarded ISO:50001:2018 certification in Energy Management System.
- Hosur Plant 2 has won "Energy Efficient Unit" award in automobile sector at National Award for Excellence in Energy Management 2018 organised by CII.
- Pantnagar plant has won prestigious "Gold" and Foundry at Ennore has won "Silver" Award at National Energy Management competition conducted by SEEM (Society of Energy Engineers and Managers).
- Bhandara and Alwar Plant has bagged a State level Energy Efficiency award in automobile sector.
- Ennore plant has won Platinum Award from QCFI for energy conservation.

B. TECHNOLOGY ABSORPTION

1. Specific areas in which R&D was carried out by the Company.

Engines and Aggregates

(i) Development of entire range of BS VI Engines.

(ii) Development of entire range of suspensions and axles for Medium & Heavy Vehicles.

(iii) Development of new range of transmissions for Medium & Heavy Vehicles.

Vehicle Models

(i) Launch of ICV Sleeper Platform.

(ii) Launch of High Horsepower Platform.

(iii) Launch of Electric Bus.

2. Benefits derived as a result of R&D

(i) Complete Portfolio of vehicles available in BS IV.

(ii) 5 Patents obtained, and 14 provisional patents filed in 2018-19.

(iii) More than 15 technical papers published in International Conferences during 2018-19.

3. Future Plan of Action

(i) Development and launch of entire range of BS VI engines and vehicles.

(ii) Introduction of Modular range of vehicles for Trucks and common programme for Buses.

(iii) Development of range of Electric Vehicles.

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

₹ in Crores

Expenditure on R&D	2018-19	2017-18
Capital	119.35	62.54
Revenue (excluding depreciation)	544.90	396.50
Less: Amount received by R&D facilities	6.12	6.55
Total	**658.13**	**452.49**
Total R&D expenditure as a % of total turnover	**2.27%**	**1.70%**

C FOREIGN EXCHANGE EARNINGS AND OUTGO

Details of earnings accrued and expenditure incurred in foreign currency are given in Note 3.13 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 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 and percentage increase of each Director, CEO & MD, Chief Financial Officer and Company Secretary in the financial year:

S. No.	Name of the Director	Ratio to median remuneration	% increase in remuneration in the financial year
1.	Mr. Dheeraj G Hinduja	119.20	24.77
2.	Dr. Andreas H Biagosch	7.71	(11.83)
3.	Dr. Andrew C Palmer	7.63	7.66
4.	Mr. D J Balaji Rao	8.37	18.45
5.	Mr. Jean Brunol	7.91	3.37
6.	Mr. Jose Maria Alapont	8.79	63.62
7.	Ms. Manisha Girotra	4.18	28.62
8.	Mr. Sanjay K Asher	8.32	15.56
9.	Mr. Sudhindar K Khanna	8.33	(11.65)
10.	Mr. Vinod K Dasari, CEO & MD	1,545.63	597.58
11.	Mr. Gopal Mahadevan, Chief Financial Officer	84.83	31.55
12.	Mr. N Ramanathan, Company Secretary	17.83	23.65

b) The median remuneration for the year 2018-19 is ₹848,909/-

c) The Percentage increase in the median remuneration of the employees in the financial year is: 1%

d) The number of permanent employees on the rolls of Company: 11,966

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 top ten employees in terms of remuneration drawn and particulars of employees 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 up to the date of the ensuing Annual General Meeting and has been uploaded on the website of the Company www.ashokleyland.com. Any shareholder 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 shareholder.

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. The Company is in compliance with the requirements of Corporate Governance under the Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015 ("SEBI Listing Regulations").

II. Our 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 a legacy where the visionary founders of the Group 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.
- The effective exercising of ownership.
- 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.
- Greater attention is paid to the protection of minority shareholders rights.

III. 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.

IV. 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, 2019 the Board comprised of ten Directors. Of the ten directors, nine (90%) are non-executive directors and eight (80%) are independent directors including a woman director, with Mr. Dheeraj G Hinduja as Non-Executive Chairman.

Effective as on the close of business hours on March 31, 2019, two directors have stepped down and of the remaining eight directors, seven are independent directors (90%). The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations and Section 149 read with the rules of the Companies Act, 2013 ("Act").

ii. The number of Directorships, Committee memberships/ chairmanships of all Directors is within the respective limits prescribed under the Act and SEBI Listing Regulations. Necessary disclosures regarding Board and Committee positions in other public companies as on March 31, 2019 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.

iv. All Independent Directors have confirmed that they meet the "independence "criteria as mentioned under regulation 16(1)(b) of the SEBI Listing Regulation and Section 149 of the Act. In addition, they maintain their limits of directorships as required under SEBI Listing Regulations.

v. In the opinion of the Board, the Independent Directors and those who are proposed to be re-appointed at the Annual General Meeting, fulfil the conditions specified in the SEBI Listing Regulations and are independent of the management.

vi. The Company had issued formal letter of appointment to all independent directors and the terms and conditions of their appointment have been hosted in the website of the Company.

vii. 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 chairmanships/memberships held by them in other public companies as on March 31, 2019 are given herein below. Other directorships do not include directorships of private limited companies, Section 8 companies and companies incorporated outside India. Chairmanships/ memberships of Board committees shall include only Audit Committee and Stakeholders' Relationship Committee as per Regulation 26(1)(b) of SEBI Listing Regulations.

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

Names of Director	Category	Number of Board meetings during the year 2018-19		Whether attended last AGM held on July 17, 2018	Number of directorships in other public companies		Number of committee positions held in other public companies		Directorship in other listed entities
		Held	Attended		Director	Chairman	Member	Chairman	
Mr. Dheeraj G Hinduja, Chairman DIN: 00133410	Promoter, Non-Independent Non-Executive	5	5	Yes	3	2	-	-	-
Dr. Andreas H Biagosch DIN: 06570499	Independent Non-Executive	5	3	Yes	1	-	-	-	-
Dr. Andrew C Palmer DIN: 02155231	Independent Non-Executive	5	2	No	-	-	-	-	-
Mr. D J Balaji Rao * DIN:00025254	Independent Non-Executive	5	4	Yes	NA	NA	NA	NA	NA
Mr. Jean Brunol DIN: 03044965	Independent Non-Executive	5	5	Yes	-	-	-	-	-
Mr. Jose Maria Alapont DIN: 07712699	Independent Non-Executive	5	5	Yes	-	-	-	-	-
Ms. Manisha Girotra DIN: 00774574	Independent Non-Executive	5	3	No	2	-	-	-	Independent Non-Executive, KEC International Limited
Mr. Sanjay K Asher DIN: 00008221	Independent Non-Executive	5	5	Yes	8	-	4	1	Independent Non-Executive: (a) Sudarshan Chemical Industries Limited (b) Tribhovandas Bhimji Zaveri Limited (c) Finolex Industries Limited (d) Finolex Cables Limited (e) Balkrishna Industries Limited
Mr. Sudhindar K Khanna# DIN: 01529178	Independent Non-Executive	5	3	Yes	NA	NA	NA	NA	NA
Mr. Vinod K Dasari * DIN:00345657	Non-Independent Executive	5	4	Yes	NA	NA	NA	NA	NA

*Resigned with effect from the close of business hours on March 31, 2019.

#Resigned with effect from the close of business hours on April 5, 2019.

viii. 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.

ix. None of the Independent Directors on the Board are serving as Independent Director in more than seven listed entities.

x. None of the directors/key management personnel of the Company are related to each other.

xi. Five 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 18, 2018, July 17, 2018 November 13, 2018, February 14, 2019 and March 19 & 20, 2019. The necessary quorum was present for all the meetings.

xii. The Board evaluates the Company's strategic direction, management policies, performance objectives and effectiveness of Corporate Governance practices.

xiii. During the year 2018-19, information as mentioned in Part A of Schedule II of the SEBI Listing Regulations, has been placed before the Board for its consideration. The Board periodically reviews the compliance reports of all Laws applicable to the Company.

xiv. 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.

xv. Further, the Board fulfills the key functions as prescribed under the SEBI Listing Regulations.

xvi. 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.

xvii. The details of Directors seeking re-appointment/ appointment at the forthcoming Annual General Meeting is furnished in the Notice convening the meeting of the shareholders.

xviii. During the year 2018-19, the shareholders of the Company approved a new scheme, viz., Ashok Leyland Employee Stock Option Plan 2018 (AL ESOP 2018) for issue and grant of 50,000,000 employee stock options. Under AL ESOP 2018, the Nomination and Remuneration Committee (NRC) has granted 13,100,000 stock options to the eligible employees of the Company.

xix. During the year, the NRC has granted 1,000,000 options convertible into equal number of equity shares at ₹1/- per option to an eligible employee of the Company under AL ESOP 2016. Further during the year, the NRC has allotted 8,423,175 upon exercise of stock options by the employees under AL ESOP 2016.

xx. Except Mr. D J Balaji Rao, who was holding 116 equity shares, and Mr. Vinod K Dasari who was holding 1,100,000 equity shares no other Director holds equity shares in the Company as on March 31, 2019.

xxi. The Company has not issued any convertible instruments.

xxii. During the year, the Independent Directors of the Company without the presence of Non-Independent Directors and management team met on July 17, 2018, November 13, 2018 and February 14, 2019 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 views to the full Board.

xxiii. Considering his age and additional compliance requirements under the SEBI Listing Regulations/Act, Mr. Balaji Rao, Independent Director stepped down from the Board of Directors of the Company with effect from the close of business hours on March 31, 2019. Mr. Sudhindar K Khanna, Independent Director stepped down from the Board of Directors of the Company with effect from April 5, 2019 due to health reasons. Mr. D J Balaji Rao and Mr. Sudhindar K Khanna have confirmed to the Company that there are no other material reasons other than those provided above.

xxiv. The details of familiarisation programme done for the financial year 2018-19 have been hosted in the website of the Company under the web link https://www.ashokleyland.com/documents/1305159/1312436/Familiarisation-programme-for-Directors-update-Mar-2019.pdf/b5316f0d-f0f7-1ca1-730c-f55a98a7d98f

xxv. The Board has identified the following skills/expertise/ competencies fundamental for the effective functioning of the Company which are currently available with the Board: Expertise in Auto sector; Governance; Engineering; Managerial and entrepreneurial Skills, Strategy and Technology.

3. Committees of the Board

A. Audit Committee

(i) Terms of Reference:

The Company has constituted a qualified 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 the Company's website (URL: https://www.ashokleyland.com/documents/1305159/0/Whistle+Blower+Policy.pdf/61900d6b-6d73-7804-8d58-3fc86ccfc7a5.

(ii) The Audit Committee considers the matters which are specifically referred to it by the Board of Directors besides considering 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.

(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 2018-19	
		Held	Attended
Mr. Sanjay K Asher, Chairman	Independent, Non-Executive	5	5
Mr. D J Balaji Rao *	Independent, Non-Executive	5	4
Mr. Jean Brunol	Independent, Non-Executive	5	5
Mr. Sudhindar K Khanna#	Independent, Non-Executive	5	3

*Resigned with effect from March 31, 2019

#Resigned with effect from April 5, 2019.

(iv) Meetings

Five 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 17, 2018, July 16, 2018, November 12, 2018, February 13, 2019 and March 20, 2019.

The necessary quorum was present at all the meetings.

(v) The Committee complies with the SEBI Listing Regulations relating to composition, independence of its members, financial expertise and the audit committee charter.

Mr. Sanjay K Asher, Chairman of the Audit Committee was present at the Annual General Meeting held on July 17, 2018.

(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.

(viii) Mr. N Ramanathan, Company Secretary is the Secretary to the Committee.

(ix) The Company is governed by a charter adopted by the Committee 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 (NRC) constituted pursuant to the provisions of Regulation 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 NRC of the Company acts as the Compensation Committee for administration of AL ESOP 2016 and AL ESOP 2018.

(i) Terms of Reference

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

- Formulate Remuneration Policy and a policy on Board Diversity.
- Formulate criteria for evaluation of 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 NRC and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the financial year 2018-19	
		Held	Attended
Mr. D J Balaji Rao, Chairman*	Independent, Non-Executive	6	6
Mr. Dheeraj G Hinduja	Non-Independent, Non-Executive	6	6
Ms. Manisha Girotra	Independent, Non-Executive	6	3
Mr. Jose Maria Alapont#	Independent, Non-Executive	6	4

#Appointed with effect from May 18, 2018

*Resigned with effect from March 31, 2019

(iii) Meetings

Six NRC 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:

April 17, 2018, May 15, 2018, July 16, 2018, November 13, 2018, January 23, 2019 and March 18 and 20, 2019.

The necessary quorum was present for all the meetings.

Mr. D J Balaji Rao, Chairman - Nomination and Remuneration Committee was present at the Annual General Meeting held on July 17, 2018.

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

(iv) Performance evaluation criteria for Directors

The NRC 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:

(a) 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 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.

(b) Objectivity

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

(c) Leadership and Initiative

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

(d) Personal Attributes

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

(e) Remuneration Policy

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 interest of Company's stakeholders. The policy is made available at the website of the Company at www.ashokleyland.com.

(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 fee and profit related Commission based on the criteria laid down by the NRC and the Board.
- Performance of the Company.
- Members' attendance, position held in the Committee(s); and
- Time spent.

(ii) Details of the remuneration for Non- Executive Directors for the year ended March 31, 2019 **₹ in Lakhs**

S.No.	Name of the Director	Sitting Fees	Commission	Total
1.	Mr. Dheeraj G Hinduja, Chairman	11.90	1,000.00	1,011.90
2.	Dr. Andreas H Biagosch	7.20	58.22	65.42
3.	Dr. Andrew C Palmer	3.80	61.01	64.81
4.	Mr. D J Balaji Rao	13.40	57.67	71.07
5.	Mr. Jean Brunol	14.80	52.39	67.19
6.	Mr. Jose Maria Alapont	11.00	63.61	74.61
7.	Ms. Manisha Girotra	4.80	30.70	35.50
8.	Mr. Sanjay K Asher	12.40	58.21	70.61
9.	Mr. Sudhindar K Khanna	6.00	64.68	70.68
	Total	**85.30**	**1,446.49**	**1,531.79**

(iii) Details of Remuneration for Chief Executive Officer and Managing Director for the year ended March 31, 2019

S.No.	Particulars of Remuneration	₹ in Crores
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.	6.05
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961.	0.11
2	Stock Option*	110.24
3	Performance Bonus	5.18
	Ex-gratia	9.00
4	Others- Retirement benefits	0.63
	Total	**131.21**

The above remuneration excludes gratuity and leave encashment amounting to ₹5.81 Crores.

*569,175 options exercised at ₹80/- per option and 7,454,000 options exercised at ₹1/- per option

The above remuneration have been approved by the NRC at its meeting held on May 23, 2019.

The Company has obtained the approval of the shareholders through special resolution for payment of remuneration to Mr. Vinod K Dasari, Chief Executive Officer and Managing Director for the period from April 1, 2018 to March 31, 2019 exceeding 5% of the net profits of the Company computed in the manner referred to in Section 198 of the Act.

(iv) During the year, Mr. Vinod K Dasari, Chief Executive Officer and Managing Director exercised 8,023,175 options as per vesting schedule and shares were allotted by the NRC.

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, CEO & MD and CFO 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 Compliance Officer appointed for the compliance of capital and Securities markets 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 2018-19	
		Held	Attended
Mr. Sanjay K Asher, Chairman	Independent, Non-Executive	4	4
Mr. D J Balaji Rao*	Independent, Non-Executive	4	4
Ms. Manisha Girotra	Independent, Non-Executive	4	-
Mr. Dheeraj G Hinduja#	Non-Independent, Non-Executive	4	NA

Appointed with effect from March 20, 2019.

*Resigned with effect from March 31, 2019.

(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 18, 2018, July 17, 2018, November 12, 2018 and February 14, 2019.

The necessary quorum was present for all the meetings.

(iv) Details of Complaints /other Correspondences

During the year, 368 complaint letters and 5,937 correspondences were received from investors (including 31 letters from the Stock Exchanges/SEBI SCORES/MCA/NCLT).

Subject Matter of Complaints	Pending as on March 31, 2018	Letters Received	Letters replied/ completed	Pending as on March 31, 2019
Non-receipt of Share Certificates	-	235	235	-
Non-Receipt of Dividend/Interest	-	84	84	-
Non-Receipt of Annual Report	-	33	33	-
Transfer of shares	-	2	2	-
Procedure for transmission of shares	-	5	5	-
Loss of Share Certificates	-	3	3	-
Refund of shares from IEPF Authority	-	5	5	-
Unclaimed Share Certificates	-	1	1	-
Total	**-**	**368**	**368**	**-**

Subject Matter of Correspondence	Pending as on March 31, 2018	Letters Received	Letters replied/ completed	Pending as on March 31, 2019
Revalidation of Dividend/Interest	1	401	394	8
Issue of Duplicate Share Certificates	-	102	100	2
Loss of Share Certificates	-	294	292	2
Issue of Duplicate Dividend/Interest	1	146	144	3
Procedure for Transmission	4	664	659	9
Change of Address/Bank Mandate	-	3,519	3,519	-
Other Correspondence	1	478	479	-
Unclaimed Share Certificate	-	49	49	-
Unclaimed Dividend	-	184	184	-
Claims regarding refund of Shares/Dividend from IEPF authority	-	100	100	-
Total	**7**	**5,937**	**5,920**	**24**

As on March 31, 2019, 7 share transfers were pending which were processed subsequently within the prescribed time limits. Shareholder queries shown pending as on March 31, 2019, have been subsequently resolved within the prescribed time limits.

D. Corporate Social Responsibility Committee

The Company has constituted a Corporate Social Responsibility (CSR) 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 and Mr. Vinod K Dasari as members.

The CSR Committee met three times during the year on May 15, 2018, July 16, 2018 and March 18, 2019. The composition of the CSR Committee and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the financial year 2018-19	
		Held	Attended
Mr. Dheeraj G Hinduja, Chairman	Non-Independent, Non-Executive	3	3
Mr. Vinod K Dasari *	Non-Independent, Executive	3	3
Ms. Manisha Girotra	Independent, Non-Executive	3	-

*Resigned with effect from March 31, 2019

The necessary quorum was present for the meetings.

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

The CSR Report as required under the Companies Act, 2013 for the year ended March 31, 2019 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. The Committee comprises of Dr. Andreas H Biagosch, Mr. D J Balaji Rao, Mr. Sanjay K Asher, Directors and Mr. Gopal Mahadevan, CFO as members of the Committee.

(ii) Two Risk Management Committee meetings were held during the year on May 17, 2018 and November 12, 2018. The necessary quorum was present for the meetings. 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 2018-19	
		Held	Attended
Dr. Andreas H Biagosch, Chairman	Independent, Non-Executive	2	1
Mr. D J Balaji Rao *	Independent, Non-Executive	2	1
Mr. Sanjay K Asher	Independent, Non-Executive	2	2
Mr. Gopal Mahadevan	Key Managerial Personnel	2	2

*Resigned with effect from March 31, 2019

(iii) 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 and 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) Investment Committee

The Company has in place an Investment Committee with Mr. Dheeraj G Hinduja, as the Chairman of the Committee and Dr. Andreas H Biagosch, Mr. Jean Brunol and Mr. Jose Maria Alapont as members of the Committee.

The Investment Committee considers and recommends new investment proposals, long term strategic goals in the areas of manufacturing and product strategy, etc. 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 2018-19	
		Held	Attended
Mr. Dheeraj G Hinduja, Chairman	Non-Independent, Non-Executive	4	4
Dr. Andreas H Biagosch	Independent, Non-Executive	4	3
Mr. Jean Brunol	Independent, Non-Executive	4	4
Mr. Jose Maria Alapont	Independent, Non-Executive	4	3

Four meetings were held during the year and the dates on which the said meetings were held are May 17, 2018, July 16, 2018, November 12, 2018 and February 13, 2019.

The necessary quorum was present for all the meetings.

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

b) Technology Committee

The Company has in place a Technology Committee, comprising of Dr. Andrew C Palmer as the Chairman of the Committee, Dr. Andreas H Biagosch, Mr. Jean Brunol and Mr. Jose Maria Alapont as members of the Committee. The Technology Committee considers and approves key decisions with regard to product planning and choice of technology thereof and helps to 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 2018-19	
		Held	Attended
Dr. Andrew C Palmer, Chairman	Independent, Non-Executive	4	3
Dr. Andreas H Biagosch	Independent, Non-Executive	4	3
Mr. Jean Brunol	Independent, Non-Executive	4	4
Mr. Jose Maria Alapont	Independent, Non-Executive	4	3

Four meetings were held during the year and the dates on which the said meetings were held are May 17, 2018, July 16, 2018, November 12, 2018 and February 13, 2019.

The necessary quorum was present for all the meetings.

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

4. General Body Meetings

a) Details of location and time of holding the last three AGMs

Year	Location	Date and Time	Special resolution passed
69th AGM 2017-18	"The Music Academy, Madras" New N0.168 (Old No.306), TTK Road, Royapettah, Chennai - 600 014	July 17, 2018 2.45 pm	NIL
68th AGM 2016-17		July 21, 2017 2.45 pm	Adoption of new Articles of Association in conformity with Companies Act, 2013
67th AGM 2015-16		July 21, 2016 3.00 pm	(i) Approval of issue of further securities (ii) Approval of issue of Non-Convertible Debentures on Private Placement (iii) Approval of Ashok Leyland Employees Stock option Plan 2016

No Extra-Ordinary General Meeting was held during the year 2018-19.

b) Postal Ballot:

During the year, pursuant to Section 110 of the Act, 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:

(i) The voting pattern of votes casted in favor/against the resolutions passed vide Postal Ballot Notice dated November 13, 2018 is as under:

Particulars 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 Ashok Leyland Employees Stock Option Plan 2018	Special	2,041,298,364	1,922,731,917	94.19	118,566,447	5.81

(ii) The voting pattern of votes casted in favor/ against the resolutions passed vide Postal Ballot Notice dated February 14, 2019 is as under:

Particulars 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 remuneration to Mr. Vinod K Dasari, Chief Executive Officer and Managing Director for the period from April 1, 2018 to March 31, 2019	Special	1,873,639,163	1,608,385,785	85.84	265,253,378	14.16

B Chandra & Associates, Practising Company Secretaries, Chennai (Firm Reg. No.: P2017TN065700), was appointed as the Scrutinizer, for conducting the Postal Ballots and e-voting process in a fair and transparent manner.

None of the businesses proposed to be transacted at the ensuing AGM require passing a resolution through postal ballot.

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 transactions entered into with the related parties during the financial year were in the ordinary course of business and at arm's length basis and were approved by the Audit Committee.

The policy on Related Party Transactions is hosted on the website of the Company under the web link: https://www.ashokleyland.com/documents/1305159/1312436/PolicyonRelatedPartyTransactions.pdf/625ab0ce-d4de-ae71-7784-fd4e0879fd19

(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 2016-17, 2017-18 and 2018-19 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. Your Company hereby affirms that no director/employee have been denied access to the Chairman.

The Whistle Blower Policy has been disclosed on the Company's website under the web link: https://www.ashokleyland.com/documents/1305159/0/Whistle+Blower+Policy.pdf/61900d6b-6d73-7804-8d58-3fc86ccfc7a5 and disseminated to all the directors/employees.

(iv) The 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.

(v) During the year under review, there were no complaints received, pursuant to the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

(vi) Total fees to the statutory auditors and its network firms for the year ended March 31, 2019 are given below:

S. No.	Nature of the Service	₹ in Crores
1	Statutory Audit	1.00
2	Other services including certification and auditing group reporting pack	1.85
	Total	**2.85**

(vii) Dividend Distribution Policy

Your Company has formulated the 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 with regard to the shares. The Policy imbibing the above parameters as per the provisions of SEBI Listing Regulations has been hosted in the Company's website under the web link: https://www.ashokleyland.com/documents/1305159/1312436/Dividend_Distribution_Policy.pdf/29ad8580-bd49-125b-68f9-5073ceaf06ae

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

(a) 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.

(b) The Company had appointed separate persons to the post of Chairman and CEO & MD.

(c) The auditors' report on statutory financial statements of the Company are unqualified.

(d) The internal auditors of the Company make presentations to the Audit Committee on their reports on a regular basis.

(ix) Reconciliation of share capital audit

The Company has engaged a qualified Practising Company Secretary to carry out a share capital audit to reconcile 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 of the Company. 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.

(x) Disclosure of Accounting Treatment

Your Company has not adopted any alternative accounting treatment prescribed differently from the Ind AS.

(xi) Non-Executive Directors' compensation and disclosures

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

(xii) Code of Conduct

Your Company has received confirmations from the Board (incorporating duties of Independent Directors) and the Senior Management personnel regarding their adherence to the said Code. The Annual Report of the Company contains a certificate by the Chairman, on the compliance declarations received from Independent Directors, Non-Executive Directors and Senior Management. The Code has been hosted on the Company's website under the web link https://www.ashokleyland.com/en/corporate-governance.

(xiii) Code of Conduct for prohibition of insider trading

Your Company has adopted a Code of Conduct as per Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended. All Designated Persons 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.

(xiv) The Company has obtained a certificate from a company secretary in practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India/Ministry of Corporate Affairs or any such statutory authority.

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 were 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) 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 control over the subsidiary.

(e) 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.

(f) Your Company formulated a Policy on Material Subsidiary as required under SEBI Listing Regulations and the policy is hosted on the website of the Company under the web link: https://www.ashokleyland.com/documents/1305159/1312436/PolicyonMaterialSubsidary.pdf/b6a39b93-ddfa-6d3e-126d-d4aafd66075e .

(g) The Company has a material unlisted subsidiary viz., Hinduja Leyland Finance Limited.

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 quarterly 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. The "Media" section also provides various press releases and general information about the Company.

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 and the same is hosted on the website of the Company.

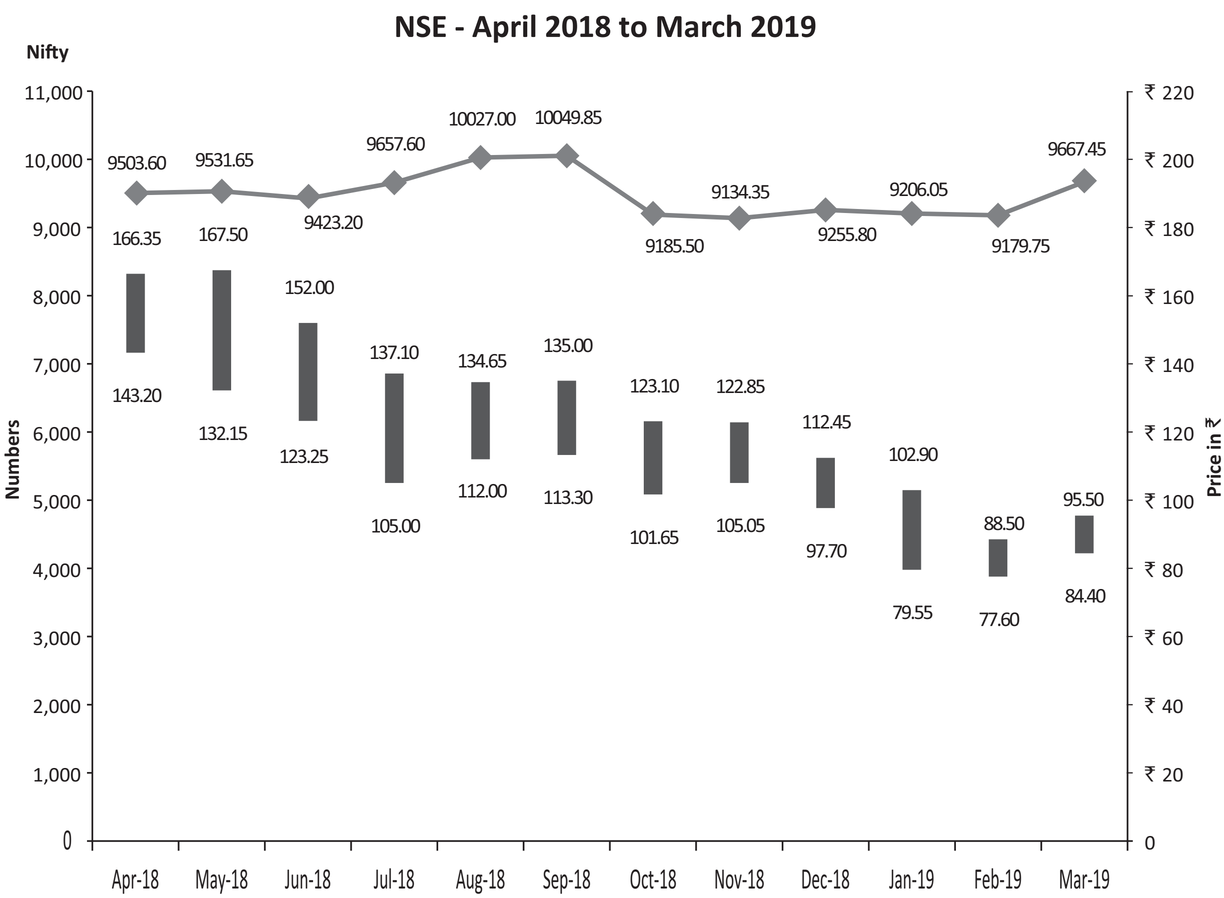
8. General shareholder information

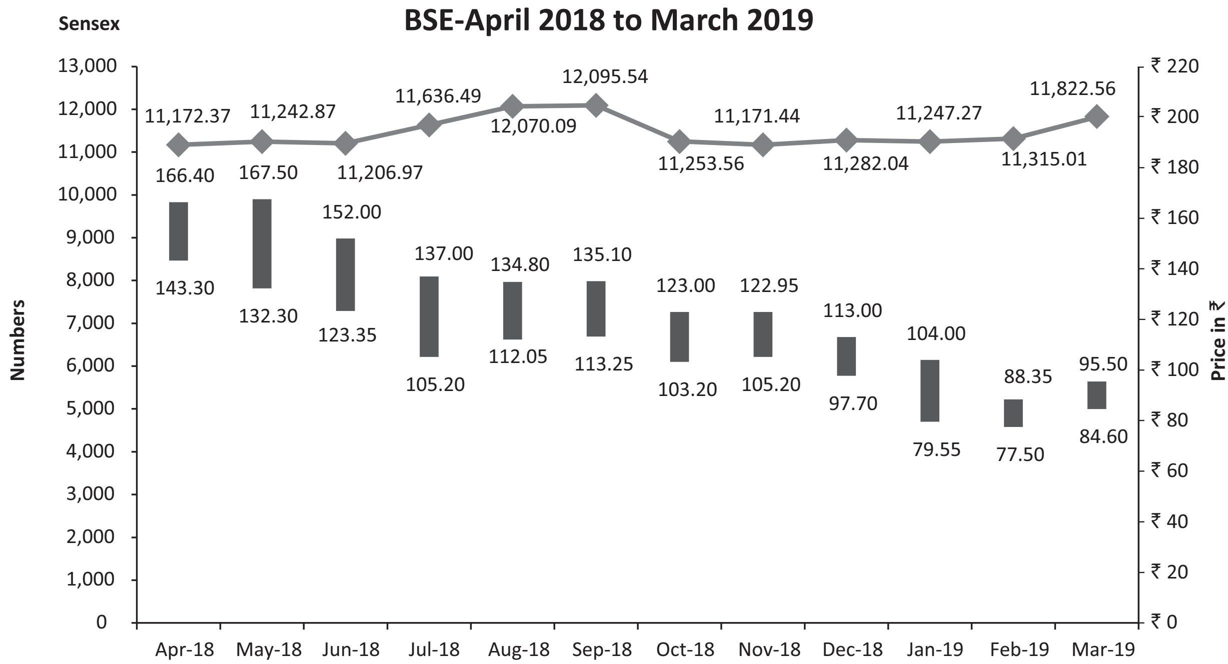
a.	**Seventieth Annual General Meeting**		
	Day, Date and Time	Wednesday, July 31, 2019 at 2.45 P.M.	
	Venue	Kamaraj Memorial Hall, 498-500 Anna Salai, Teynampet, Chennai - 600 006	
b.	**Financial Year**	April 1,2018 to March 31,2019	
c.	**Book Closure Dates**	Thursday, July 25, 2019 to Wednesday, July 31, 2019 (both days inclusive)	
d.	**Dividend Payment Date**	Shall be paid/credited before August 24, 2019	
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 Privately Placed Debentures	National Stock Exchange of India Limited (upto June 2018)	
	Listing Fee	Annual listing fee for the financial year 2018-19 paid to all the Stock Exchanges	
	Depository Fee	Annual custody fee for the financial year 2018-19 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 in NSDL & CDSL	Equity Shares	INE208A01029
g.	Details of Debenture Trustees	SBICAP Trustee Company Limited Apeejay House, 6th Floor 3, Dinshaw Wachha Road, Churchgate, Mumbai - 400 020 Tel No: 022-4302 5555 Fax No: 022-2204 0465 Website: www.sbicaptrustee.com (During June 2018, the Company has redeemed all the outstanding debentures)	

h. Stock Market Data

Month	National Stock Exchange of India Limited				BSE Limited			
	Share Price		CNX Nifty Points		Share Price		Sensex Points	
	High (₹)	Low (₹)	High	Low	High (₹)	Low (₹)	High	Low
Apr-18	166.35	143.20	9503.60	8933.45	166.40	143.30	11172.37	10517.56
May-18	167.50	132.15	9531.65	9046.70	167.50	132.30	11242.87	10727.04
Jun-18	152.00	123.25	9423.20	9018.05	152.00	123.35	11206.97	10833.65
Jul-18	137.10	105.00	9657.60	9060.60	137.00	105.20	11636.49	10882.32
Aug-18	134.65	112.00	10027.00	9579.70	134.80	112.05	12070.09	11517.71
Sep-18	135.00	113.30	10049.85	9041.65	135.10	113.25	12095.54	11060.22
Oct-18	123.10	101.65	9185.50	8370.80	123.00	103.20	11253.56	10233.13
Nov-18	122.85	105.05	9134.35	8742.50	122.95	105.20	11171.44	10627.83
Dec-18	112.45	97.70	9255.80	8646.55	113.00	97.70	11282.04	10574.04
Jan-19	102.90	79.55	9206.05	8825.60	104.00	79.55	11247.27	10821.23
Feb-19	88.50	77.60	9179.75	8729.70	88.35	77.50	11315.01	10736.72
Mar-19	95.50	84.40	9667.45	8994.00	95.50	84.60	11822.56	11021.36

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





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

The Board has authorised the CEO and MD and CFO to approve all routine transfers, transmissions, etc., of shares. Such approval is being given at frequent intervals (52 times during 2018-19). Transfers, transmissions, etc., were generally approved within fifteen days. Requests for dematerialisation were confirmed within fifteen days.

l. 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 shares suspense account lying as on April 1, 2018	1,706	1,196,261
Number of shareholders who approached the Company for transfer of shares from shares suspense account during the year	20	23,630
Number of shareholders to whom shares were transferred from unclaimed shares suspense account during the year	20	23,630
Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Act*	10	22,280
Aggregate number of shareholders and the outstanding shares in the shares suspense account lying as on March 31, 2019	**1,676**	**1,150,351**

*9,600 shares of 10 shareholders were transferred fully and 12,680 shares of 23 shareholders were transferred partly to IEPF Authority.

The voting rights on the shares outstanding in the suspense account as on March 31, 2019 shall remain frozen till the rightful owner of such shares claim the shares.

m. Details of Shares transferred to IEPF Authority during 2018-19

Pursuant to 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"), dividends, if not claimed for a consecutive period of seven years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). In pursuance to IEPF Rules, 232,260 shares constituting 1,696 folios was transferred to IEPF Authority during 2018-19.

The voting rights on the shares outstanding in the IEPF Authority as on March 31, 2019 shall remain frozen till the rightful owner of such shares claims the shares.

n. (i) Distribution of Shareholding as on March 31, 2019

	Shareholders		Number of Shares	
Number of Shares	Number	%	Number	%
Upto 50	330,951	37.26	6,821,562	0.23
51-100	157,033	17.68	14,040,311	0.48
101-200	128,299	14.44	21,668,413	0.74
201-500	132,135	14.87	47,584,940	1.62
501-1000	68,509	7.71	55,086,337	1.88
1001-2000	37,098	4.18	56,910,102	1.94
2001-5000	23,060	2.60	75,305,354	2.57
5001-10000	6,846	0.77	49,396,902	1.68
10001- and above	4,358	0.49	2,608,713,355	88.86
Total	**888,289**	**100.00**	**2,935,527,276**	**100.00**

(ii) Shareholding pattern as on March 31, 2019

S. No.	Category	Number of Holders	Shares	%
1	Promoters and Promoter Group	5	1,500,660,261	51.12
2	Resident Individuals/ Association of Persons	871,836	386,784,151	13.16
3	IEPF Authority/ Unclaimed Securities Suspense Account	2	3,620,858	0.12
4	Clearing Members	485	9,260,496	0.32
5	Financial Institutions/ Insurance Co./ State Govt./Govt. Companies	27	99,255,950	3.38
6	Foreign Institutional Investors	8	1,394,508	0.05
7	Foreign Portfolio Investors	440	594,166,502	20.24
8	NRI/OCB/Corporate Bodies - Foreign/ Bank - Foreign/Foreign National	12,653	1,80,70,354	0.62
9	Corporate Bodies/ Limited Liability Partnership	2,640	11,144,7414	3.80
10	Mutual Funds	92	155,655,518	5.30
11	Trusts	55	14,438,970	0.49
12	Banks	38	6,346,243	0.22
13	Alternate Investment Fund	6	10,423,551	0.36
14	Others - GDR account	2	24,002,500	0.82
	Total	**888,289**	**2,935,527,276**	**100.00**

(iii) Details of shares

Type	Number of Shares	% to paid up capital	Number of holders
Physical	17,607,185	0.60	12,903
Electronic			
- NSDL	2,771,713,456	94.42	484,236
- CDSL	146,206,635	4.98	391,150
Total	**2,935,527,276**	**100.00**	**888,289**

o. Dematerialisation of shares and liquidity

The Company's shares are compulsorily traded in dematerialised form on NSE and BSE. Equity shares of the Company representing 99.40% of the Company's equity share capital are dematerialised as on March 31, 2019.

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 instrument is outstanding for conversion as on March 31, 2019 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. Disclosure pursuant to SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 circular dated November 15, 2018

1. Risk management policy of the listed entity with respect to commodities including through hedging: The Company has framed a policy on commodity risks.
2. Exposure of the listed entity to commodity and commodity risks faced by the entity throughout the year:
   (a) Total exposure of the listed entity to commodities is ₹ 1,750 Crores.

(b) Exposure of the listed entity to various commodities:

Commodity Name	Exposure in ₹ towards the particular commodity in FY19	Exposure in Quantity terms towards the particular commodity in FY19	% of such exposure hedged through commodity derivatives				
			Domestic market		International market		Total
			OTC	Exchange	OTC	Exchange	
Flat Steel	₹ 1,750 Crores	3.5 lakh metric tons	NIL	NIL	NIL	NIL	NIL

(c) Commodity risks faced by the listed entity during the year and how they have been managed:

Prices for the commodities are managed through long term contract/periodic settlement based on commodity trends. The Company does not have exposure hedge through commodity.

s. Plant Locations

Ennore
Kathivakkam High Road
Ennore, Chennai - 600 057
Tamil Nadu

Hosur - Unit I
175 Hosur Industrial Complex
Hosur - 635 126
Tamil Nadu

Hosur - Unit II
77 Electronic Complex
Perandapalli Village
Hosur - 635 109, Tamil Nadu

Ennore (Foundry)
Kathivakkam High Road
Ennore
Chennai - 600 057
Tamil Nadu

Hosur - Unit IIA
Cab Panel Press Shop
SIPCOT Industrial Complex
Mornapalli village, Hosur - 635 109
Tamil Nadu

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

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

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

Sriperumbudur (Foundry)
Plot No K2, SIPCOT Industrial Estate
Arneri Village, Sriperumbudur
Kanchipuram District
Pin - 602 105

Technical Centre
Vellivoyalchavadi
Via Manali New Town
Chennai - 600 103
Tamil Nadu

t. Address for Correspondence

Registrar & Share Transfer Agents (R&TA) (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 : 91-44-2220 6001 e-mail: secretarial@ashokleyland.com csdstd@integratedindia.in
Website address	www.ashokleyland.com	
Email ID of Investor Grievances Section	secretarial@ashokleyland.com	
Name of the Compliance Officer	N Ramanathan, Company Secretary	

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

u. Credit Ratings

Name of the agency	Type of instrument	Amount ₹ Crores	Rating Action
ICRA	Long Term:Fund Based Limits	900.00	[ICRA] AA+ (Stable)
	Short term:Non-Fund Based Limits	750.00	[ICRA] A1+
	Short Term: Unallocated	255.00	[ICRA] A1+
	Commercial Paper	1,500.00	[ICRA] A1+
CARE Ratings	Long-term/Short-term Bank Facilities	2,600.00	CARE AA+; Stable/CARE A1+
	Commercial Paper	1,500.00	CARE A1+ (A One Plus)

During the financial year 2018-19, there are no changes in the ratings.

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, 2019 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.

May 24, 2019
Chennai

Dheeraj G Hinduja
Chairman

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 & Remuneration Committee**

   The Nomination & 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)

   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.

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, the 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 with regard to 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 Payout 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;

(c) Restrictions imposed under the Act with regard to 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;

(h) Class of shares.

(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 www.ashokleyland.com.

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
PRACTISING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE

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

We have examined all relevant records of ASHOK LEYLAND LIMITED, (CIN:L34101TN1948PLC000105) having its Registered Office at No. 1, Sardar Patel Road Guindy, Chennai - 600032, for the purpose of certifying compliance of the conditions of Corporate Governance mentioned under Regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V to the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Regulation 34 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended for the financial year ended March 31, 2019. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. This Certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended for the financial year ended March 31, 2019.

For R Sridharan & Associates
Company Secretaries

CS R Sridharan
FCS No. 4775
CP No. 3239
UIN : S2003TN063400

Chennai
May 24, 2019

ANNEXURE E TO THE BOARD'S REPORT
MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. MARKET TRENDS

Economy - India

Amidst a slowing global economy, the International Monetary Fund (IMF) is bullish on India's growth potential with figures of 7.3% for 2018-19 scaling up to 7.5% in 2019-20 supported by the continued recovery of investment and robust consumption amid a more expansionary stance of monetary policy and some impetus from fiscal policy. (Source: IMF, April 2019).

RBI's Monetary Policy Committee (MPC) cut the repo rate by 25 basis points to 6.0% in April 2019, while maintaining the policy stance to neutral, citing moderating inflation compared to first half of 2018-19 and the need to strengthen domestic growth impulses by spurring private investment. The Central Statistics Office (CSO) has pegged India's real Gross Domestic Product (GDP) growth at 7.0% in 2018-19, revised down from 7.2% in its first advance estimates. More recent high frequency indicators point to manufacturing growth slowing down, while investment demand is subdued. Credit flows to micro and small as well as medium industries remains muted, though they improved somewhat for large industries. Capacity utilisation (CU) in the manufacturing sector is running above its long-term average and there is improvement in business sentiment. High frequency indicators of the services sector such as sales of commercial vehicles and freight traffic indicates moderation in activity.

On India's external front, export growth remained weak while imports, especially non-oil non-gold imports, declined. The trade deficit narrowed in February 2019 to its lowest level in 17 months. Net FDI inflows were strong while foreign portfolio investors turned net buyers in the domestic capital market in Q4 FY2018-19. India's foreign exchange reserves were at US$ 412.9 billion on March 31, 2019.

The agriculture sector is estimated to decelerate to 2.7% compared to 5.0% in the preceding year. The growth of the manufacturing sector is expected to accelerate to 8.1% this fiscal, up from 5.7% in 2017-18. Mining and quarrying sector growth rate is estimated to decline from 5.1% in 2017-18 to 1.2% in current fiscal. Trade, hotels, transport, communication and services related to broadcasting too will witness deceleration to 6.8% from 7.0% in the previous fiscal. The construction sector is expected to grow at 8.9% from 5.6% previous fiscal. Financial, real estate & professional services' growth will be higher at 7.3% against 6.2% in 2017-18. (Source: CSO).

The 2019 interim budget identified the agriculture sector to be one of the key drivers of the economy. Total allocation for the sector has seen an increase of 73% over 2018-19 (Revised estimate). The Pradhan Mantri Kisan Samman Nidhi (PMKISAN) scheme was announced, which will provide a guaranteed income of ₹ 6,000 per year to small and marginal farmers. This involves an outlay of ₹ 75,000 Crores. The government has enhanced allocation under Pradhan Mantri Gram Sadak Yojana (PMGSY) to ₹19,000 Crores from ₹15,500 Crores in the revised estimate for 2018-19. Construction of rural roads has tripled under PMGSY and 15.8 lakh habitations have been connected through pucca roads under PMGSY. The promotion of inland waterways as modes of freight transport got a shot in the arm, with the start of freight container movement between Varanasi and Kolkata. The Government is also continuing its Sagarmala initiative to boost coastal connectivity as an alternative to road and rail infrastructure creation. The program envisages a string of operational ports that could help boost logistics. The Government has allocated ₹6,400 Crores for Ayushman Bharat, the National health scheme, giving it a ₹4,000 Crores boost from the last fiscal. Allocation for the department of industrial policy and promotion (DIPP) has been reduced to ₹5,674 Crores against ₹6,140 Crores in 2018-19.

Economy - World

The global economy remained steady in 2018 at 3.6%, as compared to 3.7% (2017). However, growth is expected to slow down to 3.3% in 2019 and then recover to 3.6% in 2020 (Source: IMF, April 2019).

Growth in developed economies is projected to slow from an estimated 2.2% (2018) to 1.8% (2019) and 1.7% (2020). The Euro area is set to moderate from 1.8% (2018) to 1.3% (2019) and 1.5% (2020) driven by conditions in Germany, Italy and France. The US economy is expected to decline to 2.3% (2019) and soften further to 1.9% (2020) from 2.9% in 2018 with the unwinding of the fiscal stimulus. While Japan is set to grow by 1.0% in 2019 moderating to 0.5% in 2020. Emerging and developing Asia is expected to dip to 6.3% (2019 and 2020) from 6.4% (2018) driven primarily by China's trade tensions with the US. Growth in Middle East & North Africa region is expected to drop at 1.5% in 2019 before recovering to 3.2% in 2020. While sub-Saharan Africa is expected to improve from 3.0% (2018) to 3.5% (2019) and 3.7% (2020).

Overall global growth forecasts have been revised downward partly because of the negative effects of tariff increases in the US and China. Further, growth momentum has softened in Germany with introduction of new automobile fuel emission standards, in Italy where concerns about sovereign and financial risks weigh on domestic demand and a contraction in Turkey deeper than anticipated. Trade tensions increasingly took a toll on business confidence and, so, financial market sentiment worsened, with financial conditions tightening for vulnerable emerging markets in the spring of 2018 and then in advanced economies later in the year, weighing on global demand.

Conditions have eased in 2019 as the US Federal Reserve signaled a more accommodative monetary policy stance and markets became more optimistic about a US-China trade deal, but they remain slightly more restrictive than in the fall.

Commercial Vehicle Market

The Commercial vehicle market in India posted a growth of 18% YoY in Total Industry Volumes (TIV), which was driven by 19% growth in Light Commercial Vehicles (LCV) volume and the 15% growth in Medium and Heavy Commercial Vehicles (M&HCV).

Demand for M&HCV trucks for FY2018-19 continued to be boosted by the government's focus on infrastructure development, road construction, building of irrigation facilities and affordable housing projects across the country for Q1. However, Q2 saw macro-economic factors at play. The reasons were manifold - demand postponement due to late festive season, rising crude and input prices, depreciating rupee, higher interest rates and financing woes as NBFCs saw liquidity crunch along with increase in insurance costs.

In Q3 and Q4 the M&HCV (Truck) segment witnessed subdued trends which can be attributed to surplus capacity owing to revision in axle load norms. The industry is also witnessing higher than usual inventory levels, which may take few months to correct. However, the demand for Tipper and ICV trucks have been growing at healthy pace.

M&HCV Bus segment registered a growth of 10% over the previous year with both ICV and MDV segments growing at 5.2% and 17.3% respectively. One important development to note is the emergence of new model of business from STUs in the form of PPP (Public Private Partnership). Many of the STUs are resorting to this model of business where Private operators are licensed to run buses on their behalf with an understanding on revenue sharing. Almost all STUs in the North have embraced this model immediately, while East and South STUs have started showing inclination towards adopting this emerging business trend. The STU-TIV segment also registered gains of 14%.

The LCV Trucks (0-7.5T Segment) posted a healthy growth of 21%. The 2-3.5T segment, in your Company is predominantly present grew at a moderate growth of 10%. The LCV Bus segment registered a growth of 6%. Overall LCV segment grew by 19%.

CV exports grew by 3% over last year primarily driven by 27% growth in M&HCV Trucks. Other segments showed decline over last year.

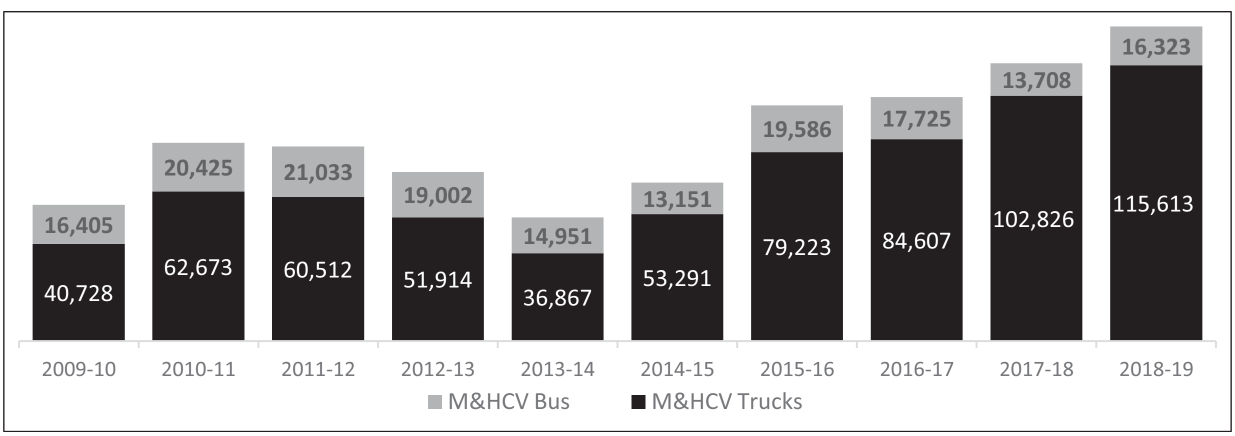
Segment	Domestic			Exports		
	2018-19	2017-18	Change %	2018-19	2017-18	Change %
M&HCV Buses	39,612	36,117	10%	8,286	12,178	-32
M&HCV Trucks	351,128	304,664	15%	40,388	31,915	27
M&HCV Total	**390,740**	**340,781**	**15%**	**48,674**	**44,093**	**10**
LCV Buses	52,170	49,002	6%	4,094	4,150	-1
LCV Trucks	564,409	467,133	21%	47,163	48,622	-3
LCV Total	**616,579**	**516,135**	**19%**	**51,257**	**52,772**	**-3**
CV Total	**1,007,319**	**856,916**	**18%**	**99,931**	**96,865**	**3**

Source: SIAM Flash Report March 2019

B. ASHOK LEYLAND - THE YEAR (2018-19) IN BRIEF

Your Company sold 131,936 M&HCVs in the domestic market (16,323 M&HCV Buses and 115,613 M&HCV Trucks), growing by 13.2% over the previous year. LCV continued to register record sales of 54,508 vehicles, with a growth of 25.5% over the previous year.

M&HCV DOMESTIC SALES (LAST 10 YEARS)



M&HCV Truck segment

Your Company entered into the Global Top 10 in M&HCV Trucks (>7.5t GVW) for the first time ever. Your Company also crossed 100 thousand mark in domestic M&HCV truck sales in the current financial year for the second year in a row. Sales grew 12.4% to 115,613 for M&HCV trucks inspite of the uncertainty caused by the revision of axle load norms and the liquidity crunch faced by NBFCs in the second half of last year.

Your Company conducted large scale National and Regional Expos to showcase its wide product portfolio and technological edge. There were many new product launches in M&HCVs which were well received during the year, namely model 4123 helped your Company regain some of the lost market share in the MAV segment. The Guru 10T, Boss 1616 sleeper launches helped your Company garner additional market share in the ICV segment. In the Haulage and tipper segment, your Company grew faster than the industry, registering 48% growth over last year, respectively.

Your Company launched the En-Dhan card as part of Customer Solutions Business which has been formed to provide solutions over the lifecycle of the truck. So far 54,000+ customers have been enrolled on the En-Dhan card program. Your Company continued its focus on enhanced service offerings through various initiatives such as SELECT, Service Mandi and Express bay for faster service.

M&HCV Bus segment

Your Company maintained its Global 4th position in volume sales. In the domestic M&HCV Bus segment, your Company continues to maintain overall leadership, with a market share of 41.2%. Your Company regained the leadership in STU segment with strong order wins from IRT, Karnataka & UPSRTC STUs, thereby registering a growth of 88.2% over the previous year. Your Company launched new products like Viking Lite for staff transportation in MDV private and variants of Lynx Smart in ICV private segments. Your Company supplied 100 Lynx Smart buses for the 2018 Hockey World Cup held in Bhubaneswar.

LCV segment

In FY 2018-19, your Company reached a record sale of 54,508 vehicles with a growth of 25.5% over the previous year. Your Company launched the DOST face lift, Partner 17ft, MiTR AC Buses for domestic market and Partner LHD for export market (UAE and West Africa). The same model is expected to be launched in other GCC countries. Your Company continues to deliver best-in-industry SSI/CSI, lowest defect, best-in-class low warranty and service retention through its 540+ exclusive LCV outlets, thereby achieving service market share of 67%.

Power Solutions Business

Your Company achieved all time high volumes, revenue and profitability in the power solutions business for the year FY 2018-19. The strong economic growth coupled with intensive infrastructure development by the government drove demand for diesel gensets in industrial applications. Your Company sold 21,859 engines in FY 2018-19 thereby registering a growth of 16.6% over last year.

Aftermarket

Aftermarket business of your Company has been delivering consistent growth over last few years. Revenues of Spare Parts business of your Company clocked 21.50% growth over last year backed by improved penetration in multiple product groups, enhanced network reach, specific initiatives in supply chain, packaging and warehouse operations (Project SPARK). The Digital initiative - LeyKart continues to fulfill the promise of on-demand availability of Spares.

Defence

For the year 2018-19, your Company supplied 260 units (including IO) of completely built up units (CBUs) and 1357 vehicle kits. Your Company is the proud manufacturer of the first Indian vehicle to clear the side mine blast test of MBPV 4x4. Defence business of your Company will continue expanding the product and application range while enhancing indigenised and cost effective defence capabilities.

Foundry Division

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. The Foundry Division of your Company is mainly catering to the automotive industry in the Country and having product segments of Cylinder Block, Head and Tractor Housings. For the year 2018-19 the Foundry division achieved the highest ever production of 106,054 MT (increase of 9% over last year) and sales (including captive consumption) of 97,645 MT (increase of 2% over last year).

Overall Summary

In summary, during FY 2018-19, your Company recorded total vehicle sales of 185,065 units in the domestic market and 12,301 units in the export market. Your Company continues to strengthen its market share across Trucks, Buses and LCV segments of the Indian commercial vehicle industry.

C. OPPORTUNITIES AND THREATS

FY2019-20 is expected to have a healthy growth rate for commercial vehicles as per CRISIL study. The implementation of the BS VI emission norms with effect from April 2020, is expected to increase vehicle TCO (Total Cost of Ownership). Empirical evidence in the past suggests a pre-buy in the market before such regulatory changes. Your Company expects the same to take place driving growth in M&HCV demand.

The vehicle scrappage policy, termed as a Voluntary Vehicle fleet Modernisation Programme (V-VMP), is currently undergoing additional rounds of discussion with stakeholders before implementation as law. The initial intent was to roll it out in FY2020-21, with a mandate to scrap commercial vehicles which have completed 20 years of service. Details on this are still awaited.

With the introduction of safety regulations in the cabin, fully built trucks and buses are likely to see an upshift. There are a series of policies (e.g., bus body code, truck code) which continue to offer opportunities for the CV industry to enhance product offerings aimed to improve road-safety, driver comfort, and fuel efficiency.

Crude prices continue to be volatile. With daily revision in prices, sharp increase in crude prices will lead to high domestic retail prices which could pose to be a threat to the growth in the overall logistics industry. This is a critical factor in the TCO (Total cost of operation) for a commercial vehicle operator.

With the formation of a stable government at the centre, policy continuity towards infrastructure development, road construction and mining activities is expected thereby having a positive impact on the Commercial Vehicle TIV.

D. RISK MANAGEMENT

During the year, your Company continued to gain sales volume, despite headwinds such as liquidity crisis, changes in regulatory norms pertaining to axle load and other challenges faced by the CV industry. Our ability to proactively respond to the external risks through appropriate business strategies, was key to manage these challenges. Your Company has made significant progress through investments in technology to meet the upcoming BS-VI emission norms, including thrust on alternate fuel technologies. It continues to work on innovative and cost-effective technology solutions and vehicles through strategic partnerships to meet the regulatory requirements.

Your Company has an inclusive, well integrated and standardised Enterprise Risk Management (ERM) framework across the organisation. The risk management process enables business to identify and proactively address risk and opportunities, assessing them in terms of likelihood and potential impact, determining our response strategy, and monitoring them on a regular basis.

The ERM process is also 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 underlying the strategy are also considered.

The ERM in the Company 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 apprises 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. The RMC also reviews the organisation's Risk Appetite statement on an annual basis.

An internal Risk Steering Committee, comprising of key members of Senior Leadership and core Business vertical heads is responsible for the risk management process including risk identification, impact assessment, effective implementation of risk mitigation plans, and risk reporting. The Steering Committee, reviews on a quarterly basis the enterprise risks which are tabled at the RMC for its review.

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.

Your Company has been awarded the "Golden Peacock Award" for Risk Management in "Automotive" category by the Institute of Directors, in December 2018.

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:

a) Recording of transactions are accurate, complete, and authorised;

b) Adherence to Accounting standards and compliance to applicable statutes, Company policies and procedures;

c) 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, ("Act")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 with the support of 3rd party service providers where appropriate, carries out risk based Internal audit reviews, based on the annual risk based 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.

Significant deficiencies in Internal control identified if any, are reviewed periodically and tracked for closure.

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 around residual risks if any, are presented to the Board.

F. INFORMATION SECURITY

Information and related technology are vital assets for your organisation. At Ashok Leyland, we safeguard our Information assets from threats, both internal and external, through the adoption of best practices in Information Security, and by building a culture of Information Security awareness.
This has enabled your Company to minimise risks from cyber and other security threats.

Your Company is certified annually under the ISO 27001 Information Security Standard to periodically evaluate and enhance the maturity of its overall Information Security framework.

Your Company has an independent Information Security function governing the planning, implementation, review and improvement of the Information Security processes across the organisation to protect the Confidentiality, Integrity and Availability of critical and sensitive information assets.

G. FINANCIAL REVIEW

Summary of Profit and Loss account is given below:

₹ in Crores

Particulars	2018-19	2017-18	Inc/ (Dec)%
Sales	29,054.95	26,633.00	9.1
Other Income	109.94	196.58	(44.1)
Total	**29,164.89**	**26,829.58**	**8.7**
Expenditure			
Material Cost	20,679.57	18,431.08	12.2
Excise duty	-	276.6	(100.0)
Employee benefits expenses	2,098.77	1,837.78	14.2
Finance cost	70.38	147.28	(52.2)
Depreciation and amortisation	621.01	598.48	3.8
Other expenses	3,140.87	3,124.02	0.5
Total	**26,610.60**	**24,415.24**	**9.00**
Profit before exchange gain on swap contracts, exceptional items and tax	2,554.29	2,414.34	5.8
Exchange loss on swap Contracts	(2.63)	(3.21)	(18.1)
Profit before exceptional items	**2,551.66**	**2,411.13**	**5.8**
Exceptional items	**(54.86)**	**(25.30)**	**116.8**
Profit before tax	**2,496.80**	**2,385.83**	**4.7**
Tax expense	**513.60**	**668.10**	**(23.1)**
Profit after tax	**1,983.20**	**1,717.73**	**15.5**
Basic earnings per share (₹)	**6.76**	**5.87**	**15.2**

Note: Ashok Leyland Vehicles Limited, Ashley Powertrain Limited and Ashok Leyland Technologies Limited have been merged with Ashok Leyland Limited effective April 1, 2018 and hence previous year figures have also been re-stated to this effect.

Revenues:

Your Company's revenues improved by 9% in line with M&HCV volume increase of 9% as well as with LCV volume growth of 25%. While domestic M&HCV volumes grew by 13% YOY primarily driven by Tipper, Haulage, Multi-axle rigid vehicles, Intermediate Commercial Trucks and buses. Upward price increase during the year in domestic market to mitigate material cost increases could not be recovered consequent to intense competition and high discounting scenario. Export volumes reduced by 27% in 2018-19 primarily due to diversion and sale of BS III vehicles (about 2,499 numbers) in FY2017-18.

Costs:

- **Material Cost:** FY2018-19 witnessed significant increase in price of string steel, forgings, castings aluminium rubber, etc. Towards this your Company had to incur ₹692 Crores on these cost increases. Through various internal initiatives covering price negotiation, value engineering, optimisation of business share, your Company managed to contain material increase by about 2.5% during the year.
- **Staff Costs:** Employee expenses are up by 14% during the year reflecting the full year impact of increments, salary revision for executives as well as bonus provisioning for associates at all manufacturing units during the year.
- **Finance costs** halved to ₹70.38 Crores during the year reflecting the efficient management of working capital as well as better cash flows for meeting the capital expenditure, investments and long-term loan repayment commitments through internal accruals.
- **Depreciation** for the year is at ₹621.01 Crores which is higher than last year reflecting the impact of capitalisation of assets during the year.
- **Other expenses** at ₹3,141 Crores are at around the same levels of last year despite increase in activity levels by about 10%. Closure of regional sales offices throughout India consequent to introduction of GST has resulted in lesser movement of chassis there by lesser costs. Notwithstanding this, stringent cost control measures implemented during the year has also resulted in huge savings in costs.
- **Total Capital Employed** by your Company increased by 5% from ₹17,336 Crores to ₹18,224 Crores reflecting the increase in activity levels.

Total shareholders' funds as at March 31, 2019 after providing for dividend to the tune of ₹860 Crores stood at ₹8,332 Crores reflecting an increase of ₹1,087 Crores over March 31, 2018 amount of ₹7,245 Crores. This increase reflects the current year profit of ₹1,983 Crores offset by dividend ₹860 Crores as well as transfer to other comprehensive income ₹43 Crores and other favourable adjustments for ₹7 Crores.

Summary of the Balance sheet is given below:

₹ in Crores

Sources of funds	March31, 2019	March 31, 2018	Inc/(dec) %
Shareholder's funds	8,332.43	7,245.54	15.0
Non-current liabilities	1,103.01	1,271.35	(13.2)
Current liabilities	8,788.96	8,819.50	(0.3)
Total	**18,224.40**	**17,336.39**	**5.1**
Application of Funds			
Fixed Assets	5,080.62	5,045.76	0.7
Intangible Assets	1,191.51	924.85	28.8
Investments	2,636.50	2,451.51	7.5
Loans and Other non-current assets	1,129.43	850.80	32.7
Current Assets	8,186.34	8,063.47	1.5
Assets held for sale			
Total	**18,224.40**	**17,336.39**	**5.1**

Capital Expenditure and Investments

During the year, your Company incurred ₹944 Crores towards capital expenditure, predominantly towards BS VI, LCV, Modular Business Program, Electric vehicles, Unit replacements, maintenance capex etc.,

Your Company has invested ₹124 Crores in Hinduja Leyland Finance Limited, ₹43 Crores in Ashok Leyland (UAE) LLC, ₹18 Crores in Optare Plc, ₹10 Crores in Albonair (India) Private Limited, ₹6 Crores in Ashley Aviation Limited, ₹1 Crore in Ashley Alteams India Limited and ₹1 Crore in other Companies. Thus your Company has invested ₹203 Crores in cash in Joint Venture/Associates/Subsidiaries during the year. There had also been impairments to the tune of ₹7 Crores during the year Ashok Leyland (Chile) SA ₹4 Crores, Ashley Aviation Limited ₹3 Crores.

Current assets as at March 31, 2019 were at ₹8,186 Crores when compared with previous year level of ₹8,063 Crores. The increase of ₹123 Crores was driven by increase in inventory of ₹926 Crores, increase in receivables of ₹1,561 Crores, increase in cash and cash equivalents of ₹331 Crores, increase in other financial assets by ₹75 Crores (primarily grants and escrow bank balance), increase in other current assets by ₹375 Crores (balances with customs, port trust, central excise etc.,) and increase in contract assets by ₹11 Crores offset by reduction in investments in mutual funds by ₹3,155 Crores.

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 managed its capital expenditure and investment commitments and has repaid long term loans of ₹632 Crores from internal generation. No fresh long-term loans have been borrowed during the year. Working capital increase has been met through short term funds. Your Company manages its liquidity through rigorous weekly monitoring of cash flows.

Profitability

Your Company's profitability improved consequent to continuation of increased volumes in financial year 2018-19 also. This increase in volumes were aided by the growth in GDP which is driven well by the growth in core industries as well as infrastructure improvements. In contrast to FY 2017-18, growth in 2019 was driven by Haulage, ICV Trucks, Buses and Tippers. Higher tonnage segments viz., Tractor trailers and MAVs witnessed slowdown. There has also been a decline in supply of vehicle kits sets to Vehicle Factory Jabalpur. Defence kits revenue has witnessed a reduction from ₹481 Crores in FY 2017-18 to ₹146 Crores in FY 2018-19. Apart from the pricing and volume pressures, commodities comprising of steel, forgings, castings, rubber etc., witnessed increases resulting in increase in input cost for your Company (by about 3.3%). Tighter control on material costs and operating expenses combined with judicial sales mix and working capital management have significantly contributed to profits during the year.

Last year witnessed an upward revision in rating by CARE ratings after 20 years. Your Company's financial rating was upgraded from CARE AA to CARE AA+ with stable outlook. During 2018-19, ICRA have upgraded their rating from ICRA AA, Positive outlook to ICRA AA+; Stable outlook.

Agency	Long Term	Short Term Facilities/ Commercial Paper
CARE	CARE AA+; Stable Outlook	CARE A1+
ICRA	ICRA AA+; Stable Outlook	ICRA A1+

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

Results of Operations

Your Company generated an after-tax profit from operations of ₹2,601 Crores in FY2018-19 which was marginally lower compared to ₹2,675 Crores in FY2017-18. Working capital was abnormally lower during last year consequent to buoyant demand scenario. Huge customer advances combined with lower finished vehicle inventory levels was witnessed in last quarter of FY 2017-18. All these were not sustained in FY2018-19 resulting in increase in working capital of ₹2,964 Crores.

Cash outflow for acquisition of fixed assets for FY2018-19 was at ₹731 Crores as against ₹534 Crores in FY2017-18. During FY 2018-19, all investments in mutual funds have been liquidated resulting in a cash inflow of ₹3,043 Crores. This is in contract to the last year wherein ₹2,895 Crores have been invested in mutual funds and noncurrent investments.

Profit before exchange loss on swap contracts, exceptional items and tax stood at ₹2,554 Crores as against ₹2,414 Crores last year.

After reckoning a tax liability of ₹514 Crores, profit after tax for the current year stood at ₹1,983 Crores. Basic earnings per share has increased by 15% from ₹5.87 in FY2017-18 to ₹6.76 in FY2018-19.

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

Dividend

The Directors have recommended a dividend of ₹3.10/- per equity share of Re.1/- each for the financial year ended March 31, 2019.

Cash flow statement

₹ in Crores

Particulars	31.3.2019	31.3.2018
Profit from operations after tax	2,601.44	2,674.53
(Inc)/Dec in Net working capital	(2,963.79)	2,968.85
Net cash (outflow)/inflow from operating activities	(362.35)	5,643.38
Payment for acquisition of assets - net	(731.47)	(534.44)
Cash Inflow/(outflow) for investing activities	3,042.96	(2,894.79)
Cash (outflow) from financing activities	(1,616.16)	(2,090.93)
Net cash inflow	**332.98**	**123.22**

The Year Ahead

With clear mandate for one political party, it is more likely that the statutory and emission norms related changes will be implemented on the prescribed dates. Your Company believes that the thrust on infrastructure development will continue. The industry view is that the M&HCV truck is likely to witness a growth of around 10-12% in FY 2019-20. Over the year, the demand for the CVs will also be driven by the certainty in the implementation of BS VI emission norms which will eventually lead to advance purchases by fleet operators. Your Company expects the advance purchases to pick up in 2nd quarter and peak in 3rd quarter of FY2019-20 and then gradually taper down in 4th quarter.

Your Company is continuing to do well in domestic truck business wherein volumes crossing one Lakh vehicles for second year in a row. But equally, your Company is looking at other business segments covering LCV, After Market and customer solutions to grow them at a faster pace than the truck business so that your Company will be less prone to cyclicality that the truck industry is known for.

Your Company will strive to mitigate the cost increases through a combination of internal cost reduction measures and price increases, but the increases will be done only to protect the margins. Your Company will strive for sustained growth with profits. Your Company will not give away the margin for the sake of market share. Your Company will strive to continue to maintain margins in double digits.

As planned, your Company has successfully launched 47.5 Ton rigid truck with twin tyre pusher lift axle, High horse power tippers, 10Ton Guru and Boss 19T with sleeper cabin during FY 2018-19.

H. HUMAN RESOURCES

During the year under review, the total number of people on the rolls of the Company is 11,966.

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 THE CHAIRMAN AND CHIEF FINANCIAL OFFICER TO THE BOARD

We, Dheeraj G Hinduja, Chairman and Gopal Mahadevan, Whole-time Director and 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 violative 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.

May 24, 2019	**Dheeraj G Hinduja**	**Gopal Mahadevan**
Chennai	Chairman	Whole-time Director and 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, 2019

[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, India 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 2nd Floor, Kences Towers 1, Ramakrishna Street, North Usman Road T. Nagar, Chennai - 600 017 Tel : 044-2814 0801/03, Fax : 044 - 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	71.5
2	Bus	29109	9.9

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

Sl. 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	50.88	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 Nigeria Limited	Km 33, Lekki-Epe Expressway, Eputu Town, Ibeju-Lekki, Lagos	Not applicable	Wholly owned subsidiary	100.00	2(87)(ii)
6.	Ashok Leyland Vehicles Limited*	No.1, Sardar Patel Road, Guindy, Chennai 600 032	U34102TN2008PLC067839	Wholly owned subsidiary	100.00	2(87)(ii)
7.	Ashok Leyland Technologies Limited*	No.1, Sardar Patel Road, Guindy, Chennai 600 032	U34300TN2008PLC067840	Wholly owned subsidiary	100.00	2(87)(ii)
8.	Ashley Powertrain Limited*	No.1, Sardar Patel Road, Guindy, Chennai 600 032	U34102TN2008PLC067838	Wholly owned subsidiary	100.00	2(87)(ii)
9.	Ashok Leyland (Chile), S.A	Calle Buenaventura Sitio20-C, Free Zone, Iquique, Chile	Not applicable	Wholly owned subsidiary	100.00	2(87)(ii)
10.	Gulf Ashley Motor Limited	No.1, Sardar Patel Road, Guindy, Chennai 600 032	U34102TN2004PLC052489	Subsidiary	92.98	2(87)(ii)
11.	Optare PLC	Unit 3, Hurricane Way South Sherburn in Elmet, Leeds, North Yorkshire, LS25 6PT	Not applicable	Subsidiary	99.11	2(87)(ii)
12.	Optare UK Limited	Unit 3, Hurricane Way South Sherburn in Elmet, Leeds, North Yorkshire, LS25 6PT	Not applicable	Subsidiary	99.11	2(87)(ii)
13.	Optare Group Limited	Unit 3, Hurricane Way South Sherburn in Elmet, Leeds, North Yorkshire, LS25 6PT	Not applicable	Subsidiary	99.11	2(87)(ii)
14.	Jamesstan Investments Limited	Unit 3, Hurricane Way South Sherburn in Elmet, Leeds, North Yorkshire, LS25 6PT	Not applicable	Subsidiary	99.11	2(87)(ii)
15.	Optare Holding Limited	Unit 3, Hurricane Way South Sherburn in Elmet, Leeds, North Yorkshire, LS25 6PT	Not applicable	Subsidiary	99.11	2(87)(ii)
16.	Optare (Leeds) Limited	Unit 3, Hurricane Way South Sherburn in Elmet, Leeds, North Yorkshire, LS25 6PT	Not applicable	Subsidiary	99.11	2(87)(ii)
17.	East Lancashire Bus Builders Limited	Unit 3, Hurricane Way South Sherburn in Elmet, Leeds, North Yorkshire, LS25 6PT	Not applicable	Subsidiary	99.11	2(87)(ii)

ANNEXURE G TO THE BOARD'S REPORT

Sl. No	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate Company	% of shares held	Applicable Section under Companies Act, 2013
18.	Global TVS Bus Body Builders Limited	TVS Building, 7-B West Veli Street, Madurai - 625 001	U35202TN1998PLC041466	Subsidiary	66.67	2(87)(ii)
19.	Hinduja Tech GmbH	Charles-de-Gaulle-Platz 1 F, 50679, Koln	Not applicable	Subsidiary	62.00	2(87)(ii)
20.	Hinduja Technologies Inc., USA	39555, Orchard Hill Place, Suite 600, Novi, Michigan 48375	Not applicable	Subsidiary	62.00	2(87)(ii)
21.	Hinduja Tech Limited	Triton Square, C3 - C7, Tiruvika Industrial Estate, Guindy Chennai - 600 032	U72400TN2009PLC072067	Subsidiary	61.99	2(87)(ii)
22.	Hinduja Housing Finance Limited	No. 27A, Developed Industrial Estate Guindy, Chennai - 600032	U65922TN2015PLC100093	Subsidiary	61.84	2(87)(ii)
23.	Hinduja Leyland Finance Limited	No.1, Sardar Patel Road Guindy, Chennai - 600 032	U65993TN2008PLC069837	Subsidiary	61.84	2(87)(ii)
24.	HLF Services Limited	No.1, Sardar Patel Road, Guindy Chennai - 600 032	U67190TN2010PLC076750	Subsidiary	54.00	2(87)(ii)
25.	Ashley Aviation Limited	No.1, Sardar Patel Road, Guindy, Chennai - 600 032	U66030TN2008PLC122350	Wholly owned subsidiary	100.00	2(87)(ii)
26.	Ashok Leyland (UAE) LLC	P. O. Box 31376, N-176, RAK Manamma Highway, Ras Al Khaimah, UAE	Not applicable	Associate	49.00	2(6)
27.	Mangalam Retail Services Limited	XI Floor, Eastwing Thaalamuthu Natarajan Building, 1, Gandhi Irwin Road, Egmore Chennai - 600 008	U51909MH2006PLC288018	Associate	37.48	2(6)
28.	Lanka Ashok Leyland PLC	Panagoda, Homagama, Sri Lanka	Not applicable	Associate	27.85	2(6)
29.	Ashok Leyland Defence Systems Limited	No.1, Sardar Patel Road, Guindy Chennai - 600 032	U34200TN2008PLC080987	Associate	48.49	2(6)
30.	Rajalakshmi Wind Energy Limited	Old No.16, New No.18, Rutlandgate 4th Street, Nungambakkam Chennai - 600006	U40105TN2010PLC077414	Associate	26.00	2(6)
31.	Ashley Alteams India Limited	No.1, Sardar Patel Road Guindy, Chennai - 600032	U27310TN2006PLC065084	Joint Venture	50.00	2(6)
32.	Ashok Leyland John Deere Construction Equipment Company Private Limited$	AG1 Ragamalika, Old No.2, New No.26 Kumaran Colony Main Road, Vadapalani Chennai - 6 00026	U29253TN2009PTC072136	Joint Venture	4.85	2(6)

*amalgamated with Ashok Leyland Limited on December 21, 2018;

$ under voluntary liquidation

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

i) Category-wise Share Holding

Category of Shareholder		Number of shares held at the beginning of the year April 1, 2018				No. of shares held at the end of the year March 31, 2019				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A	**PROMOTERS**									
(1)	**Indian**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	a) Individual/HUF	-	-	-	-	-	-	-	-	-
	b) Central Government	-	-	-	-	-	-	-	-	-
	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	1,171,460,121	-	1,171,460,121	40.02	1,171,460,121	-	1,171,460,121	39.91	-
	d) Banks/Fis	-	-	-	-	-	-	-	-	-
	e) Any other (Specify)	-	-	-	-	-	-	-	-	-
	Sub Total A(2)	**1,171,460,121**	**-**	**1,171,460,121**	**40.02**	**1,171,460,121**	**-**	**1,171,460,121**	**39.91**	**-**
	Total shareholding of Promoter (A)= (A)(1) +(A)(2)	**1,171,460,121**	**-**	**1,171,460,121**	**40.02**	**1,171,460,121**	**-**	**1,171,460,121**	**39.91**	**0.00**
B	**Public Shareholding**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(1)	**Institutions**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	a) Mutual Funds (includes UTI)	191,523,749.00	75,060	191,598,809	6.55	161,161,605	75,060	161,236,665	5.49	(1.04)
	b) Financial Institutions/ Banks	73,618,713	30,890	73,649,603	2.52	48,298,803	30,890	48,329,693	1.65	(0.87)
	c) Central Government	-	-	-	-	-	-	-	-	-
	d) State Governments	1,849,470	360,000	2,209,470	0.08	1,849,470	360,000	2,209,470	0.08	-
	e) Venture capital Funds	-	-	-	-	-	-	-	-	-
	f) Insurance Companies	31,193,167	500	31,193,667	1.07	49,482,383	500	49,482,883	1.69	0.62
	g) FIIs	3,602,714	89,620	3,692,334	0.13	1,304,888	89,620	1,394,508	0.05	(0.08)
	h) Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
	i) Any other (Specify) - Alternate Investment Funds	4,847,105	-	4,847,105	0.17	10,423,551	-	10,423,551	0.36	0.19
	Sub Total B(1)	**306,634,918**	**556,070**	**307,190,988**	**10.49**	**272,520,700**	**556,070**	**273,076,770**	**9.30**	**(1.17)**

ANNEXURE G TO THE BOARD'S REPORT

Category of Shareholder		Number of shares held at the beginning of the year April 1, 2018				No. of shares held at the end of the year March 31, 2019				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2)	**Non-Institutions**									
a	Bodies Corporate	-	-	-	-	-	-	-	-	-
	(i) Indian	61,310,846	487,606	61,798,452	2.11	110,001,661	464,502	110,466,163	3.76	1.66
	(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	232,288,801	18,801,526	251,090,327	8.58	356,487,253	15,596,131	372,083,384	12.68	4.13
	(ii) Individual Shareholders holding Nominal Share Capital in excess of ₹1 Lakh	12,877,838	909,160	13,786,998	0.47	13,791,607	909,160	14,700,767	0.50	0.03
c	Any other									
	i. Clearing Members	6,707,414	-	6,707,414	0.23	9,260,496	-	9,260,496	0.32	0.09
	ii. Trusts	8,629,478	-	8,629,478	0.29	14,438,970	-	14,438,970	0.49	0.20
	iii. Corporate Body Foreign Bodies	1,200,000	-	1,200,000	0.04	199,000	-	199,000	0.01	(0.03)
	iv. NRI	12,035,011	42,410	12,077,421	0.41	17,820,047	36,822	17,856,869	0.61	0.20
	v. Foreign Nationals	8,397	-	8,397	0.00	11,485	-	11,485	0.00	0.00
	vi. Limited Liability partner ship	1,223,576	-	1,223,576	0.04	981,251	-	981,251	0.03	(0.01)
	vii. Unclaimed Securities Sus A/c	1,196,261	-	1,196,261	0.04	1,150,351	-	1,150,351	0.04	(0.00)
	viii. IEPF authority	2,242,867	-	2,242,867	0.08	2,470,507	-	2,470,507	0.08	0.01
	ix. Foreign Portfolio Investor Corporate	736,288,161	-	736,288,161	25.15	594,166,502	-	594,166,502	20.24	(4.86)
	Sub Total B(2)	**1,076,010,650**	**20,240,702**	**1,096,251,352**	**37.45**	**1,120,781,130**	**17,006,615**	**1,137,787,745**	**38.76**	**1.42**
	Total Public Shareholding (B)= (B)(1)+(B)(2)	**1,382,645,568**	**20,796,772**	**1,403,442,340**	**47.95**	**1,393,301,830**	**17,562,685**	**1,410,864,515**	**48.06**	**0.25**
C	**Shares held by Custodians for GDRs and ADRs##**	**352,157,140**	**44,500**	**352,201,640**	**12.03**	**353,158,140**	**44,500**	**353,202,640**	**12.03**	**0.03**
	Grand Total (A) + (B) + (C)	**2,906,262,829**	**20,841,272**	**2,927,104,101**	**100.00**	**2,917,920,091**	**17,607,185**	**2,935,527,276**	**100.00**	**0.29**

##329,200,140 shares held on behalf of the promoters

ii) **Shareholding of Promoters**

Sl. No	Shareholder's Name	Shareholding at the beginning of the year April 1, 2018			Shareholding at the end of the year March 31, 2019			
		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	% change in share holding during the year
1	Hinduja Automotive Limited	1,493,532,882	51.02	1.88	1,493,532,882	50.88	3.41	0.00
2	Hinduja Foundries Holdings Limited	7,127,379	0.24	0.00	7,127,379	0.24	0.00	0.00

iii) **Change in Promoters' Shareholding**

Sl No	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	Hinduja Automotive Limited				
	At the beginning of the year	1,493,532,882	51.02		
	Date wise Increase/Decrease in Promoters shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat/equity, etc.) *				
	At the end of the year			1,493,532,882	50.88
2.	Hinduja Foundries Holdings Limited				
	At the beginning of the year	7,127,379	0.24		
	Date wise Increase/Decrease in Promoters shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat/equity, etc.) *				
	At the end of the year			7,127,379	0.24

*During the year under review, there were no changes with respect to the shares held by the promoters. However, there is a change in the percentage to capital because of issuance and allotment of equity shares by the Company upon exercise of equity stock options by the employees during the financial year 2018-19.

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

Sl. No	Name	Shareholding at the beginning of the year (April 1, 2018)		Cumulative Shareholding during the year (April 1, 2018 to March 31, 2019)	
		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	**71,548,244**	**2.437**		
	Bought during the year	0		71,548,244	
	Sold during the year	-31,496,402		40,051,842	
	At the end of the year			40,051,842	**1.364**
2	**GOVERNMENT PENSION FUND GLOBAL**				
	At the beginning of the year	**70,296,016**	**2.395**		
	Bought during the year	2,575,883		72,871,899	
	Sold during the year	-25,124,905		47,746,994	
	At the end of the year			**47,746,994**	**1.627**

ANNEXURE G TO THE BOARD'S REPORT

Sl. No	Name	Shareholding at the beginning of the year (April 1, 2018)		Cumulative Shareholding during the year (April 1, 2018 to March 31, 2019)	
		Number of Shares	% of total shares of the Company	Number of Shares	% of total shares of the Company
3	**KUWAIT INVESTMENT AUTHORITY FUND (Under Different Sub Accounts)**				
	At the beginning of the year	**41,560,677**	**1.416**		
	Bought during the year	14,846,959		56,407,636	
	Sold during the year	-10,860,975		45,546,661	
	At the end of the year			**45,546,661**	**1.552**
4	**DSP MUTUAL FUND (Under different sub accounts)##**				
	At the beginning of the year	**36,449,296**	**1.242**		
	Bought during the year	8,818,431		45,267,727	
	Sold during the year	-33,088,875		12,178,852	
	At the end of the year			**12,178,852**	**0.415**
5	**GOVERNMENT OF SINGAPORE##**				
	At the beginning of the year	**35,590,511**	**1.212**		
	Bought during the year	13,981,421		49,571,932	
	Sold during the year	-31,893,611		17,678,321	
	At the end of the year			**17,678,321**	**0.602**
6	**AMANSA HOLDINGS PRIVATE LIMITED##**				
	At the beginning of the year	**28,772,977**	**0.980**		
	Bought during the year	948,300		29,721,277	
	Sold during the year	-29,721,277		0	
	At the end of the year			**0**	**0.000**
7	**GENERAL INSURANCE CORPORATION OF INDIA**				
	At the beginning of the year	**23,000,000**	**0.784**		
	Bought during the year	850,000		23,850,000	
	Sold during the year	-415,700		23,434,300	
	At the end of the year			**23,434,300**	**0.798**
8	**ABU DHABI INVESTMENT AUTHORITY (Under different sub accounts)##**				
	At the beginning of the year	**22,466,185**	**0.765**		
	Bought during the year	1,263,049		23,729,234	
	Sold during the year	-5,557,899		18,171,335	
	At the end of the year			**18,171,335**	**0.619**
9	**MOTILAL OSWAL MUTUAL FUND (Under different sub accounts)**				
	At the beginning of the year	**22,324,535**	**0.760**		
	Bought during the year	24,757,802		47,082,337	
	Sold during the year	-17,386,783		29,695,554	
	At the end of the year			**29,695,554**	**1.012**
10	**ICICI PRUDENTIAL MUTUAL FUND (Under different sub accounts)**				
	At the beginning of the year	**20,360,483**	**0.694**		
	Bought during the year	11,744,089		32,104,572	
	Sold during the year	-18,082,149		14,022,423	
	At the end of the year			**14,022,423**	**0.478**

ANNEXURE G TO THE BOARD'S REPORT

Sl. No	Name	Shareholding at the beginning of the year (April 1, 2018)		Cumulative Shareholding during the year (April 1, 2018 to March 31, 2019)	
		Number of Shares	% of total shares of the Company	Number of Shares	% of total shares of the Company
11	**RELIANCE CAPITAL TRUSTEE CO. LTD (Under different sub accounts)$$**				
	At the beginning of the year	**13,661,937**	**0.465**		
	Bought during the year	72,513,059		86,174,996	
	Sold during the year	-28,174,027		58,000,969	
	At the end of the year			**58,000,969**	**1.976**
12	**ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED**				
	At the beginning of the year	**14,758,565**	**0.503**		
	Bought during the year	47,293,150		62,051,715	
	Sold during the year	-11,679,807		50,371,908	
	At the end of the year			**50,371,908**	**1.716**
13	**SCHRODER INTERNATIONAL SELECTION FUND EMERGING ASIA$$**				
	At the beginning of the year	**13,201,999**	**0.450**		
	Bought during the year	15,693,910		28,895,909	
	Sold during the year	-3,536,000		25,359,909	
	At the end of the year			**25,359,909**	**0.864**
14	**JP MORGAN INDIAN INVESTMENT COMPANY (MAURITIUS) LIMITED$$**				
	At the beginning of the year	**19,953,446**	**0.680**		
	Bought during the year	0		19,953,446	
	Sold during the year	0		19,953,446	
	At the end of the year			**19,953,446**	**0.680**
15	**VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS$$**				
	At the beginning of the year	**19,385,788**	**0.660**		
	Bought during the year	787,886		20,173,674	
	Sold during the year	-1,020,607		19,153,067	
	At the end of the year			**19,153,067**	**0.652**

Not in the Top Ten Shareholders list as on March 31, 2019. The same is provided above as they are in the Top 10 Shareholders list as on April 1, 2018

$$ Not in the Top Ten Shareholders list as on April 1, 2018. The same is provided above as they are in the Top 10 Shareholders list as on March 31, 2019.

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

Sl. No.	Name	Shareholding at the beginning of the year (April 1, 2018)		Cumulative Shareholding during the year (April 1, 2018 to March 31, 2019)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	**MR. D J BALAJI RAO**				
	Opening Balance as on April 1, 2018	116	0.00		
	Closing Balance as on March 31, 2019			116	0.00
2	**MR. GOPAL MAHADEVAN**				
	At the beginning of the year	0	0.00		
	10/8/2018	100,000	0.00	100,000	0.00
	24/08/2018	100,000	0.00	200,000	0.01
	15/03/2019	(80,000)	0.00	120,000	0.00
	At the end of the year			**120,000**	**0.00**
3	**MR. VINOD K DASARI**				
	At the beginning of the year	0	0.00		
	11/4/2018	3,727,000	0.13	3,727,000	0.13
	13/04/2018	(3,727,000)	(0.13)	-	0.00
	1/6/2018	4,296,175	0.15	4,296,175	0.15
	22/02/2019	(3,196,175)	(0.11)	1,100,000	0.04
	At the end of the year	**-**	**-**	**1,100,000**	**0.04**

Mr. Dheeraj G Hinduja, Dr. Andreas H Biagosch, Dr. Andrew C Palmer, Mr. Jean Brunol, Mr. Jose Maria Alapont, Ms. Manisha Girotra, Mr. Sanjay K Asher, and Mr. Sudhindar K Khanna, Directors and Mr. N. Ramanathan, Company Secretary do not hold any shares during the year.

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 1.4.2018				
i) Principal Amount	3,739,603,493	8,544,574,832	-	12,284,178,325
ii) Interest due but not paid	-	-	-	174,820,298
iii) Interest accrued but not due	127,177,297	47,643,001	-	
Total (i + ii + iii)	**3,866,780,790**	**8,592,217,833**	**-**	**12,458,998,623**
Change in Indebtedness during the financial year (principal amount)				
• Addition	20,960,000,000	88,550,000,000	-	109,510,000,000
• Reduction	(23,725,233,555)	(91,738,015,750)	-	(115,463,249,305)
Net Change	**(2,765,233,555)**	**(3,188,015,750)**	**-**	**(5,953,249,305)**
Indebtedness at the end of the financial year 31.3.2019				
i) Principal Amount	974,369,938	4,356,559,082	-	5,330,929,021
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due	6,581,444	25,602,718	-	32,184,162
Total (i+ii+iii)	**980,951,382**	**4,382,161,800**	**-**	**5,363,113,182**

ANNEXURE G TO THE BOARD'S REPORT

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to CEO & MD **₹ in Crores**

S. No.	Particulars of Remuneration	Amount	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.	6.05	
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961.	0.11	**6.66**
2	Stock Option*	110.24	**110.24**
3	Sweat Equity	-	**-**
4	Commission:		
	Performance Bonus	5.18	
	Ex-gratia	9.00	**14.18**
5	Others- Retirement benefits	0.63	**0.63**
	Total (A)		**131.21**
	Ceiling as per the Act	10% of the Net profit	**253.42**

The above remuneration excludes gratuity and leave encashment amounting to ₹5.81 Crores.

* 569,175 options exercised at ₹80/- per option and 7,454,000 options exercised at ₹1/- per option

B. Remuneration to other directors

₹ in Lakhs

S. No	Particulars of Remuneration	Fee for attending Board/Committee meetings*	Commission	Others, please specify	Total Amount
1.	**Independent Directors**				
	Dr. Andreas H Biagosch	7.20	58.22	-	65.42
	Dr. Andrew C Palmer	3.80	61.01	-	64.81
	Mr. D J Balaji Rao#	13.40	57.67	-	71.07
	Mr. Jean Brunol	14.80	52.39	-	67.19
	Mr. Jose Maria Alapont	11.00	63.61	-	74.61
	Ms. Manisha Girotra	4.80	30.70	-	35.50
	Mr. Sanjay K Asher	12.40	58.21	-	70.61
	Mr. Sudhindar K Khanna $	6.00	64.68	-	70.68
	Total (1)	**73.40**	**446.49**		**519.00**
2.	**Non-Executive Directors**				
	Mr. Dheeraj G Hinduja	11.90	1000.00	-	1011.90
	Total (2)	**11.90**	**1000.00**	**-**	**1011.90**
	Total (B) = (1) + (2)	**85.30**	**1446.49**	**-**	**1531.79**
	Total Managerial Remuneration				
	Ceiling as per the Act (@ 1% of profits calculated under Section 198 of the Companies Act, 2013)				2534.22

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

resigned with effect from on March 31, 2019.

$ resigned with effect from on April 5, 2019.

C. Remuneration to Key Managerial Personnel

₹ in Lakhs

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	651.21	145.31	796.52
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.20	1.75	1.95
	(c) Stock option#	57.70	-	-
	(d) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	57.70
2	Others - retirement benefits	11.04	4.33	15.37
	Total (A)	**720.15**	**151.39**	**871.54**

200,000 options exercised at ₹83.50/- per option.

VII. PENALTIES/PUNISHMENT/ COMPOUNDING OF OFFENCES

There were no penalties/punishments/compounding of offences for the year ended March 31, 2019.

On behalf of the Board of Directors

Chennai
May 24, 2019

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

My 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. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I 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. I believe that the processes and practices, I followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Whereever required, I 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. My 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.

Place : Chennai
Date : May 24, 2019

B. CHANDRA
ACS No.: 20879, C P No.: 7859

Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

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, 2019, 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, 2019, according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) 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;

(v) 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 (Listing obligations and Disclosure requirements) Regulations 2015;

   d. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014

ANNEXURE H TO THE BOARD'S REPORT

(vi) I am 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;

(vii) In addition to the compliance with Factory and Labour Laws as is applicable to a factory, 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, Sriperumbudur; 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 industry specific statutes and the rules made there under as well as other laws to the extent it is applicable to them:

- Motor Vehicles Act, 1988
- The Motor Transport Workers Act, 1961
- 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

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. M/s Ashok Leyland Vehicles Limited, Ashley Powertrain Limited and Ashok Leyland Technologies Limited merged with Ashok Leyland Limited pursuant to Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 with Ashok Leyland Limited as approved by the National Company Law Tribunal, Chennai Bench on 17th December 2018 and the object Clause of the Memorandum of Association was amended accordingly.

ii. Pursuant to provisions of Regulation 30 of LODR, approval of shareholders were obtained twice during the year under review by way of special resolution

a. on 30.1.2019 for approval of Ashok Leyland Employees Stock Option Plan 2018 and

b. on 24.3.2019 for payment of remuneration to Managing Director Mr. Vinod K Dasari.

Place : Chennai
Date : May 24, 2019

B. CHANDRA
ACS No.: 20879, C P No.: 7859

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 projects undertaken by the Company are within the broad framework of Schedule VII of the Companies Act, 2013. The Company's CSR policy has been uploaded in the website of the Company under the web-link: https://www.ashokleyland.com/documents/1305159/1312436/AL-CSR-Policy.pdf/75118777-a044-30a6-33b7-2a0dbe89c471

2. **Composition of the CSR Committee**

   i) Mr. Dheeraj G Hinduja, Chairman - Non-Executive Director;

   ii) Ms. Manisha Girotra, Independent Director;

   iii) Mr. Sanjay K Asher, Independent Director (appointed with effect from May 15, 2019)

   iv) Mr. Vinod K Dasari, CEO & MD (resigned with effect from March 31, 2019)

   The Committee met on May 15, 2018, July 16, 2018 and on March 18, 2019 during the year under review.

3. **Average net profit of the Company for the last three financial years:** ₹1,813.83 Crores

4. **Prescribed CSR Expenditure (2% of the average net profit of the last three financial years):** ₹36.28 Crores

5. **Details of CSR spent during the financial year**

   a) Total amount spent for the financial year: ₹34.07 Crores

   b) Amount unspent, if any: ₹10.20 Crores (includes unspent amount for previous financial year)

   c) Manner in which amount spent during the financial year is detailed in the table given 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:

   The Company would be meeting its CSR obligations during financial year 2019-20, including the amount unspent to the tune of ₹10.20 Crores *(including previous financial year)* in line with the progress of the relevant projects.

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

(₹ in Crores)

S. No	CSR project or activity identified	Sector in which the project is covered	Locations (Unit)	Amount Outlay (Budget) Project or Program wise	Amount Spent on the project or programs	Cumulative Expenditure upto reporting period	Amount spent: Direct or through implementing agency
1.	Eradicating hunger, poverty, malnutrition, promoting preventive health care and sanitation and making available safe drinking water	Health	Vellivoyalchavadi, Hosur 1, Corporate Office at Chennai, Bhandara	19.8	11.10	11.10	Direct/ Implementing Agency
2.	Promoting education including special education and employment enhancing vocation skills especially among children, women, elderly and differently abled and livelihood enhancement projects	Education	Vellivoyalchavadi, Hosur 1, Corporate Office at Chennai, Marketing locations, Bhandara, Alwar, Ennore	24.2	18.57	18.57	Direct/ Implementing Agency
3.	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animals welfare, agro forestry, conservation of natural resources and maintaining equality of soil, air and water	Environment	Vellivoyalchavadi, Hosur 1, Corporate Office at Chennai, Bhandara, Hosur 2, Ennore	NIL	3.26	3.26	Direct/ Implementing Agency

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

(₹ in Crores)

S. No	CSR project or activity identified	Sector in which the project is covered	Locations (Unit)	Amount Outlay (Budget) Project or Program wise	Amount Spent on the project or programs	Cumulative Expenditure upto reporting period	Amount spent: Direct or through implementing agency
4.	Measures for the benefit of armed forces veterans, war widows and their dependents	Measures for the benefit of armed forces veterans, war widows and their dependents	Vellivoyalchavadi, Corporate Office at Chennai	NIL	0.09	0.09	Direct
5.	Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports;	Sports Development	Vellivoyalchavadi	NIL	0.96	0.96	Direct/ Implementing Agency
6.	Rural development projects.	Rural development projects.	Bhandara	NIL	0.08	0.08	Direct
	TOTAL			**44**	**34.07**	**34.07**	

6. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with the CSR Objectives and Policy of the Company

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

Date: May 24, 2019

Place: Chennai

Dheeraj G Hinduja
Chairman, CSR Committee

Sanjay K Asher
Director

ANNEXURE J TO THE BOARD'S REPORT
DISCLOSURES WITH RESPECT TO EMPLOYEE STOCK OPTION SCHEME

(1) 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 shareholder's approval	i. Issue of 4,268,815 stock options was approved by the members at the Annual General meeting held on July 21, 2016. (ESOP -1) ii. Increase in number of stock options from 4,268,815 stock options to 14,229,383 stock options approved by the members through postal ballot voting on January 16, 2017. (ESOP -2)
	b) Total Number of options approved	14,229,383
	c) Vesting requirements	The options would vest over a maximum period of five years or such other period(s) as may be decided by the Board of Directors/Nomination and Remuneration Committee (NRC).
	d) Exercise Price /Pricing formula	(i) 2,845,875 options shall be exercised at ₹80/- per option (ii) 7,454,000 options shall be exercised at ₹1/- per option. (iii) 2,000,000 options shall be exercised at ₹83.50/- per option. (iv) 1,000,000 options shall be exercised at ₹109/- per option.
	e) Maximum term of option granted	The options would vest over a maximum period of five 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	NIL
(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 2018-19 is ₹1.52 Crores.	
(iii)	**Option movement during the year**	
	Number of options outstanding at the beginning of year	11,730,700
	Number of options granted during the year (grant price)	1,000,000
	Number of options vested during the year	4,696,175
	Number of options exercised during the year	8,423,175
	Number of shares arising as a result of exercise of options	8,423,175
	Money realised by exercise of options	₹86,388,000/-
	No. of options outstanding at the end of the year	4,307,525*
	Number of options exercisable at the end of the year	NIL

* Out of 4,307,525 options 1,707,525 options lapsed on April 1, 2019 on account of resignation of an employee.

ANNEXURE J TO THE BOARD'S REPORT
DISCLOSURES WITH RESPECT TO EMPLOYEE STOCK OPTION SCHEME

S. No	Particulars	AL ESOP 2016	
(iv)	**Weighted-average exercise prices and weighted-average fair values of options:**		
	Particulars	**Weighted-average exercise price per option (₹)**	**Weighted-average fair value per option (₹)**
	Grant-1	80.00	37.43
	Grant-2	1.00	80.04
	Grant-3	83.50	57.42
	Grant-4	109.00	55.47
(v)	**Options granted during the year**		
	a) Name of the employee	**Designation**	**Number of options granted**
	Mr. Nitin Seth	President - LCV	1,000,000
	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	**GRANT - 1**	**GRANT - 2**	**GRANT - 3**	**GRANT - 4**
	a) The weighted-average values of share price (₹)	76.45	86.55	106.85	118.30
	b) Exercise Price (₹)	80.00	1.00	83.50	109.00
	c) Expected volatility	33.8% to 43.2%	38.5%	37.7% to 42.9%	37.52% to 39.7%
	d) Expected option life	6 to 10 Years	6 to 7 Years	6 to 10 Years	6 to 10 Years
	e) Expected dividends	1.31	1.16	1.46	2.05
	f) The risk-free interest rate	6.65% to 6.78%	6.42%	6.44% to 6.66%	7.42% to 7.58%
	g) The method used and the assumptions made to incorporate the effects of expected early exercise;	NA	NA	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.			
	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 behavioral considerations.			

ANNEXURE J TO THE BOARD'S REPORT

DISCLOSURES WITH RESPECT TO EMPLOYEE STOCK OPTION SCHEME

(2) The Ashok Leyland Employee Stock Option Plan, 2018 ("AL ESOP 2018") 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 2018
(i)	**Details of AL ESOP 2018**	
	a) Date of shareholder's approval	Issue of 50,000,000 stock options was approved by the members through postal ballot dated January 28, 2019.
	b) Total Number of options approved	50,000,000
	c) Vesting requirements	The minimum Vesting Period of the Options granted pursuant to AL ESOP 2018 shall be one year from the date of Grant and could be different for different Employees as more particularly set forth in the Grant. The vesting of Stock Options could also be contingent on achievement of certain performance conditions more particularly set forth in the Grant. The maximum period within which the Options shall be vested under the Scheme shall be six years from the date of the Grant or such other period as may be decided by the Nomination and Remuneration Committee from time to time.
	d) Exercise Price /Pricing formula	₹ 91.40/- per option
	e) Maximum term of option granted	The options would vest over a maximum period of five 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	NIL
(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 2018-19 is ₹0.91 Crore.	
(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)	13,100,000
	Number of options vested during the year	NIL
	Number of options exercised during the year	NIL
	Number of shares arising as a result of exercise of options	NIL
	Money realised by exercise of options	NIL
	No. of options outstanding at the end of the year	13,100,000
	Number of options exercisable at the end of the year	NIL

S. No	Particulars	Weighted-average exercise price per option (₹)	Weighted-average fair value per option (₹)
(iv)	**Weighted-average exercise prices and weighted-average fair values of options:**		
	Grant-1	91.40	40.19

ANNEXURE J TO THE BOARD'S REPORT
DISCLOSURES WITH RESPECT TO EMPLOYEE STOCK OPTION SCHEME

(v)	**Options granted during the year**			
	a)	**Name of the employee**	**Designation**	**Number of options granted**
		Mr. Sanjay Saraswat	Sr. Vice President - Global Bus	1,390,000
		Mr. N V Balachandar	President - Group HR and Head CSR	1,905,000
		Mr. Gopal Mahadevan	Whole-time Director and Chief Financial Officer	2,765,000
		Mr. Nitin Seth	President - LCV	1,930,000
		Mr. Anuj Kathuria	President - Trucks	2,335,000
		Dr. N Saravanan	Chief Technology Officer	1,280,000
		Mr. Sanjeev Kumar	Vice President - Parts	760,000
		Mr. Amandeep Singh	Head - Defence	735,000
		TOTAL		**13,100,000**
	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		**GRANT - 1**
	a)	The weighted-average values of share price (₹)	91.40
	b)	Exercise Price (₹)	91.40
	c)	Expected volatility	37.40 % & 40.48%
	d)	Expected option life	9 to 11 years
	e)	Expected dividends	2.66%
	f)	The risk-free interest rate	7.19% & 7.29%
	g)	The method used and the assumptions made to incorporate the effects of expected early exercise;	Binomial Model
	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.
	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.

ANNEXURE K TO THE BOARD'S REPORT
BUSINESS RESPONSIBILITY REPORT

INTRODUCTION

The Business Responsibility (BR) 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 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 (CIN) of the Company:	L34101TN1948PLC000105
2. Name of the Company:	Ashok Leyland Limited
3. Registered address:	No. 1, Sardar Patel Road, Guindy, Chennai - 600 032
4. Website:	www.ashokleyland.com
5. E-mail id:	secretarial@ashokleyland.com
6. Financial Year reported:	April 1, 2018 to March 31, 2019

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 semitrailers, 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 Solution 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, Bangladesh, Sri Lanka, Nigeria, UK and Kenya.

b. Number of National locations:

Manufacturing locations are situated in Ennore, Chennai, Sriperumbudur, and Hosur (Tamil Nadu), Bhandara (Maharashtra), Alwar (Rajasthan) and Pantnagar (Uttarakhand).

Technical Centre: Vellivoyalchavadi, (Tamil Nadu).

c. Markets served by the Company:

(i) Pan India across all states in India

(ii) SAARC Cluster - Sri Lanka, Bangladesh, Nepal, Maldives & Bhutan

(iii) MENA Cluster:

a. MIDDLE EAST - UAE, Oman, Saudi Arabia, Qatar, Kuwait, Bahrain

b. NORTHERN AFRICA - Morocco

(iv) SEWA Cluster:

a. SOUTHERN AFRICA - Mozambique, Angola, Malawi, Zambia, Zimbabwe, Botswana, Mauritius

b. EASTERN AFRICA - Kenya, Tanzania, Uganda, Ethiopia, Seychelles

c. WESTERN AFRICA - Ivory Coast, Nigeria, Ghana, Burkina Faso, DR Congo, Gambia, Mali, Senegal

(v) CIS Cluster- Russia, Ukraine

(vi) ASEAN Cluster - Fiji, Thailand, Vietnam.

(vii) LatAm Cluster - Trinidad & Tobago, El Salvador, Guyana

SECTION B: FINANCIAL DETAILS OF THE COMPANY

S. No.	Particulars	FY 2018-19 Standalone (₹ in Crores)	FY 2017-18 Standalone (₹ in Crores)
1.	Paid up capital	293.55	292.71
2.	Total Turnover	29,164.89	26,829.58
	(a) Revenue from Operations (net of excise duty)	29,054.95	26,633.00
	(b) Other income (net)	109.94	196.58
3.	Profit After Tax	1,983.20	1,717.73

4. **Total spending on Corporate social responsibility (CSR) as percentage of profit after tax (%):** The Company has spent to the tune of ₹34.07 Crores towards CSR activities during financial year 2018-19.

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?**

The Company has 21 Subsidiaries, 5 Associates and 2 Joint Ventures as on March 31, 2019.

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):**

The report boundary does not include the sustainability performance of our subsidiaries, joint ventures or supply chain partners for this 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 of the Board of Directors is 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. Sanjay K Asher#	Independent Director
4.	Mr. Vinod K Dasari*	CEO & MD

#Appointed with effect from May 15, 2019

*Resigned with effect from March 31, 2019

b. Details of the BR head:

S. No.	Particulars	Details
1	DIN Number (if Applicable)	NA
2	Name	Mr. N V Balachander
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 (Well being of employees)

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised (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	y	Y	y	y	y	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?	Refer table 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

Principles No.	Policy	Link
Principle 1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability (Ethics, transparency, accountability)	Whistle Blower Policy	
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)	Sustainability Policy Environment Policy Quality Policy	
Principle 3 Businesses should promote the wellbeing of all employees (Wellbeing of employees)	Sustainability Policy Occupational Health Safety Policy	
Principle 4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised (Responsiveness to all Stakeholders)	CSR Policy Sustainability Policy	
Principle 5: Businesses should respect and promote human rights (Promoting Human Rights)	Code of Conduct Sustainability Policy Whistleblowers Policy	http://www.ashokleyland.com/en/policies
Principle 6 Business should respect, protect, and make efforts to restore the environment (Protecting the Environment)	Environment Policy Sustainability Policy	
Principle 7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner (Responsible Policy Advocacy)	Code of Conduct Whistle Blower Policy	
Principle 8 Businesses should support inclusive growth and equitable development (Supportive Inclusive development)	Sustainability Policy CSR Policy Code of Conduct	
Principle 9 Businesses should engage with and provide value to their customers and consumers in a responsible manner (Providing Value to customers)	Code of Conduct Quality Policy	

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

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. Please refer "Corporate Governance" section of the Company's Annual Report for the Year 2018-19 for details of the various committees and their responsibilities.

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

Yes. The Company publishes Sustainability Report every year in accordance with GRI Standards, which has information in detail, about all the Principles. The Company's Sustainability Report 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 has an exhaustive Code of Conduct policy which covers all aspects of ethical practices 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.

We have a strict Code of Conduct to prevent insider trading and ensure integrity. There are standard communications before board meeting that communicates the time when they should not trade, and clear instructions about what to do when they do trade.

We have a whistle blower policy and is fundamental to the Company's professional integrity. In addition, it reinforces the value the Company places on staff to be honest and respected members of their individual professions. Our Company is committed to satisfy the Company's Code of Conduct and Ethics, particularly in assuring that business is conducted with integrity.

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.

Details of investor complaints received and redressed during the financial year 2018-19:

Subject Matter of Complaints	Pending as on March 31, 2018	Letters Received	Letters replied/ completed	Pending as on March 31, 2019
Non-receipt of Certificate	-	235	235	-
Non-Receipt of Dividend/Interest	-	84	84	-
Non-Receipt of Annual Report	-	33	33	-
Transfer of shares	-	2	2	-
Procedure for transmission of shares	-	5	5	-
Loss of Share Certificates	-	3	3	-
Refund of shares from IEPF Authority	-	5	5	-
Unclaimed share certificates	-	1	1	-
Total	**-**	**368**	**368**	**-**

It is of utmost importance for us to ensure that our stakeholders' concerns are resolved expeditiously and within the prescribed time limits.

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.

At Ashok Leyland, 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.

Following are the major products that we launched during 2018-19

(a) 4123 - The higher payload vehicle to transport goods:

The path breaking 16-wheeler truck delivers 10% better Ton-kmpl over the current highest selling 14 wheeler trucks in the industry. Thus, contributes to lower emissions/consumption of precious fuel. Also, it carries 17% more load thereby easing road congestion. With another industry first, this model is fitted with unitized wheel bearings where the grease consumption is NIL during maintenance, eliminating effluent disposal and lower environmental impact.

(b) Higher GVW and Payload range:

In line with national objectives of higher productivity, we have introduced higher GVW vehicle range right from 4X2 to 10X2 haulage/tractors. These vehicles can carry 20% additional payload utilising same resources - both men and fuel. Also, our long-distance trucks are provided with i-alert devices which not only helps in tracking the vehicle but also can communicate to emergency services (like ambulance, police, etc.) on a click of a button. This takes care of the safety and convenience of the cabin crew.

(c) **AC cabin on U Truck :** In line with our commitment to provide a comfortable work atmosphere to the driving crew, we have introduced AC option on our popular U Truck range. With stress free driving conditions, the driver is less fatigued, drives the trucks better and safer for himself and other road users. Also the productivity of the truck goes up, reducing impact on environment.

(d) **Front Engine Semi Low Floor- CNG Buses:** Included wheel chair lift in this product to make it a disable friendly bus.

(e) **Lynx Smart, Lynx Strong Buses:** Inclusion of tubeless & radial tires ultimately improving fuel efficiency by up to 5%, thus reducing the carbon footprint, while offering better vehicle stability.

(f) **PARTNER 17 Ft : Your reliable Partner in Progress**

PARTNER 17 Ft is a next generation LCV truck which not only offers superior mileage and overall performance but also offers enhanced driver comfort. It comes with a modern 'Euro' cabin with air-conditioning (HVAC) options. It is designed and engineered for Tomorrow. It is powered by the advance ZD30 engine which provides 10% higher mileage than competitor products and is designed to provide utmost comfort and safety to drivers during the long run.

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 continue to 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.

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

The Company is continuously working towards improving fuel efficiency, in 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?**

Yes. Amongst our key strategies in supply chain management are local sourcing and green supply chain. Ashok Leyland has a very clear laid out policy on sustainable sourcing called the "Green Supply chain initiative".

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?**

Yes. We have a very strong localisation policy and 98% of our suppliers are based in India.

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 10%). also provide details thereof, in about 50 words or so?**

Towards resource optimisation, we have taken focused initiatives (3R-reduce, recycling & reuse concept) on in the manufacturing processes. To optimise our material consumption, we also utilise recycled materials in our processes to the maximum extent. All our solid waste, packing materials are s old to the authorised scrap dealers & further it is recycled & reused by them. The waste water generated from our operations are recycled & reused for domestic & industrial applications. We emphasise on reduction of waste at source, followed by recycling and final disposal in a responsible manner.

PRINCIPLE 3: Employee Wellbeing

1. **Total number of employees :** 11,966

2. **Total number of employees hired on temporary/ contractual/casual basis :** 16,910

3. **Total number of permanent women employees :** 302 Executives and 111 Trainees

4. **Please indicate the Number of permanent employees with disabilities :** 73

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

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

6. **Percentage of your permanent employees is member of this recognised employee association?** 50.4 %

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 :** NIL

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

Safety being one of our core values we are committed to continuous improvement of our safety performance. We believe that providing safe workplace is our key responsibility. We make sure that our premises, operations and systems are safe. We have a safety policy which covers all the manufacturing plants, R&D, warehouse, distribution centers and office buildings. We are constantly looking for ways to strengthen our safety performance across facilities and locations. We provide safety trainings to the new joiners and refresher safety training is conducted periodically.

Skill upgradations also part of our strategic plan where employees are identified based on the need and provided the training across all the levels. Now we are providing the training through digital mode also.

PRINCIPLE 4: Stakeholder Engagement

1. **Has the Company mapped its internal and external stakeholders?**

   Yes. At Ashok Leyland, we believe that stakeholder engagement is a key to sustainable growth which helps in fostering long term relationships with our stakeholders. We have identified employees, Dealers/Customers, Suppliers, Regulatory Authorities, NGOs, School Management Committees and Community as our primary stakeholders. We engage with our stakeholders based on trust, transparency and accountability.

2. **Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders?**

   Yes. Our CSR team have identified schools in remote rural villages in Thiruvallur, Krishnagiri, Namakkal and Salem districts, which have children who are first generation learners, economically poor, migrated population who are working in various semi-skilled and unskilled professions. Children who are slow learners in these primary and middle schools have also been identified as the specific target group for special intervention in education called as Learning Enhancement and Practice (LEAP)

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

   We believe that education is the most powerful tool for social and economic transformation. The main initiative is "The Road to School Project" 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, wellness and nutritious every day breakfast program for all the students studying in the Government Primary and middle schools where *"Road to School"* project is being implemented. In the year 2018-19, the Ashok Leyland *"Road to School"* project is being implemented in 333 schools impacting 30,500 students per year. We have introduced music through education in 36 schools covering 8000 children.

   As part of our 70th anniversary celebrations, we plan to rejuvenate 7 lakes to help the local community. Of these, two have already been completed, one in Kattur village (Minjur) and other in Kumedapally (Hosur) and the third one Alasanatham Lake in Hosur is in progress.

   Also, with an aim to provide RO treated purified drinking water to communities to address the shortage of safe drinking water, Purified Drinking Water Stations were installed in 10 villages in the areas of Thiruvallur, Krishnagiri and Namakkal Districts.

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?**

   The Company doesn't have a separate human rights policy. We ensure compliance with all applicable laws of the land pertaining to human rights, to preserve the rights of all its internal and external stakeholders. Aspects of human rights such as child labour, forced labour, occupational safety, nondiscrimination are covered by its various Human Resource policies. We also ensure that human rights clauses such as collective bargaining, equal opportunities and prohibition of child and forced labour are practiced and included in our contracts with our suppliers.

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.

PRINCIPLE 6: Environmental

1. **Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/others?**

   The Company has a Sustainability Policy in place, which covers only the Company.

2. **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.**

   We are conscious of the impact of our manufacturing operations as well as products on the local and global environment due to GHG emissions and resource consumption throughout their life cycle. Our approach towards climate change mitigation focuses on product innovation to improve their fuel efficiency and reducing the environmental footprint of our manufacturing operations. Few of our efforts are listed below:

   Efforts from plant operations:

   - Energy conservation (both electricity & thermal) activities across all the plants.
   - Procurement of green electricity (wind mill) & installation of solar panels.
   - Scope 1 emission reduction through lesser emission fuels such as propane & LPG instead of diesel.
   - Mass plantation of saplings.
   - Water conservation projects (water consumption reduction is equivalent to emission reduction).
   - Migration into R134 refrigerant gas from R22 gas in the chillers and A/c.

   Effort from product:

   - Rollout of BS IV compliance trucks and Buses.
   - Design & development of EVs.

- CNG & Hybrid buses.
- CNG - Light Commercial Vehicles.

All these are detailed in our Sustainability Report 18-19.

3. **Does the Company identify and assess potential environmental risks?**

   Yes. Stringent vehicular emission norms, fluctuating fuel prices coupled with Global climate change, are the key business risks for the automobile industry. Water is identified as one of the foremost environmental risk and started working for RWH projects. We have an Environmental Management System in place to identify and assess potential environmental risks arising from our operations. To mitigate these risks, we at Ashok Leyland continue our focus on a `green approach' and 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 etc.

4. **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?**

   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.

5. **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.**

   Our focus on the ecosystem and environmental conservation is ingrained in the way we conduct our business. Some of our initiatives are highlighted below:

   - Green power utilisation (Wind & Solar), lower emission fuels (Product: Cleaner technology - BS IV (iEGR), EV, CNG. Development of BS VI engines
   - Process: Cleaner technology - Energy & water conservation, Using the haz waste as alternate fuel & materials, Recycling & reusing the water, CFC free chillers & A/cs
   - Installed energy efficient equipment - Heat pumps, Energy efficient motors, installation of VFDs, LED lights, turbo ventilators etc
   - Renewable energy: Wind energy, Solar power

   All these are explained in detail in our Sustainability Report 2018-19.

6. **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 Central Pollution Control Board (CPCB) and State Pollution Control Board (SPCB).

7. **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.**

   There are no show cause notices from either CPCB or SPCB in the reporting period.

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 active members of CII, SIAM, FICCI and ASSOCHAM.

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)**

   Through our long-standing association with SIAM, CII, FICCI and ASSOCHAM, we have been participating in the process of improving all major auto policy issues which are directly or indirectly impacting us. Also, on a regular basis we are participating in the policy framing exercises organised by these organisations for Electric Vehicles and introduction of BS - VI compliant engines in the vehicles. Apart from this, we are contributing to improve the infrastructure on transportation and Skill Development in the field.

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 thereo**f

   Yes. At Ashok Leyland, we care by demonstrating a purpose beyond profit and believe in making a meaningful change in the lives we touch. Our business priorities co-exist with social commitments to drive holistic development of communities. We have chosen education as our main focus in our CSR initiatives. 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.

   We also focus on health, hygiene and nutrition issues; as well as working with the local authorities in strengthening infrastructure requirements of the school in the schools that we have chosen to work in remote areas.

   We have undertaken several other developmental initiatives around our manufacturing facilities that provide consistent support to educational, medical and charitable organisations.

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

   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 as well to volunteer for CSR activities as this opportunity provides employees to look beyond their routine work and contribute towards the development of society.

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

   Yes, we do structured impact assessment of our initiatives that has been undertaken. The Company has positive feedback of its efforts from the community and environment.

   For our *"Road to School"* initiative, we launched a customised Learning Enhancement and Practice (LEAP) content and worksheets for children in order to bridge the grade level/ age level learning gaps. The LEAP content was aligned with the current syllabus of Tamil Nadu state. The CSR project of Ashok Leyland was awarded 2Good rating for overall CSR process and impact by KPMG and ET under 2Good4Good Scheme.

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 ₹34.07 Crores. For details please refer to point no.1 above and also our Sustainability Report for the financial year 2018-19.

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. The *"Road to School"* program has impacted the community by creating awareness on the value of education among the illiterate parents and this program has created the opportunity to make children come to school regularly. Successful adoption by the community is visible from the feedbacks of parents of slow learning children who feel the child's capability has seen visible improvement, improved attendance in schools, improved participation by parents in the school management committee meetings etc.

Wherever we implement our other CSR Projects also, we monitor and ensure that the local community successfully adopts the same.

PRINCIPLE 9: Customer Value

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

Customer complaints:

The Company has best in class after sales service and hear our customers through various mediums such as 24X7 Call center toll free no, website, social media etc. We have a dedicated complaint management system. The customer complaints are being attended for restoration of vehicles and resolution of 95% issues within 2 days.

Consumer Cases: As of March 31, 2019, around 60% of our cases have been resolved.

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**

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.

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. However, ASCI has passed an exparte order upholding an objection raised by a third party with regard to certain statements appearing in Ashok Leyland website. AL has sought a review of the exparte order and has sought a personal hearing. In the meantime, without prejudice to AL's rights and remedies, AL has modified the statements made in the Ashok Leyland website.

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

We have several market and customer facing initiatives which ensures active communication and engagement, such as call centres, dealer showrooms, service centres and customer service camps etc. We also carry out regular surveys with the dealers/customers. Customer satisfaction survey is done twice a year which is called as Customer Satisfaction Index (CSI). The overall CSI score has improved from 699 (in 2016-17) to 745 (in 2018-19).

INDEPENDENT AUDITORS' REPORT

To the Members of Ashok Leyland Limited

Report on the audit of the Standalone Indian Accounting Standards (Ind AS) financial statements

Opinion

1. 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, 2019, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("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, 2019, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Standalone Ind AS financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw your attention to Note 3.18 to the standalone Ind AS financial statements, which states that during the year ended March 31, 2019, the National Company Law Tribunal approved the Scheme of Amalgamation between the Company and three of its subsidiaries (the 'Scheme'), subsequently filed with the relevant regulatory authorities, and has become effective on the said date of approval. The figures disclosed in the standalone Ind AS financial statements for the year ended March 31, 2018 have been restated to give effect to the Scheme. Our opinion is not modified in respect of this matter.

Key audit matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters.

	Key audit matter description	How our audit addressed the key audit matter
I.	**Impairment**	
a.	**Carrying value of Investments in equity instruments of subsidiaries, joint ventures and associates** (Refer to Note 1B.17, Note 1B.11 and Note 1.C to the standalone Ind AS financial statements regarding the recognition, valuation and disclosure methods of equity instruments in subsidiaries, joint ventures and associates, 'Impairment Losses' and 'Critical accounting respectively judgements and key sources of estimation uncertainty') In the standalone Ind AS financial statements of the Company, the gross carrying value of equity investments in subsidiaries, associates and joint ventures is INR 3,026.51 crores against which a cumulative impairment provision of INR 656.94 crores is outstanding as at March 31, 2019. Determination of carrying value of investments is a key audit matter as the amounts are significant to the financial statements and the determination of recoverable value and/or impairment assessment involves significant management judgement. The key inputs and judgements involved in the model for impairment assessment of investments include future cash flows of the respective entities, the discount rate and the long-term growth rates used.	As part of our audit, our procedures included the following: • We obtained an understanding and assessed the design, implementation and operating effectiveness of management's key internal controls to identify whether there are any indicators of impairment and where such indicators exists, the method by which the recoverable amount is determined by the management. Specifically, we focused on management controls to conclude on the appropriateness of future cash flows (including terminal cash flow) and key assumptions used in arriving at the recoverable amount. • We evaluated the following: - terminal growth rate by comparing with the long-term outlook based on the relevant macroeconomic outlook for the geography in which the entities are operating. - discount rate by comparing it with an independently calculated discount rate. - budgets considering growth and other cash flow projections provided by the Company's management and compared these with the actual results of earlier years to assess the appropriateness of forecast.

	Key audit matter description	How our audit addressed the key audit matter
b.	**Carrying value of the net assets of cash generating unit (including goodwill) of Light commercial vehicle business** (Refer to Note 1B.11 and Note 1.C to the standalone Ind AS financial statements regarding the 'Impairment Losses' and 'Critical accounting judgements and key sources of estimation uncertainty' on the recognition, valuation and disclosure methods). In the standalone Ind AS financial statements of the Company, the carrying value of net assets of cash-generating unit (including goodwill) of the Light Commercial Vehicle business ('LCV') is INR 688.05 crores as at March 31, 2019. As per Ind AS 36, Impairment of Assets, the Company is required to assess annually impairment of goodwill acquired in business combination. The carrying value of net assets of cash- generating unit (including goodwill) of LCV business is a key audit matter due to the amount involved and the underlying complexity of the measurement model. The key inputs and judgements involved in the carrying value assessment of LCV business include future cash flows of the business, the discount rate and the long-term growth rates used.	- the competence, capabilities and objectivity of the management's expert involved in the valuation process. • We along with the auditors' experts evaluated the appropriateness of the measurement model and reasonableness of key assumptions like terminal growth rate, discount rate, etc. • We performed our own independent sensitivity calculations to determine the impact of changes in key assumptions on our impairment assessment. • We evaluated the adequacy of the disclosures made in the standalone Ind AS financial statements. Based on the above procedures performed, we did not identify any significant exceptions in the management's assessment in relation to the carrying value of equity investments in subsidiaries, associates and joint ventures and that of carrying value of net assets of LCV business.
II.	**Assessment of provision for warranty obligations**	
	(Refer to Note 1B.14, Note 1.21, Note 1.30 and Note 1C to the standalone Ind AS financial statements regarding the 'Provisions – Warranties' for recognition and valuation methods, Non-Current Provisions and Current Provisions respectively, and 'Critical accounting judgements and key sources of estimation uncertainty – Provision for product warranty' respectively.) In the standalone Ind AS financial statements, the company has recognised a provision of ₹ 415.56 crores for warranty obligations as on March 31, 2019. We determined this matter as key audit matter since the product warranty obligations and estimations thereof are determined by management using a model which incorporates historical information on the type of product, nature, frequency and average cost of warranty claims, the estimates regarding possible future incidences of product failures and discount rate. Changes in estimated frequency and amount of future warranty claims can materially affect warranty expenses.	As part of our audit, our procedures included the following: • We obtained an understanding and assessed the design, implementation and operating effectiveness of management's key internal controls with regards to the appropriateness of recording of warranty claims, provisioning of warranty, and the periodic review of provision created. • We also involved our auditors' specialist to verify the appropriateness of the process and controls around IT systems as established by the management. Specifically, we focused on controls around periodic review of warranty provision and that around the appropriateness and adequacy of provision. • We evaluated the model used by the management for provisioning of warranty to evaluate on the appropriateness of the methodology followed by the management and the mathematical accuracy of the model. To this effect we evaluated the following: - the inputs to the model were verified on a sample basis with historical cost inputs on actual claims incurred and historical sales data of the Company. - we compared the amount of provisions from prior year with actual claims processed during the period, in order to verify the reasonableness of the forecast. - the discount rate used for arriving at the present value of obligation was verified for reasonableness and the mathematical accuracy of the present value of the obligation was verified. Based on the above procedures performed, we consider the provision for warranty obligations to be reasonable.

Key audit matter description	How our audit addressed the key audit matter
III. First time implementation of Ind AS 115 Revenue from Contracts with Customers and appropriateness of timing of revenue recognition in the proper period	
(Refer to Note 1B.2, Note 2.1 and Note 3.7 to the standalone Ind AS financial statements regarding the 'Revenue recognition policy', Revenue from Operations and its related disclosures) Effective April 1, 2018, on account of adoption of new revenue standard Ind AS 115 – Revenue from contracts with customer, the Company has changed its revenue recognition policy with regards to timing of recognition based on the satisfaction of the identified performance obligations and related disclosures. We focused on this area because revenue requires significant time and resource to audit due to the magnitude, revenue transactions near to the reporting date, transition to Ind AS 115 and the adequacy of disclosures in this respect has been considered as key audit matter.	As part of our audit, our procedures included the following: • We obtained an understanding and assessed the design, implementation and operating effectiveness of management's key internal controls with regards to recognition of revenue. • We also involved our auditors' specialist to verify the appropriateness of the process and controls around IT systems as established by the management. • We tested management's evaluation of Ind AS 115 and tested on a sample basis management's workings on recognition and measurement of multiple performance obligations and related variable consideration. • We have tested, on a sample basis, whether revenue transactions near to the reporting date have been recognised in the appropriate period by comparing the transactions selected with relevant underlying documentation, including goods delivery notes and the terms of sales. We have inspected the underlying documentation to verify that the control and ownership has been transferred to the customer. • We also considered the adequacy of the Company's standalone Ind AS financial statements disclosures in relation to Ind AS 115. Based on the procedures performed above, we did not find any material exceptions with regards to revenue recognition including transition to Ind AS 115, and those relating to presentation and disclosures.

Other Information

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS financial statements and our auditors' report thereon.

   Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard

Responsibilities of management and those charged with governance for the standalone Ind AS financial statements

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of 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, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified 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 of 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.

INDEPENDENT AUDITORS' REPORT

8. In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the standalone Ind AS financial statements

9. Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone Ind AS financial statements in place and the operating effectiveness of such controls.

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

    - Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

14. The standalone Ind AS financial statements of the Company include total assets of ₹ 1,041.90 crores and net assets/(liabilities) of ₹ (149.89) crores as at March 31, 2018 and total income of ₹ 2,095.97 crores and total comprehensive income for the year (comprising of profit/ loss and other comprehensive income) of ₹ 157.80 crores (net) for the year then ended, of the amalgamating companies based on the previously issued statutory financial statements of the amalgamating companies, which were audited by the statutory auditors of the amalgamating companies who had issued an unmodified opinion vide their reports dated May 3, 2018.

15. The financial statements of the amalgamating companies for the year ended March 31, 2017, were audited by another firm of chartered accountants under the Companies Act, 2013 who, vide their reports dated May 19, 2017, expressed an unmodified opinion on those financial statements.

    Our opinion is not modified in respect of above matters.

INDEPENDENT AUDITORS' REPORT

Report on other legal and regulatory requirements

16. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

17. As required by Section 143(3) of the Act, we report 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 book.

(c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and statement of cash flows dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

(g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 3.9 to the standalone Ind AS financial statements;

(ii) The Company has long-term contracts as at March 31, 2019 for which there were no material foreseeable losses. The Company did not have any long-term derivative contracts as at March 31, 2019.

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

(iv) The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2019.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009
Chartered Accountants

Subramanian Vivek
Partner
Membership Number: 100332

Mumbai
May 24, 2019

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 17 (f) of the Independent Auditors' Report of even date to the members of Ashok Leyland Limited on the standalone Ind AS financial statements as of and for the year ended March 31, 2019

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of Ashok Leyland Limited ("the Company") as of March 31, 2019 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

2. 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 (ICAI). 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 Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements 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 with reference to financial statement

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, 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.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009
Chartered Accountants

Subramanian Vivek
Partner
Membership Number: 100332

Mumbai
May 24, 2019

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 16 of the Independent Auditors' Report of even date to the members of Ashok Leyland Limited on the standalone Ind AS financial statements as of and for the year ended March 31, 2019

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets (Property, plant and equipment and Intangible assets).

(b) The Property, plant and equipment are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the property, plant and equipment has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us, the title deeds of immovable properties, as disclosed in Note 1.1 on Property, plant and equipment and Note 1.8 and Note 1.16 on Prepayment under operating leases to the standalone Ind AS financial statements, are held in the name of the Company, except for as stated in Sub Notes 1, 2 and 7 to Note 1.1 and in Note 1.8 to the standalone Ind AS financial statements.

ii. The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book and records were not material have been appropriately dealt with in the books of accounts.

iii. The Company has granted unsecured loans, to a subsidiary company and to a company covered in the register maintained under Section 189 of the Act. The Company has not granted any secured/unsecured loans to firms / LLPs/ other parties covered in the register maintained under Section 189 of the Act.

(a) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest.

(b) In respect of the aforesaid loans, the schedule of repayment of principal and payment of interest has been stipulated, and the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest as applicable.

(c) In respect of the aforesaid loans, there is no amount which is overdue for more than ninety days.

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, employees' state insurance, sales tax, income tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities. Also refer note 3.9 to the standalone Ind AS financial statements regarding management's assessment on certain matters relating to provident fund.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax and goods and service tax, which have not been deposited on account of any dispute. The particulars of dues of sales tax, service tax, duty of customs, duty of excise, value added tax as at March 31, 2019 which have not been deposited on account of a dispute, are as follows:

Name of Statute	Nature of Dues	Amount (in crores)	Period to which the amount relates	Forum where the dispute is pending
State and Central Sales Tax Act	Sales tax and Value added Tax	421.38	Various periods from 1985 - 2017	Appellate Authority - upto Commissioner Level
		27.63	Various periods from 1987 - 2013	Appellate Authority - Tribunal
		1.09	Various periods from 2006 - 2011	High Court
Central Excise Act, 1944	Excise duty and Cess thereon	52.75	Various periods from 1993 - 2016	Appellate Authority - upto Commissioner Level
		0.12	Various periods from 1996 - 2014	Appellate Authority - Tribunal
		5.67	Various periods from 2008-2011	Supreme Court

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 17 of the Independent Auditors' Report of even date to the members of Ashok Leyland Limited on the standalone Ind AS financial statements as of and for the year ended March 31, 2019

Name of Statute	Nature of Dues	Amount (in crores)	Period to which the amount relates	Forum where the dispute is pending
Customs Act, 1962	Customs Duty	0.02	Various periods from 2006 - 2007	Appellate Authority - Tribunal
Service Tax - Finance Act, 1994	Service Tax and Cess thereon	45.63	Various periods from 2009 - 2016	Appellate Authority - Tribunal
		18.97	Various periods from 2007 - 2016	Appellate Authority - upto Commissioner Level

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.

ix. In our opinion, and according to the information and explanations given to us, the moneys raised by way of term loans have been applied for the purposes for which they were obtained. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the standalone Ind AS financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009
Chartered Accountants

Subramanian Vivek
Partner
Membership Number : 100332

Mumbai
May 24, 2019

BALANCE SHEET AS AT MARCH 31, 2019

Particulars	Note No.	As at March 31, 2019 ₹ Crores	As at March 31, 2018 (Refer Note 3.18) ₹ Crores
ASSETS			
Non-current assets			
Property, plant and equipment	1.1	4,805.98	4,811.43
Capital work-in-progress	1.1	274.64	234.33
Goodwill		449.90	449.90
Other Intangible assets	1.2	358.63	286.64
Intangible assets under development	1.2	382.98	188.31
Financial Assets			
(i) Investments	1.3	2,636.50	2,451.51
(ii) Trade receivables	1.4	0.14	0.03
(iii) Loans	1.5	31.71	33.54
(iv) Other financial assets	1.6	41.44	26.20
Advance tax assets (net)	1.7	102.34	91.00
Other non-current assets	1.8	953.80	700.03
		10,038.06	**9,272.92**
Current assets			
Inventories	1.9	2,684.67	1,758.33
Financial Assets			
(i) Investments	1.10	-	3,155.16
(ii) Trade receivables	1.11	2,505.53	944.78
(iii) Cash and cash equivalents	1.12A	1,364.98	1,031.47
(iv) Bank balances other than (iii) above	1.12B	8.61	10.69
(v) Loans	1.13	22.46	24.10
(vi) Other financial assets	1.14	465.06	390.34
Contract Assets	1.15	11.04	-
Other current assets	1.16	1,123.99	748.60
		8,186.34	**8,063.47**
TOTAL ASSETS		**18,224.40**	**17,336.39**
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	1.17	293.55	292.71
Other Equity	1.18	8,038.88	6,952.83
		8,332.43	**7,245.54**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	1.19	298.40	512.55
(ii) Other financial liabilities	1.20	34.59	1.44
Provisions	1.21	249.63	255.04
Deferred tax liabilities (net)	1.22	249.73	298.58
Contract liabilities	1.23	269.02	-
Other non-current liabilities	1.24	1.64	203.74
		1,103.01	**1,271.35**
Current liabilities			
Financial liabilities			
(i) Borrowings	1.25	100.00	100.00
(ii) Trade payables	1.26		
a) Total outstanding dues of micro and small enterprises		12.94	11.97
b) Total outstanding dues other than micro and small enterprises		5,005.99	4,875.93
(iii) Other financial liabilities	1.27	1,600.34	1,793.95
Contract liabilities	1.28	790.23	-
Other current liabilities	1.29	476.69	1,217.57
Provisions	1.30	802.77	808.49
Current tax liabilities (net)		-	11.59
		8,788.96	**8,819.50**
TOTAL EQUITY AND LIABILITIES		**18,224.40**	**17,336.39**
The accompanying notes form an integral part of the standalone financial statements			

Gopal Mahadevan
Chief Financial Officer

N Ramanathan
Company Secretary
May 24, 2019, Chennai

For and on behalf of the Board

Dheeraj G Hinduja
Chairman
DIN : 00133410

This is the Balance Sheet referred to in our report of even date.
For PRICE WATERHOUSE & CO CHARTERED ACCOUNTANTS LLP
Firm Registration Number - 304026E/E-300009
Chartered Accountants

Subramanian Vivek
Partner
Membership Number - 100332

May 24, 2019
Mumbai

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

Particulars	Note No.	Year ended March 31, 2019	Year ended March 31, 2018 (Refer Note 3.18)
		₹ Crores	₹ Crores
Income			
Revenue from operations	2.1	29,054.95	26,633.00
Other income	2.2	109.94	196.58
Total Income		**29,164.89**	**26,829.58**
Expenses			
Cost of materials and services consumed		20,872.27	16,496.62
Purchases of stock-in-trade		766.10	659.36
Changes in inventories of finished goods, stock-in-trade and work-in-progress	2.3	(958.80)	1,275.10
Excise duty on sale of goods		-	276.60
Employee benefits expense	2.4	2,098.77	1,837.78
Finance costs	2.5	70.38	147.28
Depreciation and amortisation expense	2.6	621.01	598.48
Other expenses	2.7	3,140.87	3,124.02
Total Expenses		**26,610.60**	**24,415.24**
Profit before exchange (loss) on swap contracts, exceptional items and tax		2,554.29	2,414.34
Exchange (loss) on swap contracts		(2.63)	(3.21)
Profit before exceptional items and tax		2,551.66	2,411.13
Exceptional items	2.8	(54.86)	(25.30)
Profit before tax		**2,496.80**	**2,385.83**
Tax expense:			
Current tax		378.20	677.25
Deferred tax - Charge/ (Credit)		135.40	(9.15)
		513.60	**668.10**
Profit for the year		**1,983.20**	**1,717.73**
Other Comprehensive Income			
A (i) Items that will not be reclassified to Profit or Loss			
- Remeasurement of Defined Benefit Plans		(65.46)	(34.29)
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		22.87	12.10
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		(6.28)	(19.89)
(ii) Income tax relating to items that will be reclassified to Profit or Loss		2.19	6.95
Total Other Comprehensive Income		**(46.68)**	**(35.13)**
Total Comprehensive Income for the year		**1,936.52**	**1,682.60**
Earnings per share (Face value ₹ 1 each) -			
- Basic (in ₹)		6.76	5.87
- Diluted (in ₹)		6.76	5.85
[Refer Note 3.3]			
The accompanying notes form an integral part of the standalone financial statements			

Gopal Mahadevan
Chief Financial Officer

N Ramanathan
Company Secretary
May 24, 2019, Chennai

For and on behalf of the Board

Dheeraj G Hinduja
Chairman
DIN : 00133410

This is the Statement of Profit and Loss referred to in our report of even date.
For PRICE WATERHOUSE & CO CHARTERED ACCOUNTANTS LLP
Firm Registration Number - 304026E/E-300009
Chartered Accountants

Subramanian Vivek
Partner
Membership Number - 100332

May 24, 2019
Mumbai

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2019

Particulars		March 31, 2019	March 31, 2018 (Refer Note 3.18)
		₹ Crores	₹ Crores
Cash flow from operating activities			
Profit for the year		**1,983.20**	**1,717.73**
Adjustments for :			
Income tax expense		513.60	668.10
Prepaid lease rentals		3.02	3.13
Depreciation, amortisation and impairment		621.01	598.48
Share based payment cost		2.43	52.80
Impairment loss allowance, write off on trade receivable/ advances (net)		(25.28)	(0.17)
Impairment loss/(reversal) in the value of investments (including impact of capital reduction)		3.77	264.40
Impairment loss allowance on loans (including interest)		-	(242.37)
Translation difference on conversion of loan to equity in subsidiary		-	(10.14)
Provision for obligations / others		35.15	12.73
Foreign exchange loss/ (gain)		17.11	(6.99)
Exchange loss/ (gain) on swap contracts		2.63	3.21
Loss / (Profit) on sale of Property,plant and equipment (PPE) and intangible assets - net		12.49	(3.02)
Profit on sale of investments - net		(46.89)	(43.37)
Net (gain) / loss arising on financial asset mandatorily measured at FVTPL		10.45	(5.29)
Finance costs		70.38	147.28
Interest income		(39.76)	(53.95)
Dividend income		(1.54)	(1.29)
Operating profit before working capital changes		**3,161.77**	**3,101.27**
Adjustments for changes in :			
Trade receivables		(1,572.34)	32.45
Inventories		(926.34)	903.15
Non-current and current financial assets		(55.70)	(129.45)
Contract assets		(11.04)	-
Other non-current and current assets		(766.59)	(427.49)
Redemption/ (Payment) to escrow accounts		(71.23)	-
Related party advances/receivables (net)		(1.95)	52.74
Trade payables		129.13	1,577.68
Non-current and current financial liabilities		255.20	(16.95)
Contract liabilities		1,059.25	-
Other non-current and current liabilities		(1,009.55)	764.86
Other non-current and current provisions		7.37	211.86
Cash generated from operations		**197.98**	**6,070.12**
Income tax paid (net of refund)		(560.33)	(426.75)
Net cash (used in) from / operating activities	**[A]**	**(362.35)**	**5,643.37**
Cash flow from investing activities			
Purchase of PPE and intangible assets		(763.12)	(539.50)
Proceeds on sale of PPE and intangible assets		31.65	5.06
Purchase of non-current investments		(202.63)	(746.35)
Sale proceeds of non-current investments / Capital reduction		3.40	0.70
Purchase of / sale proceeds from current investments (net)		3,202.05	(2,229.46)
Maturity of other bank deposits		-	37.50

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2019

Particulars		March 31, 2019	March 31, 2018 (Refer Note 3.18)
		₹ Crores	₹ Crores
Inter corporate deposits - given		(735.00)	(573.00)
Inter corporate deposits - repaid		735.00	573.00
Loans and advances (given) / repaid to related parties (net)		-	(12.19)
Interest received		38.60	53.73
Dividend received		1.54	1.29
Net cash from / (used in) investing activities	**[B]**	**2,311.49**	**(3,429.22)**
Cash flow from financing activities			
Proceeds from issue of equity shares (including securities premium)		8.64	4.55
Repayments of non-current borrowings		(631.61)	(1,173.78)
Payments relating to swap contracts on non-current borrowings		(30.45)	(105.81)
Proceeds from current borrowings		10,951.00	9,240.00
Repayments of current borrowings		(10,951.00)	(9,338.64)
Interest paid		(102.90)	(167.77)
Dividend paid and tax thereon		(859.84)	(549.48)
Net cash (used in) financing activities	**[C]**	**(1,616.16)**	**(2,090.93)**
Net cash Inflow	**[A+B+C]**	**332.98**	**123.22**
Opening cash and cash equivalents		1,031.47	908.08
Exchange fluctuation on foreign currency bank balances		0.53	0.17
Closing cash and cash equivalents [Refer Note 1.12A to the standalone financial statements]		**1,364.98**	**1,031.47**

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

For and on behalf of the Board

Gopal Mahadevan
Chief Financial Officer

Dheeraj G Hinduja
Chairman
DIN : 00133410

N Ramanathan
Company Secretary
May 24, 2019, Chennai

This is the Statement of Cash Flows referred to in our report of even date.
For PRICE WATERHOUSE & CO CHARTERED ACCOUNTANTS LLP
Firm Registration Number - 304026E/E-300009
Chartered Accountants

Subramanian Vivek
Partner
Membership Number - 100332

May 24, 2019
Mumbai

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

A. Equity Share Capital

₹ Crores

Balance at the beginning of April 1, 2017	Changes in equity share capital during the year	Balance at the end of March 31, 2018	Changes in equity share capital during the year	Balance at the end of March 31, 2019
284.59	**8.12**	**292.71**	**0.84**	**293.55**

B. Other Equity

₹ Crores

Particulars	Reserves and Surplus									Items of Other Comprehensive Income	Total
	Shares Pending Allotment	Capital Reserve	Securities Premium	Capital Redemption Reserve	Debenture Redemption Reserve	Share Options Outstanding Account	General Reserve	Foreign currency monetary item translation difference	Retained Earnings	Effective portion of Cash Flow Hedges	
Balance at the beginning of April 1, 2017	**8.07**	**263.87**	**1,896.46**	**3.33**	**100.00**	**18.12**	**952.11**	**(11.49)**	**2,594.27**	**16.75**	**5,841.49**
Pursuant to business combination (Refer Note 3.18)	-	-	-	-	-	-	-	-	(74.72)	-	(74.72)
Adjusted balance at the beginning of the year	**8.07**	**263.87**	**1,896.46**	**3.33**	**100.00**	**18.12**	**952.11**	**(11.49)**	**2,519.55**	**16.75**	**5,766.77**
Profit for the year	-	-	-	-	-	-	-	-	1,717.73	-	1,717.73
Other comprehensive income	-	-	-	-	-	-	-	-	(22.19)	(12.94)	(35.13)
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	1,695.54	(12.94)	1,682.60
Exchange difference on translation of outstanding loan balances	-	-	-	-	-	-	-	(1.18)	-	-	(1.18)
Exchange difference amortised	-	-	-	-	-	-	-	4.90	-	-	4.90
Transfer to retained earnings	-	-	-	-	(62.50)	-	-	-	62.50	-	-
Transactions with owners:											
Allotment of Share Capital pursuant to business combination	(8.07)	-	-	-	-	-	-	-	-	-	(8.07)
Dividend including tax thereon	-	-	-	-	-	-	-	-	(549.48)	-	(549.48)
Transfer to general reserve pursuant to exercise of ESOP	-	-	-	-	-	(2.13)	2.13	-	-	-	-
Recognition of share based payments	-	-	-	-	-	52.80	-	-	-	-	52.80
On issue of shares	-	-	4.49	-	-	-	-	-	-	-	4.49
Balance at the end of March 31, 2018	**-**	**263.87**	**1,900.95**	**3.33**	**37.50**	**68.79**	**954.24**	**(7.77)**	**3,728.11**	**3.81**	**6,952.83**
Transition adjustment on account of adoption of Ind AS 115	-	-	-	-		-	-	-	(0.47)	-	(0.47)
Profit for the year	-	-	-	-	-	-	-	-	1,983.20	-	1,983.20
Other comprehensive income	-	-	-	-	-	-	-	-	(42.59)	(4.09)	(46.68)
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	1,940.61	(4.09)	1,936.52
Exchange difference on translation of outstanding loan balances	-	-	-	-	-	-	-	(14.29)	-	-	(14.29)
Exchange difference amortised	-	-	-	-	-	-	-	13.90	-	-	13.90
Transfer to retained earnings	-	-	-	-	(37.50)	-	-	-	37.50	-	-
Transactions with owners:											
Dividends including tax thereon	-	-	-	-	-	-	-	-	(859.84)	-	(859.84)
Transfer to general reserve pursuant to exercise of ESOP	-	-	-	-	-	(64.09)	64.09	-	-	-	-
Recognition of share based payments	-	-	-	-	-	2.43	-	-	-	-	2.43
On issue of shares	-	-	7.80	-	-	-	-	-	-	-	7.80
Balance at the end of March 31, 2019	**-**	**263.87**	**1,908.75**	**3.33**	**-**	**7.13**	**1,018.33**	**(8.16)**	**4,845.91**	**(0.28)**	**8,038.88**

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

Gopal Mahadevan
Chief Financial Officer

N Ramanathan
Company Secretary
May 24, 2019, Chennai

This is the Statement of changes in Equity referred to in our report of even date.
For PRICE WATERHOUSE & CO CHARTERED ACCOUNTANTS LLP
Firm Registration Number - 304026E/E-300009
Chartered Accountants

Subramanian Vivek
Partner
Membership Number - 100332

May 24, 2019
Mumbai

For and on behalf of the Board

Dheeraj G Hinduja
Chairman
DIN : 00133410

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 a wide range of commercial vehicles. The Company also manufactures engines for industrial and marine applications, forgings and castings.

1B. Significant Accounting Policies

1B.1 Basis of Preparation and Presentation

The standalone financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015.

The standalone financial statements have been prepared on the historical cost basis except for certain assets and liabilities 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 standalone 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 standalone financial statements are presented in Indian Rupees (₹) which is the functional currency of the Company and all values are rounded to the nearest crores, except where otherwise indicated.

The standalone financial statements were approved for issue by the Board of Directors on May 24, 2019.

Recent accounting pronouncements

The Indian Accounting Standard (Ind AS) 116, Lease is applicable from FY 2019-20, the management believes that the adoption of Ind AS 116 does not have any significant impact on the standalone financial statements.

In respect of various amendments to other Accounting Standards, the management believes that adoption of those does not have any significant impact for the company.

The significant accounting policies are detailed below.

1B.2 Revenue recognition

Ind AS 115 is applicable from FY 2018-19 and it replaces Ind AS 18. It applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company has applied modified retrospective approach in adopting the new standard and accordingly, the Revenue from operations for the year ended March 31, 2019 is not comparable with previous year reported. The impact on revenue if the Company had adopted erstwhile Ind AS 18 Revenue is referred to in Note 3.7. Adoption of IND AS 115 does not have any material impact on the financial statements of the Company.

Revenue from contract with customer

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.7.

Sale of Products

Revenue from sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the product. 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.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, freight & insurance etc). In determining the transaction price for the sale of product, the Company considers the effects of variable consideration, the existence of consideration payable to the customer, etc.

Sale of Service

Revenue from services is recognised over a period of time as and when the services are rendered in accordance with the specific terms of contract with customer. Revenue from freight and insurance service is recognised when the goods are delivered to the customer. The receipt of consideration for warranty services, free services, AMC and freight and insurance is generally received when consideration receivable from sale of products is received from customer. In certain cases, the AMC contracts are sold as a separate product on cash basis or on credit as per the contract with customer. On the recognition of the receivable from customer, the Company recognises a contract liability which is then recognised as revenue as once the services are rendered. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. For other cases, the revenue reflects the cash selling price that the customer would have paid for the promised services when the services are transferred to customer. Thus there is no significant financing component.

Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Incentives

The Company provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Company applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Company then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

Significant financing component

The Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. Thus there is no significant financing component.

Warranty obligations

Refer Note 1B.14 on warranty obligations

Contract balances

- Contract assets

  A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

- Trade receivables

  Trade receivables is part of contract balances as per Ind AS 115.

- Contract liabilities

  A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

- Refund liabilities

  A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

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 standalone 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 restated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not restated.

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 standalone 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" 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 (general and specific borrowings) that are 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 and incentives on specified goods manufactured in the eligible unit) are recognised only when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received.

Government grants relating to income 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.

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.

For defined benefit plans i.e. Company's liability towards gratuity (funded), Company's contribution to provident fund (in relation to guaranteed interest rate), other retirement/ termination 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.

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. Accordingly, to the extent of interest rate guarantee it is classified as defined benefit plan.

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.

Liability for 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.

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 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 period 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.

Deferred tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the standalone 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.

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 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.

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.

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	30
Non-factory service installations:	
- In customer premises	12
- Lease improvements	3
Quality equipment, canteen assets, major Jigs and fixtures and hand tools	5 / 12
Other plant and machinery	20
Patterns and dies	5
Furniture and fittings	8
Furniture and fittings - lease improvements	3
Aircraft	18
Vehicles:	
- Trucks and buses	5 / 10
- 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 and accordingly the depreciation is computed based on estimated useful lives of the assets.

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

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 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.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 and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Intangible assets under development and goodwill are tested for impairment annually at each balance sheet date.

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, so that the increased carrying amount does not exceed the carrying amount carried 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 and components, stores, spares, consumable tools and stock in trade comprises cost of purchases and includes taxes and duties and is net of eligible credits under CENVAT/ VAT/GST 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 and components, stores, spares, consumable tools, stock in trade: 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, contractual 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 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 in accordance with Appendix C to 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 as on the acquisition date, which comprises the following:

- Fair values of the assets transferred
- Liabilities incurred to the former owners of the acquired business
- Equity interests issued by the Company

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.

1B.16 Goodwill

Goodwill arising on business combination is carried at cost less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to the Company's cash-generating unit 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 cash generating unit 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.

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.

Subsequent measurement:

(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 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.

Impairment of financial assets:

A financial asset is regarded as credit impaired or subject to significant increase in credit risk, 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).

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.

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. Interest expense that is not capitalised as part of cost 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 though 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 115.

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.

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.

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.

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.

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.

<u>Fair value hedges</u>

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.

<u>Cash flow hedges</u>

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) and 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 standalone financial statements in conformity with Ind AS requires the Management to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities recognised in the standalone 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) are 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 if 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 accounting policies and that have the most significant effect on the amounts recognised in the standalone 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.

<u>Inventories</u>

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.

<u>Taxation</u>

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 the 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 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.

Impairment of goodwill

The carrying amount of goodwill significant to the Company are stated in Note 3.19. 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 which approximates the long term industry growth rates) 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.

Fair value measurements and valuation processes

Some of the 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 uses market-observable data to the extent it is available. Where Level 1 inputs are not available, 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 3.6.

1.1 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

₹ Crores

DESCRIPTION	GROSS CARRYING AMOUNT (COST)				DEPRECIATION / AMORTISATION				NET CARRYING AMOUNT
Property, plant and equipment (PPE)	01.04.2018	Additions / Adjustment	Disposals	31.03.2019	Upto 31.03.2018	Charge during the year	Disposals	Upto 31.03.2019	31.03.2019
Freehold land	760.87	6.41	28.85	738.43	-	-	-	-	738.43
Buildings	1,388.69	111.22	4.80	1,495.11	157.44	59.37	3.24	213.57	1,281.54
Buildings given on lease	11.23	0.41	-	11.64	0.69	0.24	-	0.93	10.71
Plant and equipment	3,556.39	361.03	13.42	3,904.00	920.78	425.45	9.55	1,336.68	2,567.32
Plant and equipment given on lease	0.03	-	-	0.03	0.01	-	-	0.01	0.02
Furniture and fittings	53.35	18.87	0.30	71.92	24.36	8.25	0.27	32.34	39.58
Furniture and fittings given on lease	0.22	-	-	0.22	0.15	0.05	-	0.20	0.02
Vehicles	83.93	5.48	14.96	74.45	22.63	19.28	5.15	36.76	37.69
Aircraft given on lease	60.75	22.53	5.29	77.99	19.48	10.74	5.29	24.93	53.06
Office Equipment	67.91	54.44	0.15	122.20	26.40	18.32	0.13	44.59	77.61
TOTAL	**5,983.37**	**580.39**	**67.77**	**6,495.99**	**1,171.94**	**541.70**	**23.63**	**1,690.01**	**4,805.98**
Capital work-in-progress									**274.64**

Notes:

1. A portion of the Buildings in Bhandara valued at ₹ 9.50 crores is on a land, the title for which is yet to be transferred to the Company.
2. 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.
3. Cost of Buildings as at March 31, 2019 includes:
   a) ₹ 0.03 crores being cost of shares in Housing Co-operative Society representing ownership rights in residential flats and furniture and fittings thereat.
   b) ₹ 1.32 crores representing cost of residential flats including undivided interest in land.
4. Additions to PPE and Capital work-in-progress include exchange (gain) / loss aggregating to ₹ 20.78 crores capitalised as under:

   Building ₹ 4.96 crores, Plant and equipment ₹ 15.06 crores, Furniture and fittings ₹ 0.17 crores, Office equipment ₹0.24 crores, Capital Work in progress ₹0.35 crores.
5. For details of assets given as security against borrowings, Refer Note 3.11(a).
6. For amount of contractual commitments for the acquisition of PPE, Refer Note 3.10(a).
7. Freehold land includes purchase of land from Andhra Pradesh Industrial Infrastructure Corporation Limited and Telengana State Industrial Infrastructure Corporation Limited, the title of which will be transferred in the Company's name upon fulfilment of certain conditions.
8. Expenses capitalised ₹ 2.35 crores - Refer Notes 2.4, 2.5 and 2.7 to the standalone financial statements.

1.1 Property, Plant and Equipment and Capital Work-In-Progress (contd.)

₹ Crores

DESCRIPTION	GROSS CARRYING AMOUNT (COST)						DEPRECIATION / AMORTISATION				NET CARRYING AMOUNT
Property, plant and equipment (PPE)	01.04.2017	Additions	Acquisition through Business Combination (Refer Note 3.18)	Disposals	Adjustments# #	31.03.2018	Upto 31.03.2017	Charge during the year	Disposals	Upto 31.03.2018	31.03.2018
Freehold land	624.70	13.17	-	-	123.00	760.87	-	-	-	-	760.87
Buildings	1,339.34	52.95	-	3.60	-	1,388.69	101.62	59.13	3.31	157.44	1,231.25
Buildings given on lease	11.23	-	-	-	-	11.23	0.45	0.24	-	0.69	10.54
Plant and equipment	3,226.61	258.69	164.98	93.89	-	3,556.39	586.41	427.11	92.74	920.78	2,635.61
Plant and equipment given on lease	0.03	-	-	-	-	0.03	0.01	#	-	0.01	0.02
Furniture and fittings	41.62	11.94	0.30	0.51	-	53.35	17.58	7.18	0.40	24.36	28.99
Furniture and fittings given on lease	0.22	-	-	-	-	0.22	0.10	0.05	-	0.15	0.07
Vehicles	44.20	43.45	0.11	3.83	-	83.93	10.94	15.18	3.49	22.63	61.30
Aircraft given on lease	60.75	-	-	-	-	60.75	12.99	6.49	-	19.48	41.27
Office Equipment	52.37	18.94	0.43	3.83	-	67.91	14.88	15.09	3.57	26.40	41.51
Office Equipment given on lease	0.01	-	-	0.01	-	-	0.01	-	0.01	-	-
TOTAL	**5,401.08**	**399.14**	**165.82**	**105.67**	**123.00**	**5,983.37**	**744.99**	**530.47**	**103.52**	**1,171.94**	**4,811.43**
Capital work-in-progress											**234.33**

amount is below rounding off norms adopted by the Company.

Freehold land located at Hyderabad, which was classified as asset held for sale in FY 2016-17 is now reclassified.

Notes:

1. A portion of the Buildings in Bhandara valued at ₹9.50 crores is on a land, the title for which is yet to be transferred to the Company.
2. 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. Further, this includes a land, the title of which will be transferred in the Company's name upon fulfilment of certain conditions.
3. Cost of Buildings as at March 31, 2018 includes:
   a) ₹ 0.03 crores being cost of shares in Housing Co-operative Society representing ownership rights in residential flats and furniture and fittings thereat.
   b) ₹ 1.32 crores representing cost of residential flats including undivided interest in land.
4. Additions to PPE and Capital work-in-progress include exchange (gain) / loss aggregating to ₹6.25 crores capitalised as under:

   Building ₹1.29 crores, Plant and equipment ₹4.76 crores, Furniture and fittings ₹0.04 crores, Vehicles and aircraft (refer #), Office equipment ₹0.08 crores, Capital Work in progress ₹0.08 crores.
5. For details of assets given as security against borrowings, Refer Note 3.11(a).
6. For amount of contractual commitments for the acquisition of PPE, Refer Note 3.10(a).
7. Freehold land includes purchase of land from Andhra Pradesh Industrial Infrastructure Corporation Limited, the title of which will be transferred in the Company's name upon fulfilment of certain conditions.

1.2 OTHER INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

₹ Crores

DESCRIPTION	GROSS CARRYING AMOUNT (COST)				DEPRECIATION / AMORTISATION				NET CARRYING AMOUNT
Intangible assets	01.04.2018	Additions / Adjustment	Disposals	31.03.2019	Upto 31.03.2018	Charge during the year	Disposals	Upto 31.03.2019	31.03.2019
Computer software									
- Developed	94.88	-	-	94.88	39.98	13.31	-	53.29	41.59
- Acquired	92.50	29.34	-	121.84	40.78	20.07	-	60.85	60.99
Others									
Technical knowhow									
- Developed	165.20	121.96	-	287.16	61.80	22.09	-	83.89	203.27
- Acquired	143.80	-	-	143.80	67.18	23.84	-	91.02	52.78
TOTAL	**496.38**	**151.30**	**-**	**647.68**	**209.74**	**79.31**	**-**	**289.05**	**358.63**
Intangible assets under development									**382.98**

Notes:

1. Additions to Intangible assets and Intangible assets under development include:

   a) Exchange (gain) / loss aggregating to ₹1.88 crores capitalised as under :

   Software ₹1.43 crores, Technical Knowhow ₹(0.03) crores, Intangible assets under development ₹0.48 crores.

   b) Expenses capitalised ₹282.52 crores - Refer Notes 2.4, 2.5 and 2.7 to the standalone financial statements.

2. For amount of contractual commitments for the acquisition of intangible assets, Refer Note 3.10(a).

1.2 Other Intangible Assets and Intangible Assets under development (contd.)

₹ Crores

DESCRIPTION	GROSS CARRYING AMOUNT (COST)					DEPRECIATION / AMORTISATION				NET CARRYING AMOUNT
Intangible assets	01.04.2017	Additions / Adjustment	Acquisition through Business Combination (Refer Note 3.18)	Disposals	31.03.2018	Upto 31.03.2017	Charge during the year	Disposals	Upto 31.03.2018	31.03.2018
Computer software										
- Developed	94.88	-	-	-	94.88	26.65	13.33	-	39.98	54.90
- Acquired	52.55	39.66	0.29	-	92.50	27.81	12.97	-	40.78	51.72
Others										
Technical knowhow										
- Developed	165.20	-	-	-	165.20	41.42	20.38	-	61.80	103.40
- Acquired	144.19	(0.02)	-	0.37	143.80	46.22	21.33	0.37	67.18	76.62
TOTAL	**456.82**	**39.64**	**0.29**	**0.37**	**496.38**	**142.10**	**68.01**	**0.37**	**209.74**	**286.64**
Intangible assets under development										**188.31**

Notes:

1. Additions to Intangible assets and Intangible assets under development include:

   a) Exchange (gain) / loss aggregating to ₹0.30 crores capitalised as under :

   Software ₹0.25 crores, Technical Knowhow ₹(0.02) crores, Intangible assets under development ₹0.07 crores.

   b) Expenses capitalised ₹128.89 crores - Refer Notes 2.4, 2.5 and 2.7 to the standalone financial statements.

2. For amount of contractual commitments for the acquisition of intangible assets, Refer Note 3.10(a).

1.3 NON-CURRENT FINANCIAL ASSETS-INVESTMENTS

				As at March 31, 2019		As at March 31, 2018	
				Nos	₹ Crores	Nos	₹ Crores
A)	**Investments in Equity Instruments (unquoted)**						
	1)	**Subsidiaries (at cost)**					
		a)	**Equity Shares of ₹10 each**				
			Global TVS Bus Body Builders Limited	6,600,000	14.50	6,600,000	14.50
			HLF Services Limited	27,000	0.56	27,000	0.56
			Ashley Aviation Limited (Refer sub-note 6)	8,999,994	8.00	-	-
			Albonair (India) Private Limited	25,000,000	36.15	15,000,000	26.15
			Hinduja Leyland Finance Limited	290,431,937	1,540.68	282,311,000	1,416.43
			Ashok Leyland Vehicles Limited (formerly Ashok Leyland Nissan Vehicles Limited) $	-	-		-
			Ashley Powertrain Limited (formerly Nissan Ashok Leyland Powertrain Limited) $	-	-		-
			Ashok Leyland Technologies Limited (formerly Nissan Ashok Leyland Technologies Limited) $	-	-		-
		b)	**Equity Shares of ₹100 each**				
			Gulf Ashley Motor Limited	2,761,428	27.94	2,761,428	27.94
		c)	**Equity Shares**				
			Optare PLC				
			Ordinary shares of British Pence 0.1 each	61,903,704,162	680.77	59,903,704,162	662.71
			Deferred shares of British Pence 0.9 each	195,557,828	-	195,557,828	-
		d)	**Equity shares of Naira 1 each**				
			Ashok Leyland (Nigeria) Limited	9,999,999	0.36	9,999,999	0.36
		e)	**Equity shares of USD 20 each**				
			Ashok Leyland (Chile) S.A.	28,499	3.76	28,499	3.76
		f)	**Equity Shares of Euro 1 each**				
			Albonair GmbH	51,995,000	455.79	51,995,000	455.79
		g)	**Equity shares of UAE Dirhams of 1,000 each**				
			Ashok Leyland (UAE) LLC	35,770	110.49	35,770	110.49
			(including beneficial interest of ₹ 56.41 crores)				
	2)	**Associates (at cost)**					
		a)	**Equity Shares of ₹ 10 each**				
			Ashok Leyland Defence Systems Limited	5,027,567	5.03	5,027,567	5.03
			Ashley Aviation Limited (Refer sub-note 6)	-	-	1,960,000	1.96
			Mangalam Retail Services Limited	37,470	0.04	37,470	0.04
		b)	**Equity shares of Srilankan Rupees 10 each - quoted**				
			Lanka Ashok Leyland, PLC	1,008,332	0.57	1,008,332	0.57
	3)	**Joint Ventures (at cost)**					
		Equity Shares of ₹10 each					
		Hinduja Tech Limited		95,450,000	97.37	95,450,000	97.37
		Ashley Alteams India Limited		72,202,812	42.77	71,200,000	41.77
		Ashok Leyland John Deere Construction Equipment Company Private Limited (under liqudation)		1,727,270	1.73	25,000,010	25.00
		Sub Total	**A**		**3,026.51**		**2,890.43**
	Less:	**Impairment in Value of Investments**					
		Ashok Leyland John Deere Construction Equipment Company Private Limited (under liqudation)			1.73		25.00
		Ashley Aviation Limited			3.41		-
		Optare PLC			414.97		414.97
		Albonair GmbH			220.73		220.73
		Albonair (India) Private Limited			12.34		12.34
		Ashok Leyland (Chile) S.A.			3.76		-
		Aggregate of Impairment in Value of Investments	**B**		**656.94**		**673.04**
		Sub Total (C)	**(A-B)**		**2,369.57**		**2,217.39**

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

1.3 Non-Current Financial Assets - Investments (contd.)

			As at March 31, 2019		As at March 31, 2018	
			Nos	₹ Crores	Nos	₹ Crores
	4) Others (At Fair value through profit or loss)					
	a) Equity Shares of ₹10 each					
	Rajalakshmi Wind Energy Limited (formerly Ashok Leyland Wind Energy Limited)		7,812,950	9.12	7,812,950	9.12
	Chennai Willingdon Corporate Foundation (Cost ₹ 900) #		100	0.00	100	0.00
	Hinduja Energy (India) Limited		61,147,058	193.47	61,147,058	192.80
	OPG Power Generation Private Limited		381,500	0.43	289,415	0.32
	Kamachi Industries Limited		525,000	0.53	525,010	0.53
	b) Equity shares of ₹100 each partly paid-up					
	Adyar Property Holding Co. Limited (₹ 65 paid up) [Cost ₹ 19,500] #		300	0.00	300	0.00
	Sub Total	**D**		**203.55**		**202.77**
	Total Investments in Equity Instruments (net) (E)	**(C+D)**		**2,573.12**		**2,420.16**
B)	**Investments in Preference Shares (At Fair value through profit or loss) (unquoted)**					
	1) Subsidiary					
	Ashok Leyland (UAE) LLC		23,000	31.35	-	-
	6% Non-Cumulative Non-Convertible Redeemable Preference shares of AED. 1,000 each					
	Ashley Aviation Limited (Refer sub-note 6)		4,000,000	2.93	-	-
	6% Non-Cumulative Redeemable Non-Convertible Preference shares of ₹10 each					
	6% Cumulative Redeemable Non-Convertible Preference shares of ₹10 each		1,800,000	1.58	-	-
	2) Associates					
	Ashley Aviation Limited (Refer sub-note 6)		-	-	4,000,000	2.66
	6% Non-Cumulative Redeemable Non-Convertible Preference shares of ₹10 each					
	6% Cumulative Redeemable Non-Convertible Preference shares of ₹10 each		-	-	1,800,000	1.74
	Ashok Leyland Defence Systems Limited		10,000,000	5.15	10,000,000	4.55
	6% Non-Cumulative Redeemable Non-Convertible Preference shares of ₹10 each					
	3) Joint Ventures					
	Hinduja Tech Limited:		23,900,000	22.37	23,900,000	22.40
	1% Non-Cumulative Redeemable Non-Convertible Preference shares of ₹10 each					
	Total Investments in Preference Shares	**F**		**63.38**		**31.35**
	Total	**(E+F)**		**2,636.50**		**2,451.51**

amount is below rounding off norms adopted by the Company.

Notes:

1. Particulars	March 31, 2019 ₹ Crores	March 31, 2018 ₹ Crores
Aggregate value of unquoted investments	3,292.87	3,123.98
Aggregate value of quoted investments	0.57	0.57
Aggregate value of impairment in value of investments	656.94	673.04

2. Investments are fully paid-up unless otherwise stated.
3. 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.
4. Lock-in commitment in the shareholders agreement: [Also refer Note 3.10(c)]

Particulars	**No of Shares**
Hinduja Leyland Finance Limited	2,84,72,743
Hinduja Tech Limited	79,990,000

5. $ Refer Note 3.18 relating to amalgamation with the Company.
6. 51% stake in Ashley Aviation Limited acquired during the year.

		As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
1.4	**NON-CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES**		
	(Unsecured, considered good)		
	Trade receivables		
	Related parties (Refer Note 3.8)	0.14	-
	Others	-	0.03
		0.14	**0.03**

Note:

These are carried at amortised cost

		As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
1.5	**NON-CURRENT FINANCIAL ASSETS - LOANS**		
	(Unsecured, considered good)		
	Security deposits	31.71	33.54
		31.71	**33.54**

Note:

These are carried at amortised cost

		As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
1.6	**NON-CURRENT OTHER FINANCIAL ASSETS**		
	(Unsecured, considered good unless otherwise stated)		
	a) Other receivables *		
	Considered good	8.28	7.87
	Considered doubtful	4.34	-
	Less: Allowance for doubtful amounts	4.34	-
		8.28	**7.87**
	b) Derivatives not designated as hedging instruments carried at fair value	-	1.76
	c) Others		
	i. Employee advances	2.11	2.34
	ii. Earmarked bank balance (escrow bank accounts)	16.88	-
	iii. Other advances	14.17	14.23
		33.16	**16.57**
		41.44	**26.20**
	Of the Employee advances above,		
	Due from Directors / Officers #	0.00	0.00

* includes receivable on sale of windmill undertaking of the Company.

amount is below rounding off norms adopted by the Company.

Notes:

1. These (except derivatives) are carried at amortised cost. Derivatives are carried at fair value through profit or loss / other comprehensive income.
2. Movement in allowance for doubtful receivables is as follows:

Particulars	March 2019	March 2018
Opening	-	-
Add: Additions	4.34	-
Less: Utilisations / Reversals	-	-
Closing	4.34	-

		As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
1.7	**NON - CURRENT - ADVANCE TAX ASSETS (NET)**		
	Advance income tax (net of provision)	102.34	91.00
		102.34	**91.00**

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

				As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
1.8	**OTHER NON-CURRENT ASSETS**				
	(Unsecured, considered good unless otherwise stated)				
	a)	Prepayments under operating leases		259.88	255.21
	b)	Capital Advances			
			Advances to related parties (Refer Note 3.8)		
			Considered good	3.48	-
		Others			
			Considered good	201.82	63.62
			Considered doubtful	2.58	1.32
			Less: Allowance for doubtful advances	2.58	1.32
				205.30	**63.62**
	c)	Balances with customs, port trust, central excise etc.			
			Considered good	17.09	1.43
			Considered doubtful	36.71	45.06
			Less: Allowance for doubtful amounts	36.71	45.06
				17.09	**1.43**
	d)	Others			
		i.	Sales tax paid under protest	203.20	185.80
		ii.	Other advances (includes prepaid expenses, etc.) #	268.33	193.97
				471.53	**379.77**
				953.80	**700.03**

Notes :

1. Movement in Allowance for doubtful amounts towards Capital advances is as follows:

Particulars	March 2019	March 2018
Opening	1.32	1.53
Add: Pursuant to Amalgamation	-	0.65
Add: Additions	1.26	-
Less: Utilisations / Reversals	-	0.86
Closing	2.58	1.32

2. Movement in Allowance for doubtful amounts towards Balances with customs, port trust, central excise etc is as follows:

Particulars	March 2019	March 2018
Opening	45.06	14.28
Add: Additions*	-	30.78
Less: Utilisations / Reversals	8.35	-
Closing	36.71	45.06

* Includes allowance of ₹Nil (March 2018 ₹ 28.78 Crores) moved from current.

Other advances includes advance paid towards 170 acres of land allotted by State Industries Promotion Corporation of Tamil Nadu (SIPCOT), taken over by the Company pursuant to amalgamation, which is in the process of registration.

			As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
1.9	**INVENTORIES**			
	(a)	Raw materials and components	816.56	863.64
	(b)	Work-in-progress	391.28	375.70
	(c)	Finished goods	1,229.33	271.09
	(d)	Stock-in-trade		
		Spare parts and auto components (including works made)	149.56	164.58
	(e)	Stores, spares and consumable tools	97.94	83.32
			2,684.67	**1,758.33**

Notes :

1. Goods in transit included above are as below :

		March 2019	March 2018
(a)	Raw materials and components	21.06	34.44
(b)	Stock-in-trade		
	Spares parts and auto components (including works made)	0.35	-
(c)	Stores spares and consumables tools	-	-

2. Amount of inventories recognised as an expense and write down of inventories during the year are ₹20,679.57 crores (2017-18: ₹18,431.08 crores).

		As at March 31, 2019		As at March 31, 2018	
		Units	₹ Crores	Units	₹ Crores
1.10	**CURRENT FINANCIAL ASSETS - INVESTMENTS**				
	(Unquoted)				
	Units in mutual funds *	-	-	62,582,280.10	3,155.16
			-		**3,155.16**

Note:

*These are carried at fair value through profit or loss

		As at March 31, 2019	As at March 31, 2018
		₹ Crores	₹ Crores
1.11	**CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES**		
	(Unsecured)		
	Considered good		
	Related parties (Refer Note 3.8)	98.74	54.81
	Others	2,406.79	889.97
		2,505.53	**944.78**
	Significant increase in credit risk		
	Related parties (Refer Note 3.8)	-	-
	Others	48.55	41.96
		48.55	**41.96**
	Credit impaired		
	Related parties (Refer Note 3.8)	-	-
	Others	24.18	20.98
		24.18	**20.98**
	Less: Loss allowance	72.73	62.94
		2,505.53	**944.78**

Notes :

1. Movement in loss Allowance is as follows:

Particulars	March 2019	March 2018
Opening	62.94	48.37
Add: Additions	18.86	16.81
Less: Utilisations / Reversals	9.07	2.24
Closing	72.73	62.94

2. These are carried at amortised cost.

1.12	**A.**	**CASH AND CASH EQUIVALENTS**			
		i)	Balance with banks:		
			a) In current accounts	87.03	50.46
			b) In cash credit accounts	925.14	251.97
			c) In deposit accounts *	276.00	621.50
		ii)	Cheques, drafts on hand	76.63	107.42
		iii)	Cash and stamps on hand	0.18	0.12
				1,364.98	**1,031.47**
1.12	**B.**	**BANK BALANCES OTHER THAN (A) ABOVE**			
		i)	Unclaimed dividend accounts (earmarked)	8.61	10.69
				8.61	**10.69**

* This represents deposits with original maturity of less than or equal to 3 months.

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

		As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
1.13	**CURRENT FINANCIAL ASSETS - LOANS**		
	(Unsecured, considered good)		
	a) Security deposits	17.58	14.66
	b) Loans to related parties in foreign currency (Refer Note 3.8)	3.88	4.04
	c) Loans to others	1.00	5.40
		22.46	**24.10**

Note:

These are carried at amortised cost.

		As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
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	0.03	0.04
	- Others	2.72	1.55
	b) Employee advances	18.91	17.34
	c) Derivatives not designated as hedging instruments carried at fair value	2.48	12.77
	d) Derivatives designated as hedging instruments carried at fair value	3.00	11.65
	e) Earmarked bank balance (escrow bank accounts)	61.77	7.15
	f) Related parties (Refer Note 3.8)		
	i. Advances in foreign currency #	-	-
	ii. Other advances	3.70	2.65
		3.70	**2.65**
	g) Unbilled revenue	-	22.58
	h) Revenue grants receivable		
	Considered good	351.64	298.04
	Considered doubtful	15.60	15.60
		367.24	**313.64**
	Less: Allowance for doubtful receivable	15.60	15.60
		351.64	**298.04**
	i) Others (includes expenses recoverable, etc.)		
	Considered good	20.81	16.57
	Considered doubtful	20.86	0.79
		41.67	**17.36**
	Less: Allowance for doubtful amount	20.86	0.79
		20.81	**16.57**
		465.06	**390.34**
	Of the Employee advances above		
	Due from Directors / Officers #	#	0.01

amount is below rounding off norms adopted by the Company.

Notes:

1. These (except derivatives) are carried at amortised cost. Derivatives are carried at fair value through profit or loss / other comprehensive income.
2. Movement in Allowance for doubtful receivable is as follows:

Particulars	March 2019	March 2018
Opening	15.60	1.74
Add: Additions	-	13.86
Less: Utilisations / Reversals	-	-
Closing	15.60	15.60

3. Movement in Allowance for doubtful receivable (others) is as follows:

Particulars	March 2019	March 2018
Opening	0.79	-
Add: Additions	20.07	0.79
Less: Utilisations / Reversals	-	-
Closing	20.86	0.79

		As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
1.15	**CONTRACT ASSETS**		
	Unbilled revenue (Refer note 3.7)	11.04	-
		11.04	**-**
1.16	**OTHER CURRENT ASSETS**		
	(Unsecured, considered good unless otherwise stated)		
	a) Prepayments under operating leases	2.91	3.05
	b) Advances to related parties (Refer Note 3.8)	1.34	0.44
	c) Supplier advances		
	Considered good	38.10	43.36
	Considered doubtful	2.29	1.03
		40.39	**44.39**
	Less: Allowance for doubtful advances	2.29	1.03
		38.10	**43.36**
	d) Balances with customs, port trust, central excise etc.	999.85	551.12
	(e) Others*	81.79	150.63
		1,123.99	**748.60**
	* Include:		
	- Input tax credit recoverable		
	- Value Added Tax / Sales Tax	-	1.95
	- Sales tax paid under protest	5.61	72.26
	- Prepaid expenses	71.60	74.40

Note :

Movement in Allowance for doubtful advances is as follows:

Particulars	March 2019	March 2018
Opening	1.03	29.62
Add: Additions	1.26	-
Less: Utilisations / Reversals	-	28.59
Closing	2.29	1.03

1.17	**EQUITY SHARE CAPITAL**		
	Authorised		
	27,856,000,000 (March 2018: 27,856,000,000) Equity shares of ₹1 each	2,785.60	2,785.60
		2,785.60	**2,785.60**
	Issued		
	a) 2,289,212,796 (March 2018: 2,280,789,621) Equity shares of ₹1 each	228.92	228.08
	b) 646,314,480 (March 2018: 646,314,480) Equity shares of ₹ 1 each issued through Global Depository Receipts	64.63	64.63
		293.55	**292.71**
	Subscribed and fully paid up		
	a) 2,289,212,796 (March 2018: 2,280,789,621) Equity shares of ₹1 each	228.92	228.08
	b) 646,314,480 (March 2018: 646,314,480) Equity shares of ₹1 each issued through Global Depository Receipts	64.63	64.63
		293.55	**292.71**
	Add: Forfeited shares (amount originally paid up in respect of 760 shares) #	-	-
		293.55	**292.71**

amount is below rounding off norms adopted by the Company.

Notes:

1. **Reconciliation of number of equity shares subscribed**	March 2019	March 2018
Balance as at the beginning of the year	2,927,104,101	2,845,876,634
Add: Issued during the previous year pursuant to business combination	-	80,658,292
Issued during the year (Refer Note 3.4)	8,423,175	569,175
Balance as at end of the year	2,935,527,276	2,927,104,101

2. **Shares issued in preceding 5 years**
   a) Hinduja Foundries Limited (amalgamating company) merged with the Company effective October 1, 2016 pursuant to the order received from National Company Law Tribunal on April 24, 2017. Consequently, 80,658,292 equity shares of ₹1 each of the Company has been allotted on June 13, 2017 as fully paid up to the shareholders of the amalgamating company.
   b) The Company allotted 8,423,175 (March 2018 : 569,175) equity shares pursuant to the exercise of options under Employee Stock Option Scheme. For Information relating to Employees Stock Option Plan including details of options outstanding as at March 31, 2019 - Refer Note 3.4.
3. As on March 31, 2019, there are 353,202,640 (March 2018: 352,201,640) equity shares representing the outstanding Global Depository Receipts (GDRs). The balance GDRs have been converted into equity shares.
4. **Shares held by the Holding Company**

   Hinduja Automotive Limited, the holding company, holds 1,164,332,742 (March 2018: 1,164,332,742) Equity shares and 5,486,669 (March 2018: 5,486,669) Global Depository Receipts (GDRs) equivalent to 329,200,140 (March 2018: 329,200,140) Equity shares of ₹1 (March 2018: ₹1) each aggregating to 50.88% (March 2018: 51.02%) of the total share capital.
5. **Shareholders other than the Holding Company holding more than 5% of the equity share capital**

   Nil (March 2018 : Nil)
6. **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 [March 2018: 60 equity shares] of ₹1 each, per GDR, and their voting rights can be exercised through the Depository.

			As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
1.18	**OTHER EQUITY**	**Note**		
	Capital Reserve	B	263.87	263.87
	Securities Premium	C	1,908.75	1,900.95
	Capital Redemption Reserve	D	3.33	3.33
	Debenture Redemption Reserve	E	-	37.50
	Share Options Outstanding Account	F	7.13	68.79
	General Reserve	G	1,018.33	954.24
	Cash Flow Hedge Reserve	H	(0.28)	3.81
	Foreign Currency Monetary Item Translation Difference	I	(8.16)	(7.77)
	Retained Earnings	A,J	4,845.91	3,728.11
			8,038.88	**6,952.83**

Refer "Statement of Changes in Equity" for additions / deletions in each reserve.

Notes:

A. Pursuant to the business combination during the year the reserves and surplus of the amalgamating company as on April 01, 2017 have been taken over at the carrying values. (Refer Note 3.18)

B. Capital reserve represents reserve created pursuant to the business combinations upto year end.

C. Securities premium 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. Capital redemption reserve represent the reserve arising pursuant to the business combination during 2016-17.

E. Debenture redemption reserve represents reserve created out of profit / retained earnings at specified value of debentures to be redemeed.

F. Share options outstanding account relates to stock options granted by the Company to employees under an employee stock options plan. (Refer Note 3.4).

G. 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.

H. 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.

I. 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, 2017 are amortised by recognition as income or expense in each year over the balance term till settlement occurs but not beyond March 31, 2020.

J. In respect of the year ended March 31, 2019, the Board of Directors has proposed a dividend of ₹3.10 per equity share (March 2018: ₹2.43 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.

			As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
1.19	**NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS**			
	a) Secured borrowings			
		i. External commercial borrowings from banks	-	9.43
		ii. Term loan from banks	-	56.25
		iii. SIPCOT Soft Loan	31.18	31.18
	b) Unsecured borrowings			
		i. External commercial borrowings from banks	184.28	314.28
		ii. Interest free sales tax loans	82.94	101.41
			298.40	**512.55**

Notes :

1. These are carried at amortised cost.
2. Refer Note 1.27 for current maturities of non-current borrowings.
3. Refer Note 3.11 for security and terms of the borrowings.
4. The Company has been authorised to issue 36,500,000 (March 2018: 36,500,000) Non-Cumulative Redeemable Non-Convertible Preference Shares of ₹10 each valuing ₹36.50 crores (March 2018: ₹36.50 crores) and 77,000,000 (March 2018: 77,000,000) Non-Convertible Redeemable Preference Shares of ₹100 each valuing ₹770.00 crores (March 2018: ₹770.00 crores). No preference shares has been issued during the year.

		As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
1.20	**NON-CURRENT - OTHER FINANCIAL LIABILITIES**		
	a) Capital creditors	-	0.29
	b) Others	34.59	1.15
		34.59	**1.44**

Note:

These are carried at amortised cost.

			As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
1.21	**NON-CURRENT PROVISIONS**			
	a) Provision for employee benefits			
		i. Compensated absences	92.31	75.80
		ii. Others including post retirement benefits	35.75	53.87
	b) Others			
		i. Product warranties	103.87	107.83
		ii. Others (including litigation matters)	17.70	17.54
			249.63	**255.04**

Note:

Movement in Provision for product warranties is as follows :

Particulars	March 2019	March 2018
Opening	107.83	26.56
Add: Additions (net of utilisations)	(3.96)	81.27
Closing	103.87	107.83

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 24 months.

Movement in Provision for others (including litigation matters) is as follows :

Particulars	March 2019	March 2018
Opening	17.54	-
Add: Additions	0.16	17.54
Less: Utilisations / Reversals	-	-
Closing	17.70	17.54

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

		As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
1.22	**DEFERRED TAX LIABILITIES (NET)**		
	a) Deferred tax liabilities	926.87	725.85
	b) Deferred tax (assets)	(677.14)	(427.27)
		249.73	**298.58**

Notes:

1. Refer Note 3.1 for details of deferred tax liabilities and assets.
2. Deferred tax assets includes Unused tax credits (MAT credit entitlement) of ₹512.92 crores (March 2018: ₹353.73 crores).

		As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
1.23	**CONTRACT LIABILITIES**		
	Income received in advance (Refer note 3.7)	269.02	-
		269.02	**-**

		As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
1.24	**OTHER NON-CURRENT LIABILITIES**		
	a) Income received in advance (Refer note 3.7)	-	203.74
	b) Others	1.64	-
		1.64	**203.74**

		As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
1.25	**CURRENT FINANCIAL LIABILITIES - BORROWINGS**		
	Unsecured borrowings		
	Short term loans from banks	100.00	100.00
		100.00	**100.00**

Notes:

1. These are carried at amortised cost.
2. Commercial paper - maximum balance outstanding during the year is ₹1,300 Crores (March 2018: ₹1,500 Crores).
3. Net debt reconciliation:

	As at March 31, 2019	As at March 31, 2018
Cash and cash equivalents	1,364.98	1,031.47
Liquid investments	-	3,155.16
Current borrowings	(100.00)	(100.00)
Non-current borrowings	(536.31)	(1,145.89)
Derivative Asset / (Liability)	2.48	(25.35)
Net debt	**731.15**	**2,915.39**

₹ Crores

	Other assets		Liabilities from financing activities			Total
	Cash and bank overdraft	Liquid investments	Non-current borrowings	Current borrowings	Derivative Asset / (Liability)	
Net debt as at March 31, 2017	908.08	877.17	(2,341.47)	(198.64)	(127.95)	(882.81)
Cash flows (net)	123.22	2,229.46	1,173.78	98.64	105.81	3,730.91
Foreign exchange adjustments	0.17	-	2.87	-	-	3.04
Profit / (loss) on sale of liquid investments (net)	-	43.37	-	-	-	43.37
Interest expense	-	-	(68.37)	(80.47)	-	(148.84)
Interest paid	-	-	87.30	80.47	-	167.77
Other non-cash movements						
- Fair value adjustments	-	5.16	-	-	(3.21)	1.95
Net debt as at March 31, 2018	**1,031.47**	**3,155.16**	**(1,145.89)**	**(100.00)**	**(25.35)**	**2,915.39**

₹ Crores

	Other assets		Liabilities from financing activities			Total
	Cash and bank overdraft	Liquid investments	Non-current borrowings	Current borrowings	Derivative Asset / (Liability)	
Cash flows (net)	332.98	(3,202.05)	631.61	-	30.45	(2,207.01)
Foreign exchange adjustments	0.53	-	(36.29)	-	0.01	(35.75)
Profit / (loss) on sale of liquid investments (net)	-	46.89	-	-	-	46.89
Interest expense	-	-	(31.22)	(57.42)	-	(88.64)
Interest paid	-	-	45.48	57.42	-	102.90
Other non-cash movements						
- Fair value adjustments	-		-	-	(2.63)	(2.63)
Net debt as at March 31, 2019	**1,364.98**	**-**	**(536.31)**	**(100.00)**	**2.48**	**731.15**

Note:

Non-current borrowings and interest expense is gross of impact on account of effective interest rate changes.

		As at March 31, 2019	As at March 31, 2018
		₹ Crores	₹ Crores
1.26	**CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES**		
	Trade payables - including acceptances		
	a) Total outstanding dues of micro enterprises and small enterprises [Refer Note 3.15]	12.94	11.97
	b) Total outstanding dues of creditors other than micro enterprises and small enterprises	5,005.99	4,875.93
		5,018.93	**4,887.90**

Note:

These are carried at amortised cost.

1.27	**CURRENT - OTHER FINANCIAL LIABILITIES**		
	a) Current maturities of long-term debts	233.96	613.73
	b) Interest accrued but not due on borrowings	3.22	17.48
	c) Unclaimed dividends	8.61	10.69
	d) Employee benefits	452.82	293.21
	e) Capital creditors	135.61	115.44
	f) Derivatives not designated in hedging relationships	-	39.88
	g) Derivatives designated in hedging relationships	5.50	5.86
	h) Others *	760.62	697.66
		1,600.34	**1,793.95**
	* Include:		
	- Accrued expenses / liabilities	493.01	688.63
	- Refund liabilities (Refer note 3.7)	267.30	-

Notes:

1. Refer Note 3.11 for security and terms of the borrowings.
2. These (except derivatives) are carried at amortised cost. Derivatives are carried at fair value through profit or loss / other comprehensive income.

			As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
1.28	**CONTRACT LIABILITIES**			
	a)	Income received in advance	377.94	-
	b)	Advance from customers	412.29	-
			790.23	**-**

Note:

Refer note 3.7

1.29	**OTHER CURRENT LIABILITIES**			
	a)	Income received in advance (Refer note 3.7)	-	100.50
	b)	Advance from customers (Refer note 3.7)	-	811.14
	c)	Statutory liabilities	398.07	228.06
	d)	Accrued gratuity	37.06	68.07
	e)	Others	41.56	9.80
			476.69	**1,217.57**

1.30	**CURRENT PROVISIONS**				
	a)	Provision for employee benefits			
		i.	Compensated absences	14.57	13.85
		ii.	Others including post retirement benefits	21.15	32.03
	b)	Others			
		i.	Product warranties	311.69	265.41
		ii.	Obligations	299.06	281.00
		iii.	Others (including litigation matters)	156.30	216.20
				802.77	**808.49**

Notes:

1. Movement in Provision for product warranties is as follows :

Particulars	March 2019	March 2018
Opening	265.41	170.71
Add: Pursuant to Amalgamation (Refer Note 3.18)	-	17.93
Add: Additions (net of utilisations)	46.28	76.77
Closing	311.69	265.41

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 24 months.

2. Movement in Provision for obligations (including Optare Plc.,) is as follows :

Particulars	March 2019	March 2018
Opening	281.00	281.00
Add: Additions	18.06	-
Less: Utilisations / Reversals	-	-
Closing	299.06	281.00

3. Movement in Provision for others (including litigation matters) is as follows :

Particulars	March 2019	March 2018
Opening	216.20	33.93
Add: Pursuant to Amalgamation (Refer Note 3.18)	-	172.59
Add: Additions	17.09	31.11
Less: Utilisations / Reversal	76.99	21.43
Closing	156.30	216.20

				Year ended March 31, 2019 ₹ Crores	Year ended March 31, 2018 ₹ Crores
2.1	**REVENUE FROM OPERATIONS**				
	a)	Sale of products			
		- Commercial vehicles		25,307.78	23,371.46
		- Engines and gensets		468.04	432.25
		- Ferrous castings and patterns		516.38	498.26
		- Spare parts and others		1,880.47	1,949.58
			(A)	**28,172.67**	**26,251.55**
	b)	Sale of services	**(B)**	830.30	392.99
	c)	Other operating revenues			
		- Grant income		250.78	207.16
		- Export incentives		61.16	83.25
		- Scrap sales		122.60	99.97
		- Others		6.38	0.24
			(C)	**440.92**	**390.62**
			(A+B+C)	**29,443.89**	**27,035.16**
	Less: Rebates and discounts			388.94	402.16
				29,054.95	**26,633.00**

Note:

Ind AS 115 is applicable from April 1, 2018 (Refer Note 3.7)

				Year ended March 31, 2019 ₹ Crores	Year ended March 31, 2018 ₹ Crores
2.2	**OTHER INCOME**				
	a)	Interest income from			
		i.	Loans to related parties (Refer Note 3.8)	3.53	14.22
		ii.	Others	36.23	39.73
				39.76	**53.95**
	b)	Dividend income from			
		Non-current investments (Refer Note 3.8)		1.54	1.29
	c)	Profit on sale of investments - net			
		Current investments		46.89	43.37
	d)	Other non-operating income			
		i.	Profit on sale of Property, Plant and Equipment (net)	3.45	3.02
		ii.	Foreign exchange gain (net)	-	55.69
		iii.	Net (loss) / gain arising on financial asset mandatorily measured at FVTPL	(10.45)	5.29
		iv.	Others	28.75	33.97
				21.75	**97.97**
				109.94	**196.58**

			Year ended March 31, 2019 ₹ Crores	Year ended March 31, 2018 ₹ Crores
2.3	**CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS**			
	Changes in inventories			
		- Finished goods and stock-in-trade	(943.22)	482.36
		- Work-in-progress	(15.58)	792.74
		Net change	**(958.80)**	**1,275.10**

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

		Year ended March 31, 2019 ₹ Crores	Year ended March 31, 2018 ₹ Crores
2.4	**EMPLOYEE BENEFITS EXPENSE**		
	a) Salaries and wages	1,835.57	1,531.85
	b) Contribution to provident and other funds	107.32	99.66
	c) Share based payments costs *	2.43	52.80
	d) Staff welfare expenses	210.75	182.44
		2,156.07	**1,866.75**
	Less: Expenses capitalised	57.30	28.97
		2,098.77	**1,837.78**

* For share options given by the Company to employees under employee stock option plan (Refer Note 3.4).

Note:

Employee benefits expense include:

	- CSR Expenditure (Refer Note 3.17)	1.52	-

2.5	**FINANCE COSTS**		
	Interest expense	90.05	152.16
	Less: Expenses capitalised	19.67	4.88
		70.38	**147.28**

Note:

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Company's general borrowings during the year - 5.94% (March 31, 2018 - 5.31%).

2.6	**DEPRECIATION AND AMORTISATION EXPENSE**		
	A) Property, plant and equipment		
	(i) Buildings	59.37	59.13
	(ii) Plant and equipment	425.45	427.11
	(iii) Furniture and fittings	8.25	7.18
	(iv) Vehicles	19.28	15.18
	(v) Office equipment	18.32	15.09
	(vi) Assets given on lease		
	- Buildings	0.24	0.24
	- Plant and equipment	-	#
	- Aircraft	10.74	6.49
	- Furniture and fittings	0.05	0.05
	(A)	**541.70**	**530.47**
	B) Intangible assets		
	(i) Computer software		
	- Developed	13.31	13.33
	- Acquired	20.07	12.97
	(ii) Technical knowhow		
	- Developed	22.09	20.38
	- Acquired	23.84	21.33
	(B)	**79.31**	**68.01**
	(A + B)	**621.01**	**598.48**

\# amount is below rounding off norms adopted by the Company.

			Year ended March 31, 2019 ₹ Crores	Year ended March 31, 2018 ₹ Crores
2.7	**OTHER EXPENSES**			
	(a)	Consumption of stores and tools	132.10	108.29
	(b)	Power and fuel	249.80	228.91
	(c)	Rent	25.47	26.48
	(d)	Repairs and maintenance		
		- Buildings	53.85	57.40
		- Plant and machinery	197.86	186.19
	(e)	Insurance	16.57	27.83
	(f)	Rates and taxes, excluding taxes on income	22.93	41.59
	(g)	Research and development	216.97	123.19
	(h)	Service and product warranties	539.19	484.56
	(i)	Packing and forwarding charges	738.73	771.09
	(j)	Selling and administration expenses - net	977.47	970.71
	(k)	Annual maintenance contracts	188.60	164.09
	(l)	Impairment loss allowance / write off on trade receivable (net)	22.27	14.87
	(m)	Impairment loss allowance / write off on trade receivable / advances / grant income receivable (net)	(33.04)	13.86
			3,348.77	**3,219.06**
	Less: Expenses capitalised		207.90	95.04
			3,140.87	**3,124.02**
	Note:			
	Selling and administration expenses include:			
	-	Directors' sitting fees	0.85	0.82
	-	Commission to Non Whole-time Directors	14.47	12.19
	-	CSR Expenditure (Refer Note 3.17)	32.55	15.67
2.8	**EXCEPTIONAL ITEMS**			
	a)	Impairment reversal / (loss) in the value of investments (net) (including impact of capital reduction)		
		- Ashok Leyland (Chile) S.A	(3.76)	-
		- Ashley Aviation Limited	(3.41)	-
		- Ashok Leyland (UK) Limited (liquidated on April 10, 2018)	-	0.68
		- Optare PLC	-	(265.08)
		- Ashok Leyland John Deere Construction Equipment Company Private Limited (net of reversal of impairment provision ₹ 23.27 crores provided in earlier years)	3.40	-
			(3.77)	**(264.40)**
	b)	Impairment reversal / (loss) allowance on loans (including interest)		
		- Optare PLC	-	242.37
	c)	Effect of translation difference on conversion of loan to equity instrument in subsidiary		
		- Optare PLC	-	10.14
	d)	(Loss) on sale of investments		
		- Ashok Leyland (UK) Limited (since liquidated on April 10, 2018)	-	(0.68)
	e)	(Loss) on sale of immovable properties	(15.94)	-
	f)	Provision for obligation		
		- Optare PLC	(18.06)	-
	g)	Obligation relating to discontinued products of LCV division	(17.09)	(12.73)
			(54.86)	**(25.30)**

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

			Year ended March 31, 2019 ₹ Crores	Year ended March 31, 2018 ₹ Crores
3.1	**INCOME TAXES RELATING TO CONTINUING OPERATIONS**			
3.1.1	**Income tax recognised in profit or loss**			
	Current tax			
	In respect of the current year		378.20	677.25
		A	**378.20**	**677.25**
	Deferred tax			
	In respect of the current year		135.40	(12.11)
	Adjustments to deferred tax attributable to changes in tax rates and laws		-	2.96
		B	**135.40**	**(9.15)**
	Total income tax expense recognised in profit or loss (A + B)		**513.60**	**668.10**
3.1.2	**Income tax expense for the year reconciled to the accounting profit:**			
	Profit before tax		**2,496.80**	**2,385.83**
	Income tax rate		34.944%	34.608%
	Income tax expense		872.48	825.69
	Effect of income that is taxed at lower rate		(0.27)	(0.22)
	Effect of previously unrecognised and unused tax losses and deductible temporary differences		(16.39)	(13.23)
	Effect of concessions and other allowances (including tax holiday and weighted deduction for research and development expenditure)		(232.87)	(141.69)
	Effect of exceptional items, benefits recognised upon amalgamation, disallowances and reversals (net)		(180.07)	(5.41)
	Effect of taxable / deductible temporary differences and tax holiday benefit relating to earlier years (net)		70.72	-
	Effect on deferred tax balances due to the change in income tax rate from financial year 2017-18 at 34.608% to financial year 2018-19 at 34.944%		-	2.96
	Others			
	Income tax expense recognised in profit or loss		**513.60**	**668.10**
3.1.3	**Income tax recognised in other comprehensive income**			
	Current tax		-	0.02
	Deferred tax			
	Arising on income and expenses recognised in other comprehensive income:			
	Fair value remeasurement of hedging instruments entered into for cash flow hedges		(0.08)	(2.27)
	Remeasurement of defined benefit obligation		22.87	12.10
		A	**22.79**	**9.83**
	Arising on income and expenses reclassified from equity to profit or loss:			
	Relating to cash flow hedges		2.27	9.22
		B	**2.27**	**9.22**
	Total income tax recognised in other comprehensive income (A+B)		**25.06**	**19.05**

3.1.4 Analysis of deferred tax assets / liabilities:

₹ Crores

March 31, 2019	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Unused tax credits - availed / utilised	Closing balance
Deferred tax (liabilities)/assets in relation to:					
Property, Plant & Equipment and intangible assets	(723.09)	(203.70)	-	-	(926.79)
Voluntary retirement scheme compensation	13.31	(6.96)	-	-	6.35
Expenditure allowed upon payments	60.23	(26.47)	22.87	-	56.63
Unused tax credit (MAT credit entitlement)	353.73	-	-	159.19	512.92
Cash flow hedges	(2.27)	-	2.19	-	(0.08)
Other temporary differences	(0.49)	101.73	-	-	101.24
	(298.58)	**(135.40)**	**25.06**	**159.19**	**(249.73)**

₹ Crores

March 31, 2018	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Unused tax credits - availed / utilised	Closing balance
Deferred tax (liabilities)/assets in relation to:					
Property, Plant & Equipment and intangible assets	(713.51)	(9.58)	-	-	(723.09)
Voluntary retirement scheme compensation	23.26	(9.95)	-	-	13.31
Expenditure allowed upon payments	37.28	10.85	12.10	-	60.23
Unused tax credit (MAT credit entitlement)	553.61	-	-	(199.68)	353.93
Cash flow hedges	(9.22)	-	6.95	-	(2.27)
Other temporary differences	(18.32)	17.83	-	-	(0.49)
Pursuant to Amalgamation	1.34	-	-	(1.54)	(0.20)
	(125.56)	**9.15**	**19.05**	**(201.22)**	**(298.58)**

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.

		As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
3.1.5	**Unrecognised deductible temporary differences, unused tax losses and unused tax credits**		
	- Unused tax losses (capital)	287.57	318.90
	- Unabsorbed depreciation*	-	479.47
	- Unused tax losses*	-	504.27
		287.57	**1,302.64**

* Pursuant to amalgamation

Notes:

1. These will expire in various years upto 2026-27.
2. The above are gross amounts on which appropriate tax rates would apply.

3.2 RETIREMENT BENEFIT PLANS

3.2.1 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. To the extent of interest rate guarantee it is classified as defined benefit plan. The Company also has a superannuation plan.

The total expense recognised in profit or loss of ₹ 90.98 crores (2017-2018: ₹88.91 crores) represents contribution paid/ payable to these plans by the Company at rates specified in the plan.

3.2.2 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 15 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), provident fund (interest guarantee), other retirement benefits and compensated absences are actuarially determined at the end of each semi-annual period using the projected unit credit method as applicable.

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.

3.2 Retirement benefit plans (Continued)

		As at March 31, 2019	As at March 31, 2018
		₹ Crores	₹ Crores
3.2.3	**The principal assumptions used for the purposes of the actuarial valuations were as follows:**		
	Gratuity		
	Discount rate	7.64%	7.68%
	Expected rate of salary increase	5.50%	4.50%
	Average Longevity at retirement age - past service	15.60	15.90
	Average Longevity at retirement age - future service	11.80	11.80
	Attrition rate	3.00%	3.00%
	Compensated absences		
	Discount rate	7.64%	7.68%
	Expected rate of salary increase	5.50%	4.50%
	Attrition rate	3.00%	3.00%
	Other defined benefit plans		
	Discount rate	7.64%	7.68%
	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.		
3.2.4	**Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:**		
	Gratuity		
	Current service cost	15.22	12.85
	Net interest expense / (income)	0.91	1.34
	Components of defined benefit costs recognised in profit or loss	**16.13**	**14.19**
	Remeasurement on the net defined benefit liability comprising:		
	Actuarial (gain)/loss arising from changes in financial assumptions	25.60	22.61
	Actuarial (gain)/loss arising from experience adjustments	42.22	11.19
	Actuarial (gain)/loss on plan assets	(2.36)	0.49
	Components of defined benefit costs recognised in other comprehensive income	**65.46**	**34.29**
	Total	**81.59**	**48.48**
	Compensated absences and other defined benefit plans		
	Current service cost	12.88	10.51
	Net interest expense	7.05	5.69
	Actuarial (gain)/loss arising from changes in financial assumptions	8.57	7.21
	Actuarial (gain)/loss arising from experience adjustments	(3.13)	2.06
	Components of defined benefit costs recognised in profit or loss	**25.37**	**25.47**

The current service cost and the net interest expense for the year are included in “contribution to provident and other funds” and “salaries & wages” under employee benefits expense in profit or loss (Refer Note 2.4).

3.2 Retirement benefit plans (Continued)

		As at March 31, 2019	As at March 31, 2018
		₹ Crores	₹ Crores
3.2.5	**The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:**		
	Gratuity		
	Present value of defined benefit obligation	356.40	292.50
	Fair value of plan assets	319.34	224.43
	Net liability arising from defined benefit obligation (funded)	**37.06**	**68.07**
	Compensated absences and other defined benefit plans		
	Present value of defined benefit obligation	113.45	96.02
	Fair value of plan assets	-	-
	Net liability arising from defined benefit obligation (unfunded)	**113.45**	**96.02**
	Gratuity is reflected in "Accrued gratuity" under other current liabilities and compensated absences is reflected in "Provision for employee benefits" under provisions. [Refer Notes 1.21,1.29 and 1.30]		
3.2.6	**Movements in the present value of the defined benefit obligation were as follows:**		
	Gratuity		
	Opening defined benefit obligation	292.50	245.87
	Pursuant to business combination	-	1.53
	Unclaimed gratuity towards retired employees	-	13.26
	Current service cost	15.22	12.85
	Past Service cost	-	0.03
	Interest cost	20.93	17.48
	Actuarial (gain)/loss arising from changes in financial assumptions	25.60	22.61
	Actuarial (gain)/loss arising from experience adjustments	42.22	11.19
	Benefits paid	(40.07)	(32.32)
	Closing defined benefit obligation	**356.40**	**292.50**
	Compensated absences and other defined benefit plans		
	Opening defined benefit obligation	96.02	83.91
	Pursuant to business combination	-	1.68
	Current service cost	12.88	10.51
	Interest cost	7.05	5.69
	Actuarial (gain)/loss arising from changes in financial assumptions	8.57	7.21
	Actuarial (gain)/loss arising from experience adjustments	(3.13)	2.06
	Benefits paid	(7.94)	(15.04)
	Closing defined benefit obligation	**113.45**	**96.02**
3.2.7	**Movements in the fair value of the plan assets were as follows:**		
	Gratuity		
	Opening fair value of plan assets	224.43	219.42
	Pursuant to business combination	-	1.48
	Interest on plan assets	20.02	16.14
	Remeasurements due to Actual return on plan assets less interest on plan assets	2.36	(0.49)
	Contributions	112.60	20.20
	Benefits paid	(40.07)	(32.32)
	Closing fair value of plan assets	**319.34**	**224.43**

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 ₹ 22.38 crores (2017-18: ₹ 15.65 crores).

3.2 Retirement benefit plans (Continued)

		As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
3.2.8	**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.**		
	Gratuity		
	If the discount rate is 50 basis points higher/lower, the defined benefit obligation would:		
	decrease by	12.05	9.26
	increase by	12.78	9.82
	If the expected salary increases/decreases by 50 basis points, the defined benefit obligation would:		
	increase by	13.25	10.30
	decrease by	12.60	9.78
	Compensated absences		
	If the discount rate is 50 basis points higher/lower, the defined benefit obligation would:		
	decrease by	4.39	3.27
	increase by	4.70	3.50
	If the expected salary increases/decreases by 50 basis points, the defined benefit obligation would:		
	increase by	4.55	3.59
	decrease by	4.28	3.38

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 ₹48.00 crores (March 2018: ₹68.37 crores) to the defined benefit plans (gratuity - funded) during the next financial year.

The average duration of the benefit obligation (gratuity) is 7.7 years (March 2018: 7.4 years).

3.2.9 Provident Fund Trust - actuarial valuation of interest guarantee :

Ashok Leyland has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. The administered rates are determined annually predominantly considering the social rather than the economic factors and in most cases, the actual return earned by the Company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by the Actuarial Society of India and based on the assumptions provided below, there is no shortfall as at March 31, 2019 and March 31, 2018 respectively.

Particulars	As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
Fund and plan asset position are as follows:		
Plan asset at the end of the year	1,176.13	1,064.14
Present value of benefit obligation at the end of the year	1,160.34	1,049.37
Asset recognized in Balance Sheet	-	-
The plan assets are primarily invested in government securities		
Assumptions for present value obligation of the interest rate guarantee:		
Discount rate	7.64%	7.68%
Remaining term to maturity of portfolio (years)	11.80	11.80
Expected guaranteed interest rate (%)		
First year	8.65%	8.55%
Thereafter	8.50%	8.50%
Attrition rate	3.00%	3.00%
Significant actuarial assumption for the determination of the defined obligation is discount rate. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period.		
Present value of benefit obligation at the end of the year - Interest guarantee only	3.38	4.69
If the discount rate is 50 basis points higher/lower, the defined benefit obligation would:		
decrease by	0.15	0.18
increase by	0.16	0.19

Consequent to merger of LCV entities PF contribution which was hitherto made to Regional Provident Fund is now made to Company administered trust during the current year.

		Year ended March 31, 2019 ₹ Crores	Year ended March 31, 2018 ₹ Crores
3.3	**EARNINGS PER SHARE**		
	Basic earnings per share	6.76	5.87
	Diluted earnings per share	6.76	5.85
	Face value per share	1.00	1.00
3.3.1	**Basic earnings per share**		
	Profit for the year attributable to equity shareholders	1,983.20	1,717.73
	Weighted average number of equity shares used in the calculation of basic earnings per share	2,934,677,218	2,926,770,393
3.3.2	**Diluted earnings per share**		
	The earnings and weighted average number of equity shares used in the calculation of diluted earnings per share are as follows:		
	Profit for the year attributable to equity shareholders	1,983.20	1,717.73
	Weighted average number of equity shares used in the calculation of basic earnings per share	2,934,677,218	2,926,770,393
	Adjustments :		
	Dilutive effect - Number of shares relating to employee stock options	128,491	7,762,639
	Weighted average number of equity shares used in the calculation of diluted earnings per share	**2,934,805,709**	**2,934,533,032**

3.4 SHARE BASED PAYMENTS

3.4.1 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 if they are in service on exercise of the grant. 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 *	2,845,875	September 29, 2016	April 1, 2026	80.00	37.43
ESOP 2	7,454,000	January 25, 2017	March 31, 2024	1.00	80.04
ESOP 3 (Refer Note below)	2,000,000	July 19, 2017	July 19, 2027	83.50	57.42
ESOP 4 (Refer Note below)	1,000,000	November 13, 2018	November 13, 2028	109.00	55.47
ESOP 5 (Refer Note below)	13,100,000	March 20, 2019	March 20, 2030	91.40	40.19

* ESOP 1 lapsed as it fails to comply with vesting conditions.

Note:

Under ESOP 3, ESOP 4 and ESOP 5 shares vest on varying dates within the expiry date mentioned above with an option life of 5 years after vesting.

3.4.2 Fair value of share options granted during the year

The weighted average fair value of the stock options granted during the financial year is ₹41.27 (2017-18: ₹55.47). 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 behavioral considerations. Expected volatility is based on the historical share price volatility.

Inputs into the model:

	2017-18	2018-19	
	ESOP 3	ESOP 4	ESOP 5
Grant date share price	106.85	118.30	91.40
Exercise price	83.50	109.00	91.40
Expected volatility	37.70% to 42.90%	37.52% to 39.70%	37.40% to 40.48%
Option life (Refer Note 3.4.1)	6 - 10 years	6 - 10 years	9- 11 years
Dividend yield	1.46	2.05	2.66
Risk-free interest rate	6.44% to 6.66%	7.42% to 7.58%	7.19% to 7.29%

3.4 Share based payments (Continued)

3.4.3 Movements in share options during the year

	Year ended March 31, 2019 Numbers	Weighted average exercise price	Year ended March 31, 2018 Numbers	Weighted average exercise price
Opening at the beginning of the year	11,730,700	30.40	10,299,875	22.83
Granted during the year	14,100,000	92.65	2,000,000	83.50
Forfeited during the year	1,707,525	80.00	-	-
Exercised during the year	8,423,175	10.26	569,175	80.00
Balance at the end of the year	15,700,000	91.72	11,730,700	30.40

Weighted Average share price on date of exercise of option ₹ 139.44 (₹ 128.60).

3.4.4 Share options vested but not exercised during the year

Nil (Year ended March 31, 2018 : ESOP 2 - 3,727,000 options)

3.4.5 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 ₹ 91.72 (as at March 31, 2018: ₹ 30.40) and a weighted average remaining contractual life of 9.5 years (as at March 31, 2018: 6.9 years).

3.5 OPERATING LEASE ARRANGEMENTS

Company as lessee

Operating leases relate to leases of land and building with lease term ranging from 1 year to 5 years.

Payments recognised as an expense for non cancellable lease

	Year ended March 31, 2019	Year ended March 31, 2018
	₹ Crores	₹ Crores
Rent	6.66	6.78
	6.66	**6.78**
Non-cancellable operating lease commitments		
Not later than 1 year	4.88	4.79
Later than 1 year but not later than 5 years	5.34	4.67
Later than 5 years	-	-

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 involvments. 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, 2019	March 31, 2018
Debt (long-term and short-term borrowings including current maturities)	632.36	1,226.28
Total Equity	8,332.43	7,245.54
Debt equity ratio	0.08	0.17

The Company is required to comply with certain covenants under the Facility Agreements executed for its borrowings, which is monitored for compliance.

3.6 Financial Instruments (Continued)

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 predictablity 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) <u>Foreign currency risk management:</u>

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 and currency swaps 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.

As on March 31, 2019 (all amounts are in equivalent ₹ in Crores):

Currency	Liabilities			Assets			
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	Net overall exposure on the currency - net assets / (net liabilities)
USD	530.37	230.72	299.65	220.84	135.78	85.06	(214.59)
EUR	13.14	9.28	3.86	7.32	-	7.32	3.46
GBP	3.47	0.53	2.94	-	-	-	(2.94)
JPY	2.16	1.24	0.92	-	-	-	(0.92)
Others	1.53	-	1.53	2.11	-	2.11	0.58

As on March 31, 2018 (all amounts are in equivalent ₹ in Crores):

Currency	Liabilities			Assets			
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	Net overall exposure on the currency - net assets / (net liabilities)
USD	982.10	121.12	860.98	218.54	78.35	140.19	(720.79)
EUR	11.58	2.08	9.50	9.59	-	9.59	0.09
GBP	0.33	-	0.33	0.49	-	0.49	0.16
JPY	125.20	40.36	84.84	5.42	-	5.42	(79.42)
Others	4.62	-	4.62	1.84	-	1.84	(2.78)

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.

3.6 Financial Instruments (Continued)

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.

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 increase / decrease in foreign currencies exposures (net):

₹ Crores

	USD impact	
	March 31, 2019	March 31, 2018
Profit or loss	4.29	14.45
Equity	4.86	34.86

₹ Crores

	EUR impact	
Profit or loss	0.07	#
Equity	0.07	0.24

₹ Crores

	GBP impact	
Profit or loss	0.06	#
Equity	0.10	0.01

₹ Crores

	JPY impact	
Profit or loss	0.02	1.59
Equity	0.02	1.45

₹ Crores

	Impact of other currencies	
Profit or loss	0.01	0.06
Equity	0.01	0.06
# amount is below rounding off norms adopted by the Company.		

The following table details the foreign currency forward contracts outstanding at the end of the reporting period:

₹ Crores

March 31, 2019	Foreign currency		Notional	Fair value	Maturity date	Hedge ratio	Weighted Average rate
Cash flow hedges:							
Buy USD	USD	0.41	28.57	(0.16)	May 2019 - Aug 2019	1 : 1	USD 1 : INR 70.42
Sell USD - Buy GBP	GBP	0.02	2.05	(0.03)	May 2019	1 : 1	GBP 1 : USD 1.335
Fair value hedges:							
Buy USD	USD	3.27	226.45	(4.67)	April 2019 - Oct 2019	1 : 1	USD 1 : INR 71.39
Sell USD	USD	1.96	135.78	2.68	April 2019 - Sep 2019	1 : 1	USD 1 : INR 71.00
Sell USD - Buy EUR	EUR	0.07	5.27	(0.11)	April 2019 - May 2019	1 : 1	EUR 1 : USD 1.1475
Buy EUR - Sell INR	EUR	0.05	4.01	(0.14)	April 2019 - May 2019	1 : 1	EUR 1 : INR 81.01
Sell USD - Buy GBP	GBP	0.01	0.53	(0.01)	April 2019 - May 2019	1 : 1	GBP 1 : USD 1.3235
Buy JPY - Sell INR	JPY	1.98	1.24	(0.06)	April 2019 - May 2019	1 : 1	JPY 1 : INR 0.6541

3.6 Financial Instruments (Continued)

₹ Crores

March 31, 2018	Foreign currency		Notional	Fair value	Maturity date	Hedge ratio	Weighted Average rate
Cash flow hedges:							
Buy USD	USD	0.35	23.11	0.18	May 2018 - June 2018	1 : 1	USD 1 : INR 65.16
Sell USD	USD	16.03	1,044.78	5.35	April 2018 - Feb 2019	1 : 1	USD 1 : INR 66.71
Sell USD - Buy EUR	EUR	0.15	12.12	0.24	May 2018 - June 2018	1 : 1	EUR 1 : USD 1.2214
Sell USD - Buy GBP	GBP	0.01	0.58	0.02	April 2018	1 : 1	GBP 1 : USD 1.3673
Sell USD - Buy JPY	USD	0.10	6.52	0.29	May 2018 - June 2018	1 : 1	USD 1 : JPY 110.15
Fair value hedges:							
Buy USD	USD	1.66	108.11	0.69	April 2018 - June 2018	1 : 1	USD 1 : INR 65.25
Sell USD	USD	1.20	78.35	(1.07)	April 2018 - June 2018	1 : 1	USD 1 : INR 64.45
Sell USD - Buy EUR	EUR	0.03	2.08	0.06	April 2018	1 : 1	EUR 1 : USD 1.2036
Sell USD - Buy JPY	USD	0.01	0.62	0.03	April 2018	1 : 1	USD 1 : JPY 110.46

Note:

Included in the balance sheet under 'other financial assets' and 'other financial liabilities'. [Refer Notes 1.14 and 1.27]

(2) <u>Interest rate risk management:</u>

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.

The exposure of company's borrowings to interest rate changes at the end of the reporting period are as follows:

	March 31, 2019	March 31, 2018
	₹ Crores	₹ Crores
Variable rate Borrowings	56.25	255.35
Fixed rate Borrowings *	475.44	864.13
	531.69	**1,119.48**

* includes variable rate borrowings subsequently converted to fixed rate borrowings through swap contracts

<u>Interest rate sensitivity analysis</u>

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, 2019 would decrease/ increase by ₹ 0.14 crores (2017-18: decrease/ increase by ₹ 0.64 crores). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

(3) <u>Foreign currency and interest rate sensitivity analysis for swap contracts:</u>

The Company has taken foreign currency and interest rate swap (FCIRS) contracts for hedging its foreign currency and interest rate risks related to certain external commercial borrowings. This FCIRS 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 gain/(loss) as at March 31, 2019 is ₹ 2.48 crores (March 31, 2018: ₹ (25.35) crores). If the foreign currency movement is 2% higher/ lower and interest rate movement is 200 basis points higher/ lower with all other variables remaining constant, the Company's profit for the year ended March 31, 2019 would approximately decrease/ increase by ₹ Nil (2017-18: decrease/ increase by ₹ 6.45 crores).

3.6 Financial Instruments (Continued)

(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.

(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 simplified approach for expected credit loss and on a case to case basis.

Age analysis of Trade receivables

	As at March 31, 2019			As at March 31, 2018		
	₹ Crores			₹ Crores		
	Gross	Allowance	Net	Gross	Allowance	Net
Not Due	1,911.21	-	1,911.21	611.65	-	611.65
Due less than 6 months	314.39	-	314.39	129.90	0.05	129.85
Due greater than 6 months	352.80	72.73	280.07	266.20	62.89	203.31
	2,578.40	**72.73**	**2,505.67**	**1,007.75**	**62.94**	**944.81**

Expected credit loss for other than trade receivables has been assessed and based on life-time expected credit loss, loss allowance provision has been made.

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 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 had access to the following undrawn borrowing facilities at the end of the reporting period:

	March 31, 2019	March 31, 2018
	₹ Crores	₹ Crores
Expiring within one year (bank overdraft and other facilities)		
- Secured	900.00	900.00
- Unsecured	826.00	810.00
Total	**1,726.00**	**1,710.00**

The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

3.6 Financial Instruments (Continued)

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.

₹ **Crores**

	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Total Carrying amount
March 31, 2019				
Trade payables	5,018.93	-	-	5,018.93
Other financial liabilities	1,364.98	38.28	0.04	1,403.30
Borrowings	333.96	200.81	97.59	632.36
	6,717.87	**239.09**	**97.63**	**7,054.59**
March 31, 2018				
Trade payables	4,887.90	-	-	4,887.90
Other financial liabilities	1,134.48	1.44	-	1,135.92
Borrowings	713.73	414.96	97.59	1,226.28
	6,736.11	**416.40**	**97.59**	**7,250.10**

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.

₹ **Crores**

	Due in 1st year	Due in 2nd to 5th year	Carrying amount
March 31, 2019			
Currency and interest rate swaps	-	-	-
Foreign exchange forward contracts	5.50	-	5.50
	5.50	**-**	**5.50**
March 31, 2018			
Currency and interest rate swaps	39.88	-	39.88
Foreign exchange forward contracts	5.86	-	5.86
	45.74	**-**	**45.74**

3.6.3 Categories of Financial assets and liabilities:

₹ **Crores**

	As at March 31, 2019	As at March 31, 2018
Financial assets		
a. <u>Measured at amortised cost:</u>		
Cash and cash equivalents	1,364.98	1,031.47
Other bank balances	8.61	10.69
Trade Receivables	2,505.67	944.81
Loans (net of allowance)	54.17	57.64
Others	501.02	390.36
b. <u>Mandatorily measured at fair value through profit or loss (FVTPL) / other comprehensive income (OCI):</u>		
Investments	-	3,155.16
Derivatives designated in hedge accounting relationships	3.00	11.65
Derivative instruments not designated in hedge relationships	2.48	14.53
Financial liabilities		
a. <u>Measured at amortised cost:</u>		
Borrowings	632.36	1,226.28
Trade Payables	5,018.93	4,887.90
Other financial liabilities	1,395.47	1,135.92
b. <u>Mandatorily measured at fair value through profit or loss (FVTPL) / other comprehensive income (OCI):</u>		
Derivatives designated in hedge accounting relationships	5.50	5.86
Derivatives not designated in hedge accounting relationships	-	39.88

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 standalone financial statements approximate their fair values:

₹ Crores

	March 31, 2019		March 31, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
(i) Financial liabilities held at amortised cost:				
- Debentures	-	-	149.95	161.10
(ii) Fair value hierarchy		NA		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, 2019	March 31, 2018		
Derivative instruments, i.e. forward foreign currency contracts, currency and interest rate swaps	Assets – ₹ 5.48 Crores; and Liabilities – ₹ 5.5 Crores	Assets – ₹ 26.18 crores; and Liabilities – ₹ 45.74 crores	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 mutual funds	Nil	₹ 3,155.16 crores	Level 1	Net assets value in an active market.

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	March 31, 2019	March 31, 2018				
Investments in unquoted preference shares	Preference shares of: Hinduja Tech Limited - ₹ 22.37 crores Ashok Leyland (UAE) LLC ₹ 31.35 crores Others - ₹ 9.66. crores (Refer Note 1.3)	Preference shares of: Hinduja Tech Limited - ₹ 22.40 crores Others - ₹ 8.95 crores	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)

3.6 Financial Instruments (Continued)

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	March 31, 2018	March 31, 2017				
Investments in unquoted equity shares	Equity shares of: Hinduja (Energy) Limited - ₹ 193.47 crores Others - ₹ 10.08 crores (Refer Note 1.3)	Equity shares of: Hinduja (Energy) Limited - ₹ 192.80 crores Others - ₹ 9.97 crores	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 & Note 4)

Notes:

1) There were no transfers between Level 1, 2 and 3 during the year.
2) A 5% increase/ decrease in the WACC or discount rate used would decrease/ increase the fair value of the unquoted preference shares by ₹ 20.21 crores / 12.82 crores (as at March 31, 2018: ₹ 2.33 crores / ₹ 4.21 crores).
3) 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 ₹ 12.29 crores (as at March 31, 2018: ₹ 13.27 crores).
4) A 5% increase/ decrease in the revenue would increase/ decrease the fair value of the unquoted equity instruments by ₹61.64 crores (as at March 31, 2018: ₹ 69.65 crores).
5) 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 ₹ 10.45 crores (2018: gain of ₹ 0.14 crores).

3.7 REVENUE FROM CONTRACTS WITH CUSTOMERS

3.7.1 Disaggregated revenue information

₹ **Crores**

Particulars	March 31, 2019*
Type of goods and service	
a) Sale of products	
- Commercial vehicles	25,307.78
- Engines and gensets	468.04
- Ferrous castings and patterns	516.38
- Spare parts and others	1,880.47
	28,172.67
b) Sale of services	
- Freight and Insurance	571.66
- AMC	173.35
- Warranty services	23.43
- Others	61.86
	830.30
c) Other operating revenues	
- Scrap sales	122.60
- Others	6.38
	128.98
Less: Rebates and discounts	388.94
Total revenue from contract with customers	**28,743.01**
India	26,998.37
Outside India	1,744.64
Total revenue from contract with customers	**28,743.01**

3.7 Revenue from contracts with customers: (Continued)

Timing of revenue recognition

₹ Crores

Particulars	March 31, 2019*	
	At a point in time	Over a period of time
- Sale of products and other operating income	28,301.65	-
- Sale of Services - Freight and Insurance	571.66	-
- Sale of Services - AMC, Warranty Services and others	35.15	223.49
Less: Rebates and discounts	388.94	-
Total revenue from contract with customers	**28,519.52**	**223.49**

3.7.2 Contract balances

₹ Crores

Particulars	March 31, 2019*
Trade receivables (Refer note 1.4 & 1.11)	2,505.67
Contract assets (Refer note 1.15)	11.04
Contract liabilities (Refer note 1.23 & 1.28)	1,059.25

Trade receivables are non - interest bearing and are generally on terms of 7 to 90 days (Refer Credit risk Note 3.6.2B).

Contract assets are unbilled revenue earned from AMC and other services which are recognised upon completion of service. Upon billing as per the terms of the contract, the amounts recognised as contract assets are reclassified to trade receivables. There is no significant change in contract assets between the reporting periods.

Contract liabilities include income received in advance arising due to allocation of transaction price towards freight and insurance services on shipments not yet delivered to customer and unexpired service warranties. The increase in contract liability is due to increase in unexpired service warranties and increase in volumes/revenue.

3.7.3 Revenue recognised in relation to contract liabilities

₹ Crores

Particulars	March 31, 2019*
Revenue recognised from contract liabilities at the beginning of the year	777.17
Revenue recognised from performance obligations satisfied in previous years	-

3.7.4 Reconciliation of revenue recognised in the statement of profit and loss with the contracted price

₹ Crores

Particulars	March 31, 2019*
Contracted price	29,131.95
Adjustments	
Rebates and discounts	(388.94)
Revenue from contract with customers	**28,743.01**

3.7.5 Unsatisfied or partially unsatisfied Perfomance obligation

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at March 31, 2019 are, as follows:

₹ Crores

Particulars	March 31, 2019*
Within one year	605.54
More than one year	269.02
	874.56

The remaining performance obligations expected to be recognised in more than one year relate to the extended warranty and other obligation which is expected to be recognised over a period of 24 months to 48 months.

* As permitted under the transitional provision in IND AS 115, the relevant disclosures for the comparative period is not disclosed.

3.7 Revenue from contracts with customers: (Continued)

3.7.6 Changes in accounting policy - on account of adoption of IND AS 115

The Company applied Ind AS 115 for the first time by using the modified retrospective method of adoption with the date of initial application of April 1, 2018. Under this method, the Company recognised the cumulative effect of initially applying Ind AS 115 as an adjustment to the opening balance of retained earnings as at April 1, 2018. Comparative prior period has not been adjusted. The Company has applied the revenue standard only to contracts that are not completed as at the date of initial application.

The following table presents the amounts by which each financial statement line item is affected in the current year ended March 31, 2019 by the application of Ind AS 115 as compared with the previous revenue recognition requirements. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

Particulars	Note reference	March 31, 2019 (if IND AS 115 is not adopted)	Increase/ (Decrease)	Reported March 31, 2019
		₹ Crores	₹ Crores	₹ Crores
Extract of Statement of Profit and Loss for the year ended March 31, 2019				
Income				
Sale of products		28,664.93	(492.26)	28,172.67
Sale of services		415.16	415.14	830.30
Revenue From operations	2.1	29,132.07	(77.12)	29,054.95
Total Income		**29,242.01**	**(77.12)**	**29,164.89**
Expense				
Other expenses	2.7	3,201.77	(60.90)	3,140.87
Total Expenses		**26,671.50**	**(60.90)**	**26,610.60**
Profit before exchange (loss) on swap contracts, exceptional items and tax		**2,570.51**	**(16.22)**	**2,554.29**
Tax expense:		516.94	(3.34)	513.60
Profit for the year		**1,996.08**	**(12.88)**	**1,983.20**
Total Other Comprehensive Income		**(46.68)**	**-**	**(46.68)**
Total Comprehensive Income for the year		**1,949.40**	**(12.88)**	**1,936.52**
Earnings per share (Face value ₹ 1 each) -				
- Basic (in ₹)		6.80	(0.04)	6.76
- Diluted (in ₹)		6.80	(0.04)	6.76
[Refer Note 3.3]				

Particulars	Note reference	March 31, 2019 (if IND AS 115 is not adopted)	Increase/ (Decrease)	Reported March 31, 2019
		₹ Crores	₹ Crores	₹ Crores
Extract of Balance Sheet				
ASSETS				
Non-current assets				
Advance tax assets (net)	1.7	99.00	3.34	102.34
Total Non - Current assets		**10,034.72**	**3.34**	**10,038.06**
Current assets				
Financial Assets				
(vi) Other financial assets	1.14	476.10	(11.04)	465.06
Contract Assets	1.15	-	11.04	11.04
Total Current assets		**8,186.34**	**-**	**8,186.34**
TOTAL ASSETS		**18,221.06**	**3.34**	**18,224.40**

3.7 Revenue from contracts with customers: (Continued)

Particulars	Note reference	March 31, 2019 (if IND AS 115 is not adopted)	Increase/ (Decrease)	Reported March 31, 2019
		₹ Crores	₹ Crores	₹ Crores
EQUITY AND LIABILITIES				
Equity				
Other equity	1.18	8,051.76	(12.88)	8,038.88
Total Equity		**8,345.31**	**(12.88)**	**8,332.43**
Liabilities				
Non-current liabilities				
Contract liabilities	1.23	-	269.02	269.02
Other non-current liabilities	1.24	270.66	(269.02)	1.64
Total Non-current liabilities		**1,103.01**	**-**	**1,103.01**
Current liabilities				
(iii) Other financial liabilities	1.27	1,661.24	(60.90)	1,600.34
Contract liabilities	1.28	-	790.23	790.23
Other current liabilities	1.29	1,189.80	(713.11)	476.69
Total current liabilities		**8,772.74**	**16.22**	**8,788.96**
TOTAL EQUITY AND LIABILITIES		**18,221.06**	**3.34**	**18,224.40**

Earlier under IND AS 18, the revenue attributable to free service and freight and insurance were recognised as revenue at the time of transfer of risk and rewards to the customer. Under IND AS 115, these are identified as a separate performance obligation and the price attributable to these items are recognised as revenue when the performance obligation is met. Consequently the cost attributable to the free service and freight and insurance is deferred under IND AS 115.

To reflect this change in policy, the Company has made the above adjustments as given in note 2.1.

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
Albonair GmbH, Germany
- Albonair (Taicang) Automotive Technology Co. Limited., China

Ashok Leyland (Nigeria) Limited
Ashok Leyland (UK) Limited (liquidated on April 10, 2018)
Gulf Ashley Motor Limited
Optare plc
- Optare UK Limited
- Optare Group Limited
- Jamesstan Investments Limited
- Optare Holdings Limited
- Optare (Leeds) Limited
- East Lancashire Bus Builders Limited

Ashok Leyland (Chile) S.A.
Hinduja Leyland Finance Limited
- Hinduja Housing Finance Limited

HLF Services Limited
Global TVS Bus Body Builders Limited
Ashok Leyland (UAE) LLC
- LLC Ashok Leyland Russia
- Ashok Leyland West Africa

Ashley Aviation Limited... from January 1, 2019

3.8 Related party disclosure (Continued)

b) Other related parties

Fellow subsidiaries

Gulf Oil Lubricants India Limited

Hinduja Energy (India) Limited

DA Stuart India Private Limited

Associates

Ashley Aviation Limited.. upto December 31, 2018

Ashok Leyland Defence Systems Limited

Lanka Ashok Leyland PLC

Mangalam Retail Services Limited

Joint Ventures

Ashley Alteams India Limited

Automotive Infotronics Limited ....liquidated on April 5, 2017

Ashok Leyland John Deere Construction Equipment Company Private Limited [Along with Gulf Ashley Motor Limited] (under liquidation)

Hinduja Tech Limited

Entities where control exist

Ashok Leyland Educational Trust

Phoenix ARC Trust .... upto April 1, 2018

Ashok Leyland Employees Gratuity Fund

Ashok Leyland Employees Superannuation Fund

Ashok Leyland Employees Ennore Provident Fund Trust

Ashok Leyland Senior Executives Provident Fund Trust

Ashok Leyland Employees Hosur Provident Fund Trust

Ashok Leyland Employees Bhandara Provident Fund Trust

Ashok Leyland Employees Alwar Provident Fund Trust

Ennore Foundries Limited Employees Provident Fund

Ennore Foundries Employees Pension cum Insurance Fund

Ennore Foundries Pension cum Insurance Fund

Ennore Foundries Senior Executives Superannuation Fund

Key management personnel

Mr. Dheeraj G Hinduja, Chairman

Mr. Vinod K Dasari, CEO and Managing Director ....upto March 31, 2019

Note:

Transaction with Rajalakshmi Wind Energy Limited (erstwhile Ashok Leyland Wind Energy Limited) has not been disclosed as being with associate since the company does not have significant influence over Rajalakshmi Wind Energy Limited, although the company holds 26% of the equity share capital of Rajalakshmi Wind Energy Limited.

3.8 Related party disclosure (Continued)

c) Related Party Transactions - summary

₹ Crores

	Transactions during the year ended March 31	Subsidiaries		Fellow Subsidiaries		Associates		Joint Ventures		Holding Company		Entities where control exist		Key Management Personnel		Total	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
1	Purchase of raw materials, components and traded goods (net of GST/ CENVAT / VAT)	90.47	116.92	147.61	127.66	1.42	-	74.25	60.26	-	-	-	-	-	-	313.75	304.84
2	Sales and services (net of excise duties/GST)	992.79	1,171.29	20.42	14.84	231.24	513.64	1.09	1.13	-	-	0.27	-	-	-	1,245.81	1,700.90
3	Other operating Income	-	-	-	1.78	-	-	1.60	1.61	-	-	-	-	-	-	1.60	3.39
4	Other expenditure incurred / (recovered) (net)	60.02	62.78	0.54	0.15	(1.62)	3.21	47.46	35.12	3.60	3.07	(0.51)	(0.47)	-	-	109.49	103.86
5	Advance / current accounts - net increase / (decrease)	-	0.17	-	-	-	#	-	-	-	-	-	-	-	-	-	0.17
6	Interest and other income	0.75	14.22	3.43	7.86	2.47	2.96		-	-	-	#	0.01	-	-	6.65	25.05
7	Purchase of assets	-	-	-	-	-	-	-	0.78	-	-	-	-	-	-	-	0.78
8	Sale of asset	-	-	-	-	1.69	-	-	-	-	-	-	-	-	-	1.69	-
9	Dividend payments	-	-	-	-	-	-	-	-	362.93	232.99	-	-	-	-	362.93	232.99
10	Dividend Income	-	-	-	-	1.54	1.29	-	-	-	-	-	-	-	-	1.54	1.29
11	Remuneration to key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	26.78	67.69	26.78	67.69
12	Commission and sitting fees to key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	10.12	8.11	10.12	8.11
13	Financial guarantees utilised	17.78	313.86	-	-	-	-	-	-	-	-	-	-	-	-	17.78	313.86
14	Financial guarantees released	-	412.60	-	-	-	-	-	-	-	-	-	-	-	-	-	412.60
15	Investments in shares of	200.48	741.50	-	-	-	3.54	1.00	1.20	-	-	-	-	-	-	201.48	746.24
16	Loans/ Advance converted to investment in equity instruments	-	265.08	-	-	-	-	-	-	-	-	-	-	-	-	-	265.08
17	Loans / advance given	-	20.81	145.00	273.00	-	-	-	0.02	-	-	-	-	-	-	145.00	293.83
18	Loans / advance repaid	-	263.56	145.00	273.00	-	-	-	0.02	-	-	#	0.02	-	-	145.00	536.60
19	Receipt of money after capital reduction (₹ 19.87 crores) from Joint Venture	-	-	-	-	-	-	3.40	-	-	-	-	-	-	-	3.40	-
20	Contribution to employee related trusts made during the year											288.62	184.67			288.62	184.67

amount is below rounding off norms adopted by the company.

3.8 Related party disclosure (Continued)

d) Related Party balances - summary

₹ Crores

	Balances as on March 31	Subsidiaries		Fellow Subsidiaries		Associates		Joint Ventures		Holding Company		Entities where control exist		Key Management Personnel		Total	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
1	Trade receivables	69.80	20.39	5.74	4.74	22.78	29.37	0.28	0.08	-	-	0.28	0.23	-	-	98.88	54.81
2	Loans (net of provision ₹ Nil Crores, as on March 31, 2018 ₹ Nil)	3.88	4.04	-	-	-	-		-	-	-	-	-	-	-	3.88	4.04
3	Other financial and non-financial assets	4.36	0.49	-	-	0.71	2.64	3.48	-	-	-	-	-	-	-	8.55	3.13
4	Trade and other payables	27.37	48.35	33.40	26.02	0.29	0.41	8.18	4.70	2.44	2.54	10.27	9.49	27.65	17.55	109.60	109.06
5	Share application money	-	#	-	-	-	-	-	-	-	-	-	-	-	-	-	#
6	Financial guarantees	122.94	109.17	-	-	-	-	26.63	27.71	-	-	-	-	-	-	149.57	136.88

amount is below rounding off norms adopted by the company.

3.8 Related party disclosure (Continued)

e) Significant Related Party Transactions

₹ Crores

	Transactions during the year ended March 31	2019	2018
1	**Purchase of raw materials, components and traded goods (net of GST/ CENVAT / VAT)**		
	Ashley Alteams India Limited	73.94	60.09
	Gulf Oil Lubricants India Limited	136.88	118.88
	Global TVS Bus Body Builders Limited	79.41	98.04
2	**Sales and services (net of excise duties/GST)**		
	Gulf Ashley Motor Limited	857.74	826.06
	Ashok Leyland (UAE) LLC	134.86	340.07
	Lanka Ashok Leyland PLC	224.35	510.98
3	**Other Operating Income**		
	Ashley Alteams India Limited	1.60	1.61
4	**Other expenditure incurred / (recovered) (net)**		
	Hinduja Automotive Limited, United Kingdom	3.60	3.07
	Gulf Ashley Motor Limited	19.29	11.86
	HLF Services Limited	18.01	21.88
	Ashok Leyland Defence Systems Limited	(1.14)	0.78
	Hinduja Tech Limited	47.46	36.64
	Lanka Ashok Leyland PLC	(0.76)	1.73
	Albonair GmbH	12.46	17.25
	Ashok Leyland (UAE) LLC	1.98	7.82
5	**Interest and other income**		
	Optare plc	-	14.12
	Ashok Leyland Defence Systems Limited	0.78	0.71
	Ashley Aviation Limited	2.25	2.25
	Hinduja Energy (India) Limited	3.43	7.86
6	**Purchase of assets**		
	Hinduja Tech Limited	-	0.78
7	**Sale of assets**		
	Ashok Leyland Defence Systems Limited	1.69	-
8	**Dividend payment**		
	Hinduja Automotive Limited, United Kingdom	362.93	232.99
9	**Dividend income**		
	Lanka Ashok Leyland PLC	1.54	1.29
10	**Financial guarantees released**		
	Optare plc	-	412.60
11	**Financial guarantees utilised**		
	Optare plc	2.31	241.80
	Albonair GmbH	15.47	72.06
12	**Investment in shares of**		
	Ashok Leyland (UAE) LLC	43.17	-
	Hinduja Leyland Finance Limited	124.25	493.75
	Ashok Leyland Defence Systems Limited	-	3.54
	Optare plc (including conversion of loan to equity)	18.06	512.82

3.8 Related party disclosure (Continued)

₹ Crores

	Transactions during the year ended March 31	2019	2018
13	**Loans / advance given**		
	Optare plc	-	20.76
	Hinduja Energy (India) Limited	145.00	273.00
14	**Loans / advance repaid**		
	Optare plc (Loan converted to Equity)	-	263.51
	Hinduja Energy (India) Limited	145.00	273.00
15	**Receipt of money after capital reduction (₹19.87 crores) from Joint Venture**		
	Ashok Leyland John Deere Construction Equipment Company Private Limited	3.40	-
16	**Commission and sitting fees to key management personnel**		
	Mr. Dheeraj G Hinduja	10.12	8.11
17	**Contribution to employee related trusts made during the year**		
	Ashok Leyland Employees Ennore Provident Fund	52.98	50.24
	Ashok Leyland Employees Hosur Provident Fund	36.83	34.12
	Ashok Leyland Senior Executives Provident Fund	46.54	41.32
	Ashok Leyland Employees Gratuity Fund	112.49	20.09
	Ashok Leyland Superannuation Fund	16.91	17.08
18	**Remuneration to key management personnel***		
	Mr. Vinod K Dasari		
	Short term employee benefits (includes ex-gratia of ₹9 Crores)	20.97	11.85
	Other long term employee benefits	-	6.97
	Share-based payment	-	48.87
	Other benefits paid #	5.81	-

other benefits paid includes gratuity & compensated absences paid during the year
* for FY 2017 - 18, it excludes contribution for gratuity and compensated absences as the incremental liability has been accounted for by the Company as a whole.

f. Details of advances in the nature of loans (excluding interest accrued)

₹ Crores

Name of the company	March 2019					March 2018				
	Status	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	3.88	4.20	-	4.15	Subsidiary	4.04	4.04	-	4.15
Optare plc	Subsidiary	-	-	-	220.02	Subsidiary	-	263.51	-	220.02

g. Disclosure as required under section 186(4) of the Companies Act, 2013:

	Particulars	As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores	Purpose
i)	Loans outstanding			
	- Albonair GmbH	3.88	4.04	Funding for operations
ii)	Investments (refer Note 1.3)	3,346.20	3,127.20	
iii)	Guarantees utilised			
	- Optare plc	45.27	43.83	Guarantees for term loan / working capital
	- Ashley Alteams India Limited	26.63	27.71	Guarantees for term loan
	- Albonair GmbH	77.67	65.34	Guarantees for working capital

			As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
3.9	**CONTINGENT LIABILITIES**			
	a)	Claims against the Company not acknowledged as debts (net)		
		i) Sales tax / VAT	272.28	278.93
		ii) Excise duty	60.82	57.72
		iii) Service Tax	66.83	40.68
		iv) Customs Duty	0.43	0.43
		v) Others	39.34	49.08
	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 *	149.57	136.88

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 ₹ Nil (as at March 31, 2018: ₹ Nil).

Note:

The Company is in the process of evaluating the impact of the recent Supreme Court Judgment in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. Management believes that further clarity is required on this matter. However, it is not likely to have a significant impact and accordingly, no provision has been made in these Financial Statements.

			As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
3.10	**COMMITMENTS**			
	a)	Capital commitments (net of advances) not provided for [including ₹ 0.94 Crores (March 2018: ₹ 1.12 Crores) in respect of intangible assets]	338.64	149.35
	b)	Uncalled liability on partly paid shares / investments	#	#
	c)	Other commitments		
		i) Financial support given to certain subsidiaries, joint ventures, etc. [Refer Note 3.8(g)(iii)]	-	-
		ii) Lock-in commitment in shareholders agreement [Refer Note 1.3]	-	-

amount is below rounding off norms adopted by the company.

The outflow in respect of the above is not practicable to ascertain in view of the uncertainties involved.

3.11 DETAILS OF NON-CURRENT BORROWINGS:

			As at March 31, 2019				As at March 31, 2018		
			Non Current ₹ Crores	Current Maturities ₹ Crores	Total ₹ Crores	Particulars of Redemption / Repayment	Non Current ₹ Crores	Current Maturities ₹ Crores	Total ₹ Crores
a.	**Secured borrowings:**								
	i.	Debenture series							
		9.60% AL 22	-	-	-	June 21, 2018	-	150.00	150.00
			-	**-**	**-**		**-**	**150.00**	**150.00**
	ii.	Term loans:							
		TL - 11*		56.25	56.25	Repayable in 16 Quarterly equal installments after a moratorium of 3 years from the date of first draw down.	56.25	68.75	125.00
			-	**56.25**	**56.25**		**56.25**	**68.75**	**125.00**
	iii.	ECB loans							
		ECB -14	-	10.01	10.01	April 24, 2019	9.43	58.35	67.78
			-	**10.01**	**10.01**		**9.43**	**58.35**	**67.78**
	iv.	SIPCOT Soft loan	31.18	-	31.18	August 1, 2025	31.18		31.18
			31.18	**-**	**31.18**		**31.18**		**31.18**

* Fully prepaid on April 4 , 2019

3.11 Details of Non-current borrowings: (Continued)

(i) Debentures aggregating ₹ Nil (2018: ₹ 150.00 Crores) are secured by a first charge on pari-passu basis on all Property, Plant and Equipment (PPE) of the Company aggregating ₹ Nil (2018: ₹ 5,088.93 Crores) excluding certain immovable properties (residential buildings and certain immovable assets) and movable PPE such as aircraft of the Company.

(ii) a. A first pari passu mortgage and charge in favor of lenders, in a form satisfactory to the lenders, on the entire LCV division immovable properties included leasehold land in Tamil nadu, present and future.

b. A first pari passu charge by way of hypothecation in favor of the lenders, in a form satisfactory to the lenders, of all the LCV division's movables including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable fixed assets, present and future located at hosur plant.

(iii) The above ECB Loans are secured by way of security over the current and future movable fixed assets of LCV Division ₹ 54.65 crores (2017-18 : ₹ 75.72 crores).

(iv) The above SIPCOT soft loan shall be secured by way of First Charge on the Fixed Assets created /proposed to be created and the same shall be on Pari passu with other First Charge Holders of LCV Division.

b. Unsecured borrowings:

i. ECB loans

	As at March 31, 2019				As at March 31, 2018		
	Non Current ₹ Crores	Current Maturities ₹ Crores	Total ₹ Crores	Particulars of Redemption / Repayment	Non Current ₹ Crores	Current Maturities ₹ Crores	Total ₹ Crores
ECB -13	46.10	46.10	92.20	3 equal instalments on September 10, 2020, 2019, 2018	86.90	43.45	130.35
ECB -12	138.31	103.73	242.04	June 26, 2020 - ₹138.31 crores and June 26, 2019, 2018 ₹103.73 crores each	228.11	97.76	325.87
ECB -11	-	-	-	3 equal installments on March 25, 2019, 2018, 2017	-	65.18	65.18
ECB -01	-	-	-	3 equal installments on June 11, 2018 and June 9, 2017, 2016	-	124.11	124.11
	184.41	**149.83**	**334.24**		**315.01**	**330.50**	**645.51**

	As at March 31, 2019				As at March 31, 2018		
	Non Current ₹ Crores	Current Maturities ₹ Crores	Total ₹ Crores	Particulars of Redemption / Repayment	Non Current ₹ Crores	Current Maturities ₹ Crores	Total ₹ Crores
ii. Interest free sales tax loans Programme II	82.94	18.47	101.41	Varying amounts repayable on a periodical basis ending in June 2028	101.41	7.53	108.94
	82.94	**18.47**	**101.41**		**101.41**	**7.53**	**108.94**

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 8.45% p.a. (as at March 31, 2018:10.20%) per annum. The weighted average rate of interest of these loans is around 4.34% (2017-18 : 4.96%) per annum.

3.12 DETAILS OF CURRENT BORROWINGS

	As at March 31, 2019 ₹ Crores	Particulars of Repayment	As at March 31, 2018 ₹ Crores
Unsecured borrowings			
- STL 18	100.00	August 21, 2019	-
- STL 17	-	August 27, 2018	100.00
	100.00		**100.00**

The above loans carry varying rates of interest with the maximum rate of interest going upto 8.5% (as at March 31, 2018: 8.25%) per annum. The weighted average rate of interest of these loans is around 8.5% (2017-18: 8.25%) per annum.

The carrying value of the above borrowings (as reflected in Notes 1.19, 1.25 and 1.27) 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 STANDALONE FINANCIAL STATEMENTS

			Year ended March 31, 2019		Year ended March 31, 2018	
			₹ Crores		₹ Crores	
3.13	**OTHER INFORMATION (including foreign currency transactions)**					
3.13.1	**Expenditure incurred in foreign currency**					
	a)	Royalty		30.50		16.87
	b)	Professional and consultation fees		9.33		24.51
	c)	Interest and commitment charges		25.50		37.03
	d)	Commission on sales		67.74		138.11
	e)	Research and development		24.34		26.32
	f)	Travel		5.56		4.67
	g)	Other expenses				
	-	Freight charges	6.30		28.90	
	-	Product warranty	8.12		5.47	
	-	Packing and forwarding	33.98		69.96	
	-	Others	26.10		65.51	
				74.50		169.84
				237.47		**417.35**
3.13.2	**Earnings in foreign currency**					
	a)	Export of goods - FOB value		1,486.88		1,967.19
	b)	Interest and dividend		6.28		24.05
	c)	Others		68.30		101.46
				1,561.46		**2,092.70**
3.13.3	**Auditors' remuneration**					
	Included under selling and administration expenses - net [Refer Note 2.7]					
	i)	For financial audit		1.00		0.80
	ii)	For other services - review of accounts, certification work, etc. *		0.87		0.78
	iii)	For reimbursement of expenses		0.12		0.06
	* includes fees for Q1 FY17-18 paid to other auditors					
3.13.4	**Total research and development costs charged to the Statement of Profit and Loss**			680.84		397.10
	[including amount shown under Note 2.7]					
3.13.5	**Impact of exchange (gain) / loss for the year in the Statement of Profit and Loss due to:**					
	a)	Translation / settlement (net)		65.03		(60.60)
	b)	Amortisation of exchange difference		13.90		4.90
	c)	Exchange difference on swap contracts		2.63		(3.21)
	d)	Depreciation on exchange difference capitalised		60.34		44.53

3.14 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 standalone 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" 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,

a) Foreign exchange loss relating to acquisition of depreciable assets, capitalised during the year ended March 31, 2019 aggregated ₹ 22.66 Crores [year ended March 31, 2018 ₹6.55 Crores].

3.14 Accounting for long term monetary items in foreign currency forward contracts (Continued)

b) Amortized net exchange difference loss 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, 2019 is ₹ 13.90 Crores [year ended March 31, 2018 ₹ 4.90 Crores].

c) 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 ₹ 8.16 Crores as at March 31, 2019 [as at March 31, 2018: loss of ₹ 7.77 Crores]. These amounts are reflected as part of the "Other Equity".

3.15 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:

₹ Crores

Particulars		March 2019	March 2018
i)	Principal amount paid after appointed date during the year	4.44	7.45
ii)	Amount of interest due and payable for the delayed payment of principal amount	0.08	0.10
iii)	Principal amount remaining unpaid as at year end (over due)	0.06	0.26
iv)	Principal amount remaining unpaid as at year end (not due)	12.88	11.71
v)	Interest due and payable on principal amount unpaid as at the year end	0.01	#
vi)	Total amount of interest accrued and unpaid as at year end	0.31	0.22
vii)	Further interest remaining due and payable for earlier years	0.22	0.12

amount is below rounding off norms adopted by the Company.

3.16 DETAILS OF ELIGIBLE EXPENDITURE INCURRED ON IN-HOUSE RESEARCH AND DEVELOPMENT (R & D) FACILITIES:

₹ Crores

Particulars			Included in Notes to the Standalone Financial Statements	Approved R&D facilities	
				March 2019	March 2018
(i)	Capital expenditure				
	(a)	Land	1.1 and 1.2	0.20	0.14
	(b)	Buildings	-	25.70	6.83
			-	**25.90**	**6.97**
	(c)	Capital equipments		**119.35**	**62.54**
(ii)	Revenue expenditure (net)				
	(a)	Salaries/wages *	2.4	262.81	211.26
	(b)	Material/consumables/spares *	2.7	187.26	104.08
	(c)	Utilities*	2.7	13.88	12.32
	(d)	Other expenditure directly related to R&D *	2.7	80.95	68.84
	(e)	Total revenue expenditure (Total of (ii) (a) to (ii) (d))		**544.90**	**396.50**
(iii)	Total R&D expenditure				
	(Total of (i) (c) and (ii) (e))			664.25	459.04
(iv)	Less: Amount received by R & D facilities*		2.1 and 2.9	6.12	6.55
(v)	Net amount of R & D expenditure (iii) - (iv)			**658.13**	**452.49**

Notes:

(1) Capital Expenditure claimed during the year does not include:

a. Expenditure on (i) Buildings ₹ 6.31 Crores & (ii) Capital Equipment ₹ 8.67 Crores being incurred during the year but not capitalized as on March 31, 2019.

b. Expenditure claimed upon incurrence during the previous years but capitalized during the year is ₹ 0.76 Crores

(2) * includes an amount in respect of (ii)(a) – ₹ 56.11 Crores (March 2018:₹ 28.97 Crores); (ii)(b) ₹ 146.02 Crores (March 2018: ₹47.91 Crores) (ii)(c) ₹0.73 Crores (March 2018: ₹ Nil) and (ii)(d) ₹ 31.43 Crores (March 2018: ₹ 16.79 Crores) and (iv) ₹ 0.52 Crores (March 2018: 0.12 Crores) capitalized in books.

3.17 CSR EXPENDITURE:

Particulars	Year ended March 31,2019	Year ended March 31,2018
(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 (including unspent amount of previous year)	44.27	23.66
(b) Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	34.07	15.67

3.18 ACCOUNTING FOR BUSINESS COMBINATION

The Scheme of amalgamation of the three wholly owned subsidiaries viz. Ashok Leyland Vehicles Limited, Ashley Powertrain Limited and Ashok Leyland Technologies Limited with the Company has been approved by the National Company Law Tribunal on December 17, 2018 and filed with registrar of companies on December 21, 2018, the Scheme has become effective from the appointed date i.e., April 1, 2018. The merger has been accounted under the 'pooling of interests' method in accordance with Appendix C of Ind AS 103 'Business Combinations' and comparatives have been restated for merger from the beginning of the previous year i.e. April 1, 2017. Accordingly, results of the three wholly owned subsidiaries have been included in all the reporting periods presented. The comparative financial results of these companies for the year ended March 31, 2018 are included in the financial statements based on audited financials.

Accounting treatment

The Company has followed the accounting treatment prescribed in the said approved Scheme of Amalgamation, as follows:

i. The merger has been accounted under the 'pooling of interests' method in accordance with Appendix C of Ind AS 103 'Business Combinations'

   Accordingly, the Company has recorded all the assets, liabilities and reserves of the amalgamating company at their respective book values (Gross of elimination) as appearing in the Consolidated financial statement of the Company as on April 1, 2017, the details of which are as follows:

₹ Crores

Particulars	
ASSETS	
Property, plant and equipment and capital work-in progress	187.30
Goodwill	449.90
Other Intangible assets	0.29
Non-current investments	-
Non current financial Loans	134.00
Deferred tax assets (net)	1.34
Others non current financial asset	14.05
Derivatives Instruments	-
Advance tax assets (net)	19.22
Other non-current assets	225.67
Inventories	32.29
Current Investment	-
Trade receivables	192.39
Cash and cash equivalents	39.47
Other Financial assets - Current	18.31
Other Current assets	5.26

3.18 Accounting for business combination (Continued)

₹ Crores

Particulars	
LIABILITIES	
Borrowings	357.62
Trade payables	480.20
Other Financial liabilities	156.77
Other liabilities and provisions	100.99
RESERVES	
Retained earnings	(74.72)

3.19 GOODWILL

₹ Crores

	As at March 31, 2019	As at March 31, 2018
Gross Goodwill at the beginning of the year	449.90	-
Add: Pursuant to business combination		449.90
Gross Goodwill at the end of the year	449.90	449.90
Opening / Closing accumulated impairment	-	-
Carrying amount of Goodwill	**449.90**	**449.90**

Allocation of goodwill to cash-generating units

Pursuant to business combination, Light Commercial Vehicle division (LCV division) is identified as a separate cash generating unit. Goodwill has been allocated for impairment testing purposes to this cash-generating unit.

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. The Company believes that any reasonable further change in the key assumptions on which recoverable amount is based, would not cause the carrying amount to exceed its recoverable amount.

Also Refer Notes 1B.16 and 1C.

3.20 The figures for the previous year have been reclassified/ regrouped wherever necessary for better understanding and comparability.

Gopal Mahadevan
Chief Financial Officer

N. Ramanathan
Company Secretary
May 24, 2019, Chennai

For and on behalf of the Board

Dheeraj G Hinduja
Chairman
DIN : 00133410

For PRICE WATERHOUSE & CO CHARTERED ACCOUNTANTS LLP
Firm Registration Number - 304026E/E-300009
Chartered Accountants

Subramanian Vivek
Partner
Membership Number - 100332

May 24, 2019
Mumbai

INDEPENDENT AUDITORS' REPORT

To the Members of Ashok Leyland Limited

Report on the Audit of the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

Opinion

1. We have audited the accompanying consolidated Ind AS financial statements of **Ashok Leyland Limited** ((hereinafter referred to as the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and joint ventures; (refer Note 3.1 to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at March 31, 2019, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the consolidated Ind AS financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013 ("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, 2019, consolidated total comprehensive income (comprising of profit and consolidated other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements section of our report. We are independent of the Group, its associates and joint ventures in accordance with the ethical requirements that are relevant to our audit of the consolidated Ind AS financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub -paragraph 17 of the Other Matters paragraph below, other than the unaudited financial statements/ financial information as certified by the management and referred to in sub-paragraph 18 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter description	How our audit addressed the key audit matter
I. Impairment of Goodwill and carrying value of net assets of cash generating unit (including goodwill) of Light Commercial Vehicle ('LCV') business	
(Refer to Note 1B.4, Note 1.C and Note 3.14D to the consolidated Ind AS financial statements regarding the recognition, valuation and disclosure methods of 'Goodwill', 'Critical accounting judgements and key sources of estimation uncertainty' and 'Goodwill' respectively.) In the consolidated Ind AS financial statements of the Group, the gross carrying value of goodwill excluding goodwill forming part of LCV Business is INR 1,065.89 crores against which a cumulative impairment provision of INR 400.23 crores is outstanding as on March 31, 2019. In the consolidated Ind AS financial statements of the Holding Company, the carrying value of net assets of cash-generating unit (including goodwill) of the LCV business is INR 688.05 crores as at March 31, 2019. As per Ind AS 36, Impairment of Assets, the Holding Company is required to assess annually impairment of goodwill acquired in business combination. The carrying value of assets of cash- generating unit (including goodwill) of LCV business and goodwill is a key audit matter due to the amount involved and the underlying complexity of the measurement model.	As part of our audit, our procedures included the following: • We obtained an understanding and assessed the design, implementation and operating effectiveness of management's key internal controls to identify whether there are any indicators of impairment and where such indicators exist, the method by which the recoverable amount is determined by the management. Specifically, we focused on management controls to conclude on the appropriateness of future cash flows (including terminal cash flow) and key assumptions used in arriving at the recoverable amount. • We evaluated the following: - terminal growth rate by comparing with the long-term outlook based on the relevant macroeconomic outlook for the geography in which the respective entities and LCV business are operating. - discount rate by comparing it with an independently calculated discount rate. - budgets considering growth and other cash flow projections provided by the Holding Company's management and compared these with the actual results of earlier years to assess the appropriateness of forecast.

<table>
<tr><th>Key audit matter description</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>The key inputs and judgements involved in the model for impairment assessment of goodwill and the carrying value assessment of LCV business include future cash flows of the respective entities and LCV business, the discount rate and the long-term growth rates used.</td><td>- the competence, capabilities and objectivity of the management's expert involved in the valuation process.
• We along with the auditors' experts evaluated the appropriateness of the measurement model and reasonableness of key assumptions like terminal growth rate, discount rate, etc.
• We performed our own independent sensitivity calculations to determine the impact of changes in key assumptions on our impairment assessment.
• We evaluated the adequacy of the disclosures made in the consolidated Ind AS financial statements.
Based on the above procedures performed, we did not identify any significant exceptions in the management's assessment in relation to the carrying value of Goodwill and that of carrying value of net assets of LCV business.</td></tr>
<tr><td colspan="2">II. Assessment of provision for warranty obligations</td></tr>
<tr><td>(Refer to Note 1B.18, Note 1.22, Note 1.30 and Note 1C to the consolidated Ind AS financial statements regarding the Significant accounting policies, Non- Current Provisions and Current Provisions respectively, 'Provisions – Warranties' for recognition and valuation methods and 'Critical accounting judgements and key sources of estimation uncertainty – Provision for product warranty' for management's assertion with respect to estimation of warranty respectively.)
In the consolidated Ind AS financial statements, the Group carries a provision of ₹415.56 crores for warranty obligations pertaining to the Holding Company.
We determined this matter as key audit matter since the product warranty obligations and estimations thereof are determined by management using a model which incorporates historical information on the type of product, nature, frequency and average cost of warranty claims, the estimates regarding possible future incidences of product failures and discount rate. Changes in estimated frequency and amount of future warranty claims can materially affect warranty expenses.</td><td>As part of our audit, our procedures included the following:
• We obtained an understanding and assessed the design, implementation and operating effectiveness of management's key internal controls with regards to the appropriateness of recording of warranty claims, provisioning of warranty and the periodic review of provision created.
• We also involved our auditors' specialist to verify the appropriateness of the process and controls around IT systems as established by the management. Specifically, we focused on controls around periodic review of warranty provision and that around the appropriateness and adequacy of the provision.
• We evaluated the model used by the management for provisioning of warranty to evaluate on the appropriateness of the methodology followed by the management and the mathematical accuracy of the model. To this effect we evaluated the following:
- the inputs to the model were verified on a sample basis with historical cost inputs on actual claims incurred and historical sales data of the Holding Company.
- we compared the amount of provisions from prior year with actual claims processed during the period, in order to verify the reasonableness of the forecast.
- the discount rate used for arriving at the present value of obligation was verified for reasonableness and the mathematical accuracy of the present value of the obligation was verified.
Based on the above procedures performed, we consider the provision for warranty obligations pertaining to the Holding Company to be reasonable.</td></tr>
</table>

Key audit matter description	How our audit addressed the key audit matter
III. First time implementation of Ind AS 115 Revenue from Contracts with Customers and appropriateness of timing of revenue recognition in the proper period	
(Refer to Note 1B.6, Note 2.1 and Note 3.7 to the consolidated Ind AS financial statements regarding the 'Revenue recognition policy', Revenue from Operations and its related disclosures respectively.) Effective April 1, 2018, on account of adoption of new revenue standard Ind AS 115 – Revenue from contracts with customer, the Holding Company has changed its revenue recognition policy with regards to timing of recognition based on the satisfaction of the identified performance obligations and related disclosures. We focused on this area because revenue requires significant time and resource to audit due to the magnitude, revenue transactions near to the reporting date, transition to Ind AS 115 and the adequacy of disclosures in this respect has been considered as key audit matter for the Holding Company.	As part of our audit, our procedures included the following: • We obtained an understanding and assessed the design, implementation and operating effectiveness of management's key internal controls with regards to recognition of revenue. • We also involved our auditors' specialist to verify the appropriateness of the process and controls around IT systems as established by the management. • We tested management's evaluation of Ind AS 115 and tested on a sample basis management's workings on recognition and measurement of multiple performance obligations and related variable consideration. • We have tested, on a sample basis, whether revenue transactions near to the reporting date have been recognised in the appropriate period by comparing the transactions selected with relevant underlying documentation, including goods delivery notes and the terms of sales. We have inspected the underlying documentation to verify that the control and ownership has been transferred to the customer. • We also considered the adequacy of the consolidated Ind AS financial statements disclosures in relation to Ind AS 115. Based on the procedures performed above, we did not find any material exceptions with regards to revenue recognition including transition to Ind AS 115, and those relating to presentation and disclosures pertaining to the Holding Company.

5. The following Key Audit Matters were included in the audit report dated May 22, 2019, containing an unmodified audit opinion on the consolidated financial information of Hinduja Leyland Finance Limited, a subsidiary of the Holding Company issued by an independent firm of Chartered Accountants, is reproduced by us as under:

Key audit matter description	How our audit addressed the key audit matter
I. Classification and measurement of financial assets - Business model assessment	
Ind AS 109, Financial Instruments, contains three principal classification and measurement categories for financial assets. A financial asset, such as loans to customers, is classified into a measurement category at inception and is reclassified only in rare circumstances. The assessment as to how an asset should be classified is made on the basis of both the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. The management has assessed its business model on the basis of its business plan and history of sales of financial assets and consequently, classified and measured certain financial assets at fair value through other comprehensive income effective 1 April 2018. We identified business model assessment as a key audit matter because of the management judgement involved in determining the intent for selling / holding a financial asset which could lead to different classification and measurement outcomes of the financial assets and its significance to the financial statements of the Company.	Our audit procedures included: • Assessing the design, implementation and operating effectiveness of internal controls for classification of financial assets on the basis of management's intent. • For financial assets classified at amortised cost, we tested controls over the classification of such assets and subsequent measurement of assets at amortised cost. Further, we tested internal controls over monitoring of such financial assets to check whether there have been any subsequent sales of financial assets classified at amortised cost. • For financial assets classified as fair value through other comprehensive income refer the section on "Valuation of financial instruments" for the procedures performed. • Test of details over of classification and measurement of financial assets in accordance with management's intent. • We selected a sample of financial assets sold during the year, to evaluate the accounting under Ind AS 109 and to verify if there have been sales of financial assets classified at amortised cost.

Key audit matter description	How our audit addressed the key audit matter
II. Valuation of financial instruments	
Financial instruments carried at fair value and measured at fair value through other comprehensive income, account for a significant part of the Company's assets. The valuation of the Company's financial instruments is based on a combination of market data and valuation models which often require significant management judgement. We identified assessing the fair value of financial instruments as a key audit matter because of the degree of complexity involved in valuing certain financial instruments and because of the significant degree of judgement exercised by management in determining the inputs used in the valuation models.	Our audit procedures include: • Obtained an understanding of the fair valuation methodology; • Obtained valuation reports, considered by the Company; • Engaging independent valuation specialists to assist us in the evaluation of valuation models used by the Company. • Assessed the appropriateness of the valuation methodology and testing the key inputs used.
III. Impairment of Financial assets	
The determination of loan impairment is inherently judgmental and relies on management's best estimate of a variety of inputs. Pursuant to Ind AS 109, the Company's impairment allowance is derived from estimates including historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors: 1. Segmentation of the loans to customers 2. Loan staging criteria 3. Calculation of probability of default and loss given default 4. Probability of economic factors 5. Complexity of disclosures There is also a large increase in the data inputs required under the expected credit loss model.	Our audit approach included: • Evaluating appropriateness of impairment principles under Ind AS 109; • Assessing the design and implementation of controls over loan impairment process and management review processes over the calculation of provisions; • Assess management review controls over measurement and disclosures; • Engage independent modelling specialist to test the methodology and reasonableness of assumptions; • Model calculations were tested through re- performance where possible. • Test of details over of calculation of impairment allowance for assessing completeness and accuracy of data. • Verify the appropriateness of managements judgment in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used, and the valuation of recovery assets and collateral.
IV. IT System and controls over financial reporting	
The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. Automated accounting procedures and IT environment controls, which include controls over program development and changes, access to programs and data and IT operations, are required to be designed and operate effectively to ensure appropriate financial reporting. Consequently, we identified IT systems and controls over financial reporting as a key audit matter.	Our audit procedures included: • Test controls over the information technology environment, including system access and change management; • Test considered the appropriateness of the access rights granted to applications relevant to financial accounting and reporting systems and the operating effectiveness of controls over granting, removal and appropriateness of access rights; • Evaluating the design and operating effectiveness of automated controls critical to financial accounting and reporting. For any identified deficiencies, tested the design and operating effectiveness of compensating controls and, where necessary, extended the scope of our substantive audit procedures.

Other Information

6. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditors' report thereon.

7. Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

8. In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us (Refer paragraph 17 below), we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

Responsibilities of Management and those charged with governance for the consolidated Ind AS Financial Statements

9. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and changes in equity of the Group including its associates and joint ventures in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified 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 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 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 Board of Directors of the Holding Company, as aforesaid.

10. In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of the Group and of its associates and joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

11. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for overseeing the financial reporting process of the Group and of its associates and joint ventures.

Auditors' responsibilities for the audit of the consolidated Ind AS financial statements

12. Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

13. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to consolidated Ind AS financial statements in place and the operating effectiveness of such controls.

   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and joint ventures to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

14. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

15. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

17. We did not audit the consolidated financial information of three subsidiaries and financial statements of five subsidiaries that reflect total assets of ₹22,566.17 crores and net assets of ₹2,858.83 crores as at March 31, 2019, total revenue of ₹4,951.59 crores, total comprehensive income (comprising of profit/ loss and other comprehensive income) of ₹383.13 crores and net cash flows amounting to Rs . 209.76 crores 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 total comprehensive income (comprising of profit/ loss and other comprehensive income) of ₹2.37 crores and ₹ 9.27 crores for the year ended March 31, 2019 as considered in the consolidated Ind AS financial statements, in respect of three associate companies and two joint ventures respectively, whose financial statements/ financial information have not been audited by us. These financial statements and other 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 insofar as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associate companies and our report in terms of sub -section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiaries, joint ventures and associates, is based solely on the reports of the other auditors.

18. We did not audit the consolidated financial information of a subsidiary, and financial information of two subsidiaries that reflect total assets of Rs . 239.22 crores and net assets of ₹32.08 crores as at March 31, 2019, total revenue of ₹456.71 crores, total comprehensive income (comprising of profit/ loss and other comprehensive income) of ₹(1.19) crores and net cash flows amounting to ₹1.60 crores 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 total comprehensive income (comprising of profit/ loss and other comprehensive income) of ₹(0.24) crores for the year ended March 31, 2019 as considered in the consolidated Ind AS financial statements, in respect of a joint venture, whose financial information have not been audited by us.

    These financial information are unaudited and have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture and our report in terms of sub -section (3) of Section 143 of the Act including report on Other Information in so far as it relates to the aforesaid subsidiaries and joint venture, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these consolidated financial information/ financial information are not material to the Group.

    Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the consolidated financial information/ financial information certified by the Management.

19. The following paragraph was included in the audit report

dated May 21, 2019, containing an unmodified audit opinion on the consolidated financial information of Optare Plc, a subsidiary of the Holding Company issued by an independent firm of Chartered Accountants, reproduced by us as under:

"The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the special purpose financial information. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of intangible assets and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm -wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit."

Report on Other Legal and Regulatory Requirements

20. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

    i. 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.

    ii. 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 reports of the other auditors.

    iii. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

    iv. In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act.

    v. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and joint ventures incorporated in India, none of the directors of the Group companies, its associate companies and joint ventures incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

    vi. With respect to the adequacy of the internal financial controls with reference to financial statements of the Group, its associates and joint ventures incorporated in India and the operating effectiveness of such controls, refer to our separate report in Annexure A.

    vii. With respect to the other matters to be included in the Auditor s' Report in accordance with Rule 11 of the Companies (Audit and Auditors') Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

        (a) The consolidated Ind AS financial statements disclose the impact, if any, of pending litigations as on March 31, 2019 on the consolidated financial position of the Group, its associates and joint ventures - Refer Note 3.11 to the consolidated Ind AS financial statements.

        (b) 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 as at March 31, 2019 – Refer (a) Note 1.5 and Note 1.14 to the consolidated Ind AS financial statements in respect of such items as it relates to the Group, its associates and joint ventures and (b) the Group's share of net profit/loss in respect of its associates and joint ventures.

        (c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies and joint ventures incorporated in India during the year ended March 31, 2019.

        (d) The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2019.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009
Chartered Accountants

Subramanian Vivek
Partner
Membership Number 100332

Mumbai
May 24, 2019

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 20(vi) of the Independent Auditors' Report of even date to the members of Ashok Leyland Limited on the consolidated Ind AS financial statements as of and for the year ended March 31, 2019

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls with reference to financial statements of Ashok Leyland Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, as of that date. Reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is not applicable to a joint venture incorporated in India namely Ashok Leyland John Deere Construction Equipment Company Private Limited, pursuant to MCA notification GSR 583(E) dated June 13, 2017.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding company, its subsidiary companies, its associate companies and joint ventures, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on, internal control over financial reporting 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 issued by the Institute of Chartered Accountants of India (ICAI). 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 Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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 ICAI 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, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 18(f) of the Independent Auditors' Report of even date to the members of Ashok Leyland Limited on the consolidated Ind AS financial statements as of and for the year ended March 31, 2019

in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company, its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, 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.

Other Matters

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements in so far as it relates to six subsidiary companies, two associate companies and two joint ventures, 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 qualified in respect of this matter.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009
Chartered Accountants

Subramanian Vivek
Partner
Membership Number 100332

Mumbai
May 24, 2019

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2019

Particulars	Note No.	As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
ASSETS			
Non-current assets			
Property, plant and equipment	1.1	5,070.85	5,069.47
Capital work-in-progress	1.1	294.63	251.11
Goodwill		1,115.56	1,107.74
Other Intangible assets	1.2	509.06	418.93
Intangible assets under development	1.2	382.98	188.31
Investments - Accounted for using equity method	1.3	102.11	97.23
Financial assets			
(i) Investments	1.3	757.01	869.61
(ii) Trade receivables	1.4	0.14	0.03
(iii) Loans	1.5	12,922.32	9,935.69
(iv) Other financial assets	1.6	321.30	180.44
Deferred tax assets (net)	1.7a	10.30	141.78
Advance tax assets (net)	1.8	188.44	131.83
Other non-current assets	1.9	959.73	704.27
		22,634.43	**19,096.44**
Current assets			
Inventories	1.10	3,063.43	2,207.68
Financial assets			
(i) Investments	1.11	632.76	3,415.74
(ii) Trade receivables	1.12	2,717.18	1,175.51
(iii) Cash and cash equivalents	1.13a	1,767.39	1,218.04
(iv) Bank balances other than (iii) above	1.13b	9.90	12.47
(v) Loans	1.14	6,553.63	5,117.98
(vi) Other financial assets	1.15	498.22	458.13
Contract Assets	1.16	12.76	-
Other current assets	1.17	1,232.21	816.00
		16,487.48	**14,421.55**
TOTAL ASSETS		**39,121.91**	**33,517.99**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	1.18	293.55	292.71
Other equity	1.19	8,452.02	7,127.88
Equity attributable to owners of the Company		**8,745.57**	**7,420.59**
Non-controlling interest		1,075.07	825.33
Total equity		**9,820.64**	**8,245.92**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	1.20	13,009.65	10,228.09
(ii) Other financial liabilities	1.21	122.87	29.97
Provisions	1.22	316.87	313.32
Deferred tax liabilities (net)	1.7b	257.76	298.51
Contract liabilities	1.23	269.02	-
Other non-current liabilities	1.24	9.24	210.70
		13,985.41	**11,080.59**
Current liabilities			
Financial liabilities			
(i) Borrowings	1.25	2,137.75	1,919.20
(ii) Trade payables	1.26		
a) Total outstanding dues of Micro and Small Enterprises		13.79	12.42
b) Total outstanding dues other than Micro and Small Enterprises		5,165.23	5,041.11
(iii) Other financial liabilities	1.27	6,012.47	5,291.33
Contract liabilities	1.28	814.80	-
Other current liabilities	1.29	562.05	1,281.07
Provisions	1.30	609.50	634.01
Current tax liabilities (net)	1.31	0.27	12.34
		15,315.86	**14,191.48**
TOTAL EQUITY AND LIABILITIES		**39,121.91**	**33,517.99**

The accompanying notes form an integral part of the consolidated financial statements.

Gopal Mahadevan
Chief Financial Officer

N Ramanathan
Company Secretary
May 24, 2019, Chennai

For and on behalf of the Board

Dheeraj G Hinduja
Chairman
DIN : 00133410

This is the Consolidated Balance Sheet referred to in our report of even date.
For PRICE WATERHOUSE & CO CHARTERED ACCOUNTANTS LLP
Firm Registration Number - 304026E/E-300009
Chartered Accountants

Subramanian Vivek
Partner
Membership Number - 100332

May 24, 2019
Mumbai

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

Particulars	Note No.	Year ended March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
Income			
Revenue from operations	2.1	33,196.84	29,917.11
Other income	2.2	128.06	199.14
Total Income		**33,324.90**	**30,116.25**
Expenses			
Cost of materials and services consumed		21,680.55	17,317.71
Purchases of stock-in-trade		837.48	750.50
Changes in inventories of finished goods, stock-in-trade and work-in-progress		(919.42)	1,149.86
Excise duty on sale of goods		-	281.52
Employee benefits expense	2.3	2,639.85	2,257.48
Finance costs	2.4	1,502.24	1,227.38
Depreciation and amortisation expense	2.5	675.56	645.89
Other expenses	2.6	4,048.38	3,911.61
Total Expenses		**30,464.64**	**27,541.95**
Profit before exchange (loss) on swap contracts, Share of profit of associates and joint ventures, exceptional items and tax		**2,860.26**	**2,574.30**
Exchange (loss) on swap contracts		(2.63)	(3.21)
Share of profit of associates and joint ventures (net)		11.28	6.57
Profit before exceptional items and tax		**2,868.91**	**2,577.66**
Exceptional items	2.7	2.75	(12.73)
Profit before tax		**2,871.66**	**2,564.93**
Tax expense:			
Current tax		525.67	789.28
Deferred tax - charge / (credit)		151.39	(38.17)
		677.06	**751.11**
Profit for the year		**2,194.60**	**1,813.82**
Other Comprehensive Income			
A (i) Items that will not be reclassified to Profit or Loss			
- Remeasurement of defined benefit plans		(63.67)	(33.85)
- Share of other comprehensive income in associates and joint ventures		(0.07)	(0.19)
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		22.31	11.92
B (i) Items that will be reclassified to Profit or Loss			
- Exchange differences in translating the financial statements of foreign operations		5.71	(52.30)
- Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge		(6.28)	(19.89)
- Gain/(Loss) on fair valuation of loans		300.28	-
- Change in allowances for expected credit loss		46.46	-
- Share of other comprehensive income in associates and joint ventures		(2.22)	(8.63)
(ii) Income tax relating to items that will be reclassified to Profit or Loss		(119.01)	6.95
Total Other Comprehensive Income		**183.51**	**(95.99)**
Total Comprehensive Income for the year		**2,378.11**	**1,717.83**
Profit for the year attributable to			
Owners of the Company		2,078.70	1,760.38
Non-controlling interests		115.90	53.44
Other Comprehensive Income for the year attributable to			
Owners of the Company		97.07	(85.58)
Non-controlling interests		86.44	(10.41)
Total Comprehensive Income for the year attributable to			
Owners of the Company		2,175.77	1,674.80
Non-controlling interests		202.34	43.03
Earnings per equity share (Face value ₹ 1 each) *			
- Basic (in ₹)		7.08	6.02
- Diluted (in ₹)		7.08	6.00
* [Refer Note 3.4]			
The accompanying notes form an integral part of the consolidated financial statements.			

Gopal Mahadevan
Chief Financial Officer

N Ramanathan
Company Secretary
May 24, 2019, Chennai

For and on behalf of the Board

Dheeraj G Hinduja
Chairman
DIN : 00133410

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

For PRICE WATERHOUSE & CO CHARTERED ACCOUNTANTS LLP
Firm Registration Number - 304026E/E-300009
Chartered Accountants

Subramanian Vivek
Partner
Membership Number - 100332

May 24, 2019
Mumbai

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2019

Particulars		March 31, 2019	March 31, 2018
		₹ Crores	₹ Crores
Cash flow from operating activities			
Profit for the year		**2,194.60**	**1,813.82**
Adjustments for :			
Income tax expense		677.06	751.11
Share of (profit) / loss of associates and joint ventures (net)		(11.28)	(6.57)
Depreciation, amortisation and impairment expense		675.56	645.89
Prepaid lease rentals		3.02	3.13
Share based payment cost		3.48	53.65
Obligation relating to discontinued products of LCV division		17.09	-
Impairment loss allowance / write off on trade receivable / advances / loans (net)		337.19	106.88
Provision for non-moving inventory		7.34	(47.56)
Net (gain) /loss arising on financial asset mandatorily measured at FVTPL		(1.91)	(5.36)
Foreign exchange loss/ (gain)		15.96	8.74
Exchange gain / (loss) on swap contracts		2.63	3.21
Profit on sale of Property, plant and equipment (PPE) and intangible assets - net		(4.62)	(5.99)
Loss on sale of immovable property - Exceptional item		15.94	-
Profit on sale of investments - net		(46.89)	(43.37)
Impairment reversal in the value of investments (net) (including impact of capital reduction)		(34.79)	-
Gain on disposal of interest in a former associate		(0.99)	-
Finance costs		100.18	169.50
Interest income		(41.69)	(40.30)
Operating profit before working capital changes		**3,907.88**	**3,406.78**
Adjustments for changes in :			
Trade receivables		(1,554.67)	51.80
Inventories		(863.09)	740.90
Non-current and current financial assets		(4,531.55)	(4,582.32)
Other non-current and current assets		(522.18)	(403.36)
Redemption / (payment) to escrow account		(71.23)	-
Contract Assets		(12.76)	-
Related party advances / receivables (net)		1.93	6.68
Trade payables		119.06	1,598.06
Non-current and current financial liabilities		474.23	85.81
Other non-current and current liabilities		(985.90)	881.26
Non-current and current contract liabilities		1,083.82	-
Other non-current and current provisions		(38.24)	255.25
Cash generated from operations		**(2,992.70)**	**2,040.86**
Income tax paid (net of refund)		(752.79)	(578.43)
Net cash (used in)/from operating activities	[A]	**(3,745.49)**	**1,462.43**
Cash flow from investing activities			
Purchase of PPE and intangible assets		(1,126.35)	(651.16)
Proceeds on sale of PPE and intangible assets		30.96	11.55
Payments to non controlling interest in relation to a subsidiary		(30.00)	-
Purchase of stake in a subsidiary		(1.04)	(225.42)
Proceeds from sale of non-current investments		148.17	6.97
Purchase of non-current investments		(1.11)	(106.79)
Sale of / Purchase of proceeds from current investments (net)		2,830.27	(2,284.27)
Movement in other bank deposits		0.36	42.83
Inter Corporate Deposits given		(780.00)	(573.00)
Inter Corporate Deposits repaid		780.00	573.00
Interest received		40.60	40.05
Net cash from/(used in) investing activities	[B]	**1,891.86**	**(3,166.24)**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2019

Particulars		March 31, 2019	March 31, 2018
		₹ Crores	₹ Crores
Cash flow from financing activities			
Proceeds from issue of equity shares (including securities premium)		8.64	4.55
Issues of shares to Non-controlling interest shareholders		76.45	186.06
Proceeds from non-current borrowings		3,752.22	3,019.53
Repayments of non-current borrowings		(631.61)	(1,327.34)
Proceeds from current borrowings		11,337.98	10,301.60
Repayments of current borrowings		(11,121.68)	(9,431.65)
Payments relating to swap contracts on non-current borrowings		(30.45)	(105.81)
Interest paid		(133.96)	(192.04)
Dividend paid and tax thereon		(859.84)	(549.48)
Net cash from financing activities	[C]	**2,397.75**	**1,905.42**
Net cash inflow	[A+B+C]	**544.12**	**201.61**
Opening cash and cash equivalents		**1,218.04**	**1,013.14**
Add - Pursuant to business combination		0.37	-
Exchange fluctuation on foreign currency bank balances		4.86	3.29
Closing cash and cash equivalents (Refer Note 1.13 a)		**1,767.39**	**1,218.04**
The accompanying notes form an integral part of the Consolidated financial statements.			

Gopal Mahadevan
Chief Financial Officer

N. Ramanathan
Company Secretary
May 24, 2019, Chennai

For and on behalf of the Board

Dheeraj G Hinduja
Chairman
DIN : 00133410

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

For PRICE WATERHOUSE & CO CHARTERED ACCOUNTANTS LLP
Firm Registration Number - 304026E/E-300009
Chartered Accountants

Subramanian Vivek
Partner
Membership Number - 100332

May 24, 2019
Mumbai

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

A. Equity Share Capital

₹ Crores

Balance at the beginning of April 1, 2017	Changes in equity share capital during the year	Balance at the end of March 31, 2018	Changes in equity share capital during the year	Balance at the end of March 31, 2019
284.59	8.12	292.71	0.84	293.55

B. Other Equity

₹ Crores

Particulars	Shares pending Allotment	Reserves and Surplus									Items of Other comprehensive income				
		Capital Reserve	Securities Premium Reserve	Capital Redemption Reserve	Debenture Redemption Reserve	Share Option Outstanding Account	General Reserve	Foreign currency monetary item translation difference	Statutory Reserve	Retained Earnings	Foreign currency translation reserve	Fair valuation on loan relating to financing activities	Effective portion of Cash Flow Hedges	Attributable to owners of the Company	Non-controlling interests
Balance at the beginning of April 1, 2017	**8.07**	**263.87**	**1,980.19**	**3.33**	**100.00**	**18.86**	**952.11**	**(11.97)**	**58.63**	**2,684.47**	**34.04**	**-**	**16.75**	**6,108.35**	**588.99**
Profit for the year	-	-	-	-	-	-	-	-	-	1,760.38	-	-	-	1,760.38	53.44
Other comprehensive income	-	-	-	-	-	-	-	-	-	(22.23)	(50.41)	-	(12.94)	(85.58)	(10.41)
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	**1,738.15**	**(50.41)**	**-**	**(12.94)**	**1,674.80**	**43.03**
Exchange difference on translation of outstanding loan balances	-	-	-	-	-	-	-	(1.18)	-	-	-	-	-	(1.18)	-
Exchange difference amortised	-	-	-	-	-	-	-	5.38	-	-	-	-	-	5.38	-
Transaction with owners	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends including tax thereon	-	-	-	-	-	-	-	-	-	(549.48)	-	-	-	(549.48)	-
On issue of equity shares	-	-	4.50	-	-	-	-	-	-	-	-	-	-	4.50	-
Allotment of share capital pursuant to business combination	(8.07)	-	-	-	-	-	-	-	-	-	-	-	-	(8.07)	-
Recognition of share based payments	-	-	-	-	-	53.65	-	-	-	-	-	-	-	53.65	-
Issue of equity shares to Non-controlling interest (NCI) and change in interests between the owners and NCI	-	-	6.81	-	-	(0.26)	-	-	(10.03)	(156.59)	-	-	-	(160.07)	193.31
Transfer to/from retained earnings	-	-	-	-	(62.50)	-	-	-	39.78	7.85	14.87	-	-	-	-
Transfer to/from General Reserve	-	-	-	-	-	(2.13)	2.13	-	-	-	-	-	-	-	-
Balance at the end of March 31, 2018	**-**	**263.87**	**1,991.50**	**3.33**	**37.50**	**70.12**	**954.24**	**(7.77)**	**88.38**	**3,724.40**	**(1.50)**	**-**	**3.81**	**7,127.88**	**825.33**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

B. Other Equity

₹ Crores

Particulars	Shares pending Allotment	Reserves and Surplus									Items of Other comprehensive income				
		Capital Reserve	Securities Premium Reserve	Capital Redemption Reserve	Debenture Redemption Reserve	Share Option Outstanding Account	General Reserve	Foreign currency monetary item translation difference	Statutory Reserve	Retained Earnings	Foreign currency translation reserve	Fair valuation on loan relating to financing activities	Effective portion of Cash Flow Hedges	Attributable to owners of the Company	Non-controlling interests
Balance at the beginning of April 1, 2018	**-**	**263.87**	**1,991.50**	**3.33**	**37.50**	**70.12**	**954.24**	**(7.77)**	**88.38**	**3,724.40**	**(1.50)**	**-**	**3.81**	**7,127.88**	**825.33**
Transition adjustment on account of adoption of Ind AS 115	-	-	-	-	-	-	-	-	-	(0.47)	-	-	-	(0.47)	-
Profit for the year	-	-	-	-	-	-	-	-	-	2,078.70	-	-	-	2,078.70	115.90
Other comprehensive income	-	-	-	-	-	-	-	-	-	(41.80)	3.49	139.47	(4.09)	97.07	86.44
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,036.90**	**3.49**	**139.47**	**(4.09)**	**2,175.77**	**202.34**
Exchange difference on translation of outstanding loan balances	-	-	-	-	-	-	-	(14.29)	-	-	-	-	-	(14.29)	-
Exchange difference amortised	-	-	-	-	-	-	-	13.90	-	-	-	-	-	13.90	-
Transaction with owners															
Dividends including tax thereon	-	-	-	-	-	-	-	-	-	(859.84)	-	-	-	(859.84)	-
Recognition of share based payments	-	-	-	-	-	3.48	-	-	-	-	-	-	-	3.48	-
On issue of shares	-	-	7.80	-	-	-	-	-	-	-	-	-	-	7.80	
Issue of equity shares to Non-controlling interest (NCI) and change in interests between the owners and NCI	-	-	(0.01)	-	-	(0.40)	-	-	(23.15)	21.34	0.01	-	-	(2.21)	47.40
Transfer to/from general reserves	-	-	-	-	-	(64.09)	64.09	-	-	-	-	-	-	-	
Transfer to/from retained earnings	-	-	-	-	(37.50)	-	-	-	60.63	(23.13)	-	-	-	-	-
Balance at the end of March 31, 2019	**-**	**263.87**	**1,999.29**	**3.33**	**-**	**9.11**	**1,018.33**	**(8.16)**	**125.86**	**4,899.20**	**2.00**	**139.47**	**(0.28)**	**8,452.02**	**1,075.07**

The accompanying notes form an integral part of the consolidated financial statements.

Gopal Mahadevan
Chief Financial Officer

N Ramanathan
Company Secretary
May 24, 2019, Chennai

This is the Consolidated Statement of Changes in Equity referred to in our report of even date.
For PRICE WATERHOUSE & CO CHARTERED ACCOUNTANTS LLP
Firm Registration Number - 304026E/E-300009
Chartered Accountants

Subramanian Vivek
Partner
Membership Number - 100332

May 24, 2019
Mumbai

For and on behalf of the Board

Dheeraj G Hinduja
Chairman
DIN : 00133410

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 eleven subsidiaries, three joint ventures and three associates. The main activities of the Parent Company along with its subsidiaries, joint ventures and associates relate to manufacture, sale, vehicle and housing finance and services related to a wide range of commercial vehicles. Also Refer Note 3.14. The Parent Company also manufactures engines for industrial and marine applications, forgings and castings. 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

The consolidated financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015.

The consolidated financial statements have been prepared on the historical cost basis except for certain assets and liabilities 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 crores, except where otherwise indicated.

The consolidated financial statements were approved for issue by the Board of Directors on May 24, 2019.

Recent accounting pronouncements:

The Indian Accounting Standard (Ind AS) 116, Leases is applicable from FY 2019-20, the management believes that the adoption of Ind AS 116 does not have any significant impact on the consolidated financial statements. The Group has not early adopted any standards or amendments that have been issued but are not yet effective.

In respect of various amendments to other Accounting Standards, the management believes that adoption of those does not have any significant impact for the Group.

The significant accounting policies are detailed below.

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.

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 recognized 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 in accordance with Appendix C to 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 as on the acquisition date, which comprises the following

- Fair values of the assets transferred
- Liabilities incurred to the former owners of the acquired business
- Equity interests issued by the Company

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.

1B.4 Goodwill

Goodwill arising on business combination is carried at cost 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.

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 Revenue recognition

Ind AS 115 is applicable from FY 2018-19 and it replaces Ind AS 18. It applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The Standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group has applied modified retrospective approach in adopting the new standard and accordingly, the Revenue from operations for the year ended March 31, 2019 is not comparable with previous year reported. The impact on revenue if the company had adopted erstwhile Ind AS 18 Revenue is referred to in Note 3.7. Adoption of Ind AS 115 does not have any material impact on the consolidated financial statements of the Group.

Revenue from contract with customer:

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.7.

Sale of Products:

Revenue from sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the product. The Group 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 Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, freight & insurance etc.). In determining the transaction price for the sale of product, the Group considers the effects of variable consideration, the existence of consideration payable to the customer, etc.

Sale of Service:

Revenue from services is recognised over a period of time as and when the services are rendered in accordance with the specific terms of contract with customer. Revenue from freight and insurance service is recognised when the goods are delivered to the customer. The receipt of consideration for warranty services, free services, AMC and freight and insurance is generally received when consideration receivable from sale of products is received from customer. In certain cases, the AMC contracts are sold as a separate product on cash basis or on credit as per the contract with customer. On the recognition of the receivable from customer, the Group recognises a contract liability which is then recognised as revenue as once the services are rendered. Using the practical expedient in Ind AS 115, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. For other cases, the revenue reflects the cash selling price that the customer would have paid for the promised services when the services are transferred to customer. Thus there is no significant financing component.

Variable consideration:

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Incentives:

The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

Significant financing component:

The Group receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. Thus there is no significant financing component.

Warranty obligations:

Refer Note 1B.18 on warranty obligations

Contract balances:

- <u>Contract assets</u>

  A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

- <u>Trade receivables</u>

  Trade receivable is part of contract balances as per Ind AS 115.

- <u>Contract liabilities</u>

  A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

- <u>Refund liabilities</u>

  A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

Interest / Finance Income relating to financing activities:

- <u>EIR Method</u>

  Under Ind AS 109, interest income is recorded using the effective interest rate method for all financial instruments measured at amortised cost and financial instrument measured at FVOCI. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

  The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

➢ Interest Income

The Group calculates interest income by applying EIR to the gross carrying amount of financial assets other than credit impaired assets.

When a financial asset becomes credit impaired and is, therefore, regarded as 'stage 3', the Group calculates interest income on the net basis. If the financial asset cures and is no longer credit impaired, the Group reverts to calculating interest income on a gross basis.

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.7 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 restated at the rates prevailing at that date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not restated.

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" 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.
- Exchange difference on translation of derivative instruments designated as cash flow hedge (see Note 1B.19 below for hedging accounting policies).
- 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).

1B.8 Borrowing costs

Borrowing costs (General Borrowing and Specific Borrowing) 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.9 Government Grants

Government grants (including export incentives and incentives on specified goods manufactured in the eligible unit) are recognised only when there is reasonable assurance that the Group will comply with the conditions attached to them and the grants will be received.

Government grants relating to income 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.

1B.10 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.

For defined benefit plans i.e. Group's liability towards gratuity (funded)/(unfunded), Group's contribution to provident fund (in relation to guaranteed interest rate), 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.

In respect of provident fund, contributions made to a trust administered by the Group (entities in India) and registered provident fund administered by the Government of India, 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 Consolidated Statement of Profit and Loss. Accordingly, to the extent of interest rate guarantee it is classified as defined benefit plan.

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 Consolidated 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 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.

Liability for 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.11 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.

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 year, 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.12 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. 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.

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.

1B.13 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 Rs.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 Rs.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.

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.

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	20-30
Non-factory service installations:	
- In customer premises	12
- Lease improvements	Primary lease period or 3 years, whichever is earlier
Quality equipment, canteen assets, major Jigs and fixtures and hand tools	5/12
Other plant and machinery	20
Patterns and dies	5
Furniture and fittings	8
Furniture and fittings - lease improvements	3
Aircraft	18
Vehicles:	
- Trucks and buses	5/10
- Cars and motorcycles	3/5
Office equipment	5-20
Office equipment – Data processing system (including servers)	3-6

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 and accordingly depreciation is computed based on the estimated useful lives of the assets.

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.14 Intangible assets

Intangible assets acquired separately:

Intangible assets with finite useful lives that are acquired separately, where the cost exceeds Rs.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 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	3-10
Developed	5/10
Technical Knowhow:	
Acquired	5/6
Developed	6/10

1B.15 Impairment losses

At the end of each reporting period, the Group determines whether there is any indication that its assets (property, plant and equipment, 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.

Intangible assets under development and goodwill are tested for impairment annually at each balance sheet date.

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.

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, so that the increased carrying amount does not exceed the carrying amount carried 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.16 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.17 Inventories

Inventories are stated at lower of cost and net realisable value.

Cost of raw materials and components, stores, spares, consumable tools and stock in trade comprises cost of purchases and includes taxes and duties and is net of eligible credits under CENVAT/ VAT/GST 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 and components, stores, spares, consumable tools, stock in trade: 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.18 Provisions

Provisions are recognised when the Group has a present obligation (legal, contractual 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.19 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.

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.

Subsequent measurement:

(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 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.

Financial assets relating to financing activities:

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group’s business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group’s key management personnel.

b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on

d) The expected frequency, value and timing of sales are also important aspects of the Group’s assessment.

Solely Payments of Principal and Interest (SPPI) test

As a second step of its classification process, the Group assesses the contractual terms of financial to identify whether they meet SPPI test.

‘Principal’ for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Accordingly, financial assets are measured as follows:

a) Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Since, the loans and advances are held to sale and collect contractual cash flows, they are measured at FVTOCI.

c) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL.

d) Other equity investments

All other equity investments are measured at fair value, with value changes recognised in Other Comprehensive Income.

Impairment of financial asset relating to financing activities:

a) Overview of Expected Credit Loss (ECL) principles:

In accordance with Ind AS 109, the Group uses ECL model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

i) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

ii) Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

Both Life Time Expected Credit Loss'(LTECL) and 12 months ECLs are calculated on collective basis.

Based on the above, the Group categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1:

When loans are first recognised, the Group recognises an allowance based on 12 months ECL. Stage 1 loans includes those loans where there is no significant credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2 or stage 3.

Stage 2:

When a loan has shown a significant increase in credit risk since origination the Group records an allowance for the life time ECL. Stage 2 loans also includes facilities where the credit risk has improved and the loan has been reclassified from stage 3

Stage 3:

Loans considered credit impaired are the loans which are past due for more than 90 days. The Group records an allowance for life time ECL.

Loan commitments:

When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

b) Calculation of ECLs:

The mechanics of ECL calculations are outlined below and the key elements are, as follows:

PD:

Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD:

Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest.

LGD:

Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The Group has calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans and discounted at an approximation to the Effective Interest Rate (EIR). At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analysed.

The mechanics of the ECL method are summarised below:

Stage 1:

The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2:

When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3:

For loans considered credit-impaired, the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

c) Loans and advances measured at FVOCI:

The ECLs for loans and advances measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon de-recognition of the assets

d) Forward looking information:

In its ECL models, the Group relies on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time.

i) Gross fixed investment (% of GDP)

ii) Oil price

iii) Interest rates

Write-offs

Financial assets are written off when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in the 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.

De-recognition of financial assets relating to financing activities:

➢ De-recognition of financial assets due to substantial modification of terms and condition

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a de-recognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes.

➢ De-recognition of financial assets other than due to substantial modification

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of de-recognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss.

Accordingly, gain on sale or de-recognition of assigned portfolio are recorded upfront in the statement of profit and loss as per Ind AS 109. Also, the Group recognises servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset.

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. Interest expense that is not capitalised as part of cost 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 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 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.

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 3.6.

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.

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.

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 3.6 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) and 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) are 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 if 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 3.14. 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 which approximates the long term industry growth rates) 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. During the year, based on the impairment assessment carried out by the Group, the Management has determined that no impairment is required.

Impairment of financial asset relating to financing activities

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's expected credit loss ("ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

a) The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time expected credit loss ("LTECL") basis.

b) Development of ECL models, including the various formulas and the choice of inputs.

c) Determination of associations between macroeconomic scenarios and economic inputs, such as gross domestic products, lending interest rates and collateral values, and the effect on probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD").

d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

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 Group has, based on these assessments, 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 Group 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 the 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 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 3.6.

Business model assessment relating to financing activities

Classification and measurement of financial assets depends on the results of business model and the solely payments of principal and interest ("SPPI") test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

1.1 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

₹ Crores

DESCRIPTION	GROSS CARRYING AMOUNT (COST)						DEPRECIATION/AMORTISATION					NET CARRYING AMOUNT
Property, Plant and Equipment (PPE)	01.04.2018	Additions	Acquisition through business combination	Adjustments*	Disposals	31.03.2019	Upto 31.03.2018	Charge during the year	Adjustments*	Disposals	Upto 31.03.2019	Upto 31.03.2019
Freehold land	783.17	6.41	-	-	29.10	760.48	-	-	-	-	-	760.48
Buildings	1,532.75	116.58	-	6.22	6.08	1,649.47	173.60	67.20	0.60	3.37	238.03	1,411.44
Buildings given on lease	11.23	0.41	-	-	-	11.64	0.69	0.24	-	-	0.93	10.71
Plant and equipment	3,672.29	371.53	0.02	3.82	15.05	4,032.61	973.08	438.08	0.66	10.06	1,401.76	2,630.85
Plant and equipment given on lease	0.04	-	-	-	-	0.04	0.01	- #	-	-	0.01	0.03
Furniture and fittings	76.44	23.78	0.01	(2.20)	0.38	97.65	36.28	10.73	(1.19)	0.32	45.50	52.15
Furniture and fittings given on lease	0.22	-	-	-	-	0.22	0.15	0.05	-	-	0.20	0.02
Vehicles	127.42	14.46	-	0.89	15.67	127.10	42.01	26.86	(0.34)	5.39	63.14	63.96
Aircraft given on lease	60.75	22.53	-	-	5.29	77.99	19.48	10.74	-	5.29	24.93	53.06
Office Equipment	86.13	62.11	0.04	(2.46)	0.27	145.55	36.10	22.85	(0.96)	0.13	57.86	87.69
Electrical and other installations on lease hold premises	1.26	0.20	-	-	-	1.46	0.83	0.17	-	-	1.00	0.46
TOTAL	**6,351.70**	**618.01**	**0.07**	**6.27**	**71.84**	**6,904.21**	**1,282.23**	**576.92**	**(1.23)**	**24.56**	**1,833.36**	**5,070.85**
Capital work-in-progress												**294.63**

* Adjustments include currency movements relating to foreign operations.

amount is below rounding off norms adopted by the Group.

Notes:

1. A portion of the Buildings in Bhandara valued at ₹ 9.50 crores is on a land, the title for which is yet to be transferred to the Parent Company.
2. 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 Parent Company.
3. Cost of Buildings as at March 31, 2019 includes:
   a) ₹ 0.03 crores being cost of shares in Housing Co-operative Society representing ownership rights in residential flats and furniture and fittings thereat.
   b) ₹ 1.32 crores representing cost of residential flats including undivided interest in land.
4. Additions to PPE and Capital work-in-progress include exchange (gain) / loss aggregating to ₹ 20.78 crores capitalised as under:
   Building ₹ 4.96 crores, Plant and equipment ₹ 15.06 crores, Furniture and fittings ₹ 0.17 crores, Office equipment ₹ 0.24 crores, Capital Work in progress ₹ 0.35 crores
5. For details of assets given as security against borrowings - Refer Note 3.13
6. For amount of contractual commitments for the acquisition of PPE, [Refer Note 3.12]
7. Freehold land includes purchase of land from Andhra Pradesh Industrial Infrastructure Corporation Limited, and Telengana State Industrial Infrastructure Corporation Limited, the title of which will be transferred in the Parent Company's name upon fulfilment of certain conditions.
8. Expenses capitalised ₹ 2.35 crores - Refer Notes 2.3, 2.4 and 2.6 to the Consolidated Financial statements.

1.1 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

₹ Crores

DESCRIPTION	GROSS CARRYING AMOUNT (COST)						DEPRECIATION/AMORTISATION					NET CARRYING AMOUNT
Property, Plant and Equipment (PPE)	01.04.2017	Additions	Adjustments*	Reclassification#	Disposals	31.03.2018	Upto 31.03.2017	Charge during the year	Adjustments*	Disposals	Upto 31.03.2018	Upto 31.03.2018
Freehold land	647.35	13.17	-	123.00	0.35	783.17	-	-	-	-	-	783.17
Buildings	1,476.71	61.45	0.55	-	5.96	1,532.75	111.92	65.56	0.08	3.96	173.60	1,359.15
Buildings given on lease	11.23	-	-	-	-	11.23	0.45	0.24	-	-	0.69	10.54
Plant and equipment	3,473.25	270.14	24.03	-	95.13	3,672.29	615.41	438.56	12.30	93.19	973.08	2,699.21
Plant and equipment given on lease	0.04	-	-	-	-	0.04	0.01	#	-	-	0.01	0.03
Furniture and fittings	56.62	17.07	3.92	-	1.17	76.44	23.19	10.19	3.64	0.74	36.28	40.16
Furniture and fittings given on lease	0.22	-	-	-	-	0.22	0.10	0.05	-	-	0.15	0.07
Vehicles	82.97	48.76	(0.14)	-	4.17	127.42	19.36	21.68	4.67	3.70	42.01	85.41
Aircraft given on lease	60.75	-	-	-	-	60.75	12.99	6.49	-	-	19.48	41.27
Office Equipment	67.76	23.68	(1.21)	-	4.10	86.13	21.74	18.82	(0.73)	3.73	36.10	50.03
Office Equipment given on lease	0.01	-	-	-	0.01	-	0.01	-	-	0.01	-	-
Electrical and other installations on lease hold premises	1.14	0.12	-	-	-	1.26	0.63	0.20	-	-	0.83	0.43
TOTAL	**5,878.05**	**434.39**	**27.15**	**123.00**	**110.89**	**6,351.70**	**805.81**	**561.79**	**19.96**	**105.33**	**1,282.23**	**5,069.47**
Capital work-in-progress												**251.11**

* Adjustments include currency movements relating to foreign operations.

Freehold land located at Hyderabad, which was classified as assets held for sale in the financial year 2016-17 is now reclassified.

amount is below rounding off norms adopted by the company.

Notes:

1. Buildings include non-factory service installations of gross value ₹ 192.11 Crores.
2. A portion of the Buildings in Bhandara valued at ₹ 9.50 crores is on a land, the title for which is yet to be transferred to the Parent Company.
3. 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 Parent Company.
4. Cost of Buildings as at March 31, 2018 includes:
   a) ₹ 0.03 crores being cost of shares in Housing Co-operative Society representing ownership rights in residential flats and furniture and fittings thereat.
   b) ₹ 1.32 crores representing cost of residential flats including undivided interest in land.
5. Additions to PPE and Capital work-in-progress include exchange (gain) / loss aggregating to ₹6.25 crores capitalised as under:
   Building ₹ 1.29 crores, Plant and equipment ₹ 4.76 crores, Furniture and fittings ₹ 0.04 crores, Vehicles and aircraft (##) lakhs, Office equipment ₹ 0.08 crores, Capital Work in progress ₹ 0.08 crores.
6. For details of assets given as security against borrowings - Refer Note 3.13
7. For amount of contractual commitments for the acquisition of PPE, [Refer Note 3.12]
8. Freehold land includes purchase of land from Andhra Pradesh Industrial Infrastructure Corporation Limited, and Telengana State Industrial Infrastructure Corporation Limited, the title of which will be transferred in the Parent Company's name upon fulfilment of certain conditions.

1.2 OTHER INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

₹ Crores

DESCRIPTION	GROSS CARRYING AMOUNT (COST)						DEPRECIATION/AMORTISATION					NET CARRYING AMOUNT
Other Intangible Assets	01.04.2018	Additions	Acquisition through business combination	Adjustments*	Disposals	31.03.2019	Upto 31.03.2018	Charge during the year	Adjustments*	Disposals	Upto 31.03.2019	Upto 31.03.2019
Computer software												
- Developed	94.88	-	-	-	-	94.88	39.98	13.31	-	-	53.29	41.59
- Acquired	121.57	37.31	0.01	(1.38)	#	157.51	67.71	21.67	(1.06)	#	88.32	69.19
Technical knowhow												
- Developed	337.22	150.56	-	(3.60)	-	484.18	103.67	39.83	(4.81)	-	138.69	345.49
- Acquired	143.12	-	-	-	-	143.12	66.50	23.83	-	-	90.33	52.79
TOTAL	**696.79**	**187.87**	**0.01**	**(4.98)**	**#**	**879.69**	**277.86**	**98.64**	**(5.87)**	**#**	**370.63**	**509.06**
Intangible assets under development												**382.98**

* Adjustments include currency movements relating to foreign operations.
# amount is below rounding off norms adopted by the Group.

Notes:

1. Additions to other Intangible assets and Intangible assets under development include:
   a) Exchange (gain) / loss aggregating to ₹ 1.88 crores capitalised as under :
      Software ₹ 1.43 crores, Technical Knowhow ₹ (0.03) crores, Intangible assets under development ₹ 0.48 crores.
   b) Expenses capitalised ₹ 285.31 crores - Refer Notes 2.3, 2.4 and 2.6 to the Financial Statements.
2. For amount of contractual commitments for the acquisition of intangible assets [Refer Note 3.12].

1.2a OTHER INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

₹ Crores

DESCRIPTION	GROSS CARRYING AMOUNT (COST)						DEPRECIATION/AMORTISATION					NET CARRYING AMOUNT
Other Intangible Assets	01.04.2017	Additions	Adjustments*	Reclassification	Disposals	31.03.2018	Upto 31.03.2017	Charge during the year	Adjustments*	Disposals	Upto 31.03.2018	Upto 31.03.2018
Computer software												
- Developed	94.88	-	-	-	-	94.88	26.65	13.33	-	-	39.98	54.90
- Acquired	57.91	40.24	23.42	-	#	121.57	30.00	14.57	23.14	#	67.71	53.86
Technical knowhow		-	-	-	-		-	-	-	-		
- Developed	279.43	37.03	20.76	-	-	337.22	62.71	34.87	6.09	-	103.67	233.55
- Acquired	144.27	-	(0.02)	-	1.13	143.12	46.30	21.33	-	1.13	66.50	76.62
TOTAL	**576.49**	**77.27**	**44.16**	**-**	**1.13**	**696.79**	**165.66**	**84.10**	**29.23**	**1.13**	**277.86**	**418.93**
Intangible assets under development												**188.31**

* Adjustments include currency movements relating to foreign operations.

Notes:

1. Additions to other Intangible assets and Intangible assets under development include:

    a) Exchange (gain) / loss aggregating to ₹ 0.30 crores capitalised as under :

    Software ₹ 0.25 crores, Technical Knowhow ₹ (0.02) crores, Intangible assets under development ₹ 0.07 crores.

    b) Expenses capitalised ₹ 128.89 crores - Refer Notes 2.3, 2.4 and 2.6 to the Financial Statements.

2. For amount of contractual commitments for the acquisition of intangible assets [Refer Note 3.12].

1.3 NON-CURRENT FINANCIAL ASSETS - INVESTMENTS

	As at March 31, 2019 Nos.	As at March 31, 2019 ₹ Crores	As at March 31, 2018 Nos.	As at March 31, 2018 ₹ Crores
I) Investment in Equity Instruments (unquoted, unless otherwise specified)				
1) Associates (accounted under equity method)				
a) Equity Shares of ₹ 10 each				
Ashok Leyland Defence Systems Limited				
Cost of Acquisition (including goodwill of ₹ 0.02 crores)	5,027,567	5.03	5,027,567	5.03
Add / Less : Group share of profit / (loss)		2.77		1.96
Carrying amount of Investment		**7.80**		**6.99**
Ashley Aviation Limited*				
Cost of Acquisition (including goodwill of ₹ 1.12 crores)			1,960,000	1.96
Less : Group share of Loss				1.39
Carrying amount of Investment		**-**		**0.57**
Mangalam Retail Services Limited				
Cost of Acquisition (including goodwill of ₹ 0.01 crores)	37,470	0.04	37,470	0.04
Add : Group share of Profit #		-		-
Carrying amount of Investment		**0.04**		**0.04**
b) Equity shares of Srilankan Rupees 10 each				
Lanka Ashok Leyland, PLC (Quoted)				
Cost of Acquisition (including goodwill of ₹ 0.21 crores)	1,008,332	0.57	1,008,332	0.57
Add : Group share of Profit		28.45		34.47
Less: Dividend Income		1.54		1.29
Carrying amount of Investment		**27.48**		**33.75**
2) Joint Ventures (accounted under equity method)				
a) Equity Shares of ₹ 10 each				
Hinduja Tech Limited				
Cost of Acquisition (including goodwill of ₹ 37 crores)	95,450,000	97.37	95,450,000	97.37
Less : Group share of Loss		70.02		78.88
Carrying amount of Investment		**27.35**		**18.49**
Ashley Alteams India Limited				
Cost of Acquisition	72,202,812	42.77	71,200,000	41.77
Less : Group share of Loss		30.85		31.33
Carrying amount of Investment		**11.92**		**10.44**
Ashok Leyland John Deere Construction Equipment Company Private Limited				
Cost of Acquisition	17,792,123	17.81	257,518,150	257.52
Less : Group share of Loss		13.31		205.06
Less: Impairment in value of investment (utilised from provision for obligation made in the prior years)		4.50		52.46
Carrying amount of Investment		**-**		**-**
3) Other investments in equity instruments (at fair value through profit or loss)				
a) Equity Shares of ₹ 10 each				
Rajalakshmi Wind Energy Limited (erstwhile Ashok Leyland Wind Energy Limited)	7,812,950	9.12	7,812,950	9.12
Chennai Willingdon Corporate Foundation #	100	-	100	-

		As at March 31, 2019		As at March 31, 2018	
		Nos.	₹ Crores	Nos.	₹ Crores
Hinduja Energy (India) Limited		61,147,058	193.47	61,147,058	192.80
OPG Power Generation Private Limited		381,500	0.43	289,415	0.32
Kamachi Industries Limited		525,000	0.53	525,000	0.53
b) Equity shares of ₹ 100 each partly paid-up					
Adyar Property Holding Co. Limited (₹ 65 paid up)#		300	-	300	-
c) Equity shares of Rials 10,00,000/- each fully paid					
Indiran Engineering Projects & Systems KISH		878	-		
Total Investment in Equity Instruments (net)	**A**		**278.14**		**273.05**
II) Investment in Preference Shares (accounted under equity method) (unquoted)					
1) Associates					
6% Cumulative Redeemable Non-Convertible Preference shares of ₹ 10 each					
Ashley Aviation Limited*		-	-	1,800,000	1.74
Less : Group share of Loss			-		1.74
Carrying amount of Investment			-		-
6% Non-Cumulative Redeemable Non-Convertible Preference shares of ₹ 10 each					
Ashley Aviation Limited*		-	-	4,000,000	2.66
Less : Group share of Loss			-		2.66
Carrying amount of Investment			-		-
6% Non-Cumulative Redeemable Non-Convertible Preference shares of ₹ 10 each					
Ashok Leyland Defence Systems Limited		10,000,000	5.15	10,000,000	4.55
Less : Group share of Loss			-		-
Carrying amount of Investment			**5.15**		**4.55**
2) Joint Ventures					
1% Non-Cumulative Redeemable Non-Convertible Preference shares of ₹ 10 each					
Hinduja Tech Limited		23,900,000	22.37	23,900,000	22.40
Total Investment in Preference Shares	**B**		**27.52**		**26.95**
III) Investment in Debentures Non-convertible Redeemable Debentures (relating to financing activities) (at amortised cost)	**C**		124.16		496.34
IV) Investment in pass-through securities (relating to financing activities) (at amortised cost)	**D**		329.30		70.50
V) Investment in mutual funds (relating to financing activities) (at amortised cost)	**E**		100.00		100.00
Total Non-Current Investments	**F=A+B+C+D+E**		**859.12**		**966.84**

* 51% stake in Ashley Aviation Limited acquired during the year

amount is below rounding off norms adopted by the Group

Notes:

1. **Particulars**	March 31, 2019	March 31, 2018
Aggregate value of quoted investments	27.48	33.75
Aggregate value of unquoted investments	836.14	985.55
Aggregate value of impairment in value of investments	4.50	52.46

2. Investments are fully paid-up shares unless otherwise stated.
3. 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.
4. Lock in commitment in the shareholders agreement: [Also refer note no. 3.12]
   Hinduja Tech Limited - 79,990,000 shares
5. Investments accounted for using equity method ₹ 102.11 crores (2018: ₹ 97.23 crores).

		As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
1.4	**NON-CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES**		
	(Unsecured)		
	Considered good		
	Related parties (Refer Note 3.9)	0.14	-
	Others	-	0.03
		0.14	**0.03**

Note:
These are carried at amortised cost.

		As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
1.5	**NON-CURRENT FINANCIAL ASSETS - LOANS**		
	(Secured, Considered good unless otherwise stated)		
	a) Loan to customer under financing activities		
	Considered good	13,188.88	10,067.80
	Considered Doubtful	94.88	91.50
		13,283.76	**10,159.30**
	(Unsecured, Considered good unless otherwise stated)		
	b) Loan to customer under financing activities		
	Considered doubtful	62.34	45.69
		62.34	**45.69**
	Less: Allowance for loans (as per expected credit loss model)	461.66	312.07
	c) Security Deposits	37.88	42.77
		12,922.32	**9,935.69**
	Notes:		
	1. Loan to customer under financing activities carried at fair value through other comprehensive income	4,192.88	-

2. These are carried at amortised cost except Note 1 above.
3. Refer Note 3.6 for disclosures relating to expected credit loss.
4. Movement in allowance for loans is as follows:

	Opening	Additions (net)	Closing
March 2019	312.07	149.59	461.66
March 2018	180.98	131.09	312.07

		As at March 31, 2019	As at March 31, 2018
1.6	**NON-CURRENT FINANCIAL ASSETS - OTHERS**		
	(Unsecured, considered good unless otherwise stated)		
	a) Other receivable *		
	Considered good	8.53	7.87
	Considered doubtful	4.34	-
	Less: Allowance for doubtful amounts	4.34	-
		8.53	**7.87**
	b) Earmarked bank balance (escrow bank accounts)	16.90	0.16
	c) Derivatives not designated in hedging relationships	-	1.76
	d) Others		
	i) Employee advances	2.11	2.34
	ii) Other advances	176.76	23.38
	iii) Bank deposits held as security (relating to financing activities) [collateral towards securitisation / assignment of receivables]	117.00	144.93
		321.30	**180.44**
	Of the employee advances mentioned above,		
	Due from Directors / Officers #	-	-

* includes receivable on sale of windmill undertaking of the Parent Company.
# amount is below rounding off norms adopted by the Group.

Notes:

1 These (except derivatives) are carried at amortised cost. Derivatives are carried at fair value through profit or loss.

2 Movement in allowance for doubtful receivables is as follows:

	March 2019	March 2018
Opening balance	-	-
Additions	4.34	-
Utilisations / Reversals	-	-
Closing balance	4.34	-

		As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
1.7 a	**DEFERRED TAX ASSETS (NET)**		
	i) Deferred tax (liabilities)	(0.67)	(1.57)
	ii) Deferred tax assets*	10.97	143.35
		10.30	**141.78**
	* Includes Unused tax credits (Minimum alternate tax credit entitlement) of ₹ Nil (2017-18: ₹ 0.62 crores)		
1.7 b	**DEFERRED TAX LIABILITIES (NET)**		
	i) Deferred tax liabilities	1,097.31	725.84
	ii) Deferred tax (assets)*	(839.55)	(427.33)
		257.76	**298.51**
	* Includes Unused tax credits (MAT credit entitlement) of ₹ 512.64 crores (March 2018: ₹ 353.90 crores).		
	Note:		
	Refer Note 3.2 for details of deferred tax liabilities and assets.		
1.8	**NON-CURRENT ADVANCE TAX ASSETS (NET)**		
	Advance income tax (net of provision)	188.44	131.83
		188.44	**131.83**
1.9	**OTHER NON-CURRENT ASSETS**		
	(Unsecured, considered good unless otherwise stated)		
	a) Prepayments under operating leases	259.90	255.23
	b) Capital Advances		
	Advances to related parties (Refer Note 3.9)		
	i) Considered good	3.48	-
	Others		
	i) Considered good	203.97	63.64
	ii) Considered doubtful	2.58	1.32
	Less: Allowance for doubtful advances	2.58	1.32
		203.97	**63.64**
	c) Balances with customs, port trust, central excise etc.		
	i) Considered good	17.09	1.72
	ii) Considered doubtful	36.77	45.06
	Less: Allowance for doubtful amounts	36.77	45.06
		17.09	**1.72**
	d) Others		
	i. Sales tax paid under protest	203.20	185.80
	ii. Other advances (includes prepaid expenses, etc) #	272.09	197.88
		475.29	**383.68**
		959.73	**704.27**

Other advances includes advance paid towards 170 acres of land allotted by State Industries Promotion Corporation of Tamil Nadu (SIPCOT), which is in the process of registration.

Note :

Movement in Allowance for doubtful amounts towards capital advances is as follows:

Particulars	March 2019	March 2018
Opening balance	1.32	2.49
Additions	1.26	-
Utilisations / Reversals	-	1.17
Closing balance	2.58	1.32

Movement in Allowance for doubtful amounts towards Balances with customs, port trust, central excise etc.is as follows:

Particulars	March 2019	March 2018
Opening balance	45.06	14.28
Additions*	0.06	30.78
Utilisations / Reversals	8.35	-
Closing balance	36.77	45.06

* Includes allowance of ₹ Nil (March 2018 ₹ 28.78 Crores) moved from current.

					As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
1.10	**INVENTORIES**					
	(a)	Raw materials and components			955.91	1,009.48
	(b)	Work-in-progress			475.30	445.38
	(c)	Finished goods			1,297.36	396.22
	(d)	Stock-in-trade				
		(i)	Commercial vehicles		68.68	80.72
		(ii)	Spare parts and auto components (including works made)		160.60	181.42
	(e)	Stores, spares and consumable tools			119.57	101.11
					3,077.42	**2,214.33**
		Less: Provision for non-moving inventory			13.99	6.65
					3,063.43	**2,207.68**
	Notes :					
	1.	Goods in transit included above are as follows:			March 2019	March 2018
		(a)	Raw materials and components		21.06	48.05
		(b)	Finished goods		1.46	-
		(c)	Stock-in-trade			
			(i)	Commercial vehicles	53.27	54.71
			(ii)	Spares parts and auto components (including works made)	0.67	-

2. Amount of inventories recognised as an expense and write down of inventories during the year is ₹ 21,598.61 crores (2017-18: ₹ 19,218.07 crores).
3 For details of assets given as security against borrowings - Refer Note 3.13

			As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
1.11	**CURRENT FINANCIAL ASSETS - INVESTMENTS**			
	(Unquoted)			
	i)	Investments in mutual funds (Units: 2019: Nil, 2018: 62,582,280) (Carried at fair value through profit or loss)	-	3,155.16
	ii)	Investments in pass through securities (relating to financing activities) (Carried at amortised cost)	325.59	177.77
	iii)	Investments in non - convertible redeemable debentures (relating to financing activities) (Carried at amortised cost)	307.17	82.81
			632.76	**3,415.74**

Note:
Investments are fully paid up.

				As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
1.12	**CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES**				
	Trade receivables - unsecured				
		Considered good			
			Related Parties (Refer Note 3.9)	28.94	34.42
			Others	2,688.24	1,141.09
		Significant increase in credit risk - Others		48.82	43.50
		Credit impaired - Others		24.18	17.97
	Less: Loss Allowance			73.00	61.47
				2,717.18	**1,175.51**

Notes:
1. Movement in loss allowance is as follows:

Particulars	March 2019	March 2018
Opening balance	61.47	48.98
Additions (net)	23.96	14.73
Utilizations / Reversals	12.43	2.24
Closing balance	73.00	61.47

2. These are carried at amortised cost.
3. For details of assets given as security against borrowings - Refer Note 3.13

				As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
1.13	**a**	**CASH AND CASH EQUIVALENTS**			
		i)	Balances with banks:		
			a) In current accounts	361.97	146.50
			b) In cash credit accounts	925.14	251.97
			c) In deposit accounts *	302.71	629.58
		ii)	Cheques, drafts on hand	137.60	175.79
		iii)	Cash and stamps on hand	39.97	14.20
				1,767.39	**1,218.04**
1.13	**b**	**BANK BALANCES OTHER THAN (a) ABOVE**			
		i)	Unclaimed dividend accounts (earmarked)	8.61	10.69
		ii)	In deposit accounts (earmarked) #	1.29	1.78
				9.90	**12.47**

* 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 and remaining maturity less than 12 months.

			As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
1.14	**CURRENT FINANCIAL ASSETS - LOANS**			
	Secured			
	a)	Loan to customer under financing activities		
		Considered good	3,886.35	3,405.93
		Considered Doubtful	1,628.51	1,062.05
			5,514.86	**4,467.98**
	Unsecured			
	b)	Loan to customer under financing activities		
		Considered good	1,207.99	712.60
		Considered Doubtful	27.58	18.01
			1,235.57	**730.61**
	c)	Loans to related parties (Considered good) [Refer Note 3.9]	45.00	45.00
	d)	Loans to others (Considered good)	1.00	5.40
	e)	Security deposits	25.46	26.58
	Less: Allowance for loans (as per expected credit loss model)		268.26	157.59
			6,553.63	**5,117.98**

Notes:

1.	Loan to customer under financing activities carried at fair value through other comprehensive income.	2,255.88	-

2. These are carried at amortised cost except Note 1 above.
3. Refer Note 3.6 for disclosures relating to expected credit loss.
4. Movement in allowance for loans is as follows:

	Opening	Additions (net)	Closing
March 2019	157.59	110.67	268.26
March 2018	119.60	37.99	157.59

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

			As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
1.15	**CURRENT FINANCIAL ASSETS - OTHERS**			
	(Unsecured, considered good unless otherwise stated)			
	a)	Interest accrued :		
		- Relating to financing activities	20.02	18.62
		- Others	2.72	1.63
	b)	Employee advances	20.06	19.29
	c)	Derivatives not designated in hedging relationships	2.48	12.77
	d)	Derivatives designated in hedging relationships	3.00	11.65
	e)	Earmarked Bank Balance (escrow bank accounts)	61.77	7.15
	f)	Related parties (Refer Note 3.9)		
		- Other advances	-	2.64
	g)	Unbilled Revenue (Refer note 3.7)	-	23.18
	h)	Revenue grants receivable		
		- Considered good	351.64	298.05
		- Considered doubtful	15.60	15.60
			367.24	**313.65**
		Less: Allowance for doubtful receivables	15.60	15.60
			351.64	**298.05**
	h)	Others (includes expenses recoverable, etc.)		
		Considered good	36.53	63.15
		Considered doubtful	21.17	0.79
			57.70	**63.94**
		Less: Allowance for doubtful amounts	21.17	0.79
			36.53	**63.15**
			498.22	**458.13**
		Of the employee advances mentioned above, Due from Directors / Officers	#	0.01

amount is below rounding off norms adopted by the Group.

Notes:

1. These (except derivatives) are carried at amortised cost. Derivatives are carried at fair value through profit or loss/ other comprehensive income.
2. For details of assets given as security against borrowings - Refer Note 3.13
3. Movement in Allowance for doubtful receivables are as follows:

Particulars	March 2019	March 2018
Opening balance	15.60	1.74
Additions	-	13.86
Utilisations / reversals	-	-
Closing balance	15.60	15.60

4. Movement in Allowance for doubtful amounts - Others (includes expenses recoverable, etc) are as follows:

Particulars	March 2019	March 2018
Opening balance	0.79	-
Additions	20.38	0.79
Utilisations / reversals	-	-
Closing balance	21.17	0.79

1.16	**CONTRACT ASSETS**			
	a.	Unbilled revenue (Refer note 3.7)	12.76	-
			12.76	**-**

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

		As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
1.17	**OTHER CURRENT ASSETS**		
	(Unsecured, considered good unless otherwise stated)		
	a) Prepayments under operating leases	2.93	3.08
	b) Advances to related parties (Refer Note 3.9)	0.71	-
	c) Supplier advances		
	i. Considered good	98.33	64.48
	ii. Considered doubtful	2.29	1.04
	Less: Allowance for doubtful advances	2.29	1.04
		98.33	**64.48**
	d) Balances with customs, port trust, central excise etc.	1,014.02	571.00
	e) Others *	116.22	177.44
		1,232.21	**816.00**
	* Includes:		
	- Input tax credit recoverable	3.49	5.43
	- Sales tax paid under protest	6.12	72.26
	- Prepaid expenses	100.79	97.84

Note:

Movement in allowance for doubtful amounts and advances is as follows:

Particulars	March 2019	March 2018
Opening balance	1.04	119.99
Additions	1.25	0.01
Utilisations / reversals	-	118.96
Closing balance	2.29	1.04

1.18	**EQUITY SHARE CAPITAL**		
	Authorised		
	27,856,000,000 (March 2018: 27,856,000,000) Equity shares of ₹ 1 each	2,785.60	2,785.60
		2,785.60	**2,785.60**
	Issued		
	a) 2,289,212,796 (March 2018: 2,280,789,621) Equity shares of ₹ 1 each	228.92	228.08
	b) 646,314,480 (March 2018: 646,314,480) Equity shares of ₹ 1 each issued through Global Depository Receipts	64.63	64.63
		293.55	**292.71**
	Subscribed and fully paid up		
	a) 2,289,212,796 (March 2018: 2,280,789,621) Equity shares of ₹ 1 each	228.92	228.08
	b) 646,314,480 (March 2018: 646,314,480) Equity shares of ₹ 1 each issued through Global Depository Receipts	64.63	64.63
		293.55	**292.71**
	Add: Forfeited shares (amount originally paid up in respect of 760 shares) #	-	-
		293.55	**292.71**

amount is below rounding off norms adopted by the Group

Notes:

1. Reconciliation of number of Equity shares subscribed	March 2019	March 2018
Balance as at the beginning of the year	2,927,104,101	2,845,876,634
Add: Issued during the year pursuant to business combination	-	80,658,292
Issued during the year (Refer Note 3.5)	8,423,175	569,175
Balance as at the end of the year	2,935,527,276	2,927,104,101

	As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores

2. Shares issued in preceding 5 years

a) Hinduja Foundries Limited (amalgamating company) merged with the Parent Company effective October 1, 2016 pursuant to the order received from National Company Law Tribunal on April 24, 2017. Consequently, 80,658,292 equity shares of ₹1 each of the Parent Company has been allotted on June 13, 2017 as fully paid up to the shareholders of the amalgamating company.

b) The Parent Company allotted 8,423,175 (March 2018: 569,175) equity shares pursuant to the exercise of options under Employee Stock Option Scheme. For information relating to Employees Stock Option Plan including details of options outstanding as at March 31, 2019 (Refer Note 3.5).

3. As on March 31, 2019, there are 353,202,640 (March 2018: 352,201,640) equity shares representing the outstanding Global Depository Receipts (GDRs). The balance GDRs have been converted into equity shares.

4. Shares held by the Holding Company

Hinduja Automotive Limited, the holding company, holds 1,164,332,742 (March 2018: 1,164,332,742) Equity shares and 5,486,669 (March 2018: 5,486,669) Global Depository Receipts (GDRs) equivalent to 329,200,140 (March 2018: 329,200,140) Equity shares of Re.1 (March 2018: Re.1) each aggregating to 50.88% (March 2018: 51.02%) of the total share capital.

5. Shareholders other than the Holding Company holding more than 5% of the equity share capital.

Nil (March 2018 : Nil)

6. Rights, preferences and restrictions in respect of equity shares and GDRs issued by the Parent 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 (March 2018: 60 equity shares) of Re. 1 each, per GDR, and their voting rights can be exercised through the Depository.

				As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
1.19	**OTHER EQUITY**				
	a)	Capital Reserve	A	263.87	263.87
	b)	Securities Premium	B	1,999.29	1,991.50
	c)	Capital Redemption Reserve	K	3.33	3.33
	d)	Debenture Redemption Reserve	C	-	37.50
	e)	Share Options Outstanding Account	D	9.11	70.12
	f)	General Reserve	E	1,018.33	954.24
	g)	Cash Flow Hedge Reserve	F	(0.28)	3.81
	h)	Foreign currency monetary item translation difference	G	(8.16)	(7.77)
	i)	Statutory Reserve	H	125.86	88.38
	j)	Foreign Currency Translation Reserve	I	2.00	(1.50)
	k)	Retained Earnings	J	4,899.20	3,724.40
	l)	Other Comprehensive Income - Fair valuation on loan relating to financing activities	L	139.47	-
				8,452.02	**7,127.88**

Refer “Consolidated Statement of Changes in Equity” for additions/deletions in each reserve.

Notes:

A. Capital reserve represents reserve created pursuant to the business combinations.

B. Securities premium 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.

C. Debenture redemption reserve represents reserve created out of profit / retained earnings at specified value of debentures to be redeemed.

D. Share options outstanding account relates to stock options granted by the Group to employees under an employee stock options plan. (Refer Note 3.5)

E. 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.

F. 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.

G. 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, 2017 are amortised by recognition as income or expense in each year over the balance term till settlement occurs but not beyond March 31, 2020.

H. The statutory reserve has been created pursuant to statutory regulations at a percentage of profit for the year.

I. 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.

J. In respect of the year ended March 31, 2019, the Board of Directors has proposed a dividend of ₹ 3.10 per equity share (March 2018: ₹ 2.43 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.

K. Capital redemption reserve represent the reserve arising pursuant to the business combination during 2016-17.

L. Other Comprehensive Income - Fair valuation on loan relating to financing activities represents gains / (losses) arising on fair valution of loan relating to financing activities carried at fair value through other comprehensive income.

				As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
1.20	**NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS**				
	a)	**Secured borrowings**			
		i)	Redeemable non-convertible debentures	1,834.17	2,086.00
		ii)	Term loan from banks	9,632.85	6,553.08
		iii)	External commercial borrowings from banks	-	9.43
		iv)	Other loans	31.18	31.18
	b)	**Unsecured borrowings**			
		i)	Subordinated Redeemable non-convertible debentures	1,169.23	1,035.00
		ii)	Term loan from banks	-	97.71
		iii)	External commercial borrowings from banks	184.28	314.28
		iv)	Interest free sales tax loans	82.94	101.41
		v)	Other subordinated loans	75.00	-
				13,009.65	**10,228.09**

Notes:

1 These are carried at amortised cost.

2 Refer Note 1.27 for Current maturities of long-term debt.

3 Refer Note 3.13 for security and terms of the borrowings.

4 The Parent Company has been authorised to issue 36,500,000 (March 2018: 36,500,000) Non-Cumulative Non-Convertible Redeemable Preference Shares of ₹ 10 each valuing ₹ 36.50 crores (March 2018: ₹ 36.50 crores) and 77,000,000 (March 2018: 77,000,000) Non-Convertible Redeemable Preference Shares of ₹ 100 each valuing ₹ 770 crores (March 2018: ₹ 770.00 crores). No preference shares issued during the year.

5 Of the above, borrowings relating to financing activities are given below:

a)	**Secured borrowings**		
	Redeemable non-convertible debentures	1,834.17	2,086.00
	Term loans from banks (Includes ₹ 432.82 crores (31 Mar 2018: ₹ 862.32 crores) towards securitisation deals)	9,529.18	6,496.83
b)	**Unsecured borrowings**		
	Subordinated Redeemable non-convertible debentures	1,169.23	1,035.00
	Other subordinated loans	75.00	-
		12,607.58	**9,617.83**

		As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
1.21	**NON-CURRENT FINANCIAL LIABILITIES - OTHERS**		
	a) Capital creditors	-	0.29
	b) Others	122.87	29.68
		122.87	**29.97**

Note:

These are carried at amortised cost.

		As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
1.22	**NON-CURRENT PROVISIONS**		
	a) Provision for employee benefits		
	i) Compensated absences	93.98	78.20
	ii) Others including post retirement benefits [Refer Note 3.3]	41.71	58.78
	b) Provision for product warranties	162.51	158.80
	c) Other provisions (includes provision for litigation)	18.67	17.54
		316.87	**313.32**

Notes:

1 Movement in Provision for product warranties is as follows:

Particulars	March 2019	March 2018
Opening balance	158.80	76.19
Additions (net of utilisations)	3.71	82.61
Closing balance	162.51	158.80

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 Other Provisions is as follows:

Particulars	March 2019	March 2018
Opening balance	17.54	-
Additions	1.13	17.54
Utilisations/Reversals	-	-
Closing balance	18.67	17.54

		As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
1.23	**CONTRACT LIABILITIES**		
	Income received in advance (Refer note 3.7)	269.02	-
		269.02	**-**
1.24	**OTHER NON-CURRENT LIABILITIES**		
	a) Income received in advance (Refer note 3.7)	-	203.74
	b) Others (includes deferred lease rent)	9.24	6.96
		9.24	**210.70**
1.25	**CURRENT FINANCIAL LIABILITIES - BORROWINGS**		
	a) Secured borrowings		
	Loans from banks	839.23	915.71
	b) Unsecured borrowings		
	Loans from banks	169.12	265.58
	Commercial papers (maximum outstanding during the year ₹ 1,300.00 crores (March 2018: ₹ 1,500.00 crores))	1,129.40	737.91
		2,137.75	**1,919.20**

Notes :

1. These are carried at amortised cost.
2. Out of the above, loans from banks in the form of short term loans, cash credit, packing credit, working capital demand loans, etc:

	March 31, 2019	March 31, 2018
- Secured	839.23	915.71
- Unsecured	169.12	265.58

3. Out of the above, borrowings relating to financing activities:

	March 31, 2019	March 31, 2018
- Secured	455.64	651.17
- Unsecured	1,129.40	737.91

4. Refer Note 3.13 for security and terms of the borrowings.

		As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
1.26	**CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES**		
	Trade payables - including acceptances		
	a) Total outstanding dues of micro enterprises and small enterprises [Refer Note 3.17]	13.79	12.42
	b) Total outstanding dues of creditors other than micro enterprises and small enterprises	5,165.23	5,041.11
		5,179.02	**5,053.53**

Note:

These are carried at amortised cost.

1.27	**CURRENT FINANCIAL LIABILITIES - OTHERS**		
	a) Current maturities of long-term debt	4,020.51	3,643.75
	b) Interest accrued but not due on borrowings	236.44	211.72
	c) Unclaimed dividends	8.61	10.69
	d) Employee benefits	480.17	312.77
	e) Capital creditors	135.69	115.86
	f) Derivatives not designated in hedging relationships	-	39.88
	g) Derivatives designated in hedging relationships	5.50	5.86
	h) Assignees towards collections in assigned assets (relating to financing activities)	225.72	228.21
	i) Others*	899.83	722.59
		6,012.47	**5,291.33**
	* Includes:		
	Accrued expenses / liabilities	616.54	693.76
	Refund liabilities (Refer note 3.7)	267.30	-

Notes :

1. These (except derivatives) are carried at amortised cost. Derivatives are carried at fair value through profit or loss/ other comprehensive income.
2. Refer Note 3.13 for security and terms of the borrowings.
3. Current maturities of long term debts include ₹ 3,768.45 crores (2018: ₹ 3,011.93 crores) relating to financing activities.
4. Interest accrued but not due on borrowings include ₹ 232.35 crores (2018: ₹ 193.52 crores) relating to financing activities.

1.28	**CONTRACT LIABILITIES**		
	a) Income received in advance (Refer note 3.7)	366.43	-
	b) Advance from customers (Refer note 3.7)	448.37	-
		814.80	**-**

1.29	**OTHER CURRENT LIABILITIES**		
	a) Income received in advance (Refer note 3.7)	-	100.50
	b) Advance from customers (Refer note 3.7)	-	818.90
	c) Statutory liabilities	482.20	282.04
	d) Accrued gratuity (Refer note 3.3)	37.28	68.74
	e) Others	42.57	10.89
		562.05	**1,281.07**

			As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
1.30	**CURRENT PROVISIONS**			
	a)	Provision for employee benefits		
		i) Compensated absences	15.29	15.63
		ii) Others including Post retirement benefits [Refer Note 3.3]	22.61	32.96
	b)	Others		
		i) Provision for product warranties	333.09	286.08
		ii) Provision for obligations	81.00	81.00
		iii) Other provisions (including litigation matters)	157.51	218.34
			609.50	**634.01**

Notes:

1. Movement in Provision for product warranties is as follows:

	Opening	Add: Additions (net of utilisations)	Closing
March 2019	286.08	47.01	333.09
March 2018	197.39	88.69	286.08

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	Utilisations / Reversals	Closing
March 2019	81.00	-		81.00
March 2018	81.00	-	-	81.00

3. Movement in Other Provision (including litigation matters) is as follows:

	Opening	Additions	Utilisations / Reversals	Closing
March 2019	218.34	18.26	79.09	157.51
March 2018	33.93	205.84	21.43	218.34

		As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
1.31	**CURRENT TAX LIABILITIES (NET)**		
	Provision for taxation (net of advance tax)	0.27	12.34
		0.27	**12.34**

					Year ended March 31, 2019 ₹ Crores	Year ended March 31, 2018 ₹ Crores
2.1	**REVENUE FROM OPERATIONS**					
	a)	Sale of products				
		-	Commercial vehicles			
			Manufactured		25,224.73	23,305.92
			Traded		933.42	851.18
		-	Engines and gensets		903.92	778.07
		-	Ferrous castings and patterns		516.38	498.26
		-	Spare parts and others		1,984.24	2,036.54
				(A)	**29,562.69**	**27,469.97**
	b)	Sale of services			911.33	436.04
				(B)	**911.33**	**436.04**
	c)	Interest / finance income relating to financing activities		**(C)**	2,703.03	2,033.78
	d)	Other operating revenues				
		-	Grant Income		250.78	207.16
		-	Export incentives		61.16	83.39
		-	Scrap sales		125.30	104.18
		-	Others		6.36	0.25
				(D)	**443.60**	**394.98**
				(A+B+C+D)	33,620.65	30,334.77
		Less : Rebate and discounts			423.81	417.66
					33,196.84	**29,917.11**

Notes:

INDAS 115 is applicable from April 1, 2018 (Refer Note 3.7)

2.2	**OTHER INCOME**				
	a)	Interest income from			
		i)	Non-current investments	0.16	0.02
		ii)	Loans to related parties (Refer note 3.9)	3.43	7.86
		iii)	Others	38.10	32.42
				41.69	**40.30**
	b)	Profit on sale of investments (net)			
		Current investments		46.89	43.37
	c)	Other non-operating income			
		i)	Profit on sale of property, plant and equipment (net)	4.62	5.99
		ii)	Foreign exchange gain (net)	-	55.44
		iii)	Net gain / (loss) arising on financial asset mandatorily measured at FVTPL	1.91	5.36
		iv)	Others	32.95	48.68
				39.48	**115.47**
				128.06	**199.14**

2.3	**EMPLOYEE BENEFITS EXPENSE**			
	a)	Salaries and wages	2,326.85	1,908.12
	b)	Contribution to provident and other funds	126.78	115.10
	c)	Share based payment costs *	3.48	53.65
	d)	Staff welfare expenses	240.04	209.58
			2,697.15	**2,286.45**
	Less: Expenses capitalised		57.30	28.97
			2,639.85	**2,257.48**

* For share options given by the Group to employees under employee stock option plan - Refer Note 3.5.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

				Year ended March 31, 2019 ₹ Crores	Year ended March 31, 2018 ₹ Crores
2.4	**FINANCE COSTS**				
	a)	Interest expense		119.85	174.38
	b)	Interest relating to financing activities		1,402.06	1,057.88
				1,521.91	**1,232.26**
		Less: Expenses capitalised		19.67	4.88
				1,502.24	**1,227.38**

Notes:

1. The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's general borrowings during the year, in this case 5.94% (March 31, 2018 - 5.31%).

				Year ended March 31, 2019 ₹ Crores	Year ended March 31, 2018 ₹ Crores
2.5	**DEPRECIATION AND AMORTISATION EXPENSE**				
	A)	**Property, plant and equipment**			
		i)	Buildings	67.20	65.56
		ii)	Plant and equipment	438.08	438.56
		iii)	Furniture and fittings	10.73	10.19
		iv)	Vehicles	26.86	21.68
		v)	Office equipment	22.85	18.82
		vi)	Assets given on lease		
			- Buildings	0.24	0.24
			- Plant and equipments	-	#
			- Aircraft	10.74	6.49
			- Furniture and fittings	0.05	0.05
		vii)	Electrical and other installations on lease hold premises	0.17	0.20
			(A)	**576.92**	**561.79**
	B)	**Intangible assets**			
		i)	Computer software		
			- Developed	13.31	13.33
			- Acquired	21.67	14.57
		ii)	Technical knowhow		
			- Developed	39.83	34.87
			- Acquired	23.83	21.33
			(B)	**98.64**	**84.10**
			(A + B)	**675.56**	**645.89**

amount is below rounding off norm adopted by the Group.

			Year ended March 31, 2019 ₹ Crores	Year ended March 31, 2018 ₹ Crores
2.6	**OTHER EXPENSES**			
	(a)	Consumption of stores and tools	133.74	111.30
	(b)	Power and fuel	260.42	238.51
	(c)	Rent	65.22	58.98
	(d)	Repairs and maintenance		
		- Buildings	55.01	59.16
		- Plant and machinery	199.83	185.31
		- Others	3.68	8.45
	(e)	Insurance	26.63	34.62
	(f)	Rates and taxes, excluding taxes on income	26.37	46.12
	(g)	Research and development	201.41	134.90
	(h)	Service and product warranties	568.46	480.16
	(i)	Packing and forwarding charges	746.16	773.16
	(j)	Selling and administration expenses (net)	1,150.55	1,117.27
	(k)	Annual maintenance contracts	189.67	167.48
	(l)	Service provider fees	69.65	58.69
	(m)	Impairment loss allowance / write off on trade receivable (net)	25.55	30.88
	(n)	Impairment loss allowance / write off on trade receivable / grant income receivable (net)	(33.04)	13.86
	(o)	Impairment loss allowance / write off relating to financing activities	569.76	487.80
			4,259.07	**4,006.65**
	Less: Expenses capitalised		210.69	95.04
			4,048.38	**3,911.61**
	Note:			
	Selling and administration expenses include:			
	-	Directors' sitting fees	0.85	0.82
	-	Commission to Non Whole-time Directors	14.47	12.19
2.7	**EXCEPTIONAL ITEMS :**			
	a)	Impairment reversal in the value of investments (net) (including impact of capital reduction)		
		- Ashok Leyland John Deere Construction Equipment Company Private Limited	34.79	-
		(Under liquidation) [Refer note 3.9]		
	b)	(Loss) on sale of immovable properties	(15.94)	-
	c)	Obligation relating to discontinued products of LCV division	(17.09)	(12.73)
	d)	Gain on disposal of interest in a former associate	0.99	-
			2.75	**(12.73)**

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

a 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.

b 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.

c 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 Consoildated Financial Statements as Goodwill.

d 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.

e 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.

f 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
			March 31, 2019	March 31, 2018
1	Hinduja Leyland Finance Limited and its subsidiary (includes controlled trust for March 2018)	India	61.84%	61.85%
2	Global TVS Bus Body Builders Limited	India	66.67%	66.67%
3	Gulf Ashley Motor Limited	India	92.98%	92.98%
4	Optare Plc and its subsidiaries	UK	99.11%	99.08%
5	Ashok Leyland (UK) Limited (since liquidated on 10th April, 2018)@	UK	Not Applicable	100.00%
6	Ashok Leyland (Nigeria) Limited	Nigeria	100.00%	100.00%
7	Ashok Leyland (Chile) SA*	Chile	100.00%	100.00%
8	HLF Services Limited	India	82.38%	82.39%
9	Albonair (India) Private Limited	India	100.00%	100.00%
10	Albonair GmbH and its subsidiary*	Germany	100.00%	100.00%
11	Ashok Leyland (UAE) LLC and its subsidiaries (including beneficial interest)	UAE	100.00%	100.00%
12	Ashley Aviation Limited (from January 1, 2019)	India	100.00%	Not Applicable

The Scheme of amalgamation of the three wholly owned subsidiaries viz. Ashok Leyland Vehicles Limited, Ashley Powertrain Limited and Ashok Leyland Technologies Limited with the Parent Company has been approved by the National Company Law Tribunal on December 17, 2018 and filed with registrar of companies on December 21, 2018, the Scheme has become effective from the appointed date i.e., April 1, 2018.

@ 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, 2019.

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
			March 31, 2019	March 31, 2018
1	Ashley Alteams India Limited	India	50.00%	50.00%
2	Ashok Leyland John Deere Construction Equipment Company Private Limited # (Under liquidation)	India	50.00%	50.00%
3	Hinduja Tech Limited ##	India	62.00%	62.00%

The Parent Company along with its subsidiary Gulf Ashley Motor Limited holds 50% interest. The financial statements of the joint venture has not been prepared using going concern assumption as it is under liquidation. The operations of the joint venture is not significant to the operations of the Group.

Not a subsidiary due to contractual arrangement between shareholders

h) 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
			March 31, 2019	March 31, 2018
1	Ashok Leyland Defence Systems Limited	India	48.49%	48.49%
2	Mangalam Retail Services Limited	India	37.48%	37.48%
3	Ashley Aviation Limited (upto December 31, 2018)	India	Not Applicable	49.00%
4	Lanka Ashok Leyland Plc	Sri Lanka	27.85%	27.85%

Rajalakshmi Wind Energy Limited (erstwhile Ashok Leyland Wind Energy Limited) where the Parent Company holds 26% is not treated as associate under Ind AS as the Group does not exercise significant influence over the entity.

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 ₹ Crores	As a % of Consolidated Profit or (Loss)	Amount ₹ Crores	As a % of Consolidated Profit or (Loss)	Amount ₹ Crores	As a % of Consolidated Profit or (Loss)	Amount ₹ Crores
	Parent Company								
1	Ashok Leyland Limited	95.28	8,332.43	95.41	1,983.20	(48.09)	(46.68)	89.00	1,936.52
	Indian Subsidiaries								
2	Hinduja Leyland Finance Limited and its subsidiary (includes controlled trust for March 2018)	31.62	2,764.89	14.40	299.35	233.30	226.47	24.16	525.82
3	Global TVS Bus Body Builders Limited	0.46	40.60	0.08	1.57	(0.04)	(0.04)	0.07	1.53
4	Gulf Ashley Motor Limited	0.66	57.86	1.28	26.71	0.19	0.18	1.23	26.89
5	HLF Services Limited	0.05	4.41	0.06	1.34	0.14	0.14	0.07	1.48
6	Albonair (India) Private Limited	0.13	11.44	(0.11)	(2.23)	0.02	0.02	(0.10)	(2.21)
7	Ashley Aviation Limited (from 1st January, 2019)	(0.06)	(5.67)	(0.03)	(0.52)	-	-	(0.02)	(0.52)
	Foreign Subsidiaries								
8	Ashok Leyland (Nigeria) Limited	0.01	1.14	0.02	0.34	-	-	0.02	0.34
9	Ashok Leyland (Chile) S.A	(0.02)	(1.55)	(0.06)	(1.23)	-	-	(0.06)	(1.23)
10	Optare Plc UK and its subsidiaries	(0.23)	(20.20)	(4.10)	(85.33)	(1.05)	(1.02)	(3.97)	(86.35)
11	Ashok Leyland (UAE) LLC and its subsidiaries	0.03	3.03	(4.27)	(88.86)	6.78	6.58	(3.78)	(82.28)
12	Albonair GmbH and its subsidiary	0.37	32.70	(0.02)	(0.46)	0.15	0.15	(0.01)	(0.31)
13	**Non controlling Interest in all subsidiaries**	**(12.29)**	**(1,075.07)**	**(5.58)**	**(115.90)**	**(89.05)**	**(86.44)**	**(9.30)**	**(202.34)**
	Associates (Investment as per the equity method)								
	Indian								
14	Ashley Aviation Limited (up to 31st December, 2018)	-	-	(0.03)	(0.57)	-	-	(0.03)	(0.57)
15	Ashok Leyland Defence Systems Limited	0.15	12.95	0.05	1.04	-	-	0.05	1.04
16	Mangalam Retail Services Limited	0.00	0.04	-	-	-	-	-	-
	Foreign								
17	Lanka Ashok Leyland PLC	0.31	27.48	0.07	1.39	(2.20)	(2.14)	(0.03)	(0.75)
	Joint Ventures (Investment as per the equity method)								
	Indian								
18	Ashley Alteams India Limited	0.14	11.92	0.02	0.45	(0.04)	(0.04)	0.02	0.41
19	Ashok Leyland John Deere Construction Equipment Company Private Limited (under liquidation)	-	-	-	-	-	-	-	-
20	Hinduja Tech Limited	0.57	49.72	0.43	8.97	(0.11)	(0.11)	0.41	8.86
	Sub Total	**117.18**	**10,248.12**	**97.62**	**2,029.26**	**100.00**	**97.07**	**97.73**	**2,126.33**
	Add/(Less): Effect of intercompany adjustments / eliminations	(17.18)	(1,502.55)	2.38	49.44	-	-	2.27	49.44
	Total	**100.00**	**8,745.57**	**100.00**	**2,078.70**	**100.00**	**97.07**	**100.00**	**2,175.77**
	Note:								
	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.								

3.2 Income Taxes Relating to Continuing Operations

3.2.1 Income tax recognised in profit or loss

		Year ended March 31, 2019	Year ended March 31, 2018
		₹ Crores	₹ Crores
Current tax			
In respect of the current year		526.04	790.27
In respect of prior years		(0.37)	(0.99)
	A	**525.67**	**789.28**
Deferred tax			
In respect of the current year		151.39	(38.17)
	B	**151.39**	(38.17)
Total income tax expense recognised in the Consolidated profit or loss	**(A+B)**	**677.06**	**751.11**

3.2.2 Income tax expense for the year reconciled to the accounting profit:

	Year ended March 31, 2019	Year ended March 31, 2018
Profit before tax	2,871.66	2,564.93
Applicable Income tax rate	34.944%	34.608%
Income tax expense	1,003.47	887.67
Effect of income / credit (reversals) that is exempt from taxation	(0.03)	0.39
Effect on exceptional items, benefits recognised upon amalgamation, disallowances and reversals (net)	(180.07)	-
Effect of exceptional items, disallowances and reversals (net)	(24.65)	31.20
Effect of previously unrecognised and unused tax losses and deductible temporary differences	(16.05)	(19.58)
Effect of concessions and other allowances (including tax holiday and weighted deduction for research and development expenditure)	(232.87)	(141.69)
Effect of taxable / deductible temporary differences and tax holiday benefits relating to earlier year (net)	70.72	-
Effect of different tax rates of subsidiaries / branches operating in overseas jurisdictions	61.26	(3.81)
Effect of other adjustments	(4.35)	(2.08)
	677.43	**752.10**
Adjustments recognised in the current year in relation to the current tax of prior years	(0.37)	(0.99)
Income tax expense recognised in Consolidated profit or loss	**677.06**	**751.11**

3.2.3 Income tax recognised in other comprehensive income

		Year ended March 31, 2019	Year ended March 31, 2018
Deferred tax:			
Arising on income and expenses recognised in other comprehensive income:			
Fair value remeasurement of hedging instruments entered into for cash flow hedges		(0.08)	(2.27)
Gain/(Loss) on fair valuation of loans (relating to financing activities)		(121.20)	-
Remeasurement of defined benefit obligation		22.31	11.92
	A	**(98.97)**	**9.65**
Arising on income and expenses reclassified from equity to profit or loss:			
Relating to cash flow hedges		2.27	9.22
	B	**2.27**	**9.22**
Total income tax recognised in other comprehensive income	**(A+B)**	**(96.70)**	**18.87**
Bifurcation of the income tax recognised in other comprehensive income into:			
Items that will not be reclassified to profit or loss		22.31	11.92
Items that will be reclassified to profit or loss		(119.01)	6.95
		(96.70)	**18.87**

3.2 Income taxes relating to continuing operations (continued)

3.2.4 Analysis of deferred tax asset/liabilities:

₹ Crores

	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Other adjustments	Utilisation of unused tax credits	Closing balance
March 31, 2019						
Deferred tax assets (net)						
Property, plant, and equipment and Intangible Assets	(1.38)	0.74	-	-	-	(0.64)
Provision for impairment of financial assets and Gain on fair valuation of loan relating to financing activities	139.05	(139.11)	-	0.06	-	-
Unused tax losses (including unabsorbed depreciation)	2.07	0.12	-	-	-	2.19
Expenditure allowed upon payments	1.61	(0.94)	(0.02)	-	-	0.65
Unused tax credit (MAT credit entitlement)	0.62	-	-	-	(0.62)	-
Other temporary differences	(0.19)	9.12	-	(0.83)	-	8.10
	141.78	**(130.07)**	**(0.02)**	**(0.77)**	**(0.62)**	**10.30**
Deferred tax liabilities (net)						
Property, plant, and equipment and Intangible Assets	723.12	202.77	-	-	-	925.89
Voluntary retirement scheme compensation	(13.31)	6.96	-	-	-	(6.35)
Expenditure allowed upon payments	(60.13)	24.93	(22.33)	-	-	(57.53)
Provision for impairment of financial assets and Gain on fair valuation of loan relating to financing activities	-	(160.21)	121.20	-	-	(39.01)
Unused tax credit (MAT credit entitlement)	(353.90)	-	-	-	(158.74)	(512.64)
Cash flow hedges	2.27	-	(2.19)	-	-	0.08
Other temporary differences	0.46	(53.13)	-	(0.01)	-	(52.68)
	298.51	**21.32**	**96.68**	**(0.01)**	**(158.74)**	**257.76**

₹ Crores

	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Other adjustments	Utilisation of unused tax credits	Closing balance
March 31, 2018						
Deferred tax assets (net):						
Property, plant, and equipment and Intangible Assets	(1.86)	0.48	-	-	-	(1.38)
Provision for impairment of financial assets and Gain on fair valuation of loan relating to financing activities	103.49	35.70	(0.14)	-	-	139.05
Unused tax losses (including unabsorbed depreciation)	2.30	(0.23)	-	-	-	2.07
Expenditure allowed upon payments	1.07	0.54	-	-	-	1.61
Unused tax credit (MAT credit entitlement)	0.99	(0.39)	0.02	-	-	0.62
Other temporary differences	7.49	(7.02)	(0.03)	(0.63)	-	(0.19)
	113.48	**29.08**	**(0.15)**	**(0.63)**	**-**	**141.78**
Deferred tax liabilities (net):						
Property, plant, and equipment and Intangible Assets	713.51	9.61	-	-	-	723.12
Voluntary retirement scheme compensation	(23.26)	9.95	-	-	-	(13.31)
Expenditure allowed upon payments	(37.28)	(10.78)	(12.07)	-	-	(60.13)
Unused tax credit (MAT credit entitlement)	(553.58)	-	-	-	199.68	(353.90)
Cash flow hedges	9.22	-	(6.95)	-	-	2.27
Other temporary differences	18.31	(17.87)	-	0.02	-	0.46
	126.92	**(9.09)**	**(19.02)**	**0.02**	**199.68**	**298.51**

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.

3.2 Income taxes relating to continuing operations (continued)

3.2.5 Unrecognised deductible temporary differences, unused tax losses and unused tax credits

₹ Crores

	As at March 31, 2019	As at March 31, 2018
- Unused tax losses	1,038.21	1,423.19
- Unused capital losses	287.57	318.90
- Unabsorbed depreciation	1.88	480.87
	1,327.66	**2,222.96**

Notes:

1. These will expire in various years upto 2026-27, except unabsorbed depreciation and unused tax loss in jurisdiction where there is no time limit for expiry.
2. The above are gross amounts on which appropriate tax rates would apply.

3.3 RETIREMENT BENEFIT PLANS

3.3.1 Defined contribution plans

Eligible employees of the Group (entities in India) 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 irrevocable trusts by the Group and registered provident fund administered by the Government of India as the case maybe. 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. To the extent of interest rate guarantee it is classified as defined benefit plan. The Group also has a superannuation plan.

The total expense recognised in consolidated profit or loss of ₹ 106.79 crores (2017-18: ₹ 102.61 crores) represents contribution paid/payable to these plans by the Group at rates specified in the plan.

3.3.2 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 15 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. For the funded gratuity the Group makes annual contributions to Life Insurance Corporation of India/SBI Life Insurance Company Limited.

Group's liability towards gratuity (funded / unfunded), provident fund (interest guarantee), other retirement benefits and compensated absences are actuarially determined at each reporting date using the projected unit credit method as applicable.

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.

3.3 Retirement benefit plans (continued)

Provident Fund Trust - Actuarial valuation of interest guarantee

Group has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. The administered rates are determined annually predominantly considering the social rather than the economic factors and in most cases, the actual return earned by the Group has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by the Actuarial Society of India and based on the assumptions provided below, there is no shortfall as at March 31, 2019 and March 31, 2018 respectively.

Fund and plan asset position are as follows:

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ Crores	₹ Crores
Plan asset at the end of the year	1,176.13	1,064.14
Present value of benefit obligation at the end of the year	1,160.34	1,049.37
Asset recognized in Balance Sheet	-	-
The plan assets are primarily invested in government securities.		
Assumptions for present value obligation of the interest rate guarantee:		
Discount rate	7.64%	7.68%
Remaining term to maturity of portfolio (years)	11.80	11.80
Expected guaranteed interest rate		
First year	8.65%	8.55%
Thereafter	8.50%	8.50%
Attrition rate	3.00%	3.00%

Significant actuarial assumption for the determination of the defined obligation is discount rate. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period.

Present value of benefit obligation at the end of the year - Interest guarantee only	3.38	4.69
If the discount rate is 50 basis points higher/lower, the defined benefit obligation would:		
decrease by	0.15	0.18
increase by	0.16	0.19

3.3.3 The principal assumptions used for the purposes of the actuarial valuations were as follows:

Gratuity		
Discount rate	7.00% to 7.65%	7.08% to 7.71%
Expected rate of salary increase	5.00% to 10.00%	4.00% to 10.00%
Average Longevity at retirement age - past service	3.40 to 15.60	3.70 to 15.90
Average Longevity at retirement age - future service	5.59 to 18.00	9.00 to 15.40
Attrition rate	1% to 15.00%	3% to 10.00%
Compensated Absences		
Discount rate	7.00% to 7.65%	7.60% to 7.68%
Expected rate of salary increase	5.00% to 10.00%	4.00% to 10.00%
Attrition rate	1% to 15.00%	3% to 10.00%
Other defined benefit plans		
Discount rate	7.64%	7.68%

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.

3.3 Retirement benefit plans (continued)

3.3.4 Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:

Particulars	As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
Gratuity		
Current service cost	18.19	14.50
Net interest expense	0.98	1.26
Components of defined benefit costs recognised in Consolidated profit or loss (A)	**19.17**	**15.76**
Remeasurement on the net defined benefit liability comprising:		
Actuarial (gain)/loss arising from changes in demographic assumptions	(0.03)	(0.13)
Actuarial (gain)/loss arising from changes in financial assumptions	24.18	22.58
Actuarial (gain)/loss arising from experience adjustments	42.13	11.21
Actuarial (gain)/loss on plan assets	(2.61)	0.19
Components of defined benefit costs recognised in other comprehensive income (B)	**63.67**	**33.85**
Total (A+B)	**82.84**	**49.61**
Compensated Absences and other defined benefit plans		
Current service cost	13.71	10.55
Net interest expense	7.27	5.71
Actuarial (gain)/loss arising from changes in financial assumptions	6.85	7.24
Actuarial (gain)/loss arising from experience adjustments	(3.03)	2.00
Components of defined benefit costs recognised in Consolidated profit or loss	**24.80**	**25.50**

The current service cost and the net interest expense for the year relating to gratuity and compensated absences and other defined benefit plans are included in the ''Contribution to provident and other funds'' and "Salaries and wages" respectively under employee benefits expense' in Consolidated profit or loss [Refer Note 2.3].

3.3.5 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	362.74	297.59
Fair value of plan assets	325.02	228.65
Net (liability) arising from defined benefit obligation	**(37.72)**	**(68.94)**
Funded	(37.28)	(68.74)
Unfunded	(0.44)	(0.20)
Net (liability) arising from defined benefit obligation	**(37.72)**	**(68.94)**
Compensated Absences and other defined benefit plans		
Present value of defined benefit obligation	112.61	95.94
Fair value of plan assets	-	-
Net liability arising from defined benefit obligation (unfunded)	**112.61**	**95.94**

Funded gratuity is reflected in 'Accrued gratuity' under other current liabilities, unfunded gratuity and Compensated absences is reflected in 'Others including post retirement benefits' under provisions. [Refer Notes 1.22, 1.29 and 1.30]

3.3 Retirement benefit plans (continued)

3.3.6 Movements in the present value of the defined benefit obligation in the current year were as follows:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
	₹ Crores	₹ Crores
Gratuity		
Opening defined benefit obligation	297.59	252.01
Unclaimed gratuity towards retired employees	-	13.26
Current service cost	18.19	14.50
Interest cost	21.36	17.57
Actuarial (gain)/loss arising from changes in demographic assumptions	(0.03)	(0.13)
Actuarial (gain)/loss arising from changes in financial assumptions	24.18	22.58
Actuarial (gain)/loss arising from experience adjustments	42.13	11.21
Benefits paid	(40.68)	(33.41)
Closing defined benefit obligation	**362.74**	**297.59**
Compensated Absences and other defined benefit plans		
Opening defined benefit obligation	95.94	89.73
Current service cost	13.71	10.55
Interest cost	7.27	5.71
Actuarial (gain)/loss arising from changes in financial assumptions	6.85	7.24
Actuarial (gain)/loss arising from experience adjustments	(3.03)	2.00
Benefits paid	(8.13)	(19.29)
Closing defined benefit obligation	**112.61**	**95.94**

3.3.7 Movements in the fair value of plan assets were as follows:

Gratuity		
Opening fair value of plan assets	228.65	224.83
Interest on plan assets	20.38	16.31
Remeasurements due to actual return on plan assets less interest on plan assets	2.61	0.19
Contributions	114.06	20.73
Benefits paid	(40.68)	(33.41)
Closing fair value of plan assets	**325.02**	**228.65**

The actual return on plan assets was ₹ 22.99 crores (2017-18: ₹ 16.50 crores).

3.3 Retirement benefit plans (continued)

3.3.8 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.

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ Crores	₹ Crores
Gratuity		
If the discount rate is 50 basis points higher / lower, the defined benefit obligation would:		
decrease by	12.33	10.45
increase by	12.77	11.09
If the expected salary increases / decreases by 50 basis points, the defined benefit obligation would:		
increase by	13.24	11.58
decrease by	12.87	10.97
Compensated Absences		
If the discount rate is 50 basis points higher / lower, the defined benefit obligation would:		
decrease by	4.58	3.28
increase by	4.94	3.51
If the expected salary increases / decreases by 50 basis points, the defined benefit obligation would:		
increase by	4.74	3.60
decrease by	4.52	3.39

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 ₹ 49.35 crores (as at March 2018: ₹ 69.21 crores) to the defined benefit plans (gratuity - funded) during the next financial year.

The average duration of the benefit obligation (gratuity) is 7.7 years (as at March 2018: 7.4 years).

3.4 Earnings per share

	Year ended March 31, 2019	Year ended March 31, 2018
	₹ Crores	₹ Crores
Basic earnings per share	7.08	6.02
Diluted earnings per share	7.08	6.00
Face value per share	1.00	1.00

3.4.1 Basic and diluted earnings per share

Profit for the year attributable to owners of the Parent Company	2,078.70	1,760.38

	Year ended March 31, 2019	Year ended March 31, 2018
	Nos.	Nos.
Weighted average number of equity shares used in the calculation of basic earnings per share	2,934,677,218	2,926,770,393
Adjustments :		
Dilutive effect - Number of shares relating to employee stock options	128,491	7,762,639
Weighted average number of equity shares after adjustment for effect of dilution	**2,934,805,709**	**2,934,533,032**

3.5 SHARE BASED PAYMENTS

3.5.1 Details of employees stock option plan of the Group

The Group has Employees Stock Options Plan (ESOP) scheme granted to employees which has been approved by the shareholders of the Group. In accordance with the terms of the plan, eligible employees may be granted options to purchase equity shares of the Group if they are in service on exercise of the grant. Each employee share option converts into one equity share of the Group 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 *	2,845,875	September 29, 2016	April 1, 2026	80.00	37.43
ESOP 2	7,454,000	January 25, 2017	March 31, 2024	1.00	80.04
ESOP 3 (Refer Note below)	2,000,000	July 19, 2017	July 19, 2027	83.50	57.42
ESOP 4 (Refer Note below)	1,000,000	November 13, 2018	November 13, 2028	109.00	55.47
ESOP 5 (Refer Note below)	13,100,000	March 20, 2019	March 20, 2030	91.40	40.19

* ESOP 1 lapsed as it fails to comply with vesting conditions.

Note:

Under ESOP 3, ESOP 4 and ESOP 5 shares vest on varying dates within the expiry date mentioned above with an option life of 5 years after vesting.

3.5.2 Fair value of share options granted during the year

The weighted average fair value of the stock options granted during the financial year is ₹ 41.27 (2017-18: ₹ 55.47). 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 volatitlity.

Inputs into the model:	**2017-18**	**2018-19**	
	ESOP 3	ESOP 4	ESOP 5
Grant date share price (₹)	106.85	118.30	91.40
Exercise price (₹)	83.50	109.00	91.40
Expected volatility	37.70% to 42.90%	37.52% to 39.70%	37.40% to 40.48%
Option life (Refer Note 3.4.1)	6 - 10 years	6 - 10 years	9- 11 years
Dividend yield	1.46	2.05	2.66
Risk-free interest rate	6.44% to 6.66%	7.42% to 7.58%	7.19% to 7.29%

3.5.3 Movements in share options during the year

	Year ended March 31, 2019	Weighted average exercise price	Year ended March 31, 2018	Weighted average exercise price
	Numbers	(₹)	Numbers	(₹)
Opening at the beginning of the year	11,730,700	30.40	10,299,875	22.83
Granted during the year	14,100,000	92.65	2,000,000	83.50
Forfeited during the year	1,707,525	80.00	-	-
Exercised during the year	8,423,175	10.26	569,175	80.00
Balance at the end of the year	15,700,000	91.72	11,730,700	30.40

Weighted Average share price on date of exercise of option ₹ 139.44 (₹ 128.60).

3.5.4 Share options vested but not exercised during the year

Nil (Year ended March 31, 2018: ESOP 2 - 3,727,000 options)

3.5.5 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 ₹ 91.72 (as at March 31, 2018: ₹ 30.40) and a weighted average remaining contractual life of 9.5 years (as at March 31, 2018: 6.9 years).

3.6 FINANCIAL INSTRUMENTS

3.6.1 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 involvments. 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, 2019	March 31, 2018
Debt (long-term and short-term borrowings including current maturities)*	19,167.91	15,791.04
Total equity	9,820.64	8,245.92
Debt equity ratio	1.95	1.92
* includes borrowing in relation to financing activity	17,961.07	14,018.84

The Group is required to comply with certain covenants under the Facility Agreements executed for its borrowings, which is monitored for compliance.

3.6.2 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 predictablity 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, 2019 (all amounts are in equivalent ₹ crores):

	Liabilities			Assets			
Currency	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	Net overall exposure on the currency - net assets / (net liabilities)
USD	816.56	230.72	585.84	242.93	135.78	107.15	(478.69)
EUR	9.61	9.28	0.33	3.38	-	3.38	3.05
GBP	2.97	0.53	2.44	-	-	-	(2.44)
JPY	3.02	1.24	1.78	-	-	-	(1.78)
Others	25.73	-	25.73	98.69	-	98.69	72.96

3.6 Financial Instruments (continued)

As on March 31, 2018 (all amounts are in equivalent ₹ crores):

	Liabilities			Assets			
Currency	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	Net overall exposure on the currency - net assets / (net liabilities)
USD	1,218.93	121.12	1,097.81	283.86	78.35	205.51	(892.30)
EUR	12.72	2.08	10.64	9.67	-	9.67	(0.97)
GBP	0.77	-	0.77	0.51	-	0.51	(0.26)
JPY	125.20	40.36	84.84	5.42	-	5.42	(79.42)
Others	4.68	-	4.68	13.01	-	13.01	8.33

Note - Some of the derivatives reported under “Exposure hedged using derivatives” 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 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.

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 Group’s sensitivity movement in increase/decrease in foreign currency exposures(net):

₹ Crores

	USD impact	
	March 31, 2019	March 31, 2018
Profit or loss	9.57	17.85
Equity	10.14	38.28

	EUR impact	
	March 31, 2019	March 31, 2018
Profit or loss	0.06	0.02
Equity	0.06	0.26

	GBP impact	
	March 31, 2019	March 31, 2018
Profit or loss	0.05	0.01
Equity	0.09	0.02

	JPY impact	
	March 31, 2019	March 31, 2018
Profit or loss	0.04	1.59
Equity	0.04	1.45

	Impact of other currencies	
	March 31, 2019	March 31, 2018
Profit or loss	1.46	0.17
Equity	1.46	0.17

3.6 Financial Instruments (continued)

The following table details the foreign currency forward contracts outstanding at the end of the reporting period:

		Foreign currency (in Crores)		Notional value (₹ Crores)		Fair value assets (liabilities)* (₹ Crores)		Maturity Date		Hedge ratio		Weighted Average Rate	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Cash flow hedges:													
Buy USD	USD	0.41	0.35	28.57	23.11	(0.16)	0.18	May 2019 - Aug 2019	May 2018 - June 2018	1:1	1:1	USD 1 : INR 70.42	USD 1 : INR 65.16
Sell USD	USD	-	16.03	-	1,044.78	-	5.35	-	April 2018 - Feb 2019	-	1:1	-	USD 1 : INR 66.71
Sell USD - Buy EUR	EUR	-	0.15	-	12.12	-	0.24	-	May 2018 - June 2018	-	1:1	-	EUR 1 : USD 1.2214
Sell USD - Buy GBP	GBP	0.02	0.01	2.05	0.58	(0.03)	0.02	May 2019	April 2018	1:1	1:1	GBP 1 : USD 1.335	GBP 1 : USD 1.3673
Sell USD - Buy JPY	USD	-	0.10	-	6.52	-	0.29	-	May 2018 - June 2018	-	1:1	-	USD 1 : JPY 110.15
Fair value hedges:													
Buy USD	USD	3.27	1.66	226.45	108.11	(4.67)	0.69	April 2019 - Oct 2019	April 2018 - June 2018	1:1	1:1	USD 1 : INR 71.39	USD 1 : INR 65.25
Sell USD	USD	1.96	1.20	135.78	78.35	2.68	(1.07)	April 2019 - Sep 2019	April 2018 - June 2018	1:1	1:1	USD 1 : INR 71.00	USD 1 : INR 64.45
Sell USD - Buy EUR	EUR	0.07	0.03	5.27	2.08	(0.11)	0.06	April 2019 - May 2019	April 2018	1:1	1:1	EUR 1 : USD 1.1475	EUR 1 : USD 1.2036
Buy EUR - Sell INR	EUR	0.05	-	4.01	-	(0.14)	-	April 2019 - May 2019	-	1:1	-	EUR 1 : INR 81.01	-
Sell USD - Buy GBP	GBP	0.01	-	0.53	-	(0.01)	-	April 2019 - May 2019	-	1:1	-	GBP 1 : USD 1.3235	
Buy JPY - Sell INR	JPY	1.98	-	1.24	-	(0.06)	-	April 2019 - May 2019	-	1:1	-	JPY 1 : INR 0.6541	
Buy JPY - Sell USD	USD	-	0.01	-	0.62	-	0.03	-	April 2018	-	1:1	-	USD 1 : JPY 110.46

* included in the consolidated balance sheet under 'other financial assets' and 'other financial liabilities'. [Refer notes 1.15 and 1.27]

3.6 Financial Instruments (continued)

(2) Interest rate risk management:

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 strategy is implemented. Further, in appropriate cases, the Group also effects changes in the borrowing arrangements to convert floating interest rates to fixed interest rates.

The exposure of the group's borrowings to interest rate changes at the end of the reporting period are as follows:

	March 31, 2019	March 31, 2018
	₹ Crores	₹ Crores
Variable rate Borrowings	14,604.66	12,756.00
Fixed rate Borrowings *	4,462.58	2,928.24
	19,067.24	**15,684.24**

* includes variable rate borrowings subsequently converted to fixed rate borrowings through swap contracts

Interest rate sensitivity analysis

(a) For business other than financing activities:

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. Interest rate sensitivity is performed at 25 basis points, as these rates are used by the Management regularly in assessing the reasonable possible changes in the interest rates.

If interest rates had been 25 basis points higher / lower, the Group's profit for the year ended March 31, 2019 would decrease / increase by ₹ 4.33 crores (2017-18: decrease / increase by ₹ 5.85 crores). 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. Interest rate sensitivity is performed at 25 basis points, as these rates are used by the Management regularly in assessing the reasonable possible changes in the 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, 2019 would increase by ₹ 29.23 crores (2017-18: increase by ₹ 18.53 crores). The corresponding impact on profit after tax and equity is ₹ 19.02 crores (2017-18 ₹ 12.06 crores). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

All the financial assets except housing loans are fixed rate instruments. In relation to housing loans the interest rate sensitivity analysis are provided below.

	March 31, 2019	March 31, 2018
	₹ Crores	₹ Crores
Increase/decrease of 100 basis points for Housing loans	8.07	4.96

(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 gains/(loss) as at March 31, 2019 is ₹ 2.48 (March 31, 2018: ₹ (25.35) crores). If the foreign currency movement is 2% higher/ lower and interest rate movement is 200 basis points higher/ lower with all other variables remaining constant, the Group's profit for the year ended March 31, 2019 would approximately decrease/ increase by ₹ Nil (2017-18: decrease/ increase by ₹ 6.45 crores).

3.6 Financial Instruments (continued)

(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.

(B) Credit risk

(a) For business other than financing activities:

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 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, consists of a large number of customers, across geographies, hence the Group is not exposed to concentration risk.

The Group makes an allowance for doubtful debts using simplified approach for expected credit loss and on a case to case basis.

Age analysis of Trade receivables **₹ Crores**

	As at March 31, 2019			As at March 31, 2018		
Particulars	Gross	Allowance	Net	Gross	Allowance	Net
Due less than six months	2,397.29	-	2,397.29	871.54	-	871.54
Due greater than six months	393.03	73.00	320.03	365.47	61.47	304.00
Total	**2,790.32**	**73.00**	**2,717.32**	**1,237.01**	**61.47**	**1,175.54**

Movement in Credit loss allowance - Trade receivable

	Year ended March 31, 2019	Year ended March 31, 2018
	₹ Crores	₹ Crores
Balance at the beginning of the year	61.47	48.98
Incremental credit loss allowance	11.53	12.49
Balance at the end of the year	**73.00**	**61.47**

Expected credit loss for other than trade receivables has been assessed and based on life-time expected credit loss, loss allowance provision has been made.
The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings.

(b) For business relating to financing activities:

The Group's concentrations of risk are managed by client/counterparty and industry sector. The following table shows the risk concentration by industry for the significant components of the financial assets.

₹ Crores

	March 31, 2019		
Particulars	**Financial services**	Retail and wholesale	Total
Investments	1,186.22	-	1,186.22
Loans	1,550.20	17,861.41	19,411.61

₹ Crores

	March 31, 2018		
Particulars	**Financial services**	Retail and wholesale	Total
Investments	927.42	-	927.42
Loans	911.16	14,067.76	14,978.92

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. The Group runs models for its key portfolios which incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's behaviour. PDs are then adjusted for Ind AS 109 ECL calculations to incorporate forward looking information and the Ind AS 109 Stage classification of the exposure.

3.6 Financial Instruments (continued)

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12 month ECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are taken into account. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

The Group determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios.

The credit risk assessment is based on a standardised LGD assessment framework that results in a certain LGD rate. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held. The Group segments its lending products into smaller homogeneous portfolios. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types) as well as borrower characteristics. Further recent data and forward-looking economic scenarios are used in order to determine the Ind AS 109 LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios.

Expected credit loss provision matrix for financing activities is as follows:

			March 31, 2019	March 31, 2018
Ageing (weighted average across various portfolios)	Staging	Provisions	Expected Credit Loss %	Expected Credit Loss %
0-60 days past due	Stage 1	12 month provision	0.28%	0.51%
60 -90 days past due	Stage 2	Life time provision	0.58%	0.96%
More than 90 days past due	Stage 3	Life time provision	36.23%	36.91%

Grouping

As per Ind AS 109, the Group is required to group the portfolio based on the shared risk characteristics. The Group has assessed the risk and its impact on the various portfolios and has divided the portfolio into Two wheeler loans, Commercial vehicle loans, Loan against property, Construction equipments and Three wheeler loans.

Expected credit loss for loans and investments relating to financing activity **₹ Crores**

	March 31, 2019			
Particulars	Stage 1	Stage 2	Stage 3	Stage 4
Investments				
Estimated gross carrying amount at default	1,186.22	-	-	1,186.22
Expected probability of default	-	-	-	-
Expected credit losses	-	-	-	-
Carrying amount net of impairment provision	**1,186.22**	**-**	**-**	**1,186.22**
Loans				
Estimated gross carrying amount at default	15,279.18	2,368.53	2,493.82	20,141.53
Expected probability of default	0.38 % to 2.24 %	0.49% to 5.56%	100%	
Expected credit losses	(34.91)	(14.51)	(680.50)	(729.92)
Carrying amount net of impairment provision	**15,244.27**	**2,354.02**	**1,813.32**	**19,411.61**

3.6 Financial Instruments (continued) **₹ Crores**

	March 31, 2018			
Particulars	Stage 1	Stage 2	Stage 3	Stage 4
Investments				
Estimated gross carrying amount at default	927.42	-	-	927.42
Expected probability of default	-	-	-	-
Expected credit losses	-	-	-	-
Carrying amount net of impairment provision	**927.42**	**-**	**-**	**927.42**
Loans				
Estimated gross carrying amount at default	10,864.08	2,368.04	2,216.46	15,448.58
Expected probability of default	0.36 % to 5.89 %	0.472% to 7.86%	100%	
Expected credit losses	(52.39)	(14.04)	(403.23)	(469.66)
Carrying amount net of impairment provision	**10,811.69**	**2,354.00**	**1,813.23**	**14,978.92**

Movement in Credit loss allowance for loans and investments relating to financing activity **₹ Crores**

Particulars	Stage 1	Stage 2	Stage 3	Stage 4
Balance as at 1 April 2017	**38.18**	**4.88**	**257.51**	**300.57**
Provision for the year	(20.65)	4.60	23.30	7.25
Assets originated or purchased	36.41	4.56	10.12	51.09
Change in the measurement from 12 month to life time expected losses and vice versa	(1.55)	-	112.30	110.75
Balance as at 31 March 2018	**52.39**	**14.04**	**403.23**	**469.66**
Provision for the year	(23.59)	(0.50)	172.24	148.15
Assets originated or purchased	23.74	2.61	38.53	64.88
Change in the measurement from 12 month to life time expected losses and vice versa	(1.29)	-	164.57	163.28
ECL on fair valued assets - transferred to OCI	(16.34)	(1.64)	(28.48)	(46.46)
Write offs	-	-	(69.59)	(69.59)
Balance as at 31 March 2019	**34.91**	**14.51**	**680.50**	**729.92**

Concentration of credit risk for financing activities **₹ Crores**

Carrying amount	Type of counter party	Year ended March 31, 2019	Year ended March 31, 2018
Concentration by type of loan:		₹ Crores	₹ Crores
- Commercial and other vehicles	Retail	15,461.87	11,567.05
- Loan against property	Retail	2,381.65	2,364.00
- Housing loans	Retail	740.69	606.28
- Term loans	Corporate	1,557.32	911.25
Total		**20,141.53**	**15,448.58**
In India		20,141.53	15,448.58
Outside India		-	-

In addition to the above the Group makes investments in pass through securities, debentures and funds, all of which are exposures to other financial institutions in India. The exposure to such parties as at 31 March 2019 and 31 March 2018 are ₹ 1,186.22 crores and ₹ 927.42 crores.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure is the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables, margin money and other financial assets excluding equity investments.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings.

Changes in objectives, policies and processes for managing the risk for financing activities

There is no significant changes as compared to the previous year in the in objectives, policies and processes followed by the Group for managing the risk.

Under Ind AS 109, all financial assets need to be assessed based on their cash flow characteristics and the business model in which they are held in order to determine their classification. On the basis of such assessment, in the previous year, the Group had classified and measured loan to customers at amortised cost. This was on the basis that the assignment transactions are generally insignificant and outliers in the context of transactions to meet capital adequacy norms on one-off basis cannot be considered to vitiate the business model.

As at April 1, 2018, the Group reassessed its business model and concluded that loan to customers excluding two wheeler, three wheeler and tractor loans, are not intended to be held for maturity. Accordingly, loan to customers originating after April 1, 2018 have been accounted at Fair Valued Through Other Comprehensive Income ('FVOCI').

(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 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 had access to the following undrawn borrowing facilities at the end of the reporting period:

	March 31, 2019	March 31, 2018
	₹ Crores	₹ Crores
Expiring within one year (bank overdraft and other facilities)		
- Secured	2,078.39	2,100.00
- Unsecured	835.96	810.00
Total	**2,914.35**	**2,910.00**

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.

₹ Crores

	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
March 31, 2019				
Trade payables	5,179.02	-	-	5,179.02
Other financial liabilities	1,990.56	140.86	0.04	2,131.46
Borrowings	6,158.26	11,704.03	1,305.62	19,167.91
	13,327.84	**11,844.89**	**1,305.66**	**26,478.39**

₹ Crores

	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
March 31, 2018				
Trade payables	5,053.53	-	-	5,053.53
Other financial liabilities	1,601.84	29.97	-	1,631.81
Borrowings	5,562.95	9,747.53	480.56	15,791.04
	12,218.32	**9,777.50**	**480.56**	**22,476.38**

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.

₹ Crores

	Due in 1st year	Due in 2nd to 5th year	Carrying amount
March 31, 2019			
Currency and interest rate swaps	-	-	-
Foreign exchange forward contracts	5.50	-	5.50
	5.50	**-**	**5.50**

₹ Crores

	Due in 1st year	Due in 2nd to 5th year	Carrying amount
March 31, 2018			
Currency and interest rate swaps	39.88	-	39.88
Foreign exchange forward contracts	5.86	-	5.86
	45.74	**-**	**45.74**

3.6 Financial Instruments (continued)

3.6.3 Categories of Financial assets and liabilities:

		March 31, 2019	March 31, 2018
		₹ Crores	₹ Crores
Financial assets			
a.	**Measured at amortised cost:**		
	Investments	1,186.22	927.42
	Cash and cash equivalents	1,767.39	1,218.04
	Other bank balances	9.90	12.47
	Trade receivables	2,717.32	1,175.54
	Loans (net of allowance for loans)	13,027.19	15,053.67
	Others	814.04	612.39
b.	**Mandatorily measured at fair value through profit or loss (FVTPL)/ Other Comprehensive Income (OCI):**		
	Investments	-	3,155.16
	Loans (net of allowance for loans)	6,448.76	-
	Derivatives designated as hedging instruments	3.00	11.65
	Derivatives not designated as hedging instruments	2.48	14.53
Financial liabilities			
a.	**Measured at amortised cost:**		
	Borrowings	19,167.91	15,791.04
	Trade Payables	5,179.02	5,053.53
	Other financial liabilities	2,109.33	1,631.81
b.	**Mandatorily measured at fair value through profit or loss (FVTPL) / Other Comprehensive Income (OCI):**		
	Derivative designated in hedge accounting relationships	5.50	5.86
	Derivative not designated in hedge accounting relationships	-	39.88

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 consider that the carrying amounts of financial assets and financial liabilities recognised in the Consolidated Financial Statements approximate their fair values:

₹ Crores

		March 31, 2019		March 31, 2018	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
Financial assets held at amortised cost:					
-	Investments relating to financing activities	1,186.22	1,212.88	927.42	927.42
-	Receivables relating to financing activities (net of allowance for loans)	12,962.85	13,595.65	14,978.92	15,164.42
-	Other financial assets relating to financing activities	428.25	428.25	286.30	286.30
Financial liabilities					
Financial liabilities held at amortised cost:					
-	Debentures (relating to financing and non financing activities)	3,213.39	3,220.78	3,570.00	3,630.86

₹ Crores

		Fair value hierarchy as at March 31, 2019			
		Level 1	Level 2	Level 3	Total
Financial assets					
-	Investments relating to financing activities	100.00	457.99	654.89	1,212.88
-	Receivables relating to financing activities	-	-	13,595.65	13,595.65
-	Other financial assets relating to financing activities	-	428.25	-	428.25
Financial liabilities					
-	Debentures	-	3,220.78	-	3,220.78

3.6 Financial Instruments (continued) **₹ Crores**

	Fair value hierarchy as at March 31, 2018			
	Level 1	Level 2	Level 3	Total
Financial assets				
- Investments relating to financing activities	100.00	579.15	248.27	927.42
- Receivables relating to financing activities	-	-	15,164.42	15,164.42
- Other financial assets relating to financing activities	-	286.30	-	286.30
Financial liabilities				
- Debentures	-	3,630.86	-	3,630.86

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 estimated cash flows and the discount rate to compute the present value of the future expected cash flows.

(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, 2019	March 31, 2018		
Derivative instruments, i.e. forward foreign currency contracts,currency and interest rate swaps	Assets – ₹ 5.48 Crores; and Liabilities – ₹ 5.5 Crores	Assets – ₹ 26.18 crores; and Liabilities – ₹ 45.74 crores	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 Group/ 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 Group/ various counterparties.
Investments in mutual funds	₹ Nil	₹ 3,155.16 crores	Level 1	Net assets value in an active market.

3.6 Financial Instruments (continued)

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	March 31, 2019	March 31, 2018				
Investments in unquoted preference shares	Preference shares of: Hinduja Tech Limited - ₹ 22.37 crores Others - ₹ 5.15 crores	Preference shares of: Hinduja Tech Limited - ₹ 22.40 crores Others - ₹ 8.95 crores	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)
Loans relating to financing activities	₹ 6,448.76 Crores	Nil	Level 3	Income approach – in this approach, the discounted cash flow method used to capture the present value of the expected future economic benefits	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 discount rate used would result in a significant increase in the fair value. (Note 4)
Investments in unquoted equity shares	Equity shares of: Hinduja (Energy) Limited - ₹ 193.47 crores Others - ₹ 10.08 crores (Refer 1.3)	Equity shares of: Hinduja Energy (India) Limited - ₹ 192.80 crores Others - ₹ 9.97 crores (Refer 1.3)	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:

1) There were no transfers between Level 1, 2 and 3 during the year.

2) A 5% increase/ decrease in the WACC or discount rate used would decrease/ increase the fair value of the unquoted preference shares by ₹ 20.21 crores / 12.82 crores (as at March 31, 2018: ₹ 2.33 crores / ₹ 4.21 crores).

3) 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 ₹ 12.29 crores (as at March 31, 2018: ₹ 13.27 crores).
A 5% increase / decrease in the revenue would increase/ decrease the fair value of the unquoted equity instruments by ₹ 61.64 crores (as at March 31, 2018: ₹ 69.65 crores).

4) A 100 basis points increase / decrease in the discount rate used would (decrease)/ increase the fair value of loans relating to financing activities by ₹ (98.92 crores) / ₹ 102.37 crores.

5) 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 gain of ₹ 1.91 crores (2018: gain of ₹ 0.14 crores).

3.6 Financial Instruments (continued)

3.6.5 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, 2019, the Group securitised loans with an aggregate carrying amount of ₹ Nil (2018: ₹ 719.95 crores) to various special purpose vehicles (SPV) for cash proceeds of ₹ Nil crores (2018: ₹ 719.95 crores) . 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.

As at March 31, 2019, the carrying amount of these loans that have been transferred but have not been derecognised amounted to ₹ 432.82 crores (2018: ₹ 862.32 crores) and the carrying amount of the associated liability is ₹ 413.45 crores (₹ 683.33 crores).

3.6.6 Collateral related disclosures for financing activities:

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.The main types of collateral obtained are, vehicles, loan portfolios and mortgaged properties based on the nature of loans. Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement. The Group advances loan to maximum extent of 70% of the value of the mortgaged properties and 100% in case of vehicles respectively.

3.7 REVENUE FROM CONTRACTS WITH CUSTOMERS

3.7.1 Disaggregated revenue information

₹ Crores

Particulars	Year ended March 31, 2019*
	₹ Crores
Type of goods and service	
a) Sale of products	
- Commercial vehicles	26,158.15
- Engines and gensets	903.92
- Ferrous castings and patterns	516.38
- Spare parts and others	1,984.24
	29,562.89
b) Sale of services	
- Freight and Insurance	571.66
- AMC	173.35
- Manpower supply services	93.25
- Others (includes warranty services)	73.07
	911.33
c) Other operating revenues	
- Scrap sales	125.30
- Others	6.36
	131.66
Less: Rebates and discounts	423.81
Total revenue from contract with customers	**30,181.87**
India	27,112.84
Outside India	3,069.03
Total revenue from contract with customers	**30,181.87**

3.7 Revenue from contracts with customers (continued)

Timing of revenue recognition

₹ Crores

Particulars	Year ended March 31, 2019*	
	At a point in time	Over a period of time
- Sale of products and other operating income	29,687.99	-
- Sale of Services - Freight and Insurance	571.66	-
- Sale of Services - Manpower supply	93.25	
- Sale of Services - AMC and Others (Include warranty services)	29.29	223.49
Less: Rebates and discounts	423.81	-
Total revenue from contract with customers	**29,958.38**	**223.49**

3.7.2 Contract balances

Particulars	Year ended March 31, 2019*
	₹ Crores
Trade receivables (Refer note 1.4 and 1.12)	2,717.32
Contract assets (Refer note 1.16)	12.76
Contract liabilities (Refer note 1.23 and 1.28)	1,083.82

Contract assets are unbilled revenue earned from AMC and other services which are recognised upon completion of service. Upon billing as per the terms of the contract, the amounts recognised as contract assets are reclassified to trade receivables.

Contract liabilities include income received in advance arising due to allocation of transaction price towards freight and insurance services on shipments not yet delivered to customer and unexpired service warranties.

3.7.3 Revenue recognised in relation to contract liabilities

Particulars	Year ended March 31, 2019*
	₹ Crores
Revenue recognised from contract liabilities at the beginning of the year	785.93
Revenue recognised from performance obligations satisfied in previous years	-

3.7.4 Reconciliation of revenue recognised in the statement of profit and loss with the contracted price

Particulars	Year ended March 31, 2019*
	₹ Crores
Contracted price	30,605.68
Adjustments	
Rebates and discounts	(423.81)
Revenue from contract with customers	**30,181.87**

3.7.5 Unsatisfied or partially unsatisfied Perfomance obligation

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at March 31, 2019 are, as follows:

Particulars	Year ended March 31, 2019*
	₹ Crores
Within one year	630.11
More than one year	269.02
	899.13

The remaining performance obligations expected to be recognised in more than one year relate to the extended warranty and other obligation which is expected to be recognised over a period of 24 months to 48 months.

* As permitted under the transitional provision in IND AS 115, the relevant disclosures for the comparative period is not disclosed.

3.7 Revenue from contracts with customers (continued)

3.7.6 Changes in accounting policy - on account of adoption of IND AS 115

The Group applied Ind AS 115 for the first time by using the modified retrospective method of adoption with the date of initial application of 1 April 2018. Under this method, the group recognised the cumulative effect of initially applying Ind AS 115 as an adjustment to the opening balance of retained earnings as at 1 April 2018. Comparative prior period has not been adjusted. The Company has applied the revenue standard only to contracts that are not completed as at the date of initial application.

The following table presents the amounts by which each financial statement line item is affected in the current year ended 31 March 2019 by the application of Ind AS 115 as compared with the previous revenue recognition requirements. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

Extract of Consolidated Statement of Profit and Loss for the year ended March 31, 2019

Particulars	Note reference	March 31, 2019 (if IND AS 115 is not adopted)	Increase/ (Decrease)	Reported March 31, 2019
		₹ Crores	₹ Crores	₹ Crores
Income				
Sale of Products	2.1	30,054.95	(492.26)	29,562.69
Sale of Services	2.1	496.19	415.14	911.33
Revenue from operations	2.1	33,273.96	(77.12)	33,196.84
Total Income		**33,402.02**	**(77.12)**	**33,324.90**
Expenses				
Other expenses	2.6	4,109.28	(60.90)	4,048.38
Total Expenses		**30,525.54**	**(60.90)**	**30,464.64**
Profit before exchange gain on swap contracts / Share of profit / (loss) of associates and joint ventures / exceptional items and tax		**2,876.48**	**(16.22)**	**2,860.26**
Tax expense		680.40	(3.34)	677.06
Profit for the year		**2,207.48**	**(12.88)**	**2,194.60**
Total other comprehensive income		**183.51**	**-**	**183.51**
Total Comprehensive Income for the year		**2,390.99**	**(12.88)**	**2,378.11**
Profit for the year attributable to				
Owners of the Company		2,091.58	(12.88)	2,078.70
Total Comprehensive Income for the year attributable to				
Owners of the Company		2,188.65	(12.88)	2,175.77
Earnings per equity share (Face value ₹ 1 each)				
- Basic (in ₹)		7.12	(0.04)	7.08
- Diluted (in ₹)		7.12	(0.04)	7.08

(Refer Note 3.4)

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.7 Revenue from contracts with customers (continued)

Extract of Consolidated Balance Sheet as at March 31, 2019

Particulars	Note reference	March 31, 2019 (if IND AS 115 is not adopted)	Increase/ (Decrease)	Reported March 31, 2019
		₹ Crores	₹ Crores	₹ Crores
ASSETS				
Non-current assets				
Advance tax assets (net)	1.8	185.10	3.34	188.44
Total Non - Current assets		**22,631.09**	**3.34**	**22,634.43**
Current assets				
Financial Assets				
(vi) Other financial assets	1.15	510.98	(12.76)	498.22
Contract Assets	1.16	-	12.76	12.76
Total Current assets		**16,487.48**	**-**	**16,487.48**
TOTAL ASSETS		**39,118.57**	**3.34**	**39,121.91**
EQUITY AND LIABILITIES				
Equity				
Other equity	1.19	8,464.90	(12.88)	8,452.02
Equity attributable to owners of the Company		**8,758.45**	**(12.88)**	**8,745.57**
Total Equity		**9,833.52**	**(12.88)**	**9,820.64**
Liabilities				
Non-current liabilities				
Financial liabilities				
Contract liabilities	1.23	-	269.02	269.02
Other non-current liabilities	1.24	278.26	(269.02)	9.24
Total Non-current liabilities		**13,985.41**	**-**	**13,985.41**
Current liabilities				
Financial liabilities				
(iii) Other financial liabilities	1.27	6,073.37	(60.90)	6,012.47
Contract liabilities	1.28	-	814.80	814.80
Other current liabilities	1.29	1,299.73	(737.68)	562.05
Total current liabilities		**15,299.64**	**16.22**	**15,315.86**
TOTAL EQUITY AND LIABILITIES		**39,118.57**	**3.34**	**39,121.91**

Earlier under IND AS 18, the revenue attributable to free service and freight and insurance were recognised as revenue at the time of transfer of risk and rewards to the customer. Under IND AS 115, these are identified as a separate performance obligation and the price attributable to these items are recognised as revenue when the performance obligation is met. Consequently the cost attributable to the free service and freight and insurance is deferred under IND AS 115.

To reflect this change in policy, the Group has made the above adjustments as given in note 2.1.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.8 SEGMENT RELATED DISCLOSURES

The Group's operating 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 the business of manufacturing of Commercial Vehicles and rendering Financial Services mainly relating to vehicle and housing financing.

	Particulars	Year ended March 2019 ₹ Crores	Year ended March 2018 ₹ Crores
i	**Segment Revenue**		
	Commercial vehicle	30,493.81	27,883.33
	Financial service	2,712.58	2,092.49
	Gross Revenue	**33,206.39**	**29,975.82**
	Less: Inter-segmental revenue	9.55	58.71
	Revenue from operations	**33,196.84**	**29,917.11**
ii	**Segment Results**		
	Commercial vehicle	2,373.44	2,289.17
	Financial service (after deducting interest expense on loan financing)	456.31	252.28
	Total Segment Profit before Interest and Tax	**2,829.75**	**2,541.45**
	Interest Expense	(100.18)	(169.50)
	Other Income	128.06	199.14
	Share of profit / (loss) of associates and joint ventures	11.28	6.57
	Exceptional items	2.75	(12.73)
	Profit before Tax	**2,871.66**	**2,564.93**
	Tax	677.06	751.11
	Profit after Tax (including share of profit / (loss) of associate and joint venture)	**2,194.60**	**1,813.82**
iii	**Segment Assets**		
	Commercial vehicle	17,693.37	17,030.70
	Financial service	21,428.54	16,487.29
	Total Segment Assets	**39,121.91**	**33,517.99**
iv	**Segment Liabilities**		
	Commercial vehicle	10,637.62	10,786.28
	Financial service	18,663.65	14,485.79
	Total Segment Liabilities	**29,301.27**	**25,272.07**
v	**Addition to Non current asset**		
	Commercial vehicle	1,289.34	710.58
	Financial service	10.19	6.36
	Total Addition to Non current asset	**1,299.53**	**716.94**

For the amount of investments in associates and joint ventures accounted for by the equity method refer Note 1.3

The Group's segment based on geography is given below:

Particulars		In India	Outside India	Total
Revenue from Operations				
	2019	30,127.81	3,069.03	33,196.84
	2018	26,476.59	3,440.52	29,917.11
Non Current Asset				
	2019	6,853.58	363.67	7,217.25
	2018	6,303.97	328.12	6,632.09

3.9 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

Gulf Oil Lubricants India Limited

Hinduja Energy (India) Limited

DA Stuart India Private Limited

Associates

Ashley Aviation Limited.. upto December 31, 2018

Ashok Leyland Defence Systems Limited

Lanka Ashok Leyland PLC

Mangalam Retail Services Limited

Joint Ventures

Ashley Alteams India Limited

Automotive Infotronics Limited ....liquidated on April 5, 2017

Ashok Leyland John Deere Construction Equipment Company Private Limited (Along with Gulf Ashley Motor Limited) [under liquidation]

Hinduja Tech Limited

Entities where control exist

Ashok Leyland Educational Trust

Pheonix ARC Trust .... upto April 1, 2018

Ashok Leyland Employees Gratuity Fund

Ashok Leyland Employees Superannuation Fund

Ashok Leyland Employees Ennore Provident Fund Trust

Ashok Leyland Senior Executives Provident Fund Trust

Ashok Leyland Employees Hosur Provident Fund Trust

Ashok Leyland Employees Bhandara Provident Fund Trust

Ashok Leyland Employees Alwar Provident Fund Trust

Ennore Foundries Ltd Employees Provident Fund

Ennore Foundries Employees Gratuity Fund

Ennore Foundries Pension cum Insurance Fund

Ennore Foundries Senior Executives Superannuation Fund

Key management personnel

Mr. Dheeraj G Hinduja, Chairman

Mr. Vinod K Dasari, CEO and Managing Director ....upto March 31, 2019

Note:

Transaction with Rajalakshmi Wind Energy Limited (erstwhile Ashok Leyland Wind Energy Limited) has not been disclosed as being with associate since the Parent Company does not have significant influence over Rajalakshmi Wind Energy Limited, although the Parent Company holds 26% of the equity share capital of Rajalakshmi Wind Energy Limited.

3.9 Related party disclosure (continued)

c) Related Party Transactions - summary

₹ Crores

	Fellow Subsidiaries		Associates		Joint Ventures		Entities where control exist		Holding Company		Key Management Personnel		Total	
Transactions during the year ended March 31	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
1 Purchase of raw materials, components and traded goods (net of GST/CENVAT / VAT)	152.71	131.63	1.42	-	74.25	60.26		-	-	-	-	-	228.38	191.89
2 Sales and services (net of excise duties/GST)	39.10	19.67	231.24	513.64	1.09	1.13	0.27	-	-	-	-	-	271.70	534.44
3 Other operating income	-	1.78	-	-	1.60	1.61	-	-	-	-	-	-	1.60	3.39
4 Other expenditure incurred / (recovered) (net)	0.54	0.15	(1.61)	3.21	48.41	36.56	(0.51)	(0.47)	3.74	3.62	-	-	50.57	43.07
5 Advance / current accounts - net increase / (decrease) #	-	-	-	#	-	-	-	-	-	-	-	-	-	#
6 Interest and other income	3.43	7.86	2.47	2.96	-	-	#	0.01	-	-	-	-	5.90	10.83
7 Purchase of assets	-	-	-	-	-	0.78	-	-	-	-	-	-	-	0.78
8 Sale of asset	-	-	1.69	-	-	-	-	-	-	-	-	-	1.69	-
9 Dividend payments	-	-	-	-	-	-	-	-	362.93	232.99	-	-	362.93	232.99
10 Remuneration to key management personnel	-	-	-	-	-	-	-	-	-	-	26.78	67.69	26.78	67.69
11 Commission and sitting fees to Key Management Personnel	-	-	-	-	-	-	-	-	-	-	10.12	8.11	10.12	8.11
12 Investments in shares of	-	-	-	3.54	1.00	1.20	-	-	-	-	-	-	1.00	4.74
13 Loans / advance given	190.00	463.00	-	-	-	0.02	-	-	-	-	-	-	190.00	463.02
14 Loans / advance repaid	190.00	468.00	-	-	-	0.02	#	0.02	-	-	-	-	190.00	468.04
15 Contribution to employee related trusts made during the year	-	-	-	-	-	-	288.62	184.67	-	-	-	-	288.62	184.67
16 Receipt of money after capital reduction (₹ 204.73 crores) of Joint Venture	-	-	-	-	34.79	-	-	-	-	-	-	-	34.79	-

#amount is below rounding off norms adopted by the Group

d) Related Party Balances – summary

₹ Crores

	Fellow Subsidiaries		Associates		Joint Ventures		Entities where control exist		Holding Company		Key Management Personnel		Total	
Balances as on March 31	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
1 Trade receivables	5.74	4.74	22.78	29.37	0.28	0.08	0.28	0.23	-	-	-	-	29.08	34.42
2 Other financial and non financial assets	-	-	0.71	2.64	3.48	-	-	-	-	-	-	-	4.19	2.64
3 Loans	45.00	45.00	-	-	-	-	-	-	-	-	-	-	45.00	45.00
4 Trade and other payables	33.54	26.06	0.29	0.41	8.40	6.25	10.27	9.49	2.44	2.54	27.65	17.55	82.59	62.30
5 Financial guarantees	-	-	-	-	26.63	27.71	-	-	-	-	-	-	26.63	27.71

3.9 Related party disclosure (continued)

d) Significant Related Party Transactions

	Transactions during the year ended March 31	2019	2018
		₹ Crores	₹ Crores
1	**Purchase of raw materials,components and traded goods (net of GST/CENVAT / VAT)**		
	Gulf Oil Lubricants India Limited	141.99	122.85
	Ashley Alteams India Limited	73.94	60.09
2	**Sales and services (net of excise duties/GST)**		
	Gulf Oil Lubricants India Limited	20.42	14.84
	Lanka Ashok Leyland PLC	224.35	510.98
3	**Other operating income**		
	Gulf Oil Lubricants India Limited	-	1.78
	Ashley Alteams India Limited	1.60	1.61
4	**Other expenditure incurred / (recovered) (net)**		
	Hinduja Automotive Limited, United Kingdom	3.74	3.62
	Ashok Leyland Defence Systems Limited	(1.14)	0.78
	Hinduja Tech Limited	48.41	37.14
5	**Interest and other income**		
	Ashley Aviation Limited	1.69	2.25
	Hinduja Energy (India) Limited	3.43	7.86
	Ashok Leyland Defence Systems Limited	0.78	0.71
6	**Dividend payment**		
	Hinduja Automotive Limited, United Kingdom	362.93	232.99
7	**Investment in shares of**		
	Ashok Leyland Defence Systems Limited	-	3.54
	Ashley Alteams India Limited	1.00	-
8	**Purchase of assets**		
	Hinduja Tech Limited	-	0.78
9	**Sale of assets**		
	Ashok Leyland Defence Systems Limited	1.69	-
10	**Loan advance given**		
	Hinduja Energy (India) Limited	190.00	463.00
11	**Loan advance repaid**		
	Hinduja Energy (India) Limited	190.00	468.00
12	**Receipt of money after capital reduction (₹ 204.73 crores) from Joint Venture**		
	Ashok Leyland John Deere Construction Equipment Company Private Limited	34.79	-
13	**Commission and sitting fees to key management personnel**		
	Mr. Dheeraj G Hinduja	10.12	8.11
14	**Contribution to employee related trusts made during the year**		
	Ashok Leyland Employees Ennore Provident Fund	52.98	50.24
	Ashok Leyland Employees Hosur Provident Fund	36.83	34.12
	Ashok Leyland Senior Executives Provident Fund	46.54	41.32
	Ashok Leyland Employees Gratuity Fund	112.49	20.09
	Ashok Leyland Superannuation Fund	16.91	17.08
15	**Remuneration to key management personnel***		
	Mr. Vinod K Dasari		
	Short term employee benefits (includes ex-gratia of ₹9 Crores)	20.97	11.85
	Other long term employee benefits	-	6.97
	Share-based payment	-	48.87
	Other benefits paid #	5.81	-

other benefits paid includes gratuity and compensated absences paid during the year.

* for FY 2017 - 18, it excludes contribution for gratuity and compensated absences as the incremental liability has been accounted for by the Parent Company as a whole.

3.10 OPERATING LEASE ARRANGEMENTS

Group as lessee

Operating leases relate to leases of land and building with lease term ranging from 11 months to 15 years.

Payments recognised as an expense for non cancellable lease

	Year ended March 31, 2019	Year ended March 31, 2018
	₹ Crores	₹ Crores
Rent	28.60	24.53
	28.60	**24.53**

Non-cancellable operating lease commitments

	As at March 31, 2019	As at March 31, 2018
	₹ Crores	₹ Crores
Not later than 1 year	20.82	15.43
Later than 1 year but not later than 5 years	61.01	56.72
Later than 5 years	61.53	62.96

3.11 CONTINGENT LIABILITIES

		As at March 31, 2019	As at March 31, 2018
		₹ Crores	₹ Crores
a)	Claims against the Group not acknowledged as debts (net)		
	i) Sales tax / VAT	273.90	295.77
	ii) Excise duty	60.82	57.95
	iii) Service Tax	66.83	40.68
	iv) Customs Duty	0.43	0.43
	v) Others	85.10	80.32
	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 company	26.63	27.71
c)	Share of contingent liabilities of joint ventures and associates	2.13	2.38

Notes:

1. Future cash outflows in respect of the above are determinable only on receipt of judgement / decisions pending with various forums / authorities.
2. The Group (Entities operating in India) is in the process of evaluating the impact of the recent Supreme Court Judgment in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. Management believes that further clarity is required on this matter. However, it is not likely to have a significant impact and accordingly, no provision has been made in these Consolidated Financial Statements.

3.12 COMMITMENTS

		As at March 31, 2019	As at March 31, 2018
		₹ Crores	₹ Crores
a)	Capital commitments (net of advances) not provided for	343.82	154.12
	[including ₹ 0.94 crores (March 2018: 1.12 crores) in respect of intangible assets]		
b)	Uncalled liability on partly paid shares / investments #	-	-
c)	Share of commitments of joint ventures	1.40	10.61
d)	Other commitments 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.

amount is below rounding off norms adopted by the Group

3.13 DETAILS OF BORROWINGS:

	As at March 31, 2019 Non Current	As at March 31, 2019 Current Maturities	As at March 31, 2019 Total	Particulars of Redemption / Repayment	As at March 31, 2018 Non Current	As at March 31, 2018 Current Maturities	As at March 31, 2018 Total
	₹ Crores	₹ Crores	₹ Crores		₹ Crores	₹ Crores	₹ Crores
I Non-current borrowings:							
a. Secured Borrowings:							
i. Debenture Series							
9.60% AL 22	-	-	-	June 21, 2018	-	150.00	150.00
7.10% to 9.60% (March 2018 : 8.50% to 10.65%) Sub 1	1,385.41	100.14	1,485.55	Redemption period is 3 to 5 years	1,136.00	299.00	1,435.00
BR SBI + 0.35% (March 2018 : 0.05%) Sub 1 (BR SBI - Base Rate of State Bank of India)	448.76	-	448.76	Redemption period is 3 to 5 years	950.00	-	950.00
	1,834.17	**100.14**	**1,934.31**		**2,086.00**	**449.00**	**2,535.00**
ii. Term loans:							
TL - 2 - Sub 8	103.67	-	103.67	Bullet repayment in June 2020 (after 3 years from disbursement)	-	-	-
TL - 1 - Sub 1	9,529.18	3,558.45	13,087.63	Repayable in varying installments in 3 to 9 years	6,496.83	2,712.65	9,209.48
TL - 11*	-	56.25	56.25	Repayabale in 16 quarterly equal installments after a moratorium of 3 years from the date of first draw down	56.25	68.75	125.00
TL - 2 - Sub 3	-	18.10	18.10	Repayable during FY 2019-20	-	18.10	18.10
	9,632.85	**3,632.80**	**13,265.65**		**6,553.08**	**2,799.50**	**9,352.58**

* Fully prepaid on April 4, 2019

1 Debentures aggregating Rs Nil (2018: ₹ 150.00 crores) are secured by a first charge on pari-passu basis on all Property, Plant and Equipment (PPE) of the Parent Company aggregating ₹ Nil crores (2018: ₹ 5,088.93 crores) excluding certain immovable properties (residential buildings and certain immovable assets) and movable PPE such as aircraft of the Parent Company.

2 TL - 11 is secured by the following:

a. A first pari passu mortgage and charge in favor of lenders, in a form satisfactory to the lenders, on the entire LCV division's immovable properties including leasehold land in Tamil Nadu, present and future.

b. A first pari passu charge by way of hypothecation in favor of the lenders, in a form satisfactory to the lenders, of all the LCV division's movables including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable fixed assets, present and future located at Hosur plant.

3 Debentures of a subsidiary (Sub 1) are secured by first ranking mortgage of an immovable property in favour of trustees in addition to pari passu charge on hypothecation of loan receivables with a security cover of 110% 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 loan and future receivables therefrom, and investments in pass through certificates and debentures of the subsidiary.

5 Term loan availed by a subsidiary from a bank (TL-2 - Sub 3) are secured by corporate guarantee given by Parent Company.

6 Term loans availed by a subsidiary (TL Sub - 9) aggregating ₹ 103.67crores are secured by a first charge on pari-passu basis on all moveable assets.

3.13 Details of borrowings (continued)

	As at March 31, 2019			Particulars of Redemption / Repayment	As at March 31, 2018		
	Non Current	Current Maturities	Total		Non Current	Current Maturities	Total
	₹ Crores	₹ Crores	₹ Crores		₹ Crores	₹ Crores	₹ Crores
iii. ECB loans :							
ECB 14	-	10.01	10.01	Repayable by April 24, 2019	9.43	58.35	67.78
	-	**10.01**	**10.01**		**9.43**	**58.35**	**67.78**
ECB 14 availed by parent company is secured by a first-pari passu charge over the current and future movable property, plant & equipment of the LCV division amount to ₹ 54.65 crores (2017-18 : ₹ 75.72 crores).							
iv. Other loans:							
OL - Sub 1	-	-	-	Repayable in monthly installments over a period of 4 years	-	0.28	0.28
SIPCOT Soft Loan	31.18	-	31.18	Repayable by August 1, 2025	31.18	-	31.18
	31.18	**-**	**31.18**		**31.18**	**0.28**	**31.46**

1 Other loans (OL - Sub 1) availed by a subsidiary are related to vehicles owned are secured against these vehicles.

2 Other loans (SIPCOT Soft Loan) availed by the parent company are secured by way of pari-passu first charge on current and future property, plant and equipment of the LCV division of the parent company.

3.13 Details of borrowings (continued)

	As at March 31, 2019			Particulars of Redemption / Repayment	As at March 31, 2018		
	Non Current	Current Maturities	Total		Non Current	Current Maturities	Total
	₹ Crores	₹ Crores	₹ Crores		₹ Crores	₹ Crores	₹ Crores
b. Unsecured borrowings:							
i ECB loans:							
ECB - 13	46.10	46.10	92.20	3 equal instalments on September 10, 2020, 2019, 2018	86.90	43.45	130.35
ECB - 12	138.31	103.73	242.04	June 26, 2020 - ₹ 138.31 crores and June 26, 2019, 2018 - ₹ 103.73 crores each	228.11	97.76	325.87
ECB - 11	-	-	-	3 equal instalments on March 25, 2019, 2018, 2017	-	65.18	65.18
ECB - 1	-	-	-	3 equal instalments on June 11, 2018 and June 9, 2017, 2016	-	124.11	124.11
	184.41	**149.83**	**334.24**		**315.01**	**330.50**	**645.51**
ii. Debenture series:							
9.20% p.a. to 12.40% - Subordinated redeemable non-convertible debentures - Sub 1	1,169.23	109.85	1,279.08	Redeemable over a period of 5 to 7 years	1,035.00	-	1,035.00
	1,169.23	**109.85**	**1,279.08**		**1,035.00**	**-**	**1,035.00**
iii. Interest free sales tax loans:							
Programme II	82.94	18.47	101.41	Varying amounts repayable on a periodical basis ending on June 2028	101.41	7.53	108.94
	82.94	**18.47**	**101.41**		**101.41**	**7.53**	**108.94**
iv. Term loans:							
TL Sub 8	-	-	-	Bullet repayment due on April 2020	97.71	-	97.71
	-	**-**	**-**		**97.71**	**-**	**97.71**
v. Other subordinated loans:							
10.21% - Subordinated loans - Sub 1	75.00	-	75.00	Redeemable over a period of 5 to 6 years	-	-	-
	75.00	**-**	**75.00**		**-**	**-**	**-**

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, 2018: 12.40%) per annum.

3.13 Details of borrowings (continued)

			As at March 31, 2019 ₹ Crores	Particulars of Redemption / Repayment	As at March 31, 2018 ₹ Crores
II	**Current borrowings:**				
a	**Secured borrowings**				
	-	STL 1 Sub 1	455.64	Repayable on demand	651.17
	-	STL 3 Sub 3	-	Repayable on demand	92.28
	-	STL 2 Sub 3	176.50	Repayable on demand	25.38
	-	STL 1 - Sub 6	25.00	Repayable on demand	-
	-	STL 2 - Sub 6	17.68	Repayable on demand	54.75
	-	STL 3 - Sub 6	31.00	Repayable on demand	90.00
	-	STL Sub 7	3.17	Repayable on demand	2.13
	-	STL 2 - Sub 5	78.10	Repayable between April 2019 and March 2020 on various dates	-
	-	STL Sub 8	52.14	Repayable on demand	-
			839.23		**915.71**

1 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.

2 STL 2 Sub 3 relating to a subsidiary is in the nature of an overdraft facility which is secured by corporate guarantee given by the Parent Company.

3 STL 3 Sub 3 relating to a subsidiary is in the nature of a working capital facility which is secured against inventories of the subsidiary.

4 STL 1 Sub 6 relating to a subsidiary is a packing credit facility, STL 2 Sub 6 cash credit facility and STL 3 Sub 6 is a working capital demand loan which is secured by stock of vehicles and related book debts of the subsidiary.

5 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 both present and future of the subsidiary.

6 STL Sub 8 relating to a subsidiary are secured by way of a charge on moveable properties of the subsidiary.

7 STL 2 - Sub 5 relating to a subsidiary is in the nature of an overdraft facility which is secured by corporate guarantee given by the Parent Company.

			As at March 31, 2019 ₹ Crores	Particulars of Redemption / Repayment	As at March 31, 2018 ₹ Crores
b	**Unsecured borrowings**				
	-	STL 18	100.00	August 21, 2019	-
	-	STL 17	-	August 27, 2018	100.00
	-	STL - Sub 3	-	Repayable on demand	-
	-	STL - Sub 1	1,129.41	Repayable over a tenor of 90 days	737.92
	-	STL 1 - Sub 5	-	Repayable on demand	65.69
	-	STL 1 - Sub 8	69.11	Repayable on demand	99.88
			1,298.52		**1,003.49**

The above loans carry varying rates of interest with the maximum rate of interest going upto 9.95% (as at March 31, 2018: 9.50%) per annum.

The carrying value of the above borrowings (as reflected in Notes 1.20, 1.25 and 1.27) are measured at amortised cost using effective interest method while the above borrowings represents principal amount outstanding.

3.13 Details of borrowings (continued)

III Net debt reconciliation:

	As at March 31, 2019 ₹ Crores	As at March 31, 2018 ₹ Crores
1. Cash and cash equivalents	1,767.39	1,218.04
2. Liquid investments	-	3,155.16
3. Current borrowings	(2,137.75)	(1,919.20)
4. Non-current borrowings	(17,034.97)	(13,887.89)
5. Derivative Asset / (Liability)	2.48	(25.35)
Net debt	**(17,402.85)**	**(11,459.24)**

₹ Crores

Particulars	Other assets		Liabilities from financing activities			Total
	Cash & Bank Overdraft	Liquid investments	Non-current borrowings	Current borrowings	Derivative Asset / (Liability)	
Net debt as at March 31, 2017	1,013.14	877.17	(12,171.22)	(1,034.71)	(127.95)	(11,443.57)
Cash flows (net)	201.61	2,234.61	(1,692.19)	(869.95)	105.81	(20.11)
Foreign exchange adjustments	3.29	-	(45.48)	(14.54)	-	(56.73)
Profit / (loss) on sale of liquid investments (net)	-	38.22	-	-	-	38.22
Interest expense	-	-	(83.51)	(87.53)	-	(171.04)
Interest paid	-	-	104.51	87.53	-	192.04
Other non-cash movements						
- Fair value adjustments	-	5.16	-	-	(3.21)	1.95
Net debt as at March 31, 2018	**1,218.04**	**3,155.16**	**(13,887.89)**	**(1,919.20)**	**(25.35)**	**(11,459.24)**
Cash flows (net)	544.12	(3,202.45)	(3,120.61)	(216.30)	30.45	(5,964.79)
Pursuant to business combination	0.37	0.40	-	(2.25)	-	(1.48)
Foreign exchange adjustments	4.86	-	(41.99)	-	0.01	(37.12)
Profit / (loss) on sale of liquid investments (net)	-	46.89	-	-	-	46.89
Interest expense	-	-	(34.07)	(84.37)	-	(118.44)
Interest paid	-	-	49.59	84.37	-	133.96
Other non-cash movements						
- Fair value adjustments	-	-	-	-	(2.63)	(2.63)
Net debt as at March 31, 2019	**1,767.39**	**-**	**(17,034.97)**	**(2,137.75)**	**2.48**	**(17,402.85)**

Note:

Non-current borrowings and interest expense is gross of impact on account of effective interest rate changes.

3.14 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, 2019	Proportion of ownership interest As at March 31, 2018
Hinduja Leyland Finance Limited and its subsidiary (includes controlled trust for March 2018)	Relating to financing activities	Chennai - India	61.84%	61.85%
Global TVS Bus Body Builders Limited	Relating to commercial vehicle	Madurai - India	66.67%	66.67%
Gulf Ashley Motor Limited	Trading in commercial vehicle	Chennai - India	92.98%	92.98%
Optare plc and its subsidiaries	Manufacturing of commercial vehicle	United Kingdom	99.11%	99.08%
Ashok Leyland (UK) Limited (since liquidated on April 10, 2018)	Relating to commercial vehicle	United Kingdom	Not Applicable	100.00%
Ashok Leyland (Nigeria) Limited	Trading in commercial vehicle	Nigeria	100.00%	100.00%
Ashok Leyland (Chile) SA	Trading in commercial vehicle	Chile	100.00%	100.00%
HLF Services Limited	Manpower supply services	Chennai - India	82.38%	82.39%
Ashok Leyland (UAE) LLC and its subsdiaries (including beneficial interest)	Manufacturing of commercial vehicle	UAE	100.00%	100.00%
Albonair (India) Private Limited	Relating to commercial vehicle	India	100.00%	100.00%
Albonair GmbH and its subsidiary	Relating to commercial vehicle	Germany	100.00%	100.00%
Ashley Aviation Limited (from January 1, 2019)	Relating to air chartering services	India	100.00%	Not Applicable

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, 2019	Number of wholly-owned subsidiaries March 31, 2018
Relating to commercial vehicle	United Kingdom	Not Applicable	1
Manufacturing of commercial vehicle	UAE	1	1
Trading in commercial vehicle	Russia*	1	1
Trading in commercial vehicle	Ivory Coast*	1	1
Trading in commercial vehicle	Nigeria	1	1
Trading in commercial vehicle	Chile	1	1
Relating to commercial vehicle	India	1	1
Relating to commercial vehicle	Germany	1	1
Relating to commercial vehicle	China*	1	1
Relating to air chartering services	India	1	Not Applicable

* wholly owned step down subsidiaries

Also refer 3.1

3.14 Information Relating to Subsidiaries - continued

Principal activity	Place of incorporation and operation	Number of non wholly-owned subsidiaries**	
		March 31, 2019	March 31, 2018
Relating to financing activities	Chennai - India	2	2
Relating to commercial vehicle	Madurai - India	1	1
Manufacturing of commercial vehicle	United Kingdom	7	7
Trading in commercial vehicle	Chennai - India	1	1
Manpower supply services	Chennai - India	1	1

** includes 7 step down subsidiaries

C) Details of non wholly-owned subsidiaries that have material non-controlling interests:

The table below shows details of non wholly-owned subsidiaries of the Group 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, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
				₹ Crores	₹ Crores	₹ Crores	₹ Crores
Hinduja Leyland Finance Limited and its subsidiary (includes controlled trust for March 2018)	Chennai - India	38.16%	38.15%	200.67	69.83	1,055.08	807.32
Individually immaterial subsidiaries with non-controlling interests				1.67	(26.80)	19.99	18.01
				202.34	**43.03**	**1,075.07**	**825.33**

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.

Hinduja Leyland Finance Limited and its subsidiary (includes controlled trust for March 2018)	As at March 31, 2019	As at March 31, 2018
	₹ Crores	₹ Crores
Current assets	7,589.18	5,628.06
Non-current assets	13,839.36	10,925.31
Total assets	**21,428.54**	**16,553.37**
Current liabilities	5,959.83	4,838.86
Non-current liabilities	12,703.82	9,646.92
Total liabilities	**18,663.65**	**14,485.78**
Equity attributable to owners of the Company	1,709.81	1,260.27
Non-controlling interests	1,055.08	807.32

3.14 Information Relating to Subsidiaries - continued

	Year ended March 31, 2019	Year ended March 31, 2018
	₹ Crores	₹ Crores
Revenue	2,712.58	2,092.49
Expenses (including tax)	2,413.23	1,925.00
Profit for the year	**299.35**	**167.49**
Profit attributable to owners of the Company	185.11	97.77
Profit attributable to the non-controlling interests	114.24	69.72
Profit for the year	**299.35**	**167.49**
Other Comprehensive Income attributable to owners of the Company	140.04	0.16
Other Comprehensive Income attributable to the non-controlling interests	86.43	0.11
Other Comprehensive Income for the year	**226.47**	**0.27**
Total Comprehensive Income attributable to owners of the Company	325.15	97.93
Total Comprehensive Income attributable to the non-controlling interests	200.67	69.83
Total Comprehensive Income for the year	**525.82**	**167.76**
Dividends paid to non-controlling interests	-	-
Net cash (outflow) from operating activities	(2,946.69)	(3,291.79)
Net cash (outflow) / inflow from investing activities	(297.92)	(164.47)
Net cash inflow from financing activities	3,356.16	3,531.16
Net cash inflow	**111.55**	**74.90**

D) Goodwill

	As at March 31, 2019	As at March 31, 2018
	₹ Crores	₹ Crores
Gross Goodwill at the beginning of the year	1,507.97	1,507.97
Add: Recognised during the year	7.82	-
Gross Goodwill at the end of the year	**1,515.79**	**1,507.97**
Opening accumulated impairment	400.23	400.23
Add: Impairment during the year	-	-
Closing accumulated impairment	**400.23**	**400.23**
Carrying amount of Goodwill	**1,115.56**	**1,107.74**

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:

	As at March 31, 2019	As at March 31, 2018
	₹ Crores	₹ Crores
Hinduja Leyland Finance Limited and its subsidiary (includes controlled trust for March 2018)	426.47	426.47
Light commercial vehicle division of parent company	449.90	449.90
Albonair GmbH and its subsidiary	208.94	208.94
Others	30.25	22.43
	1,115.56	**1,107.74**

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. The Group believes that any reasonable further change in the key assumptions on which recoverable amount is based, would not cause the carrying amount to exceed its recoverable amount.

Also Refer Notes 1B.4 and 1C.

3.15 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:

Aggregate information of associates that are not individually material	Year ended March 31, 2019	Year ended March 31, 2018
	₹ Crores	₹ Crores
The Group's share of profit / (loss)	1.86	4.35
The Group's share of other comprehensive income	(2.14)	(8.69)
The Group's share of total comprehensive income	**(0.28)**	**(4.34)**

	As at March 31, 2019	As at March 31, 2018
	₹ Crores	₹ Crores
Aggregate carrying amount of the Group's interests in these associates	40.47	45.90

Unrecognised share of losses of an associate	As at March 31, 2019	As at March 31, 2018
	₹ Crores	₹ Crores
The unrecognised share of loss of an associate for the year *	-	-

* consequent to investment being nil under equity accounting

	As at March 31, 2019	As at March 31, 2018
	₹ Crores	₹ Crores
Cumulative share of loss of an associate	-	-

3.16 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:

Aggregate information of joint ventures that are not individually material	Year ended March 31, 2019	Year ended March 31, 2018
	₹ Crores	₹ Crores
The Group's share of profit / (loss)	9.42	2.22
The Group's share of other comprehensive income	(0.15)	(0.13)
The Group's share of total comprehensive income	**9.27**	**2.09**

	As at March 31, 2019	As at March 31, 2018
	₹ Crores	₹ Crores
Aggregate carrying amount of the Group's interests in these joint ventures	61.64	51.33

Unrecognised share of losses of joint ventures	As at March 31, 2019	As at March 31, 2018
	₹ Crores	₹ Crores
The unrecognised share of loss of joint ventures for the year	-	-

	As at March 31, 2019	As at March 31, 2018
	₹ Crores	₹ Crores
Cumulative share of loss of joint ventures	-	-

3.17 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		March 2019	March 2018
		₹ Crores	₹ Crores
i)	Principal amount paid after appointed date during the year	4.44	7.45
ii)	Amount of interest due and payable for the delayed payment of Principal amount	0.08	0.10
iii)	Principal amount remaining unpaid as at year end (over due)	0.06	0.26
iv)	Principal amount remaining unpaid as at year end (not due)	13.73	12.16
v)	Interest due and payable on principal amount unpaid as at the year end #	0.01	#
vi)	Total amount of interest accrued and unpaid as at year end	0.31	0.22
vii)	Further interest remaining due and payable for earlier years	0.22	0.12

amount is below rounding off norms adopted by the Group

3.18 Accounting for long term monetary items in foreign currency

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" 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,

a) Foreign exchange (gain) / loss relating to acquisition of depreciable assets, capitalised during the year ended March 31, 2019 aggregated ₹ 22.66 crores [year ended March 31, 2018: ₹ 6.55 crores].

b) 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, 2019 is ₹ 13.90 crores [year ended March 31, 2018: ₹ 5.38 crores].

c) 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 ₹ 8.16 crores as at March 31, 2019 [as at March 31, 2018: loss of ₹ 7.77 crores]. These amounts are reflected as part of the "Other Equity".

3.19 The shares of former associate company Ashley Aviation Limited was acquired by the Parent Company from its shareholders during January 2019, pursuant to which it has become a wholly owned subsidiary of the Parent Company. The business combination has been accounted using acquisition method in accordance with Ind AS 103 "Business Combinations". Accordingly, the fair value of assets and liabilities taken over are as follows:

Particulars	₹ Crores
ASSETS	
Property, plant and equipment	0.08
Non-current financial assets - Loans	0.61
Non-current tax assets (net)	0.21
Other non-current assets	0.08
Current financial assets - Investments	0.40
Current financial assets - Trade Receivables	0.33
Cash and cash equivalents	0.37
Current tax assets (net)	0.11
Other current assets	0.87
LIABILITIES	
Non current financial liabilities - Others	0.09
Non current provisions	0.19
Current financial liabilities - Borrowings	2.25
Current financial liabilities - Trade Payables	4.53
Current financial liabilities - Others	0.12
Other current liabilities	0.64
Current provisions #	-
Total Consideration paid	1.04

amount is below rounding off norms adopted by the Group.

3.20 The figures for the previous year have been reclassified/ regrouped wherever necessary for better understanding and comparability.

The accompanying notes form an integral part of the consolidated financial statements.

Gopal Mahadevan
Chief Financial Officer

N Ramanathan
Company Secretary
May 24, 2019, Chennai

For and on behalf of the Board

Dheeraj G Hinduja
Chairman
DIN : 00133410

For PRICE WATERHOUSE & CO CHARTERED ACCOUNTANTS LLP
Firm Registration Number - 304026E/E-300009
Chartered Accountants

Subramanian Vivek
Partner
Membership Number - 100332

May 24, 2019
Mumbai

Statement pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013, read with rule 5 of Companies (Accounts) Rules, 2014 in the prescribed Form AOC-1 relating to subsidiary companies

PART "A": SUBSIDIARIES

(Statement pursuant to Section 129 (3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014)

(₹ Crores)

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 (includes controlled trust for March 2018)	April 1, 2013	India	Apr - Mar	INR	469.67	2,295.22	18,663.65	21,428.54	1,186.22	2,712.58	456.31	156.96	299.35	226.47	525.82	-	61.84%
2	Global TVS Bus Body Builders Limited	December 10, 2013	India	Apr - Mar	INR	9.90	30.70	20.78	61.38	-	102.32	1.69	0.12	1.57	(0.04)	1.53	-	66.67%
3	Gulf Ashley Motors Limited	April 1, 2013	India	Apr - Mar	INR	29.70	28.16	163.52	221.38	-	955.82	34.42	7.71	26.71	0.18	26.89	-	92.98%
4	Optare PLC and its subsidiaries	April 1, 2013	UK	Apr - Mar	GBP	574.59	(594.79)	390.44	370.24	-	449.89	(85.33)	-	(85.33)	(1.02)	(86.35)	-	99.11%
5	Ashley Aviation Limited	January 1, 2019	India	Apr - Mar	INR	9.00	(14.67)	10.95	5.28	-	3.33	(0.52)	-	(0.52)	-	(0.52)	-	100.00%
6	Ashok Leyland (Nigeria) Limited	April 1, 2013	Nigeria	Apr - Mar	NGN	0.36	0.78	3.42	4.56	-	1.76	0.57	0.23	0.34	-	0.34	-	100.00%
7	Ashok Leyland (Chile) SA	April 1, 2013	Chile	Apr - Mar	CLP	3.76	(5.31)	3.05	1.50	-	0.05	(1.23)	-	(1.23)	-	(1.23)	-	100.00%
8	HLF Services Limited	April 1, 2013	India	Apr - Mar	INR	0.05	4.36	138.53	142.94	-	195.14	1.91	0.57	1.34	0.14	1.48	-	82.38%
9	Ashok Leyland (UAE) LLC and its subsidiaries	April 1, 2015	UAE	Apr - Mar	AED	96.52	(93.49)	314.04	317.07	-	514.58	(89.43)	(0.57)	(88.86)	6.58	(82.28)	-	100.00%
10	Albonair (India) Private Limited	April 1, 2013	India	Apr - Mar	INR	25.00	(13.56)	5.42	16.86	-	12.63	(2.23)	-	(2.23)	0.02	(2.21)	-	100.00%
11	Albonair GmbH, Germany and its subsidiary	April 1, 2013	Germany	Apr - Mar	EUR	368.08	(335.38)	200.45	233.15	-	439.56	(0.46)	-	(0.46)	0.15	(0.31)	-	100.00%

Notes:

1. Exchange rate used in case of foreign subsidiaries, associates and joint ventures are given below:

CURRENCY	EUR	GBP	CLP	USD	NGN	AED	LKR
Closing Rate	77.67	90.53	0.10	69.16	0.23	18.83	0.39
Average Rate	80.90	91.75	0.11	69.92	0.23	19.04	0.42

Statement pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013, read with rule 5 of Companies (Accounts) Rules, 2014 in the prescribed Form AOC-1 relating to subsidiary companies

PART "B": ASSOCIATES AND JOINT VENTURES

(Statement pursuant to Section 129 (3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014)

(₹ Crores)

Sl. No	Name of Associate / Joint Venture	Latest Audited Balance Sheet date	Shares held by the Parent Company on the year end			Significant influence	Reason for not consolidating	Networth	Total comprehensive income for the year	
			No.	Investment Held (₹ In Crores)	Holding %				Considered in consolidation	Not considered in Consolidation
	(A) Associates									
1	Ashley Aviation Limited*	31-Mar-19	Not Applicable	Not Applicable	Not Applicable	Voting Power	Not Applicable	Not Applicable	(0.57)	(1.80)
2	Ashok Leyland Defence Systems Limited	31-Mar-19	5,027,567	5.03	48.49%	Voting Power	Not Applicable	16.76	1.04	1.11
3	Lanka Ashok Leyland PLC	31-Mar-19	1,008,332	0.57	27.85%	Voting Power	Not Applicable	130.69	(0.75)	(1.95)
4	Mangalam Retail Services Limited	31-Mar-19	37,470	0.04	37.48%	Voting Power	Not Applicable	0.11	##	##
	(B) Joint Ventures									
1	Ashley Alteams India Limited	31-Mar-19	72,202,812	72.20	50.00%	Voting Power	Not Applicable	23.97	0.41	0.41
2	Hinduja Tech Limited	31-Mar-19	95,440,000	97.37	62.00%	Voting Power	Not Applicable	41.19	8.86	5.43
3	Ashok Leyland John Deere Construction Equipment Company Private Limited# (under liquidation)	31-Jul-18	1,727,270	1.73	50.00%	Voting Power	Not Applicable	6.60	-	(0.26)

* Upto December 31, 2018

The Company along with its subsidiary Gulf Ashley Motor Limited holds 50% interest.

amount is below rounding off norms adopted by the Group

Gopal Mahadevan
Chief Financial Officer

N Ramanathan
Company Secretary
May 24, 2019, Chennai

For PRICE WATERHOUSE & CO CHARTERED ACCOUNTANTS LLP
Firm Registration Number - 304026E/E-300009
Chartered Accountants

Subramanian Vivek
Partner
Membership Number - 100332

May 24, 2019
Mumbai

For and on behalf of the Board

Dheeraj G Hinduja
Chairman
DIN : 00133410

NOTES

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 :** secretarial@ashokleyland.com | **Website :** www.ashokleyland.com

6/2019

CIN: L34101TN1948PLC000105

HINDUJA GROUP

Aapki Jeet. Hamari Jeet.

ASHOK LEYLAND LIMITED

CIN: L34101TN1948PLC000105, Registered Office: 1, Sardar Patel Road, Guindy, Chennai -600 032, India
Ph: +91 44 22206000, Fax: +91 44 2220 6001, e-mail: secretarial@ashokleyland.com, website: www.ashokleyland.com

ADMISSION SLIP

(To be handed over at the entrance of the meeting hall)

70th ANNUAL GENERAL MEETING on Wednesday, July 31, 2019 at 2.45 p.m.

at "Kamaraj Memorial Hall", 498-500 Anna Salai, Teynampet, Chennai - 600 006

NAME AND ADDRESS OF THE MEMBER

Name of the shareholder/proxy*	Signature of the shareholder/proxy*

*Strikeout whichever is not applicable

ELECTRONIC VOTING PARTICULARS

EVEN (E-Voting Event Number)	User ID	Password / PIN

Aapki Jeet. Hamari Jeet.

ASHOK LEYLAND LIMITED

CIN: L34101TN1948PLC000105, Registered Office: 1, Sardar Patel Road, Guindy, Chennai -600 032, India
Ph: +91 44 22206000, Fax: +91 44 2220 6001, e-mail: secretarial@ashokleyland.com, website: www.ashokleyland.com

PROXY FORM (FORM NO. MGT – 11)

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Folio No./Client id/DP Id : ______________________________

Name of the Member : ______________________________

Registered Address : ______________________________

Email Id : ______________________________

I/We, being the member(s) of __________ shares of the above named Company hereby appoint

1. Name	2. Name	3. Name
Address	Address	Address
e-mail id	e-mail id	e-mail id
Signature .... Or failing him	Signature .... Or failing him	Signature ....

as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 70th Annual General Meeting of the Company to be held on Wednesday, July 31, 2019 at 2.45 p.m. at "Kamaraj Memorial Hall", 498-500 Anna Salai, Teynampet, Chennai - 600 006 and at any adjournment thereof in respect of such resolutions, as are indicated overleaf.

Affix Revenue Stamp

Signed this ______________________ day of __________________ 2019

Signature of the Shareholder: ____________________ Signature of the Proxy holder(s) ______________________________

Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

S. No.	Resolutions:	FOR	AGAINST
Ordinary Business			
1.	To receive, consider and adopt: a) the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2019, together with the Reports of the Board of Directors and the Auditors thereon; and b) the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2019 together with the Report of Auditors thereon.		
2.	To declare a dividend for the year ended March 31, 2019.		
3.	To appoint a Director in the place of Mr. Dheeraj G Hinduja who retires by rotation and being eligible, offers himself for re-appointment.		
Special Business			
4.	To re-appoint Dr. Andreas H. Biagosch as an Independent Director of the Company.		
5.	To re-appoint Mr. Jean Brunol as an Independent Director of the Company.		
6.	To re-appoint Mr. Sanjay K. Asher as an Independent Director of the Company.		
7.	To appoint Mr. Gopal Mahadevan as a Director, designated as “Whole-time Director & Chief Financial Officer” of the Company.		
8.	To ratify the Cost Auditors’ remuneration for the financial year 2018-19.		