August 13, 2021

National Stock Exchange of India Ltd Exchange Plaza C-1, Block G, Bandra Kurla Complex Bandra (E), Mumbai - 400 051	BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400 001
Through : NEAPS	Through: BSE Listing Centre
Symbol : ASHOKLEY	Scrip Code : 500477

Dear Sirs,

Submission of Annual Report for the year 2020-21

The Seventy Second Annual General Meeting (AGM) of the Company is scheduled to be held through Video Conferencing ("**VC**")/ Other Audio Visual Means ("**OAVM")** on **Wednesday, September 8, 2021** at **3.00 p.m.**

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements), 2015, we submit herewith the Annual Report for the year 2020-21 along with AGM Notice sent to the shareholders.

Thanking you,

Yours faithfully,
for Ashok Leyland Limited

N Ramanathan
Company Secretary

Encl : a/a

ASHOK LEYLAND

Aapki Jeet. Hamari Jeet.

ROCK SOLID & RESILIENT

ANNUAL REPORT 2020-21

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 such words 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 statement will be realized, although we believe we have been prudent in our assumptions. Achievement of results is subject to risks, uncertainties, or potentially inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

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

CHAIRMAN'S MESSAGE

Dear Shareholder,

I hope you and your family are all keeping well. As I write this letter, it is a painful feeling that it has been nearly 16 months since COVID-19 pandemic became a global health crisis. We are still grappling with its unprecedented impact on lives and livelihoods as severe economic lockdowns and travel curbs were required to cut the chain of virus transmission. It is quite sad that many people have lost their lives or their loved ones, especially in the intense second wave that occurred this year. Our sincere prayers are for the impacted families to overcome the adversity. We, at Ashok Leyland, directly and indirectly, continue to extend the necessary support to the people in need to lessen their physical, financial, and emotional distress.

Faced with the unprecedented situation, the Central and State Governments have been continuously calibrating their economic measures and policy initiatives to balance lives and livelihoods. Businesses and industries, likewise, have responded with heightened economic and social responsibility. As a leader in commercial vehicles, your Company always recognised the crucial role the commercial vehicle industry and the road transport sector play in our country's socio-economic progress. I wish to take you through some of the challenges we faced and the resolute steps we have taken to stay on course.

The demand for commercial vehicles declined sharply in the fiscal year 2020-21, especially in the first Quarter, marking the lowest level registered in recent times. This had an impact on our performance in the medium & heavy vehicle segment, more particularly in certain product segments such as buses, haulage and tipper applications. Apart from the pandemic, an unprecedented shortage of semiconductors affected our output in the last quarter. The vehicle sales volume improved during the latter part of the year with progressive unlocking of activities.

During this difficult period, your Company's aftermarket operations were in full gear to reach out to the stranded vehicles and drivers. We also ensured prompt availability of parts and service support to the vehicles. The aftermarket business performance was near normal improving on the reach, turnover and service penetration.

Undeterred by the near-term challenges faced, your Company undertook several path breaking product initiatives during the last fiscal. The high point during the year was the successful introduction of the AVTR range of modular trucks along with BS6 emission conformance in June 2020, a feat we are all proud of.

You may recall that we planned our entry into the light duty range to balance the overall product portfolio and address the volatility of commercial vehicle business cycles. Our first light commercial vehicle DOST led this successful foray. Building on the success of DOST, we developed in a record timeline of twenty-two months, the BADA DOST in the adjacent higher payload segment, and commercially launched it in September 2020. This introduction was instrumental in your Company reaching the highest ever position in sales volume and market share in the light commercial vehicle segment.

Both AVTR and BADA DOST have won numerous awards exemplifying our product strengths and customer centricity.

Our International Operations were also impacted by COVID but, here again, we used the opportunity to lay new foundations for the future. BADA DOST will play a key role in this as the vehicle is designed for configuration in both right-hand and left-hand drive versions. On the positive side, Defence and Power Solutions businesses maintained their success on an even keel.

Our journey of digital transformation of the business began in 2017, with the launch of Digital Marketplace and now we have further built on it with Digital Nxt. Through Digital Nxt, we are transforming the way we look at our business and processes internally, and also how we partner with our ecosystem to make the whole experience fulfilling and profitable for all - consistent with our ethos of Aapki Jeet Hamari Jeet. Our telematics solution for vehicles and drivers, iAlert, has been a one-of-a-kind initiative for optimising on-road vehicle performance.

As you are aware, we have set ourselves the challenging Vision to be among global top I0 commercial vehicle manufacturers. In the pursuit of our Vision, we constantly evaluate the changing market dynamics and customer needs to make our connect with them more purposeful and mutually rewarding. I would like to update you on two major initiatives that we have launched and are poised to take off soon. These are also part of our orchestrated strategy to de-risk our portfolio during the business cycles.

Ashok Leyland has been pioneering for decades the introduction of latest technologies in India, in emission, safety and ride comfort as well as towards better transport economics. In line with that approach, over 15 years ago, we had initiated an alternate propulsion plan and successfully introduced CNG buses in Delhi. This was followed with a plan for zero emission through launch of electric vehicles in the bus segment. We have also a notable presence in the U.K through our subsidiary Optare. In order to accelerate our efforts in zero carbon mobility and to provide a unified approach in electric vehicle technology development for global markets, we have now combined our electric mobility assets into a single entity under the name of Switch Mobility.

The unique advantages of the new entity are the electric vehicle development capability and customer experience that straddle advanced markets such as the EU as well as the India-like growth markets. This is in addition to our low-cost engineering, agile development, and sourcing advantages in India.

Secondly, customers and operators are increasingly looking to be asset-light. This has become more pronounced in the context of higher capital

CHAIRMAN'S MESSAGE

cost of the vehicles which is primarily driven by mandatory emission and other features, coupled with the pressure on transportation economics. Pay-per-mile is becoming the new norm and this is expected to extend to all sectors of passenger and cargo mobility. Therefore, our role is getting extended beyond products to providing appropriate solutions to customers. It is our considered view that such a role, due to the inherent characteristics, is efficiently executed through a standalone entity which is close and alive to customer needs.

In this initiative, the differentiating factor is the versatile digital platform developed by Ashok Leyland, that provides a 360° view of the customer operations to drive improved efficiency and profitability.

For us as a Company our Stakeholders and the Sustainability of our business are at the top of the agenda. I must make a special mention of our employees. Despite the immense challenges of working from home, alongside own personal health and safety concerns, they worked as a team to position successful products and launch new growth initiatives braving all odds yet keeping their morale high and a smile on their faces. We owe a debt of gratitude to them.

During the last several months of COVID pandemic, we took every precaution to support the wellbeing of our employees and their families. Apart from seamlessly transitioning to Work from Home, we had put in place protective infrastructure and processes and are now engaged in vaccination of all our employees and associates.

We are very committed to our Environment, Social and Governance agenda and driving our efforts under each category. Every decision of ours always takes into account the values of sustainability and socially responsible approach to fulfil our mission for inclusive growth. We practise good corporate governance, with a culture of transparency, accountability, compliance, and disclosure.

Our most satisfying and rewarding moments come from our Corporate Social Responsibility (CSR) efforts in education, health and water. We have been successful in keeping the children who are covered by our Road to School programme engaged throughout the pandemic period and ensuring that their studies are not affected. We are currently supporting nearly 55,000 students across India. The Jal Jeevan program has contributed to making more than 600 million liters of safe drinking water available to remote villages around our plants. Our CSR programs have become even more relevant in these challenging times.

Despite the difficulties faced in our business, we, as a resilient organization, remain positive and excited about the future. We will continue to invest in new technologies, people and new business models, be focused on ensuring that the interests of our customers and all stakeholders are fully safeguarded.

We are grateful to you for reposing your faith in us and being an integral part of our journey.

Thank you,

Yours sincerely,

Dheeraj G Hinduja
Chairman

London
20 July 2021

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dheeraj G Hinduja, Chairman

Prof. Dr. Andreas H Biagosch

Jean Brunol

Jose Maria Alapont

Dr. Andrew C Palmer
(resigned as Independent Director w.e.f July 1, 2021) (appointed as an Additional Director (Non – Executive) w.e.f. July 7, 2021)

Manisha Girotra

Sanjay K Asher

Saugata Gupta

Vipin Sondhi, Managing Director and Chief Executive Officer

Dr. C Bhaktavatsala Rao

Gopal Mahadevan, Whole-time Director and Chief Financial Officer

COMPANY SECRETARY

N Ramanathan

SENIOR MANAGEMENT

Anuj Kathuria, Chief Operating Officer

Nitin Seth, Chief Operating Officer

N V Balachandar, Chief Sustainability Officer

P Harihar

K Ram Kumar

S Krishnan

Sudhir Chikhle

Sanjay Saraswat

Dr. N Saravanan

Venkatesh Natarajan

Amanpreet Singh

Kanakasabapathi Subramanian

STATUTORY AUDITORS

Price Waterhouse & Co Chartered Accountants LLP

COST AUDITORS

Geeyes & Co

BANKERS

Axis Bank

Bank of America

Bank of Baroda

Central Bank of India

Citi Bank N A

Federal Bank

HDFC Bank Limited

ICICI Bank Limited

IDBI Bank

Standard Chartered Bank

State Bank of India

MUFG Bank Limited

Yes Bank Limited

REGISTERED OFFICE

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

CORPORATE IDENTIFICATION NUMBER

L34101TN1948PLC000105

PLANTS

Tamilnadu - Ennore (Chennai), Sriperumbudur (Foundry) and Hosur

Maharashtra - Bhandara

Rajasthan - Alwar

Uttarakhand – Pantnagar

Tamilnadu – Vellivoyalchavadi (Technical Centre)

Andhra Pradesh - Vijaywada

WEBSITE

www.ashokleyland.com

REGISTRAR AND SHARE TRANSFER AGENT

Integrated Registry Management Services Private Limited

2nd Floor, Kences Towers

1 Ramakrishna Street, North Usman Road

T. Nagar, Chennai-600 017

Tel- +91 44 28140801/03

Fax- 91 44 2814 2479

Email: csdstd@integratedindia.in

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A HISTORICAL PERSPECTIVE OF THE COMPANY

₹ Crores

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

A HISTORICAL PERSPECTIVE OF THE COMPANY

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

₹ Crores

Particulars	2015-16	2016-17	2017-18**	2018-19	2019-20	2020-21
Sales Volume						
Vehicles (numbers)	140,457	145,066	174,873	197,366	125,200	100,725
Engines (numbers)	15,551	16,491	18,751	21,859	20,359	23,923
Spare parts and others	1,273	1,694	1,950	1,880	1,766	1,703
Revenue (Gross sales)	**19,993**	**21,453**	**26,633**	**29,055**	**17,467**	**15,301**
Profit before tax	**827**	**1,330**	**2,386**	**2,497**	**362**	**(412)**
Profit after tax	**390**	**1,223**	**1,718**	**1,983**	**240**	**(314)**
Assets						
Property, Plant and Equipment, CWIP, Right-of-use asset, Goodwill, Tangible and Intangible Assets	4,868	5,177	5,971	6,272	7,398	7,422
Investments	1,980	2,002	2,451	2,637	2,720	3,069
Trade Receivables#	-	-	-	-	1	-
Loans and Other Financial assets	135	182	60	73	102	58
Income tax asset and other non-current assets	610	579	791	1,056	746	450
Non-Current Assets	**7,593**	**7,940**	**9,273**	**10,038**	**10,967**	**10,999**
Inventories	1,625	2,631	1,758	2,685	1,238	2,142
Investments	-	877	3,155	-	-	-
Trade Receivables	1,251	1,064	945	2,505	1,188	2,816
Cash and Bank balances	1,593	912	1,042	1,374	1,322	823
Loans and Other Financial assets	196	211	414	487	926	829
Other current assets (incl. Contract assets)	516	282	749	1,135	749	841
Current assets	**5,181**	**5,977**	**8,063**	**8,186**	**5,423**	**7,451**
Assets classified as held for sale	-	123	-	-	-	-
Total	**12,774**	**14,040**	**17,336**	**18,224**	**16,390**	**18,450**
Financed by						
Equity Share capital	285	285	293	294	294	294
Other Equity	5,123	5,841	6,953	8,039	6,970	6,683
Equity	**5,408**	**6,126**	**7,246**	**8,333**	**7,264**	**6,977**
Borrowings, Lease liabilities and other financial liabilities	1,995	1,194	514	333	1,431	2,625
Deferred tax liability - Net	329	127	298	249	265	171
Other Non-current liabilities and provisions (incl. Contract liabilities)	152	172	459	520	431	403
Non-current liabilities	**2,476**	**1,493**	**1,271**	**1,102**	**2,127**	**3,199**
Borrowings, Lease liabilities and other financial liabilities	1,517	2,172	1,894	1,700	2,651	1,951
Trade payables	2,563	3,117	4,888	5,019	3,037	5,165
Other current liabilities and provisions (incl. Current Tax liabilities-net and Contract liabilities)	810	1,132	2,037	2,070	1,310	1,158
Current liabilities	**4,890**	**6,421**	**8,819**	**8,789**	**6,999**	**8,274**
Liabilities directly associated with assets classified as held for sale	-	-	-	-	-	
Total	**12,774**	**14,040**	**17,336**	**18,224**	**16,390**	**18,450**
Basic Earnings Per Share (₹)	1.37	4.24	5.87	6.76	0.82	(1.07)
Dividend per share (₹) (Face value ₹ 1 each)	0.95	1.56	2.43	3.10	0.50@	0.60
Employees (numbers)	10,352	11,906	11,865	12,133	11,463	10,758

Contract asset and Contract liabilities is applicable from 2018-19.
Right-of-use asset and Lease liabilities is applicable from 2019-20.
Figures may not be strictly comparable due to presentation changes resulting from adoption of IND AS
\# amount is below rounding off norms adopted by the Group
@ Interim dividend declared by the Board during the year.
** Pursuant to amalgamation of three wholly owned subsidiaries of the Company with the Company from April 1, 2017.

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Seventy Second Annual General Meeting (AGM) of Ashok Leyland Limited will be held on **Wednesday, September 8, 2021 at 3.00 P.M. IST** through **Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")** to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt:

   a) the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2021, 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, 2021 together with the Report of Auditors thereon.

2. To declare a dividend for the year ended March 31, 2021.

3. To appoint a Director in place of Mr. Gopal Mahadevan (DIN: 01746102) 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 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) Dr. C Bhaktavatsala Rao (DIN: 00010175), who was appointed by the Board of Directors as an Additional Director of the Company with effect from September 2, 2020 and who holds office up to the date of the ensuing 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."

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

   "**RESOLVED** that pursuant to the 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) Dr. Andrew C Palmer (DIN: 02155231), who was appointed by the Board of Directors as an Additional Director of the Company with effect from July 7, 2021 and who holds office up to the date of the ensuing 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."

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") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Jose Maria Alapont (DIN: 07712699), who was appointed as an Independent Director and who holds office of Independent Director up to January 24, 2022 and being eligible, 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 January 25, 2022 till January 24, 2027."

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

   "**RESOLVED** that pursuant to the provisions of Section 197, Schedule V and other applicable provisions of the Companies Act, 2013 ('the Act') [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time and the ordinary resolution passed by the members through postal ballot on February 28, 2020, and pursuant to the recommendations of the Nomination and Remuneration Committee and the Board of Directors of the Company, the members do hereby ratify and confirm the remuneration of ₹10,62,60,978/- paid/payable to Mr. Vipin Sondhi (DIN: 00327400), Managing Director and Chief Executive Officer for the financial year 2020-21 as the minimum remuneration as per the terms of his appointment, including in particular an amount of ₹9,02,02,598/- paid/payable to him during the financial year 2020-21 being the amount in excess of the limits prescribed under the provisions of Section 197 read with Schedule V of the Act, in view of no profits for the financial year 2020-21.

   RESOLVED FURTHER that the Board of Directors or Nomination and Remuneration Committee thereof, be and is hereby, authorized to take such steps as may be necessary - statutory, contractual or otherwise, in relation to the above, to settle all matters arising out of and incidental thereto, to sign and execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such other acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this Resolution."

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

   "**RESOLVED** that pursuant to the provisions of Section 197, Schedule V and other applicable provisions of the Companies Act, 2013 ('the Act') [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time and the ordinary resolution passed by the members at the AGM on July 31, 2019, and pursuant to the recommendations of the Nomination and Remuneration Committee and the Board of Directors of the Company, the members do hereby ratify and confirm the remuneration of ₹4,79,67,418/- paid/payable to Mr. Gopal Mahadevan (DIN: 01746102), Whole-time Director and Chief Financial Officer for the financial year 2020-21 as the minimum remuneration as per the terms of his appointment, including in particular an amount of ₹3,19,09,038/- paid/payable to him during the financial year 2020-21 being the amount in excess of the limits prescribed under the provisions of Section

197 read with Schedule V of the Act in view of no profits for the financial year 2020-21.

RESOLVED FURTHER that the Board of Directors or Nomination and Remuneration Committee thereof, be and is hereby, authorized to take such steps as may be necessary - statutory, contractual or otherwise, in relation to the above, to settle all matters arising out of and incidental thereto, to sign and execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such other acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this Resolution."

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

"**RESOLVED** that pursuant to the provisions of Sections 197 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules made thereunder, (including any statutory modification(s) or re-enactment thereof), consent of the Company be and is hereby accorded for payment of a sum not exceeding one percent per annum of the net profits of the Company calculated in accordance with the provisions of Section 198 of the Act, in addition to the sitting fees for attending the meeting(s) of the Board of Directors of the Company or any Committee thereof be paid to the Non-Executive Directors of the Company in such amounts or proportions and in such manner as may be decided by the Nomination and Remuneration Committee/Board of Directors and such payments shall be made in respect of the profits of the Company for each year, for a period of five years, commencing from the financial year 2021-22."

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

"**RESOLVED** that pursuant to the provisions of Sections 197, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force), the approval of the Company be and is hereby accorded for payment of remuneration to the Non- Executive Directors of the Company for the financial year 2020-21, as detailed hereunder:

S. No.	Name of the Director	₹ in Lakhs
1.	Prof. Dr. Andreas H Biagosch, Independent Director	37.98
2.	Dr. Andrew C Palmer, Non-Independent Director*	27.57
3.	Mr. Jean Brunol, Independent Director	26.45
4.	Mr. Jose Maria Alapont, Independent Director	29.68
5.	Ms. Manisha Girotra, Independent Director	27.86
6.	Mr. Sanjay K Asher, Independent Director	31.55
7.	Mr. Saugata Gupta, Independent Director	27.16

* Independent Director up to July 1, 2021 and continues to be a Non Independent Non-Executive Director w.e.f. July 7, 2021, subject to the approval of the shareholders.

RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its discretion deem desirable, necessary, expedient, usual or proper to implement this resolution."

11. 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 197, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force), the approval of the Company be and is hereby accorded for payment of remuneration to the Non-Executive Directors of the Company for the financial year 2020-21, as detailed hereunder:

S. No.	Name of the Director	₹ in Lakhs
1.	Mr. Dheeraj G Hinduja, Chairman	68.00
2.	Dr. C Bhaktavatsala Rao, Non Executive Director	38.75

RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its discretion deem desirable, necessary, expedient, usual or proper to implement this resolution."

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

"**RESOLVED** that pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the remuneration payable to Geeyes & Co., Cost and Management 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, 2021, amounting to ₹7,00,000/- (Rupees Seven Lakhs only) plus applicable taxes and reimbursement of out-of-pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified."

By Order of the Board

Chennai
July 07, 2021

N Ramanathan
Company Secretary

Registered Office:
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NOTICE TO SHAREHOLDERS

NOTES:

1. The Ministry of Corporate Affairs ("MCA") has vide its circular dated January 13, 2021 read with circulars dated May 5, 2020, April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.

2. The Register of Members and the Share Transfer books of the Company will remain closed from Thursday, September 2, 2021 to Wednesday, September 8, 2021 (both days inclusive) for the purpose of ensuing AGM of the Company.

3. The relevant Explanatory Statement pursuant to Section 102 of Act, setting out material facts in respect of businesses under item nos. 4 to 12 of the Notice, is annexed hereto. Details pursuant to Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of the Directors seeking appointment/re-appointment at this AGM are also annexed.

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

5. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

6. Institutional / Corporate Shareholders (i.e., other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF / JPG Format) of its Board or governing body Resolution / Authorisation etc., authorising its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution / Authorisation shall be sent to the Scrutinizer by email through its registered email address to scrutiniserbc@gmail.com with a copy marked to evoting@nsdl.co.in.

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

8. Pursuant to Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amount lying with Companies) Rules, 2012, the information on unclaimed dividend as on March 31, 2021 was filed with the MCA and hosted on the website of the Company. During the financial year 2021 an amount of ₹ 77,33,371/- (unclaimed dividend for the financial year 2012-13) was transferred to IEPF Authority during September 2020.

9. In compliance with the MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company / Depositories. Members may note that the Notice and Annual Report 2020-21 will also be available on the Company's website www.ashokleyland.com, websites of the Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of NSDL https://www.evoting.nsdl.com.

10. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before September 1, 2021 through email to secretarial@ashokleyland.com. The same will be replied by the Company suitably.

11. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Act and the relevant documents referred to in the Notice will be available, electronically, for inspection by the Members during the AGM. All documents referred to in the Notice will also be available from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send an e-mail to secretarial@ashokleyland.com.

12. 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 in the investors section for download.

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

14. 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.

15. 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, 2020, 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.

16. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act. 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, September 8, 2021.

17. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.

18. Voting and Joining Annual General Meeting through electronic means:

(i) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020, May 05, 2020, and January 13, 2021 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as venue voting on the date of the AGM will be provided by NSDL.

(ii) The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020, MCA Circular No. 20/2020 dated May 05, 2020 and MCA Circular No. 2/2021 dated January 13, 2021.

(iii) The “cut-off date” for determining the eligibility for voting through remote electronic voting system is fixed as Wednesday, September 1, 2021. The remote e-voting period commences on Saturday, September 4, 2021, at 9.00 a.m. IST and ends on Tuesday September 7, 2021 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, September 1, 2021 shall be entitled to avail the facility of remote e-voting. The remote-voting module shall be disabled by NSDL for voting thereafter. Those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.

(iv) The instructions for Members of Remote e-voting and Joining General Meeting are given herein below.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	**Login Method**
Individual Shareholders holding securities in demat mode with NSDL.	1. If you are already registered for **NSDL IDeAS facility**, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "**Beneficial Owner**" icon under "**Login**" which is available under "**IDeAS**" section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "**Access to e-Voting**" under e-Voting services and you will be able to see e-Voting page. Click on options available against Company name or **e-Voting service provider - NSDL** and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "**Register Online for IDeAS**" Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. 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. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against Company name or **e-Voting service provider - NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 4. Shareholders/Members can also download NSDL Mobile App "**NSDL Speede**" facility by scanning the QR code mentioned below for seamless voting experience. **NSDL Mobile App is available on** App Store Google Play
Individual Shareholders holding securities in demat mode with CDSL	1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of **e-Voting service provider i.e. NSDL**. Click on **NSDL** to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. **NSDL** where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against Company name or **e-Voting service provider-NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 or 022-23058542-43

B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. 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.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Members section.

3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

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

4. 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***

5. Password details for shareholders other than Individual shareholders are given below:

   a) If you are already registered for e-Voting, then you can user 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, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

6. 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 etc.

   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

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

8. Now, you will have to click on "Login" button.

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

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.

2. Select "EVEN" of Company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".

3. Now you are ready for e-Voting as the Voting page opens.

4. 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.

5. Upon confirmation, the message "Vote cast successfully" will be displayed.

6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

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

General Guidelines for shareholders

1. 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 authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to scrutiniserbc@gmail.com with a copy marked to evoting@nsdl.co.in.

2. 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.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to (Name of NSDL Official) at evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to csdstd@integratedindia.in.

2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self -attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to csdstd@integratedindia.in. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.

3. Alternatively, shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.

4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.

3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC / OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC / OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC / OAVM link" placed under "Join General meeting" menu against Company name. You are requested to click on VC / OAVM link placed under Join General Meeting menu. The link for VC / OAVM will be available in Shareholder / Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

2. Facility of joining the AGM through VC / OAVM shall open 30 minutes before the time scheduled for the AGM and will be available for Members on first come first served basis.

3. Members are encouraged to join the Meeting through Laptops for better experience.

4. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

5. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio / Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

6. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID / folio number, PAN, mobile number at secretarial@ashokleyland.com from August 30, 2021 (9:00 a.m. IST) to August 31, 2021 (5:00 p.m. IST). Those Members who have registered themselves as a speaker will only be allowed to express their views / ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

Details on Tax Deduction at Source (TDS) On Dividend Distribution

Dividend income is taxable in the hands of Shareholders and the Company is required to deduct tax at source from dividend paid to Shareholders at the prescribed rates. For the prescribed rates for various categories, the Shareholders are requested to refer to the Income Tax Act, 1961. The Shareholders are requested to update their PAN with the Company / Integrated Enterprises (India) Private Ltd ("Integrated") (in case of shares held in physical mode) and with the Depositories / Depository Participants (in case of shares held in dematerialized mode).

Resident Shareholders:

For Resident Shareholders, who have provided valid PAN, tax shall be deducted at source under Section 194 of the Income Tax Act, 1961 at 10% on the amount of dividend.

Tax shall be deducted at source at 20% wherein–

a) Shareholders do not have a valid PAN / have not registered their valid PAN details in their account / with the Company / Integrated,

b) Shareholders classified as specified persons under Section 206AB

No tax shall be deducted on the dividend payable to a resident individual if

(a) The aggregate amount of dividend [interim, final or by any other name called] during Financial Year 2021-22 does not exceed ₹ 5,000 for a resident individual Shareholder having valid PAN; or

(b) In cases where the individual Shareholder provides Form 15G / Form 15H and meets all the required eligibility conditions, or

(c) Exemption certificate is issued by the Income-tax Department, if any.

Apart from above cases, following categories of Shareholders are exempt from tax deduction at source as per Section 194, 196, 197A of the Income Tax Act, 1961 and / or notification by CBDT:

a) Life Insurance Corporation of India [clause (a) to 2nd proviso to section 194]

b) General Insurance Corporation of India / The New India Assurance Company Ltd / United India Insurance Company Ltd / The Oriental Insurance Company Ltd / National Insurance Company Ltd [clause (b) to 2nd proviso to section 194]

c) Any other Insurer in respect of any shares owned by it or in which it has full beneficial interest [clause (c) to 2nd proviso to section 194]

d) Dividend income credited / paid to a "business trust", as defined in clause (13A) of section 2, by a special purpose vehicle referred to in the Explanation to clause (23FC) of section 10; [clause (d) to 2nd proviso to section 194]

e) Government [section 196(i)]

f) Reserve Bank of India [section 196(ii)]

g) A corporation established by or under a Central Act which is, under any law for the time being in force, exempt from Income-Tax on its Income [section 196(iii)]

h) Mutual Fund whose income is exempt u/s 10(23D) read with section 196(iv).

i) any person for, or on behalf of, the New Pension System Trust referred to in section 10(44) [subsection 1E to section 197A]

j) Category I or a Category II Alternative Investment Fund established in India whose income isexempt under Section 10(23FBA) (registered with SEBI as per section 115UB) as per Notification 51/2015

k) Recognised Provident fund, Approved gratuity fund, Approved superannuation fund or any other entity entitled to exemption from TDS / covered under circular 18/2017 dated May 29, 2017.

Shareholders are requested to file their appropriate declarations with necessary self-attested documentary evidence using the link at https://www.integratedindia.in/ExemptionFormSubmission.aspx

Non-resident Shareholders:

For Foreign Portfolio Investor (FPI)/Foreign Institutional Investors ('FIIs') category Shareholders, taxes shall be deducted at source under Section 196D of the Act at 20% (plus applicable surcharge and cess).

For other Non-resident Shareholders, taxes are required to be deducted in accordance with the provisions of Section 195 of the Income Tax Act, 1961, at the rates in force. As per the relevant provisions of the Income Tax Act, 1961, the tax shall be deducted at the rate of 20% (plus applicable surcharge and cess) on the amount of dividend payable to them.

Further, in absence of valid PAN, tax will be deducted at a higher rate of 20% as per Section 206AA of the Act. Further, in case where PAN is not updated with the Company RTA or information sought in the declaration are not provided, higher rate of withholding tax as per Section 206AA shall be applied.

However, in case of a non-resident Company, 206AA shall not apply in respect of payments in the nature of dividend, if the shareholder furnishes the following details and the documents specified in sub-rule (2) of Rule 37BC of the Income-tax Rules, 1962 to Ashok Leyland:

- Name, e-mail id, contact number;

- Address in the country or specified territory outside India of which the deductee is a resident;

- Tax Residency Certificate (TRC): A certificate of his being resident in any country or specified territory outside India from the Government of that country or specified territory if the law of that country or specified territory provides for issuance of such certificate

- Tax Identification Number of the deductee in the country or specified territory of his residence and in case no such number is available, then a unique number on the basis of which the deductee is identified by the Government of that country or the specified territory of which he claims to be a resident.

FPI/FIIs and the Non-resident Shareholders have the option to be governed by the provisions of the Double Tax Avoidance Agreement (DTAA) between India and the country of tax residence of the Shareholder, if they are more beneficial to them.

To avail benefit of rate of deduction of tax at source under DTAA, such Non-resident Shareholders / FPI will have to provide the following:

1. Self-attested copy of the PAN allotted by the Indian Income Tax authorities;

2. Tax Residency Certificate from the jurisdictional tax authorities confirming residential status for FY 2021-22.

3. Declaration by the non- resident in prescribed Form 10F.

4. Self-declaration by the Non-resident Shareholder as to:

   i. Eligibility to claim tax treaty benefits based on the tax residential status of the Shareholder, including having regard to the satisfaction of the place of effective management (POEM), principal purpose test, GAAR, Simplified Limitation of Benefit test (wherever applicable), as regards the eligibility to claim recourse to concerned Double Taxation Avoidance Agreements with India;

   ii. No Permanent Establishment / fixed base in India in accordance with the applicable tax treaty;

   iii. Shareholder being the beneficial owner of the dividend income to be received on the equity shares.

In case of non-resident Shareholder, having permanent establishment in India, if they are classified as “specified person” as per the provision of section 206AB, tax will be deducted at rate higher of

(a) twice the rate as per the provisions of Income Tax Act, 1961; or

(b) twice the rate in force; or

(c) 5%.

General:

Shareholders holding shares in dematerialized mode, are requested to update their records such as tax residential status, permanent account number (PAN), registered email addresses, mobile numbers and other details with their relevant depositories through their depository participants. Shareholders holding shares in physical mode are requested to furnish details to the Company’s registrar and share transfer agent. The Company is obligated to deduct tax at source (TDS) based on the records available with RTA and no request will be entertained for revision of TDS return.

In order to enable us to determine the appropriate tax rate at which tax has to be deducted at source under the respective provisions of the Income-tax Act, 1961, we request Resident Shareholders and Non-Resident Shareholders to upload the details and documents referred to in this Notice in the format provided by us and as applicable to you on the link at https://www.integratedindia.in/ExemptionFormSubmission.aspx. No communication on the tax determination / deduction shall be entertained beyond 5.00 p.m. on Friday, September 3, 2021.

Deduction of tax at a rate lower than statutory rate or no deduction of tax shall depend upon the completeness of the documents and the satisfactory review of the forms and the documents, submitted by Resident Shareholders, to the Company / Integrated. In case of individual shareholders, reporting of Aadhaar number in lieu of PAN shall be treated as valid compliance and accordingly PAN shall not be mandated in such cases.

Please note that the Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial DTAA Rate shall depend upon the completeness and satisfactory review of the documents submitted by Non- Resident Shareholder / FPI, to the Company / Integrated. Incomplete and / or unsigned forms, declarations and documents will not be considered by the Company for granting any exemption. Decision of the Company with respect to the validity of any document will be final.

In case of any discrepancy in documents submitted by the Shareholder the Company will deduct tax at higher rate as applicable, without any further communication in this regard. Tax deducted by the Company is final and the Company shall not refund / adjust the tax so deducted subsequently. It may be further noted that in case the tax on dividend is deducted at a higher rate in absence of receipt of the details / documents, there would still be an option available with the shareholder to file the return of income and claim an appropriate refund, if eligible. No claim shall lie against the Company for such higher taxes deducted.

In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided / to be provided by the Shareholder(s), such Shareholder(s) will be responsible to indemnify the Company and also, provide the Company with all information / documents and co-operation in any appellate proceedings.

Explanatory statement pursuant to Section 102 of the Companies Act, 2013

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 12 of the accompanying notice.

Item No.4

Pursuant to the recommendation of Nomination and Remuneration Committee, the Board of Directors appointed Dr. C. Bhaktavatsala Rao (DIN: 00010175), as an Additional Director liable to retire by rotation, on September 2, 2020, subject to approval of the shareholders.

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 (“Act”) and Article 106 of the Articles of Association of the Company, Dr. C. Bhaktavatsala Rao shall hold office up to the date of the ensuing Annual General Meeting and is eligible to be appointed as a Director. The Company has, in terms of Section 160(1) of the Act, received in writing a notice from a member, proposing his candidature for the office of Director.

Keeping in view that Dr. C. Bhaktavatsala Rao has over 46 years of diverse experience in driving business and organizational growth in reputed world-class Indian companies, it would be in the best interest of the Company to appoint him as Director of the Company.

A brief profile of Dr. C Bhaktavatsala Rao (“Dr. C B Rao”) is given below:

Dr. C. Bhaktavatsala Rao received his Ph.D. Degree in Industrial Management and M.Tech. Degree in Industrial Engineering from the Indian Institute of Technology, Madras, Chennai. He received his B.E. Degree in Mechanical Engineering from Sri Venkateswara University, Tirupati.

Dr. C. B. Rao has over 46 years of diversified experience in driving business and organisational growth in reputed world-class Indian companies, including subsidiaries of global MNCs. He served as Managing Director and Executive Chairman of Hospira Healthcare India Private Limited, a Pfizer Company (2010-2015). Prior to that, he was Deputy Managing Director of Orchid Pharma (1998-2010) and Head of Corporate Planning of Ashok Leyland and Hinduja Group (1978-1998). His initial assignments were in State Bank of India, Tata Motors, and Scooters India (1974-1978).

Dr. C. B. Rao expertise and experience covers pharmaceutical and automobile industries as well as other industries. Dr. C. B. Rao executed several growth projects in globally networked multinational environments, establishing facilities, and building organisations. He spearheaded many value-adding initiatives in the companies he was associated with – from conceptualisation to commercialisation. Widely travelled internationally, Dr. C. B. Rao structured industry-leading global business development and strategic alliances.

Dr. C. B. Rao serves as Chair Professor in Management Studies at the Indian Institute of Technology, Madras, Chennai. He also supports select global and Indian corporations as Senior Advisor. Dr. C. B. Rao is a creative and prolific writer, contributing numerous papers to reputed forums. He has authored and published nine academic books on strategy and leadership under his LeaderCrest banner over the last five years.

Dr C. B. Rao holds 1,690 equity shares in the Company as per the declaration given by him.

Details of Dr C. B. Rao whose appointment as an Non-Executive Director is proposed at Item No. 4 is 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.

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 except Dr. C. B. Rao and his relatives.

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

Item No.5

Dr. Andrew C Palmer was re-appointed as an Independent Director of the Company by the shareholders at the Annual General Meeting held on September 2, 2020 for a period of five years till November 3, 2025. On account of his decision to take up a whole-time position in Switch Mobility Limited, United Kingdom, a step- subsidiary of the Company, he resigned as an Independent Director from the Company on July 1, 2021. Considering his rich experience in the auto industry, the Board through circular resolution dated July 7, 2021 had approved the appointment of Dr. Andrew C Palmer as an Additional Director (non-independent) of the Company.

Pursuant to the recommendation of Nomination and Remuneration Committee, the Board of Directors vide circular resolution dated July 7, 2021 respectively appointed Dr. Andrew C Palmer (DIN: 02155231), as an Additional Director subject to approval of the shareholders at the ensuing Annual General Meeting of the Company.

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 ("Act") and Article 106 of the Articles of Association of the Company, Dr. Andrew C Palmer shall hold office up to the date of the ensuing Annual General Meeting and is eligible to be appointed as a Director liable to retire by rotation. The Company has, in terms of Section 160(1) of the Act, received in writing a notice from a member, proposing his candidature for the office of Director.

Keeping in view that Dr. Andrew C Palmer has over rich experience in the auto sector, it would be in the best interest of the Company to appoint him as Director of the Company.

A brief profile of Dr. Andrew C Palmer is given below:

Dr. Andrew C Palmer CMG FIMechE is an English Engineer and businessman. He got his Master's degree (MSc) in Product Engineering and Doctorate (PhD) in Engineering; is a Chartered Engineer, a Fellow of the Institution of Mechanical Engineers; and Fellow of The Royal Academy of Engineering. Dr. Andrew C Palmer, has over 41 years of Automotive industry experience and was named by Auto Express as the most influential British person in the industry in the past 30 years.

In 2010 Coventry University awarded him an Honorary Doctorate of Technology and in 2014 he was appointed Professor, advising the university in the automotive field.

He is the Founder and CEO of Palmer Automotive Limited and serves as Chairman of Optare Limited, Executive Chairman and CEO of Switch Mobility Limited UK from 2020 and Non-Executive Chairman of Hilo Limited from 2021. He was the President and CEO of Aston Martin from 2014 to 2020, and non-Executive Director from 2016-2021 of Secured by Designs Limited. In 2017, he was appointed as Chairman of the productivity and skills commission of the new West Midlands Combined Authority (WMCA). Dr. Andrew C Palmer was previously the Chief Planning Officer, executive Vice-President and member of the Executive Committee of Nissan Motor Company, reporting directly to Nissan's President and CEO, Mr. Carlos Ghosn. Dr. Andrew C Palmer shared the Chief Operating Officer role with two Nissan executives. Dr. Andrew C Palmer was also Chairman of Infiniti, and President of Nissan Motor Light Truck Co, a member of the Board of Directors of Nissan (China) Investment Company (NCIC), and of Nissan's joint ventures with the Company.

He has been called an "Engineer-Turned-Marketing Guru [with a] raw instinct."

Details of Dr. Andrew C Palmer whose appointment as an Non-Executive Director is proposed at Item No. 5 is 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.

The Board recommends the Ordinary Resolution for approval by the members of the Company for the appointment of Dr. Andrew C Palmer as Director liable to retire by rotation. 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.5 except Dr. Andrew C Palmer and his relatives.

Item No.6

Mr. Jose Maria Alapont (DIN: 07712699) was appointed as an Independent Director on the Board of the Company pursuant to the provisions of Section 149 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014. He holds the office as an Independent Director of the Company till January 24, 2022.

The Nomination and Remuneration Committee ("NRC") of the Board of Directors, based on the report of performance evaluation of the Independent Directors, has recommended the re-appointment of

Mr. Jose Maria Alapont as an Independent Director for a second term of 5 (five) consecutive years on the Board of the Company from January 25, 2022 to January 24, 2027.

The Board, based on the performance evaluation of Mr. Jose Maria Alapont as an Independent Director and as per the recommendation of the NRC, considers that, given his background and experience and contributions made by him during his tenure, the continued association of Mr. Jose Maria Alapont would be beneficial to the Company and it is desirable to continue to avail his services as an Independent Director. Accordingly, it is proposed to re-appoint, Mr. Jose Maria Alapont as 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 for the periods specified above respectively.

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.

Mr. Jose Maria Alapont is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as a Director.

The Company has also received declarations from Mr. Jose Maria Alapont that he meets the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Listing Regulations.

In the opinion of the Board, Mr. Jose Maria Alapont fulfill the conditions for appointment as Independent Director as specified in the Act and the SEBI Listing Regulations. Mr. Jose Maria Alapont is independent of the management.

Details of Mr. Jose Maria Alapont whose re-appointment as an Independent Director is proposed at Item 6 is 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 letter of re-appointment of Mr. Jose Maria Alapont setting out the terms and conditions of appointment are available for inspection.

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 except Mr. Jose Maria Alapont and his relatives.

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

Item Nos.7 & 8

Mr. Vipin Sondhi was appointed as the Managing Director and Chief Executive Officer ("MD & CEO") for a period of five years from December 12, 2019 to December 11, 2024, by means of an Ordinary Resolution through Postal Ballot during February 2020 on the terms and conditions including payment of remuneration as mentioned therein.

Mr. Gopal Mahadevan was appointed as Whole-time Director and Chief Financial Officer ("WTD & CFO") for a period of five years from May 24, 2019 to May 23, 2024 by means of an Ordinary Resolution passed by the Members at the seventieth Annual General Meeting of the Company held on July 31, 2019 on the terms and conditions including payment of remuneration as mentioned therein.

At the time of their appointment, the Company had adequate profits and the remuneration paid / payable to Mr. Vipin Sondhi and Mr. Gopal Mahadevan was within the limits prescribed under the Companies Act, 2013. However, during the ongoing COVID-19 pandemic and also due to lack of demand in the commercial vehicle industry, the business of the Company has been going through a lean patch and as a result of the same, the revenue of the Company dropped significantly during 2020-21. Owing to the aforesaid factors, the financial performance of the Company in the financial year ended March 31, 2021, has not met expectations and hence the Company has inadequate profits for the financial year 2020-21 and reported losses for the period ended March 31, 2021.

As a result of the above, the remuneration paid / payable to Mr. Vipin Sondhi and Mr. Gopal Mahadevan for the financial year 2020-21 exceeds the limits (excluding retiral benefits) specified under Section 197 of the Companies Act, 2013, read with Schedule V thereto as amended as on date. The Board of Directors of the Company believes that the remuneration as previously approved by the members of the Company and the remuneration paid / payable to Mr. Vipin Sondhi and Mr. Gopal Mahadevan is justified in terms of their roles and responsibilities in the Company.

Pursuant to the provisions of Section 196, 197 and 198 of the Companies Act, 2013 read with Schedule V, a Company having inadequate / no profits, may subject to certain conditions including the passing of a special resolution, pay such remuneration to its managerial personnel as may be decided by the Nomination and Remuneration Committee / Board of Directors. Accordingly, the Nomination and Remuneration Committee and the Board have at their respective meeting(s) held on June 24, 2021, subject to the approval of the members of the Company, accorded their approvals for payment of remuneration to Mr. Vipin Sondhi and Mr. Gopal Mahadevan for the financial year 2020-21 as approved at the time of their appointment.

The Company has not defaulted in payment of dues to any bank or public financial institution or non-convertible debenture holders or other secured creditors, if any.

The details of remuneration of Mr. Vipin Sondhi, MD & CEO as originally approved by the members through postal ballot is as under:

A. FIXED COMPENSATION

Basic Salary, Allowances, Retiral benefits, etc., not exceeding ₹ 7,50,00,000/- (Rupees Seven Crores Fifty 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 MD & CEO.

Annual increments will be decided and approved by the Nomination and Remuneration Committee and the Board, based on the performance of MD & CEO and the Company.

B. ANNUAL PERFORMANCE PAY

The target Annual Performance Pay shall be ₹ 7,50,00,000/- (Rupees Seven Crore Fifty Lakhs only). Annual Performance Pay is based on the performance of the Company as well as contributions made by the MD & CEO, as may be decided by the Nomination and Remuneration Committee and the Board.

100% of the Annual Performance Pay is payable at achievement of targets. Substantial outperformance may lead to payment of up to 150% of the target amount.

C. OTHER TERMS

a) In addition to the above, MD & CEO will be entitled to residential security, Company owned / leased and maintained cars with drivers, and reimbursement of non-domiciliary medical expenses for family and dependent parents. Based on mutual convenience, the Company may choose reimbursement of cost of drivers and security at the residence.

b) Club fee, other perquisites, allowances, insurance, retiral benefits including Gratuity and Provident Fund, etc., shall be as applicable to the Senior management personnel of the Company.

c) For the purpose of calculating the perquisites (including share based payment) 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 MD & CEO.

e) Such number of stock options as may be granted and recommended by the Nomination and Remuneration Committee from time to time.

D. OVERALL REMUNERATION

The Nomination and Remuneration Committee/Board as it may in its absolute discretion deem fit, revise the remuneration payable to MD & CEO, during any financial year, during currency of the tenure of office of MD & CEO, in such manner as may be agreed to between the Nomination and Remuneration Committee/Board and MD & CEO, 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, read with Schedule V of the Act.

E. MINIMUM REMUNERATION

Notwithstanding anything to the contrary herein contained, where in any financial year, the Company has no profits, or its profits are inadequate, the Company will pay to the MD & CEO, remuneration as specified above in paras A, B and C.

The details of remuneration of Mr. Gopal Mahadevan, WTD & CFO as originally approved by the members at the seventieth AGM is as under:

A. Fixed Compensation

Basic Salary, Perquisites, Allowances, Retiral benefits, etc.: ₹ 3,45,00,000/- (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 & CFO.

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 & CFO, 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 (including share based payment) 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 & CFO.

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 & CFO, during such financial year, in such manner as agreed to between the Nomination and Remuneration Committee/Board of Directors and WTD & CFO, however, not exceeding the maximum limits specified in this behalf under Schedule V to the Act.

The approval of the members is being sought for the payment of remuneration to Mr. Vipin Sondhi, MD & CEO and Mr. Gopal Mahadevan, WTD & CFO for the financial year for the period from April 1, 2020 to March 31, 2021.

Except Mr. Vipin Sondhi and his relatives to the extent of their shareholding interest, if any, in the Company for item no. 7 and Mr. Gopal Mahadevan and his relatives to the extent of their shareholding interest, if any, in the Company for item no. 8, none of the other Directors/Key Managerial Personnel and their respective relatives are in any way, concerned or interested, financially or otherwise, in the resolutions set out in item nos. 7 and 8 respectively.

STATEMENT IN TERMS OF SECTION II OF PART II OF SCHEDULE V OF THE COMPANIES ACT, 2013 DETAILS ARE GIVEN BELOW: -

I. GENERAL INFORMATION:

1. Nature of industry

   Ashok Leyland Limited is an international automotive and transport vehicle group engaged in the business of manufacture and sale of commercial/passenger and defence vehicles and power solutions. The Company provides a wide spectrum of transportation related products and services, with superior quality and high standards of safety and environmental care, to customers in selected segments. The Company is the second largest manufacturer of commercial vehicles in India in the medium and heavy commercial vehicle segment, fourth largest manufacturer of buses in the world and the thirteenth largest manufacturer of trucks globally. With a turnover of ₹ 15,301/- Crores (2020-21) and a footprint that extends across 50 countries, the Company is one of the most fully-integrated manufacturing companies in the world.

2. Date or expected date of commencement of commercial production.

   The Company was incorporated on September 7, 1948 with Registration No.68 of 1948-49, in the State of Tamil Nadu under the Companies Act, 1913. Since then, the Company had commenced its business.

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus

   Not applicable.

4. Financial performance based on given indicators

(₹ in Crores)

Financial year	**2020-21**	**2019-20**	**2018-19**	**2017-18**
Gross Revenue	15,301	17,467	29,055	26,633
Profit before Interest, Depreciation and Tax	(412)	362	2,497	2,386
Profit after Tax	(314)	240	1,983	1,718
Rate of dividend (₹)	0.60	0.50	3.10	2.43
Earnings per share (₹)	(1.07)	0.82	6.76	5.87

5. Foreign investments or collaborations, if any.

   The Company has not entered into any material foreign collaboration and no direct capital investment has been made in the Company during the previous three financial years. The foreign investors, mainly comprising Promoter Group entities, FIIs and NRIs are investors in the Company on account of past issuances of securities and/or secondary market purchases. As on June 30, 2021 the aggregate foreign shareholding in the Company was 69.35%.

II. INFORMATION ABOUT THE APPOINTEE:

1) Mr. Vipin Sondhi, MD&CEO

   a) Background details

   Mr. Vipin Sondhi is the Managing Director and Chief Executive Officer of Ashok Leyland, flagship of the Hinduja group, Ashok Leyland is the 2nd largest manufacturer of commercial vehicles in India. A US $ 2.09 billion Company (2020-21), and a footprint that extends across 50 countries, Ashok Leyland is one of the most fully-integrated manufacturing companies this side of the globe.

   Mr. Vipin Sondhi has over three decades of experience in Manufacturing and Engineering based companies such as JCB, Honda, Tata Steel and Tecumseh.

   Prior to Ashok Leyland, he was heading JCB India, where he spent over 13 years, and was a member of JCB's global executive team. He led the $1.7 billion JCB business, with five manufacturing plants situated in three locations, and established market leadership in the Construction Equipment Industry. JCB's Made-in-India products were also exported to over 100 countries, cumulatively, during his time. Mr. Vipin Sondhi has a strong and proven track record as a leader, and is a passionate hands-on professional.

   He is an alumnus of The Indian Institute of Management, Ahmedabad, The Indian Institute of Technology, New Delhi, and did his schooling at The Lawrence School, Sanawar. These institutions helped him constantly expand the boundaries in academics, as well as extra-curricular activities that laid the foundation for holistic development.

   He was appointed by the Government of India as the Chairperson of the Board of Governors, of the Indian Institute of Science Education and Research (IISER), Bhopal in December 2015. An elected member of the Confederation of Indian Industry's (CII) National Council, he has been the Chairman of Excon, South Asia's largest exhibition for Construction Equipment from 2006 to 2019.

   b) Past remuneration

   The remuneration for the last 3 financial years is given hereunder:

(₹ in Crores)

Financial year	**2019-20**	**2018-19***	**2017-18***
Mr. Vipin Sondhi	₹ 2.22	-	-

* Not applicable

   c) Recognition or awards

   He was conferred The Economic Times "Most Promising Business Leader of Asia – Construction Equipment Industry" in 2018-19. He was also conferred with an Honorary Fellowship by the Centre for Excellence in Project Management (CEPM) in December 2017. He has been awarded The CEO of the Year Award at CEO India Awards in 2014; the Udyog Rattan Award by the Institute of Economic Studies in 2011 and the Young Manager's Trophy by the Confederation of Indian Industry (CII) in the year 2000.

   Currently, he holds the positions of Vice President – SIAM (Society of Indian Automotive Manufacturers), and Vice President – ASDC (Automotive Skill Development Council). He is also the Chairman, CII National Committee on Future Mobility & Battery Storage and Chairman of CII's National Committee on R&D and Innovation.

d) Job profile and his suitability

Mr. Vipin Sondhi was appointed as a Director on November 8, 2019 and was subsequently appointed as the MD & CEO of the Company for a period of five years from December 12, 2019 to December 11, 2024. Keeping in view that Mr. Vipin Sondhi brings with him a rich experience of over three decades, the Board has decided that it would be in the interest of the Company to appoint Mr. Vipin Sondhi as the MD & CEO of the Company.

Taking into consideration, the qualifications, varied experience and achievements, the Board had bestowed upon Mr. Vipin Sondhi, the responsibilities of MD&CEO of the Company and continues to consider him suitable for the position.

e) Remuneration proposed

As mentioned resolutions and the explanatory statement under item nos. 7 & 8 respectively.

f) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin).

Taking into consideration the size and operations of the Company, the profile of the MD & CEO, the responsibilities handled by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior levels in other companies.

g) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel or other director, if any.

Mr. Vipin Sondhi has no pecuniary relationship with the Company or its Key Managerial Personnel other than his remuneration in the capacity of the MD & CEO. As on date of this notice, he holds 4,736 shares in the Company.

2) Mr. Gopal Mahadevan, WTD & CFO

a) Background details

Mr. Gopal Mahadevan is a member of the Institute of Chartered Accountants of India and a qualified Company Secretary with over 32 years of experience across a spectrum of industries, Mr. Gopal Mahadevan has worked in manufacturing, internet services, financial services and project companies. Earlier to Ashok Leyland Ltd, he was Chief Financial Officer at Thermax Ltd and Amara Raja Batteries Ltd. Mr. Gopal Mahadevan has worked in diverse roles in Sanmar Group and was General Manager M&A at Sify Ltd.

In one of the earlier organisations, Mr. Gopal Mahadevan had also handled HR and Strategy as additional responsibilities.

Mr. Gopal Mahadevan joined Ashok Leyland Limited as Chief Financial Officer (CFO) in July 2013, and has been one of the core team members leading the turnaround and growth of the Company. Currently, aside of being CFO, he also leads the Corporate Planning and Strategy Function. He is a Member of the Board of several subsidiaries and associate companies of Ashok Leyland Limited.

Mr. Gopal Mahadevan has received several awards and recognitions including from the Institute of Chartered Accountants of India.

b) Past remuneration

The remuneration for the last 3 financial years is given hereunder:

(in Crores)

Financial year	2019-20	2018-19*	2017-18*
Mr. Gopal Mahadevan	₹ 4.57	-	-

*Not Applicable

c) Recognition or awards

He has received several awards and recognitions.

d) Job profile and his suitability

The Board of Directors, at its meeting held on May 24, 2019 appointed Mr. Gopal Mahadevan as an Additional Director of the Company and also designated him as a Whole-time Director and Chief Financial Officer ("WTD & CFO") of the Company for period of five years from May 24, 2019 to May 23, 2024.

Keeping in view that Mr. Gopal Mahadevan carries with him a rich experience of over three decades, the Board has decided that it would be in the interest of the Company to appoint Mr. Gopal Mahadevan as the WTD & CFO of the Company.

Taking into consideration, the qualifications, varied experience and achievements, the Board had bestowed upon Mr. Gopal Mahadevan, the responsibilities of WTD & CFO of the Company and continues to consider him suitable for the position.

e) Remuneration proposed

As mentioned in the resolutions and the explanatory statement under item nos. 7 & 8 respectively.

f) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)

Taking into consideration the size and operations of the Company, the profile of the WTD & CFO, the responsibilities handled by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior levels in other companies.

g) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.

Mr. Gopal Mahadevan has no pecuniary relationship with the Company or its Key Managerial Personnel other than his remuneration in the capacity of the WTD & CFO. As on date of this notice, he holds 20,620 shares in the Company.

III. Other information:

(1) Reasons of loss or inadequate profits

The first quarter (April-June 2020) of the year gone by volume was a virtual washout due to lockdown caused by the pandemic. The M&HCV industry recorded very low volume of 4403 vehicles in Q1 which was 94% lower than the corresponding quarter of last year. Though there was recovery during the rest of the period of the financial year (July 2020 to March 2021) the margins of the Company could not be sustained due to increased cost and competitive pressures, resulting in the Company reporting a loss of ₹ 314 Crores as of March 31, 2021.

(2) Steps taken or proposed to be taken for improvement

- This performance was backed by the successful launch of the AVTR range - India's first modular truck platform. The AVTR platform gives customers a choice to customize their truck as per their unique requirements. The platform has been delivering best-in-class total cost of ownership across segments leading to customer delight.
- The impact of commodity price increases, particularly steel, which went up significantly in Jan '21, has been partially negated through price increases and internal cost reduction initiatives.
- The launch of Bada Dost was a success and has been well accepted by the customers in the market.
- We are further enhancing our focus and thrust on VAVE programs; which together with product price correction will help mitigate commodity price movement in a sustainable way.
- An all-time high volume of 23,923 engines were sold despite negligible sale in the first quarter due to lockdown. We have executed 500 Stallion 4x4 water bowsers and 100 ambulances in record time of 3 months under emergency procurement of Indian Army. Aftermarket business continued to deliver profitable growth last year. Early interventions at spare parts warehouses and with Supplier partners ensured continuation in supply chain and revenue reached pre-Covid levels. Aftermarket channel saw record participation from independent garages and ended the year with highest ever number of exclusive retail parts store for fifth year in a row. Service function achieved its highest service market share and continues to improve penetration in service products.
- We will continue to grow the Exports, Defence, PSB, LCV and Parts business even as we expand the reach and products of our core MHCV business. Our focus on Digital will help leverage the benefits of efficiency and cost. Customer requirements will be at the core of all our Digital initiatives. The emerging businesses such as Electric Vehicle (EV) and Customer Solutions (CSB) will assist in complementing the core business.
- As you are perhaps aware, in line with the expanding importance of electric vehicles and green mobility, Ashok Leyland has created a dedicated EV-only entity called SWITCH Mobility. SWITCH Mobility brings together Ashok Leyland's capabilities both from Optare UK and Ashok Leyland's EV Division
- With a dedicated team of people around the globe and combining the best of Indian and British design, technology, frugal engineering and sourcing advantage, we aim to create unique products and offerings for our customers globally.
- Furthermore, we also plan to create another Company which will provide mobility as a service to end customers for EVs. Through this we expect to differentiate our EV solutions by capturing the entire value chain.
- Sustainability is the foundation upon which this commitment will continue to be built. In order to bring in a singular focus across the various sustainability initiatives going beyond Corporate Social Responsibility, we have carved out a separate Environmental, Social & Governance (ESG) Committee of the Board headed by an independent director at our recently concluded Board meeting.

(3) Expected increase in productivity and profits in measurable terms

In anticipation of revival of the market in the near future, above steps taken by the Company taken/proposed by the Company are expected to increase the productivity and profits of the Company.

Item No.9

The Members of the Company at the sixty seventh AGM held on July 21, 2016, approved the payment of commission to Non-Executive Directors (NEDs) of the Company up to one percent per annum of the net profits of the Company for a period of five years commencing from financial year 2016-17 in addition to the sitting fees.

The compensation payable to the NEDs of companies should be adequate to attract independent professionals to take up these positions. Hence, in terms of Section 197 of the Companies Act, 2013, it is proposed to continue with the payment of commission to the NEDs of the Company for each of the five consecutive financial years commencing April 1, 2021, not exceeding one percent per annum of the net profits of the Company computed in accordance with the provisions of the Act. The quantum of the commission payable to each of the NEDs varies from year to year, which shall be decided by the Nomination and Remuneration Committee and the Board of Directors.

All the Directors, except MD & CEO, WTD & CFO and Key Managerial Personnel or their respective relatives, are concerned or interested, financial or otherwise, in this resolution. The Board recommends the resolution set forth for the approval of the Members.

NOTICE TO SHAREHOLDERS

Item Nos.10 and 11

As per Section 197 of the Companies Act, 2013 read with Schedule V and the relevant Rules as amended as on date and as applicable, the Company is required to obtain approval of members of the Company for payment of remuneration (apart from receiving sitting fees and reimbursement of expenses for attending meetings of the Company) to the Non-Executive Directors including Independent Directors in the event of no profit or inadequate profits.

For the financial year ended on March 31, 2021, the Company did not have adequate profits in accordance with Section 198 of the Companies Act, 2013. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors have at their meeting held on June 24, 2021, approved the payment of remuneration to Non-Executive Directors of the Company for the financial year 2020-21, subject to the approval of the shareholders, as proposed in item nos. 10 and 11, as resolutions.

The Members may note that the non-executive Directors have been guiding the Company in its Vision and Mission to achieve global standards in its products and performance. The Non-Executive Directors have been involving their time and expertise beyond participating in the Board meetings, by having regular meetings with the senior management team and guiding them in their respective areas of activity. Further the Non-Executive Directors also participate extensively in the Corporate Plan and budget exercise of the Company on an annual basis, which helps the Company in planning its actions for the rest of the year.

In view of the above and also the fact that the non-executive and Independent Directors are experts in their respective fields and needs to be compensated for their contribution and expertise, the Nomination and Remuneration Committee and the Board felt that the remuneration that has been recommended to each of the Directors is required in the longer interest of the Company, especially during these challenging times and hence recommended the remuneration for the financial year 2020-21. The Nomination and Remuneration Committee has done an extensive evaluation of each of the directors and their contribution and arrived at their respective remuneration that is payable to them.

All the Non-Executive Directors, except MD & CEO, WTD & CFO and Key Managerial Personnel or their respective relatives, are concerned or interested, financial or otherwise, in this resolution. The Board recommends the resolution set forth for the approval of the Members.

INFORMATION ABOUT THE NON-EXECUTIVE DIRECTORS:

Background details	Prof. Dr. Andreas H Biagosch	Retired from McKinsey & Company in July 2012 after 28 years with the Firm. 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. In his client work, he is known for developing and nurturing long-term partner-like relationships with leading companies in the automotive, aerospace and defense, and high-tech sectors.
	Dr. Andrew C Palmer	He is the Founder and CEO of Palmer Automotive Ltd and serves as Chairman of Optare Ltd, Executive Chairman & CEO of Switch Mobility Ltd UK from July2021 and Non-Executive Chairman of Hilo Ltd from 2021. He was the President and CEO of Aston Martin from 2014 to 2020, and non-Executive Director from 2016-2021 of Secured by Designs Ltd. In 2017, he was appointed as Chairman of the productivity and skills commission of the new West Midlands Combined Authority (WMCA). In 2010, Coventry University awarded him an Honorary Doctorate of Technology and in 2014 he was appointed Professor, advising the university in the automotive field.
	Mr. Jean Brunol	Mr. Jean Brunol was a Senior Vice President Business & Operations Strategy, Member of Federal Mogul Strategy Board, Federal Mogul Corpora on in charge of worldwide Business and Operations Strategy as well as International Operations. He was previously Senior Vice President Business Strategy and International Operations at IVECO a leading Commercial Vehicle Manufacturers and based in Italy.
	Mr. Jose Maria Alapont	More than 40 years of global leadership experience in both vehicle manufacturers and suppliers with business and operations responsibilities in the Americas, Europe, Asia Pacific, Middle East and Africa regions
	Ms. Manisha Girotra	Has more than 25 years of investment banking experience, with extensive cross-border M&A expertise across a broad range of industries. She is currently the Chief Executive Officer of Moelis India. Prior to that, she was CEO and Country Head of UBS in India managing its investment bank, commercial bank, markets, equity research and wealth management divisions. She has appeared in Business Today's "25 Most Powerful Women in Business in India" for the past six years as well as Fortune India's "50 Most Powerful Women in Business" in 2014 and 2015
	Mr. Sanjay K Asher	A Commerce and a Law Graduate from the Bombay University. He is a qualified Chartered Accountant. He has been a Practising Advocate since 1990 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 is a Director on the Board of various companies and is a leading authority in legal and tax related matters.

	Mr. Saugata Gupta	Mr Saugata Gupta started his career with Cadbury (now Mondelez) where he spent 9 years in various roles in Sales and Marketing in India and the United Kingdom. Subsequently, he went on to become the Chief of Marketing and Group Sales at ICICI Prudential and was part of the startup team that was instrumental in establishing ICICI Prudential as the largest private sector insurance firm in the country. He serves as MD and CEO at Marico Limited, responsible for driving growth and operations both nationally and internationally. He has helped transform Marico into a high performing business with a commitment to sustainable development.		
	Mr. Dheeraj G Hinduja	An entrepreneur, representing a global business conglomerate, his areas of expertise include multi-sectoral global business portfolio strategies, building and transforming organizations, attracting and nurturing best-in class Boards and Management talents, creating world class CSR interventions, etc. He is associated with many business sectors including Automotive, Engineering, Power, Information Technology, etc. He also provides Social Sector leadership in Education, Nutrition, Healthcare, Preservation of cultural heritage, etc.		
	Dr. C Bhaktavatsala Rao	Dr. C Bhaktavatsala Rao has over 46 years of diversified experience in driving business and organisational growth in reputed world-class Indian companies, including subsidiaries of global MNCs. He served as Managing Director and Executive Chairman of Hospira Healthcare India Private Limited, a Pfizer Company (2010-2015). Prior to that, he was Deputy Managing Director of Orchid Pharma (1998-2010) and Head of Corporate Planning of Ashok Leyland and Hinduja Group (1978-1998). His initial assignments were in State Bank of India, Tata Motors, and Scooters India (1974-1978). Dr. C Bhaktavatsala Rao expertise and experience covers pharmaceutical and automobile industries as well as other industries. Dr. C Bhaktavatsala Rao executed several growth projects in globally networked multinational environments, establishing facilities, and building organisations. He spearheaded many value-adding initiatives in the companies he was associated with – from conceptualisation to commercialisation. Widely travelled internationally, Dr. C Bhaktavatsala Rao structured industry-leading global business development and strategic alliances.		
	Name of Director	**Details of remuneration (in Crores)**		
Past Remuneration (last 3 financial years)		**2019-20**	**2018-19**	**2017-18**
	Prof. Dr. Andreas H Biagosch	0.52	0.65	0.74
	Dr. Andrew C Palmer	0.38	0.65	0.60
	Mr. Jean Brunol	0.63	0.67	0.65
	Mr. Jose Maria Alapont	0.71	0.75	0.46
	Ms. Manisha Girotra	0.37	0.35	0.28
	Mr. Sanjay K Asher	0.62	0.71	0.61
	Mr. Saugata Gupta	0.20	-	-
	Mr. Dheeraj G Hinduja	1.16	10.12	8.11
	Dr. C Bhaktavatsala Rao	Not applicable as he was appointed wef September 02, 2020.		
Recognition or awards		Please refer to the background details in this table.		
Job Profile	All above directors	As contained in the letter of appointment issued to the Independent Directors and terms fixed with the non-independent directors		
Remuneration proposed	All above directors	As mentioned in the resolution set out at Item Nos. 10 and 11 of the Notice.		
Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	All above directors	The proposed remuneration is comparable and commensurate with the nature and size of the business of the Company as well as the responsibilities of the directors		
Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel or other director, if any	All above directors	Apart from receipt of remuneration, sitting fees and reimbursement of expenses, if any, from the Company, none of the Non-Executive Directors have any other pecuniary relationship directly or indirectly with the Company. None of the Non-Executive Directors have relationships with the managerial personnel or other directors of the Company.		

Other information on Nature of industry, Date or expected date of commencement of commercial production, Financial performance based on given indicators, Foreign investments or collaborations, if any, Reasons of loss or inadequate profits, Steps taken or proposed to be taken for improvement, Expected increase in productivity and profits in measurable terms are covered in the item nos. 7 and 8.

NOTICE TO SHAREHOLDERS

Item Nos.12

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 June 25, 2020 had considered and approved the appointment of Messers Geeyes & Co., Cost & Management Accountants (Registration No.000044) as the cost auditors of the Company for the financial year 2020-21 on a remuneration of ₹7,00,000/- (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, financial or otherwise, in this resolution.

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

By Order of the Board

Chennai
July 07, 2021

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

SNAPSHOT

Particulars	**Details**
Day, Date and Time	**Wednesday, September 8, 2021, 3.00 p.m. (IST)**
Mode	Video Conference/ Other Audio-Visual Means
Participation through Video-Conferencing (NSDL)	https://www.evoting.nsdl.com
Link for Remote e-voting through (NSDL)	https://www.evoting.nsdl.com
Helpline number of NSDL for VC participation	1800 1020 990 and 1800 22 44 30
Cut-off date for e-voting	Wednesday, September 1, 2021
E-voting start time and date	9.00 a.m. (IST) September 4, 2021
E-voting end time and date	5.00 p.m. (IST) September 7, 2021
E-voting website of NSDL	https://www.evoting.nsdl.com/
Book Closure Dates	Thursday, September 2, 2021 till Wednesday, September 8, 2021
Name, address and contact details of e-voting service provider	National Securities Depository Limited 4th Floor, 'A' Wing, Trade Wing, Kamla Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013 Ms. Soni Singh Assistant Manager Email id – evoting@nsdl.co.in Contact Number – 1800 102 0990; 1800 22 4430
Name, address and contact details of Registrar and Transfer Agent and Contact Name	Integrated Registry Management Services Private Limited 2nd Floor, Kences Towers No. 1 Ramakrishna Street, North Usman Road T Nagar, Chennai – 600 017 Ms. N Anusha Phone : 044-28140801 to 28140803 Fax : 044-28142479 Email : anusha@integratedindia.in

Annexure to the Notice

Details of Directors retiring by rotation/re-appointment at the ensuing AGM

Name of the Director	Mr. Gopal Mahadevan	Dr. C Bhaktavatsala Rao	Dr. Andrew C Palmer	Mr. Jose Maria Alapont
Date of Birth and Age	May 20, 1966; 55 Years	August 10, 1949; 71 years	June 30, 1963, 58 years	September 3, 1950; 70 years
Date of Appointment	May 24, 2019	September 2, 2020	November 4, 2015	January 25, 2017
Qualifications	B.Com, FCA	Ph.D in Industrial Management; M.Tech in Industrial Engineering IIT Madras; B.E. (Mechanical) Engineering from Sri Venkateswara University, Tirupathi	Master's Degree (MSc) in Product Engineering; Doctorate (PhD) in Management; Chartered Engineer; Fellow of the Institution of Mechanical Engineers	Degrees in Industrial Engineering and Philology
Expertise in Specific functional areas	With over 32 years of experience across a spectrum of industries, Mr. Gopal Mahadevan has worked in manufacturing, internet services, financial services and project companies. Earlier to Ashok Leyland Ltd, he was Chief Financial Officer at Thermax Ltd and Amara Raja Batteries Ltd. Mr. Gopal Mahadevan has worked in diverse roles in Sanmar Group and was General Manager M&A at Sify Ltd. In one of the earlier organisations, Mr. Gopal Mahadevan had also handled HR and Strategy as additional responsibilities. Mr. Gopal Mahadevan joined Ashok Leyland Limited as Chief Financial Officer (CFO) in July 2013, and has been one of the core team members leading the turnaround and growth of the Company. Currently, aside of being CFO, he also leads the Corporate Planning and Strategy Function. He is a Member of the Board of several subsidiaries and associate companies of Ashok Leyland Limited. Mr. Gopal Mahadevan has received several awards and recognitions including from the Institute of Chartered Accountants of India.	Over 46 years diversified experience in strategic and operational leadership of large companies in India, including subsidiaries of global MNCs. His last full time assignment was as Managing Director and Executive C'hairman of Hospira Heath Care India Private Limited, Pfizer Co between 2010-2015.	He is the Founder and CEO of Palmer Automotive Ltd and serves as Chairman of Optare Ltd, Executive Chairman & CEO of Switch Mobility Ltd UK from July2021 and Non-Executive Chairman of Hilo Ltd from 2021. He was the President and CEO of Aston Martin from 2014 to 2020, and non-Executive Director from 2016-2021 of Secured by Designs Ltd. In 2017, he was appointed as Chairman of the productivity and skills commission of the new West Midlands Combined Authority (WMCA). In 2010, Coventry University awarded him an Honorary Doctorate of Technology and in 2014 he was appointed Professor, advising the university in the automotive field.	More than 40 years of global leadership experience in both vehicle manufacturers and suppliers with business and operations responsibilities in the Americas, Europe, Asia Pacific, Middle East and Africa regions

Board Membership of other Companies as on date of the Notice	(i) Hinduja Tech Limited (ii) Hinduja Leyland Finance Limited (iii) Hinduja Housing Finance Limited (iv) Ashok Leyland UAE LLC (v) Optare Plc, UK (vi) Lanka Ashok Leyland Limited (vii) Gro Digital Platforms Limited (viii) Switch Mobility Automotive Limited (ix) Ohm Global Mobility Private Limited	(i) Leadercrest Academy Private Limited (ii) Finsop Consulting Private Limited (iii) Sentiss Pharma Private Limited	(i) Optare PLC, UK (ii) Hilo Limited (iii) Optare UK (iv) Inobat Auto j.s.a (v) Switch Mobility Limited, UK (vi) Palmer Automotive Limited (vii) Inobat UK Ltd	(i) Hinduja Automotive Limited (ii) Hinduja Investment and Project Services Limited (iii) Switch Mobility Limited, UK
Chairmanship(s) / Membership(s) of Committees of other Companies as on date of the Notice	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* (e) Risk Management Committee 4) Optare PLC (a) Audit Committee* 5) Hinduja Housing Finance Limited (a) Nomination and Remuneration Committee (b) Audit Committee (c) Risk Management Committee*	Sentiss Pharma Private Limited Audit Committee	NIL	(i) Switch Mobility Limited, UK a) Audit b) Governance, Nomination and Compensation*

*Chairman of the Board / Committee

For other details such as number of shares held, number of meetings of the Board attended during the year, remuneration drawn in respect of the aforesaid directors and relationship with other directors and key managerial personnel, refer to the Corporate Governance report.

BOARD'S REPORT

To the Members,

PERFORMANCE/OPERATIONS

Your Directors have pleasure in presenting the Annual Report of Ashok Leyland Limited ("AL"/"the Company") along with the Audited Financial Statements for the financial year ended March 31, 2021.

FINANCIAL RESULTS

₹ in Crores

	Standalone		Consolidated	
	2020-21	2019-20	2020-21	2019-20
Revenue from operations	15,301.45	17,467.47	19,454.10	21,951.27
Other Income	119.50	123.34	131.16	107.83
Total Income	**15,420.95**	**17,590.81**	**19,585.26**	**22,059.10**
(Loss) / Profit Before tax	**(411.91)**	**361.92**	**(67.08)**	**739.16**
Less: Tax expenses	(98.23)	122.40	2.52	279.36
(Loss) / Profit After tax	**(313.68)**	**239.52**	**(69.60)**	**459.80**
Balance profit from last year	3,768.20	4,845.91		
Profit available for appropriation	**3,454.52**	**5,085.43**		
Appropriation:				
Dividend paid during the year	-	1,056.80		
Corporate Dividend tax thereon	-	213.44		
Transition adjustment and other adjustment	-	(0.69)		
Other Comprehensive (Income) / Loss arising from re-measurement of defined benefit obligation (net of tax)	(5.39)	47.68		
Balance of profit carried to Balance sheet	**3,459.91**	**3,768.20**		
Earnings per share (Face value of ₹ 1/-)				
- Basic and diluted (₹)	(1.07) / (1.07)	0.82 / 0.82	(0.56) / (0.56)	1.15 / 1.15

COMPANY'S PERFORMANCE

The adverse economic impact of the COVID 19 pandemic across sectors characterized the performance of business and industry last year. The Commercial Vehicle sector was no exception. Though there were green shoots in some segments for a brief period, there were additional challenges caused by introduction of more expensive BS6 emission, more prudent credit calls in financing and regional movement restrictions. During the last quarter, when sentiments seemed to look up, global shortage of semiconductors and the second wave of COVID which extended to the rural areas, triggered a setback for the CV business. In line with industry trends, your Company had to resort to selectively plant shut down due to lockdown and low demand as needed. While vaccination drive is expected to be positive, the period of recovery to pre-Covid era is uncertain and the plans for Company during 2021-22 are being carefully calibrated with emphasis on capability building.

The overall total industry volume (TIV) of commercial vehicle market in India posted a drop of 20.8% YoY, constituting a 28.4% drop in the M&HCV segment & 17.3% drop in the LCV segment. Sale to International Operations fell by 16.6% over last year driven by 21.4% fall in M&HCV and 13.8% fall in LCV. Your Company sold 46,043 M&HCVs in the domestic market (2,723 M&HCV Buses and 43,320 M&HCV Trucks including Defence vehicles), lower by 35.5% over the previous year. LCV with sales of 46,671 vehicles posted a modest growth of 3.9% over the previous year. Your Company achieved market share of 28.6% in M&HCV.

Introduction of innovative i-Gen6 technology in BS6, successful launch of the modular AVTR range and a new Global platform Phoenix in record time are the product highlights of last year. The first product on this global LCV platform was the Bada Dost which helped your Company gain market share by 2.1% and increased volume by 5% despite a 17.3% drop in total industrial volume (TIV) in its segment.

Your Company set a record in FY2020-21 with an all-time high volume of 23,923 engines despite negligible sale in the first quarter due to lockdown. Your Company is proud to complete the execution of 500 Stallion 4x4 water bowsers and 100 ambulances in record time of 3 months under emergency procurement of Indian Army. Aftermarket business of your Company continued to deliver profitable growth last year. Early interventions at spare parts warehouses and with Supplier partners ensured continuation in supply chain and revenue reached pre-Covid levels. Aftermarket channel saw record participation from independent garages and ended the year with highest ever number of exclusive retail parts store for fifth year in a row. Service function achieved its highest service market share and continues to improve penetration in service products.

During the year under review, your Company conducted vaccination drives for executives and their family members. In addition to the availability of the doctors at various locations, your Company has also given the facility to get the consultation of the doctors digitally - tele-call, video call or sms. Initiatives like health and wellness sessions for the employees on covid related issues has had its positive impact on the overall business environment in the Company.

Your Company has in place an emergency response team which works round the clock to ensure the physical and emotional well-being of the employees. Covid wardens have been formed wherein employees in each location who along with their teams ensure that the safety protocols defined are adhered to strictly, have been instituted.

Beyond our employees, your Company reached out to the communities in plant locations as well in communities in and around the RTS schools in various ways like creating awareness on COVID-19, health screening, disinfection of public road in villages, distribution of ration kits, supply of cooked food to health and sanitation staff through kitchens operated in all plants, food supply for migrant labour, providing sanitizers, PPE's.

Your Company has also contributed towards Covid relief initiatives in the form of donations to Tamilnadu Chief Ministers Relief Fund and also invested in setting various facilities at our factory locations in connection with Covid-19 initiatives.

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, there were no changes to the share capital. The issued and paid up share capital of the Company consist of 2,935,527,276 shares of face value ₹ 1/- each amounting to ₹ 2,935,527,276/- as on the date of the report.

DEBENTURES

During the year under review, your Company has issued and allotted on private placement basis, secured redeemable non-convertible debentures (NCDs) aggregating to ₹ 600 Crores. The funds raised through NCDs have been utilised for capital expenditure and general corporate purposes.

DIVIDEND

The Dividend Distribution Policy framed in line with Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is ("SEBI" Listing Regulations) appended to this report and is hosted on the Company's website at https://www.ashokleyland.com/backend/in/wp-content/uploads/sites/2/2021/01/Dividend_Distribution_Policy.pdf

In line with the policy, your Directors have recommended a dividend of ₹ 0.60/- per equity share of ₹ 1/- each for the financial year ended March 31, 2021. The dividend will be paid involving an outflow of ₹ 176.13 Crores.

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.

FINANCE

Long term funding

(a) Secured Non-Convertible Debentures (NCDs):

During the year, your Company has placed NCDs to the extent of ₹ 600 Crores. No redemption of NCDs were made during the year.

(b) Rupee Term Loans:

Fresh secured rupee term loans of ₹ 500 Crores were availed during the year. No repayment fallen due during the year.

(c) External Commercial Borrowings (ECBs):

During the year under review, your Company repaid ECB loan instalments that fell due, amounting to USD 26.66 Mn on the due dates. Fresh ECB loan of SGD 27.20 Mn was availed during the year.

As at March 31, 2021, Long term borrowings stood at ₹ 2,576.52 Crores as against ₹ 1,572.54 Crores on March 31, 2020.

HUMAN RESOURCES

The financial year of 2020-21 began with a full-blown pandemic. Your Company seamlessly migrated to a virtual environment of working from home (WFH). Your Company collaborated with employees to drive productivity and morale during the difficult period. The digital platform enabled family engagement and simultaneous events across your Company.

Your Company shifted gears from the three levers - Culture, Capability, and Capacity of people framework to 6 levers – Culture, Capability, Capacity, Compassion, Collaboration and Contribution to meet dynamic business requirements and to continue towards building a high performing and caring organisation.

Some of the key People initiatives undertaken during the year include:

- a ViBE pulse survey to gauge the pulse and customize engagement accordingly.
- deployed a Virtual Engagement Framework that included – Learning & Development, Family Engagement and Health & Wellness as its three pillars.
- to engage all employees of AL and keep them connected to several initiatives such as AL Rocks (a musical challenge), AL Fitness Challenge, 5 S Challenge, Health & Wellness Talks, Emotional wellbeing seminars, Eye Care Session, Tabata workshop, Visualization (mindfulness) workshop and many others were conducted.
- opened up the possibility of volunteering from homes and we have had employees volunteering for International Girl Child Day, Story-telling, Global Handwashing Day, Children's day, Republic Day and many other events of Road to School project of CSR.
- several L & D modules have been rolled out to ensure continuous learning of executives in your Company.

- successfully launched DigitAL – AL Digital Academy aimed at developing digital competencies across AL.
- programs on Project management, Personal effectiveness program for women executives, COVID awareness drive (BE ALERT), Gamified simulation (Knolskape), Leaders talk series (Internal and external). To sustain a safe and secure workplace, programs such as POSH (Prevention of Sexual Harassment) and Information Security Awareness.
- trained people through Gamification and Simulations for better retention of knowledge and skills.
- continued investing in future by launching the Young Talent Program (YTP) with selected executives.

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 Managing Director and Chief Executive Officer in terms of SEBI Listing Regulations on the compliance declarations received from the Directors and the 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Your Company constituted the Environmental, Social & Governance (ESG) Committee during June 2021 headed by Mr. Jose Maria Alapont with Mr. Saugata Gupta, Dr. C. Bhaktavatsala Rao, Mr. Jean Brunol and Mr. Vipin Sondhi as Members. The role of this ESG Committee will be to provide appropriate oversight and guidance in the Company's journey on organization-wide ESG initiatives, priorities, and leading ESG practices. This Committee will help your Company to accelerate adoption of leading ESG practices into the business and bring added focus on being sustainable and socially responsible. The endeavor is to create sustainable opportunities for people, businesses and communities that the Company work with.

EMPLOYEE HEALTH & SAFETY

The end of the financial year 2021 was marked by the COVID-19 crisis which not only impacted livelihoods but also lives as well, and this crisis has extended for a period beyond a year. Your Company swung into action at the very onset of the pandemic by forming an Emergency Response Team at the apex level comprising of senior leaders from diverse streams. The ERT's primary objective has been to focus on the health and safety of employees and their family members through interventions as appropriate which included measures such as "Work from Home" policy, access to qualified medical practitioners, setting up of a dedicated help-line to address physical as also emotional well-being. Your Company continues to monitor the well-being of its workforce and has taken several measures to engage with and provide timely support to the families that were affected by the pandemic, as also going beyond to reach out the extended ecosystem as a part of the welfare initiatives.

Your Company is committed to build an Environment, Health and Safety culture and has formed an "Environment, Health and Safety council" (EHS) at the apex level, which is chaired by Director who is the Occupier of the Factory. The EHS council reviews all safety incidents both reportable as also near-miss events every month, and proactively identifies measures to strengthen safety practices across its manufacturing locations. Your Company has also rolled-out a comprehensive EHS policy reiterating its commitment to protect the Environment, Health and Safety of its employees and other stakeholders.

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, notified under the Act is attached to this report.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company has 26 Subsidiaries, 5 Associates and 2 Joint ventures as on March 31, 2021. Hinduja Leyland Finance Limited ("HLFL") is a material subsidiary of the Company.

Consequent to the acquisition of 58,500,000 shares of ₹ 10/- each of Hinduja Tech Limited ("HTL") from Nissan International Holding BV, HTL has become a wholly owned subsidiary of the Company.

Consequently, Hinduja Tech (Shanghai) Co., Limited also became step down Subsidiary of the Company.

During the year under review, the Company has incorporated a wholly owned subsidiary in the name of Vishwa Buses and Coaches Limited to carry on the business of bus body building.

The Company and HLFL have jointly incorporated a new Company with fifty per cent holding each in the name of Gro Digital Platforms Limited (GDPL) during April 2021.

During the year under review, Optare Group Limited, UK the step-down subsidiary of the Company has changed its name to Switch Automotive Limited. During June 2021, Switch Automotive Limited has acquired the entire holding in Switch Mobility Automotive Limited, India ("SMAL"). Hence SMAL has become a step-down subsidiary of the Company.

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

The Board of Directors at their meeting held on August 12, 2020, had appointed Dr. C Bhaktavatsala Rao (DIN: 00010175) ("Dr. C B Rao") as an Additional Director on the Board of the Company up to the date of the Annual General Meeting ("AGM") i.e., September 2, 2020. Since the appointment of Dr. C B Rao as an Additional Director was approved by the Board on August 12, 2020, which was subsequent to the circulation of the Notice of AGM, his appointment as a Director could not be placed before the shareholders for their consideration and approval at the AGM held on September 2, 2020, considering the short notice period to the shareholders to review and approve the resolutions. In view of the above, Dr. C B Rao's office as an Additional Director automatically ceased to exist on September 2, 2020 as per the provisions of Section 161 of the Companies Act, 2013. The Board of Directors of the Company through circular resolution, have unanimously approved the appointment of Dr. C B Rao as an Additional Director (non-executive, non-independent) on the Board of the Company with effect from September 2, 2020 (after the conclusion of the AGM held on September 2, 2020), subject to the approval of the shareholders. The Company has, in terms of Section 160(1) of the Act, received in writing a notice from a Member, proposing his candidature for the office of Director.

Mr. Jose Maria Alapont was appointed as an Independent Director on the Board of Directors of the Company for the first term till January 24, 2022 pursuant to the provisions of Section 149 of the Act, read with the Companies (Appointment and Qualification of Directors) Rules, 2014. 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 Mr. Jose Maria Alapont as an Independent Director for a second term of five consecutive years on the Board of the Company from January 25, 2022 to January 24, 2027.

Dr. Andrew C Palmer was re-appointed as an Independent Director of the Company by the shareholders at the Annual General Meeting held on September 2, 2020 for a period of five years till November 3, 2025. On account of his decision to take up a whole-time position in a subsidiary of the Company, he resigned as an Independent Director from the Company on July 1, 2021. The Board wishes to place on record its appreciation for the valuable contribution made by Dr. Andrew C Palmer during his tenure as Independent Director. Considering his rich experience in the auto industry, the Board through circular resolution dated July 7, 2021 had approved the appointment of Dr. Andrew C Palmer as an Additional Director (non-independent) of the Company. Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 ("Act") and Article 106 of the Articles of Association of the Company, Dr. Andrew C Palmer shall hold office up to the date of the ensuing Annual General Meeting and is eligible to be appointed as a Director. The Company has, in terms of Section 160(1) of the Act, received in writing a notice from a Member, proposing his candidature for the office of Director.

The Independent Directors of the Company have submitted a declaration under Section 149(7) of the Act 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. In the opinion of the Board, Mr. Jose Maria Alapont fulfill the conditions for appointment as an Independent Director as specified in the Act and the SEBI Listing Regulations. The terms and conditions of appointment of the Independent Directors are placed on the website of the Company https://www.ashokleyland.com/in/en/investors/investor-information/compliances-under-the-companies-act-2013.

Mr. Gopal Mahadevan, Director retires by rotation at the forthcoming Annual General Meeting ("AGM") and being eligible, offers himself for re-appointment.

The resolutions seeking approval of the Members for the re-appointment of Mr. Gopal Mahadevan as Director, appointment of Dr. C Bhaktavatsala Rao as Director, Dr. Andrew C Palmer as Director and re-appointment of Mr. Jose Maria Alapont as an Independent Director of the Company have been incorporated in the Notice to the AGM of the Company along with brief details about them.

The Company has also disclosed the Director's familiarization programme on its website https://www.ashokleyland.com/in/en/investors/investor-information/familiarization-to-directors

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 Section 2(51) and 203 of the Act, the Key Managerial Personnel of the Company are Mr. Vipin Sondhi, Managing Director and Chief Executive Officer, Mr. Gopal Mahadevan, Whole-time Director and Chief Financial Officer and Mr. N Ramanathan, Company Secretary.

AUDITORS

Price Waterhouse & Co Chartered Accountants LLP (FRN 304026E/E-300009) Statutory Auditors of the Company hold office till the conclusion of seventy third AGM of the Company.

The Auditor's report to the shareholders on the standalone and consolidated financial statement for the year ended March 31, 2021 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, 2021.

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 2020-21 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 is maintained by the Company.

SECRETARIAL AUDITORS

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, 2021. The Secretarial Audit report for the financial year ended March 31, 2021 in Form No.MR-3 is attached as **Annexure G** to this Report. The Secretarial Audit report does not contain any qualification, reservation or adverse remark. The Secretarial Audit Report for the financial year ended March 31, 2021 of the material subsidiary Hinduja Leyland Finance Limited is attacehd as **Annexure H.**

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. 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 adverse remark.

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

ANNUAL RETURN

Pursuant to the provisions of Section 92(3) read with section 134(3) of the Act, the Annual Return as on March 31, 2021 is available on the Companies website on https://www.ashokleyland.com/in/en/investors/investor-information/performance-reports.

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.

DISCLOSURE UNDER FOREIGN EXCHANGE MANAGEMENT ACT, 1999

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

BOARD MEETINGS HELD DURING THE YEAR

During the year, seven 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, 2021, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;

b) for the financial year ended March 31, 2021, 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 loss of the Company for the financial year ended March 31, 2021;

c) that proper and enough 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.

REMUNERATION POLICY OF THE COMPANY

The objective of the Remuneration Policy is to attract, motivate and retain competent individuals that the Company needs to achieve its strategic and operational objectives, whilst recognising the societal context around remuneration and recognizing 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.

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 NRC has granted NIL options to the employees of the Company under the schemes. Disclosure with respect to AL ESOP 2016 and AL ESOP 2018 of the Company is attached as **Annexure J** to the Board's Report.

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 2020-21 are given in Note No. 3.8 of the Notes to the standalone 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/backend/in/wp-content/uploads/sites/2/2021/01/PolicyonRelatedPartyTransactions.pdf

The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and related parties.

There were no materially significant transactions with related parties during the financial year 2020-21 which were in conflict with the interest of the Company. Suitable disclosures as required under IND AS 24 have been made in Note No. 3.8 of the Notes to the standalone 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. For other details regarding the CSR Committee, refer to the Corporate Governance Report, which is a part of this report. The policy is available on the website of the Company.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

Pursuant to the provisions of the 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 manner in which the evaluation has been carried out has been explained in the Corporate Governance Report attached as **Annexure C** to this report.

COMMITTEES

As on March 31, 2021, the Company has Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Risk Management Committee, Corporate Social Responsibility Committee, Investment Committee, Technology Committee and Fund Raising Committee.

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 4 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 year ended March 31, 2021.

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 the following viz. a) adherence to Company's policies, b) safeguarding of assets, and c) that transactions are accurate, complete and properly authorized 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, 2017 framework and ISO 31000 standard that fosters a sound risk management culture to facilitate informed decision making.

The 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 significant 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 practised by the Company are provided as a part of the Management Discussion and Analysis Report which is 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, innovation, futuristic technologies 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 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

London
June 24, 2021

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, optimizing power consumption, etc.
- During the year, about ₹ 5.93 million electrical Units have been saved leading to significant savings in energy cost about of ₹ 48.3 million. This was achieved through high degree of awareness, Energy audits, Power quality audits and brainstorming. This is a part of the Company's Mission Gemba initiative.
- The usage of wind energy was around 29% of the total power consumption & it was 63.02 million Units, this year 10.10 million Units of solar energy generated from 10.14 MW roof top Solar. Company Green Energy initiative realized significant operating cost savings to the tune of ₹ 99.31 million. While also making a very impressive reduction in emissions by 59,958 t CO2 e.
- Group Captive Power continued to reap benefits and help to realize a saving of ₹ 33.18 million, consuming 42.79 million units in this FY which is 20% of total power consumption.
- Use of Indian Energy exchange (IEX) power through online bidding has resulted in savings of ₹ 61.65 million by purchasing 47.41 million units which is 22% of total power consumption.
- All manufacturing plants have optimized and maintained towards unity Power factor.
- Company had invested ₹ 3.05 million towards Energy Conservation initiatives during FY21.
- Company also saved 5.93 million kwh through energy saving projects, viz.,

  i. Heat recovery from screw compressors project was horizontally deployed at all plants & recovered heat utilized for washing and painting applications.

  ii. Energy efficient Air Handling Units are introduced at Engine Assembly towards BS6 compliance.

  iii. Higher capacity reciprocating air compressor replaced by Energy efficient screw compressor.

  iv. Solar light pipes are introduced at Engine Assembly enclosure.

  v. Based on revised business plan, contracted demand reviewed & optimized.

  vi. LPG replaced by biogas for canteen cooking application.

  vii. VFD introduced for higher capacity blower motors.

  viii. Conventional Ceiling fans are replaced by Energy efficient BLDC fans.

  ix. Productivity improvement through process modification & cycle time reduction.

  x. Some of old machines are replaced by new energy efficient machines & assembly lines are upgraded.

  xi. Optimized usage of Furnace loading, Chilling plants, Air conditioners, DG sets & Air compressors.

  xii. Lighting modification (LEDification) continued at renovated buildings & office areas.

  xiii. Energy savings through Auto Power saving features in machine tools through low cost automation.

  xiv. Effective Energy planning & forecasting through online monitoring.

  xv. Downsizing of motors & pumps with enhanced Energy efficiency

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

b) Towards wood-free Plant:

Usage of wood has been significantly reduced in vendor logistics from 12 Kg/HECU in FY 2019-20 to 10.17 kg/HECU in FY 2020-21 (15 % 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. We have created cumulative 20 multilayer dense forests using Miyawaki Method – a Japanese Way. About 55,579 trees were planted in 18320 Sqm(20 locations) in a phased manner so far in FY 2020-21. Total tree plantations inside and outside plants in FY 2020-21 is 95,400 Nos.

d) Water Conservation:

- Ashok Leyland is a 'Water Positive' Company certified by M/s DNV GL
- Ground water Consumption has been minimized 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.
- Facility created near buildings with filtering systems to capture roof top rain water and pumped to the overhead tank for use.

e) Solar Energy

Your Company as a captive user, executed agreement for setting up of Solar Photovoltaic power plant equivalent to 75 MW in Tamilnadu, with Prathama Solar Connect Energy Private Limited (Prathama Solar) as the power producer.

Hinduja Renewables, part of the Hinduja Group, is focused on building sustainable and clean energy plants in India and Prathama Solar has built a solar plant for Ashok Leyland, with a capacity of 75 MWp, located in Sivagangai district, in Tamil Nadu. This plant is one of the largest group captive solar plants in India serving a single client. The plant is expected to generate over 120 million units of power annually. This was commissioned during January 2021 and 16.46 million units generated so far amounting to 8% of total power consumption. Sourcing energy from this captive solar power plant will ensure abatement of 85000 tonnes of carbon emissions.

5 MW roof top solar project was taken up on priority with Prathma Solar at Pantnagar, Alwar & Bhandara Plants and completed in April 19. Long term agreement was released with Build-Own-Operate (BOO) model. This amounts to cumulative of 10.14 MW roof top solar power plant.

These arrangements are expected to reduce the overall cost of production and significant reduction in CO2 emission. Your Company is committed to 75% of renewable energy in Tamilnadu and 60% throughout India.

Awards

- Ashok Leyland has been declared as the "**Platinum Award Winner of Green Leaf Afforestation Award**" in the Automobile sector for the year 2019, by Apex India Foundation in FY21.
- Alwar Plant has won 1st Position in RECA (Rajasthan Energy Conservation Award) under Industry - Automobile Category for energy conservation efforts during the year 2019-20 from RRECL (Rajasthan Renewable Energy Corporation)
- Pantnagar plant won Prestigious "**Gold**" Award at National Energy Management competition conducted by SEEM (Society of Energy Engineers and Managers).

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 suitable for LCV to M & HCV.

(ii) Development of new variants of suspension, Single Tyre & Dual Tyre Lift Axles, Front Axles and Gear Boxes.

Vehicles

(i) Development of Entire Range of M&HCV vehicles on a Modular Platform

(ii) LCV Platform BS VI

(iii) Development of ICV Platform in BS VI

(iv) Bus Platform for BS VI with new Body Platform

(v) Exploration of factors that affect the energy consumption of electric vehicles.

(vi) Development of a compact, light-weight and portable Automated Respiratory Assist Device for augmenting ventilators for COVID-19 patients.

2. Benefits derived as a result of R&D

(i) Entire product range for BS VI vehicles with best in class "Total Cost of Ownership" launched.

(ii) New Modular Platform that allows for configuration of significantly higher number of variants with significantly less number of parts.

(iii) Fleet of Electric Buses operational in Ahmedabad and Patna.

(iv) 36 Patents obtained in 2020-21

(v) CEV IV certification is done for Off-Highway application.

3. Future Plan of Action

(i) Extension of Modular Platform for Export markets and new domestic variants.

(ii) CNG in ICV Trucks and Buses BS6.

(iii) Exploring other energy management strategies such as Fuel Cells

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

₹ in Crores

Expenditure on R&D	2020-21	2019-20
Capital	9.23	41.87
Revenue (excluding depreciation)	407.51	649.21
Less: Amount received by R&D Facilities	(7.17)	(17.73)
Total	**409.57**	**673.35**
Total R&D expenditure as a % of total turnover	**2.68**	**3.85**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Earnings in foreign currency and expenditure incurred in foreign currency amounts to ₹ 1,004.64 Crores and ₹ 128.42 Crores respectively. 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, MD & CEO, WTD & CFO and Company Secretary in the financial year:

S. No	Name of the Director /KMP	Ratio to median remuneration	% increase in remuneration in the financial year
1	Mr. Dheeraj G Hinduja	10.74	(29.70)
2	Prof. Dr. Andreas H Biagosch	6.37	(6.93)
3	Dr. Andrew C Palmer	4.77	(3.27)
4	Dr. C Bhaktavatsala Rao	6.26	NA
5	Mr. Jean Brunol	5.73	(30.27)
6	Mr. Jose Maria Alapont	6.39	(31.24)
7	Ms. Manisha Girotra	5.12	6.72
8	Mr. Sanjay K Asher	6.12	(24.39)
9	Mr. Saugata Gupta	4.87	85.80
10	Mr. Gopal Mahadevan, Whole-time Director and Chief Financial Officer	63.91	6.60
11	Mr. Vipin Sondhi, Managing Director and Chief Executive Officer	140.39	381.86
12	Mr. N Ramanathan, Company Secretary	17.57	(27.62)

b. The median remuneration for the year 2020-21 is ₹ 7,62,266/-.

c. The Percentage increase/(decrease) in the median remuneration of the employees in the financial year is: (11.87%)

d. The number of permanent employees on the rolls of Company: 10,758

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. However, on account of business and macro economic condition we have deferred increment for the financial year 2020-21.

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. Mr. Gopal Mahadevan, Whole-time Director and Chief Financial Officer is in receipt of Commission amounting to ₹ 19.47 Lakhs for FY 2020-21 from Hinduja Leyland Finance Limited, a subsidiary of the Company.

h. 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 and has been hosted 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**

   a. 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 the Corporate Governance under the Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015 ("SEBI Listing Regulations").

   b. Your Company 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:

      (i) Clear and ethical strategic direction and sound business decisions.

      (ii) The effective exercising of ownership.

      (iii) Transparent and professional decision making.

      (iv) Excellence in corporate governance by abiding the guidelines and continuous assessment of Board processes and the management systems for constant improvisation.

      (v) Greater attention is paid to the protection of minority shareholders rights.

   c. 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.

   d. 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. 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, 2021 the Board comprised of eleven Directors. Of the eleven directors, nine (81.82%) are non-executive directors and seven (64%) are independent directors including a woman director, with Mr. Dheeraj G Hinduja as Non-Executive Chairman. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations and Section 149 of the Companies Act, 2013 ("Act"), read with the relevant rules made thereunder.

   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, 2021 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 Regulations and Section 149 of the Act. In addition, they maintain their limits of directorships as required under SEBI Listing Regulations.

   v. The Independent Directors have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014.

   vi. In the opinion of the Board, the Independent Director who is proposed to be re-appointed at the Annual General Meeting ("AGM"), fulfill the conditions specified in the SEBI Listing Regulations and are independent of the management.

   vii. 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.

   viii. 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, 2021 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 the 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 2020-21		Whether attended last AGM held on September 2, 2020	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	Director	Chairman	
Mr. Dheeraj G Hinduja Non-Executive Chairman DIN: 00133410	Promoter, Non-Independent Non-Executive	7	7	Yes	3	2	-	-	--
Prof. Dr. Andreas H Biagosch DIN: 06570499	Independent Non-Executive	7	7	Yes	1	-	-	-	-
Dr. Andrew C Palmer DIN: 02155231	Independent Non-Executive	7	7	Yes	-	-	-	-	-
Mr. Jean Brunol DIN: 03044965	Independent Non-Executive	7	7	Yes	-	-	-	-	-
Mr. Jose Maria Alapont DIN: 07712699	Independent Non-Executive	7	7	Yes	-	-	-	-	-
Ms. Manisha Girotra DIN: 00774574	Independent Non-Executive	7	7	Yes	1	-	-	-	-
Mr. Sanjay K Asher DIN: 00008221	Independent Non-Executive	7	7	Yes	7	-	5	2	Independent Non-Executive: I. Deepak Nitrite Limited II. IndusInd Bank Limited III. Repro India Limited IV. Sonata Software Limited V. Sudarshan Chemical Industries Limited VI. Tribhovandas Bhimji Zaveri Limited
Mr. Saugata Gupta DIN: 05251806	Independent Non-Executive	7	7	Yes	1	-	1	-	Marico Limited, Managing Director & Chief Executive Officer
Dr. C Bhaktavatsala Rao* DIN : 00010175	Non-Independent Non-Executive	7	6	Yes#	-	-	-	-	-
Mr. Gopal Mahadevan, Whole-time Director and Chief Financial Officer DIN: 01746102	Non-Independent Executive	7	7	Yes	6	2	3	-	-
Mr. Vipin Sondhi, Managing Director and Chief Executive Officer DIN: 00327400	Non-Independent Executive	7	7	Yes	-	-	-	-	-

*Appointed as Director with effect from August 12, 2020 and on September 2, 2020
As an Invitee

ix. None of the Directors on the Board is a member of more than ten Committees or Chairman of more than five committee across all the companies in which he/she is a director.

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

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

xii. Seven Board meetings were held during the year and the gap between two meetings did not exceed one hundred and twenty days.

xiii. The dates on which the said meetings were held are:

June 25, 2020, August 12, 2020, October 6, 2020, November 6, 2020, January 13, 2021, February 11, 2021 and March 29, 2021.

The necessary quorum was present for all the meetings.

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

xv. During the year 2020-21, 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.

xvi. 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.

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

xviii. 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.

xix. The details of Directors seeking re-appointment at the ensuing AGM is furnished in the Notice convening the meeting of the shareholders.

xx. During the financial year 2020-21, under AL ESOP 2018, the Nomination and Remuneration Committee ("NRC") has not granted any options to any of the employees of the Company.

xxi. Except Mr. Vipin Sondhi who was holding 4,736 equity shares, Mr. Gopal Mahadevan holding 20,620 shares and Dr. C Bhaktavatsala Rao holding 1,690 shares, no other Directors holds equity shares in the Company as on March 31, 2021.

xxii. The Company has not issued any convertible instruments.

xxiii. During the year, the Independent Directors of the Company without the presence of non-independent directors and management team met on June 25, 2020, August 12, 2020, November 6, 2020 and February 11, 2021. The Independent Directors inter-alia reviewed the performance of the non-independent directors, Board as a whole and Chairman of the Company, on parameters of effectiveness and to assess the quality, quantity and timeliness of flow of information between the management and the Board.

xxiv. Prof. 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.

xxv. The details of familiarisation programme done for the financial year 2020-21 have been hosted in the website of the Company under the web link https://www.ashokleyland.com/in/en/investors/investor-information/familiarization-to-directors

xxvi. The skills / expertise / competencies fundamental identified by the Board for the effective functioning of the Company which are currently available with the Board and the names he directors who have such skills / expertise / competence:

Skills / Expertise / Competence	**Name of the Director**
Governance, Global Strategic Management in Automotive sector	Mr. Dheeraj G Hinduja Dr. Andrew C Palmer Prof. Dr. Andreas H Biagosch Mr. Jose Maria Alapont Mr. Jean Brunol Mr. Vipin Sondhi
Financial Management, Risk management, Regulatory and Legal	Mr. Dheeraj G Hinduja Mr. Sanjay K Asher Ms. Manisha Girotra Mr. Gopal Mahadevan
Engineering, Technology, Operations	Dr. Andrew C Palmer Mr. Jose Maria Alapont Mr. Jean Brunol Prof. Dr. Andreas H Biagosch Mr. Vipin Sondhi
Investment Appraisal, Financing, Capital Structures	Mr. Dheeraj G Hinduja Ms. Manisha Girotra Mr. Gopal Mahadevan Mr. Jose Maria Alapont
Management and Leadership, Marketing and Branding,	Mr. Dheeraj G Hinduja Dr. Andrew C Palmer Mr. Jose Maria Alapont Prof. Dr. Andreas H Biagosch Mr. Jean Brunol Mr. Saugata Gupta Mr. Vipin Sondhi Mr. Gopal Mahadevan Dr. C Bhaktavtsala Rao

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.
- Changes, if any, in accounting policies and practices and reasons for the same.
- Significant adjustments made in the financial statements arising out of audit findings.

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 enterprise level risks

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.
- Review the adequacy of internal audit function, if any, including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Evaluation of internal financial controls and risk management systems.
- Review the compliances of The SEBI (Prohibition of Insider Trading) Regulations, 2015
- Review the functioning of the Whistle Blower Mechanism. The policy is available on the Company's website https://www.ashokleyland.com/backend/in/wp-content/uploads/sites/2/2021/01/Whistle-Blower-Policy-New-1.pdf

(ii) The Audit Committee considers the matters which are specifically referred to it by the Board of Directors, besides considering the mandatory requirements of 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 2020-21	
		Held	Attended
Mr. Sanjay K Asher, Chairman	Independent, Non-Executive	6	6
Mr. Jean Brunol	Independent, Non-Executive	6	6
Mr. Jose Maria, Alapont	Independent, Non-Executive	6	6
Dr. C Bhaktavatsala Rao*	Non-Independent, Non-Executive	6	3

*Appointed with effect from November 6, 2020

(iv) **Meetings**

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

The dates on which the said meetings were held are as follows: June 24, 2020, August 11, 2020, November 5, 2020, January 13, 2021, February 10, 2021 and March 29, 2021

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.

(vi) Mr. Sanjay K Asher, Chairman of the Audit Committee was present at the AGM held on September 2, 2020.

(vii) The Whole-time Director and Chief Financial Officer and Head - Internal Audit and Risk Management attended meetings of the Audit Committee, as invitees.

(viii) The representatives of the Auditors are invited to the Audit Committee meetings. The Statutory Auditors/ Cost Auditor have attended the Audit Committee Meetings where the financials results / audit reports were discussed.

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

(x) 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 acts as the Compensation Committee for administration of AL ESOP 2016 and AL ESOP 2018.

(i) 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 and recommend remuneration to the Board.
- 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 2020-21	
		Held	Attended
Ms. Manisha Girotra, Chairperson	Independent, Non-Executive	4	4
Mr. Jose Maria Alapont	Independent, Non-Executive	4	3
Mr. Dheeraj G Hinduja	Non - Independent, Non-Executive	4	4
Mr. Saugata Gupta	Independent, Non-Executive	4	4

(iii) Meetings

Four 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:

June 25, 2020, August 12, 2020, November 6, 2020 and February 11, 2021.

The necessary quorum was present for all the meetings.

The Chairperson of the NRC was present at the AGM held on September 2, 2020. Other members of the Committee were present at the meeting.

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

(iv) Performance evaluation criteria for Directors

The NRC 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 hosted 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 of 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, 2021

S. No.	Name of the Director	Sitting Fees (₹)	Commission (₹)	Total (₹)
1	Mr. Dheeraj G Hinduja, Chairman	13,90,000	68,00,000	81,90,000
2	Prof. Dr. Andreas H Biagosch	10,60,000	37,98,000	48,58,000
3	Dr. Andrew C Palmer	8,80,000	27,57,000	36,37,000
4	Mr. Jean Brunol	17,20,000	26,45,000	43,65,000
5	Mr. Jose Maria Alapont	19,00,000	29,68,000	48,68,000
6	Ms. Manisha Girotra	11,20,000	27,86,000	39,06,000
7	Mr. Sanjay K Asher	15,10,000	31,55,000	46,65,000
8	Mr. Saugata Gupta	10,00,000	27,16,000	37,16,000
9	Dr. C Bhaktavatsala Rao	9,00,000	38,75,000	47,75,000
	Total	**1,14,80,000**	**3,15,00,000**	**4,29,80,000**

Commission payable to all the above directors is subject to approval of shareholders in the ensuing Annual General Meeting.

(iii) Details of Remuneration for the Executive Directors for the year ended March 31, 2021

S. No.	Particulars of Remuneration	Mr. Vipin Sondhi, Managing Director and Chief Executive Officer*	Mr. Gopal Mahadevan, Whole-time Director and Chief Financial Officer*
1	Gross salary:		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	9,82,87,290	4,75,27,551
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	79,73,688	4,39,867
2	Employee Stock Option	-	-
3	Others - Retirement benefits	7,50,000	7,50,000
	Total	**10,70,10,978**	**4,87,17,418**

*the above figures are on accrual basis.

The excess remuneration paid/ payable is subject to ratification of the shareholders in the ensuing Annual General Meeting.

Employee stock option is treated as perquisite only at the time of exercise of option under Income Tax Act, 1961, accordingly expense charged during the vesting period is not considered here.

The remuneration as specified above has been approved by the NRC at its meeting held on June 24, 2021.

Services of the MD & CEO and WTD & CFO may be terminated by either party, giving the other party three months' notice. There is no separate provision for payment of severance pay.

C. Stakeholders' Relationship Committee

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

(i) Terms of Reference

The SRC 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, MD & CEO and WTD & 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.

(ii) Composition

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

Name	Category	Number of meeting held during the financial year 2020-21	
		Held	Attended
Mr. Sanjay K Asher, Chairman	Independent, Non-Executive	4	4
Ms. Manisha Girotra	Independent, Non-Executive	4	3
Mr. Dheeraj G Hinduja	Non-Independent, Non-Executive	4	4

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.

(iii) Meetings

Four SRC 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:

June 25, 2020, August 12, 2020, November 6, 2020 and February 11, 2021

The necessary quorum was present for all the meetings.

(iv) Details of Complaints / other Correspondences

During the year, 132 complaint letters and 2125 correspondences were received from investors (including 8 letters from the Stock Exchanges/SEBI SCORES/MCA/NCLT).

Subject Matter of Complaints	Pending as on 31/03/2020	Letters Received	Letters replied / completed	Pending as on 31/03/2021
Non-receipt of Certificate	-	21	21	-
Non-Receipt of Dividend / Interest	-	101	101	-
Non-Receipt of Annual Report	-	6	6	-
Transmission of shares	-	2	2	-
Refund of shares from IEPF Authority	-	2	2	-
Total	**-**	**132**	**132**	**-**

Subject Matter of Correspondence	Pending as on 31/03/2020	Letters Received	Letters replied / completed	Pending as on 31/03/2021
Revalidation of Dividend/Interest	-	1146	1143	3
Issue of Duplicate Share Certificates	2	24	26	-
Loss of Share Certificates	1	67	68	-
Issue of Duplicate Dividend/Interest	-	72	71	1
Procedure for Transmission	-	185	184	1
Change of Address/Bank Mandate	-	271	271	-
Other Correspondence	1	124	125	-
Unclaimed Share Certificate	-	11	11	-
Unclaimed Dividend	1	136	137	-
Claims regarding refund of Shares / Dividend from IEPF authority	1	89	87	3
Total	**6**	**2125**	**2123**	**8**

Shareholder queries shown pending as on March 31, 2021, have been subsequently resolved within the prescribed time limits. As on March 31, 2021, no share transfers were pending.

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. Sanjay K Asher as the members of the Committee.

The CSR Committee formulate and recommends to the Board, a CSR Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Act. The Committee recommends the amount of expenditure to be incurred on the activities mentioned in the CSR Policy and monitors the implementation of the CSR Policy.

The CSR Committee met three times during the year. The dates on which the said meetings were held are as follows:

June 25, 2020, August 12, 2020 and February 11, 2021.

The necessary quorum was present for all the meetings.

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

Name	Category	Number of meeting held during the financial year 2020-21	
		Held	Attended
Mr. Dheeraj G Hinduja, Chairman	Non-Independent, Non-Executive	3	3
Ms. Manisha Girotra	Independent, Non-Executive	3	3
Mr. Sanjay K Asher	Independent, Non-Executive	3	3

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, 2021 is attached as **Annexure I** to the Board's Report.

E. Risk Management Committee

(i) The Company has constituted a Risk Management Committee ("RMC") 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 RMC comprises of Prof. Dr. Andreas H Biagosch, as the Chairman of the Committee and Mr. Sanjay K Asher, Mr. Saugata Gupta, Directors and Mr. Gopal Mahadevan, WTD & CFO as the members of the Committee.

(ii) One RMC meeting was held during the year on August 7, 2020. The necessary quorum was present for the meeting. The composition of the RMC and the details of meeting attended by its members are given below:

Name	Category	Number of meeting held during the financial year 2020-21	
		Held	Attended
Prof. Dr. Andreas H Biagosch, Chairman	Independent, Non-Executive	1	1
Mr. Sanjay K Asher	Independent, Non-Executive	1	--
Mr. Gopal Mahadevan	Non-Independent, Executive	1	1
Mr. Saugata Gupta	Independent, Non-Executive	1	1

(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

(i) Investment Committee

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

The IC considers and recommends new investment proposals, long term strategic goals in the areas of manufacturing and product strategy, etc. The composition of the IC and the details of meetings attended by its members are given below:

Name	Category	Number of meeting held during the financial year 2020-21	
		Held	Attended
Mr. Dheeraj G Hinduja, Chairman	Non-Independent, Non-Executive	4	4
Prof. 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	4

Four IC meetings were held during the year and the dates on which the said meetings were held are June 24, 2020, August 11, 2020, September 29, 2020 and November 5, 2020

The necessary quorum was present for all the meetings.

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

(ii) Technology Committee

The Company has in place a Technology Committee ("TC"), comprising of Dr. Andrew C Palmer as the Chairman of the Committee, Prof. Dr. Andreas H Biagosch, Mr. Jean Brunol and Mr. Jose Maria Alapont as members of the Committee. The TC 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 TC and the details of meetings attended by its members are given below:

Name	Category	Number of meeting held during the financial year 2020-21	
		Held	Attended
Dr. Andrew C Palmer, Chairman	Independent, Non-Executive	3	3
Prof. Dr. Andreas H Biagosch	Independent, Non-Executive	3	2
Mr. Jean Brunol	Independent, Non-Executive	3	3
Mr. Jose Maria Alapont	Independent, Non-Executive	3	3

Three TC meetings were held during the year and the dates on which the said meetings were held are June 24, 2020, August 11, 2020 and November 5, 2020

The necessary quorum was present for all the meetings.

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

(iii) Fund Raising Committee

The Company has in place a Fund Raising Committee, comprising of Mr. Sanjay K Asher as the Chairman of the Committee, Mr. Dheeraj G Hinduja, Mr. Vipin Sondhi and Mr. Gopal Mahadevan as members of the Committee. The Committee was constituted during the year in connection with the issue and allotment of the Non-Convertible Debentures. The Committee met on May 14, 2020, May 19, 2020 and June 19, 2020, June 25, 2020. There were no sitting fees paid to the members of the Committee.

4. General Body Meetings

(i) Details of location and time of holding the last three AGMs:

Year	Location	Date and Time	Special resolution passed
71st AGM 2019-20	Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	September 2, 2020 3 pm	(i) Re-appointment of Ms. Manisha Girotra as an Independent Director (ii) Re-appointment of Dr. Andrew C Palmer as an Independent Director
70th AGM 2018-19	Kamaraj Memorial Hall, 498-500, Anna Salai, Teynampet, Chennai - 600 006	July 31, 2019 2.45pm	(i) Re-appointment of Prof. Dr. Andreas H Biagosch as an Independent Director (ii) Re-appointment of Mr. Jean Brunol as an Independent Director (iii) Re-appointment of Mr. Sanjay K Asher as an Independent Director

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

No Extra-Ordinary General Meeting was held during the year 2020-21.

(ii) Postal Ballot:

No Postal Ballot was conducted during the financial year 2020-21. 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.

(ii) The policy on Related Party Transactions is hosted on the website of the Company under the web link: https://www.ashokleyland.com/backend/in/wp-content/uploads/sites/2/2021/01/PolicyonRelatedPartyTransactions.pdf

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 2018-19, 2019-20 and 2020-21 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 hosted on the Company's website under the web link: https://www.ashokleyland.com/backend/in/wp-content/uploads/sites/2/2021/01/Whistle-Blower-Policy-New-1.pdf

(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) Price Waterhouse & Co Chartered Accountants LLP is the statutory auditors of the Company. The total fees the statutory auditors and its network firms for the year ended March 31,2021 are given below (excluding reimbursement of expenses):

S.No.	Nature of Service	₹ in Crores
1	Statutory Audit Fees	1.30
2	Other services including certification and auditing group reporting pack	0.81
	Total	**2.11**

(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/backend/in/wp-content/uploads/sites/2/2021/01/Dividend_Distribution_Policy.pdf

(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 MD & CEO.

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 and subject to shareholders approval at the ensuing AGM.

(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 Code of Conduct. The Annual Report of the Company contains a certificate by the MD & CEO, 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/in/en/investors/investor-information/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. The Code has been hosted on the Company's website.

(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 Audit Committee of 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 off 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/backend/in/wp-content/uploads/sites/2/2021/01/PolicyonMaterialSubsidary.pdf

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

h) Your Company has appointed an independent director on the Board of the unlisted material subsidiary.

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. A statement whether the Board had not accepted any recommendation of any committee of the Board which is mandatorily required.

The Board has accepted the recommendations of the committees.

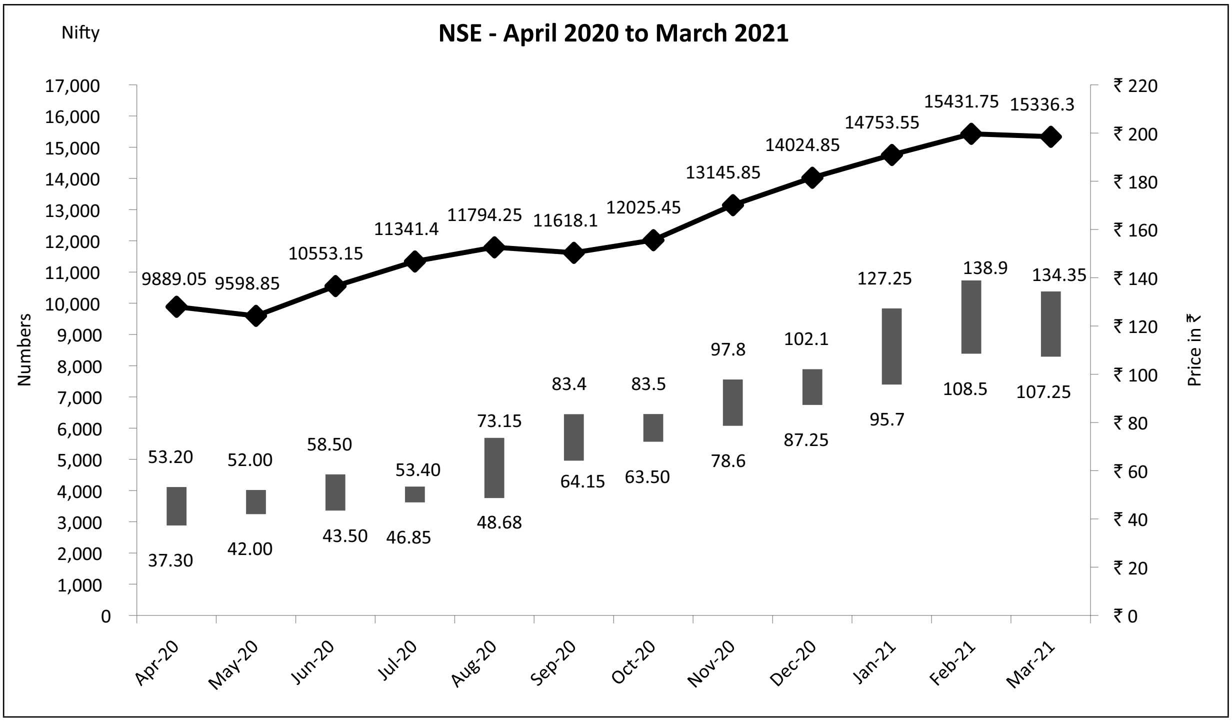
9. General shareholder information

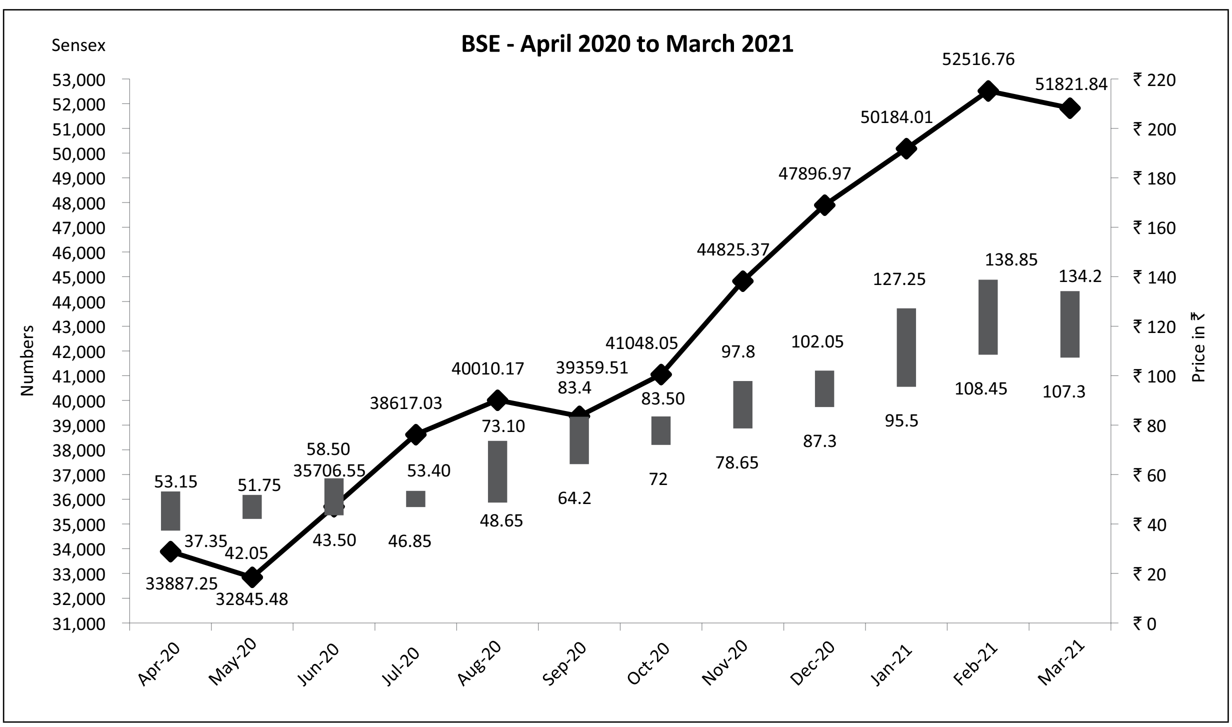
A	**Seventy second Annual General Meeting**		
	Day, Date and Time	Wednesday, September 8, 2021 at 3.00 PM (IST)	
	Venue	Video Conferencing or other Audio Visual means	
B	**Financial Year**	April 1, 2020 to March 31, 2021	
C	Book closure dates	Thursday, September 2, 2021 to Wednesday, September 8, 2021 (both days inclusive)	
D	Listing of Equity Shares	BSE Limited ("BSE") Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001 National Stock Exchange of India Ltd. ("NSE") Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051	
	Listing of Privately placed Secured Non-Convertible debentures	NSE	
	Listing Fee	Annual listing fee for the financial year 2020-21 paid to all the Stock Exchanges.	
	Depository Fee	Annual custody fee for the financial year 2020-21 paid to the Depositories.	
	Corporate Identity Number	L34101TN1948PLC000105	
E	Stock Code		
	i) Trading Symbol at	BSE	
		Physical	477
		Demat	500477
		NSE	ASHOKLEY
	ii) Demat ISIN in NSDL & CDSL	Equity Shares : INE208A0102	
	Non-Convertible Debentures	ISIN: INE208A07380 INE208A07398	
	Details of Debenture Trustees	SBICAP Trustee Company Limited Apeejay House 3, Dinshaw Wachha Road Churchgate, Mumbai - 400 020 Tel: +91 22 4302 5555f2020 Fax: +91 22 2204 0465 Email: corporate@sbicaptrustee.com Website: www.sbicaptrustee.com SEBI Reg. No. IND000000536	

F. Stock Market Data

Month	NSE				BSE			
	Share Price		CNX Nifty Points		Share Price		Sensex Points	
	High (₹)	Low (₹)	High	Low	High (₹)	Low (₹)	High	Low
Apr-20	53.20	37.30	9889.05	8055.8	53.15	37.35	33887.25	27500.79
May-20	52.00	42.00	9598.85	8806.75	51.75	42.05	32845.48	29968.45
Jun-20	58.50	43.50	10553.15	9544.35	58.5	43.5	35706.55	32348.1
Jul-20	53.40	46.85	11341.4	10299.6	53.4	46.85	38617.03	34927.2
Aug-20	73.60	48.68	11794.25	10882.25	73.6	48.65	40010.17	36911.23
Sep-20	83.40	64.15	11618.1	10790.2	83.4	64.2	39359.51	36495.98
Oct-20	83.50	72.00	12025.45	11347.05	83.5	72	41048.05	38410.2
Nov-20	97.80	78.60	13145.85	11557.4	97.8	78.65	44825.37	39334.92
Dec-20	102.10	87.25	14024.85	12962.8	102.05	87.3	47896.97	44118.1
Jan-21	127.25	95.70	14753.55	13596.75	127.25	95.5	50184.01	46160.46
Feb-21	138.90	108.50	15431.75	13661.75	138.85	108.45	52516.76	46433.65
Mar-21	134.35	107.25	15336.3	14264.4	134.2	107.3	51821.84	48236.35

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





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

I. Share Transfer System

The Board has authorised the MD & CEO and WTD & CFO to approve all routine transfers, transmissions, etc., of shares. Such approval is being given at frequent intervals (23 times during 2020-21). Transfers, transmissions, etc., were generally approved within fifteen days. Requests for dematerialisation were confirmed within fifteen days.

J. Details of Unclaimed Securities Suspense Account

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, 2020	**526**	**483431**
Number of shareholders who approached the Company for transfer of shares from shares suspense account during the year	2	700
Number of shareholders to whom shares were transferred from unclaimed shares suspense account during the year	2	700
Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Act*	68	74190
Aggregate number of shareholders and the outstanding shares in the shares suspense account lying as on March 31, 2021*	**456**	**408541**

* The voting rights on the shares outstanding in the suspense account as on March 31, 2021 shall remain frozen till the rightful owner of such shares claim the shares.

K. Details of Shares transferred to IEPF Authority during 2020-21

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"), Share pertaining to 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 the said rules, 5,72,753 shares constituting 1,039 Folios/ Demat accounts were transferred to IEPF Authority during 2020-21. The voting rights on the shares outstanding in the IEPF Authority as on March 31, 2021 shall remain frozen till the rightful owner of such shares claims the shares.

L. (i) Distribution of Shareholding as on March 31, 2021

S. No.	Category of Shares	Holders	% to holders	Shares	% to capital
1	Up to 50	4,75,049	45.96	87,05,483	0.30
2	51-100	1,71,634	16.61	1,52,42,593	0.52
3	101-200	1,31,002	12.68	2,18,74,780	0.75
4	201-500	1,28,803	12.46	4,60,80,945	1.57
5	501-1000	63,978	6.19	5,12,92,603	1.75
6	1001-2000	33,254	3.22	5,12,22,619	1.74
7	2001-5000	20,604	1.99	6,70,90,238	2.29
8	5001-10000	5,797	0.56	4,19,89,657	1.43
9	10001 and above	3,404	0.33	2,63,20,28,358	89.66
	Total	**10,33,525**	**100.00**	**2,93,55,27,276**	**100.00**

(ii) Shareholding pattern as on March 31, 2021

S. No.	Category	No. of Holders	Shares	%
1	Promoter/ Promoter Group	5	1,50,06,60,261	51.12
2	Resident Individuals / Association of Persons	1,019,348	35,61,77,020	12.14
3	IEPF Authority / Unclaimed Securities Suspense Account	2	60,40,137	0.21
4	Clearing Members	386	42,67,698	0.15
5	Financial Institutions/ Insurance Co. / State Govt./Govt. Companies	74	19,99,06,162	6.81
6	Foreign Institutional Investors	4	93,930	0.00
7	Foreign Portfolio Investors	276	52,81,80,279	17.99
8	NRI / OCB / Corporate Bodies - Foreign / Foreign National	11,771	1,50,48,811	0.51
9	Corporate Bodies / Limited Liability Partnership	1,452	1,11,98,680	0.38
10	Mutual Funds	143	28,42,89,744	9.68
11	Trusts	36	8,13,959	0.03
12	Banks	23	9,35,544	0.03
13	Alternate Investment Fund	4	39,57,051	0.13
14	Others - GDR A/C	1	2,39,58,000	0.82
	Grand Total	**1,033,525**	**2,93,55,27,276**	**100.00**

(iv) **Details of Shares**

Type	Number of Shares	% to paid up capital	Number of Holders
Physical	1,22,87,391	0.42	9,345
Electronic - NSDL	2,73,49,32,980	93.17	4,51,580
- CDSL	18,83,06,905	6.41	5,72,600
Total	**2,93,55,27,276**	**100.00**	**10,33,525**

M. 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 99.58% of the Company's equity share capital are dematerialised as on March 31, 2021. 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.

N. 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

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

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

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

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

Vijayawada
Model Industrial Park, Mallavalli Village, Krishna District, Andhra Pradesh

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

No instrument is outstanding for conversion as on March 31, 2021 having an impact on equity.

P. 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.

Q. 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 ₹ 1,326 crores.

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

Commodity Name	Exposure in INR towards the particular commodity in FY 2020-21	Exposure in Quantity terms towards the particular commodity	% of such exposure hedged through commodity derivatives					
			Domestic market		International market			Total
			OTC	Exchange	OTC		Exchange	
Flat Steel procured by us directly for our Consumption	₹ 1,326 Crores	2.6 Lakh metric tons	Nil	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.

R. 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 : 91-44-2230 4410 e-mail: secretarial@ashokleyland.com csdstd@integratedindia.in
Website Address	www.ashokleyland.com	
Email ID of Investor of Grievances Section	secretarial@ashokleyland.com	
Name of the Compliance Officer	N Ramanathan, Company Secretary	

S. Credit Ratings (assigned in FY 2020-21)

Name of the agency	Type of instrument	Amount ₹ Crores	Rating Action
ICRA	Cash Credit / WCDL	2000.00	Reaffirmed [ICRA] AA (Negative) / [ICRA] A1+
	Term Loans	1000.00	Reaffirmed [ICRA] AA (Negative)
	Unallocated	50.00	Reaffirmed[ICRA] AA (Negative) / [ICRA] A1+
	LC / BG	1200.00	Reaffirmed [ICRA] AA (Negative) / [ICRA] A1+
	NCD	600.00	Reaffirmed [ICRA] AA (negative)
	Commercial Papers	2000.00	Reaffirmed [ICRA] A1+
CARE	Term Loan – Long Term	500.00	Downgraded from CARE AA + outlook negative to CARE AA outlook negative on 6th May 2020.
	NCDs	600.00	Rated CARE AA+ outlook negative on 1st April 2020 and downgraded to CARE AA outlook negative on 6th May 2020.
	Fund-based /Non-fund based – LT/ST	500.00	LT: Downgraded from CARE AA + outlook negative to CARE AA outlook negative on 6th May 2020. ST: reaffirmed CARE A1+.
	Fund based – LT/ST working caital limits	2000.00	LT: Downgraded from CARE AA + outlook negative to CARE AA outlook negative on 6th May 2020. ST: reaffirmed CARE A1+.
	Commercial Paper – (Standalone)	2000.00	Reaffirmed at CARE A1+
	Non-fund based – LT/ST-BG/LC	1200.00	LT: Downgraded from CARE AA + outlook negative to CARE AA outlook negative on 6th May 2020. ST: reaffirmed CARE A1+

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, 2021 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.

June 24, 2021
New Delhi

Vipin Sondhi
Managing Director and Chief Executive Officer

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

REMUNERATION POLICY

1. **Objective**

The objective of Ashok Leyland's ("AL") 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 recognizing 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, 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 reimbursed of any out of pocket expenses incurred by them for the purpose of the Company.

In case of inadequacy of profits or no profits during a financial year, the remuneration to non-executive Directors (NEDs) in excess of the limits prescribed under the Schedule V of the Companies Act, 2013, as amended from time to time, can be paid to NEDs, subject to the approval of the shareholders, based on the recommendation of the Nomination and Remuneration Committee and the Board.

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

The following elements are taken into consideration for determining the Remuneration of Executive Directors, 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. The distribution of APP for (on target) performance aims to achieve a proper balance between short-term result and long-term value creation. 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 realization of the objective of long-term value creation.

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

5. **Remuneration for other Employees**

Remuneration of middle and lower level employees of the Company consists entirely of fixed 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 and other Executive Directors is generally for a period of 3 years and renewed for similar periods from time to time. However, the Board reserves the right to increase/decrease or the period as it may deem fit. Whereas, term of the other employees, generally is up to the age of superannuation. However, Company also employs contractual employees as 'consultants' for shorter periods on need basis.

10. **Post-Retirement Benefits**

All the executive directors and employees are entitled for retirement benefits such as prov ident fund, superannuation fund and gratuity.

11. **Severance Arrangements**

Contracts of employment with executive directors and regular employees, provide for compensation of up to 3 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 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 REPORT

PRACTISING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE

The Members
ASHOK LEYLAND LIMITED
No. 1, Sardar Patel Road
Guindy, Chennai – 600032

We have examined documents, books, papers, minutes, forms and returns filed and other relevant records maintained by **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 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, 2021. 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 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. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and on the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied regarding the conditions of Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended for the financial year ended 31st March, 2021.

This Certificate 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.

For R. Sridharan & Associates
Company Secretaries

CS R. Sridharan
FCS No. 4775
CP No. 3239
UIN: S2003TN063400
UDIN: F004775C000508157

Place: Chennai
Date : June 24, 2021

ANNEXURE E TO THE BOARD REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. MARKET TRENDS

Economy - India

On the domestic front, growth prospects for 2021-22 have strengthened with the progress of the vaccination programme. The recent surge in infections has, however, imparted greater uncertainty to the outlook and needs to be closely watched, especially as localized and regional lockdowns could dampen the recent improvement in demand conditions and delay the return of normalcy. Rural demand remains buoyant and record agriculture production in 2020-21 bodes well for its resilience. Urban demand has gained traction and should get a fillip with the ongoing vaccination drive. India is projected to contract by 8.0% in 2020.

The Union Budget 2021-22 has provided a strong impetus for revival of sectors such as health and well-being, infrastructure, innovation and research, among others. This will have a cascading multiplier effect going forward, particularly in improving the investment climate and reinvigorating domestic demand, income and employment. The investment-oriented stimulus under Atmanirbhar 2.0 and 3.0 given last year has started working its way through and is improving the spending momentum along with the quality of public investment. Both will facilitate regaining India's growth potential over the medium-term. The projected increase in capital expenditure augurs well for capacity creation and crowding in private investment, thereby improving the prospects for growth and building credibility around the quality of expenditure. The expanded production-linked incentives (PLI) scheme; and rising capacity utilization (from 63.3% in Q2 FY21 to 66.6% in Q3 FY21) will reinforce the process of economic revival.

The increase in international commodity prices since the Feb'21 and recurrence of global financial market volatility like the bout experienced in late Feb'21 accentuates the downside risks. The upside risks, however, come from (i) the vaccination programme being speeded up and increasingly extended to the wider segments of the population; (ii) the gradual release of pent-up demand; and (iii) the investment-enhancing and growth-supportive reform measures taken by the Government. Taking these factors into consideration, real GDP growth is projected at 10.5% for FY22.

By the end of FY21, headline inflation continues to remain within the tolerance band 4.0% - 6.0%, while some underlying constituents are testing the upper tolerance level. Going forward, the food inflation trajectory will critically depend on the temporal and spatial progress of the south-west monsoon in its 2021 season. Second, some respite from the incidence of domestic taxes on petroleum products through coordinated action by the Centre and States could provide relief. Third, a combination of high international commodity prices and logistics costs may push up input price pressures across manufacturing and services. Taking into consideration all these factors, the projection for CPI inflation has been revised to 5.0% in Q4 FY21; 5.2% in Q1; 5.2% in Q2; 4.4% in Q3; and 5.1% in Q4 FY22, with risks broadly balanced. (Source: RBI MPC, Apr 2021)

Economy – World

Although recent vaccine approvals have raised hopes of a turnaround in the pandemic later this year, renewed waves and new variants of the virus pose concerns for the outlook. Amid exceptional uncertainty, the global economy is projected to grow 6.0% in 2021 and 4.4% in 2022.The projected growth recovery this year follows a severe collapse in 2020 that has had acute adverse impacts on women, youth, the poor, the informally employed, and those who work in contact-intensive sectors. The global growth contraction for 2020 is estimated at 3.3%. The strength of the recovery is projected to vary significantly across countries, depending on access to medical interventions, effectiveness of policy support, exposure to cross-country spillovers, and structural characteristics entering the crisis.

Major central banks are assumed to maintain their current policy rate settings throughout the forecast horizon to the end of 2022. As a result, financial conditions are expected to remain broadly at current levels for advanced economies while gradually improving for emerging market and developing economies. Consistent with recovery in global activity, global trade volumes are forecast to grow about 8.4% in 2021, before moderating to 6.0% in 2022. Services trade is expected to recover more slowly than merchandise volumes, however, which is consistent with subdued cross-border tourism and business travel until transmission declines everywhere.

The US economy is projected to contract by 3.5%, before growing at 6.4% in 2021. A deeper contraction of 6.6% is projected for the euro area in 2020, while bouncing back to 4.4% in 2021. Growth in emerging and developing Europe is expected to contract by 2.0% in 2020, before rebounding to 4.4% in 2021. Among emerging market and developing economies, growth is forecast at -2.2% in 2020, strengthening to 6.7% in 2021. Prospects for China are much stronger than for most other countries in this group, with the economy projected to grow by 2.3% in 2020 and 8.4% next year. India is projected to contract by 8.0% in 2020, before rebounding by 12.5% in 2021. Growth in the Middle East and Central Asia region is expected to contract by 2.9% in 2020 before rebounding to 3.7% in 2021.

(Source: WEO, Apr 2021)

Commercial Vehicle Market

The Commercial vehicle market in India posted a drop of 20.8% YoY in total industry volumes (TIV), which was led by 28.4% drop in M&HCV segment & 17.3% drop in LCV segments.

FY20-21 started with lockdown across India, enforced to curb the spread of COVID-19 virus. Demand plummeted to levels not seen and there was no industrial activity except for movement of essential goods and medicines. Introduction of BSVI regulations lead to increase in prices of vehicles. With increase in prices, deferred customer purchases also aided to collapse in demand. Things started to improve in June when Unlock 1.0 was started with relaxations being provided to restart the economy. Supply chains broken because of lockdown slowly started to get restored.

In Q2 FY21 things started to improve month on month with more and more relaxations being provided while COVID-19 cases continued to rise in India and globally. Manufacturing PMI & Service PMI started improving. Manufacturing PMI surged to 56.8 in Sep'20 the highest since Jan'12. Demand for MHCV trucks and LCVs started to increase month on month with several measures from the government and the RBI. Demand recovery in Q2 was led by LCVs and MHCV Trucks. Increasing COVID-19 cases ensured demand for MHCV Buses does not recover as people prefer individual modes of transport over public.

In Q3 economic activity continued to recover and gain momentum. The RBI's survey pointed towards improvement in capacity utilization in the manufacturing sector. Consumer confidence started to revive and business expectations of manufacturing, services and infrastructure remained upbeat. The movement of goods and people and domestic trading activity grew at a robust pace. RBI's market operations improved liquidity and bolstered financial market sentiment. Overall demand for MHCV & LCV Trucks continued to rise.

By the end of Q4, economic indicators started to dip marginally from the highs seen in Q3. COVID-19 infections started to surge in some states which led to tightening of restrictions by the respective state governments. Globally commodity prices started to surge thereby accentuating cost pressures for the manufacturing industry. Shortage of microprocessors affected production thereby leading to small dip in CV sales.

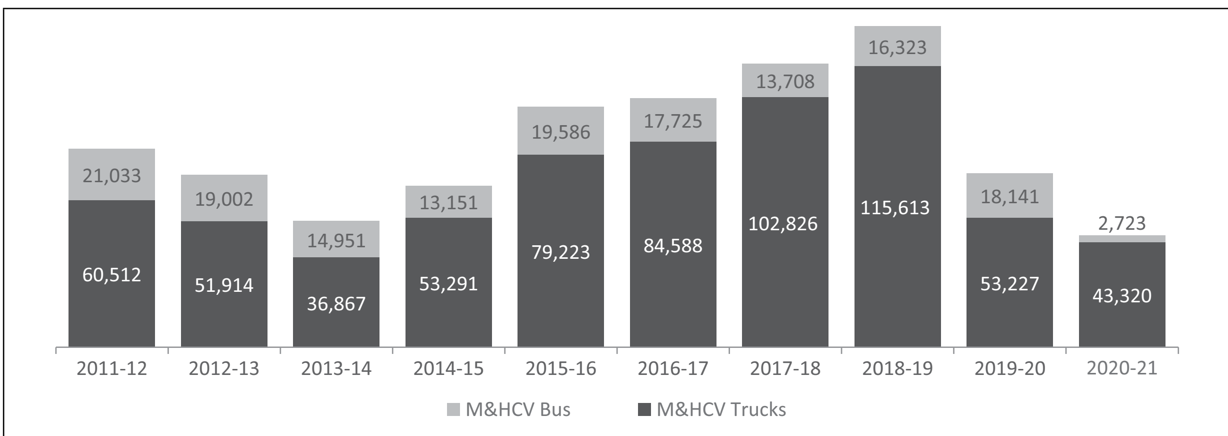
The LCV Trucks (0-7.5T Segment) dropped by 12.0% while the LCV Bus segment also degrew by 74.0%. CV exports dropped by 16.6% over last year driven by 21.4% fall in M&HCV Trucks & Buses and 13.8% fall in LCV Trucks & Buses.

Segment	Domestic			Exports		
	2020-21	2019-20	Change %	2020-21	2019-20	Change %
M&HCV Buses	7,322	40,016	-81.7%	4,040	7,859	-48.6%
M&HCV Trucks	153,366	184,412	-16.9%	13,508	14,474	-6.7%
M&HCV Total	160,688	224,428	-28.4%	17,548	22,333	-21.4%
LCV Buses	12,088	45,814	-73.6%	1,641	4,300	-61.8%
LCV Trucks	395,783	447,351	-11.5%	31,145	33,746	-7.7%
LCV Total	407,871	493,165	-17.3%	32,786	38,046	-13.8%
CV Total	568,559	717,593	-20.8%	50,334	60,379	-16.6%

Source: SIAM Flash Report March 2021

B. ASHOK LEYLAND – THE YEAR (2020-21) IN BRIEF

Your Company sold 46,043 M&HCVs in the domestic market (2,723 M&HCV Buses and 43,320 M&HCV Trucks including Defence vehicles), registering a de-growth of 35.5% over the previous year. LCV with sales of 46,671 vehicles grew by 3.9% over the previous year. Your Company was able to achieve market share of 28.6% in M&HCV Bus and Truck segment combined when total industry volume degrew by 28.4%.



M&HCV Truck segment

In the market affected by pandemic in first half and with a partial recovery in 2nd half, your Company sold 42,483 M&HCV trucks (excluding Defence) in domestic market in the current financial year. The 20% drop in volumes is directly attributable to the drop in total industry volume caused by disruption due to pandemic and sentiment. Your Company conducted BSVI vehicle launches to showcase its wide product portfolio with i-Gen6 technology, to reinforce our brand promise of "Aapki Jeet Hamari Jeet". With new products, especially AVTR range, your Company has established itself as a strong player in BS VI. There were many noteworthy product launches in M&HCVs and ICVs which were well received during the year which helped your Company to increase the addressable TIV.

M&HCV Bus segment

In the domestic M&HCV Bus segment, your Company continues to maintain overall leadership and sold 2,723 Buses. Your Company regained the leadership in STU segment with strong order wins from Gujarat & Orissa STUs. Your Company launched and established the performance of all new BSVI range for the buses.

International Operations

In pursuit of AL's new vision, your Company focused on expanding its global footprint across retail markets in Africa, and continued strengthening its network in SAARC and GCC countries. Your Company observed sales growth in LCV portfolio across geographies and attained market leadership in MDV bus segment in Bangladesh and GCC countries. Your Company has extensively worked on developing globally benchmarked new products in FY2020-21 in Trucks, Buses and LCV range in RHD and LHD versions to cater to global markets and witnessed successful product launches during the year. The new launches being Falcon super (12m) and Gazl (7m mini bus). The Trial for Phoenix platform commenced in SAARC and Africa.

LCV segment

In FY 2020-21, your Company launched a new Global platform Phoenix in record time. The first product on this global platform was the Bada Dost and it helped your Company gain market share by 2.1% and increased volume by 5% despite a 17% drop in total industrial volume (TIV) in its segments. More products will be launched on this platform in the future. Despite the pandemic situation, your Company continues to deliver best-in-industry SSI/ CSI, lowest defect, best-in-class low warranty cost and high service retention through its network of 530 outlets, thereby achieving a service market share of 63%. Bada Dost was awarded CV of year and Pick up of the year award for the year 2020-21

Power Solutions Business

Your Company set new records in FY2020-21 with all time high volumes of engines owing to a good monsoon season. A good recovery was observed in the Industrial equipment demand in the second half of the year due to special focus on Infra development activities and pre-buy on account of BS CEV IV emission shift effective Apr-21. Overall your Company set a record in FY 2020-21 with an all-time high volume of 23,923 engines despite negligible sale in the first quarter due to lockdown.

Defence

In FY20-21, your Company supplied 928 units of completely built up units (CBUs) including bullet proof vehicles and 962 kits. Your Company is proud to complete the execution of 500 Stallion 4x4 water bowsers and 100 ambulances in record time of 3 months under emergency procurement of Indian Army. Further your Company is expanding its portfolio in Light Vehicles, new applications on super stallion platform and products specific to export markets.

Aftermarket

Aftermarket business of your Company continued to deliver profitable growth last year. Early interventions at spare parts warehouses and with Supplier partners ensured continuation in supply chain and revenue reached pre-Covid levels. Focused intervention on demand management, operations and logistics delivered better margins compared to last year. Aftermarket channel saw record participation from independent garages and ended the year with highest ever number of exclusive retail parts store for fifth year in a row. LeyKart continued to be a differentiator in fulfilling the promise of on-demand availability of Genuine Ashok Leyland Spares when the customer's adoption of on-line solutions was on an increasing trend. LeyKart delivered 62.0% more orders compared to pre-Covid levels.

Service function achieved its highest service market share and continues to improve penetration in service products. Early interventions with Channel Partners ensured that revenue reached 96% of pre-Covid levels. Automation and Digitalization initiatives enabled the service organization to reduce cycle times of key internal operations and delivered substantial operating costs reduction. Significant focus was accorded in building capability of Channel partners by way of exhaustive and multi-modal training curriculum.

Your Company leveraged the technological superiority of its freshly launched BS6 range to continue focus on superior customer service throughout the product lifecycle. AL Care app was launched as a one-stop solution to address service needs of our customers.

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 2020-21 the Foundry division achieved the production of 62,925 MT (increase of 3% over last year) and sales of 58,246 MT (increase of 2% over last year).

Overall Summary

In summary, during FY20-21, your Company recorded total vehicle sales of 92,724 units in the domestic market and 8,001 units in the export market. Your Company continued to focus on transforming the Company into an agile player geared up for sustained growth in the coming years.

C. OPPORTUNITIES AND THREATS

As the country recovers from the pandemic, CV sales are expected to grow and inch closer to reaching pre-pandemic levels in FY22. It is also expected that as economic activities picks up, there will be greater demand for robust supply chain networks across the country, which would increase the demand for trucks. The announcement of a voluntary vehicle scrapping policy which is aimed at phasing out old vehicles, is expected to translate into a marginal demand for new CVs in the short term. In the long run, it would help in creating a mindset about the life of vehicles which will help the sector to generate additional sales volumes. ₹ 18,000 crore scheme for augmentation of public bus transport services in urban cities through PPP model should help in creating incremental demand for buses over short to medium term. Increased allocation for FAME scheme should help encourage investments in EVs and help in its faster adoption. The infrastructure segment is expected robustly through execution of projects in the National Infrastructure pipeline. This will have a positive impact on the sales of commercial vehicles, especially the tipper and haulage segments. The growth in the E-commerce sector has led to growth in the overall heavy commercial vehicles segment, and this trend is also set to continue in the coming years, in a much more pronounced manner. E-commerce sector is projected to have more positive impact on the sales of LCVs & ICVs. The changing landscape of road logistics industry, with the proliferation of hub-n-spoke model has resulted in increasing demand for commercial vehicles having higher tonnage and multi-axle vehicles. Reforms carried out by the Government in several sectors including coal mining are expected to play a role in driving sales of HCVs especially Tippers and haulage trucks segment. Commercialization of coal mining, introduction of seamless composite exploration, mining, and production regime for minerals is likely to drive this segment.

The commissioning of the Western & Eastern dedicated freight corridors is expected to shift the transportation of goods to rail from road and hence could have a negative impact on the sales of MHCVs is certain application. The announcement of increased axle load norms in the previous years has resulted in increased load carrying capacity of trucks. The impact of this is expected in the upcoming year as well but in a marginal manner.

G. FINANCIAL REVIEW

Summary of Profit and Loss account is given below:

₹ Crores

Particulars	2020-21	2019-20	Inc/ (Dec) %
Sales	15,301.45	17,467.47	(12.4)
Other income	119.50	123.34	(3.1)
Total	**15,420.95**	**17,590.81**	**(12.3)**
Expenditure			
Material Cost	11,403.31	12,369.15	(7.8)
Employee benefits expenses	1,583.89	1,615.06	(1.9)
Finance cost	306.79	109.45	180.3
Depreciation and amortization	747.71	669.80	11.6
Other expenses	1,779.11	2,309.61	(23.0)
Total	**15,820.81**	**17,073.07**	**(7.3)**
Profit before exchange gain on swap contracts, exceptional items and tax	**(399.86)**	**517.74**	**(177.2)**
Exchange gain / (loss) on swap contracts	--	0.01	--
Profit before exceptional items	**(399.86)**	**517.75**	**(177.2)**
Exceptional items	(12.05)	(155.83)	92.3
Profit before tax	**(411.91)**	**361.92**	**(213.8)**
Tax expense	(98.23)	122.40	(180.3)
Profit after tax	**(313.68)**	**239.52**	**(231.0)**
Basic earnings per share (in ₹)	**(1.07)**	**0.82**	**(231.0)**

Consequent to Covid 19 pandemic, in Q1 FY ’21, in line with the industry trend, your Company registered a 97% drop in domestic MHCV volumes over corresponding period last year. However, the volumes grew both for your Company and industry gradually during subsequent quarters and for full year, in line with the industry trend, your Company ended with a drop of 36% in domestic MHCV volumes over previous year. MHCV bus volumes fell the most by 85% year on year trending the drop-in industry volumes. This is predominantly due to the pandemic situation preventing the passenger travel for most part of the year. However, domestic LCV volumes bucked the trend and grew by about 4% during the year. Vehicle export volumes de-grew by about 10% during the year. However, LCV exports registered a 29% growth over previous year. Defence and power solutions business revenues grew by about 68% and 8% respectively. Your Company’s revenues were at ₹ 15301 Crores which is lower than previous year by 12%. Effective 1st April ’20 India switched over from BS IV to BS VI emission norms which has necessitated increase in material cost and corresponding increase in sale prices.

Costs:

Material Cost: FY 2020-21 witnessed a partial shutdown for first six months and a pent up demand consequent to the shutdown for the next six months. The demand for flat and spring steel, castings, aluminium, palladium, platinum and other raw materials went up and so was the price. This has happened especially during Oct ’20 and Jan ’21 which has resulted in a 3 ½% increase in the material cost.

Through various internal initiatives covering price negotiation, value engineering, turnover discounts and business share optimization, your Company managed to secure a reduction of about 2.2% during the year.

Staff Costs: Your Company met the commitment of payment to the employees including temporary workmen who were on role at the time of closure of factories due to Covid 19 Pandemic in Mar ’20 for next 2 ½ months. Despite this, employee expenses were lower by about 2% during the year reflecting the reduction in bonus and performance payments consequent to reduction in sale volumes. No increments & promotions were sanctioned during the year. During 3rd quarter, your Company relieved ~400 executives under voluntary retirement scheme (one time impact ₹ 86 Crores). The benefit of this will be visible in the next financial year.

Finance Costs was up by 1.8 times consequent to availment of fresh long-term loans of ₹ 1,250 Crores as well as short term loans borrowed to meet higher working capital levels during major portion of the year. Long term loan was availed to meet repayments, capital expenditure and investments of your Company. ₹ 213 Crores of long term loans were repaid during the year.

Depreciation for the year is at ₹ 747.71 crores which is higher than last year reflecting the capitalization of costs relating to Phoenix (LCV) & BS VI.

Other expenses at ₹ 1,779.11 crores is significantly lower than last year reflecting the drop in activity levels. All expenses covering delivery charges, production overheads, sales and administration overheads recorded reduction over last year in line with the lower volumes. Thanks to the Reset initiative driven across the organisation, which has resulted in significant reduction of the costs in FY 2020-21.

Total Capital Employed by your Company increased by about 13% from ₹ 16,390 crores in FY 2019-20 to ₹ 18,450 Crores in FY 2020-21.

Total shareholder’s funds as at March 31, 2021 stood at ₹ 6,977 crores reflecting a decrease of ₹ 287 crores over March 31, 2020 amount of ₹ 7,264 crores. This decrease is on account of current year loss of ₹ 314 crores offset by other comprehensive income ₹ 8 Crore and share based payments ₹ 19 crores.

Summary of the Balance sheet is given below:

₹ in Crores

Sources of Funds	March 31, 2021	March 31, 2020	Inc / (Dec) %
Shareholder’s funds	6,977.20	7,263.99	(3.9)
Non-Current liabilities	3,198.87	2,126.69	50.4
Current liabilities	8,273.84	6,998.93	18.2
Total	**18,449.91**	**16,389.61**	**12.6**
Application of Funds			
Tangible Assets	5,538.44	5,457.63	1.5
Right of use asset	289.54	406.46	(28.8)
Intangible Assets	1,594.26	1,533.62	4.0
Investments	3,068.72	2,719.63	12.8
Loans and other non-current assets	507.42	848.78	(40.2)
Current assets	7,451.53	5,423.49	37.4
Total	**18,449.91**	**16,389.61**	**12.6**

Capital expenditure and investments

During the year, your Company incurred ₹ 617 Crores towards capital expenditure predominantly towards

a) Improving manufacturing capacity and capability covering cab paint shop, frame side member, manufacturing quality & BS VI migration related investments;

b) new products covering modular business program (AvTR product line), Phoneix (Bada dost product line) and BS VI migration;

c) Unit replacements & maintenance capex for sustenance.

During the year, Your Company has invested ₹ 150 Crores in Optare Plc, ₹ 90 Crores in Hinduja Leyland Finance Limited, ₹ 70 Crores in Hinduja Tech, ₹ 33 Crores in Vishwa Buses and Coaches Limited, ₹ 19 Crores in Prathama Solar & ₹ 5 Crores in Ashley Aviation. Thus, your Company has invested ₹ 367 Crores in joint venture / associates / subsidiaries during the year. There had also been impairments of ₹ 12 Crores during FY 2020-21.

Current assets as at March 31, 2021 were at ₹ 7,452 Crores when compared to previous year level of ₹ 5,423 Crores. The increase of ₹ 2,029 Crores was driven by increase in receivables by ₹ 1,628 Crores; increase in inventory by ₹ 904 Crores & increase in other current assets by ₹ 92 Crores offset by reduction in cash and bank balance ₹ 500 Crores as well as reduction in other financial assets by ₹ 95 Crores. Finished goods inventory was up by ₹ 390 Crores reflecting the increase in finished vehicle inventory which was up from 1,243 vehicles in FY ’20 to 3,448 vehicles in FY ’21. Raw material and work in progress inventory was up by ₹ 495 Crores in FY ’21. Receivables was higher in FY ’21 reflecting the increased sales during Mar ’21 (11111 MHCVs in Mar ’21 Vs 1,778 MHCVs in Mar ’20) which was atleast 5 times higher than the corresponding period of last financial year.

Liquidity

With a complete wash out of sales in 1st quarter, liquidity was under strain with no cash inflows on sales but outflows towards meeting commitment to various stakeholders including the dealers & suppliers. However, through a better understanding with all the stakeholders as well as with the support of bankers, your Company could manage the liquidity situation well.

During the year, your Company has managed its capital expenditure (₹ 617 Crores) VRS payments (₹ 86 Crores) and long-term loan repayments (₹ 213 Crores) through availment of fresh long-term loans (₹ 1,250 Crores). Your Company did not pay any dividend during the year. Internal generation was used to meet the investments requirements. Working capital requirements were met out through a combination of long and short-term funds. Your Company manages its liquidity through rigorous weekly monitoring of cash flows.

Details of significant changes in key financial ratios:

Ratios	Formula used	FY 2021	FY 2020
Debtors turnover	Revenue from operations / average debtors	7.64	9.48
Inventory	COGS / average inventory turnover	6.75	6.31
Interest coverage ratio	Earnings before interest and tax / interest expense	2.07	9.07
Current ratio	Current assets / current liabilities	0.90	0.77
Debt equity ratio	Debt / equity	0.54	0.46
Operating profit margin (%)	EBITDA / Revenue from operations	3.5	6.7
Net profit margin (%)	PAT without exceptional items / revenue from operations	-2.0	2.3
Return on net worth (%)	PAT without exceptional items / total equity	-4.3	5.4

Profitability

Your Company’s profitability recorded in FY ’20 could not be sustained in FY ’21 consequent to intermittent lock outs, increase in cost due to switchover to BS VI emission norms, commodity cost increases etc., There was a complete lock down in 1st quarter resulting in drop in domestic MHCV sales by 97%. Demand for MHCVs contracted for the second consecutive year by about 28% in FY ’21 on top of a 42% contraction in FY ’20. Industry volumes dropped from 3,90,732 nos. in FY ’19 2,24,428 nos in FY ’20 to 1,60,688 nos. in FY ’21. Demand in MHCV bus segment witnessed a steep fall in FY ’21 consequent to the clamp down on people movement. All educational institutions and offices resorted to work from home. On the MHCV trucks, higher tonnage segments covering Tractor trailers and MAVs witnessed slowdown. Shortage of semiconductors during 3rd and 4th quarters also added to the demand issues. Your Company managed the semiconductor shortages well without major shortfall in the supplies. Tighter control on material cost and operating expenses (through Reset initiative) combined with judicial sales mix through better performance in LCV, PSB and aftermarket businesses have contributed during the year.

In March ’20 due to the continuous drop in MHCV industry volume, your Company’s financial rating for long term instruments has been downgraded by ICRA from AA+ with stable outlook to AA with Negative Outlook. CARE had also revised their ratings for long term instruments in April ’20 from CARE AA+ to CARE AA with Negative outlook. These ratings have continued without any change in FY ’21.

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

Your Company has serviced all its debt obligations on time.

Results of Operations

Your Company generated an after-tax profit from operations of ₹ 627 Crores in FY 2020-21 which is lower than ₹ 1,117 Crores in FY 2019-20. In FY 2019-20, working capital movement was lower as the focus was to reduce the inventory to zero since there was a switchover to new emission norms effective 1st April ’20. During FY ’21 there has been increase in both inventory (₹ 904 Crores) and trade receivables (₹ 1,702 Crores) which is substantially offset by an increase in trade payables (₹ 2,133 Crores). Finished vehicle inventory (MHCV) increased from 1,243 vehicles in Mar ’20 to 3,448 vehicles in Mar ’21. Overall working capital has increased by ₹ 606 Crores.

Cash outflow for acquisition of fixed assets for FY 2020-21 was at ₹ 617 crores as against ₹ 1,292 Crores last year reflecting a reduction of ₹ 675 Crores in FY 2020-21. FY 2019-20 indicates a cash outflow of ₹ 885 Crores representing ₹ 447 crores of investments in Joint venture / Associates / Subsidiaries and ICDs (₹ 500 Crores) lent during the year. FY 2020-21 witnessed the receipt of ICDs in full (₹ 500 Crores) which was offset by investment of ₹ 600 Crores in bank deposits as well as investments of ₹ 367 Crores in Joint venture / Associates / Subsidiaries. Cash inflow of ₹ 206 Crores from finance activities primarily reflect the receipt of fresh long-term loan of ₹ 1,250 Crores during FY 2020-21 offset by repayment of long term loans ₹ 213 Crores, short term loans ₹ 548 Crores as well as interest payment & others ₹ 283 Crores.

Dividend

The Directors have recommended a dividend of ₹ 0.60 per equity share of Re. 1/- each for the financial year ended FY 21-22.

Cash flow statement

₹ in Crores

Particulars	31.03.2021	31.03.2020
Profit from operations after tax	626.96	1,116.67
(inc)/Dec in Net working capital	(605.83)	(175.61)
Net cash (outflow) / inflow from operating activities	21.13	941.06
Payment for acquisition of assets – net	(616.57)	(1,292.27)
Cash inflow / (outflow) for investing activities	(358.62)	(885.18)
Cash inflow / (outflow) from financing activities	205.97	1,148.98
Net cash inflow / (outflow)	**(748.09)**	**(87.41)**

The year ahead

The domestic automotive industry saw healthy sequential recovery in the second half of FY 2020-21, post the gradual removal of the lockdown. However, with the sudden onset of the second wave, the industry has again received a setback. Regional restrictions imposed in several States has again brought the country to a halt during May & June '21.

Rural sentiment which was untouched in the first wave is likely to be subdued in the second wave. On the positive side, the onset of a normal monsoon and healthy crop harvests coupled with government support and incentive schemes are likely to support household cash flows and therefore rural sentiment.

Q1 of the FY 21-22 is different from the same period last year as your Company is better prepared this time. With the second wave gradually ebbing and a possible third wave on the anvil as mentioned earlier, your Company will continue to be extremely cautious and focus its efforts on vaccination and safety protocol. Your Company however expect a quarter on quarter recovery during FY 21-22.

Most segments covering MHCV & LCV trucks and buses would continue to report growth on a year-on-year basis mirroring the expected growth of GDP at 9.5%. MHCV trucks will benefit from construction and infrastructure-related activities, and last mile connectivity demand propelled by ecommerce is likely to support LCV truck volumes. The passenger segment has been impacted due to closure of schools, work from home, low STU demand and weak tourism prospects. However, as the markets open up and economic revival takes place, coupled with favorable policy initiatives by Government for STUs, your Company expect to see an increase in bus demand.

Commodity prices are at an all-time high. Steel, aluminum and copper are expected to remain at current multi-year highs for a few months before a possible softening in the second half of FY 21-22. As in the past, your Company is further enhancing its focus and thrust on VAVE programs; which together with product price correction will help mitigate commodity price movement in a sustainable way.

Your Company is also closely monitoring the availability of Electronic Control Units (ECUs) and is closely in touch with various suppliers.

Going forward, your Company foresee tremendous opportunities. Your Company will continue to grow the Exports, Defence, Power solutions, LCV and Parts business even as it expand the reach and products of its core MHCV business. Your Company's focus on Digital will help leverage the benefits of efficiency and cost. Customer requirements will be at the core of all our Digital initiatives. The emerging businesses such as Electric Vehicle (EV) and Customer Solutions (CSB) will assist in complementing the core business.

As you are perhaps aware, in line with the expanding importance of electric vehicles and green mobility, your Company has created a dedicated EV-only entity called SWITCH Mobility. SWITCH Mobility brings together Ashok Leyland's capabilities both from Optare UK and Ashok Leyland's EV Division.

With a dedicated team of people around the globe and combining the best of Indian and British design, technology, frugal engineering and sourcing advantage, your Company aim to create unique products and offerings for its customers globally.

Furthermore, your Company also plan to create another Company which will provide mobility as a service to end customers for EVs. Through this it is expected to differentiate its EV solutions by capturing the entire value chain.

Your Company is confident and extremely well positioned as a pure play CV player with New gen products and talented people to deliver profitable growth as the market revives.

H. HUMAN RESOURCES

During the year under review, the total number of people on the rolls of the Company is 10,758.

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 REPORT
CERTIFICATION BY MD & CEO AND WTD & CFO TO THE BOARD

We, Vipin Sondhi, Managing Director and Chief Executive Officer 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;

   a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   b. 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 responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the Auditors and to the Audit Committee:

   a. that there are no significant changes in internal control over financial reporting during the year;

   b. that there are no significant changes in accounting policies during the year;

   c. 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.

Vipin Sondhi
Managing Director and Chief Executive Officer

Place : New Delhi
Date : June 24, 2021

Gopal Mahadevan
Whole-time Director and Chief Financial Officer

Place : Chennai
Date : June 24, 2021

ANNEXURE G 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, also taking into account the peculiar circumstances leading to the national lockdown imposed by the Government of India due to the pandemic, 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 we 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. Where ever 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.

Signature:
Name of Company Secretary in Practice: B. CHANDRA
ACS No.: 20879
C P No.: 7859
UDIN: A020879C000513800

Place : Chennai
Date : June 25, 2021

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

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, 2021, 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, 2021, 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

e. The Securities and Exchange Board of India (Issue and Listing of Debt securities) Regulations 2018

(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, 2018

b. The Securities and Exchange Board of India (Buy back of Securities) Regulations, 2018;

c. Securities and Exchange Board of India (Issue and Listing of Non- Convertible and Redeemable Preference Shares) Regulations, 2013

(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 and Vijayawada 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, (5) Management representation letter given by the Company, 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 the Company had issued 4,000 (Four Thousand) Rated Listed Secured Redeemable Non-Convertible Debentures ('NCDs') having face value of ₹10,00,000/- (Rupees Ten Lakhs only) each for cash aggregating to ₹400,00,00,000/- (Rupees Four Hundred Crores only) on private placement basis on 19.5.2020 and 2,000 (Two Thousand) Rated Listed Secured Redeemable Non-Convertible Debentures ('NCDs') having face value of ₹10,00,000/- (Rupees Ten Lakhs only) each for cash aggregating to ₹200,00,00,000/- (Rupees Two Hundred Crores only) on private placement basis on 25.06.2020.

Approval of shareholders is being sought for payment of remuneration to Managing Director, Whole Time Director and all other Non-Executive Directors for the financial year 2020-21, due to incurring of loss / inadequate profits during the said period.

Signature:
Name of Company Secretary in Practice: B. CHANDRA
ACS No.: 20879
C P No.: 7859
UDIN: A020879C000513800
Peer review no I2008TN611500

Place : Chennai
Date : June 25, 2021

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021
[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,
M/s. Hinduja Leyland Finance Limited
CIN# U65993TN2008PLC069837
1 Sardar Patel Road,
Guindy, Chennai – 600032

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Hinduja Leyland Finance Limited (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 our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information, explanations and clarifications provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial ended 31st March, 2021 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Hinduja Leyland Finance Limited for the financial year ended on 31st March, 2021 according to the provisions of:

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

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

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

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) SEBI (Issue and Listing of Debt Securities) Regulations 2008

(vi) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR') to the extent applicable.

(vii) Reserve Bank of India Act, 1934 read with applicable Rules and Regulations relating to the:

  (a) Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (Updated as on 17th February, 2020).

  (b) Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

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

We report that during the audit period under review;

1) The Company has issued 15,000 equity shares of ₹10/- each at a premium of ₹18/- each and 15,000 equity shares of ₹10/- each at premium of ₹65/- each, both on 21st October, 2020 to its Equity Shareholders under Employee Stock Options Plan scheme of the Company.

2) The Company has transferred an amount of ₹ 2,68,53,645/- remaining unspent relating to ongoing projects, to a separate bank account on 30th April, 2021, as required under Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

We 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 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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

We further report that for the purpose of issuing this secretarial audit report, we have conducted online verification & examination of certain records and documents, as facilitated by the Company, as we could not verify such details physically, in view of COVID-19 and subsequent lockdown restrictions imposed by the Government.

For **M/s. G Ramachandran & Associates**
Company Secretaries

G. RAMACHANDRAN
Proprietor
FCS No.9687 CoP. No.3056
UDIN: F009687C000409713

Place : Chennai
Date : 3rd June, 2021

This Report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

ANNEXURE H TO THE BOARD'S REPORT

ANNEXURE-A SECRETARIAL AUDIT REPORT OF EVEN DATE

To,
The Members,
Hinduja Leyland Finance Limited
CIN# U65993TN2008PLC069837
1 Sardar Patel Road,
Guindy, Chennai – 600032

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **M/s. G Ramachandran & Associates**
Company Secretaries

G. RAMACHANDRAN
Proprietor
FCS No.9687 CoP. No.3056
UDIN: F009687C000409713

Place : Chennai
Date : 3rd June, 2021

ANNEXURE I TO THE BOARD'S REPORT
FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES

1. **Brief outline on CSR Policy of the Company.**

   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 at www.ashokleyland.com.

2. **Composition of CSR Committee:**

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Dheeraj G Hinduja	Chairman	3	3
2	Ms. Manisha Girotra	Independent Director	3	3
3	Mr. Sanjay K Asher	Independent Director	3	3

3. **Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company.**

   https://www.ashokleyland.com/in/en/community/csr-policy

4. **Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report) –** Impact Study will be conducted when situation improves, from the current pandemic of COVID-19.

5. **Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any -** Not Applicable

6. **Average net profit of the Company as per section 135(5): – ₹ 1,713.36 Crs (FY-2020-21)**

7. (a) Two percent of average net profit of the Company as per section 135(5): – ₹34.27 Crs

   (b) Surplus arising out of the CSR projects or programs or activities of the previous financial years - Nil

   (c) Amount required to be set off for the financial year, if any - Nil

   (d) Total CSR obligation for the financial year (7a+7b+7c): – ₹34.27 Crs

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial year (₹ in Crores)	Amount Unspent (in Crores)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount (in Crores)	Date of transfer	Name of the Fund	Amount (in Crores)	Date of transfer
30.18	15.51	29.04.21	PM Relief Fund	0.17	Will be transferred before 30th Sept 2021

   (b) Details of CSR amount spent against ongoing projects for the financial year

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Project duration	Amount allocated for the project (in Crs.)	Amount spent in the current financial Year (in Crs.)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Crs.)	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration No.
1	Road to school	Education	Yes	1) Tamil Nadu 2) Maharashtra	Hosur Chennai Namakkal Bhandara Alwar	3+1 years	17.31	13.80	3.51	No	Learning Links Foundation	CSR00000640
2	RTS - Sports Education	Training to Promote Rural Sports	Yes	Tamil Nadu	Hosur Chennai Namakkal	3+1 years	0.92	-	0.92	No	Edusports Pvt Ltd	CSR00001045
3	RTS - Music Education	Education	Yes	Tamil Nadu	Hosur Chennai Namakkal	3+1 years	1.50	0.30	1.20	No	Rhapsody	CSR00006957

ANNEXURE I TO THE BOARD'S REPORT
FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Project duration	Amount allocated for the project (in Crs.)	Amount spent in the current financial Year (in Crs.)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Crs.)	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration No.
4	RTS - Providing Breakfast to School Children	Eradicating Hunger,Poverty, Malnutrition and Preventive Health Care	Yes	Tamil Nadu	Hosur Chennai Namakkal	3+1 years	3.38	-	3.38	Direct and IA	Akshaya Patra Foundation	CSR00000286
5	Health Checkup	Eradicating Hunger,Poverty, Malnutrition and Preventive Health Care	Yes	Tamil Nadu	Hosur Chennai Namakkal	3+1 years	0.86	0.14	0.72	Yes	Direct	
6	AL Health Initiative	Eradicating Hunger,Poverty, Malnutrition and Preventive Health Care	Yes	Tamil Nadu	Nammakal	3 years	0.84	0.08	0.76	Yes	Direct	
7	Water Project	Environmental Sustainability	Yes	Tamil Nadu Maharashtra Uttarakhand	Hosur Alwar Pantnagar	3+1 years	8.49	3.58	4.91	No	CHIRAG EFI ACF Nivaran MYRADA EHS	CSR00004689 CSR00002310 CSR00006913 CSR00001099 CSR00002965
8	Skill Development Center in J&K	Education	No	Jammu & Kashmir	Kathua Budgam	3+1 years	0.55	0.44	0.11	Yes	Direct	

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (in Crs.)	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration No.
1	COVID Initiatives	COVID	Yes	Tamil Nadu Maharashtra Uttarakhand	Hosur Chennai Namakkal Bhandara Alwar Pantnagar	4.61	Yes		
2	Hosur Industries Association - Skill Development Center	Education	Yes	Tamil Nadu	Hosur	1.00	Yes		
3	Hinduja Foundation – Water Project Grant	Environmental Sustainability	Yes	Maharashtra Tamil Nadu	Pune Chennai	2.08	Yes		
4	Hinduja Foundation – Diabetic Research Grant	Eradicating Hunger, Poverty, Malnutrition and Preventive Health Care	Yes	Maharashtra Tamil Nadu	Pune Chennai	1.72	Yes		

ANNEXURE I TO THE BOARD'S REPORT
FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (in Crs.)	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration No.
5	Unit Specific CSR Initiatives	Eradicating Hunger, Poverty, Malnutrition and Preventive Health Care	Yes	Tamil Nadu	Hosur Chennai	0.53	Direct & IA	Gnana Deepam	CSR00001350
6	Contributions to NGOs and charities	Eradicating Hunger, Poverty, Malnutrition and Preventive Health Care	No	Assam	-	0.30	Yes		
7	Contributions to NGOs and charities	Education	No	J&K	-	0.15	Yes		
8	Contributions to NGOs and charities	Measures for the Benefit of Armed Forces Veterans	No	-	-	0.05	Yes		

(d) Amount spent in Administrative Overheads ₹1.40 Crs

(e) Amount spent on Impact Assessment, if applicable – Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) ₹30.18 Crores

(g) Excess amount for set off, if any: Not Applicable

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (₹ in Crores).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹)	Date of Transfer	
1	2019-20	-	11.59	-	-	-	-

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not Applicable

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

(a) Date of creation or acquisition of the capital asset(s).- Nil for FY 2020-21

(b) Amount of CSR spent for creation or acquisition of capital asset- Nil for FY 2020-21

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. – Nil for FY 2020-21

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) – Nil for FY 2020-21

11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5).

The Company conducted various CSR activities in a responsible and accountable manner. The Company could not spend the total budgeted amount during the year, steps have been taken to put in place necessary infrastructure to identify worthy causes, as well as to monitor the progress of supported projects.

The Company would be meeting its CSR obligation during financial year 2021-22 towards its on going projects, including the amount unspent for the financial year 2020-21 in accordance with the provisions of the Act.

Mr. Vipin Sondhi
Managing Director and Chief Executive Officer

Mr. Dheeraj G Hinduja,
Chairman CSR Committee

ANNEXURE J TO THE BOARD'S REPORT

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

S. No.	Particulars	AL ESOP 2016	
1.	**Details of AL ESOP 2016**		
	a) Date of the shareholder's approval	i. Issue of 42,68,815 stock options was approved by the members at the Annual General meeting held on July 21, 2016. (ESOP -1) ii. Increase in number of stock options from 42,68,815 stock options to 1,42,29,383 stock options approved by the members through postal ballot voting on January 16, 2017. (ESOP -2)	
	b) Total Number of options approved	1,42,29,383	
	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) 74,54,000 options shall be exercised at ₹ 1/- per option. (iii) 20,00,000 options shall be exercised at ₹ 83.50/- per option. (iv) 10,00,000 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	
2.	**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 2020-21 is ₹ 2.42 Crores.		
3.	**Option movement during the year**		
	Number of options outstanding at the beginning of year	26,00,000	
	Number of options granted during the year (grant price)	-	
	Number of options vested during the year	6,00,000	
	Number of options exercised during the year	-	
	Number of shares arising as a result of exercise of options	-	
	Money realised by exercise of options	-	
	No. of options outstanding at the end of the year	26,00,000	
	Number of options exercisable at the end of the year	6,00,000	
4.	**Weighted-average exercise prices and weighted-average fair values of options:**		
	Particulars	**Weighted-average exercise price per option (₹)**	**Weighted-average fair values 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
5.	**Options granted during the year**		
	a) Name of the Senior Managerial Personal	**Designation**	**Number of options granted**
	-	-	-
	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		

6.	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
	c) Expected volatility	33.8% to 43.2%	38.5%	37.70% to 42.90%	37.52% to 39.70%
	d) Expected option life	6-10 years	6-10 years	6-10 years	6-10 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.			

(1) 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
1.	**Details of AL ESOP 2018**	
	a) Date of the shareholder's approval	Issue of 5,00,00,000 stock options was approved by the members through postal ballot dated January 28, 2019.
	b) Total Number of options approved	5,00,00,000
	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	Exercise price shall be decided by the Nomination and Remuneration Committee, subject to a minimum of the face value.
	e) Maximum term of option granted	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.
	f) Source of shares (Primary, Secondary or Combination)	Primary
	g) Variation in terms of options	NIL
2.	**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 2020-21 is ₹ 16.60 Crores.	

ANNEXURE J TO THE BOARD'S REPORT

S. No.	Particulars	AL ESOP 2018	
3.	**Option movement during the year**		
	Number of options outstanding at the beginning of year	2,01,10,000	
	Number of options granted during the year	-	
	Number of options vested during the year	-	
	Number of options exercised during the year	-	
	Number of shares arising as a result of exercise of options	-	
	Money realised by exercise of options	-	
	No. of options outstanding at the end of the year	2,01,10,000	
	Number of options exercisable at the end of the year	-	
4.	**Weighted-average exercise prices and weighted-average fair values of options:**		
	Particulars	**Weighted-average exercise price per option (₹)**	**Weighted-average fair values per option (₹)**
	Grant-1	91.40	40.19
	Grant-2	82.90	38.58
5.	**Options granted during the year**		
	a) Name of the Senior Managerial Personal	**Designation**	**Number of options granted**
	-	-	-
	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		
6.	**Method and significant assumptions used during the year to estimate the fair value of options including the following information**		
	PARTICULARS	**GRANT - 1**	**GRANT - 2**
	a) The weighted-average values of share price	₹91.40	₹82.90
	b) Exercise Price (₹)	₹91.40/-	₹82.90/-
	c) Expected volatility	37.40% to 40.48%	37.91% to 39.68%
	d) Expected option life	9-11 years	9-11 years
	e) Expected dividends	2.66	2.07
	f) The risk-free interest rate	7.19% to 7.29%	6.38% to 6.47%
	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 behavioral 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 ("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, 2020 to March 31, 2021
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)**
   (i) Medium and Heavy Commercial Vehicles
   (ii) Light Commercial Vehicles
   (iii) 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, Russia, and Kenya.
   b. **Number of National locations:**
   Manufacturing locations are situated in Ennore (Chennai), Sriperumbudur and Hosur (Tamil Nadu), Bhandara (Maharashtra), Alwar (Rajasthan), Pantnagar (Uttarakhand) Vijaywada (Andhra Pradesh), Technical Centre: Vellivoyalchavadi, (Tamil Nadu).
   c. **Markets served by the Company:**
   a. Pan India across all states in India.
   b. SAARC – Sri Lanka, Bangladesh, Nepal, Maldives, Bhutan
   c. GCC - UAE, Oman, Saudi Arabia, Qatar, Kuwait, Bahrain
   d. AFRICA
      i. NORTHERN AFRICA – Morocco
      ii. SOUTHERN AFRICA – South Africa (Defence), Mauritius, Madagascar
      iii. EASTERN AFRICA - Kenya, Tanzania, Uganda
      iv. WESTERN AFRICA – Ivory Coast, Nigeria, Ghana, Burkina Faso, DR Congo, Senegal, Sierra Leone
   e. CIS countries - Russia, Ukraine
   f. ASEAN – Thailand (Defence), Vietnam (aggregate kits).

SECTION B: FINANCIAL DETAILS OF THE COMPANY

S. No.	Particulars	FY 2020-21 Standalone (₹ in Crores)	FY 2019-20 Standalone (₹ in Crores)
1.	Paid up capital	293.55	293.55
2.	Total Turnover	15,420.95	17,590.81
	(a) Revenue from Operations	15,301.45	17,467.67
	(b) Other income (net)	119.50	123.34
3.	Profit/(Loss) After Tax	(313.68)	239.52

4. **Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):**

   The Company has spent to the tune of ₹ 30.18 crores towards CSR activities during financial year 2020-21.

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 26 Subsidiaries, 5 Associates and 2 Joint Ventures as on March 31, 2021.

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 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

b. Details of the BR head:

S. No.	Particulars	Details
1	DIN Number (if Applicable)	NA
2	Name	Mr. NV Balachandar
3	Designation	Chief Sustainability Officer and President – Communications, Corp. Affairs & 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 well being 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 marginalized (Responsiveness to all Stakeholders).**

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

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

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

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

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

ANNEXURE K TO THE BOARD'S REPORT
BUSINESS RESPONSIBILITY REPORT

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do u 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?	Ref 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

Principle 1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability (Ethics, Transparency, Accountability)	Whistle Blower Policy	https://www.ashokleyland.com/in/en/investors/investor-information/policies
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 marginalized (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	
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 2020-21 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. We publish our sustainability Report in accordance with GRI Standards, which has information in detail, about all the Principles.

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 stakeholders 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 2020-21:

Subject Matter of Complaints	Pending as on 31/03/2020	Letters Received	Letters replied / completed	Pending as on 31/03/2021
Non-receipt of Certificate	-	21	21	-
Non-Receipt of Dividend / Interest	-	101	101	-
Non-Receipt of Annual Report	-	6	6	-
Transmission of shares	-	2	2	-
Refund of shares from IEPF Authority	-	2	2	-
Total	**-**	**132**	**132**	**-**

   It is of utmost importance for us to ensure that our stakeholders' concerns are resolved expeditiously.

Principle 2: Product Life Cycle Sustainability

1. **List up to 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 2020-21.

   (1) Higher GVW trucks

   To reduce the carbon foot print, we had introduced new product 4120 – 8x2 DTLA which can carry more than 5T payload compared to conventional 8x2 truck. This offers higher fuel efficiency thereby reducing emissions.

   (2) Boom pump trucks

   To reduce the human effort in concreting high rise structures and to eliminate safety risks, we had introduced AVTR N2825 truck to suit mounting of boom pump equipment. This offers quicker completion of infrastructure projects thereby contributing to overall wellness of the society.

(3) Oyster

Oyster is a new generation BS6 midi-bus launched in the premium segment for best in class safety and comfortable travel. OYSTER is a multi – purpose premium bus, designed and manufactured for Staff, Route and Tourist application. With aesthetically appealing smiley face of Ashok Leyland family of Buses, plush interiors and loads of convenient features, OYSTER delivers a first-class experience because 'BEST deserves the BEST'!

(4) Bada Dost

BADA DOST is the first product to be built on an all-new AL IPR owned global LCV platform. It is equipped with an 80 hp engine that delivers best-in-class power & mileage, and offers best-in-class payload and load body length. It is an ideal vehicle for inter and intra city applications owing to its low turning radius and best-in-class ground clearance, and can negotiate all terrains with ease. On the comfort front, Bada Dost features a first-in-segment ARAI certified 3 seater walkthrough cabin, foldable back rest and a host of other car-like ergonomic interiors that focus on driver comfort. Bada Dost is a versatile product that offers a perfect blend of comfort and performance enhancing customer profitability and ownership experience. Available in Left hand and right hand version, in E4/E6 versions for export markets.

(5) Falcon Super

To strengthen the product range Ashok Leyland launched Falcon Super in Middle East catering to staff and school segment. It comes with a superior value proposition of 70 seats, best in class air-conditioning ensuring comfortable ride even in peak temperatures, and built on time tested aggregates. Falcon Super also offers superior fuel efficiency and performance derived from the 180 HP H Series Engine in Euro III and Euro IV emission norms, and unmatched reliability delivered by the Falcon series aggregates.

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?

As an automobile manufacturer, we continue to contribute in delivering sustainable transport solutions. Innovation is a core competency that spans across our entire value chain. It's not just the products we create; but also, the solutions we provide through our state-of-the-art technologies that translate into cleaner, safer and more connected transportation options for our customers.

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. We ensure that our operations are energy efficient and have low environmental impact.

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 localization 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 <5%, 5-10%, >10%). Also provide details thereof, in about 50 words or so?

Towards resource optimization, we have taken focused initiatives (3R-reduce, recycling & reuse concept) in the manufacturing processes. To optimize our material consumption, we also utilize recycled materials in our processes to the maximum extent. All our solid waste, packing materials are sold to the authorized scrap dealers & further it is recycled & reused by them. The waste water generated from our operations are recycled & reused for domestic & industrial applications. We emphasize 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:** 10,758

2. **Total number of employees hired on temporary/contractual/ casual basis –** 907

3. **Total number of permanent women employees –** 342 Executives and 49 Trainees

4. **Please indicate the Number of permanent employees with disabilities –** 80

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

   Yes. All our manufacturing locations except Pantnagar have Unions recognized by the management.

6. **Percentage of your permanent employees is members of this recognized employee association? –** 48.77%

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 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 & locations. We provide safety trainings to the new joiners and refresher safety training is conducted periodically. Skill upgradation also part of our strategic plan where employees are identified based on the need & provided the training across all the levels. Now we are providing safety training through digital mode also. As per the Road map of Safety for five years, awareness given on ISO 45001 – Occupational health & safety management system to all employees of AL units. As a part of capability building, Lead auditor and Internal auditor training given to identified executives by IRQS, certifying body. All seven AL plants has been certified on ISO 45001-occupational health & safety management system.

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. In response to COVID -19 pandemic lock-down, we conducted socio economic survey of 40000 households in our CSR Locations.

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized 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).

Through our "Jal Jeevan" Water Initiative, we have created infrastructure for sanitation improvement in the rural villages, Spring Shed management and roof top rain water harvesting in Rajasthan and Uttarakhand States.

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

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 education, health and nutrition of underprivileged children. In the year 2020-21, due to pandemic related school closures, we created a strategy to reach out to children through online medium as well as by setting up small community learning groups. During the pandemic, our focus was to mitigate any learning loss due to school closures and improve social and emotional wellbeing of students and parents during lockdowns. We were instrumental in reaching out to 35000 plus students with digital learning and distributed 50000 learning kits to avoid learning loss. During the year, 178 more rural schools where added under the Road to School Program, thus impacting 70000 students per year.

Through our "Jal Jeevan" Water Initiative, we have created infrastructure for underprivileged community for Sanitation and Drinking Water in rural Villages of Rajasthan, Spring Shed Management and Roof Top rain water harvesting in Uttarakhand, Purified Drinking Water ATM and Medical Centre facilities for Truck Driver Community in Tamil Nadu.

- 19 Water ATMs serving 45,000 Ltrs/day, benefitting 72,000 people
- Rejuvenation & Restoration of 2 Lakes/Ponds benefitting 9 Villages / 17,500 people.
- 62 springs in Himalayan springs rejuvenated, 93 Roof Rain-Water Harvesting systems constructed benefitting 10,000 people.
- 320 Lakh litres discharged in springs and 62,000 Plants were planted along the spring areas.
- 82 Roof Rain Water Systems constructed, 72 Toilets constructed and 48 acres Sprinkler Irrigation initiated, benefitting 6,300 people.
- Solid & Liquid Waste Management benefitting 3,500 people.

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, non-discrimination 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 & A/c

   Effort from product:

   - Rollout of BS VI compliance trucks & buses
   - Design & development of EVs
   - CNG & Hybrid buses
   - CNG – Light Commercial Vehicles

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 we are working on 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 utilization (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 hazardous 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.

     Hinduja Renewables, part of the Hinduja Group, is focused on building sustainable and clean energy plants in India and has built a solar plant for Ashok Leyland, with a capacity of 75 MW, located in Sivagangai district, Tamil Nadu. This plant is one of the largest group captive solar plants in India serving a single client. The plant is expected to generate over 120 million units of power annually. This was commissioned during Jan 2021 and 16.46 million units generated so far amounting to 8.0% of total power consumption.
   - **Energy Management:** Our energy approach centers work on maximizing efficiency and reducing energy wastage. Being part of an energy intensive sector, we continuously strive to manage our energy needs responsibly and seek opportunities to improve efficiency. Our energy needs are met by a mix of High Speed Diesel (HSD), Liquefied Petroleum Gas (LPG) and electricity. We also focus on increasing our share of renewable energy in our overall energy mix. We source wind power from external source at our Hosur and Ennore plants. We also utilize energy produced from biomass.
   - **Water Management:** AL is a Water Positive Company certified by M/S DNV GL. Ground water Consumption has been minimized across all manufacturing units by implementing Rainwater Harvesting and other water efficiency Improvements. We are committed to minimize our water footprint and reduce the freshwater consumption by reusing as much water as possible in our processes. Our primary sources of water supply for the operational use are ground water, surface water, purchased water, municipal supply. We have taken several initiatives such as rainwater harvesting, water recycling, etc. to reduce our specific water consumption year on year. All our manufacturing sites are Zero Liquid Discharge (ZLD) facilities and we regularly reuse/recycle treated wastewater for gardening. All our plants have rainwater harvesting arrangements.
   - **Biodiversity:** The afforestation was undertaken towards enhancing biodiversity. About 55,579 trees were planted in 18320sqm (20 locations) in a phased manner so far

in FY21. Total tree plantations inside and outside plants in FY21 is 95,400 nos. We put every effort to protect it through various initiatives. We have developed water bodies through water-run off and carried out tree plantation at our manufacturing sites. We nurture more than 600,000 trees and saplings within our campus. We make sincere efforts to cultivate these saplings and ensure a high survival rate. Our activities at various sites have attracted a variety of migratory birds and also provided a home to different avian fauna like ducks, peacocks etc. The pond also acts as a conducive place for breeding of fishes & turtles. Our initiatives have also led to the forming of good & safe habitats for Neel Gay, Rozary species of Deer, Rabbits etc.

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

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 is 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. On a regular basis we are participating in the policy framing exercises organized by these organizations. 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 thereof.**

   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 inclusive growth. We have chosen education as our main-focus in our CSR initiatives with the primary objective of enabling holistic child development in the remote areas and ensure the children get the learning opportunities. More than 90% of our target beneficiaries of our CSR initiative Road to School are from communities which are backward and below poverty line, about 50 % of the Road to School beneficiaries are girls and 65% of the project staff working under Road to School are women from rural communities. We have special focus on education continuity of girl child and provide financial assistance / scholarship and bicycles to girls from very poor background to support their high school education. Our initiatives to support basic infrastructure in various schools have also focussed on construction or renovation of toilets which support girls attending school regularly. We also focus on health, hygiene and nutrition issues with health check-ups, providing awareness sessions, medical treatment to all children to ensure that they are not deprived of access to health care & nutrition.

   The Senior Leadership of Ashok Leyland provides guidance and directions to social inclusive initiatives across sites by participating in planning, development and review of social initiatives. We have a robust employee engagement program to support volunteering in CSR efforts across sites.

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

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

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 customized Learning Enhancement and Practice (LEAP) content and worksheets for children in order to bridge learning gaps. During the pandemic year 2020-21, our focus was on foundational numeracy and literacy to mitigate learning loss during prolonged school closures. The content was aligned with the current syllabus of Tamil Nadu state.

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 ₹ 30.18 Crores. For details please refer to Annual Report 2020-21.

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. Admissions have improved, dropout rates have decreased, transition from grade 5 to 6 and grade 8 to grade 9 has improved significantly indicating that communities have understood the significance of higher education of their children. During the pandemics related school closures, many parents from rural areas responded positively to digital learning by purchasing smart phones and data packs to support online learning. We created more than 450 online groups of parents to facilitate digital learning and reach out to 35000 plus students.

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, 2021, around 25% of our cases have been resolved (due to COVID).

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.**

   No such case pending as on March 31, 2021.

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 centers, dealer showrooms, service centers and customer service camps etc. We also carry out regular surveys with the dealers/customers. The Service Satisfaction Index has improved from 693 in 2019 to 747 in 2021.

INDEPENDENT AUDITORS' REPORT

Standalone

To the Members of Ashok Leyland Limited

Report on the audit of the Standalone 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, 2021, 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, 2021, and total comprehensive loss (comprising of loss 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.

Key audit matters

4. Key audit matters are those matters that, in our professional judgement, 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 1C 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 judgements and key sources of estimation uncertainty' respectively) In the standalone Ind AS financial statements of the Company, the gross carrying value of equity investments in subsidiaries, joint ventures and associates is INR 3,801.52 crores against which a cumulative provision for impairment of INR 1,037.03 crores is outstanding as at March 31, 2021. 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 relevant 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 and fair value, as applicable. • 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. - the competence, capabilities and objectivity of the management's expert involved in the valuation process.

Key audit matter description		How our audit addressed the key audit matter
b.	Fair value of investment in other equity instruments (Refer to Note 1B.17 and Note 1C to the standalone Ind AS financial statements regarding the recognition, valuation and disclosure methods of equity instruments in others' and 'Critical accounting judgements and key sources of estimation uncertainty' respectively) In the standalone Ind AS financial statements of the Company, equity investments in others is INR 216.86 crores valued at fair value on a recurring basis, and where no listed price in an active market is available. The valuation of these other equity instruments is a key audit matter as the determination of fair value involves significant management judgement as no active market, observable inputs are available. The key inputs and judgements involved in the model for fair value assessment of investments include future cash flows of the respective entities, the discount rate and the long-term growth rates used.	• We along with the auditors' experts evaluated the appropriateness of the measurement model and reasonableness of key assumptions like terminal growth rate, discount rate. • We performed sensitivity tests on the model by analysing the impact of using other possible growth rates and discount rates within a reasonable and foreseeable range. • 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, joint venture, and associates; carrying value of net assets of LCV business; and that of fair value of investment in other equity instruments.
c.	Carrying value of the net assets of cash generating unit (including goodwill) of Light commercial vehicle business ((Refer to Note 1B.11 and Note 1C 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 respectively) 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 499.36 crores as at March 31, 2021. 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.	
II.	**Assessment of provision for warranty obligations**	
	(Refer to Note 1B.14, Note 1.20, Note 1.26 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 INR 260.80 crores for warranty obligations as on March 31, 2021.	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 relevant 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.

Key audit matter description	How our audit addressed the key audit matter
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.	• 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.
III. Capitalisation of internally generated intangible assets (ITA) and intangible under development (ITUD):	
(Refer to Note 1B.10, Note 1B.11, and Note 1C to the standalone Ind AS financial statements regarding the recognition, amortisation of Intangible Asset, 'Impairment Losses' and 'Critical accounting judgements and key sources of estimation uncertainty' respectively) The Company has capitalised INR 214.46 crores of intangibles in the nature of internally developed technical knowhow during the year and has an amount of INR 143.07 crores under development as at March 31, 2021 for new vehicle technology relating to design, emission and other intangible assets. The appropriateness of ITA and ITUD capitalised is a key audit matter due to the judgement involved in assessing if the cost meets the capitalisation criteria, dependency of the business on the assets capitalised / under capitalisation and key assumptions used in the measurement model for impairment. The measurement model used for review of impairment of these ITA depends largely on management's assessment with regard to the appropriateness of estimated future cash flows, and the discount rates used. Hence, there are significant estimates and judgements involved in determining the above.	As part of our audit, our procedures included the following: • We obtained an understanding and assessed the design, implementation and operating effectiveness of relevant internal controls with regard to the classification of development expenditure and their capitalisation and evaluation of impairment for internally generated intangible assets; • We confirmed that the development projects for intangible assets and its impairment assessment were approved by the committee appointed by the Board; • Tested the capitalisation of project related expenses incurred during the year with underlying documents relating to material costs, directly attributable overheads, designing cost, software expenses, testing charges and related salary cost incurred to verify existence and appropriateness of classification of research and development; • With regard to the impairment assessment model, we evaluated the following: - 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; - the competence, capabilities and objectivity of the management personnel involved in the valuation process; • We along with the auditors' experts evaluated the appropriateness of the measurement model and reasonableness of key assumption like discount rate. • We performed sensitivity tests on the model by analysing the impact of using other possible growth rates and discount rates within a reasonable and foreseeable range. • 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 capitalisation of ITA and ITUD.

Other Information

INDEPENDENT AUDITORS' REPORT

Other Information

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report (i.e. Board's report, Report on Corporate Governance and Management Discussion and Analysis Report) but does not include the standalone Ind AS financial statements and our auditor's 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

6. 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 judgements 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.

7. 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

8. 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.

9. As part of an audit in accordance with SAs, we exercise professional judgement 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.

10. 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.

11. 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.

12. 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.

Report on other legal and regulatory requirements

13. 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.

14. 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 books.

    (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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 statements 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 including derivative contracts as at March 31, 2021 for which there were no material foreseeable losses;

        (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, 2021

15. Except for managerial remuneration aggregating to INR 12.30 Crores, the managerial remuneration paid / provided for by the Company is in accordance with the requisite approvals as mandated by the provisions of Section 197 read with Schedule V to the Act. As stated in Note 3.8 to the standalone Ind AS financial statements, the Company will place the managerial remuneration paid / provided in excess of the limits before shareholders for their approval in the ensuing annual general meeting.

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

A.J.Shaikh
Partner
Membership Number: 203637
UDIN: 21203637AAAABW4539

Bengaluru
June 24, 2021

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 14 [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, 2021

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 Company ("the Company") as of March 31, 2021 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 auditors' 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 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 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, 2021, 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

A.J.Shaikh
Partner
Membership Number: 203637
UDIN: 21203637AAAABW4539

Bengaluru
June 24, 2021

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 13 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, 2021

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets (Property, plant and equipment and Other 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 1.1A on Right-of-use asset 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 6 to Note 1.1 and in Note 1.1A 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 and have been appropriately dealt with in the books of account.

iii. The Company has granted unsecured loans, to a subsidiary 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) As the Company has not granted any loans during the year, the provisions of Clause 3(iii)(a) of the Order are not applicable to the Company.

(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 is generally 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, as applicable.

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 the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and services 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 services 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 and value added tax as at March

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 13 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, 2021

31, 2021 which have not been deposited on account of a dispute, are as follows:

Name of the Statute	Nature of Dues	Amount (INR Crores)	Period	Forum where the dispute is pending
State and Central Sales Tax Act	Sales tax and Value added Tax	286.35	Various periods from 1985 - 2018	Appellate Authority - upto Commissioner Level
		145.22	Various periods from 1987 - 2017	Appellate Authority - Tribunal
		1.09	Various periods from 2006 - 2011	High Court
Central Excise Act, 1944	Excise duty and Cess thereon	4.02	Various periods from 2006 - 2016	Appellate Authority - upto Commissioner Level
		4.65	Various periods from 1996 - 2017	Appellate Authority - Tribunal
		0.03	Various periods from 1995 - 2002	High Court
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	55.79	Various periods from 2007 - 2016	Appellate Authority - Tribunal
		1.63	Various periods from 2007 - 2017	Appellate Authority - upto Commissioner Level

vii. 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 any moneys by way of initial public offer, 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. Except for managerial remuneration aggregating to INR 12.30 Crores, the managerial remuneration paid / provided for by the Company is in accordance with the requisite approvals as mandated by the provisions of Section 197 read with Schedule V to the Act. As stated in Note 3.8 to the standalone Ind AS financial statements, the Company will place the managerial remuneration paid / provided in excess of the limits before shareholders for their approval in the ensuing annual general meeting.

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 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

A.J.Shaikh
Partner
Membership Number: 203637
UDIN: 21203637AAAABW4539

Bengaluru
June 24, 2021

BALANCE SHEET AS AT MARCH 31, 2021

Particulars	Note	As at March 31, 2021 ₹ Crores	As at March 31, 2020 ₹ Crores
ASSETS			
Non-current assets			
Property, plant and equipment	1.1	5,309.66	5,036.66
Capital work-in-progress	1.1	228.78	420.97
Right-of-use asset	1.1A	289.54	406.46
Goodwill		449.90	449.90
Other Intangible assets	1.2	1,001.29	910.55
Intangible assets under development	1.2	143.07	173.17
Financial Assets			
(i) Investments	1.3	3,068.72	2,719.63
(ii) Trade receivables	1.4	0.31	0.58
(iii) Loans	1.5	20.50	32.42
(iv) Other financial assets	1.6	37.04	69.37
Income tax assets (net)	1.7A	100.26	124.71
Other non-current assets	1.8	349.31	621.70
		10,998.38	**10,966.12**
Current assets			
Inventories	1.9	2,142.29	1,238.00
Financial Assets			
(i) Trade receivables	1.10	2,816.00	1,188.35
(ii) Cash and cash equivalents	1.11A	530.13	1,279.04
(iii) Bank balances other than (ii) above	1.11B	292.82	43.43
(iv) Loans	1.12	20.62	23.00
(v) Other financial assets	1.13	808.81	903.17
Other current assets	1.14	840.86	748.50
		7,451.53	**5,423.49**
TOTAL ASSETS		**18,449.91**	**16,389.61**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	1.15	293.55	293.55
Other equity	1.16	6,683.65	6,970.44
		6,977.20	**7,263.99**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	1.17	2,558.01	1,353.86
(ii) Lease Liability		22.12	27.55
(iii) Other financial liabilities	1.18	44.88	49.92
Contract liabilities	1.19	213.50	249.85
Provisions	1.20	189.57	180.69
Deferred tax liabilities (net)	1.21	170.79	264.82
		3,198.87	**2,126.69**
Current liabilities			
Financial liabilities			
(i) Borrowings	1.22	1,158.24	1,710.97
(ii) Lease Liability		7.94	12.92
(iii) Trade payables			
a) Total outstanding dues of micro enterprises and small enterprises	1.23	37.18	12.68
b) Total outstanding dues of creditors other than micro enterprises and small enterprises	1.23	5,127.51	3,024.61
(iv) Other financial liabilities	1.24	784.43	927.41
Contract liabilities	1.25	479.43	611.23
Provisions	1.26	464.96	624.85
Other current liabilities	1.27	160.70	74.26
Current tax liabilities (net)	1.7B	53.45	-
		8,273.84	**6,998.93**
TOTAL EQUITY AND LIABILITIES		**18,449.91**	**16,389.61**

The above Balance Sheet should be read in conjunction with the accompanying notes.

This is the Statement of 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

A.J. Shaikh
Partner
Membership Number - 203637
June 24, 2021
Bengaluru

For and on behalf of the Board of the Directors

Dheeraj G Hinduja
Chairman
DIN : 00133410
London

Vipin Sondhi
Managing Director and
Chief Executive Officer
DIN : 00327400
New Delhi

Gopal Mahadevan
Whole-time Director and
Chief Financial Officer
DIN : 01746102

N. Ramanathan
Company Secretary
Chennai

June 24, 2021
Chennai

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

Particulars	Note	Year ended March 31, 2021 ₹ Crores	Year ended March 31, 2020 ₹ Crores
Income			
Revenue from operations	2.1	15,301.45	17,467.47
Other income	2.2	119.50	123.34
Total Income		**15,420.95**	**17,590.81**
Expenses			
Cost of materials and services consumed		11,118.96	10,384.46
Purchases of stock-in-trade		746.66	793.22
Changes in inventories of finished goods, stock-in-trade and work-in-progress	2.3	(462.31)	1,191.47
		11,403.31	**12,369.15**
Employee benefits expense	2.4	1,583.89	1,615.06
Finance costs	2.5	306.79	109.45
Depreciation and amortisation expense	2.6	747.71	669.80
Other expenses	2.7	1,779.11	2,309.61
Total Expenses		**15,820.81**	**17,073.07**
(Loss) / Profit before exchange gain on swap contracts, exceptional items and tax		(399.86)	517.74
Exchange gain on swap contracts		-	0.01
(Loss) / Profit before exceptional items and tax		**(399.86)**	**517.75**
Exceptional items	2.8	(12.05)	(155.83)
(Loss) / Profit before tax		**(411.91)**	**361.92**
Tax expense:			
Current tax		0.02	71.74
Deferred tax - (Credit) / Charge		(98.25)	50.66
		(98.23)	**122.40**
(Loss) / Profit for the year		**(313.68)**	**239.52**
Other Comprehensive Income / (Loss)			
A (i) Items that will not be reclassified to Profit or Loss			
- Remeasurement of Defined Benefit Plans		8.28	(73.29)
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		(2.89)	25.61
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		3.81	(23.20)
(ii) Income tax relating to items that will be reclassified to Profit or Loss		(1.33)	8.25
Total Other Comprehensive Income / (Loss)		**7.87**	**(62.63)**
Total Comprehensive (Loss) / Income for the year		**(305.81)**	**176.89**
(Loss) / Earnings per share (Face value Re.1 each)	3.3		
- Basic (in ₹)		(1.07)	0.82
- Diluted (in ₹)		(1.07)	0.82

The above Statement of Profit and Loss should be read in conjunction with the accompanying notes.

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

A.J. Shaikh
Partner
Membership Number - 203637
June 24, 2021
Bengaluru

For and on behalf of the Board of the Directors

Dheeraj G Hinduja
Chairman
DIN : 00133410
London

Vipin Sondhi
Managing Director and
Chief Executive Officer
DIN : 00327400
New Delhi

Gopal Mahadevan
Whole-time Director and
Chief Financial Officer
DIN : 01746102

N. Ramanathan
Company Secretary
Chennai

June 24, 2021
Chennai

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

Particulars		Year ended March 31, 2021	Year ended March 31, 2020
		₹ Crores	₹ Crores
Cash flow from operating activities			
(Loss) / Profit for the year		**(313.68)**	**239.52**
Adjustments for :			
Income tax (credit) / expense		(98.23)	122.40
Depreciation, amortisation and impairment		728.56	648.53
Depreciation of Right-of-use asset		19.15	21.27
Share based payment cost		19.02	16.06
Impairment loss allowance, write off on trade receivable / other receivable (net)		63.75	39.71
Impairment loss in the value of investments		11.74	2.13
Impairment loss in the value of equity investment (net of reversal of provision for obligation)		(78.76)	108.11
Foreign exchange (gain) / loss		(22.06)	46.51
Exchange loss / (gain) on swap contracts		23.94	(41.06)
Profit on sale of Property, plant and equipment (PPE) and Intangible assets - net		(9.58)	(4.18)
Profit on sale of Immovable Property		(6.92)	-
Profit on sale of Investments - net		(6.91)	(16.81)
Net loss / (gain) arising on financial asset mandatorily measured at FVTPL		6.85	(4.25)
Finance costs		306.79	109.45
Interest income		(94.29)	(56.72)
Dividend income		(0.19)	(18.90)
Gain on preclosure of leases		(0.10)	(0.99)
Operating profit before working capital changes		**549.08**	**1,210.78**
Adjustments for changes in :			
Trade receivables		(1,702.47)	1,316.68
Inventories		(904.29)	1,446.67
Non-current and current financial assets		40.74	27.26
Other non-current and current assets		8.49	368.29
(Payment to) / Redemption of escrow account		(0.75)	75.73
Related party advances / receivables (net)		0.20	0.72
Trade payables		2,132.81	(2,467.31)
Non-current and current financial liabilities		(9.75)	(260.50)
Contract liabilities		(168.15)	(198.17)
Other current liabilities		76.16	(417.96)
Other non-current and current provisions		(78.82)	(67.02)
Cash (used in) / generated from operations		**(56.75)**	**1,035.17**
Income tax refund received / (paid) (net)		77.88	(94.11)
Net cash from operating activities	**[A]**	**21.13**	**941.06**
Cash flow from investing activities			
Purchase of PPE and intangible assets		(656.08)	(1,312.54)
Proceeds on sale of PPE and intangible assets including sale of immovable properties		39.51	20.27
Purchase of non-current investments		(367.68)	(447.59)
Sale proceeds of non-current investments		-	0.38
Proceeds from sale of current investments (net)		6.91	16.81
Inter corporate deposits - given		-	(950.00)
Inter corporate deposits - repaid		500.00	450.00
Investment in bank deposits		(600.00)	-
Interest received		101.96	26.32
Dividend received		0.19	18.90
Net cash (used in) investing activities	**[B]**	**(975.19)**	**(2,177.45)**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

Particulars		Year ended March 31, 2021	Year ended March 31, 2020
		₹ Crores	₹ Crores
Cash flow from financing activities			
Proceeds from non-current borrowings		1,250.88	1,215.31
Repayments of non-current borrowings		(212.65)	(239.66)
Receipts relating to swap contracts on non-current borrowings		-	2.49
Proceeds from current borrowings		5,625.79	12,614.18
Repayments of current borrowings		(6,173.92)	(11,004.92)
Payments of Lease liability		(12.15)	(21.87)
Interest paid		(271.98)	(146.31)
Dividend paid and tax thereon		-	(1,270.24)
Net cash from financing activities	**[C]**	**205.97**	**1,148.98**
Net cash (Outflow)	**[A+B+C]**	**(748.09)**	**(87.41)**
Opening cash and cash equivalents		1,279.04	1,364.98
Exchange fluctuation on foreign currency bank balances		(0.82)	1.47
Closing cash and cash equivalents [Refer Note 1.11A to the standalone financial statements]		**530.13**	**1,279.04**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

This is the Statement of Cash Flow referred to in our report of even date.
For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number - 304026E/E-300009
Chartered Accountants

A.J. Shaikh
Partner
Membership Number - 203637
June 24, 2021
Bengaluru

For and on behalf of the Board of the Directors

Dheeraj G Hinduja
Chairman
DIN : 00133410
London

Vipin Sondhi
Managing Director and
Chief Executive Officer
DIN : 00327400
New Delhi

Gopal Mahadevan
Whole-time Director and
Chief Financial Officer
DIN : 01746102
June 24, 2021
Chennai

N. Ramanathan
Company Secretary
Chennai

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

A. Equity Share Capital

₹ Crores

Balance at the beginning of April 1, 2019	Changes in equity share capital during the year	Balance at the end of March 31, 2020	Changes in equity share capital during the year	Balance at the end of March 31, 2021
293.55	-	293.55	-	293.55

B. Other Equity

₹ Crores

Particulars	Reserves and Surplus								Other Comprehensive Income	Total
	Capital Reserve	Securities Premium	Capital Redemption Reserve	Debenture Redemption Reserve	Share Options Outstanding Account	General Reserve	Foreign currency monetary item translation difference	Retained Earnings	Cash Flow Hedge Reserve	
Balance as at the beginnig of April 1, 2019	**263.87**	**1,908.75**	**3.33**	**-**	**7.13**	**1,018.33**	**(8.16)**	**4,845.91**	**(0.28)**	**8,038.88**
Transition adjustment on account of adoption of Ind AS 116 and other adjustments (Also Refer Note 3.5)	-	-	-	-	-	-	-	0.69	-	0.69
Profit for the year	-	-	-	-	-	-	-	239.52	-	239.52
Other comprehensive income	-	-	-	-	-	-	-	(47.68)	(14.95)	(62.63)
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**191.84**	**(14.95)**	**176.89**
Exchange difference on translation of outstanding loan balances / during the year	-	-	-	-	-	-	(16.59)	-	-	(16.59)
Exchange difference amortised	-	-	-	-	-	-	24.75	-	-	24.75
Transactions with owners:										
Dividends including tax thereon	-	-	-	-	-	-	-	(1,270.24)	-	(1,270.24)
Recognition of share based payments	-	-	-	-	16.06	-	-	-	-	16.06
Balance as at the end of March 31, 2020	**263.87**	**1,908.75**	**3.33**	**-**	**23.19**	**1,018.33**	**-**	**3,768.20**	**(15.23)**	**6,970.44**
Profit for the year	-	-	-	-	-	-	-	(313.68)		(313.68)
Other comprehensive income	-	-	-	-	-	-	-	5.39	2.48	7.87
Total Comprehensive Income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(308.29)**	**2.48**	**(305.81)**
Transactions with owners:										
Recognition of share based payments	-	-	-	-	19.02	-	-	-	-	19.02
Balance as at the end of March 31, 2021	**263.87**	**1,908.75**	**3.33**	**-**	**42.21**	**1,018.33**	**-**	**3,459.91**	**(12.75)**	**6,683.65**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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

A.J. Shaikh
Partner
Membership Number - 203637
June 24, 2021
Bengaluru

For and on behalf of the Board of the Directors

Dheeraj G Hinduja
Chairman
DIN : 00133410
London

Vipin Sondhi
Managing Director and Chief Executive Officer
DIN : 00327400
New Delhi

Gopal Mahadevan
Whole-time Director and Chief Financial Officer
DIN :01746102

N. Ramanathan
Company Secretary
Chennai

June 24, 2021
Chennai

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

1A. General information

Company Background:

Ashok Leyland Limited ("the Company") (CIN: L34101TN1948PLC000105) 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 Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act, as amended from time to time.

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 116, 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 June 24, 2021.

Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards which are applicable from April 1, 2020:

- Ind AS 1, Presentation of Financial Statements and Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Error: Refined definition of term 'material'.
- Ind AS 103, Business Combinations: Revised definition of a 'business' and introduction of an optional concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business.
- Ind AS 109, Financial Instruments and Ind AS 107, Financial Instruments disclosure: Modification to some specific hedge accounting requirements to provide relief to the potential effects of uncertainty caused by the interest rate benchmark (IBOR) reform.

- Ind AS 116, Leases: Practical expedient which permits lessees not to account for COVID-19 related rent concessions as a lease modification. However, with respect to Ind AS 116, in case a lessee has not yet approved the financial statements for issue before the issuance of the amendments, then the same may be applied for annual reporting periods beginning on or after 1 April 2019.

  The aforementioned pronouncements do not have impact on the Company.

Schedule III Amendment applicable from April 1, 2021: On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The Company will implement the amendments which are applicable from April 1, 2021 pertaining to revision in Division I, II and III of Schedule III.

The significant accounting policies are detailed below.

1B.2 Revenue recognition

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.

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.

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. 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. 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 services are provided as set out in 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, Interest Income and Other 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).

Fee on financial guarantee provided by the Company is accrued as Other income.

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. Grant relating to assets are netted off against the acquisition cost of the asset.

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 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, 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 trusts 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.

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 and remeasurement of net defined liability pertaining to provident fund 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 (MAT credit entitlement) 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.

Uncertainty over income tax treatments

If there is uncertainty over tax treatment of an item, Company will predict the resolution of the uncertainty. If it is probable that the taxation authority will accept the tax treatment, there will be no impact on the amounts of taxable profits / losses, tax bases, unused tax losses / credits and tax rates. If it is not probable that tax authority will accept the tax treatment, Company will show the effect of the uncertainty for each uncertain tax treatment by using either the most likely outcome or the expected outcome of the uncertainty.

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 other direct costs 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.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured realiably.

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)	Useful life (years) As per Schedule II
Buildings	30 / 60	30 / 60
Non-factory service installations:		
- In customer premises	12	10
Quality equipment, canteen assets, major Jigs and fixtures and hand tools	5 – 12	15
Other plant and machinery	15 – 20	15
Patterns and dies	5	15
Furniture and fittings	8	10
Aircraft	18	20
Vehicles:		
- Trucks and buses	5 / 10	8
- Cars and motorcycles	3	8 / 10
Office equipment	8	5
Office equipment – Data processing system (including servers)	5	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 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 (other than impairment of goodwill), 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

The Indian Accounting Standard on leases (Ind AS 116) requires entity to determine whether a contract is or contains a lease at the inception of the contract.

Ind AS 116 requires lessee to recognise a liability to make lease payments and an asset representing the right-of-use asset during the lease term for all leases except for short term leases and leases of low-value assets, if they choose to apply such exemptions.

Payments associated with short-term leases and low-value assets are recognized as expenses in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise of office equipments and small items of plant and equipment and office furniture.

At the commencement date, Company recognise a right-of-use asset measured at cost and a lease liability measured at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

The cost of the right-of-use asset comprised of, the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received.

At the commencement date, the lease payments included in the measurement of the lease liability comprise (a) fixed payments less any lease incentives receivable; (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; (c) amounts expected to be payable by the lessee under residual value guarantees; (d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Depreciation on Right-of-use asset is recognised in statement of profit and Loss on a straight line basis over the period of lease and the Company separately recognises interest on lease liability as a component of finance cost in statement of profit and Loss.

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 and Contingent liabilities

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.

Contingent liabilities:

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

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 fair value of assets and liabilities acquired.

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 (except for financial assets carried at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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.

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.

Interest expense that is not capitalised as part of cost of an asset is included in the “Finance Costs”.

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

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.

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.

1B.18 Segment Reporting

The Company is principally engaged in a single business segment viz. commercial vehicles and related components based on nature of products, risks, returns and the internal business reporting system. The Board of directors of the Company, which has been identified as being the chief operating decision maker (CODM), evaluates the Company’s performance, allocate resources based on the analysis of the various performance indicators of the Company as a single unit. Accordingly, there is no other reportable segment in terms of Ind AS 108 ‘Operating Segments’. The Company has opted for exemption under Ind AS 108 ‘Operating Segments’, as the segment reporting is reported in its consolidated financial statements.

1B.19 Exceptional items

The Company considers factors including materiality, the nature and function of the items of income and expense in determining exceptional item and discloses the same in Note 2.8 to the financial statements.

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.

Inventories

An inventory provision is recognised for cases where the realisable value is estimated to be lower than the inventory carrying value. The inventory provision is estimated taking into account various factors, including prevailing sales prices of inventory item, changes in the related laws / emission norms and losses associated with obsolete / slow-moving / redundant inventory items. The Company has, based on these assessments, made adequate provision in the books.

Taxation

Tax expense is calculated using applicable tax rate and laws that have been enacted or substantially enacted. In arriving at taxable profit and all tax bases of assets and liabilities, the Company determines the taxability based on tax enactments, relevant judicial pronouncements and tax expert opinions, and makes appropriate provisions which includes an estimation of the likely outcome of any open tax assessments / litigations. Any difference is recognised on closure of assessment or in the period in which they are agreed.

Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, unabsorbed depreciation and unused tax credits could be utilised.

Provision for product warranty

The 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 3.17. 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				NET CARRYING AMOUNT
Property, plant and equipment (PPE)	01.04.2020	Additions	Disposals / Adjustment	31.03.2021	Upto 31.03.2020	Charge during the year	Disposals / Adjustment	31.03.2021	31.03.2021
Freehold land	732.18	-	-	732.18	-	-	-	-	732.18
Buildings	1,599.20	177.70	(6.23)	1,770.67	283.97	77.76	(3.05)	358.68	1,411.99
Buildings given on lease	13.23	0.01	-	13.24	1.21	0.29	-	1.50	11.74
Plant and equipment	4,661.07	632.59	(44.46)	5,249.20	1,897.04	428.07	(29.18)	2,295.93	2,953.27
Plant and equipment given on lease	0.03	-	-	0.03	0.01	#	-	0.01	0.02
Furniture and fittings	72.30	2.22	(0.89)	73.63	43.01	6.52	(0.68)	48.85	24.78
Furniture and fittings given on lease	0.25	-	-	0.25	0.25	-	-	0.25	-
Vehicles including electric vehicles	118.40	32.23	(5.68)	144.95	47.79	14.51	(4.34)	57.96	86.99
Aircraft given on lease	77.99	-	-	77.99	34.68	9.75	-	44.43	33.56
Office equipment	161.69	9.12	(0.45)	170.36	91.72	23.92	(0.41)	115.23	55.13
Total	**7,436.34**	**853.87**	**(57.71)**	**8,232.50**	**2,399.68**	**560.82**	**(37.66)**	**2,922.84**	**5,309.66**

Description	01.04.2020	Additions / Adjustments	Capitalised during the year*	31.03.2021
Capital work-in-progress	420.97	631.74	823.93	228.78

* Amount of ₹ 29.94 crores directly capitalised in Property, plant and equipment.
# amount is below rounding off norms adopted by the Company.

Notes:

1. A portion of the Buildings in Bhandara having a gross carrying amount of ₹ 8.57 crores and net carrying amount of ₹ 5.26 crores is on a land, the title for which is yet to be transferred to the Company.
2. The title of land and buildings having a gross carrying amount of ₹ 308.03 crores and net carrying amount of ₹ 291.74 crores acquired through business combination, which are in the name of the amalgamating Company, are yet to be transferred in the name of the Company. The aforementioned amount includes freehold land purchased from Telengana State Industrial Infrastructure Corporation Limited, 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, 2021 includes:
   a) ₹ 0.03 crores being cost of shares in Housing Co-operative Society representing ownership rights in residential flats and furniture and fittings there at.
   b) ₹ 1.32 crores representing cost of residential flats including undivided interest in land.
4. For details of assets given as security against borrowings, Refer Note 3.11(a).
5. For amount of contractual commitments for the acquisition of PPE, Refer Note 3.10(a).
6. Freehold land includes purchase of land from Andhra Pradesh Industrial Infrastructure Corporation Limited amounting to ₹ 13.02 crores, the title of which will be transferred in the Company's name upon fulfilment of certain conditions.
7. Expenses capitalised ₹ 5.08 crores - Refer Notes 2.4, 2.5 and 2.7 to the standalone financial statements.
8. During the year, the Company has commissioned a manufacturing plant at Mallavalli, Andhra Pradesh and an amount of ₹ 120.62 Crores has been included in additions to Property, plant and equipment.

1.1 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS (Contd.)

₹ Crores

DESCRIPTION	GROSS CARRYING AMOUNT (COST)				DEPRECIATION				NET CARRYING AMOUNT
Property, plant and equipment (PPE)	01.04.2019	Additions / Adjustment	Disposals / Adjustment	31.03.2020	Upto 31.03.2019	Charge during the year	Disposals / Adjustment	31.03.2020	31.03.2020
Freehold land	738.43	-	(6.25)	732.18	-	-	-	-	732.18
Buildings	1,495.11	99.62	4.47	1,599.20	213.57	65.90	4.50	283.97	1,315.23
Buildings given on lease	11.64	1.59	-	13.23	0.93	0.28	-	1.21	12.02
Plant and equipment	3,904.00	603.12	153.95	4,661.07	1,336.68	394.91	165.45	1,897.04	2,764.03
Plant and equipment given on lease	0.03	-	-	0.03	0.01	#	-	0.01	0.02
Furniture and fittings	71.92	0.84	(0.46)	72.30	32.34	11.13	(0.46)	43.01	29.29
Furniture and fittings given on lease	0.22	0.03	-	0.25	0.20	0.05	-	0.25	-
Vehicles	74.45	53.67	(9.72)	118.40	36.76	12.27	(1.24)	47.79	70.61
Aircraft given on lease	77.99	-	-	77.99	24.93	9.75	-	34.68	43.31
Office equipment	122.20	19.09	20.40	161.69	44.59	26.66	20.47	91.72	69.97
Total	**6,495.99**	**777.96**	**162.39**	**7,436.34**	**1,690.01**	**520.95**	**188.72**	**2,399.68**	**5,036.66**

Description	01.04.2019	Additions / Adjustments	Capitalised during the year*	31.03.2020
Capital work-in-progress	276.17	748.15	603.35	420.97

* Amount of ₹ 174.61 crores directly capitalised in Property, plant and equipment.
# amount is below rounding off norms adopted by the Company.

Notes:

1. A portion of the Buildings in Bhandara having a gross carrying amount of ₹ 8.57 crores and net carrying amount of ₹ 5.69 crores is on a land, the title for which is yet to be transferred to the Company.
2. The title of land and buildings having a gross carrying amount of ₹ 298.43 crores and net carrying amount of ₹ 285.82 crores acquired through business combination, which are in the name of the amalgamating Company, are yet to be transferred in the name of the Company. The aforementioned amount includes freehold land purchased from Telengana State Industrial Infrastructure Corporation Limited, 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, 2020 includes:
   a) ₹ 0.03 crores being cost of shares in Housing Co-operative Society representing ownership rights in residential flats and furniture and fittings there at.
   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 ₹ 5.37 crores capitalised as under:
   Buildings ₹ 1.47 crores, Plant and equipment ₹ 3.84 crores, Furniture and fittings ₹ 0.03 crores, Office equipment ₹ 0.03 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 amounting to ₹ 13.02 crores, the title of which will be transferred in the Company's name upon fulfilment of certain conditions.
8. Expenses capitalised ₹ 5.62 crores - Refer Notes 2.4, 2.5 and 2.7 to the standalone financial statements.
9. Adjustment includes original cost amounting to ₹ 207.86 crores and accumulated depreciation amounting to ₹ 207.86 crores relating to deemed cost adjustment.

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

1.1A RIGHT-OF-USE ASSET ₹ Crores

Description	Net Carrying Amount 01.04.2020	Additions	Closure / Pre closure	Depreciation	Net Carrying Amount 31.03.2021
Leasehold Land *	366.21	-	99.59	6.64	259.98
Building	31.76	3.61	3.25	10.41	21.71
Plant and equipment	6.89	1.58	-	1.00	7.47
Vehicle	1.60	0.04	0.16	1.10	0.38
Total	**406.46**	**5.23**	**103.00**	**19.15**	**289.54**

* A portion of leasehold land allotted by State Industries Promotion Corporation of Tamil Nadu (SIPCOT), taken over by the Company pursuant to amalgamation, was surrendered subsequent to the date of balance sheet and the same is classified as receivable from government authorities under other current financial asset (Refer Note 1.13). The balance portion of leasehold land taken over by the Company pursuant to amalgamation amounting to ₹ 99.04 crores is yet to be transferred in the name of the Company.

Notes:

1. Escalation clause - the percentage of escalation is up to a maximum of 15%.
2. Discounting rate used for the purpose of computing right to use asset ranges from 6% to 8%.
3. Rental amount per annum ranges from ₹ 0.01 crores to ₹ 1.36 crores, which also carries a clause for extension of agreement based on mutual understanding between Lessor and Lessee.
4. The lease period ranges from 2 years to 90 years over which the right to use asset is depreciated on a straight line basis.
5. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any major covenants other than the security interests in the leased assets that are held by the lessor. Leased assets are not used as security for borrowing purposes.

1.1A RIGHT-OF-USE ASSET ₹ Crores

Description	01.04.2019	Additions	Closure / Pre closure	Depreciation	Net Carrying Amount 31.03.2020
Leasehold Land *	370.44	-	-	4.23	366.21
Building	30.70	18.48	5.36	12.06	31.76
Plant and equipment	9.78	-	1.87	1.02	6.89
Vehicle	9.45	0.66	4.55	3.96	1.60
Total	**420.37**	**19.14**	**11.78**	**21.27**	**406.46**

* Includes a portion of land allotted by State Industries Promotion Corporation of Tamil Nadu (SIPCOT), taken over by the Company pursuant to amalgamation amounting to ₹ 201.20 crores is yet to be transferred in the name of the Company.

Notes:

1. Escalation clause - the percentage of escalation is up to a maximum of 15%.
2. Discounting rate used for the purpose of computing right to use asset ranges from 6% to 8%.
3. Rental amount per annum ranges from ₹ 0.01 crores to ₹ 1.36 crores, which also carries a clause for extension of agreement based on mutual understanding between Lessor and Lessee.
4. The lease period ranges from 2 years to 90 years over which the right to use asset is depreciated on a straight line basis.
5. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any major covenants other than the security interests in the leased assets that are held by the lessor. Leased assets are not used as security for borrowing purposes.

1.2 OTHER INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

₹ Crores

DESCRIPTION	GROSS CARRYING AMOUNT (COST)				AMORTISATION				NET CARRYING AMOUNT
Other intangible assets	01.04.2020	Additions	Disposals	31.03.2021	Upto 31.03.2020	Charge during the year	Disposals	31.03.2021	31.03.2021
Computer software									
- Developed	114.21	-	-	114.21	70.33	18.49	-	88.82	25.39
- Acquired	126.64	3.54	-	130.18	82.85	17.13	-	99.98	30.20
Others									
Technical knowhow									
- Developed	1,086.33	214.46	-	1,300.79	263.45	126.05	-	389.50	911.29
- Acquired	-	40.48	-	40.48	-	6.07	-	6.07	34.41
Total	**1,327.18**	**258.48**	**-**	**1,585.66**	**416.63**	**167.74**	**-**	**584.37**	**1,001.29**

Description	01.04.2020	Additions / Adjustments	Capitalised during the year*	31.03.2021
Intangible assets under development	173.17	187.90	218.00	143.07

* Amount of ₹ 40.48 crores directly capitalised in other intangible assets.

Notes:

1. Additions to other intangible assets and Intangible assets under development include:
   Expenses capitalised ₹ 184.35 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

₹ Crores

DESCRIPTION	GROSS CARRYING AMOUNT (COST)				AMORTISATION				NET CARRYING AMOUNT
Other intangible assets	01.04.2019	Additions / Adjustments	Disposals / Adjustments	31.03.2020	Upto 31.03.2019	Charge during the year	Disposals / Adjustments	31.03.2020	31.03.2020
Computer software									
- Developed	94.88	19.33	-	114.21	53.29	17.04	-	70.33	43.88
- Acquired	121.84	4.80	-	126.64	60.85	22.00	-	82.85	43.79
Others									
Technical knowhow									
- Developed	287.16	655.37	(143.80)	1,086.33	83.89	88.54	(91.02)	263.45	822.88
- Acquired	143.80	-	143.80	-	91.02	-	91.02	-	-
Total	**647.68**	**679.50**	**-**	**1,327.18**	**289.05**	**127.58**	**-**	**416.63**	**910.55**

Description	01.04.2019	Additions / Adjustments	Capitalised during the year*	31.03.2020
Intangible assets under development	382.98	469.02	678.83	173.17

* Amount of ₹ 0.67 crores directly capitalised in other intangible assets.

Notes:

1. Additions to Other intangible assets and Intangible assets under development include:
   a) Exchange (gain) / loss aggregating to ₹ 0.67 crores capitalised as under :
      Computer software ₹ 0.46 crores, Technical knowhow ₹ 0.21 crores
   b) Expenses capitalised ₹ 457.54 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).
3. Adjustment includes original cost amounting to ₹ 143.80 crores and accumulated amortisation amounting to ₹ 91.02 crores regrouped during the year.

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

1.3 NON-CURRENT FINANCIAL ASSETS - INVESTMENTS

DESCRIPTION	As at March 31, 2021		As at March 31, 2020	
	Nos	₹ Crores	Nos	₹ Crores
A) Investments in Equity Instruments (unquoted) (fully paid up unless otherwise stated)				
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	18,276,290	17.28	13,340,360	12.34
Albonair (India) Private Limited	45,000,000	56.15	45,000,000	56.15
Hinduja Leyland Finance Limited	323,246,338	1,931.16	315,642,021	1,840.68
Hinduja Tech Limited (Refer sub-note 5)	153,950,000	167.57	-	-
b) Equity Shares of ₹ 10 each partly paid up				
Vishwa Buses and Coaches Limited (₹ 5.50 each paid up)	60,000,000	33.00	-	-
c) Equity Shares of ₹ 100 each				
Gulf Ashley Motor Limited	2,766,428	27.94	2,766,428	27.94
d) Equity Shares				
Optare Plc				
Ordinary shares of British Pence 0.1 each	88,153,704,162	931.58	72,903,704,162	781.19
Deferred shares of British Pence 0.9 each	195,557,828	-	195,557,828	-
e) Equity shares of Naira 1 each				
Ashok Leyland (Nigeria) Limited	9,999,999	0.36	9,999,999	0.36
f) Equity shares of USD 20 each				
Ashok Leyland (Chile) S.A.	28,499	3.76	28,499	3.76
g) Equity Shares of Euro 1 each				
Albonair GmbH	51,995,000	455.79	51,995,000	455.79
h) 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
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 (Refer sub-note 5)	-	-	95,450,000	97.37
Ashley Alteams India Limited	73,447,693	44.01	73,447,693	44.01
Ashok Leyland John Deere Construction Equipment Company Private Limited (under liquidation)	1,727,270	1.73	1,727,270	1.73
Sub Total		**3,801.52**		**3,452.51**
Less: Impairment in Value of Investments				
Ashok Leyland John Deere Construction Equipment Company Private Limited (under liquidation)		1.73		1.73
Ashley Aviation Limited		17.28		5.54
Optare Plc		781.19		781.19
Albonair GmbH		220.73		220.73
Albonair (India) Private Limited		12.34		12.34
Ashok Leyland (Chile) S.A.		3.76		3.76
Aggregate of Impairment in Value of Investments		**1,037.03**		**1,025.29**
Sub Total		**2,764.49**		**2,427.22**

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

DESCRIPTION	As at March 31, 2021		As at March 31, 2020	
	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	#	100	#
Hinduja Energy (India) Limited	61,147,058	188.46	61,147,058	193.47
OPG Power Generation Private Limited	65,000	0.07	65,000	0.07
Kamachi Industries Limited	525,000	0.53	525,000	0.53
ARS Energy Private Limited	640	0.01	640	0.01
Prathama Solarconnect Energy Private Limited	18,656,912	18.67	-	-
b) Equity shares of ₹ 100 each partly paid-up				
Adyar Property Holding Co. Limited (₹ 65 paid up) [Cost ₹ 19,500]	300	#	300	#
Sub Total		**216.86**		**203.21**
Total Investments in Equity Instruments (net)		**2,981.35**		**2,630.43**
B) Investments in Preference Shares (At Fair value through profit or loss) (unquoted)				
1) Subsidiary				
Ashok Leyland (UAE) LLC				
6% Non-Cumulative Non-Convertible Redeemable Preference shares of AED. 1,000 each	23,000	36.36	23,000	37.75
Ashley Aviation Limited				
6% Non-Cumulative Redeemable Non-Convertible Preference shares of ₹ 10 each	4,000,000	0.07	4,000,000	0.70
6% Cumulative Redeemable Non-Convertible Preference shares of ₹ 10 each	1,800,000	#	1,800,000	0.37
Hinduja Tech Limited (Refer sub-note 5)				
1% Non-Cumulative Non-Convertible Redeemable Preference shares of ₹ 10 each	23,900,000	22.65	-	-
2) Associates				
Ashok Leyland Defence Systems Limited				
6% Non-Cumulative Non-Convertible Redeemable Preference shares of ₹ 10 each	10,000,000	6.73	10,000,000	6.37
3) Joint Ventures				
Hinduja Tech Limited (Refer sub-note 5)				
1% Non-Cumulative Non-Convertible Redeemable Preference shares of ₹ 10 each	-	-	23,900,000	22.45
Total Investments in Preference Shares		**65.81**		**67.64**
C) Investment in Special Limited Partnership (At Fair value through profit or loss)				
Vasuki SCSp (Refer sub-note 7)		21.56		21.56
		21.56		**21.56**
Total		**3,068.72**		**2,719.63**
# amount is below rounding off norms adopted by the Company.				

Notes:

1. Particulars	March 31, 2021	March 31, 2020
	₹ Crores	₹ Crores
Aggregate value of unquoted investments	4,105.18	3,744.35
Aggregate value of quoted investments	0.57	0.57
Aggregate value of impairment in value of investments	1,037.03	1,025.29

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	28,472,743

5. The Company has acquired the balance 38% stake in Hinduja Tech Limited during the year 2020-21, pursuant to which it has become a wholly owned subsidiary of the Company.
6. Number of shares held by the Company includes joint holding / beneficial interest.
7. The Company holds 9.09% of Class A units in the special limited partnership.

		As at March 31, 2021 ₹ Crores	As at March 31, 2020 ₹ Crores
1.4	**NON-CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES**		
	(Unsecured, considered good)		
	Trade receivables		
	Related parties (Refer Note 3.8)	0.31	0.58
		0.31	**0.58**

Note:
These are carried at amortised cost.

		As at March 31, 2021 ₹ Crores	As at March 31, 2020 ₹ Crores
1.5	**NON-CURRENT FINANCIAL ASSETS - LOANS**		
	(Unsecured, considered good)		
	Security deposits	20.50	32.42
		20.50	**32.42**

Note:
These are carried at amortised cost.

		As at March 31, 2021 ₹ Crores	As at March 31, 2020 ₹ Crores
1.6	**NON-CURRENT - OTHER FINANCIAL ASSETS**		
	(Unsecured, considered good unless otherwise stated)		
	a) Other receivables *		
	Considered good	3.64	6.62
	Considered doubtful	4.34	4.34
	Less: Allowance for doubtful receivables	4.34	4.34
		3.64	**6.62**
	b) Derivatives designated as hedging instruments carried at fair value	18.10	47.05
	c) Others		
	i. Employee advances	1.13	1.53
	ii. Others (includes refund receivable, etc)	14.17	14.17
		15.30	**15.70**
		37.04	**69.37**
	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 2021	March 2020
Opening	4.34	4.34
Add: Additions	-	-
Less: Utilisations / Reversals	-	-
Closing	4.34	4.34

		As at March 31, 2021 ₹ Crores	As at March 31, 2020 ₹ Crores
1.7A	**NON-CURRENT - INCOME TAX ASSETS (NET)**		
	Advance income tax (net of provision)	100.26	124.71
		100.26	**124.71**
1.7B	**CURRENT TAX LIABILITIES (NET)**		
	Provision for taxation (net of advance tax)	53.45	-
		53.45	**-**

		As at March 31, 2021	As at March 31, 2020
		₹ Crores	₹ Crores
1.8	**OTHER NON-CURRENT ASSETS**		
	(Unsecured, considered good unless otherwise stated)		
	a) Capital advances		
	Advances to related parties (Refer Note 3.8)		
	Considered good	0.11	7.42
	Others		
	Considered good	38.02	219.61
	Considered doubtful	1.91	2.57
	Less: Allowance for doubtful advances	1.91	2.57
		38.13	**227.03**
	b) Balances with customs, port trust, central excise etc.	12.56	15.42
	(including paid under protest)		
	c) Others		
	i. Sales tax paid (including paid under protest)	210.18	208.29
	ii. Other advances (includes prepaid expenses, etc.)	88.44	170.96
		298.62	**379.25**
		349.31	**621.70**

Notes :

1. Movement in allowance for doubtful advances towards capital advances is as follows:

Particulars	March 2021	March 2020
Opening	2.57	2.58
Add: Additions	-	-
Less: Utilisations / Reversals	0.66	0.01
Closing	1.91	2.57

2. Movement in allowance for doubtful balances towards balances with customs, port trust, central excise etc is as follows:

Particulars	March 2021	March 2020
Opening	-	36.71
Add: Additions	-	-
Less: Utilisations / Reversals / Transfer	-	36.71
Closing	-	-

1.9	**INVENTORIES**		
	(a) Raw materials and components	1,011.51	563.58
	(b) Work-in-progress	292.95	246.18
	(c) Finished goods	573.88	184.22
	(d) Stock-in-trade		
	Spare parts and auto components (including works made)	174.18	148.30
	(e) Stores, spares and consumable tools	89.77	95.72
		2,142.29	**1,238.00**

Notes:

1. Goods-in-transit included above are as below :

Particulars	March 2021	March 2020
(a) Raw materials and components	27.50	4.87
(b) Stock-in-trade		
Spares parts and auto components (including works made)	0.70	0.76

2. Cost of inventories (including cost of stock-in-trade purchased and write down of inventories) recognised as an expense during the year are ₹ 11,403.31 crores (2019-20: ₹ 12,369.15 crores).
3. For details of assets given as security against borrowings - Refer Notes 3.11 and 3.12

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

		As at March 31, 2021 ₹ Crores	As at March 31, 2020 ₹ Crores
1.10	**CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES**		
	(Unsecured)		
	Considered good		
	Related parties (Refer Note 3.8)	243.16	49.57
	Others	2,572.84	1,138.78
		2,816.00	**1,188.35**
	Considered doubtful		
	Others	129.09	80.48
	Less: Loss allowance	**129.09**	**80.48**
		2,816.00	**1,188.35**

Notes :

1. Movement in loss allowance is as follows:

Particulars	March 2021	March 2020
Opening	80.48	72.73
Add: Additions	69.41	30.86
Less: Utilisations / Reversals	20.80	23.11
Closing	129.09	80.48

2. These are carried at amortised cost.
3. For details of assets given as security against borrowings - Refer Notes 3.11 and 3.12

		As at March 31, 2021 ₹ Crores	As at March 31, 2020 ₹ Crores
1.11 A.	**CASH AND CASH EQUIVALENTS**		
i)	Balance with banks:		
	a) In current accounts	21.12	29.78
	b) In cash credit accounts	508.85	379.10
	c) In deposit accounts *	-	870.00
ii)	Cash and stamps on hand	0.16	0.16
		530.13	**1,279.04**
1.11 B.	**BANK BALANCES OTHER THAN (A) ABOVE**		
i)	Unclaimed dividend accounts (earmarked)	10.21	11.57
ii)	Escrow bank account (earmarked)	32.61	31.86
iii)	Deposits with original maturity of more than 3 months but less than 12 months	250.00	-
		292.82	**43.43**

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

		As at March 31, 2021 ₹ Crores	As at March 31, 2020 ₹ Crores
1.12	**CURRENT FINANCIAL ASSETS - LOANS**		
	(Unsecured, considered good)		
a)	Security deposits	16.33	17.26
b)	Loans to related parties in foreign currency (Refer Note 3.8)	4.29	4.14
c)	Loans to others	-	1.60
		20.62	**23.00**

Note:

These are carried at amortised cost.

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

			As at March 31, 2021 ₹ Crores	As at March 31, 2020 ₹ Crores
1.13	**CURRENT - OTHER FINANCIAL ASSETS**			
	(Unsecured, considered good unless otherwise stated)			
	a)	Interest accrued :		
		- Loans to related parties (Refer Note 3.8)		
		Considered good	0.04	0.04
		- Others	25.44	33.11
	b)	Employee advances	21.77	17.72
	c)	Derivatives designated as hedging instruments carried at fair value	1.52	11.78
	d)	Earmarked bank balance (escrow bank accounts)	2.82	2.92
	e)	Related parties (Refer Note 3.8)		
		i. Advances in foreign currency #	-	-
		ii. Other receivable	3.61	3.85
			3.61	**3.85**
	f)	Intercorporate deposits		
		i. Related Parties (Refer Note 3.8)	-	100.00
		ii. Others	-	400.00
			-	**500.00**
	g)	Revenue grants receivable		
		Considered good	222.52	311.46
		Considered doubtful	1.93	1.90
			224.45	**313.36**
		Less: Allowance for doubtful receivable	1.93	1.90
			222.52	**311.46**
	h)	Bank deposits with original maturity of greater than 12 months	350.00	-
	i)	Receivable from Government authorities	97.61	-
	j)	Others (includes expenses recoverable, etc.)		
		Considered good	83.48	22.29
		Considered doubtful	20.52	20.52
			104.00	**42.81**
		Less: Allowance for doubtful Receivable	20.52	20.52
			83.48	**22.29**
			808.81	**903.17**
	Of the Employee advances above			
	Due from Directors / Officers		#	#

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 (Revenue grants receivable) is as follows:

Particulars	March 2021	March 2020
Opening	1.90	15.60
Add: Additions	0.03	8.89
Less: Utilisations / Reversals	(0.00)	22.59
Closing	1.93	1.90

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

Particulars	March 2021	March 2020
Opening	20.52	20.86
Add: Additions	-	-
Less: Utilisations / Reversals	-	0.34
Closing	20.52	20.52

		As at March 31, 2021	As at March 31, 2020
		₹ Crores	₹ Crores
1.14	**OTHER CURRENT ASSETS**		
	(Unsecured, considered good unless otherwise stated)		
	a) Advances to related parties (Refer Note 3.8)	0.43	0.47
	b) Supplier advances		
	Considered good	49.26	23.61
	Considered doubtful	0.64	2.29
		49.90	**25.90**
	Less: Allowance for doubtful advances	0.64	2.29
		49.26	**23.61**
	c) Balances with customs, port trust, central excise etc.	645.62	611.36
	d) Others*	145.55	113.06
		840.86	**748.50**
	* Includes:		
	- Sales tax paid under protest	-	5.61
	- Prepaid expenses	122.65	107.29
	- Gratuity	18.57	-

Note:

Movement in Allowance for doubtful advances is as follows:

Particulars	March 2021	March 2020
Opening	2.29	2.29
Add: Additions	-	-
Less: Utilisations / Reversals	1.65	-
Closing	0.64	2.29

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

	As at March 31, 2021 ₹ Crores	As at March 31, 2020 ₹ Crores
1.15 EQUITY SHARE CAPITAL		
Authorised		
27,856,000,000 (March 2020: 27,856,000,000) Equity shares of Re.1 each	2,785.60	2,785.60
	2,785.60	**2,785.60**
Issued		
a) 2,289,212,796 (March 2020: 2,289,212,796) Equity shares of Re.1 each	228.92	228.92
b) 646,314,480 (March 2020: 646,314,480) Equity shares of Re.1 each issued through Global Depository Receipts	64.63	64.63
	293.55	**293.55**
Subscribed and fully paid up		
a) 2,289,212,796 (March 2020: 2,289,212,796) Equity shares of Re.1 each	228.92	228.92
b) 646,314,480 (March 2020: 646,314,480) Equity shares of Re.1 each issued through Global Depository Receipts	64.63	64.63
	293.55	**293.55**
Add: Forfeited shares (amount originally paid up in respect of 760 shares) #	0.00	0.00
	293.55	**293.55**

amount is below rounding off norms adopted by the Company.

Notes:

1. Reconciliation of number of equity shares subscribed

Particulars	March 2021	March 2020
Balance as at the beginning / end of the year	2,935,527,276	2,935,527,276

2. **Shares issued in preceding 5 years for consideration other than cash**

   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 Re.1 each of the Company has been allotted on June 13, 2017 as fully paid up to the shareholders of the amalgamating Company.

3. As on March 31, 2021, there are 353,158,140 (March 2020: 353,158,140) 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 2020: 1,164,332,742) Equity shares and 5,486,669 (March 2020: 5,486,669) Global Depository Receipts (GDRs) equivalent to 329,200,140 (March 2020: 329,200,140) Equity shares of Re.1 (March 2020: Re.1) each aggregating to 50.88% (March 2020: 50.88%) of the total share capital.

5. **Shareholders other than the Holding Company holding more than 5% of the equity share capital**

   There are no shareholders holding more than 5% of the equity share capital of the Company other than the Holding Company as at March 31, 2021. Reliance Capital Trustee Co Ltd held 165,184,502 equity shares constituting 5.63% of the equity share capital of the Company as at March 31, 2020.

6. Rights, **preferences and restrictions in respect of equity shares and GDRs issued by the Company**

   a) The Equity shareholders 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 2020: 60 equity shares] of Re. 1 each, per GDR, and their voting rights can be exercised through the Depository.

	Note	As at March 31, 2021 ₹ Crores	As at March 31, 2020 ₹ Crores
1.16 OTHER EQUITY			
Capital Reserve	A	263.87	263.87
Securities Premium	B	1,908.75	1,908.75
Capital Redemption Reserve	C	3.33	3.33
Share Options Outstanding Account	D	42.21	23.19
General Reserve	E	1,018.33	1,018.33
Cash Flow Hedge Reserve	F	(12.75)	(15.23)
Retained Earnings	G	3,459.91	3,768.20
		6,683.65	**6,970.44**

Refer "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 Capital redemption reserve represent the reserve arising pursuant to the business combination during 2016-17.

D Share options outstanding account relates to stock options granted by the Company to employees under an employee stock options plan. (Refer Note 3.4)

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 In respect of the year ended March 31, 2021, the Board of Directors has declared a dividend of ₹ 0.60 per equity share subject to approval by shareholders at the ensuing Annual General Meeting after which dividend will be accounted and paid out of the retained earnings available for distribution in accordance with the provisions of the Act (Interim dividend for March 2020: ₹ 0.50 per equity share). Revaluation reserve amounting to ₹ 1,210.21 crores transferred to retained earnings on transition date may not be available for distribution.

1.17 NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS

a) Secured borrowings		
i. Term loan from banks	987.50	500.00
ii. SIPCOT soft loan	31.18	31.18
iii. Non-convertible debentures	595.43	-
b) Unsecured borrowings		
i. External commercial borrowings from banks	877.49	756.27
ii. Interest free sales tax loans	66.41	66.41
	2,558.01	**1,353.86**

Notes:

1 These are carried at amortised cost.

2 Refer Note 1.24 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 2020: 36,500,000) Non-Cumulative Redeemable Non-Convertible Preference Shares of ₹ 10 each valuing ₹ 36.50 crores (March 2020: ₹ 36.50 crores) and 77,000,000 (March 2020: 77,000,000) Non-Convertible Redeemable Preference Shares of ₹ 100 each valuing ₹ 770.00 crores (March 2020: ₹ 770.00 crores). No preference shares has been issued during the year.

5 Refer Note 3.6 for details on debt covenants.

		As at March 31, 2021 ₹ Crores	As at March 31, 2020 ₹ Crores
1.18	**NON-CURRENT - OTHER FINANCIAL LIABILITIES**		
	a) Derivatives designated in hedging relationships carried at fair value	21.98	16.44
	b) Others (includes deposit payable, etc)	22.90	33.48
		44.88	**49.92**

Note:

These (except derivatives) are carried at amortised cost. Derivatives are carried at fair value through profit or loss / other comprehensive income.

1.19	**NON-CURRENT CONTRACT LIABILITIES**		
	Income received in advance (Refer note 3.7)	213.50	249.85
		213.50	**249.85**

1.20	**NON-CURRENT PROVISIONS**		
	a) Provision for employee benefits		
	i. Compensated absences	99.30	101.25
	ii. Others including post retirement benefits	5.62	19.76
	b) Others		
	i. Product warranties	76.39	51.42
	ii. Others (including litigation matters)	8.26	8.26
		189.57	**180.69**

Notes:

1 Movement in Provision for product warranties is as follows :

Particulars	March 2021	March 2020
Opening (Current (Refer Note 1.26) and Non-current)	312.76	415.56
Add: Provided during the year	222.83	397.51
Less: Utilisations (net)	274.79	500.31
Closing (Current (Refer Note 1.26) and Non-current)	260.80	312.76

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 others (including litigation matters) is as follows :

Particulars	March 2021	March 2020
Opening	8.26	17.70
Add: Additions	-	-
Less: Utilisations / Reversals / Transfer	-	9.44
Closing	8.26	8.26

1.21	**DEFERRED TAX LIABILITIES (NET)**		
	a) Deferred tax liabilities	1,051.81	1,021.25
	b) Deferred tax (assets)	(881.02)	(756.43)
		170.79	**264.82**

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 ₹ 574.78 crores (March 2020: ₹ 574.78 crores).

	As at March 31, 2021	As at March 31, 2020
	₹ Crores	₹ Crores
1.22 CURRENT FINANCIAL LIABILITIES - BORROWINGS		
Secured borrowings		
Loans from banks (Includes cash credit, packing credit, etc)	-	842.00
Unsecured borrowings		
Short term loans from banks	820.00	825.00
Commercial paper	247.11	-
Buyers credit	-	28.94
Bills discounted	91.13	15.03
	1,158.24	**1,710.97**

Notes:

1. These are carried at amortised cost.
2. Refer Note 3.12 for security and terms of the borrowings.
3. Commercial paper - maximum balance outstanding during the year is ₹ 1,800 Crores (March 2020: ₹ 2,000 Crores).
4. Refer Note 3.6 for details of debt covenants.
5. Net debt reconciliation:

	As at March 31, 2021	As at March 31, 2020
	₹ Crores	₹ Crores
Cash and cash equivalents	530.13	1,279.04
Current borrowings	(1,162.17)	(1,710.97)
Non-current borrowings	(2,617.72)	(1,576.37)
Derivative Asset / (Liability)	(8.95)	26.16
Lease Liability	(30.06)	(40.47)
Net debt	**(3,288.77)**	**(2,022.61)**

	Other assets		Liabilities from financing activities				Total
	Cash and bank overdraft	Liquid investments	Non-current borrowings	Current borrowings	Derivative Asset / (Liability)	Lease Liability	
Net debt as at March 31, 2019	**1,364.98**	**-**	**(536.31)**	**(100.00)**	**2.48**	**-**	**731.15**
Recognised on adoption of Ind AS 116	-	-	-	-	-	(60.06)	(60.06)
Cash flows (net)	(87.41)	16.80	(975.65)	(1,609.26)	(2.49)	21.87	(2,636.14)
Foreign exchange adjustments (Realised / Unrealised)	1.47	-	(61.47)	(1.71)	0.01	-	(61.70)
Profit / (loss) on sale of liquid investments (net)	-	(16.80)	-	-	-	-	(16.80)
Interest expense	-	-	(57.99)	(91.26)	-	(4.63)	(153.88)
Interest paid	-	-	55.05	91.26	-	-	146.31
Other non-cash movements							
- Fair value adjustments	-	-	-	-	26.16	-	26.16
- Addition / Deletion (Net) relating to lease liability	-	-	-	-	-	2.35	2.35
Net debt as at March 31, 2020	**1,279.04**	**-**	**(1,576.37)**	**(1,710.97)**	**26.16**	**(40.47)**	**(2,022.61)**
Cash flows (net)	(748.09)	6.91	(1,038.23)	548.13	-	12.15	(1,219.13)
Foreign exchange adjustments (Realised / Unrealised)	(0.82)	-	34.26	1.71	-	0.08	35.23
Profit / (loss) on sale of liquid investments (net)	-	(6.91)	-	-	-	-	(6.91)
Interest expense	-	-	(169.34)	(141.06)	-	(2.92)	(313.32)
Interest paid	-	-	131.96	140.02	-	-	271.98
Other non-cash movements							
- Fair value adjustments	-	-	-	-	(35.11)	-	(35.11)
- Addition / Deletion (Net) relating to lease liability	-	-	-	-	-	1.10	1.10
Net debt as at March 31, 2021	**530.13**	**-**	**(2,617.72)**	**(1,162.17)**	**(8.95)**	**(30.06)**	**(3288.77)**

Note:

Non-current borrowings and interest expense is gross of impact on account of effective interest rate changes.

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

		As at March 31, 2021 ₹ Crores	As at March 31, 2020 ₹ Crores
1.23	**CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES**		
	Trade payables - including acceptances		
	a) Total outstanding dues of micro enterprises and small enterprises [Refer Note 3.15]	37.18	12.68
	b) Total outstanding dues of creditors other than micro enterprises and small enterprises	5,127.51	3,024.61
		5,164.69	**3,037.29**

Notes:

1. These are carried at amortised cost.
2. Includes acceptances amounting to ₹ 187.65 crores (March 2020: ₹ 213.35 crores)
3. Includes accrued expenses / liabilities amounting to ₹ 507.26 crores (March 2020: ₹ 416.88 crores)

		As at March 31, 2021 ₹ Crores	As at March 31, 2020 ₹ Crores
1.24	**CURRENT - OTHER FINANCIAL LIABILITIES**		
	a) Current maturities of long-term debts	12.50	216.53
	b) Interest accrued but not due on borrowings	42.23	3.82
	c) Unclaimed dividends	10.21	11.57
	d) Employee benefits	192.29	208.21
	e) Capital creditors	241.25	214.11
	f) Derivatives designated in hedging relationships carried at fair value	9.18	11.01
	g) Others *	276.77	262.16
		784.43	**927.41**
	* Includes:		
	- Refund liabilities	259.80	252.88

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.
3. Refer Note 3.6 for details of debt covenants.

		As at March 31, 2021 ₹ Crores	As at March 31, 2020 ₹ Crores
1.25	**CURRENT CONTRACT LIABILITIES**		
	a) Income received in advance	333.25	357.61
	b) Advance from customers	146.18	253.62
		479.43	**611.23**

Note:

Refer Note 3.7 for disclosures relating to revenue from contracts with customers

	As at March 31, 2021 ₹ Crores	As at March 31, 2020 ₹ Crores
1.26 CURRENT PROVISIONS		
a) Provision for employee benefits		
i. Compensated absences	21.65	12.01
ii. Others including post retirement benefits	92.22	87.16
b) Others		
i. Product warranties	184.41	261.34
ii. Obligations	33.26	33.26
iii. Others (including litigation matters)	133.42	231.08
	464.96	**624.85**

Notes:

1. For movement in Provision for product warranties refer note 1.20.
2. Movement in Provision for obligations (including Optare plc) is as follows :

Particulars	March 2021	March 2020
Opening	33.26	299.06
Add: Additions	-	100.42
Less: Transfer	-	366.22
Closing	33.26	33.26

3. Movement in Provision for others (including litigation matters) is as follows :

Particulars	March 2021	March 2020
Opening	231.08	156.30
Add: Additions / Transfer	2.46	74.78
Less: Utilisations / Reversal	(100.12)	-
Closing	133.42	231.08

	As at March 31, 2021 ₹ Crores	As at March 31, 2020 ₹ Crores
1.27 OTHER CURRENT LIABILITIES		
a) Statutory liabilities	160.54	63.62
b) Accrued gratuity	-	4.81
c) Others	0.16	5.83
	160.70	**74.26**

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

					Year ended March 31, 2021	Year ended March 31, 2020
					₹ Crores	₹ Crores
2.1	**REVENUE FROM OPERATIONS**					
	a)	Sale of products				
		-	Commercial vehicles		12,279.56	14,326.36
		-	Engines and gensets		537.27	471.41
		-	Ferrous castings and patterns		357.58	396.43
		-	Spare parts and others		1,703.05	1,766.00
				(A)	**14,877.46**	**16,960.20**
	b)	Sale of services		(B)	648.74	724.20
	c)	Other operating revenues				
		-	Grant income		-	51.58
		-	Export incentives		16.70	60.52
		-	Scrap sales		45.79	66.21
		-	Others		9.74	21.94
				(C)	**72.23**	**200.25**
				(A+B+C)	**15,598.43**	**17,884.65**
	Less: Rebates and discounts				296.98	417.18
					15,301.45	**17,467.47**
2.2	**OTHER INCOME**					
	a)	Interest income from financial assets measured at amortised cost				
		i.	Loans to related parties (Refer Note 3.8)		9.88	10.74
		ii.	Others		84.41	45.98
					94.29	**56.72**
	b)	Dividend income from subsidiaries and associates			0.19	18.90
		Non-current investments (Refer Note 3.8)				
	c)	Profit on sale of investments - net				
		Current investments			6.91	16.81
	d)	Other non-operating income				
		i.	Profit on sale of Property, Plant and Equipment (net)		9.58	4.18
		ii.	Net (loss) / gain arising on financial asset mandatorily measured at FVTPL		(6.85)	4.25
		iii.	Others		15.38	22.48
					18.11	**30.91**
					119.50	**123.34**
2.3	**CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS**					
	Changes in inventories					
	-	Finished goods and stock-in-trade			(415.54)	1,046.37
	-	Work-in-progress			(46.77)	145.10
	Net change				**(462.31)**	**1,191.47**

	Year ended March 31, 2021 ₹ Crores	Year ended March 31, 2020 ₹ Crores
2.4 EMPLOYEE BENEFITS EXPENSE		
a) Salaries and wages	1,361.40	1,383.42
b) Contribution to provident and other funds	105.90	126.99
c) Share based payments costs *	19.02	16.06
d) Staff welfare expenses	146.90	160.00
	1,633.22	**1,686.47**
Less: Expenses capitalised	49.33	71.41
	1,583.89	**1,615.06**

* 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 3.16)	1.25	1.60

	Year ended March 31, 2021 ₹ Crores	Year ended March 31, 2020 ₹ Crores
2.5 FINANCE COSTS		
Interest expense	312.88	138.37
Less: Expenses capitalised	9.01	33.55
	303.87	**104.82**
Interest on lease liability	2.92	4.63
	306.79	**109.45**

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 is - 7.90 % p.a (March 31, 2020 - 6.77 % p.a).

	Year ended March 31, 2021 ₹ Crores	Year ended March 31, 2020 ₹ Crores
2.6 DEPRECIATION AND AMORTISATION EXPENSE		
A) Property, plant and equipment		
(i) Buildings	77.76	65.90
(ii) Plant and equipment	428.07	394.91
(iii) Furniture and fittings	6.52	11.13
(iv) Vehicles including electric vehicles	14.51	12.27
(v) Office equipment	23.92	26.66
(vi) Assets given on lease		
- Buildings	0.29	0.28
- Plant and equipment	#	#
- Aircraft	9.75	9.75
- Furniture and fittings	-	0.05
	560.82	**520.95**
B) Other intangible assets		
(i) Computer software		
- Developed	18.49	17.04
- Acquired	17.13	22.00
(ii) Technical knowhow		
- Developed	126.05	88.54
- Acquired	6.07	-
	167.74	**127.58**
C) Depreciation of Right-of-use asset	19.15	21.27
	747.71	**669.80**

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

		Year ended March 31, 2021	Year ended March 31, 2020
		₹ Crores	₹ Crores
2.7	**OTHER EXPENSES**		
(a)	Consumption of stores and tools	55.04	56.56
(b)	Power and fuel	161.87	173.19
(c)	Rent (Refer Note 3.5)	4.79	9.20
(d)	Repairs and maintenance		
	- Buildings	33.09	43.45
	- Plant and machinery	124.07	158.81
(e)	Insurance	19.49	22.28
(f)	Rates and taxes, excluding taxes on income	11.87	33.52
(g)	Research and development (includes materials consumed and testing charges)	137.64	330.28
(h)	Service and product warranties	274.73	435.94
(i)	Packing and forwarding charges	423.61	578.97
(j)	Selling and administration expenses - net (Refer Note 3.13)	431.42	577.63
(k)	Annual maintenance contracts	168.83	208.27
(l)	Impairment loss allowance / write off on trade receivable	65.36	30.86
(m)	Impairment loss allowance / write off on other receivable	(1.61)	8.85
		1,910.20	**2,667.81**
	Less: Expenses capitalised	131.09	358.20
		1,779.11	**2,309.61**
	Note:		
	Selling and administration expenses include:		
-	Directors' sitting fees	1.15	1.08
-	Commission to Non Whole-time Directors	3.15	3.50
-	CSR Expenditure (Refer Note 3.16)	44.61	39.92
2.8	**EXCEPTIONAL ITEMS**		
a)	Impairment (loss) in the value of investments		
	- Ashley Aviation Limited	(11.74)	(2.13)
b)	Impairment loss in the value of equity investment (net of reversal of provision for obligation)	-	(100.42)
c)	Gain on sale of immovable properties	6.92	-
d)	Obligation relating to discontinued products of LCV division (net of reversal)	78.76	(7.69)
e)	Voluntary retirement scheme	(85.99)	(45.59)
		(12.05)	**(155.83)**

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

			Year ended March 31, 2021	Year ended March 31, 2020
			₹ Crores	₹ 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		0.02	71.74
		(A)	**0.02**	**71.74**
	Deferred tax			
	In respect of the current year		(98.25)	50.66
	Adjustments to deferred tax attributable to changes in tax rates and laws		-	-
		(B)	**(98.25)**	**50.66**
	Total income tax expense recognised in profit or loss	(A + B)	**(98.23)**	**122.40**
3.1.2	**Income tax expense for the year reconciled to the accounting profit:**			
	Profit before tax		**(411.91)**	**361.92**
	Income tax rate		34.944%	34.944%
	Income tax expense		(143.94)	126.47
	Effect of income that is exempt from taxation		-	(6.47)
	Effect of income that is taxed at lower rate		-	(0.07)
	Effect of previously unrecognised and unused tax losses and deductible temporary differences		-	(5.87)
	Effect of concessions and other allowances (including tax holiday and weighted deduction for research and development expenditure)		-	(117.65)
	Effect of exceptional items, benefits recognised upon amalgamation, disallowances and reversals (net)		45.69	125.95
	Effect of different tax rates of branches operating in overseas jurisdictions		0.02	0.04
	Income tax expense recognised in profit or loss		**(98.23)**	**122.40**
3.1.3	**Income tax recognised in other comprehensive income**			
	Current tax		-	-
	Deferred tax			
	Arising on income and expenses recognised in other comprehensive income:			
	Fair value remeasurement of hedging instruments entered into for cash flow hedges		(6.84)	(8.17)
	Remeasurement of defined benefit obligation		2.89	(25.61)
		(A)	**(3.95)**	**(33.78)**
	Arising on income and expenses reclassified from equity to profit or loss:			
	Relating to cash flow hedges		8.17	(0.08)
		(B)	**8.17**	**(0.08)**
	Total income tax recognised in other comprehensive income	(A+B)	**4.22**	**(33.86)**

3.1.4 Analysis of deferred tax assets / liabilities: ₹ Crores

March 31, 2021	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in other equity	Unused tax credits - availed / (utilised)	Closing balance
Deferred tax (liabilities) / assets in relation to:						
Property, Plant & Equipment and intangible assets	(1,035.38)	(5.46)	-	-	-	(1,040.84)
Right-of-use asset	(15.93)	4.96	-	-	-	(10.97)
Lease Liability	14.14	(3.44)	-	-	-	10.70
Voluntary retirement scheme compensation	10.85	17.01	-	-	-	27.86
Expenditure allowed upon payments	84.77	8.32	(2.89)	-	-	90.20
Unused tax credit (MAT credit entitlement)	574.78	-	-	-	-	574.78
Cash flow hedges	8.17	-	(1.33)	-	-	6.84
Other temporary differences	93.78	(13.47)	-	-	-	80.31
Unused tax losses / unabsorbed depreciation	-	90.33	-	-	-	90.33
	(264.82)	**98.25**	**(4.22)**	**-**	**-**	**(170.79)**

March 31, 2020	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in other equity	Unused tax credits - availed / (utilised)	Closing balance
Deferred tax (liabilities) / assets in relation to:						
Property, Plant & Equipment and intangible assets	(926.79)	(108.59)	-	-	-	(1,035.38)
Right-of-use asset	-	1.42	-	(17.35)	-	(15.93)
Lease Liability	-	(4.92)	-	19.06	-	14.14
Voluntary retirement scheme compensation	6.35	4.50	-	-	-	10.85
Expenditure allowed upon payments	56.63	2.53	25.61	-	-	84.77
Unused tax credit (MAT credit entitlement)	512.92	61.86	-	-	-	574.78
Cash flow hedges	(0.08)	-	8.25	-	-	8.17
Other temporary differences	101.24	(7.46)	-	-	-	93.78
	(249.73)	**(50.66)**	**33.86**	**1.71**	**-**	**(264.82)**

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, 2021	As at March 31, 2020
	₹ Crores	₹ Crores
3.1.5 Unrecognised deductible temporary differences, unused tax losses and unused tax credits		
- Unused tax losses (capital)	260.40	270.79
	260.40	**270.79**

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

Payments to defined contribution plans i.e., Company's contribution to 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.

The total expense recognised in profit or loss of ₹ 22.99 crores (2019-20: ₹ 24.65 crores) represents contribution paid / payable to these schemes by the Company at rates specified in the schemes.

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 the time of retirement, separation, 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.

Eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined benefit 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 / equal to the statutory rate of interest declared by the Central Government.

Company's liability towards gratuity (funded), provident fund, other retirement benefits and compensated absences are actuarially determined at the end of each reporting 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.

	As at March 31, 2021	As at March 31, 2020
	₹ Crores	₹ Crores
3.2.3 The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Gratuity		
Discount rate	6.82%	6.60%
Expected rate of salary increase	5.50%	5.50%
Average Longevity at retirement age - past service	16.10	15.50
Average Longevity at retirement age - future service	11.60	11.90
Attrition rate	3.00%	3.00%
Compensated absences		
Discount rate	6.82%	6.60%
Expected rate of salary increase	5.50%	5.50%
Attrition rate	3.00%	3.00%
Other defined benefit plans		
Discount rate	6.82%	6.60%

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.

		Year ended March 31, 2021 ₹ Crores	Year ended March 31, 2020 ₹ Crores
3.2.4	**Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:**		
	Gratuity		
	Current service cost	21.42	19.58
	Net interest expense / (income)	(0.41)	-
	Components of defined benefit costs recognised in profit or loss	**21.01**	**19.58**
	Remeasurement on the net defined benefit liability comprising:		
	Actuarial (gain) / loss arising from changes in financial assumptions	(10.17)	27.66
	Actuarial (gain) / loss arising from experience adjustments	(12.40)	(9.22)
	Actuarial (gain) / loss on plan assets	-	3.85
	Components of defined benefit costs recognised in other comprehensive income	**(22.57)**	**22.29**
	Total	**(1.56)**	**41.87**
	Compensated absences and other defined benefit plans		
	Current service cost	18.14	15.94
	Net interest expense	7.49	8.26
	Actuarial (gain) / loss arising from changes in financial assumptions	(2.15)	10.56
	Actuarial (gain) / loss arising from experience adjustments	(3.90)	(17.86)
	Components of defined benefit costs recognised in profit or loss	**19.58**	**16.90**

The current service cost and the net interest expense for the year are included in “contribution to provident and other funds” and “Salaries and wages” under employee benefits expense in profit or loss (Refer Note 2.4)

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:

	As at March 31, 2021 ₹ Crores	As at March 31, 2020 ₹ Crores
Gratuity		
Present value of defined benefit obligation	365.12	380.40
Fair value of plan assets	383.69	375.59
Net (asset) / liability arising from defined benefit obligation (funded)	**(18.57)**	**4.81**
Compensated absences and other defined benefit plans		
Present value of defined benefit obligation	127.39	120.03
Fair value of plan assets	-	-
Net liability arising from defined benefit obligation (unfunded)	**127.39**	**120.03**

Gratuity is reflected in other current asset in case of Net asset and reflected in “Accrued gratuity” under other current liabilities in case of Net liability and compensated absences is reflected in “Provision for employee benefits” under provisions. [Refer Notes 1.14, 1.20, 1.26 and 1.27]

		Year ended March 31, 2021	Year ended March 31, 2020
		₹ Crores	₹ Crores
3.2.6	**Movements in the present value of the defined benefit obligation were as follows:**		
	Gratuity		
	Opening defined benefit obligation	380.40	356.40
	Current service cost	21.42	19.58
	Interest cost	23.85	25.70
	Actuarial (gain) / loss arising from changes in financial assumptions	(10.17)	27.66
	Actuarial (gain) / loss arising from experience adjustments	(12.40)	(9.22)
	Benefits paid	(37.98)	(39.72)
	Closing defined benefit obligation	**365.12**	**380.40**
	Compensated absences and other defined benefit plans		
	Opening defined benefit obligation	120.03	113.45
	Current service cost	18.14	15.94
	Interest cost	7.49	8.26
	Actuarial (gain) / loss arising from changes in financial assumptions	(2.15)	10.56
	Actuarial (gain) / loss arising from experience adjustments	(3.90)	(17.86)
	Benefits paid	(12.22)	(10.32)
	Closing defined benefit obligation	**127.39**	**120.03**
3.2.7	**Movements in the fair value of the plan assets were as follows:**		
	Gratuity		
	Opening fair value of plan assets	375.59	319.34
	Interest on plan assets	24.26	25.70
	Remeasurements due to Actual return on plan assets less interest on plan assets	-	(3.85)
	Contributions	21.82	74.12
	Benefits paid	(37.98)	(39.72)
	Closing fair value of plan assets	**383.69**	**375.59**

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 ₹ 24.26 crores (2019-20: ₹ 21.85 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.

	As at March 31, 2021	As at March 31, 2020
	₹ Crores	₹ Crores
Gratuity		
If the discount rate is 50 basis points higher / lower, the defined benefit obligation would:		
decrease by	13.36	14.52
increase by	13.08	13.82
If the expected salary increases / decreases by 50 basis points, the defined benefit obligation would:		
increase by	13.46	14.19
decrease by	13.83	14.99
Compensated absences		
If the discount rate is 50 basis points higher / lower, the defined benefit obligation would:		
decrease by	4.70	5.14
increase by	5.04	5.52
If the expected salary increases / decreases by 50 basis points, the defined benefit obligation would:		
increase by	4.80	5.31
decrease by	4.52	4.98

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation, since the above analysis are based on change in an assumption while holding other assumptions constant. In practice, 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 ₹ 26.00 crores (March 2020: ₹ 57.85 crores) to the defined benefit plans (gratuity - funded) during the next financial year.

The average duration of the benefit obligation (gratuity) is 8 years (March 2020: 8.1 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.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	As at March 31, 2021	As at March 31, 2020
	₹ Crores	₹ Crores
Provident Fund		
Discount rate	6.82%	6.60%
Remaining term to maturity of portfolio (years)	11.90	11.90
Expected guaranteed interest rate (%)		
First year	8.50%	8.50%
Thereafter	8.50%	8.50%
Attrition rate	3.00%	3.00%
The amount included in the balance sheet arising from the Company's obligation in respect of its provident fund plan is as follows:		
Provident Fund		
Present value of defined benefit obligation	1,310.79	1,222.57
Fair value of plan assets	1,241.60	1,171.77
Net (liability) arising from defined benefit obligation (funded)	**(69.19)**	**(50.80)**

The Net liability is reflected in "Provision for employee benefits" under provisions. [Refer Note 1.26].

The amount recognised in total comprehensive income and the movement in fair value assets and present value obligations is as follows :

	Year ended March 31, 2021	Year ended March 31, 2020
	₹ Crores	₹ Crores
Amounts recognised in total comprehensive income in respect of these provident fund are as follows:		
Provident Fund		
Current service cost	43.64	61.95
Net interest expense / (income)	3.35	(0.69)
Components of provident fund recognised in profit or loss	**46.99**	**61.26**
Remeasurement on the net defined benefit liability comprising:		
Actuarial (gain) / loss arising from changes in financial assumptions	(0.48)	0.48
Actuarial Loss / (gain) arising from experience adjustments	46.20	(14.55)
Actuarial (gain) / loss on plan assets	(31.43)	74.06
Adjustment relating to unrecognised actuarial gain of prior year	-	(8.99)
Components of provident fund recognised in other comprehensive income	**14.29**	**51.00**
Total	**61.28**	**112.26**

The current service cost and the net interest expense for the year are included in "contribution to provident and other funds" under employee benefits expense in profit or loss (Refer Note 2.4)

	Year ended March 31, 2021	Year ended March 31, 2020
	₹ Crores	₹ Crores
Movements in the present value of the defined benefit obligation were as follows:		
Opening defined benefit obligation	1,222.57	1,160.34
Adjustment relating to opening present value obligation	-	2.26
Employer Contribution	42.89	61.46
Employee Contribution	101.41	119.05
Value of Interest Rate Guarantee	0.75	0.49
Interest cost	79.39	87.53
Actuarial (gain) / loss arising from changes in financial assumptions	(0.48)	0.48
Actuarial Loss / (gain) arising from experience adjustments	46.20	(14.55)
Benefits paid	(181.94)	(194.49)
Closing defined benefit obligation	**1,310.79**	**1,222.57**
Movements in the fair value of the plan assets were as follows:		
Provident Fund		
Opening fair value of plan assets	1,171.77	1,176.13
Adjustment relating to opening fair value of plan assets	-	(4.54)
Interest on plan assets	76.04	88.22
Actuarial gain / (loss) on plan assets	31.43	(74.06)
Contributions	144.30	180.51
Benefits paid	(181.94)	(194.49)
Closing fair value of plan assets	**1,241.60**	**1,171.77**

The Company funds the contribution to administered trusts, which manages the plan assets in accordance with provident fund norms.

The breakup of the plan assets into various categories is as follows:

	As at March 31, 2021	As at March 31, 2020
	₹ Crores	₹ Crores
Central and State Government Securities	63.00%	55.00%
Corporate Bonds	25.00%	33.00%
Mutual Funds	6.00%	6.00%
Special Deposit Scheme	6.00%	6.00%
Significant actuarial assumptions for the determination of the provident fund are 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.		
If the discount rate is 50 basis points higher/lower, the defined benefit obligation would:		
decrease by	1.09	0.24
increase by	1.14	0.25

The Company is sensitive to Interest rate guarantee wherein any increase or decrease in the interest rate by 25 basis points results in an increase in present value obligation by 0.4% (March 2020: 1.3%) or decrease in present value obligation by 2.8% (March 2020: 0.4%.)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation, since the above analysis are based on change in an assumption while holding other assumptions constant. In practice, it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

		Year ended March 31, 2021	Year ended March 31, 2020
		₹	₹
3.3	**EARNINGS PER SHARE**		
	Basic earnings per share	(1.07)	0.82
	Diluted earnings per share	(1.07)	0.82
	Face value per share	1.00	1.00

		Year ended March 31, 2021	Year ended March 31, 2020
		₹ Crores	₹ Crores
3.3.1	**Basic earnings per share**		
	Profit for the year attributable to equity shareholders	(313.68)	239.52

	Year ended March 31, 2021	Year ended March 31, 2020
	Nos	Nos
Weighted average number of equity shares used in the calculation of basic earnings per share	2,935,527,276	2,935,527,276

		Year ended March 31, 2021	Year ended March 31, 2020
		₹ Crores	₹ Crores
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	(313.68)	239.52

	Year ended March 31, 2021	Year ended March 31, 2020
	Nos	Nos
Weighted average number of equity shares used in the calculation of basic earnings per share	2,935,527,276	2,935,527,276
Adjustments :		
Dilutive effect - Number of shares relating to employee stock options	-	-
Weighted average number of equity shares used in the calculation of diluted earnings per share	**2,935,527,276**	**2,935,527,276**

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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 or prior year:

Option series	Number	Grant date	Expiry date	Exercise price ₹	Fair value at grant date ₹
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 6 (Refer Note below)	7,010,000	February 11, 2020	February 11, 2031	82.90	38.58

ESOP 1 & ESOP 2 have got vested / lapsed before April 1, 2019.

Note:

Under ESOP 3, ESOP 4, ESOP 5 and ESOP 6 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 ₹ Nil (March 31, 2020: ₹ 38.58). 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		2019-20
	ESOP 3	ESOP 4	ESOP 5	ESOP 6
Grant date share price	106.85	118.30	91.40	82.90
Exercise price	83.50	109.00	91.40	82.90
Expected volatility	37.70% to 42.90%	37.52% to 39.70%	37.40% to 40.48%	37.91% to 39.68%
Option life (Refer Note 3.4.1)	6 - 10 years	6 - 10 years	9- 11 years	9- 11 years
Dividend yield	1.46	2.05	2.66	2.07
Risk-free interest rate	6.44% to 6.66%	7.42% to 7.58%	7.19% to 7.29%	6.38% to 6.47%

3.4.3 Movements in share options during the year

	Year ended March 31, 2021 Numbers	Weighted average exercise price (₹)	Year ended March 31, 2020 Numbers	Weighted average exercise price (₹)
Opening at the beginning of the year	22,710,000	88.99	15,700,000	91.72
Granted during the year	-	-	7,010,000	82.90
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Balance at the end of the year	22,710,000	88.99	22,710,000	88.99

Weighted Average share price on date of exercise of option ₹ Nil (2020: ₹ Nil).

3.4.4 Share options vested but not exercised during the year

ESOP 3: 4,00,000 options and ESOP 4: 2,00,000 options (Year ended March 31, 2020 : ESOP 3: 4,00,000 options and ESOP 4: 2,00,000 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 ₹ 88.99 (as at March 31, 2020: ₹ 88.99) and a weighted average remaining contractual life of 7.93 years (as at March 31, 2020: 8.93 years).

3.5 Lease arrangements

Company as lessee

Maturity Analysis (Remaining Contractual Maturities) for lease payments is as follows:

	Year ended March 31, 2021	Year ended March 31, 2020
	₹ Crores	₹ Crores
Not later than 1 year	9.84	16.23
Later than 1 year but not later than 5 years	18.54	23.67
Later than 5 years	29.46	30.88

Company has applied following practical expedients for the purpose of lease on initial recognition :

1) Single discount rate has been applied for leases with same characteristics.

2) Non - lease component which are difficult to be separate from the lease components are taken as the part of lease calculation.

3) Short term leases i.e. leases having lease term of 12 month or less had been ignored for purpose of calculation of right to use asset.

4) Contracts not part of lease in Ind AS 17 has not been taken for computation as a part of Ind AS 116.

Expenses for the year ended March 31, 2021 includes lease expense classified as Short term lease expenses aggregating to ₹ 18.89 crores (March 31, 2020: ₹ 18.96 crores) and variable lease payments aggregating to ₹ 48.45 crores (March 31, 2020: ₹ 12.78 crores) which are not required to recognised as a part of partical expedient under Ind AS 116 'Accounting for leases' mentioned above.

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

3.6 Financial Instruments

3.6.1 Capital management

The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual master planning and budgeting and five year's corporate plan for working capital, capital outlay and long-term product and strategic involvements. The funding requirements are met through equity, internal accruals and a combination of both long-term and short-term borrowings.

The Company monitors the capital structure on the basis of total debt to equity and maturity profile of the overall debt portfolio of the Company.

	March 31, 2021	March 31, 2020
	₹ Crores	₹ Crores
Debt (long-term and short-term borrowings including current maturities and lease liabilities net off effective interest rate adjustment)	3,758.81	3,321.83
Total Equity	6,977.20	7,263.99
Debt equity ratio	**0.54**	**0.46**

During the financial year ended March 31, 2021, for borrowings aggregating to ₹ 1,678.93 crores, some of the financial covenants have been breached mainly due to the impact of COVID 19. Out of the above, for Rupee Term Loans and External Commercial Borrowings to the extent of ₹ 1,378.93 crores, the lenders have the option to recall the loan. On representation from the Company considering the special circumstances, the lenders have waived the testing of financial covenants for the year ended March 31, 2021. For the other Rupee Term Loan of ₹ 300 crores, the Lender does not have the option to recall the loan. Hence, these loans have been classified under Non-current borrowing in the financial statements.

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) Foreign currency risk management:

The Company undertakes transactions denominated in foreign currencies and thus it is exposed to exchange rate fluctuations. The Company actively manages its currency rate exposures, arising from transactions entered and denominated in foreign currencies, through a centralised treasury division and uses derivative instruments such as foreign currency forward contracts 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, 2021 (all amounts are in equivalent ₹ in Crores):

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD	943.46	846.54	96.92	245.24	130.95	114.29	17.37
EUR	51.66	45.93	5.73	15.51	0.92	14.59	8.86
GBP	0.67	-	0.67	-	-	-	(0.67)
JPY	1.85	-	1.85	-	-	-	(1.85)
SGD	149.29	149.03	0.26	-	-	-	(0.26)
Others	6.01	-	6.01	53.72	-	53.72	47.71

3.6 Financial Instruments (contd.)

As on March 31, 2020 (all amounts are in equivalent ₹ in Crores):

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD	1,071.91	994.13	77.78	211.04	128.35	82.69	4.91
EUR	11.55	11.55	-	6.38	0.77	5.61	5.61
GBP	0.97	-	0.97	-	-	-	(0.97)
JPY	2.60	-	2.60	-	-	-	(2.60)
SGD	0.25	-	0.25	-	-	-	(0.25)
Others	3.03	-	3.03	54.25	-	54.25	51.22

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 export proceeds, import payments and cost of borrowings.

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, 2021	March 31, 2020
Profit or loss	0.35	0.10
Equity	0.35	0.10

	EUR impact	
	March 31, 2021	March 31, 2020
Profit or loss	0.18	0.11
Equity	0.18	0.44

	GBP impact	
	March 31, 2021	March 31, 2020
Profit or loss	0.01	0.02
Equity	0.01	0.02

	JPY impact	
	March 31, 2021	March 31, 2020
Profit or loss	0.04	0.05
Equity	0.04	0.05

	SGD impact	
	March 31, 2021	March 31, 2020
Profit or loss	0.01	0.01
Equity	0.01	0.01

	Impact of other currencies	
	March 31, 2021	March 31, 2020
Profit or loss	0.95	1.01
Equity	0.95	1.01

3.6 Financial Instruments (contd.)

The following table details the foreign currency forward contracts outstanding at the end of the reporting period:

Figures in Crores

March 31, 2021	Foreign currency		Notional value in ₹	Fair value assets (liabilities) in ₹ (Refer Note)	Maturity date	Hedge ratio	Weighted Average rate
Cash flow hedges:							
Sell EUR - Buy INR	-	-	-	-	-	-	-
Fair value hedges:							
Buy USD - Sell INR	USD	1.57	115.00	(1.07)	April 2021 - June 2022	1 : 1	USD 1 : INR 75.42
Sell USD - Buy INR	USD	1.79	130.95	0.17	April 2021 - June 2021	1 : 1	USD 1 : INR 73.64
Sell EUR - Buy INR	EUR	0.01	0.92	0.03	May 2021	1 : 1	EUR 1 : INR 89.51
Buy EUR - Sell INR	EUR	0.54	45.93	(1.72)	May 2021 - March 2023	1 : 1	EUR 1 : INR 97.07

Figures in Crores

March 31, 2020	Foreign currency		Notional value in ₹	Fair value assets (liabilities) in ₹ (Refer Note)	Maturity date	Hedge ratio	Weighted Average rate
Cash flow hedges:							
Sell EUR - Buy INR	EUR	0.20	16.60	(0.58)	July 2020	1 : 1	EUR 1 : INR 81.25
Fair value hedges:							
Buy USD	USD	3.14	237.47	9.34	April 2020 - September 2020	1 : 1	USD 1 : INR 73.40
Sell USD	USD	1.70	128.33	(3.83)	April 2020 - September 2020	1 : 1	USD 1 : INR 74.02
Sell EUR - Buy INR	EUR	0.01	0.77	(0.01)	April 2020	1 : 1	EUR 1 : INR 82.24
Buy EUR - Sell INR	EUR	0.15	12.00	0.31	April 2020 - May 2020	1 : 1	EUR 1 : INR 81.08

Note:

Included in the balance sheet under 'Current - other financial assets' and 'Non-current & Current - other financial liabilities'. [Refer Notes 1.13, 1.18 and 1.24]

(2) Interest rate risk management:

The Company is exposed to interest rate risk pertaining to funds borrowed at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies. Further, in appropriate cases, the Company also effects changes in the borrowing arrangements to convert floating interest rates to fixed interest rates.

The exposure of Companys borrowings to interest rate changes at the end of the reporting period are as follows:

	March 31, 2021	March 31, 2020
	₹ Crores	₹ Crores
Variable rate Borrowings	1,000.00	225.00
Fixed rate Borrowings *	2,671.24	2,960.54
	3,671.24	**3,185.54**

* includes variable rate borrowings amounting to ₹ 878.93 crores (March 31, 2020: ₹ 756.65 crores) subsequently converted to fixed rate borrowings through swap contracts

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming that the amount of the liability as at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher / lower, the Company's loss / profit for the year ended March 31, 2021 would decrease / increase by ₹ 1.60 crores (March 31, 2020 decrease / increase by ₹ 0.10 crores). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

3.6 Financial Instruments (contd.)

(3) Foreign currency and interest rate sensitivity analysis for swap contracts:

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. The mark-to-market gain / (loss) as at March 31, 2021 is (₹ 8.95) crores (March 31, 2020: ₹ 26.16 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 loss / profit for the year ended March 31, 2021 would approximately decrease / increase by ₹ Nil (March 31, 2020 decrease / increase by ₹ Nil).

(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 except in case of a STU.

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

₹ Crores

	As at March 31, 2021			As at March 31, 2020		
	Gross	Allowance	Net	Gross	Allowance	Net
Not Due	2,292.78	-	2,292.78	440.02	-	440.02
Due less than 6 months *	261.01	-	261.01	448.66	-	448.66
Due greater than 6 months *	391.61	129.09	262.52	380.73	80.48	300.25
	2,945.40	**129.09**	**2,816.31**	**1,269.41**	**80.48**	**1,188.93**

*includes dues from government organisation which are considered recoverable

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, 2021	March 31, 2020
	₹ Crores	₹ Crores
From Banks		
- Secured	2,800.00	558.00
- Unsecured	451.31	441.87
Total	**3,251.31**	**999.87**

Further to the above, the Company has an option to issue commercial paper for an amount of ₹ 1,750 crores. The Company also constantly monitors funding options available in the debt and capital markets with a view to maintain 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

March 31, 2021	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Total
Trade payables	5,164.69	-	-	5,164.69
Other financial liabilities	720.52	22.90	-	743.42
Borrowings	1,343.08	2,579.01	317.61	4,239.70
Lease liabilities	9.84	18.54	29.46	57.84
	7,238.13	**2,620.45**	**347.07**	**10,205.65**

₹ Crores

March 31, 2020	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Total
Trade payables	2,623.91	-	-	2,623.91
Other financial liabilities	1,108.65	33.48	-	1,142.13
Borrowings	2,049.12	1,229.26	312.94	3,591.32
Lease liabilities	16.23	23.67	30.88	70.78
	5,797.91	**1,286.41**	**343.82**	**7,428.14**

As there is no expected credit loss on the guarantees given to group companies, the Company has not recognised a liability towards financial guarantee as at the end of the reporting period. Accordingly, not included in the above table.

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

March 31, 2021	Due in 1st year	Due in 2nd to 5th year	Carrying amount
Currency and interest rate swaps	8.60	19.70	28.30
Foreign exchange forward contracts	0.58	2.28	2.86
	9.18	**21.98**	**31.16**

₹ Crores

March 31, 2020	Due in 1st year	Due in 2nd to 5th year	Carrying amount
Currency and interest rate swaps	6.37	16.44	22.81
Foreign exchange forward contracts	4.64	-	4.64
	11.01	**16.44**	**27.45**

3.6.3 Categories of Financial assets and liabilities:

₹ Crores

		As at March 31, 2021	As at March 31, 2020
Financial assets			
a.	**Measured at amortised cost:**		
	Investments (net of impairment)	2,764.49	2,427.22
	Cash and cash equivalents	530.13	1,279.04
	Other bank balances	292.82	43.43
	Trade Receivables (net of allowance)	2,816.31	1,188.93
	Loans (net of allowance)	41.12	55.42
	Others (net of allowance)	826.23	905.18
b.	**Mandatorily measured at fair value through profit or loss (FVTPL) / other comprehensive income (OCI):**		
	Investments	304.23	292.41
	Derivatives designated in hedge accounting relationships	19.62	58.83
Financial liabilities			
a.	**Measured at amortised cost:**		
	Borrowings	3,728.75	3,281.36
	Trade Payables	5,164.69	2,623.91
	Other financial liabilities	785.65	1,146.73
	Lease liability	30.06	40.47
b.	**Mandatorily measured at fair value through profit or loss (FVTPL) / other comprehensive income (OCI):**		
	Derivatives designated in hedge accounting relationships	31.16	27.45

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:

The carrying amounts of trade receivables, trade payables, capital creditors and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature. The fair values for loans, security deposits were calculated based on cash flows discounted using a current lending rate. The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

(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, 2021	March 31, 2020		
Derivative instruments, i.e. forward foreign currency contracts,currency and interest rate swaps	Assets – ₹ 19.62 Crores; and Liabilities – ₹ 31.16 Crores	Assets – ₹ 58.83 Crores; and Liabilities – ₹ 27.45 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.

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, 2021	March 31, 2020				
Investments in unquoted preference shares	Preference shares of: Hinduja Tech Limited - ₹ 22.65 crores Ashok Leyland (UAE) LLC ₹ 36.36 crores Others - ₹ 6.80 crores (Refer Note 1.3)	Preference shares of: Hinduja Tech Limited - ₹ 22.45 crores Ashok Leyland (UAE) LLC ₹ 37.75 crores Others - ₹ 7.44 crores (Refer Note 1.3)	Level 3	Income approach – in this approach, the discounted cash flow method used to capture the present value of the expected future economic benefits to be derived from the ownership of these preference shares	The significant inputs were: a) the estimated cash flows from the dividends on these preference shares and the redemption proceeds on maturity; and b) the discount rate to compute the present value of the future expected cash flows	A slight decrease in the estimated cash inflows in isolation would result in a significant decrease in the fair value. (Note 2)
Investments in unquoted equity shares & Investment in special limited partnership	Equity shares of: Hinduja Energy (India) Limited - ₹ 188.46 crores Others - ₹ 49.96 crores (Refer Note 1.3)	Equity shares of: Hinduja Energy (India) Limited - ₹ 193.47 crores Others - ₹ 31.28 crores (Refer Note 1.3)	Level 3	Income approach and Net asset value (Realisable value) approach – in these approaches, 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 and 4)

Notes:

1) There were no transfers between Level 1, 2 and 3 during the year.
2) Other things remaining constant, a 5% increase / decrease in the WACC or discount rate used would decrease / increase the fair value of the unquoted preference shares by ₹ 11.87 crores / 17.37 crores (as at March 31, 2020: ₹ 13.55 crores / 20.93 crores).
3) Other things remaining constant, 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 ₹ 8.56 crores / ₹ 9.78 crores (as at March 31, 2020: ₹ 7.03 crores / ₹ 7.64 crores).
4) Other things remaining constant, a 5% increase / decrease in the revenue would increase / decrease the fair value of the unquoted equity instruments by ₹ 5.50 crores / ₹ 4.89 crores (as at March 31, 2020: ₹ 20.52 crores / ₹ 20.48 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 a loss of ₹ 6.85 crores (as at March 31, 2020: loss of ₹ 4.25 crores).

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

3.7 Revenue from contracts with customers:

3.7.1 Disaggregated revenue information

Particulars	March 31, 2021 ₹ Crores	March 31, 2020 ₹ Crores
Type of goods and service		
a) Sale of products		
- Commercial vehicles	12,279.56	14,326.36
- Engines and gensets	537.27	471.41
- Ferrous castings and patterns	357.58	396.43
- Spare parts and others	1,703.05	1,766.00
	14,877.46	**16,960.20**
b) Sale of services		
- Freight and Insurance	275.33	350.10
- Annual Maintenance Contracts	165.87	215.44
- Warranty services	135.76	30.35
- Others	71.78	128.31
	648.74	**724.20**
c) Other operating revenues		
- Scrap sales	45.79	66.21
- Others	9.74	21.94
	55.53	**88.15**
Less: Rebates and discounts	296.98	417.18
Total revenue from contract with customers	**15,284.75**	**17,355.37**
India	14,215.88	15,908.47
Outside India	1,068.87	1,446.90
Total revenue from contract with customers	**15,284.75**	**17,355.37**

Timing of revenue recognition	March 31, 2021		March 31, 2020	
Particulars	At a point in time	Over a period of time	At a point in time	Over a period of time
- Sale of products and other operating revenue	14,932.99	-	17,048.35	-
- Sale of Services - Freight and Insurance	275.33	-	350.10	-
- Sale of Services - Annual Maintenance Contracts, Warranty services and others	30.95	342.46	74.45	299.65
Less: Rebates and discounts	296.98	-	417.18	-
Total revenue from contract with customers	**14,942.29**	**342.46**	**17,055.72**	**299.65**

3.7.2 Contract balances

Particulars	March 31, 2021	March 31, 2020
	₹ Crores	₹ Crores
Trade receivables (Refer Note 1.4 & 1.10)	2,816.31	1,188.93
Contract liabilities (Refer Notes 1.19 & 1.25)	692.93	861.08

Trade receivables are non - interest bearing and are generally on terms of 7 to 90 days (Refer Credit risk Note 3.6.2 (B)).

Contract liabilities includes advance received from customers and 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 decrease in contract liability is due to decrease in unexpired service warranties and decrease in volumes / revenue.

3.7.3 Revenue recognised in relation to contract liabilities

Particulars	March 31, 2021	March 31, 2020
	₹ Crores	₹ Crores
Revenue recognised from contract liabilities at the beginning of the year	546.11	718.89
Revenue recognised from performance obligations satisfied in previous years	1.84	13.63

3.7.4 Reconciliation of revenue recognised in the statement of profit and loss with the contracted price

Particulars	March 31, 2021	March 31, 2020
	₹ Crores	₹ Crores
Contracted price	15,581.73	17,772.55
Adjustments		
Rebates and discounts	(296.98)	(417.18)
Revenue from contract with customers	**15,284.75**	**17,355.37**

3.7.5 Unsatisfied or partially unsatisfied Perfomance obligation

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are as follows:

	March 31, 2021	March 31, 2020
	₹ Crores	₹ Crores
Within one year	665.94	712.86
More than one year	278.91	326.92
	944.85	**1,039.78**

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.

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

Gulf Ashley Motor Limited

Optare Plc

- Optare UK Limited.
- Switch Mobility Limited (Formerly Optare Group Limited)
- OHM Global Mobility Limited .... From January 26, 2021
- Jamesstan Investments Limited. .... Liquidated on April 13, 2021
- Optare Holdings Limited .... Liquidated on April 13, 2021
- Optare (Leeds) Limited. .... Liquidated on April 13, 2021
- East Lancashire Bus Builders Limited. .... Liquidated on April 13, 2021
- Optare Australia PTY LTD .... From September 9, 2020

Ashok Leyland (Chile) S.A.

Hinduja Leyland Finance Limited

- Hinduja Housing Finance Limited
- Hinduja Insurance Broking and Advisory Services 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

Hinduja Tech Limited........ from February 25, 2021

- Hinduja Tech (Shanghai) Co., Limited .... from March 26, 2021
- Hinduja Tech GmbH, Germany .... from February 25, 2021
- Hinduja Tech Inc, United States of America .... from February 25, 2021

Vishwa Buses and coaches Limited .... from November 19, 2020

b) Other related parties

Fellow subsidiaries

Gulf Oil Lubricants India Limited

Hinduja Energy (India) Limited

DA Stuart India Private Limited

Hinduja Renewables Private Limited

Prathama Solarconnect Energy Private Limited

IDL Explosives Limited

3.8 Related party disclosure (Contd.)

Associates

Ashok Leyland Defence Systems Limited

Lanka Ashok Leyland Plc

Mangalam Retail Services Limited

Joint Ventures

Ashley Alteams India Limited

Ashok Leyland John Deere Construction Equipment Company Private Limited [Along with Gulf Ashley Motor Limited] (under liquidation)

Hinduja Tech Limited...upto February 24, 2021

Entities where control exist

Ashok Leyland Educational Trust

Entities where significant influence exist

Ashok Leyland Employees Gratuity Fund

Ashok Leyland 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 Gratuity Fund

Ennore Foundries Employees Pension cum Insurance Fund

Ennore Foundries Senior Executives Superannuation Fund

Key management personnel

Mr. Dheeraj G Hinduja, Chairman

Mr. Vipin Sondhi, Managing Director and CEO .... from December 12, 2019

Mr. Gopal Mahadevan, Whole-time Director and Chief Financial Officer .... from May 24, 2019

Prof. Dr. Andreas H Biagosch

Dr. Andrew C Palmer

Mr. Jean Brunol

Mr. Jose Maria Alapont

Ms. Manisha Girotra

Mr. Sanjay K Asher

Mr. Saugata Gupta .... from November 8, 2019

Mr. Sudhindar K Khanna .... upto April 5, 2019

Dr. C B Rao.. from August 12, 2020

Note:

Transaction with Rajalakshmi Wind Energy Limited (erstwhile Ashok Leyland Wind Energy Limited) and Prathama Solarconnect Energy Private Limited have not been disclosed as being with an associate since the Company does not have significant influence over Rajalakshmi Wind Energy Limited and Prathama Solarconnect Energy Private Limited, although the Company holds 26% of the equity share capital of Rajalakshmi Wind Energy Limited and Prathama Solarconnect Energy Private Limited respectively.

*The Company has intimated Estera trust (Isle of Man) Limited as significant beneficial owner pursuant to the Companies (Significant Beneficial Owners) Rules, 2018

3.8 Related party disclosure (Contd.)

c) Related Party Transactions - summary

₹ Crores

	Transactions during the year ended March 31	Subsidiaries 2021	Subsidiaries 2020	Fellow Subsidiaries 2021	Fellow Subsidiaries 2020	Associates 2021	Associates 2020	Joint Ventures 2021	Joint Ventures 2020	Holding Company 2021	Holding Company 2020	Entities where control exist 2021	Entities where control exist 2020	Entities where significant influence exist 2021	Entities where significant influence exist 2020	Key Management Personnel 2021	Key Management Personnel 2020	Total 2021	Total 2020
1	Purchase of raw materials, components and traded goods (net of GST)	215.84	53.45	73.28	71.26	0.71	0.85	44.80	37.43	-	-	-	-	-	-	-	-	334.63	162.99
2	Sales and services (net of GST)	504.51	615.34	24.79	26.73	80.32	179.10	1.03	1.11	-	-	-	0.72	-	-	-	-	610.65	823.00
3	Other operating Income	0.04	-	-	-	-	-	1.35	1.33	-	-	-	-	-	-	-	-	1.39	1.33
4	Other expenditure incurred / (recovered) (net)	27.39	47.74	13.96	6.60	(0.76)	(1.05)	25.55	42.27	2.35	2.85	0.08	(0.60)	-	-	-	-	68.57	97.81
5	Interest and other income	3.79	2.77	9.77	10.64	0.78	0.80	0.20	0.01	-	-	-	-	-	-	-	-	14.54	14.22
6	Purchase of assets	-	1.15	-	-	-	-	8.12	-	-	-	-	-	-	-	-	-	8.12	1.15
7	Sale of asset	25.30	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25.30	-
8	Dividend payments	-	-	-	-	-	-	-	-	-	537.67	-	-	-	-	-	-	-	537.67
9	Dividend Income	-	18.50	-	-	0.19	0.40	-	-	-	-	-	-	-	-	-	-	0.19	18.90
10	Remuneration to key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24.12	11.09	24.12	11.09
11	Commission and sitting fees to key management personnel *	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.30	4.58	4.30	4.58
12	Financial guarantees issued @	305.76	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	305.76	-
13	Financial guarantees released	23.66	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23.66	-
14	Investments in shares of	349.02	424.76	18.66	-	-	-	-	1.24	-	-	-	-	-	-	-	-	367.68	426.00
15	Loans / advance given	-	-	-	200.00	-	-	-	-	-	-	-	-	-	-	-	-	-	200.00
16	Loans / advance repaid	-	-	100.00	100.00	-	-	-	-	-	-	-	-	-	-	-	-	100.00	100.00
17	Contribution to employee related trusts made during the year including loans and interest recovered	-	-	-	-	-	-	-	-	-	-	-	-	189.18	244.07	-	-	189.18	244.07

* includes commission and sitting fees to independent directors aggregating to ₹ 3.48 crores (2020 : ₹ 3.42 crores)

@ Includes financial guarantees issued but not yet availed by a subsidiary amounting to ₹ 130.98 crores.

All the transactions are at arms length in line with the related party transactions policy of the Company.

The remuneration paid / payable to certain directors amounting to ₹ 12.30 crores for the financial year ended March 31, 2021, is in excess of the limit prescribed under the Companies Act, 2013 and is subject to approval of the shareholders, which the Company proposes to obtain in the forthcoming Annual General Meeting, in accordance with the provisions of the Companies Act, 2013, as amended from time to time.

3.8 Related party disclosure (Contd.)

d) Related Party balances - summary

₹ Crores

		Subsidiaries		Fellow Subsidiaries		Associates		Joint Ventures		Holding Company		Entities where control exist		Entities where significant influence exist		Key Management Personnel		Total	
	Balances as on March 31	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
1	Trade receivables (Refer Note 1.4 and 1.10)	158.99	38.46	7.72	6.51	75.87	4.10	0.25	0.09	-	-	0.64	0.99	-	-	-	-	243.47	50.15
2	Loans (Refer Note 1.12)	4.29	4.14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.29	4.14
3	Other financial and non-financial assets (Refer Note 1.8, 1.13 and 1.14)	3.97	4.35	-	100.00	-	-	0.22	7.43	-	-	-	-	-	-	-	-	4.19	111.78
4	Trade and other payables	129.80	18.20	26.02	6.13	1.22	0.10	17.64	10.55	0.67	1.16	-	-	10.21	9.93	8.50	4.76	194.06	50.83
5	Share application money (Refer Note 1.13)	#	#	-	-	-	-	-	-	-	-	-	-	-	-	-	-	#	#
6	Financial guarantees	287.30	129.52	-	-	-	-	14.70	23.65	-	-	-	-	-	-	-	-	302.00	153.17

amount is below rounding off norms adopted by the Company.

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

3.8 Related party disclosure (Contd.)

e) Significant Related Party Transactions

₹ Crores

	Transactions during the year ended March 31	2021	2020
1	**Purchase of raw materials, components and traded goods (net of GST)**		
	Ashley Alteams India Limited	44.80	37.43
	Gulf Oil Lubricants India Limited	67.50	64.36
	Global TVS Bus Body Builders Limited	44.98	45.18
	Albonair (India) Private Limited	167.31	7.75
2	**Sales and services (net of GST)**		
	Gulf Ashley Motor Limited	338.22	314.71
	Ashok Leyland (UAE) LLC	166.19	295.49
	Lanka Ashok Leyland Plc	74.21	176.03
3	**Other Operating Income**		
	Ashley Alteams India Limited	1.35	1.33
4	**Other expenditure incurred / (recovered) (net)**		
	Hinduja Automotive Limited, United Kingdom	2.35	2.85
	Gulf Ashley Motor Limited	6.90	14.68
	HLF Services Limited	9.46	13.58
	Ashok Leyland Defence Systems Limited	(0.58)	(0.91)
	Hinduja Tech Limited	27.95	42.32
	Lanka Ashok Leyland Plc	(0.18)	(0.12)
	Albonair GmbH	1.49	9.59
	Ashok Leyland (UAE) LLC	5.67	2.80
	Hinduja renewables Private Limited	5.55	6.17
	Prathama Solarconnect Energy Private Limited	8.24	-
5	**Interest and other income**		
	Ashok Leyland Defence Systems Limited	0.78	0.80
	Albonair (India) Private Limited	0.47	0.23
	Ashley Aviation Limited	2.25	2.26
	Hinduja Energy (India) Limited	9.77	10.64
6	**Purchase of assets**		
	Global TVS Bus Body Builders Limited	-	1.15
	Ashley Alteams India Limited	8.12	-
7	**Sale of assets**		
	Vishwa Buses and Coaches Limited	25.30	-
8	**Dividend payment**		
	Hinduja Automotive Limited, United Kingdom	-	537.67
9	**Dividend income**		
	Lanka Ashok Leyland Plc	0.19	0.40
	Gulf Ashley Motor Limited	-	18.50
10	**Financial guarantees issued**		
	Optare Plc	138.88	-
	Switch Mobility Limited	130.98	-
	Albonair GmbH	35.90	-
11	**Financial guarantees released**		
	Optare Plc	23.66	-
12	**Investment in shares of**		
	Hinduja Leyland Finance Limited	90.49	300.00
	Optare Plc	150.39	100.42
	Hinduja Tech Limited	70.20	-
	Ashley Aviation Limited	4.94	4.34
	Vishwa Buses and Coaches Limited	33.00	-
	Prathama Solarconnect Energy Private Limited	18.66	-
13	**Loans / advance given**		
	Hinduja Energy (India) Limited	-	200.00
14	**Loans / advance repaid**		
	Hinduja Energy (India) Limited	100.00	100.00
15	**Commission and sitting fees to key management personnel**		
	Mr. Dheeraj G Hinduja	0.82	1.16
	Commission and sitting fees to independent directors in aggregate	3.48	3.42

3.8 Related party disclosure (Contd.)

e) Significant Related Party Transactions (Contd.)

₹ Crores

	Transactions during the year ended March 31	2021	2020
16	**Contribution to employee related trusts made during the year including loans and interest recovered**		
	Ashok Leyland Employees Ennore Provident Fund Trust	49.43	51.30
	Ashok Leyland Employees Hosur Provident Fund Trust	37.75	33.86
	Ashok Leyland Senior Executives Provident Fund Trust	43.91	45.72
	Ashok Leyland Employees Gratuity Fund	13.50	38.00
	Ashok Leyland Superannuation Fund	14.08	15.73
	Ennore Foundries Gratuity Fund	8.32	36.11
	Ennore Foundries Limited Employees Provident Fund	13.22	14.03
17	**Remuneration to key management personnel** *		
	Mr. Vipin Sondhi		
	Short term employee benefits	10.62	2.01
	Other long term employee benefits	0.08	0.21
	Share-based payment	5.63	0.94
	Mr. Gopal Mahadevan		
	Short term employee benefits	4.80	4.45
	Other long term employee benefits	0.07	0.12
	Share-based payment	2.92	3.36

* Excludes contribution for gratuity and compensated absences as the incremental liability has been accounted for the Company as a whole.

f) Details of advances in the nature of loans (excluding interest accrued) as required under regulation 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations

₹ Crores

Name of the Company	March 2021				March 2020			
	Status	Outstanding amount	Maximum loan outstanding during the year	Investment in shares of the Company	Status	Outstanding amount	Maximum loan outstanding during the year	Investment in shares of the Company
Albonair GmbH	Subsidiary	4.29	4.49	-	Subsidiary	4.14	4.14	-

g) Disclosure as required under section 186(4) of the Companies Act, 2013:

₹ Crores

		Particulars	As at March 31, 2021	As at March 31, 2020	Maximum amount outstanding during the year	Purpose
i)	Loans outstanding					
	-	Albonair GmbH	4.29	4.14	4.49	Funding for operations
ii)	Inter Corporate Deposits (refer Note 1.13) [refer note 1 below]					
	-	IndusInd Media & Communications Ltd	-	100.00	100.00	General corporate purposes
	-	Hinduja Realty Venture limited	-	100.00	100.00	General corporate purposes
	-	NXT Digital Limited	-	100.00	100.00	General corporate purposes
	-	Hinduja Energy (India) Ltd	-	100.00	100.00	General corporate purposes
	-	Hinduja Group Ltd	-	100.00	100.00	General corporate purposes
iii)	Investments (refer Note 1.3)		4,161.08	3,793.40		
iv)	Guarantees availed [refer note 2 below]					
	-	Optare plc	167.25	46.75	167.25	Guarantees for term loan / working capital loan
	-	Ashley Alteams India Limited	14.70	23.65	24.50	Guarantees for term loan
	-	Albonair GmbH	120.05	82.77	120.05	Guarantees for working capital loan

Note 1 Inter Corporate Deposits given during the year amounts to ₹ Nil (2020: ₹ 950 crores). Inter Corporate Deposits repaid during the year amounts to ₹ 500 crores (2020: ₹ 450 crores).

Note 2 Guarantees given during the year amounts to ₹ 174.78 crores (2020: ₹ Nil), were given for the borrowings availed by Optare Plc and Albonair GmbH. Guarantees released during the year amounts to ₹ 23.66 crores (2020: ₹ Nil), pertaining to borrowing availed by Optare Plc.

The terms are in compliance with Section 186(7) of the Companies Act, 2013.

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

3.9 Contingent liabilities

₹ Crores

		As at March 31, 2021	As at March 31, 2020
		₹ Crores	₹ Crores
a)	Claims against the Company not acknowledged as debts (net)		
	i) Sales tax / VAT / GST #	272.92	274.39
	ii) Excise duty #	8.19	8.19
	iii) Service Tax #	60.16	61.48
	iv) Customs Duty #	0.43	0.43
	v) Income tax $	155.55	-
	vi) Others	40.23	41.77
	$ These relates to issues of deductibility and taxability in respect of which the Company is in appeal and inclusive of the effect of similar matters in respect of assessments remaining to be completed		
	# 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	302.00	153.17
	Future cash outflows in respect of the above are determinable only on receipt of judgement / decisions pending with various forums / authorities.		

Notes :

The Company evaluated the impact of the recent Supreme Court Judgement 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 and the Management believes that further clarity is required on this matter for the time period prior to 31st March 2019. However, it is not likely to have a significant impact and accordingly, no provision has been made in these Financial Statements.

The Company is involved in various claims and actions in the ordinary course of business. The Company accrues a liability when a loss is considered probable and the amount can be reasonably estimated. In the opinion of the management the outcome of any existing claims, legal and regulatory proceedings, if decided adversely, is not expected to have a material adverse effect on the business, financial condition, results of operations and cash flows of the Company based on the current position of such claims / legal actions.

3.10 Commitments :

₹ Crores

		As at March 31, 2021	As at March 31, 2020
		₹ Crores	₹ Crores
a)	Capital commitments (net of advances) not provided for	276.08	317.36
	[including ₹ 25.08 Crores (March 2020: ₹ 33.93 Crores) in respect of intangible assets]		
b)	Uncalled liability on partly paid shares / investments	27.00	#
c)	Other commitments		
	i) Financial support given to certain subsidiaries, joint ventures, etc.		
	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: ₹ Crores

			As at March 31, 2021				As at March 31, 2020		
			Non-current	Current Maturities	Total	Particulars of Redemption / Repayment	Non-current	Current Maturities	Total
a.	**Secured borrowings:**								
	i.	Term loans:							
		TL - 12	500.00	-	500.00	Repayable annually in 5 equal installments starting from September 9, 2022	500.00	-	500.00
		TL - 13	300.00	-	300.00	Repayable annually in 4 equal installments starting from May 14, 2023	-	-	-
		TL - 14	87.50	12.50	100.00	Repayable semi annually in 8 equal installments starting from February 28, 2022	-	-	-
		TL - 15	100.00	-	100.00	Repayable quarterly in 20 installments of varying amounts starting from July 1, 2023	-	-	-
			987.50	**12.50**	**1,000.00**		**500.00**	**-**	**500.00**
	ii.	Non-Convertible Debentures (NCD)							
		Series 1	400.00	-	400.00	Bullet repayment at the end of 3 years from the date of allotment i.e. May 19, 2023	-	-	-
		Series 2	200.00	-	200.00	Bullet repayment at the end of 3 years from the date of allotment i.e. June 25, 2023	-	-	-
			600.00	**-**	**600.00**		**-**	**-**	**-**
	iii.	SIPCOT Soft loan	31.18	-	31.18	August 1, 2025	31.18	-	31.18
			31.18	**-**	**31.18**		**31.18**	**-**	**31.18**

(i) TL -12 - Term loan was secured by way of first ranking charge on the specified plant and machinery of a manufacturing unit of the Company located at Pantnagar to the extent of ₹ 500 crores.

(ii) TL - 13 - Term loan was secured by way of first ranking charge on the specified plant and machinery of three manufacturing units of the Company located at Hosur to the extent of 1.25 times of the amount of loan.

(iii) TL - 14 - Term loan was secured by way of exclusive charge on the specified plant and machinery and other moveable fixed assets of a manufacturing unit of the Company located at Pantnagar to the extent of 1.10 times of the amount of loan.

(iv) TL - 15 - Term loan was secured by way of exclusive charge on the specified plant and machinery and other moveable fixed assets of a manufacturing unit of the Company located at Pantnagar to the extent of 1.25 times of the amount of loan.

(v) NCD - Series 1 - 8% AL 2023 are secured by way of first ranking charge over specific plant and machinery of manufacturing and research and development units situated at Ennore and Vellivoyalchavadi and specific immoveable properties of manufacturing unit at Ennore to the extent of 1.10 times of the amount of debentures.

(vi) NCD - Series 2 - 7.65% AL 2023 are secured by way of first ranking charge over specific plant and machinery of three manufacturing units situated at Hosur and specific immoveable properties situated at manufacturing unit at Ennore to the extent of 1.10 times of the amount of debentures.

(vii) 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.

3.11 Details of Non-current borrowings: (Contd.)

₹ Crores

			As at March 31, 2021				As at March 31, 2020		
			Non-current	Current Maturities	Total	Particulars of Redemption / Repayment	Non-current	Current Maturities	Total
b.	**Unsecured borrowings:**								
	i.	ECB Loans							
		ECB -16	147.83	-	147.83	Repayable annually in 3 equal installments starting from November 18, 2023	-	-	-
		ECB -15	146.22	-	146.22	Repayable annually in 3 equal installments starting from February 28, 2023	151.33	-	151.33
		ECB -14	584.88	-	584.88	Repayable annually in 3 equal installments starting from September 23, 2022	605.32	-	605.32
		ECB -13	-	-	-	Fully repaid on September 10, 2020	-	50.44	50.44
		ECB -12	-	-	-	Fully repaid on June 26, 2020	-	151.33	151.33
			878.93	**-**	**878.93**		**756.65**	**201.77**	**958.42**
	ii.	Interest free sales tax loans Programme II	66.41	-	66.41	Varying amounts repayable on a periodical basis ending in June 2028	66.41	16.53	82.94
			66.41	**-**	**66.41**		**66.41**	**16.53**	**82.94**

The above term loans, external commercial borrowings and loans from others carry varying rates of interest ranging with maximum rate of interest going upto 8.43% p.a. (March 31, 2020: 8.15% p.a). The weighted average rate of interest of these loans is around 7.66% p.a (2019-20 : 7.28% p.a).

3.12 Details of current borrowings

₹ Crores

			As at March 31, 2021	Particulars of Repayment	As at March 31, 2020
a.	**Secured borrowings**				
	i	- STL 20	-	Repaid on various dates in FY 2020-21	842.00
			-		**842.00**

Working capital demand loan from banks are secured by way of hypothecation of the whole stocks of Raw Materials, Semi Finished and Finished goods, Stores and Spares not related to Plant and Machinery (Consumable stores and spares) Bills Receivable, Book Debts and all other movables both present and future now lying or stored about the factory premises, godowns, warehouses, yards and any other locations to the extent of ₹ 2,000 crores (March 31, 2020: ₹ 900 crores).

₹ Crores

			As at March 31, 2021	Particulars of Repayment	As at March 31, 2020
b.	**Unsecured borrowings**				
	i.	- STL 19	-	Repaid on various dates in FY 2020-21	825.00
	ii.	- STL 21	170.00	Repayable on September 10, 2021	-
	iii.	- STL 22	500.00	Repayable on December 28, 2021	-
	iv.	- STL 23	150.00	Repayable on August 21, 2021	-
			820.00		**825.00**
	i.	- Buyers credit	-	Repaid in April 2020	28.94
	ii.	- Bills discounted	91.13	Repayable / Repaid on various dates upto September 2021 / April 2020	15.03
	iii.	- Commercial paper	250.00	Repayable on June 7, 2021	-
			341.13		**43.97**

The above borrowings carry varying rates of interest with the maximum rate of interest going upto 9.10% p.a (March 31, 2020: 10.50% p.a). The weighted average rate of interest of these borrowings is around 5.98% p.a. (2019-20: 8.40% p.a.)

The carrying value of the above borrowings (as reflected in Notes 1.17, 1.22 and 1.24) are measured at amortised cost using effective interest method while the above borrowings represents principal amount outstanding.

3.13 Other Information (including foreign currency transactions)

		Year ended March 31, 2021	Year ended March 31, 2020
		₹ Crores	₹ Crores
3.13.1	**Auditors' remuneration**		
	Included under selling and administration expenses - net [Refer Note 2.7]		
	i) For financial audit	1.30	1.30
	ii) For other services - limited review, certification work, etc.	0.81	0.83
	iii) For reimbursement of expenses	0.09	0.19
3.13.2	**Total research and development costs charged to the Statement of Profit and Loss [including amount shown under Note 2.7]**	594.49	890.53
3.13.3	**Impact of exchange (gain) / loss for the year in the Statement of Profit and Loss due to:**		
	a) Translation / settlement (net) *	(25.01)	17.12
	b) Amortisation of exchange difference *	-	24.75
	c) Exchange difference on swap contracts *	23.94	(41.06)
	* Included under selling and administration expenses - net [Refer Note 2.7]		
	d) Depreciation on exchange difference capitalised #	68.48	92.72
	# Included under depreciation and amortisation expense [Refer Note 2.6]		

3.14 Accounting for long term foreign currency monetary items

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, 2021 aggregated ₹ Nil [year ended March 31, 2020 ₹ 6.04 Crores].

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, 2021 is ₹ Nil [year ended March 31, 2020 ₹ 24.75 Crores].

c) The un-amortised net exchange difference in respect of long term monetary items relating to other than acquisition of depreciable assets, is ₹ Nil as at March 31, 2021 [March 31, 2020: loss of ₹ Nil]. 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 2021	March 2020
i)	Principal amount paid after appointed date during the year	16.19	4.82
ii)	Amount of interest due and payable for the delayed payment of principal amount	0.14	0.02
iii)	Principal amount remaining unpaid as at year end (over due)	2.26	0.59
iv)	Principal amount remaining unpaid as at year end (not due)	34.67	11.96
v)	Interest due and payable on principal amount unpaid as at the year end	0.02	0.01
vi)	Total amount of interest accrued and unpaid as at year end	0.25	0.13
vii)	Further interest remaining due and payable for earlier years	0.09	0.10

3.16 CSR Expenditure:

₹ Crores

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(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)	45.86	53.11
(b) Amount spent / transfer during the year on:		
(i) Construction / acquisition of any asset	-	-
(ii) Ongoing projects (Applicable for the year ended March 31, 2021) *	33.85	-
(iii) On purposes other than (i) & (ii) above**	12.01	41.52
*Includes amount to be deposited in earmarked bank account for designated ongoing projects as at the end of the year	15.51	-
**Includes amount to be deposited in specific fund as mentioned in Schedule VII (relating to other than ongoing projects) as at the end of the year (Applicable for the year ended March 31, 2021)	0.17	-

3.17 Goodwill

₹ Crores

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Gross Goodwill at the beginning / end of the year	449.90	449.90
Accumulated impairment at the at the beginning / end of the year	-	-
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 has used post tax discount rate of 13% (March 2020: 13.1%) and terminal growth rate of 2% (March 2020: 2%) for the purpose of impairment testing based on the next five years projected cash flows. Both pre tax and post tax discount rates give the same recoverable amount. 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.

3.18 The Company has taken due care in concluding on accounting judgements and estimates; viz., in relation to recoverability of receivables, assessment of impairment of goodwill and intangibles, investments and inventory, based on the internal and external information available to date, while preparing the Company's standalone financial statements as of and for the year ended March 31, 2021. Owing to the improvement in COVID-19 situation during the second half of the financial year, the Company saw recovery in its performance. The Company continues to assess external and internal factors which can have an impact on its performance. The Company will continue to monitor future economic conditions and update its assessment.

3.19 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the certain provisions of the Code will come into effect and the rules thereunder has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

3.20 The figures for the previous year have been reclassified / regrouped wherever necessary for better understanding and comparability.

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

A.J. Shaikh
Partner
Membership Number - 203637
June 24, 2021
Bengaluru

For and on behalf of the Board of the Directors

Dheeraj G Hinduja
Chairman
DIN : 00133410
London

Vipin Sondhi
Managing Director and
Chief Executive Officer
DIN : 00327400
New Delhi

Gopal Mahadevan
Whole-time Director and
Chief Financial Officer
DIN : 01746102
June 24, 2021
Chennai

N. Ramanathan
Company Secretary
Chennai

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 Ind AS financial statements), which comprise the consolidated Balance Sheet as at March 31, 2021, and 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, 2021, of consolidated total comprehensive income (comprising of loss and 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 Auditors' 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 19 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 20 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. The following paragraph were included in the audit report dated June 3, 2021, 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 reproduced by us as under:

   "We draw attention to Note 3.6.2 of the consolidated financial statements, which describes the potential continuing impact of the COVID-19 pandemic on the group's consolidated financial statements and particularly the impairment provisions are dependent on future developments, which are highly uncertain.

   Our opinion on the special purpose financial information is not modified in respect of this matter."

   Note 3.6.2 as described above is reproduced as Note 3.19 to the Consolidated (Ind AS) Financial Statements.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgement, 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	
a. Fair value of investment in other equity instruments (Refer to Note 1B.19 and Note 1C to the consolidated Ind AS financial statements regarding the recognition, valuation and disclosure methods of 'equity instruments in others' and 'Critical accounting judgements and key sources of estimation uncertainty' respectively) In the consolidated Ind AS financial statements of the Company, equity investments in others is INR 216.86 crores by the Holding Company and is valued at fair value on a recurring basis and where no listed price in an active market is available. The valuation of these other equity instruments is a key audit matter as the determination of fair value involves significant management judgement as no active market, observable inputs are available. The key inputs and judgements involved in the model for fair value 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 relevant 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 and fair value, as applicable. • 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.

<table>
<tr><th>Key audit matter description</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td></td><td>- 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.

- the competence, capabilities and objectivity of the management's expert involved in the valuation process.</td></tr>
<tr><td>b. Impairment of Goodwill and carrying value of the net assets of cash generating unit (including goodwill) of Light commercial vehicle business

(Refer to Note 1B.4, Note 1C 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 of INR 449.90 crores forming part of LCV business is INR 1,191.10 crores against which a cumulative provision for impairment of INR 400.23 crores is outstanding as at March 31, 2021.

In the consolidated Ind AS financial statements of the Holding Company, the carrying value of net assets of cash generating unit (including goodwill) of LCV business is INR 499.36 crores as at March 31, 2021.

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 net 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.

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>• We along with the auditors' experts evaluated the appropriateness of the measurement model and reasonableness of key assumptions like terminal growth rate, discount rate.

• We performed sensitivity tests on the model by analysing the impact of using other possible growth rates and discount rates within a reasonable and foreseeable range.

• 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, carrying value of net assets of LCV business and fair value of investment in other equity instruments.</td></tr>
<tr><td colspan="2">II. Assessment of provision for warranty obligations</td></tr>
<tr><td>(Refer to Note 1B.18, Note 1.23, Note 1.29 and Note 1C to the consolidated 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 consolidated Ind AS financial statements, the Group carries a provision of INR 260.80 crores for warranty obligations pertaining to the Holding Company as on March 31, 2021.

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 relevant 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 Holding Company.</td></tr>
</table>

<table>
<tr><th colspan="2">Key audit matter description</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2"></td><td>- 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 of the Holding Company to be reasonable.</td></tr>
<tr><td>III.</td><td colspan="2">Capitalisation of internally generated intangible assets (ITA) and intangible under development (ITUD):</td></tr>
<tr><td></td><td>(Refer to Note 1B.14, Note 1B.15, and Note 1C to the consolidated Ind AS financial statements regarding the recognition, amortisation of 'Intangible asset', 'Impairment Losses' and 'Critical accounting judgements and key sources of estimation uncertainty' respectively)

The Holding Company has capitalised INR 214.46 crores of intangibles in the nature of internally developed technical knowhow during the year and has an amount of INR 143.07 crores under development as at March 31, 2021 for new vehicle technology relating to design, emission and other intangible assets.

The appropriateness of ITA and ITUD capitalised is a key audit matter due to the judgement involved in assessing if the cost meets the capitalisation criteria, dependency of the business on the assets capitalised/ under capitalisation and key assumptions used in the measurement model for impairment.

The measurement model used for review of impairment of these ITA depends largely on management's assessment with regard to the appropriateness of estimated future cash flows and the discount rates used. Hence, there are significant estimates and judgements involved in determining the above.</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 relevant internal controls with regard to the classification of development expenditure and their capitalisation and evaluation of impairment for internally generated intangible assets.
• We confirmed that the development projects for intangible assets and its impairment assessment were approved by the committee appointed by the Board.
• Tested the capitalisation of project related expenses incurred during the year with underlying documents relating to material costs, directly attributable overheads, designing cost, software expenses, testing charges and related salary cost incurred to verify existence and appropriateness of classification of research and development.
• With regard to the impairment assessment model, we evaluated the following:
- 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.
- the competence, capabilities and objectivity of the management personnel involved in the valuation process.
• We along with the auditors' experts evaluated the appropriateness of the measurement model and reasonableness of key assumption like discount rate.
• We performed sensitivity tests on the model by analysing the impact of using other possible growth rates and discount rates within a reasonable and foreseeable range.
• 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 capitalisation of ITA and ITUD.</td></tr>
</table>

Also refer to the Key Audit Matters included by us in our audit report of even date on the Standalone Ind AS financial statements of the Parent Company.

6. The following Key Audit Matters were included in the audit report dated June 3, 2021, 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 reproduced by us as under:

<table>
<tr><th colspan="2">Key audit matter description</th></tr>
<tr><td colspan="2">I. Impairment of Financial Assets</td></tr>
<tr><td>Management estimates impairment provision using Expected Credit loss (ECL) model for the loan exposure. Recognition and measurement of impairment of loans involve significant management judgement. The Group's impairment allowance is derived from estimates including the historical default and loss ratios. Collective impairment allowances are calculated using ECL model which approximate credit conditions on homogenous portfolio of loans.

During the year, the Group has made additional provisions after evaluating the extent to which COVID-19 pandemic may impact its overall operations and performance. Given the uncertainty over the future economic conditions, these additional provisions also involve significant management estimates/judgements.

Further, the disclosures made in the financial statements for ECL especially in relation to judgements and estimates by the Management in determination of the ECL involve increase level of audit focus.

The aforesaid involves significant management estimates/ judgements and hence identified as Key Audit Matter.</td><td>Principal audit procedures performed:

Our audit procedures in relation to expected credit losses were focused on obtaining sufficient appropriate audit evidence as to whether the expected credit losses recognized in the financial statements were reasonable and the related disclosures in the financial statements made by the management were adequate.

These procedures included, but not limited, to the following:
• We examined Board Policy approving the methodology for computation of ECL that address policies, procedures and controls for assessing and measuring credit risk on all lending exposures, commensurate with the size, complexity and risk profile specific to the Group.
• We obtained an understanding of the model adopted by the Group for calculation of expected credit losses including how management calculated the expected credit losses and the appropriateness of the data on which the calculation is based and tested the management controls for it.
• We evaluated the design and operating effectiveness of controls across the processes relevant to ECL. These controls, among others, included controls over the allocation of assets into stages including management's monitoring of model validation and production of journal entries and disclosures.
• We tested the completeness of loans and advances included in the Expected Credit loss calculations as of March 31, 2021 by reconciling it with the balances as per loan balance register and loan commitment report as on that date.
• We tested assets in stage 1, 2 and 3 on sample basis to verify that they were allocated to the appropriate stage. For samples of exposure, we tested the appropriateness of determining EAD, PD and LGD Test of details over calculation of impairment allowance for assessing completeness and accuracy of data.
• We performed an overall assessment of the ECL provision levels at each stage including management's assessment on Covid-19 impact to determine if they were reasonable considering the Company's portfolio, risk profile, credit risk management practices and the macroeconomic environment.
• We assessed the adequacy and appropriateness of disclosures in compliance with the Ind AS 107 in relation to ECL especially in relation to judgements used in estimation of ECL provision.</td></tr>
<tr><td colspan="2">II. Valuation of Financial Instruments</td></tr>
<tr><td>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. The most significant judgements are:
• Assessing the fair value of financial instruments based on the significant degree of judgement exercised by management in determining the inputs used in the valuation.</td><td>Our audit procedures in relation to fair valuation of financial instruments were focused on obtaining sufficient appropriate audit evidence as to whether the fair valuation of financial instruments recognized in the financial statements were reasonable and the related disclosures in the standalone financial statements made by the management were adequate.

These procedures included, but not limited, to the following:
• Obtain an understanding of the fair valuation methodology and
• Testing the design and operating effectiveness of controls over the
(1) management's methodology for determining Fair Value, including consideration of the current and estimated future economic conditions.
(2) completeness and accuracy of information used in determining Fair Value.</td></tr>
</table>

7. The following Key Audit Matters were included in the audit report dated May 7, 2021, containing an unmodified audit opinion on the consolidated financial information of Lanka Ashok Leyland Plc, an associate of the Holding Company issued by an independent firm of Chartered Accountants reproduced by us as under:

Key audit matter description	
I. Carrying value of inventories	
Changes in economic sentiment or consumer preferences, demands and the introduction of newer models with the latest design and technologies could result in inventories on hand no longer being sought after or being sold at a discount below their cost. Estimating the future demand and the related selling prices of vehicles, generators and spare parts are inherently subjective and uncertain because it involves management estimating the extent of markdown of selling prices necessary to sell the older or slow moving models in the period subsequent to the reporting date. We identified the valuation of inventories as a key audit matter because of the significant judgement excercised by management in determining appropriate carrying value of inventories.	**Audit procedures performed:** • Evaluating whether the inventory provisions at the end of the reporting period were determined in a manner consistent with the Company's inventory provision policy by recalculating the inventory provisions based on the percentages and other parameters in the Company's inventory provision policy. • assessing, on a sample basis, whether items in the inventory ageing report were classified within the appropriate ageing category by comparing individual items with the underlying documentation which included purchase invoices and goods receipt notes. • enquiring of management about any expected changes in plans for markdowns or disposals of slow moving or obsolete inventories and comparing their representations with actual transactions subsequent to the reporting date and assumptions adopted in determining the inventory provisions. • comparing, on a sample basis, the carrying value of inventories with sales prices subsequent to the end of the reporting period. • attending inventory counts as at the year end to ensure the existence and condition of inventories as at the reporting date.
II. Recoverability of rental and trade receivables	
Assessing the allowance for impairment of rental and trade receivables remains one of the significant judgements made by management particularly in light of the uncertain economic outlook in Sri Lanka due to the continuing impact of Global COVID-19 outbreak. We identified assessing the recoverability of trade debtors as a key audit matter because of the significance of trade debtors to the financial statements as a whole and the assessment of the recoverability of trade debtors is inherently subjective and requires significant management judgement in accordance with SLFRS 09, which increases the risk of error or potential management bias.	Our audit procedures included: • Obtaining an understanding of and assessing the design and implementation of management's key internal controls relating to credit control, debt collections and making allowances for doubtful debtors. • Reviewing the appropriateness of the provisioning methodology used by management in determining the impairment allowances against the requirements of SLFRS 09. • Recomputing management's calculation of the impairment allowance determined based on expected credit loss method. • Obtaining an understanding of the key parameters and assumptions of the expected credit loss model adopted by the management, including historical default data and management's estimated loss rates. • Assessing the reasonableness of management's loss allowance estimate by examining the information used by management to form such judgements, including testing the accuracy of the historical default data and evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward looking information. • Challenging management's assumptions for the expected cashflows and the timing of the expected cashflows in the scenario-based probability weighted impairment assessment of individually significant customers. • Assessing, on a sample basis, whether items in the debtors ageing report were classified within the appropriate ageing category by comparing individual items in the report with the underlying documentation such as sales invoices. • Requesting for confirmations from major debtors and/or verifying subsequent settlements as an alternative procedure.

Other Information

8. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report (i.e. Board's report, Report on Corporate Governance and Management Discussion and Analysis Report) but does not include the consolidated Ind AS financial statements and our auditors' report thereon.

9. 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.

10. 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 19 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

11. 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 and 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; selection and application of appropriate accounting policies; making judgements 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 Directors of the Holding Company, as aforesaid.

12. 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.

13. 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

14. 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.

15. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism 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 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 statements/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.

16. 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.

17. 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.

18. 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 Matters

19. We did not audit the consolidated financial information/financial statement of four subsidiaries and financial statements of five subsidiaries that reflect total assets of INR 25,677.08 crores and net assets of INR 4,131.84 crores as at March 31, 2021, total revenue of INR 4,527.13 crores, total comprehensive income (comprising of profit and other comprehensive income) of INR 485.67 crores and net cash flows amounting to INR 36.46 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/(loss) (comprising of profit/(loss) and other comprehensive income) of INR 1.02 crores and INR (2.98) crores for the year ended March 31, 2021 as considered in the consolidated Ind AS financial statements, in respect of three associate companies and one joint venture respectively, whose financial statements/financial information have not been audited by us. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements 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.

20. We did not audit the consolidated financial information of a subsidiary and financial information of three subsidiaries that reflect total assets of INR 353.11 crores and net assets of INR 50.29 crores as at March 31, 2021, total revenue of INR 404.97 crores, total comprehensive income (comprising of profit/(loss) and other comprehensive loss) of INR 16.12 crores and net cash flows amounting to INR (1.06) 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 and other comprehensive income) of INR 1.50 crores for the year ended March 31, 2021 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 a joint venture 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 and a 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 section 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.

Report on Other Legal and Regulatory Requirements

21. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

    (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

    (c) 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 and records maintained for the purpose of preparation of the consolidated Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated 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 of the Holding Company as on March 31, 2021 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, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of 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'.

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

i. The consolidated Ind AS financial statements disclose the impact, if any, of pending litigations as on March 31, 2021 on the consolidated financial position of the Group, its associates and joint ventures - Refer Note 3.11 to the consolidated Ind AS financial statements.

ii. The Group, its associates and its joint ventures has long-term contracts including derivative contracts as at March 31, 2021 for which there were no material foreseeable losses.

iii. 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, 2021.

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2021.

22. Except for managerial remuneration aggregating to INR 12.30 crores, the managerial remuneration paid/provided for by the Group, its associates and joint ventures is in accordance with the requisite approvals as mandated by the provisions of Section 197 read with Schedule V to the Act. As stated in Note 3.9 to the consolidated Ind AS financial statements, the Holding Company will place the managerial remuneration paid/provided in excess of the limits before shareholders for their approval in the ensuing annual general meeting.

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

A. J. Shaikh
Partner
Membership Number: 203637
UDIN: 21203637AAAABX2909

Bengaluru
June 24, 2021

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 21 (f) of the Independent Auditors' Report of even date to the members of Ashok Leyland Limited on the consolidated Ind AS financial statements for the year ended March 31, 2021

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, 2021, 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 venture companies, 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 subsidiary Company and joint venture Company incorporated in India namely Vishwa Buses and Coaches Limited and Ashok Leyland John Deere Construction Equipment Company Private Limited, respectively, pursuant to MCA notification GSR 583(E) dated 13 June 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 venture companies, 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 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 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 auditors' 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 Holding 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 control 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 Holding Company, its subsidiary companies, its associate companies and joint venture companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements, where applicable and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by such 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. Also, refer paragraph 4 to the Independent Auditors' Report.

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 insofar as it relates to seven subsidiary companies, two associate companies and one joint venture Company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not modified in respect of this matter.

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

A. J. Shaikh
Partner
Membership Number: 203637
UDIN: 21203637AAAABX2909

Bengaluru
June 24, 2021

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2021

Particulars	Note	As at March 31, 2021	As at March 31, 2020
		₹ Crores	₹ Crores
ASSETS			
Non-current assets			
Property, plant and equipment	1.1	5,630.26	5,314.21
Capital work-in-progress	1.1	233.27	442.12
Right-of-use asset	1.1a	417.16	521.45
Goodwill (including consolidation)		1,240.77	1,115.56
Other Intangible assets	1.2	1,196.03	1,079.71
Intangible assets under development	1.2	102.27	131.77
Investments - Accounted for using equity method	1.3	41.28	105.01
Financial assets			
(i) Investments	1.3	809.83	672.09
(ii) Trade receivables	1.4	0.31	0.58
(iii) Loans	1.5	15,462.72	12,022.12
(iv) Other financial assets	1.6	479.09	567.28
Deferred tax assets (net)	1.7	8.91	7.71
Income tax assets (net)	1.8	175.22	213.24
Other non-current assets	1.9	350.89	624.52
		26,148.01	**22,817.37**
Current assets			
Inventories	1.10	2,495.85	1,536.39
Financial assets			
(i) Investments	1.11	244.52	183.24
(ii) Trade receivables	1.12	3,020.91	1,504.69
(iii) Cash and cash equivalents	1.13a	1,481.04	2,188.24
(iv) Bank balances other than (iii) above	1.13b	297.49	47.06
(v) Loans	1.14	6,258.96	7,888.95
(vi) Other financial assets	1.15	1,092.96	1,123.33
Contract Assets	1.16	19.72	2.18
Other current assets	1.17	1,007.41	835.41
		15,918.86	**15,309.49**
TOTAL ASSETS		**42,066.87**	**38,126.86**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	1.18	293.55	293.55
Other equity	1.19	7,568.47	7,495.26
Equity attributable to owners of the Company		**7,862.02**	**7,788.81**
Non-controlling interest		1,268.28	1,107.08
Total equity		**9,130.30**	**8,895.89**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	1.20	15,564.63	13,308.70
(ii) Lease Liability		145.45	142.75
(iii) Other financial liabilities	1.21	171.55	167.90
Contract liabilities	1.22	215.67	249.85
Provisions	1.23	229.38	228.54
Deferred tax liabilities (net)	1.24	386.09	338.57
		16,712.77	**14,436.31**
Current liabilities			
Financial liabilities			
(i) Borrowings	1.25	2,599.73	2,842.68
(ii) Lease Liability		41.61	36.77
(iii) Trade payables	1.26		
a) Total outstanding dues of micro enterprises and small enterprises		38.86	13.07
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		5,307.37	3,263.52
(iv) Other financial liabilities	1.27	6,926.91	7,232.27
Contract liabilities	1.28	473.79	597.52
Provisions	1.29	579.48	715.98
Other current liabilities	1.30	202.25	92.84
Current tax liabilities (net)	1.31	53.80	0.01
		16,223.80	**14,794.66**
TOTAL EQUITY AND LIABILITIES		**42,066.87**	**38,126.86**

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

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

A.J. Shaikh
Partner
Membership Number - 203637
June 24, 2021
Bengaluru

For and on behalf of the Board of the Directors

Dheeraj G Hinduja
Chairman
DIN : 00133410
London

Vipin Sondhi
Managing Director and
Chief Executive Officer
DIN : 00327400
New Delhi

Gopal Mahadevan
Whole-time Director and
Chief Financial Officer
DIN : 01746102

N. Ramanathan
Company Secretary
Chennai

June 24, 2021
Chennai

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

Particulars	Note	Year ended March 31, 2021	Year ended March 31, 2020
		₹ Crores	₹ Crores
Income			
Revenue from operations	2.1	19,454.10	21,951.27
Other income	2.2	131.16	107.83
Total Income		**19,585.26**	**22,059.10**
Expenses			
Cost of materials and services consumed		11,768.86	11,164.38
Purchases of stock-in-trade		807.62	874.38
Changes in inventories of finished goods, stock-in-trade and work-in-progress		(529.10)	1,307.16
Employee benefits expense	2.3	2,159.43	2,190.27
Finance costs	2.4	1,900.64	1,801.65
Depreciation and amortisation expense	2.5	835.62	749.99
Other expenses	2.6	2,784.85	3,181.73
Total Expenses		**19,727.92**	**21,269.56**
(Loss) / Profit before exchange gain on swap contracts, Share of (loss) / profit of associates and joint ventures, exceptional items and tax		**(142.66)**	**789.54**
Exchange gain on swap contracts		-	0.01
Share of (Loss) / profit of associates and joint ventures (net)		(0.50)	2.89
(Loss) / Profit before exceptional items and tax		**(143.16)**	**792.44**
Exceptional items	2.7	76.08	(53.28)
(Loss) / Profit before tax		**(67.08)**	**739.16**
Tax expense:			
Current tax		63.09	194.68
Deferred tax - (Credit) / Charge		(60.57)	84.68
		2.52	**279.36**
(Loss) / Profit for the year		**(69.60)**	**459.80**
Other Comprehensive Income			
A (i) Items that will not be reclassified to Profit or Loss			
- Remeasurement of defined benefit plans		8.34	(73.97)
- Share of other comprehensive income in associates and joint ventures		0.09	(0.28)
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		(2.86)	24.94
B (i) Items that will be reclassified to Profit or Loss			
- Exchange differences in translating the financial statements of foreign operations		(7.57)	6.25
- Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge		3.81	(23.20)
- Gain / (Loss) on fair valuation of loans relating to financing activities		408.18	224.48
- Change in allowances for expected credit loss relating to financing activities		-	40.34
- Share of other comprehensive income in associates and joint ventures		(3.16)	(0.04)
(ii) Income tax relating to items that will be reclassified to Profit or Loss		(104.07)	(25.01)
Total Other Comprehensive Income		**302.76**	**173.51**
Total Comprehensive Income for the year		**233.16**	**633.31**
(Loss) / Profit for the year attributable to			
Owners of the Company		(165.23)	336.67
Non-controlling interests		95.63	123.13
Other Comprehensive Income for the year attributable to			
Owners of the Company		207.75	85.70
Non-controlling interests		95.01	87.81
Total Comprehensive Income for the year attributable to			
Owners of the Company		42.52	422.37
Non-controlling interests		190.64	210.94
(Loss) / Earnings per equity share (Face value Re 1 each)	3.4		
- Basic (in ₹)		(0.56)	1.15
- Diluted (in ₹)		(0.56)	1.15

The above Consolidated Statement of Profit and Loss should be read in conjunction with the accompanying notes.

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

A.J. Shaikh
Partner
Membership Number - 203637
June 24, 2021
Bengaluru

For and on behalf of the Board of the Directors

Dheeraj G Hinduja
Chairman
DIN : 00133410
London

Vipin Sondhi
Managing Director and
Chief Executive Officer
DIN : 00327400
New Delhi

Gopal Mahadevan
Whole-time Director and
Chief Financial Officer
DIN : 01746102

N. Ramanathan
Company Secretary
Chennai

June 24, 2021
Chennai

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

Particulars		Year ended March 31, 2021	Year ended March 31, 2020
		₹ Crores	₹ Crores
Cash flow from operating activities			
(Loss) / Profit for the year		**(69.60)**	**459.80**
Adjustments for :			
Income tax expense		2.52	279.36
Share of loss / (profit) of associates and joint ventures (net)		0.50	(2.89)
Depreciation, amortisation and impairment expense		788.23	710.82
Depreciation of right-of-use asset		47.39	39.17
Share based payment costs		22.41	16.06
Obligation relating to discontinued products of LCV division (net of reversal)		(78.76)	7.69
Impairment (reversal) / loss allowance / write off on trade receivable / other receivables / loans (net)		(10.93)	233.27
Net loss / (gain) arising on financial asset mandatorily measured at FVTPL		4.61	(1.49)
Foreign exchange (gain) / loss		(30.85)	44.83
Exchange loss / (gain) on swap contracts		23.94	(41.06)
Profit on sale of Property, plant and equipment (PPE) and Intangible assets - net		(4.35)	(4.90)
Profit on sale of Immovable property		(6.92)	-
Profit on sale of Investments - net		(6.91)	(16.81)
Gain on disposal of interest in a former Joint Venture		(76.39)	-
Gain on preclosure of leases		(0.10)	(0.99)
Finance costs		335.13	136.19
Interest income		(95.47)	(58.44)
Operating profit before working capital changes		**844.45**	**1,800.61**
Adjustments for changes in :			
Trade receivables		(1,554.28)	1,201.91
Inventories		(959.46)	1,527.04
Non-current and current financial assets		(1,274.03)	(781.64)
Other non-current and current assets		(71.77)	391.57
(Payment to) / Redemption of escrow account		(0.75)	75.73
Contract assets		2.00	2.05
Related party advances / receivables (net)		(0.12)	0.71
Trade payables		2,061.54	(2,508.62)
Non-current and current financial liabilities		(23.25)	(289.97)
Other non-current and current liabilities		115.73	(501.42)
Non-current and current contract liabilities		(160.14)	(236.45)
Other non-current and current provisions		(82.02)	(77.25)
Cash (used in) / generated from operations		**(1,102.10)**	**604.27**
Income tax paid (net of refund)		36.97	(221.09)
Net cash (used in) / from operating activities	**[A]**	**(1,065.13)**	**383.18**
Cash flow from investing activities			
Purchase of PPE and intangible assets		(751.67)	(1,349.08)
Proceeds on sale of PPE and intangible assets		25.69	25.65
Purchase of controlling stake in a subsidiary		(70.20)	-
Proceeds from sale of non-current investments (including escrow bank account)		-	106.49
Purchase of non-current investments		(142.75)	(22.80)
(Purchase of) / Proceeds from sale of current investments (net)		(54.37)	466.33
Movement in other bank balances		3.63	-
Investment in bank deposits		(604.56)	(2.32)
Inter Corporate Deposits given		(300.00)	(950.00)
Inter Corporate Deposits repaid		800.00	495.00
Interest received		103.13	28.06
Net cash (used in) / from investing activities	**[B]**	**(991.10)**	**(1,202.67)**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

Particulars		Year ended March 31, 2021	Year ended March 31, 2020
		₹ Crores	₹ Crores
Cash flow from financing activities			
Issues of shares to Non-controlling interest shareholders		2.81	0.44
Purchase of stake in a subsidiary		(90.48)	(300.00)
Proceeds from non-current borrowings		9,508.25	3,316.64
Repayments of non-current borrowings		(7,576.35)	(1,014.18)
Proceeds from current borrowings		6,490.87	17,493.64
Repayments of current borrowings		(6,665.71)	(16,791.66)
Payment of lease liability		(40.89)	(35.69)
Payments relating to swap contracts on non-current borrowings		-	2.49
Interest paid		(297.83)	(157.10)
Dividend paid and tax thereon		-	(1,275.73)
Net cash from financing activities	**[C]**	**1,330.67**	**1,238.85**
Net cash (outflow) / inflow	**[A+B+C]**	**(725.56)**	**419.36**
Opening cash and cash equivalents		**2,188.24**	**1,767.39**
Add - Pursuant to business combination (Refer Note 3.20)		9.37	-
Exchange fluctuation on foreign currency bank balances		8.99	1.49
Closing cash and cash equivalents (Refer Note 1.13 a)		**1,481.04**	**2,188.24**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

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

A.J. Shaikh
Partner
Membership Number - 203637
June 24, 2021
Bengaluru

For and on behalf of the Board of the Directors

Dheeraj G Hinduja
Chairman
DIN : 00133410
London

Vipin Sondhi
Managing Director and Chief Executive Officer
DIN : 00327400
New Delhi

Gopal Mahadevan
Whole-time Director and Chief Financial Officer
DIN : 01746102
June 24, 2021
Chennai

N. Ramanathan
Company Secretary
Chennai

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

A. Equity Share Capital

₹ Crores

Balance at the beginning of April 1, 2019	Changes in equity share capital during the year	Balance at the end of March 31, 2020	Changes in equity share capital during the year	Balance at the end of March 31, 2021
293.55	-	293.55	-	293.55

B. Other Equity

₹ Crores

Particulars	Reserves and Surplus									Items of Other comprehensive income				
	Capital Reserve	Securities Premium	Capital Redemption Reserve	Debenture Redemption Reserve	Share Options Outstanding Account	General Reserve	Foreign currency monetary item translation difference	Statutory Reserve	Retained Earnings	Foreign Currency Translation Reserve	Fair Valuation of Loans Relating to Financing Activities	Cash Flow Hedge Reserve	Attributable to owners of the Company	Non-controlling Interests
Balance as at the beginning of April 1, 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**
Transition adjustment on account of adoption of Ind AS 116 and other adjustments (Also Refer Note 3.10)	-	-	-	-	-	-	-	-	(7.07)	-	-	-	(7.07)	(0.13)
Profit for the year	-	-	-	-	-	-	-	-	336.67	-	-	-	336.67	123.13
Other comprehensive income	-	-	-	-	-	-	-	-	(48.73)	6.21	143.17	(14.95)	85.70	87.81
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**287.94**	**6.21**	**143.17**	**(14.95)**	**422.37**	**210.94**
Exchange difference on translation of outstanding loan balances	-	-	-	-	-	-	(16.59)	-	-	-	-	-	(16.59)	-
Exchange difference amortised	-	-	-	-	-	-	24.75	-	-	-	-	-	24.75	-
Transaction with owners									-					
Dividends including tax thereon	-	-	-	-	-	-	-	-	(1,275.73)	-	-	-	(1,275.73)	-
On issue of equity shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recognition of share based payments	-	-	-	-	16.56	-	-	-	-	-	-	-	16.56	-
Issue of equity shares to Non-controlling interest (NCI) and change in interests between the owners and NCI	-	7.82	-	-	-	-	-	(10.66)	(118.21)	-	-	-	(121.05)	(178.80)
Transfer to / from retained earnings	-	-	-	-	-	-	-		(66.75)	-	-	-	(66.75)	-
Transfer to / from general reserve	-	-	-	-	-	-	-	66.75	-	-	-	-	66.75	-
Balance as at the end of March 31, 2020	**263.87**	**2,007.11**	**3.33**	**-**	**25.67**	**1,018.33**	**-**	**181.95**	**3,719.38**	**8.21**	**282.64**	**(15.23)**	**7,495.26**	**1,107.08**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

₹ Crores

Particulars	Reserves and Surplus									Items of Other comprehensive income				
	Capital Reserve	Securities Premium	Capital Redemption Reserve	Debenture Redemption Reserve	Share Options Outstanding Account	General Reserve	Foreign currency monetary item translation difference	Statutory Reserve	Retained Earnings	Foreign Currency Translation Reserve	Fair Valuation of Loans Relating to Financing Activities	Cash Flow Hedge Reserve	Attributable to owners of the Company	Non-controlling Interests
Balance as at the end of March 31, 2020	**263.87**	**2,007.11**	**3.33**	**-**	**25.67**	**1,018.33**	**-**	**181.95**	**3,719.38**	**8.21**	**282.64**	**(15.23)**	**7,495.26**	**1,107.08**
(Loss) / Profit for the year	-	-	-	-	-	-	-	-	(165.23)	-	-	-	(165.23)	95.63
Other comprehensive income	-	-	-	-	-	-	-	-	5.83	(10.73)	210.17	2.48	207.75	95.01
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(159.40)**	**(10.73)**	**210.17**	**2.48**	**42.52**	**190.64**
Transaction with owners														
Recognition of share based payments	-	-	-	-	18.71	-	-	-	-	-	-	-	18.71	-
On issue of shares	-	2.81	-	-	-	-	-	-	-	-	-	-	2.81	-
Issue of equity shares to Non-controlling interest (NCI) and change in interests between the owners and NCI	-	2.37	-	-	0.19	-	-	(16.46)	23.01	0.06	-	-	9.17	(29.44)
Transfer to / from retained earnings	-	-	-	-	-	-	-	67.54	(67.54)	-	-	-	-	-
Balance as at the end of March 31, 2021	**263.87**	**2,012.29**	**3.33**	**-**	**44.57**	**1,018.33**	**-**	**233.03**	**3,515.45**	**(2.46)**	**492.81**	**(12.75)**	**7,568.47**	**1,268.28**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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

A.J. Shaikh
Partner
Membership Number - 203637
June 24, 2021
Bengaluru

For and on behalf of the Board of the Directors

Dheeraj G Hinduja
Chairman
DIN : 00133410
London

Vipin Sondhi
Managing Director and Chief Executive Officer
DIN : 00327400
New Delhi

Gopal Mahadevan
Whole-time Director and Chief Financial Officer
DIN : 01746102

N. Ramanathan
Company Secretary
Chennai

June 24, 2021
Chennai

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1A. General information

Background:

Ashok Leyland Limited ("the Parent Company") (CIN: L34101TN1948PLC000105) 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 thirteen subsidiaries, two 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 Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act, as amended from time to time.

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, 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 June 24, 2021.

Recent accounting pronouncements:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards which are applicable from April 1, 2020:

- Ind AS 1, Presentation of Financial Statements and Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Error: Refined definition of term 'material'.
- Ind AS 103, Business Combinations: Revised definition of a 'business' and introduction of an optional concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business.
- Ind AS 109, Financial Instruments and Ind AS 107, Financial Instruments disclosure: Modification to some specific hedge accounting requirements to provide relief to the potential effects of uncertainty caused by the interest rate benchmark (IBOR) reform.
- Ind AS 116, Leases: Practical expedient which permits lessees not to account for COVID-19 related rent concessions as a lease modification. However, with respect to Ind AS 116, in case a lessee has not yet approved the financial statements for issue before the issuance of the amendments, then the same may be applied for annual reporting periods beginning on or after 1 April 2019.

The aforementioned pronouncements do not have impact on the Group.

Schedule III Amendment applicable from April 1, 2021: On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The Company will implement the amendments which are applicable from April 1, 2021 pertaining to revision in Division I, II and III of Schedule III.

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 using the pooling of interest method in accordance with Ind AS 103 'Business Combinations'.

Other business combinations, involving entities or businesses are accounted for using acquisition method. Consideration transferred in such business combinations is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange of control of the acquiree.

Goodwill is recognised and is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree, over the net of the consideration date amounts of the identifiable assets acquired and the liabilities assumed.

1B.4 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or when there is an indication that the unit may be impaired. The recoverable amount of cash generating unit is determined for each legal entity and LCV division of the Parent Compnay 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 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.

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.

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. Sale of engines and gensets and ferrous castings are generally sold on credit basis to customers.

The Group provides retrospective rebates to certain customers based on achievement of targeted volumes and other measures. To estimate the variable consideration for the expected future rebates, the Group applies the expected value method.

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. 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:

- **Contract assets**

  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.

- **Trade receivables**

  Trade receivable 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 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 services are provided as set out in 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 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:

- **EIR Method**

  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, Interest Income and Other 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).

Fee on financial guarantee provided by the Parent Company is accrued as Other income.

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. Grant relating to assets are netted off against the acquisition cost of the asset.

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 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), Group's contribution to provident fund, 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 trusts administered by the Group, the interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be contributed by the Group and charged to the Statement of Profit and Loss.

Defined benefit costs are comprised of:

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

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

Re-measurement of net defined benefit liability / asset pertaining to gratuity and remeasurement of net defined liability pertaining to provident fund 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 reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options outstanding account.

1B.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 (Minimum alternate tax credit entitlement) 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.

Uncertainty over income tax treatments

If there is uncertainty over tax treatment of an item,Group will predict the resolution of the uncertainty. If it is probable that the taxation authority will accept the tax treatment, there will be no impact on the amounts of taxable profits / losses, tax bases, unused tax losses / credits and tax rates. If it is not probable that tax authority will accept the tax treatment, Group will show the effect of the uncertainty for each uncertain tax treatment by using either the most likely outcome or the expected outcome of the uncertainty.

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 ₹ 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 other direct costs and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures, plant and equipment (including patterns and dies) where the cost exceeds ₹ 10,000 and the estimated useful life is two years or more, is capitalised and stated at cost (net of duty / tax credit availed) less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured realiably.

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)	Useful life (years) As per Schedule II
Buildings	30 / 60	30 / 60
Non-factory service installations:		
- In customer premises	12	10
Quality equipment, canteen assets, major Jigs and fixtures and hand tools	5 - 12	15
Other plant and machinery	15 - 20	15
Patterns and dies	5	15
Furniture and fittings	8	10
Aircraft	18	20
Vehicles:		
- Trucks and buses	5 / 10	8
- Cars and motorcycles	3	8 / 10
Office equipment	8	5
Office equipment - Data processing system (including servers)	5	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 ₹ 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 (tangible, intangible assets and investments in equity instruments in joint ventures and associates carried at cost) have suffered an impairment loss with reference to their carrying amounts. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount exceeds the recoverable amount. Recoverable amount is higher of the fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Intangible assets under development 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

The Indian Accounting Standard on leases (Ind AS 116) requires entity to determine whether a contract is or contains a lease at the inception of the contract.

Ind AS 116 requires lessee to recognise a liability to make lease payments and an asset representing the right-of-use asset during the lease term for all leases except for short term leases and leases of low-value assets, if they choose to apply such exemptions.

Payments associated with short-term leases and low value assets are recognized as expenses in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low value assets comprise of office equipments and small items of plant and equipment and office furniture.

At the commencement date, Group recognise a right-of-use asset measured at cost and a lease liability measured at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee’s incremental borrowing rate.

The cost of the right-of-use asset comprised of, the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received.

At the commencement date, the lease payments included in the measurement of the lease liability comprise (a) fixed payments less any lease incentives receivable; (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; (c) amounts expected to be payable by the lessee under residual value guarantees; (d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Depreciation on right-of-use asset recognised in statement of profit and Loss on a straight line basis over the period of lease and the Group separately recognises interest on lease liability as a component of finance cost in statement of profit and Loss.

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 traded goods (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, traded goods: on moving weighted average basis; and
- Work-in-progress, works-made components and finished goods: on moving weighted average basis plus appropriate share of overheads.

Cost of surplus / obsolete / slow moving inventories are adequately provided for.

1B.18 Provisions and Contingent liabilities

Provisions:

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Warranties:

Provisions for expected cost of warranty obligations under legislation governing sale of goods are recognised on the date of sale of the relevant products at the Management's best estimate of the expenditure required to settle the obligation which takes into account the empirical data on the nature, frequency and average cost of warranty claims and regarding possible future incidences.

Contingent liabilities:

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

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 (except for financial assets carried at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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 asset 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.

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.

Interest expense that is not capitalised as part of cost of an asset is included in the "Finance Costs".

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and are subsequently measured (if not designated as at FVTPL) at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

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 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 remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss.

As of the transition date, the Group has assessed whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed on the later of the date of it first becoming a party to the contract and the date when there has been change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

Hedge accounting:

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk, as either fair value hedges, cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 3.6 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" line item.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to effective portion as described above are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) 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.

1B.20 Segment reporting

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.

1B.21 Exceptional Items

The Group considers factors including materiality, the nature and function of the items of income and expense in determining exceptional item and discloses the same in Note 2.7 to the financial statements.

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 none of the subsidiaries require an impairment.

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

Determining of income tax liabilities using tax rates and tax laws that have been enacted or substantially enacted requires the Management to estimate the level of tax that will be payable based upon the Group's / expert's interpretation of applicable tax laws, relevant judicial pronouncements and an estimation of the likely outcome of any open tax assessments including litigations or closures thereof.

Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, unabsorbed depreciation and unused tax credits could be utilized.

Provision for product warranty

The Group's product warranty obligations and estimations thereof are determined using historical information on the type of product, nature, frequency and average cost of warranty claims and the estimates regarding possible future incidences of product failures. Changes in estimated frequency and amount of future warranty claims, which are inherently uncertain, can materially affect warranty expense.

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Management determines the appropriate valuation techniques and inputs for the fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuations. The Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 3.6.

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					NET CARRYING AMOUNT
Property, Plant and Equipment (PPE)	01.04.2020	Additions	Acquisition through business combination (Refer Note 3.20)	Adjustments*	Disposals / Adjustments	31.03.2021	Upto 31.03.2020	Charge during the year	Adjustments*	Disposals / Adjustments	Upto 31.03.2021	Upto 31.03.2021
Freehold land	754.23	39.35	-	-	-	793.58	-	-	-	-	-	793.58
Buildings	1,767.93	178.19	-	(4.13)	(3.29)	1,938.70	316.77	85.37	(0.79)	(1.78)	399.57	1,539.13
Buildings given on lease	13.23	0.01	-	-	-	13.24	1.21	0.29	-	-	1.50	11.74
Plant and equipment	4,796.48	647.60	0.54	45.28	(19.60)	5,470.30	1,966.93	439.55	50.85	(17.38)	2,439.95	3,030.35
Plant and equipment given on lease	0.04	-	-	-	-	0.04	0.02	#	-	-	0.02	0.02
Furniture and fittings	101.75	2.86	0.99	15.03	(0.86)	119.77	59.81	11.00	10.63	(0.56)	80.88	38.89
Furniture and fittings given on lease	0.25	-	-	-	-	0.25	0.25	-	-	-	0.25	-
Vehicles	175.75	37.94	-	(0.10)	(15.69)	197.90	78.56	22.54	(1.43)	(11.37)	88.30	109.60
Aircraft given on lease	77.99	-	-	-	-	77.99	34.68	9.75	-	-	44.43	33.56
Office Equipment	200.88	16.99	0.65	9.53	(0.62)	227.43	116.48	31.15	7.26	(0.51)	154.38	73.05
Electrical and other installations on lease hold premises	1.46	0.01	-	-	-	1.47	1.07	0.06	-	-	1.13	0.34
TOTAL	**7,889.99**	**922.95**	**2.18**	**65.61**	**(40.06)**	**8,840.67**	**2,575.78**	**599.71**	**66.52**	**(31.60)**	**3,210.41**	**5,630.26**

Capital work-in-progress	01.04.2020	Additions / Adjustments	Acquisition through business combination (Refer Note 3.20)	Capitalised during the year @	31.03.2021
Capital work-in-progress	442.12	623.72	0.13	(832.70)	233.27

* Adjustments include currency movements relating to foreign operations.

@ Amount of ₹ 90.25 crores directly capitalised in Property, plant and equipment.

Amount is below rounding off norms adopted by the Company.

Notes:

1. A portion of the Buildings in Bhandara having a gross carrying amount of ₹ 8.57 crores and net carrying amount of ₹ 5.26 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 having a gross carrying amount of ₹ 308.03 crores and net carrying amount of ₹ 291.74 crores 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. The aforementioned amount includes freehold land purchased from Telengana State Industrial Infrastructure Corporation Limited, the title of which will be transferred in the Parent Company's name upon fulfilment of certain conditions.
3. Cost of Buildings as at March 31, 2021 includes:
   a) ₹ 0.03 crores being cost of shares in Housing Co-operative Society representing ownership rights in residential flats and furniture and fittings there at.
   b) ₹ 1.32 crores representing cost of residential flats including undivided interest in land.
4. During the year, the Parent Company has commissioned a manufacturing plant at Mallavalli, Andhra Pradesh and an amount of ₹ 120.62 Crores has been included in additions to Property, plant and equipment.
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 amounting to ₹ 13.02 crores, the title of which will be transferred in the Parent Company's name upon fulfilment of certain conditions.
8. Freehold land relating to a subsidiary amounting to ₹ 0.08 crores is yet to be transferred in the name of the subsidiary.
9. Expenses capitalised ₹ 5.08 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 (Contd.)

₹ Crores

DESCRIPTION	GROSS CARRYING AMOUNT (COST)					DEPRECIATION					NET CARRYING AMOUNT
Property, plant and equipment (PPE)	01.04.2019	Additions	Adjustments*	Disposals / Adjustments (Refer sub note 10)	31.03.2020	Upto 31.03.2019	Charge during the year	Adjustments*	Disposals / Adjustments (Refer sub note 10)	31.03.2020	31.03.2020
Freehold land	760.48	-	-	(6.25)	754.23	-	-	-	-	-	754.23
Buildings	1,649.47	105.01	10.73	2.72	1,767.93	238.03	72.64	1.79	4.31	316.77	1,451.16
Buildings given on lease	11.64	1.59	-	-	13.23	0.93	0.28	-	-	1.21	12.02
Plant and equipment	4,032.61	616.04	(4.40)	152.23	4,796.48	1,401.76	408.26	(7.60)	164.51	1,966.93	2,829.55
Plant and equipment given on lease	0.04	-	-	-	0.04	0.01	0.01	-	-	0.02	0.02
Furniture and fittings	97.65	3.83	0.88	(0.61)	101.75	45.50	14.24	0.59	(0.52)	59.81	41.94
Furniture and fittings given on lease	0.22	0.03	-	-	0.25	0.20	0.05	-	-	0.25	-
Vehicles	127.10	61.80	(3.12)	(10.03)	175.75	63.14	20.00	(3.24)	(1.34)	78.56	97.19
Aircraft given on lease	77.99	-	-	-	77.99	24.93	9.75	-	-	34.68	43.31
Office Equipment	145.55	29.77	5.21	20.35	200.88	57.86	33.64	4.45	20.53	116.48	84.40
Electrical and other installations on lease hold premises	1.46	-	-	-	1.46	1.00	0.07	-	-	1.07	0.39
TOTAL	**6,904.21**	**818.07**	**9.30**	**158.41**	**7,889.99**	**1,833.36**	**558.94**	**(4.01)**	**187.49**	**2,575.78**	**5,314.21**

Capital work-in-progress	01.04.2019	Additions / Adjustments	Capitalised during the year @	31.03.2020
Capital work-in-progress	296.16	763.23	(617.27)	442.12

@ Amount of ₹ 200.80 crores directly capitalised in Property, plant and equipment.
* Adjustments include currency movements relating to foreign operations.

Notes:

1. A portion of the Buildings in Bhandara having a gross carrying amount of ₹ 8.57 crores and net carrying amount of ₹ 5.69 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 having a gross carrying amount of ₹ 298.43 crores and net carrying amount of ₹ 285.82 crores 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. The aforementioned amount includes freehold land purchased from Telengana State Industrial Infrastructure Corporation Limited, the title of which will be transferred in the Parent Company's name upon fulfilment of certain conditions.
3. Cost of Buildings as at March 31, 2020 includes:
   a) ₹ 0.03 crores being cost of shares in Housing Co-operative Society representing ownership rights in residential flats and furniture and fittings there at.
   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 ₹ 5.37 crores capitalised as under:
   Building ₹ 1.47 crores, Plant and equipment ₹ 3.84 crores, Furniture and fittings ₹ 0.03 crores, Office equipment ₹ 0.03 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 amounting to ₹ 13.02 crores, the title of which will be transferred in the Parent Company's name upon fulfilment of certain conditions.
8. Freehold land relating to a subsidiary amounting to ₹ 0.08 crores is yet to be transferred in the name of the subsidiary.
9. Expenses capitalised ₹ 5.62 crores - Refer Notes 2.3, 2.4 and 2.6 to the Consolidated Financial statements.
10. Adjustment includes original cost amounting to ₹ 207.86 crores and accumulated depreciation amounting to ₹ 207.86 crores relating to deemed cost adjustment.

1.1A RIGHT-OF-USE ASSET

₹ Crores

Description	01.04.2020	Additions	Acquisition through business combination (Refer Note 3.20)	Adjustments**	Closure / Preclosure	Charge during the year	31.03.2021
Leasehold land*	425.77	2.42	-	2.06	99.59	14.37	316.29
Buildings	59.79	6.47	17.71	0.79	4.89	16.92	63.10
Plant and equipment	6.90	1.58	-	-	-	1.01	7.47
Vehicles	2.49	4.47	-	(0.01)	0.16	2.81	3.98
Computer software	26.50	12.10	-	-	-	12.28	26.32
TOTAL	**521.45**	**27.04**	**17.71**	**2.84**	**104.64**	**47.39**	**417.16**

* A portion of leasehold land allotted by State Industries Promotion Corporation of Tamil Nadu (SIPCOT), taken over by the Parent Company pursuant to amalgamation, was surrendered subsequent to the date of balance sheet and the same is classified as receivable from government authorities under other current financial asset (Refer Note 1.15). The balance portion of leasehold land taken over by the Parent Company pursuant to amalgamation amounting to ₹ 99.04 crores is yet to be transferred in the name of the Parent Company.

** Adjustments include currency movements relating to foreign operations.

Notes:

1. Escalation clause - the percentage of escalation is up to a maximum of 15%
2. Discounting rate used for the purpose of computing right to use asset ranges from 3.5 % to 8.5 %
3. Rental amount per annum ranges from ₹ 0.01 crores to ₹ 1.36 crores, which also carries a clause for extension of agreement based on mutual understanding between Lessor and Lessee.
4. The lease period ranges from 2 years to 90 years over which the right to use asset is depreciated on a straight line basis.
5. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any major covenants other than the security interests in the leased assets that are held by the lessor. Leased assets are not used as security for borrowing purposes.

1.1A RIGHT-OF-USE ASSET

₹ Crores

Description	01.04.2019	Additions	Adjustments**	Closure / Preclosure	Charge during the year	31.03.2020
Leasehold land*	438.23	-	(0.65)	0.64	11.17	425.77
Buildings	70.86	18.48	(0.19)	10.74	18.62	59.79
Plant and equipment	9.84	-	-	1.87	1.07	6.90
Vehicles	9.68	1.66	0.03	4.55	4.33	2.49
Computer software	30.48	-	-	-	3.98	26.50
TOTAL	**559.09**	**20.14**	**(0.81)**	**17.80**	**39.17**	**521.45**

* Includes a portion of land allotted by State Industries Promotion Corporation of Tamil Nadu (SIPCOT), taken over by the Parent Company pursuant to amalgamation amounting to ₹ 201.20 crores is yet to be transferred in the name of the Parent Company.

** Adjustments include currency movements relating to foreign operations.

Notes:

1. Escalation clause - the percentage of escalation is up to a maximum of 15%
2. Discounting rate used for the purpose of computing right to use asset ranges from 3.5 % to 8.5 %
3. Rental amount per annum ranges from ₹ 0.01 crores to ₹ 1.36 crores, which also carries a clause for extension of agreement based on mutual understanding between Lessor and Lessee.
4. The lease period ranges from 2 years to 90 years over which the right to use asset is depreciated on a straight line basis.
5. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any major covenants other than the security interests in the leased assets that are held by the lessor. Leased assets are not used as security for borrowing purposes.

1.2 OTHER INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

₹ Crores

DESCRIPTION	GROSS CARRYING AMOUNT (COST)						AMORTISATION					NET CARRYING AMOUNT
Other Intangible Assets	01.04.2020	Additions	Acquisition through business combination (Refer Note 3.20)	Adjustments*	Disposals / Adjustments	31.03.2021	Upto 31.03.2020	Charge during the year	Adjustments*	Disposals / Adjustments	Upto 31.03.2021	Upto 31.03.2021
Computer software												
- Developed	99.68	-	-	-	-	99.68	70.33	18.49	-	0.06	88.76	10.92
- Acquired	180.59	5.04	2.14	1.33	0.06	189.04	113.28	18.27	0.95	-	132.50	56.54
Technical knowhow												
- Developed	1,327.00	250.96	-	10.37	-	1,588.33	343.95	145.69	4.53	-	494.17	1,094.16
- Acquired	-	40.48	-	-	-	40.48	-	6.07	-	-	6.07	34.41
Total	**1,607.27**	**296.48**	**2.14**	**11.70**	**0.06**	**1,917.53**	**527.56**	**188.52**	**5.48**	**0.06**	**721.50**	**1,196.03**

Intangible assets under development	01.04.2020	Additions / Adjustments	Acquisition through business combination (Refer Note 3.20)	Capitalised during the year @	31.03.2021
Intangible assets under development	131.77	188.50	-	(218.00)	102.27

@ Amount of ₹ 78.48 crores directly capitalised in Intangible assets
* Adjustments include currency movements relating to foreign operations.

Notes:

1. Additions to Other Intangible assets and Intangible assets under development include:
   a) Expenses capitalised ₹ 197.45 crores - Refer Notes 2.3, 2.4 and 2.6 to the consolidated financial statements.
2. For amount of contractual commitments for the acquisition of intangible assets, Refer Note 3.12.

1.2 OTHER INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

₹ Crores

DESCRIPTION		GROSS CARRYING AMOUNT (COST)					AMORTISATION					NET CARRYING AMOUNT
Other Intangible Assets		01.04.2019	Additions	Adjustments*	Disposals / Adjustments (Refer sub note 3)	31.03.2020	Upto 31.03.2019	Charge during the year	Adjustments*	Disposals	Upto 31.03.2020	Upto 31.03.2020
Computer software												
-	Developed	94.88	4.80	-	-	99.68	53.29	17.04	-	-	70.33	29.35
-	Acquired	157.51	20.94	2.14	-	180.59	88.32	23.07	1.89	-	113.28	67.31
Technical knowhow												
-	Developed	484.18	688.25	10.77	(143.80)	1,327.00	138.69	111.77	2.47	(91.02)	343.95	983.05
-	Acquired	143.12	-	0.68	143.80	-	90.33	-	0.69	91.02	-	-
Total		**879.69**	**713.99**	**13.59**	**-**	**1,607.27**	**370.63**	**151.88**	**5.05**	**-**	**527.56**	**1,079.71**

Intangible Assets under development	01.04.2019	Additions / Adjustments	Capitalised during the year @	31.03.2020
Intangible assets under development	381.45	429.82	(679.50)	131.77

@ Amount of ₹ 34.49 crores directly capitalised in Intangible assets
* 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 ₹ 0.67 crores capitalised as under :
      Computer software ₹ 0.46 crores, Technical knowhow ₹ 0.21 crores
   b) Expenses capitalised ₹ 474.17 crores - Refer Notes 2.3, 2.4 and 2.6 to the consolidated financial statements.
2. For amount of contractual commitments for the acquisition of intangible assets, Refer Note 3.12.
3. Adjustment includes original cost amounting to ₹ 143.80 crores and accumulated amortisation amounting to ₹ 91.02 crores regrouped during the year.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1.3 NON-CURRENT FINANCIAL ASSETS - INVESTMENTS

DESCRIPTION				As at March 31, 2021		As at March 31, 2020	
				Nos	₹ Crores	Nos	₹ Crores
I)	**Investment in Equity Instruments (unquoted)(fully paidup unless otherwise stated)**						
	1)	**Associates (accounted for using 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 : Group share of profit		4.66		4.16
			Carrying amount of Investment		**9.69**		**9.19**
			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		23.68		26.57
			Less: Dividend Income		0.18		0.40
		Carrying amount of Investment			**24.07**		**26.74**
	2)	**Joint Ventures (accounted under equity method)**					
		a)	**Equity Shares of ₹ 10 each**				
			Hinduja Tech Limited (Refer sub-note 5)				
			Cost of Acquisition (including goodwill of ₹ 37 crores)	-	-	95,450,000	97.37
			Less : Group share of Loss		-		61.04
			Carrying amount of Investment		-		**36.33**
			Ashley Alteams India Limited				
			Cost of Acquisition	73,447,693	44.01	73,447,693	44.01
			Less : Group share of Loss		43.26		40.12
			Carrying amount of Investment		**0.75**		**3.89**
			Ashok Leyland John Deere Construction Equipment Company Private Limited (under liquidation)				
			Cost of Acquisition	17,792,123	17.81	17,792,123	17.81
			Less : Group share of Loss		13.34		13.31
			Less: Impairment in value of investment (utilised from provision for obligation made in the prior years)		4.47		4.50
			Carrying amount of Investment		-		-
	3)	**Other investments in equity instruments (at fair value through profit or loss)**					
		a)	**Equity Shares of ₹ 10 each**				
			ARS Energy Private Limited	640	0.01	640	0.01
			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	#
			Hinduja Energy (India) Limited	61,147,058	188.46	61,147,058	193.47
			OPG Power Generation Private Limited	65,000	0.07	65,000	0.07
			Kamachi Industries Limited	525,000	0.53	525,000	0.53
			Prathama Solarconnect Energy Private Limited	18,656,912	18.67	-	-
		b)	**Equity shares of ₹ 100 each partly paid-up**				
			Adyar Property Holding Co. Limited (₹ 65 paid up)	300	#	300	#
	Total Investment in Equity Instruments (net)		**A**		**251.41**		**279.39**

DESCRIPTION		As at March 31, 2021		As at March 31, 2020	
		Nos	₹ Crores	Nos	₹ Crores
II) Investment in Preference Shares (accounted under equity method) (unquoted)					
1) Associates					
6% Non-Cumulative Non-Convertible Redeemable Preference shares of ₹ 10 each					
Ashok Leyland Defence Systems Limited		10,000,000	6.73	10,000,000	6.37
2) Joint Ventures					
1% Non-Cumulative Non-Convertible Redeemable Preference shares of ₹ 10 each					
Hinduja Tech Limited (Refer sub-note 5)		-	-	23,900,000	22.45
Total Investments in Preference Shares	B		**6.73**		**28.82**
III) Investment in Debentures (unquoted)					
Non-convertible Redeemable Debentures (relating to financing activities) (at amortised cost)	C		81.32		28.40
IV) Investment in pass-through securities (unquoted) (relating to financing activities) (at amortised cost)	D		288.46		338.93
V) Investment in mutual funds (relating to financing activities) (unquoted)(at amortised cost)	E		80.00		80.00
VI) Investment in Security Receipts (relating to financing activities) (unquoted) (at amortised cost)	F		83.56		-
VII) Investment in Equity Shares (relating to financing activities) (quoted)(at amortised cost)	G		38.07		-
VIII) Investment in Special Limited Partnership (At Fair value through profit or loss)					-
Vasuki SCSp (Refer sub-note 7)	H		21.56		21.56
Total Non-Current Investments	**I=A+B+C+D+E+F+G+H**		**851.11**		**777.10**

Amount is below rounding off norms adopted by the Group.

Notes:

1. Particulars	March 31, 2021	March 31, 2020
	₹ Crores	₹ Crores
Aggregate value of quoted investments	62.14	26.74
Aggregate value of unquoted investments	793.44	754.86
Aggregate value of impairment in value of investments	4.47	4.50

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. Investments accounted for using equity method ₹ 41.28 crores (2020: ₹ 105.01 crores).
5. The Parent Company has acquired the balance 38% stake in Hinduja Tech Limited during the year 2020-21, pursuant to which it has become a wholly owned subsidiary of the Parent Company. For details refer note 3.20.
6. Number of shares held by the Group includes joint holding / beneficial holding.
7. The Group holds 9.09% of Class A units in the special limited partnership.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

		As at March 31, 2021 ₹ Crores	As at March 31, 2020 ₹ Crores
1.4	**NON-CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES**		
	(Unsecured, considered good)		
	Trade receivables		
	Related parties (Refer Note 3.9)	0.31	0.58
		0.31	**0.58**

Note:
These are carried at amortised cost.

		As at March 31, 2021 ₹ Crores	As at March 31, 2020 ₹ Crores
1.5	**NON-CURRENT FINANCIAL ASSETS - LOANS**		
	(Secured, Considered good unless otherwise stated)		
	a) Loan to customer under financing activities		
	Considered good	15,637.71	12,294.69
	Considered doubtful	321.06	315.26
		15,958.77	**12,609.95**
	Less: Allowance for loans (as per expected credit loss model)	522.63	624.89
		15,436.14	**11,985.06**
	b) Security deposits	26.58	37.06
		15,462.72	**12,022.12**
	Note:		
	1 Loan to customer under financing activities carried at fair value through other comprehensive income	7,215.51	4,244.37

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:

Particulars	Opening	Additions / (Utilisations) (net)	Closing
March 2021	624.89	(102.26)	522.63
March 2020	461.66	163.23	624.89

		As at March 31, 2021 ₹ Crores	As at March 31, 2020 ₹ Crores
1.6	**NON-CURRENT - OTHER FINANCIAL ASSETS**		
	(Unsecured, considered good unless otherwise stated)		
	a) Other receivables *		
	Considered good	3.64	6.62
	Considered doubtful	4.34	4.34
	Less: Allowance for doubtful receivables	4.34	4.34
		3.64	**6.62**
	b) Derivatives designated as hedging instruments carried at fair value	18.10	47.05
	c) Others		
	i) Employee advances	1.13	1.53
	ii) Other advances (includes items relating to financing activities)	400.65	367.54
	iii) Bank deposits held as security (relating to financing activities)	55.57	144.54
	[collateral towards securitisation / assignment of receivables]		
		479.09	**567.28**
	Of the employee advances mentioned above,		
	Due from Directors / Officers #	0.00	0.00

* 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 / other comprehensive income.
2. Movement in allowance for doubtful receivables is as follows:

Particulars	March 2021	March 2020
Opening balance	4.34	-
Additions	-	4.34
Utilisations / Reversals	-	-
Closing balance	4.34	4.34

		As at March 31, 2021 ₹ Crores	As at March 31, 2020 ₹ Crores
1.7	**DEFERRED TAX ASSETS (NET)**		
	i) Deferred tax (liabilities)	-	(1.22)
	ii) Deferred tax assets	8.91	8.93
		8.91	**7.71**
1.8	**NON-CURRENT INCOME TAX ASSETS (NET)**		
	Advance income tax (net of provision)	175.22	213.24
		175.22	**213.24**

	As at March 31, 2021 ₹ Crores	As at March 31, 2020 ₹ Crores
1.9 OTHER NON-CURRENT ASSETS		
(Unsecured, considered good unless otherwise stated)		
a) Capital advances		
Advances to related parties (Refer note 3.9)		
Considered good	0.11	7.42
Others		
Considered good	38.35	220.58
Considered doubtful	1.91	2.57
Less: Allowance for doubtful advances	1.91	2.57
	38.35	**220.58**
b) Balances with customs, port trust, central excise etc.(including paid under protest)		
Considered good	12.56	15.42
Considered doubtful	0.06	0.06
Less: Allowance for doubtful balances	0.06	0.06
	12.56	**15.42**
c) Others		
i. Sales tax paid (including paid under protest)	210.18	208.29
ii. Other advances (includes prepaid expenses, etc)	89.69	172.81
	299.87	**381.10**
	350.89	**624.52**

Note:

Movement in allowance for doubtful advances towards capital advances is as follows:

Particulars	March 2021	March 2020
Opening balance	2.57	2.58
Additions	-	-
Utilisations / Reversals	0.66	0.01
Closing balance	1.91	2.57

Movement in allowance for doubtful balances towards balances with customs, port trust, central excise, etc.is as follows:

Particulars	March 2021	March 2020
Opening balance	0.06	36.77
Additions	-	-
Utilisations / Reversals	-	36.71
Closing balance	0.06	0.06

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

		As at March 31, 2021 ₹ Crores	As at March 31, 2020 ₹ Crores
1.10	**INVENTORIES**		
	(a) Raw materials and components	1,157.24	736.81
	(b) Work-in-progress	349.91	325.73
	(c) Finished goods	603.77	217.14
	(d) Stock-in-trade		
	i) Commercial vehicles	99.76	-
	ii) Spare parts and auto components (including works made)	182.11	158.75
	(e) Stores, spares and consumable tools	114.24	108.78
		2,507.03	**1,547.21**
	Less: Provision for non-moving inventory	11.18	10.82
		2,495.85	**1,536.39**

Notes:

1. Goods-in-transit included above are as below :

Particulars	March 2021	March 2020
(a) Raw materials and components	54.88	38.32
(b) Finished goods	-	-
(c) Stock-in-trade		
(i) Commercial vehicles	1.35	0.24
(ii) Spares parts and auto components (including works made)	0.79	0.76

2. Cost of inventories (including cost of stock-in-trade purchased and write down of inventories) recognised as an expense during the year is ₹ 12,047.38 crores (2019-20: ₹ 13,345.92 crores).
3. For details of assets given as security against borrowings - Refer Note 3.13

		March 31, 2021	March 31, 2020
1.11	**CURRENT FINANCIAL ASSETS - INVESTMENTS**		
	(Unquoted)		
	i) Investments in pass through securities (relating to financing activities) (Carried at amortised cost) Related parties	96.60	111.57
	ii) Investments in non - convertible redeemable debentures (relating to financing activities) (Carried at amortised cost)	22.59	71.67
	iii) Investment in security receipts (relating to financing activities) (Carried at amortised cost)	125.33	-
		244.52	**183.24**

Note:
Investments are fully paid up.

		March 31, 2021	March 31, 2020
1.12	**CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES**		
	(Unsecured)		
	Considered good		
	Related parties (Refer Note 3.9)	84.39	11.52
	Others	2,936.52	1,493.17
	Considered doubtful		
	Others	152.84	105.75
	Less: Loss allowance	152.84	105.75
		3,020.91	**1,504.69**

Notes:

1. Movement in loss allowance is as follows:

Particulars	March 2021	March 2020
Opening balance	105.75	73.00
Additions / Transfer	75.82	57.22
Utilizations / Reversals	28.73	24.47
Closing balance	152.84	105.75

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, 2021 ₹ Crores	As at March 31, 2020 ₹ Crores
1.13a. CASH AND CASH EQUIVALENTS		
i) Balance with banks:		
a) In current accounts	693.06	573.16
b) In cash credit accounts	508.85	379.10
c) In deposit accounts *	4.59	1,175.75
ii) Cheques, drafts on hand	199.15	46.65
iii) Cash and stamps on hand	75.39	13.58
	1,481.04	**2,188.24**
1.13b. BANK BALANCES OTHER THAN (a) ABOVE		
i) Unclaimed dividend accounts (earmarked)	10.21	11.57
ii) In deposit accounts (earmarked)	32.61	35.49
iii) Deposits with original maturity of more than 3 months but less than 12 months	254.67	-
	297.49	**47.06**
* This represents deposits with original maturity of less than or equal to 3 months.		
1.14 CURRENT FINANCIAL ASSETS - LOANS		
(Considered good, unless otherwise stated)		
Secured		
a) Loan to customer under financing activities		
Considered good	5,773.47	6,336.97
Considered doubtful	789.30	1,805.46
	6,562.77	**8,142.43**
Unsecured		
b) Loans to others	-	1.60
c) Security deposits	21.92	24.10
Less: Allowance for loans (as per expected credit loss model)	325.73	279.18
	6,258.96	**7,888.95**
Notes:		
1. Loan to customer under financing activities carried at fair value through other comprehensive income.	**3,310.34**	**2,744.95**

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:

Particulars	Opening	Additions (net)	Closing
March 2021	279.18	46.55	325.73
March 2020	268.26	10.92	279.18

			As at March 31, 2021 ₹ Crores	As at March 31, 2020 ₹ Crores
1.15	**CURRENT FINANCIAL ASSETS - OTHERS**			
	(Unsecured, considered good unless otherwise stated)			
	a)	Interest accrued :		
		- Relating to financing activities	0.29	16.73
		- Others	25.44	33.10
	b)	Employee advances	22.91	19.42
	c)	Receivable on sale of immovable properties / investments	0.02	0.25
	d)	Derivatives designated as hedging instruments carried at fair value	1.52	11.78
	e)	Earmarked bank balance (escrow bank accounts)	2.82	2.92
	f)	Related parties (Refer Note 3.9)		
		- Other advances	0.12	-
	g)	Intercorporate deposits		
		i. Related Parties (Refer Note 3.9)	-	100.00
		ii. Others	53.00	400.00
	h)	Revenue grants receivable		
		- Considered good	222.52	311.46
		- Considered doubtful	1.93	1.90
			224.45	**313.36**
		Less: Allowance for doubtful receivables	1.93	1.90
			222.52	**311.46**
	i)	Bank deposits with original maturity of greater than 12 months	350.00	-
	j)	Receivable from Government authorities	97.61	-
	k)	Others (includes expenses recoverable, items relating to financing activities, etc.)		
		Considered good	316.71	227.67
		Considered doubtful	20.83	20.83
			337.54	**248.50**
		Less: Allowance for doubtful receivables	20.83	20.83
			316.71	**227.67**
			1,092.96	**1,123.33**
		Of the employee advances mentioned above, Due from Directors / Officers	#	#

[#] 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 (Revenue grant receivable) are as follows:

Particulars	March 2021	March 2020
Opening balance	1.90	15.60
Additions	0.03	8.89
Utilisations / Reversals	-	22.59
Closing balance	1.93	1.90

4. Movement in allowance for doubtful receivables - Others (includes expenses recoverable, etc.) are as follows:

Particulars	March 2021	March 2020
Opening balance	20.83	21.17
Additions	-	-
Utilisations / Reversals	-	0.34
Closing balance	20.83	20.83

	As at March 31, 2021 ₹ Crores	As at March 31, 2020 ₹ Crores
1.16 CONTRACT ASSETS		
(Unsecured, considered good)		
Unbilled revenue (Refer note 3.7)		
Others	19.71	1.70
Related party (Refer note 3.9)	0.01	0.48
	19.72	**2.18**
1.17 OTHER CURRENT ASSETS		
(Unsecured, considered good unless otherwise stated)		
a) Supplier advances		
i. Considered good	99.75	44.01
ii. Considered doubtful	0.69	2.37
Less: Allowance for doubtful advances	0.69	2.37
	99.75	**44.01**
b) Balances with customs, port trust, central excise etc.	685.38	617.23
c) Others *	222.28	174.17
	1,007.41	**835.41**
* Includes:		
- Input tax credit recoverable	-	11.69
- Sales tax paid under protest	1.08	6.12
- Prepaid expenses	200.08	140.48
- Gratuity (Refer Note 3.3)	14.83	-

Note:

Movement in allowance for doubtful advances is as follows:

Particulars	March 2021	March 2020
Opening balance	2.37	2.29
Additions	-	0.08
Utilisations / Reversals	1.68	-
Closing balance	0.69	2.37

	As at March 31, 2021 ₹ Crores	As at March 31, 2020 ₹ Crores
1.18 EQUITY SHARE CAPITAL		
Authorised		
27,856,000,000 (March 2020: 27,856,000,000) number of equity shares of ₹ 1 each	2,785.60	2,785.60
	2,785.60	**2,785.60**
Issued		
a) 2,289,212,796 (March 2020: 2,289,212,796) number of equity shares of ₹ 1 each	228.92	228.92
b) 646,314,480 (March 2020: 646,314,480) number of equity shares of ₹ 1 each issued through Global Depository Receipts	64.63	64.63
	293.55	**293.55**
Subscribed and fully paid up		
a) 2,289,212,796 (March 2020: 2,289,212,796) number of equity shares of ₹ 1 each	228.92	228.92
b) 646,314,480 (March 2020: 646,314,480) number of equity shares of ₹ 1 each issued through Global Depository Receipts	64.63	64.63
	293.55	**293.55**
Add: Forfeited shares (amount originally paid up in respect of 760 shares) #	0.00	0.00
	293.55	**293.55**

Amount is below rounding off norms adopted by the Group.

Notes:

1. Reconciliation of number of Equity shares subscribed

Particulars	March 2021	March 2020
Balance as at the beginning / end of the year	2,935,527,276	2,935,527,276

2. Shares issued in preceding 5 years for consideration other than cash

   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.

3. As on March 31, 2021, there are 353,158,140 (March 2020: 353,158,140) 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 2020: 1,164,332,742) Equity shares and 5,486,669 (March 2020: 5,486,669) Global Depository Receipts (GDRs) equivalent to 329,200,140 (March 2020: 329,200,140) Equity shares of ₹ 1 (March 2020: ₹ 1) each aggregating to 50.88% (March 2020: 50.88%) of the total share capital.

5. Shareholders other than the Holding Company holding more than 5% of the equity share capital

   There are no shareholders holding more than 5% of the equity share capital of the Company other than the Holding Company as at March 31, 2021. Reliance Capital Trustee Co Ltd held 165,184,502 equity shares constituting 5.63% of the equity share capital of the Company as at March 31, 2020.

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 2020: 60 equity shares) of ₹ 1 each, per GDR, and their voting rights can be exercised through the Depository.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

		Note	As at March 31, 2021 ₹ Crores	As at March 31, 2020 ₹ Crores
1.19	**OTHER EQUITY**			
a)	Capital Reserve	A	263.87	263.87
b)	Securities Premium	B	2,012.29	2,007.11
c)	Capital Redemption Reserve	I	3.33	3.33
d)	Share Options Outstanding Account	C	44.57	25.67
e)	General Reserve	D	1,018.33	1,018.33
f)	Cash Flow Hedge Reserve	E	(12.75)	(15.23)
h)	Statutory Reserve	F	233.03	181.95
i)	Foreign Currency Translation Reserve	G	(2.46)	8.21
j)	Retained Earnings	H	3,515.45	3,719.38
k)	Other Comprehensive Income - Fair valuation on loans relating to financing activities	J	492.81	282.64
			7,568.47	**7,495.26**

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 Share options outstanding account relates to stock options granted by the Group to employees under an employee stock options plan. (Refer Note 3.5).

D 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.

E 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.

F The statutory reserve has been created pursuant to statutory regulations at a percentage of profit for the year.

G 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.

H In respect of the year ended March 31, 2021, the Board of Directors has declared a dividend of ₹ 0.60 per equity share subject to approval by shareholders at the ensuing Annual General Meeting after which dividend will be accounted and paid out of the retained earnings available for distribution in accordance with the provisions of the Act (Interim dividend for March 2020: ₹ 0.50 per equity share). Revaluation reserve amounting to ₹ 1,210.21 crores transferred to retained earnings on transition date may not be available for distribution.

I Capital redemption reserve represent the reserve arising pursuant to the business combination during 2016-17.

J Other Comprehensive Income - Fair valuation on loans 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, 2021 ₹ Crores	As at March 31, 2020 ₹ Crores
1.20 NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS		
a) Secured borrowings		
i. Redeemable non-convertible debentures	1,215.43	184.35
ii. Term loan from banks	12,234.12	11,160.31
iii. Other loans	31.18	31.18
b) Unsecured borrowings		
i. Subordinated Redeemable non-convertible debentures	1,065.00	1,035.18
ii. External commercial borrowings from banks	877.49	756.27
iii. Interest free sales tax loans	66.41	66.41
iv. Other subordinated loans	75.00	75.00
	15,564.63	**13,308.70**

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 2020: 36,500,000) Non-Cumulative Redeemable Non-Convertible Preference Shares of ₹ 10 each valuing ₹ 36.50 crores (March 2020: ₹ 36.50 crores) and 77,000,000 (March 2020: 77,000,000) Non-Convertible Redeemable Preference Shares of ₹ 100 each valuing ₹ 770.00 crores (March 2020: ₹ 770.00 crores). No preference shares has been issued during the year.

5 Refer Note 3.6 for details on debt covenants.

6 Of the above, borrowings relating to financing activities are given below:

Particulars	March 2021	March 2020
a) Secured borrowings		
Redeemable non-convertible debentures	620.00	184.35
Term loans from banks (Includes ₹ 246.35 crores (March 31, 2020: ₹ 511.32 crores) towards securitisation deals)	11,246.62	10,592.25
b) Unsecured borrowings		
Subordinated Redeemable non-convertible debentures	1,065.00	1,035.18
Other subordinated loans	75.00	75.00
	13,006.62	**11,886.78**

1.21 NON-CURRENT - OTHER FINANCIAL LIABILITIES		
a) Derivatives designated in hedging relationships carried at fair value	21.98	16.44
b) Others (includes deposit payable, RSP Participation fee payable relating to financing activity, etc.)	149.57	151.46
	171.55	**167.90**

Note:

These (except derivatives) are carried at amortised cost. Derivatives are carried at fair value through profit or loss / other comprehensive income.

1.22 CONTRACT LIABILITIES		
Income received in advance (Refer note 3.7)	215.67	249.85
	215.67	**249.85**

		As at March 31, 2021 ₹ Crores	As at March 31, 2020 ₹ Crores
1.23	**NON-CURRENT PROVISIONS**		
a)	Provision for employee benefits		
	i. Compensated absences	104.82	103.08
	ii. Others including post retirement benefits [Refer Note 3.3]	12.90	26.60
b)	Provision for product warranties	103.40	90.60
c)	Other provisions (includes provision for litigation)	8.26	8.26
		229.38	**228.54**

Notes:

1. Movement in Provision for product warranties is as follows:

Particulars	March 2021	March 2020
Opening balance	90.60	162.51
Additions (net of utilisations)	12.80	(71.91)
Closing balance	103.40	90.60

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 2021	March 2020
Opening balance	8.26	18.67
Additions	-	-
Utilisations / Reversals	-	10.41
Closing balance	8.26	8.26

		As at March 31, 2021 ₹ Crores	As at March 31, 2020 ₹ Crores
1.24	**DEFERRED TAX LIABILITIES (NET)**		
i)	Deferred tax liabilities	1,206.25	1,068.84
ii)	Deferred tax (assets)*	(820.16)	(730.27)
		386.09	**338.57**

* Includes Unused tax credits (MAT credit entitlement) of ₹ 574.06 crores (March 2020: ₹ 574.06 crores).

Note:

Refer Note 3.2 for details of deferred tax liabilities and assets.

		As at March 31, 2021 ₹ Crores	As at March 31, 2020 ₹ Crores
1.25	**CURRENT FINANCIAL LIABILITIES - BORROWINGS**		
a)	**Secured borrowings**		
	Loans from banks	1,019.79	1,566.41
b)	**Unsecured borrowings**		
	Loans from banks	1,241.70	1,208.92
	Commercial papers (maximum outstanding during the year ₹ 1,800 crores (March 2020: ₹ 2,000 crores))*	247.11	-
	Loan from related parties (Refer Note 3.9)	-	23.38
	Buyers credit	-	28.94
	Bills discounted	91.13	15.03
		2,599.73	**2,842.68**

* Relates to Parent Company

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:

- Secured	1,019.79	1,566.41
- Unsecured	1,241.70	1,208.92

3. Out of the above, borrowings relating to financing activities:

- Secured	755.63	532.39
- Unsecured	-	-

4. Refer Note 3.13 for security and terms of the borrowings.

		As at March 31, 2021 ₹ Crores	As at March 31, 2020 ₹ 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]	38.86	13.07
	b) Total outstanding dues of creditors other than micro enterprises and small enterprises	5,307.37	3,263.52
		5,346.23	**3,276.59**

Notes:

1. These are carried at amortised cost.
2. Includes acceptances amounting to ₹ 187.65 crores (March 2020: ₹ 213.35 crores)
3. Includes accrued expenses / liabilities amounting to ₹ 561.01 crores (March 2020: ₹ 445.49 crores)

		As at March 31, 2021 ₹ Crores	As at March 31, 2020 ₹ Crores
1.27	**CURRENT - OTHER FINANCIAL LIABILITIES**		
	a) Current maturities of long-term debts	5,725.75	6,086.29
	b) Interest accrued but not due on borrowings	136.16	127.44
	c) Unclaimed dividends	10.21	11.57
	d) Employee benefits	228.70	238.06
	e) Capital creditors	243.31	216.71
	f) Derivatives designated in hedging relationships carried at fair value	9.18	11.01
	g) Assignees towards collections in assigned assets (relating to financing activities)	283.51	232.05
	h) Others *	290.09	309.14
		6,926.91	**7,232.27**
	* Includes:		
	- Refund liabilities	265.97	252.88

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 ₹ 5,713.25 crores (March 2020: ₹ 5,869.76 crores) relating to financing activities.
4. Interest accrued but not due on borrowings include ₹ 91.86 crores (March 2020: ₹ 120.09 crores) relating to financing activities.
5. Refer Note 3.6 for details of debt covenants.

		As at March 31, 2021 ₹ Crores	As at March 31, 2020 ₹ Crores
1.28	**CONTRACT LIABILITIES**		
	a) Income received in advance	322.66	342.20
	b) Advance from customers	151.13	255.32
		473.79	**597.52**

Note:

Refer Note 3.7 for disclosures relating to revenue from contracts with customers

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

		As at March 31, 2021	As at March 31, 2020
		₹ Crores	₹ Crores
1.29	**CURRENT PROVISIONS**		
a)	Provision for employee benefits		
	i. Compensated absences	22.47	12.34
	ii. Others including Post retirement benefits [Refer Note 3.3]	94.53	88.89
b)	Others		
	i. Provision for product warranties	248.06	301.26
	ii. Provision for obligations	81.00	81.00
	iii. Other provisions (including litigation matters)	133.42	232.49
		579.48	**715.98**

Notes:

1. Movement in Provision for product warranties is as follows:

Particulars	Opening	Additions (net of utilisations)	Closing
March 2021	301.26	(53.20)	248.06
March 2020	333.09	(31.83)	301.26

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 :

Particulars	Opening	Additions	Utilisations / Reversals	Closing
March 2021	81.00	-	-	81.00
March 2020	81.00	-	-	81.00

3. Movement in Other Provisions (including litigation matters) is as follows:

Particulars	Opening	Additions / Transfer	Utilisations / Reversals	Closing
March 2021	232.49	2.46	101.53	133.42
March 2020	157.51	75.00	0.02	232.49

		As at March 31, 2021	As at March 31, 2020
1.30	**OTHER CURRENT LIABILITIES**		
a)	Statutory liabilities	202.09	79.90
b)	Accrued gratuity (Refer note 3.3)	-	7.11
c)	Others	0.16	5.83
		202.25	**92.84**
1.31	**CURRENT TAX LIABILITIES (NET)**		
	Provision for taxation (net of advance tax)	53.80	0.01
		53.80	**0.01**

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

					Year ended March 31, 2021	Year ended March 31, 2020
					₹ Crores	₹ Crores
2.1	REVENUE FROM OPERATIONS					
	a)	Sale of products				
		-	Commercial vehicles			
			Manufactured		12,550.34	14,819.89
			Traded		245.01	460.43
		-	Engines and gensets		932.33	823.78
		-	Ferrous castings and patterns		357.58	396.43
		-	Spare parts and others		1,750.93	1,819.79
				(A)	**15,836.19**	**18,320.32**
	b)	Sale of services		(B)	695.91	752.15
	c)	Interest / finance income relating to financing activities		(C)	3,146.01	3,136.34
	d)	Other operating revenues				
		-	Grant income		0.37	51.58
		-	Export incentives		16.70	60.52
		-	Scrap sales		47.90	68.84
		-	Others		11.37	22.21
				(D)	**76.34**	**203.15**
				(A+B+C+D)	**19,754.45**	**22,411.96**
	Less: Rebates and discounts				300.35	460.69
					19,454.10	**21,951.27**
2.2	OTHER INCOME					
	a)	Interest income from financial assets measured at amortised cost				
		i.	Loans to related parties (Refer Note 3.9)		9.77	10.64
		ii.	Others		85.70	47.80
					95.47	**58.44**
	b)	Profit on sale of investments (net)				
		Current investments			6.91	16.81
	c)	Other non-operating income				
		i.	Profit on sale of Property, Plant and Equipment (net)		4.35	4.90
		ii.	Net (loss) / gain arising on financial asset mandatorily measured at FVTPL		(4.61)	1.49
		iii.	Others		29.04	26.19
					28.78	**32.58**
					131.16	**107.83**
2.3	EMPLOYEE BENEFITS EXPENSE					
	a)	Salaries and wages			1,894.58	1,921.63
	b)	Contribution to provident and other funds			148.38	164.88
	c)	Share based payments costs *			22.41	16.06
	d)	Staff welfare expenses			156.49	175.74
					2,221.86	**2,278.31**
	Less: Expenses capitalised				62.43	88.04
					2,159.43	**2,190.27**

* For share options given by the Group to employees under employee stock option plan - Refer Note 3.5.

2.4	FINANCE COSTS			
	(a)	Interest expense	337.27	160.36
	(b)	Interest relating to financing activities	1,565.51	1,665.46
	(c)	Interest on Lease Liability	6.87	9.38
			1,909.65	**1,835.20**
		Less: Expenses capitalised	9.01	33.55
			1,900.64	**1,801.65**

Note:

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 is 7.90% p.a. (March 31, 2020 - 6.77% p.a.).

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	Year ended March 31, 2021 ₹ Crores	Year ended March 31, 2020 ₹ Crores
2.5 DEPRECIATION AND AMORTISATION EXPENSE		
A) Property, plant and equipment		
(i) Buildings	85.37	72.64
(ii) Plant and equipment	439.55	408.26
(iii) Furniture and fittings	11.00	14.24
(iv) Vehicles including electric vehicles	22.54	20.00
(v) Office equipment	31.15	33.64
(vi) Assets given on lease		
- Buildings	0.29	0.28
- Plant and equipment	#	0.01
- Aircraft	9.75	9.75
- Furniture and fittings	-	0.05
(vii) Electrical and other installations on lease hold premises	0.06	0.07
	599.71	**558.94**
B) Other intangible assets		
(i) Computer software		
- Developed	18.49	17.04
- Acquired	18.27	23.07
(ii) Technical knowhow		
- Developed	145.69	111.77
- Acquired	6.07	-
	188.52	**151.88**
C) Depreciation of Right-of-use asset	47.39	39.17
	835.62	**749.99**

Amount is below rounding off norms adopted by the Group.

	Year ended March 31, 2021 ₹ Crores	Year ended March 31, 2020 ₹ Crores
2.6 OTHER EXPENSES		
(a) Consumption of stores and tools	57.49	58.53
(b) Power and fuel	168.88	183.52
(c) Rent	12.86	31.65
(d) Repairs and maintenance		
- Buildings	37.49	50.64
- Plant and machinery	127.38	161.78
- Others	3.45	3.18
(e) Insurance	30.04	32.51
(f) Rates and taxes, excluding taxes on income	18.85	37.12
(g) Research and development (includes materials consumed and testing charges)	133.31	322.48
(h) Service and product warranties	296.83	467.36
(i) Packing and forwarding charges	424.63	581.67
(j) Selling and administration expenses (net)	571.79	633.44
(k) Annual maintenance contracts	171.38	209.92
(l) Service provider fees (including sourcing and commission expenses)	39.42	89.75
(m) Impairment loss allowance / write off on trade receivable (net)	70.88	37.08
(n) Impairment loss allowance / write off on advances / grant income receivable (net)	(1.61)	8.85
(o) Impairment loss allowance / write off relating to financing activities	752.87	630.45
	2,915.94	**3,539.93**
Less: Expenses capitalised	131.09	358.20
	2,784.85	**3,181.73**

Note:

Selling and administration expenses include:

- Directors' sitting fees	1.15	1.08
- Commission to Non Whole-time Directors	3.15	3.50

			Year ended March 31, 2021 ₹ Crores	Year ended March 31, 2020 ₹ Crores
2.7	**EXCEPTIONAL ITEMS**			
	a)	Voluntary retirement scheme	(85.99)	(45.59)
	b)	Gain on sale of immovable properties	6.92	-
	c)	Obligation relating to discontinued products of LCV division (net of reversal)	78.76	(7.69)
	d)	Gain on disposal of interest in a former Joint Venture	76.39	-
			76.08	**(53.28)**

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 (the "Act").

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 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.

d 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.

e The following subsidiaries are considered in the Consolidated Financial Statements:

S.No.	Name of the Subsidiary	Country of Incorporation	% of ownership interest March 31, 2021	% of ownership interest March 31, 2020
1	Hinduja Leyland Finance Limited and its subsidiary	India	68.81%	67.19%
2	Global TVS Bus Body Builders Limited	India	66.67%	66.67%
3	Gulf Ashley Motor Limited	India	93.15%	93.15%
4	Optare Plc and its subsidiaries	UK	91.63%	99.24%
5	Ashok Leyland (Nigeria) Limited	Nigeria	100.00%	100.00%
6	Ashok Leyland (Chile) SA*	Chile	100.00%	100.00%
7	HLF Services Limited	India	85.58%	84.84%
8	Albonair (India) Private Limited	India	100.00%	100.00%
9	Albonair GmbH and its subsidiary*	Germany	100.00%	100.00%
10	Ashok Leyland (UAE) LLC and its subsidiaries	UAE	100.00%	100.00%
11	Ashley Aviation Limited	India	100.00%	100.00%
12	Hinduja Tech Limited and its subsidiaries (from February 25, 2021)	India	100.00%	-
13	Vishwa Bus and Coaches Limited (from November 19, 2020)	India	100.00%	-

Ownership interest includes joint holding and beneficial interest.

* 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, 2021.

f 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 March 31, 2021	% of ownership interest March 31, 2020
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 (upto February 24, 2021)##	India	-	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.

g 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 March 31, 2021	% of ownership interest March 31, 2020
1	Ashok Leyland Defence Systems Limited	India	48.49%	48.49%
2	Mangalam Retail Services Limited	India	37.48%	37.48%
3	Lanka Ashok Leyland Plc	Sri Lanka	27.85%	27.85%

Rajalakshmi Wind Energy Limited (erstwhile Ashok Leyland Wind Energy Limited) and Prathama Solarconnect Energy Private Limited, where the Parent Company holds 26% is not treated as an associate under Ind AS 28, as the Group does not exercise significant influence over the entity.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.1.3 Additional Information, as required under Schedule III to the Companies Act, 2013 of entities consolidated as Subsidiaries, Joint Ventures and Associates

₹ Crores

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	As a % of Consolidated Profit or (Loss)	Amount	As a % of Consolidated Profit or (Loss)	Amount	As a % of Consolidated Profit or (Loss)	Amount
	Parent Company								
1	Ashok Leyland Limited	88.75	6,977.20	189.84	(313.68)	3.79	7.87	(719.21)	(305.81)
	Indian Subsidiaries								
2	Hinduja Leyland Finance Limited and its subsidiary	50.41	3,963.60	(201.48)	332.91	146.98	305.36	1,501.11	638.27
3	Global TVS Bus Body Builders Limited	0.48	37.52	1.80	(2.97)	0.04	0.09	(6.77)	(2.88)
4	Gulf Ashley Motor Limited	0.25	19.40	3.70	(6.12)	0.04	0.08	(14.21)	(6.04)
5	HLF Services Limited	0.10	7.78	(1.18)	1.95	0.02	0.04	4.68	1.99
6	Albonair (India) Private Limited	0.54	42.23	(8.37)	13.83	(0.03)	(0.06)	32.38	13.77
7	Ashley Aviation Limited	(0.05)	(3.89)	2.22	(3.66)	-	0.01	(8.58)	(3.65)
8	Hinduja Tech Limited and its subsidiaries (from February 25, 2021)	0.74	58.17	(0.14)	0.23	(0.01)	(0.03)	0.47	0.20
9	Vishwa Bus and Coaches Limited (from November 19, 2020)	0.41	32.48	0.03	(0.05)	-	-	(0.12)	(0.05)
	Foreign Subsidiaries								
10	Ashok Leyland (Nigeria) Limited	0.02	1.68	(0.45)	0.75	-	-	1.76	0.75
11	Ashok Leyland (Chile) S.A	-	0.30	(1.76)	2.90	-	-	6.82	2.90
12	Optare Plc and its subsidiaries	0.02	1.19	93.78	(154.96)	(2.83)	(5.88)	(378.27)	(160.84)
13	Ashok Leyland (UAE) LLC and its subsidiaries	0.07	5.84	(1.91)	3.16	0.40	0.84	9.41	4.00
14	Albonair GmbH and its subsidiary	0.20	15.82	(8.11)	13.40	(0.43)	(0.89)	29.42	12.51
15	**Non controlling Interest in all subsidiaries**	**(16.12)**	**(1,268.28)**	**57.88**	**(95.63)**	**(45.73)**	**(95.01)**	**(448.35)**	**(190.64)**
	Associates (Investment as per the equity method)								
	Indian								
16	Ashok Leyland Defence Systems Limited	0.21	16.42	(0.58)	0.96	-	-	2.26	0.96
17	Mangalam Retail Services Limited	-	0.04	-	-	-	-	-	-
	Foreign								
18	Lanka Ashok Leyland Plc	0.31	24.07	(0.03)	0.05	(1.39)	(2.89)	(6.68)	(2.84)
	Joint Ventures (Investment as per the equity method)								
	Indian								
19	Ashley Alteams India Limited	0.01	0.75	1.83	(3.02)	0.02	0.04	(7.01)	(2.98)
20	Ashok Leyland John Deere Construction Equipment Company Private Limited (under liquidation)	-	-	-	-	-	-	-	-
21	Hinduja Tech Limited (upto February 24, 2021)	-	-	(0.91)	1.51	(0.11)	(0.22)	3.03	1.29
	Sub Total	**126.35**	**9,932.32**	**126.17**	**(208.44)**	**100.76**	**209.35**	**2.14**	**0.91**
	Add / (Less): Effect of intercompany adjustments / eliminations	(26.35)	(2,070.30)	(26.17)	43.21	(0.76)	(1.60)	97.86	41.61
	Total	**100.00**	**7,862.02**	**100.00**	**(165.23)**	**100.00**	**207.75**	**100.00**	**42.52**

Note:

Net Assets and Share in Profit or Loss for Parent Company, Subsidiaries, Joint Ventures and Associates are as per the Standalone / Consolidated Financial Statements of the respective entities from the date of acquisition wherever applicable.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.2 INCOME TAXES RELATING TO CONTINUING OPERATIONS

3.2.1 Income tax recognised in profit or loss

		Year ended March 31, 2021	Year ended March 31, 2020
		₹ Crores	₹ Crores
Current tax			
In respect of the current year			
Domestic entities		127.03	194.73
Foreign entities		0.53	(0.05)
In respect of prior years			
Domestic entities		(64.47)	-
Foreign entities		-	-
	A	**63.09**	**194.68**
Deferred tax			
In respect of the current year			
Domestic entities		(118.32)	85.82
Foreign entities		(0.48)	(1.14)
In respect of prior years			
Domestic entities		58.23	-
Foreign entities		-	-
	B	**(60.57)**	**84.68**
Total income tax expense recognised in the Consolidated profit or loss	(A + B)	**2.52**	**279.36**

3.2.2 Income tax expense for the year reconciled to the accounting profit:

	Year ended March 31, 2021	Year ended March 31, 2020
Profit before tax		
Domestic entities	67.57	909.42
Foreign entities	(134.65)	(170.26)
Consolidated (Loss) / Profit before tax	**(67.08)**	**739.16**
Applicable Income tax rate	34.944%	34.944%
Income tax expense	(23.44)	258.29
Effect of income that is exempt from taxation	-	(6.47)
Effect of income that is taxed at lower rate	(14.70)	-
Effect of exceptional items, benefits recognised upon amalgamation, disallowances and reversals (net)	45.69	125.95
Effect of exceptional items, disallowances and reversals (net)	-	(28.51)
Effect of previously unrecognised and unused tax losses	(4.60)	(5.97)
Effect of concessions and other allowances (including tax holiday and weighted deduction for research and development expenditure)	-	(117.65)
Effect of taxable / deductible temporary differences and tax holiday benefit relating to earlier years (net)	(1.24)	(1.01)
Effect of different tax rates of subsidiaries / branches operating in overseas jurisdictions	53.23	61.03
Effect of other adjustments	(52.42)	(6.25)
	2.52	**279.41**
Adjustments recognised in the current year in relation to the current tax of prior years	-	(0.05)
Income tax expense recognised in Consolidated profit or loss	**2.52**	**279.36**

		Year ended March 31, 2021 ₹ Crores	Year ended March 31, 2020 ₹ Crores
3.2 INCOME TAXES RELATING TO CONTINUING OPERATIONS (Contd.)			
3.2.3 Income tax recognised in other comprehensive income			
Deferred tax:			
Arising on income and expenses recognised in other comprehensive income:			
Fair value remeasurement of hedging instruments entered into for cash flow hedges		(6.84)	(8.17)
Gain / (Loss) on fair valuation of loans (relating to financing activities)		102.74	33.26
Remeasurement of defined benefit obligation		2.86	(24.94)
	A	**98.76**	**0.15**
Arising on income and expenses reclassified from equity to profit or loss:			
Relating to cash flow hedges		8.17	(0.08)
	B	**8.17**	**(0.08)**
Total income tax recognised in other comprehensive income	(A+B)	**106.93**	**0.07**
Bifurcation of the income tax recognised in other comprehensive income into:			
Items that will not be reclassified to profit or loss		2.86	(24.94)
Items that will be reclassified to profit or loss		104.07	25.01
		106.93	**0.07**

3.2.4 Analysis of deferred tax assets / liabilities: ₹ Crores

March 31, 2021	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in other Equity	Other adjustments	Unused tax credits - availed / (utilised)	Closing balance
Deferred tax assets (net)							
Property, plant, and equipment and Intangible Assets	(1.21)	1.21	-	-	-	-	-
Right-of-use Asset	(0.01)	0.17	-	-	-	-	0.16
Unused tax losses (including unabsorbed depreciation)	3.63	1.90	-	-	-	-	5.53
Expenditure allowed upon payments	0.92	(0.69)	-	-	-	-	0.23
Other temporary differences	4.38	(1.39)	-	-	-	-	2.99
	7.71	**1.20**	**-**	**-**	**-**	**-**	**8.91**
Deferred tax liabilities (net)							
Property, plant, and equipment and Intangible Assets	1,035.02	5.45	-	-	-	-	1,040.47
Right-of-use Asset	15.93	(4.96)	-	-	-	-	10.97
Lease Liability	(14.05)	3.44	-	-	0.10	-	(10.51)
Voluntary retirement scheme compensation	(10.85)	(17.01)	-	-	-	-	(27.86)
Expenditure allowed upon payments	(85.69)	(8.32)	2.86	-	(0.11)	-	(91.26)
Provision for impairment of financial assets and gain on fair valuation of loan relating to financing activities (net) (Refer Note below)	17.89	(31.60)	102.74	-	0.61	-	89.64
Prepaid expenses relating to financing activities	-	65.17	-	-	-	-	65.17
Unused tax credit (MAT credit entitlement)	(574.06)	-	-	-	-	-	(574.06)
Cash flow hedges	(8.17)	-	1.33	-	-	-	(6.84)
Other temporary differences	(37.45)	18.86	-	-	(0.64)	-	(19.23)
Unused tax losses / unabsorbed deprectiation	-	(90.40)	-	-	-	-	(90.40)
	338.57	**(59.37)**	**106.93**	**-**	**(0.04)**	**-**	**386.09**

3.2 INCOME TAXES RELATING TO CONTINUING OPERATIONS (Contd.)

3.2.4 Analysis of deferred tax assets / liabilities: (Contd.)

March 31, 2020	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in other Equity	Other adjustments	Unused tax credits - availed / (utilised)	Closing balance
Deferred tax assets (net)							
Property, plant, and equipment and Intangible Assets	(0.64)	(0.57)	-	-	-	-	(1.21)
Right-of-use Asset	-	(0.18)	-	0.17	-	-	(0.01)
Unused tax losses (including unabsorbed depreciation)	2.19	1.44	-	-	-	-	3.63
Expenditure allowed upon payments	0.65	0.27	-	-	-	-	0.92
Other temporary differences	8.10	(3.72)	-	-	-	-	4.38
	10.30	**(2.76)**	**-**	**0.17**	**-**	**-**	**7.71**
Deferred tax liabilities (net)							
Property, plant, and equipment and Intangible Assets	925.89	109.13	-	-	-	-	1,035.02
Right-of-use Asset	-	(1.42)	-	17.35	-	-	15.93
Lease Liability	-	4.92	-	(18.97)	-	-	(14.05)
Voluntary retirement scheme compensation	(6.35)	(4.50)	-	-	-	-	(10.85)
Expenditure allowed upon payments	(57.53)	(3.22)	(24.94)	-	-	-	(85.69)
Provision for impairment of financial assets and gain on fair valuation of loan relating to financing activities (net) (Refer Note below)	(39.01)	23.64	33.26	-	-	-	17.89
Unused tax credit (MAT credit entitlement)	(512.64)	(61.86)	-	- -		0.44	(574.06)
Cash flow hedges	0.08	-	(8.25)	- -		-	(8.17)
Other temporary differences	(52.68)	15.23	-	- -		-	(37.45)
	257.76	**81.92**	**0.07**	**(1.62)**	**-**	**0.44**	**338.57**

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.

Note:

Rs. Crores

March 31, 2021	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in other Equity	Other adjustments	Unused tax credits - availed / (utilised)	Closing balance
Provision for impairment of financial assets	(136.57)	(31.60)	-	-	-	-	(168.17)
Gain on fair valuation of loan relating to financing activities	154.46	-	102.74	-	0.61	-	257.81
Net Total	**17.89**	**(31.60)**	**102.74**	**-**	**0.61**	**-**	**89.64**

Rs. Crores

March 31, 2020	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in other Equity	Other adjustments	Unused tax credits - availed / (utilised)	Closing balance
Provision for impairment of financial assets	(160.21)	23.64	-	-	-	-	(136.57)
Gain on fair valuation of loan relating to financing activities	121.20	-	33.26	-	-	-	154.46
Net Total	**(39.01)**	**23.64**	**33.26**	**-**	**-**	**-**	**17.89**

3.2.5 Unrecognised deductible temporary differences, unused tax losses and unused tax credits

	As at March 31, 2021 ₹ Crores	As at March 31, 2020 ₹ Crores
- Unused tax losses	1,650.03	1,423.93
- Unused capital losses	260.40	270.78
- Unabsorbed depreciation	0.12	4.24
	1,910.55	**1,698.95**

Notes:

1. These will expire in various years upto 2028-29, 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

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

In case of group companies operating in foreign jurisdiction, the payments in the form of defined contribution towards pension / social security schemes is made as per the laws and regulations of local jurisdiction in which the companies operate. These payments are made to the appropriate authority / entity which is managing the funds / schemes. The assets of the funds / schemes managed by the authorities / entities are held separately from that of these group companies and there are no further obligation once the contributions are made.

The total expense recognised in consolidated profit or loss of ₹ 63.34 crores (2019-20: ₹ 61.25 crores) represents contribution paid / payable to these schemes by the Group at rates specified in the schemes.

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 the time of retirement, separation, 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. The Group makes annual contributions to a funded gratuity scheme administered by the Life Insurance Corporation of India / SBI Life Insurance.

Eligible employees of the Group are entitled to receive benefits in respect of provident fund, a defined benefit 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. The interest rates declared and credited by trusts to the members have been higher than / equal to the statutory rate of interest declared by the Central Government.

Group's liability towards gratuity (funded), provident fund, other retirement benefits and compensated absences are actuarially determined at the end of each reporting period 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 (Contd.)

3.3.2 Defined benefit plans (Contd.)

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.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Provident Fund	As at March 31, 2021	As at March 31, 2020
	₹ Crores	₹ Crores
Discount rate	6.82%	6.60%
Remaining term to maturity of portfolio (years)	11.90	11.90
Expected guaranteed interest rate		
First year	8.50%	8.50%
Thereafter	8.50%	8.50%
Attrition rate	3.00%	3.00%

The amount included in the balance sheet arising from the Group's obligation in respect of its provident fund plan is as follows:

Provident Fund	As at March 31, 2021	As at March 31, 2020
	₹ Crores	₹ Crores
Plan asset at the end of the year	1,241.60	1,171.77
Present value of benefit obligation at the end of the year	1,310.79	1,222.57
Net (liability) arising from defined benefit obligation (funded)	**(69.19)**	**(50.80)**

The Net liability is reflected in "Provision for employee benefits" under provisions. [Refer Notes 1.29].

The amount recognised in total comprehensive income and the movement in fair value assets and present value obligations is as follows :

	Year ended March 31, 2021	Year ended March 31, 2020
	₹ Crores	₹ Crores
Amounts recognised in total comprehensive income in respect of these provident fund are as follows:		
Provident Fund		
Current service cost	43.64	61.95
Net interest expense / (income)	3.35	(0.69)
Components of provident fund recognised in profit or loss	**46.99**	**61.26**
Remeasurement on the net defined benefit liability comprising:		
Actuarial (gain) / loss arising from changes in financial assumptions	(0.48)	0.48
Actuarial (gain) / loss arising from experience adjustments	46.20	(14.55)
Actuarial (gain) / loss on plan assets	(31.43)	74.06
Adjustment relating to unrecognised actuarial gain of prior year	-	(8.99)
Components of provident fund recognised in other comprehensive income	**14.29**	**51.00**
Total	**61.28**	**112.26**

The current service cost and the net interest expense for the year are included in "contribution to provident and other funds" and "Salaries and wages" under employee benefits expense in profit or loss (Refer Note 2.3)

3.3 RETIREMENT BENEFIT PLANS (Contd.)

3.3.2 Defined benefit plans (Contd.)

Movements in the present value of the defined benefit obligation were as follows:

	Year ended March 31, 2021	Year ended March 31, 2020
	₹ Crores	₹ Crores
Opening defined benefit obligation	1,222.57	1,160.34
Adjustment relating to opening present value obligation	-	2.26
Employer Contribution	42.89	61.46
Employee Contribution	101.41	119.05
Value of Interest Rate Guarantee	0.75	0.49
Interest cost	79.39	87.53
Actuarial (gain) / loss arising from changes in financial assumptions	(0.48)	0.48
Actuarial (gain) / loss arising from experience adjustments	46.20	(14.55)
Benefits paid	(181.94)	(194.49)
Closing defined benefit obligation	**1,310.79**	**1,222.57**

	Year ended March 31, 2021	Year ended March 31, 2020
	₹ Crores	₹ Crores
Movements in the fair value of the plan assets were as follows: **Expected guaranteed interest rate**		
Opening fair value of plan assets	1,171.77	1,176.13
Adjustment relating to opening fair value of plan assets	-	(4.54)
Interest on plan assets	76.04	88.22
Actuarial gain / (loss) on plan assets	31.43	(74.06)
Contributions	144.30	180.51
Benefits paid	(181.94)	(194.49)
Closing fair value of plan assets	**1,241.60**	**1,171.77**

The Group funds the contribution to administered trusts, which manages the plan assets in accordance with provident fund norms.

	Year ended March 31, 2021	Year ended March 31, 2020
	₹ Crores	₹ Crores
The breakup of the plan assets into various categories is as follows:		
Central and State Government Securities	63.00%	55.00%
Corporate Bonds	25.00%	33.00%
Mutual Funds	6.00%	6.00%
Special Deposit Scheme	6.00%	6.00%

Significant actuarial assumptions for the determination of the provident fund are discount rate and interest rate guarantee. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period.

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
	₹ Crores	₹ Crores
If the discount rate is 50 basis points higher / lower, the defined benefit obligation would:		
decrease by	1.09	0.24
increase by	1.14	0.25

The Group is sensitive to Interest rate guarantee wherein any increase or decrease in the interest rate by 25 basis points results in an increase in present value obligation by 0.4% (March 2020: 1.3%) or decrease in present value obligation by 2.8% (March 2020: 0.4%.)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation, since the above analysis are based on change in an assumption while holding other assumptions constant. In practice, it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

3.3 RETIREMENT BENEFIT PLANS (Contd.)

3.3.2 Defined benefit plans (Contd.)

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
	₹ Crores	₹ Crores
Gratuity		
Discount rate	5.20% to 6.82%	5.60% to 6.66%
Expected rate of salary increase	4.00% to 10.00%	4.00% to 10.00%
Average Longevity at retirement age - past service	3.28 to 16.10	3.07 to 15.50
Average Longevity at retirement age - future service	4.91 to 18.33	5.59 to 18.85
Attrition rate	1% to 20.00%	1% to 14.00%
Compensated Absences		
Discount rate	5.20% to 6.82%	5.60% to 6.66%
Expected rate of salary increase	4.00% to 10.00%	4.00% to 10.00%
Attrition rate	1% to 20.00%	1% to 14.00%
Other defined benefit plans		
Discount rate	6.82%	6.60%

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.

Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
	₹ Crores	₹ Crores
Gratuity		
Current service cost	24.63	23.59
Net interest expense	(0.15)	0.13
Components of defined benefit costs recognised in Consolidated profit or loss (A)	**24.48**	**23.72**
Remeasurement on the net defined benefit liability comprising:		
Actuarial (gain) / loss arising from changes in demographic assumptions	-	(0.01)
Actuarial (gain) / loss arising from changes in financial assumptions	(10.00)	28.66
Actuarial (gain) / loss arising from experience adjustments	(12.60)	(9.49)
Actuarial (gain) / loss on plan assets	(0.03)	3.81
Components of defined benefit costs recognised in other comprehensive income (B)	**(22.63)**	**22.97**
Total (A+B)	**1.85**	**46.69**
Compensated Absences and other defined benefit plans		
Current service cost	19.45	16.86
Net interest expense	7.67	8.52
Actuarial (gain) / loss arising from changes in financial assumptions	(2.15)	10.18
Actuarial (gain) / loss arising from experience adjustments	(4.03)	(18.11)
Components of defined benefit costs recognised in Consolidated profit or loss	**20.94**	**17.45**

The current service cost and the net interest expense for the year are included in ''Contribution to provident and other funds'' and "Salaries and wages" under employee benefits expense' in Consolidated profit or loss [Refer Note 2.3].

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.3 RETIREMENT BENEFIT PLANS (Contd.)

3.3.2 Defined benefit plans (Contd.)

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	As at March 31, 2021	As at March 31, 2020
	₹ Crores	₹ Crores
Present value of defined benefit obligation	382.47	390.76
Fair value of plan assets	396.79	382.82
Net asset / (liability) arising from defined benefit obligation	**14.32**	**(7.94)**
Funded	14.83	(7.11)
Unfunded	(0.51)	(0.83)
Net asset / (liability) arising from defined benefit obligation	**14.32**	**(7.94)**
Compensated Absences and other defined benefit plans		
Present value of defined benefit obligation	133.43	122.92
Fair value of plan assets	-	-
Net liability arising from defined benefit obligation (unfunded)	**133.43**	**122.92**

Funded gratuity is reflected in 'Accrued gratuity' under other current liabilities / Gratuity asset under other current assets, unfunded gratuity and Compensated absences is reflected in 'Others including post retirement benefits' under provisions. [Refer Notes 1.17, 1.23, 1.29 and 1.30]

Movements in the present value of the defined benefit obligation in the current year were as follows:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
	₹ Crores	₹ Crores
Gratuity		
Opening defined benefit obligation	390.76	362.74
Addition pursuant to business combination	3.91	-
Current service cost	24.63	23.59
Interest cost	24.45	26.20
Actuarial (gain) / loss arising from changes in demographic assumptions	-	(0.01)
Actuarial (gain) / loss arising from changes in financial assumptions	(10.00)	28.66
Actuarial (gain) / loss arising from experience adjustments	(12.60)	(9.49)
Benefits paid	(38.68)	(40.93)
Closing defined benefit obligation	**382.47**	**390.76**
Compensated Absences and other defined benefit plans		
Opening defined benefit obligation	122.92	112.61
Addition pursuant to business combination	1.85	-
Current service cost	19.45	16.86
Interest cost	7.67	8.52
Actuarial (gain) / loss arising from changes in financial assumptions	(2.15)	10.18
Actuarial (gain) / loss arising from experience adjustments	(4.03)	(18.11)
Benefits paid	(12.28)	(7.14)
Closing defined benefit obligation	**133.43**	**122.92**

3.3 RETIREMENT BENEFIT PLANS (Contd.)

3.3.2 Defined benefit plans (Contd.)

Movements in the fair value of plan assets were as follows:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
	₹ Crores	₹ Crores
Gratuity		
Opening fair value of plan assets	382.82	325.02
Addition pursuant to business combination	3.39	-
Interest on plan assets	24.60	26.07
Remeasurements due to actual return on plan assets less interest on plan assets	0.03	(3.81)
Contributions	24.63	76.47
Benefits paid	(38.68)	(40.93)
Closing fair value of plan assets	**396.79**	**382.82**

The actual return on plan assets was ₹ 24.63 crores (2019-20: ₹ 22.26 crores).

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, 2021	As at March 31, 2020
	₹ Crores	₹ Crores
Gratuity		
If the discount rate is 50 basis points higher / lower, the defined benefit obligation would:		
decrease by	14.47	14.85
increase by	14.04	14.15
If the expected salary increases / decreases by 50 basis points, the defined benefit obligation would:		
increase by	14.55	14.50
decrease by	14.78	15.32
Compensated Absences		
If the discount rate is 50 basis points higher / lower, the defined benefit obligation would:		
decrease by	5.23	5.28
increase by	5.49	5.66
If the expected salary increases / decreases by 50 basis points, the defined benefit obligation would:		
increase by	5.64	5.45
decrease by	5.23	5.11

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation, since the above analysis are based on change in an assumption while holding other assumptions constant. In practice, 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 ₹ 28.85 crores (March 2020: ₹ 59.78 crores) to the defined benefit plans (gratuity - funded) during the next financial year.

The average duration of the benefit obligation (gratuity) is 8 years (March 2020: 8.1 years).

3.4 EARNINGS PER SHARE

	Year ended March 31, 2021	Year ended March 31, 2020
	₹ Crores	₹ Crores
Basic earnings per share	(0.56)	1.15
Diluted earnings per share	(0.56)	1.15
Face value per share	1.00	1.00

3.4.1 Basic and diluted earnings per share

	Year ended March 31, 2021	Year ended March 31, 2020
	₹ Crores	₹ Crores
Profit for the year attributable to owners of the Parent Company	(165.23)	336.67

	Year ended March 31, 2021	Year ended March 31, 2020
	₹ Crores	₹ Crores
Weighted average number of equity shares used in the calculation of basic earnings per share	2,935,527,276	2,935,527,276
Adjustments :		
Dilutive effect - Number of shares relating to employee stock options	-	-
Weighted average number of equity shares after adjustment for effect of dilution	**2,935,527,276**	**2,935,527,276**

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 or prior year:

Option series	Number	Grant date	Expiry date	Exercise price ₹	Fair value at grant date ₹
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 6 (Refer Note below)	7,010,000	February 11, 2020	February 11, 2031	82.90	38.58

* ESOP 1 & ESOP 2 have got vested / lapsed before April 1, 2019.

Note:
Under ESOP 3, ESOP 4, ESOP 5 and ESOP 6 shares vest on varying dates within the expiry date mentioned above with an option life of 5 years after vesting.

3.5 SHARE BASED PAYMENTS (Contd.)

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 ₹ Nil (2019-20: ₹ 38.58). 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		2019-20
	ESOP 3	ESOP 4	ESOP 5	ESOP 6
Grant date share price	106.85	118.30	91.40	82.90
Exercise price	83.50	109.00	91.40	82.90
Expected volatility	37.70% to 42.90%	37.52% to 39.70%	37.40% to 40.48%	37.91% to 39.68%
Option life (Refer Note 3.5.1)	6 - 10 years	6 - 10 years	9- 11 years	9- 11 years
Dividend yield	1.46	2.05	2.66	2.07
Risk-free interest rate	6.44% to 6.66%	7.42% to 7.58%	7.19% to 7.29%	6.38% to 6.47%

3.5.3 Movements in share options during the year

	Year ended March 31, 2021 Numbers	Weighted average exercise price	Year ended March 31, 2020 Numbers	Weighted average exercise price
Opening at the beginning of the year	22,710,000	88.99	15,700,000	91.72
Granted during the year	-	-	7,010,000	82.90
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Balance at the end of the year	22,710,000	88.99	22,710,000	88.99

Weighted average share price on date of exercise of option ₹ Nil (2020: ₹ Nil).

3.5.4 Share options vested but not exercised during the year

ESOP 3: 4,00,000 options and ESOP 4: 2,00,000 options (Year ended March 31, 2020, ESOP 3: 4,00,000 options and ESOP 4: 2,00,000 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 ₹ 88.99 (as at March 31, 2020: ₹ 88.99) and a weighted average remaining contractual life of 7.93 years (as at March 31, 2020: 8.93 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, 2021	March 31, 2020
	₹ Crores	₹ Crores
Debt (long-term and short-term borrowings including current maturities and lease liabilities net off effective interest rate adjustment)*	24,077.17	22,417.19
Total equity	9,130.30	8,895.89
Debt equity ratio	2.64	2.52
* includes borrowing in relation to financing activities	19,475.50	18,288.93

The Group is required to comply with certain covenants under the Facility Agreements executed for its borrowings, which is monitored for compliance. During the financial year ended March 31, 2021, for borrowings aggregating to ₹ 1,678.93 crores, some of the financial covenants have been breached by the Parent Company mainly due to the impact of COVID 19. Out of the above, for Rupee Term Loans and External Commercial Borrowings to the extent of ₹ 1,378.93 crores, the lenders have the option to recall the loan. On representation from the Parent Company considering the special circumstances, the lenders have waived the testing of financial covenants for the year ended March 31, 2021. For the other Rupee Term Loan of ₹ 300 crores, the Lender does not have the option to recall the loan. Hence, these loans have been classified under Non-current borrowing in the consolidated financial statements.

3.6 FINANCIAL INSTRUMENTS (Contd.)

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 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 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 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 Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

As on March 31, 2021 (all amounts are in equivalent ₹ Crores):

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD	1,062.09	846.54	215.55	224.17	130.95	93.22	(122.33)
EUR	93.81	45.93	47.88	12.47	0.92	11.55	(36.33)
GBP	0.61	-	0.61	0.39	-	0.39	(0.22)
JPY	1.85	-	1.85	-	-	-	(1.85)
SGD	149.29	149.03	0.26	-	-	-	(0.26)
Others	5.83	-	5.83	56.67	-	56.67	50.84

As on March 31, 2020 (all amounts are in equivalent ₹ Crores):

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD	1,326.81	994.13	332.68	172.84	128.35	44.49	(288.19)
EUR	22.86	11.55	11.31	16.75	0.77	15.98	4.67
GBP	0.93	-	0.93	-	-	-	(0.93)
JPY	2.60	-	2.60	-	-	-	(2.60)
SGD	0.25	-	0.25	-	-	-	(0.25)
Others	65.14	-	65.14	201.56	-	201.56	136.42

3.6 FINANCIAL INSTRUMENTS (Contd.)

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 export proceeds, import payments and cost of borrowings.

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 financial 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, 2021	March 31, 2020
Profit or loss	2.45	5.76
Equity	2.45	5.76
	EUR impact	
	March 31, 2021	March 31, 2020
Profit or loss	0.73	0.09
Equity	0.73	0.42
	GBP impact	
	March 31, 2021	March 31, 2020
Profit or loss	#	0.02
Equity	#	0.02
	JPY impact	
	March 31, 2021	March 31, 2020
Profit or loss	0.04	0.05
Equity	0.04	0.05
	SGD impact	
	March 31, 2021	March 31, 2020
Profit or loss	0.01	0.01
Equity	0.01	0.01
	Impact of other currencies	
	March 31, 2021	March 31, 2020
Profit or loss	1.02	2.72
Equity	1.02	2.72

Amount is below rounding off norms adopted by the Group.

3.6 FINANCIAL INSTRUMENTS (Contd.)

The following table details the foreign currency forward contracts outstanding at the end of the reporting period:

March 31, 2021	Foreign currency (in Crores)		Notional value (₹ Crores)	Fair value assets / (liabilities)* (₹ Crores)	Maturity date	Hedge ratio	Weighted Average rate
Cash flow hedges:							
Sell EUR - Buy INR	EUR	-	-	-	-	-	-
Fair value hedges:							
Buy USD - Sell INR	USD	1.57	115.00	(1.07)	April 2021 - June 2022	1 : 1	USD 1 : INR 75.42
Sell USD - Buy INR	USD	1.79	130.95	0.17	April 2021 - June 2021	1 : 1	USD 1 : INR 73.64
Sell EUR - Buy INR	EUR	0.01	0.92	0.03	May 2021	1 : 1	EUR 1 : INR 89.51
Buy EUR - Sell INR	EUR	0.54	45.93	(1.72)	May 2021 - March 2023	1 : 1	EUR 1 : INR 97.07

March 31, 2020	Foreign currency (in Crores)		Notional value (₹ Crores)	Fair value assets (liabilities)* (₹ Crores)	Maturity date	Hedge ratio	Weighted Average rate
Cash flow hedges:							
Sell EUR - Buy INR	EUR	0.20	16.60	(0.58)	July 2020	1 : 1	EUR 1 : INR 81.25
Fair value hedges:							
Buy USD	USD	3.14	237.47	9.34	April 2020 - September 2020	1 : 1	USD 1 : INR 73.40
Sell USD	USD	1.70	128.33	(3.83)	April 2020 - September 2020	1 : 1	USD 1 : INR 74.02
Sell USD - Buy EUR	EUR	0.01	0.77	(0.01)	April 2020	1 : 1	EUR 1 : INR 82.24
Buy EUR - Sell INR	EUR	0.15	12.00	0.31	April 2020 - May 2020	1 : 1	EUR 1 : INR 81.08

* included in the balance sheet under 'Current-other financial assets' and 'Non Current & Current-other financial liabilities'. [Refer notes 1.15, 1.21 and 1.27]

(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 strategies. 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, 2021	March 31, 2020
	₹ Crores	₹ Crores
Variable rate Borrowings	18,555.41	17,545.74
Fixed rate Borrowings *	5,277.19	4,596.11
	23,832.60	**22,141.85**

* includes variable rate borrowings amounting to ₹ 878.93 crores (March 31, 2020: ₹ 756.65 crores) subsequently converted to fixed rate borrowings through swap contracts

Of the above, Variable rate borrowings amounting to ₹ 16,869.55 crores (2020: ₹ 16,653.36 crores) and fixed rate borrowings amounting to ₹ 2,605.95 crores (2020: ₹ 1,635.57 crores) relates to financing activities.

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 and all other variables were held constant, the Group's profit for the year ended March 31, 2021 would decrease / increase by ₹ 4.21 crores (2019-20: decrease / increase by ₹ 2.23 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 sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The interest rate on variable rate borrowing is around 8.29% p.a. 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 loss / profit for the year ended March 31, 2021 would decrease / increase by ₹ 41.30 crores (2019-20: decrease / increase by ₹ 32.90 crores). The corresponding impact on loss / profit after tax and equity is ₹ 30.90 crores (2019-20: ₹ 24.62 crores). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

3.6 FINANCIAL INSTRUMENTS (Contd.)

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, 2021	March 31, 2020
	₹ Crores	₹ Crores
Increase / decrease of 100 basis points for Housing loans	19.09	14.16

(3) Foreign currency and interest rate sensitivity analysis for swap contracts:

The Group 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. The mark-to-market gains / (loss) as at March 31, 2021 is ₹ (8.95) crores (March 31, 2020: ₹ 26.16 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 loss / profit for the year ended March 31, 2021 would approximately decrease / increase by ₹ Nil (2019-2020: decrease / increase by ₹ Nil).

(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

Particulars	As at March 31, 2021			As at March 31, 2020		
	Gross	Allowance	Net	Gross	Allowance	Net
Not due	2,550.11	-	2,550.11	549.04	-	549.04
Due less than 6 months*	102.92	-	102.92	551.76	-	551.76
Due greater than 6 months*	521.03	152.84	368.19	510.22	105.75	404.47
Total	**3,174.06**	**152.84**	**3,021.22**	**1,611.02**	**105.75**	**1,505.27**

*includes dues from government organisation which are considered recoverable

Movement in Credit loss allowance - Trade receivable

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
	₹ Crores	₹ Crores
Balance at the beginning of the year	105.75	73.00
Incremental credit loss allowance (net)	47.09	32.75
Balance at the end of the year	**152.84**	**105.75**

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.

3.6 FINANCIAL INSTRUMENTS (Contd.)

(b) For business relating to 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.

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. Receivables consist of a large number of customers, spread across diverse categories of products. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee cover is taken. The Group does not have a credit risk to an individual customer in excess of 5%.

Particulars	March 31, 2021		
	Financial services	Retail and wholesale	Total
Investments	815.93	-	815.93
Loans	1,413.04	20,286.11	21,699.15

Particulars	March 31, 2020		
	Financial services	Retail and wholesale	Total
Investments	630.57	-	630.57
Loans	2,025.46	17,822.85	19,848.31

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. Probability of Defaults (PD) are then adjusted for Ind AS 109 ECL calculations to incorporate forward looking information and the Ind AS 109 Stage classification of the exposure.

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 Loss Given Default (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, 2021	March 31, 2020
Ageing (weighted average across various portfolios)	Staging	Provisions	Expected Credit Loss %	Expected Credit Loss %
0-30 days past due	Stage 1	12 month provision	0.25%	0.26%
30-90 days past due	Stage 2	Life time provision	2.33%	0.27%
More than 90 days past due	Stage 3	Life time provision	48.65%	39.61%

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 loan, commercial vehicle loan, loan against property, construction equipments and three wheeler loan.

3.6 FINANCIAL INSTRUMENTS (Contd.)

Expected credit loss for loans and investments relating to financing activity

Particulars	March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Investments				
Estimated gross carrying amount at default	816.09	-	-	816.09
Expected probability of default	-	-	-	-
Expected credit losses	(0.16)	-	-	(0.16)
Carrying amount net of impairment provision	**815.93**	**-**	**-**	**815.93**
Loans				
Estimated gross carrying amount at default	17,075.01	3,969.17	1,477.36	22,521.54
Expected probability of default	0.03% to 3.71%	1.66% to 33.49%	100%	0.03% to 100%
Expected credit losses	(44.26)	(90.81)	(713.29)	(848.36)
Carrying amount net of impairment provision	**17,030.75**	**3,878.36**	**764.07**	**21,673.18**

Particulars	March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Investments				
Estimated gross carrying amount at default	630.62	-	-	630.62
Expected probability of default	-	-	-	-
Expected credit losses	(0.05)	-	-	(0.05)
Carrying amount net of impairment provision	**630.57**	**-**	**-**	**630.57**
Loans				
Estimated gross carrying amount at default	15,096.75	3,499.03	2,156.60	20,752.38
Expected probability of default	0.22% to 1.25%	0.19% to 1.3%	100%	0.19% to 100%
Expected credit losses	(34.27)	(11.64)	(858.16)	(904.07)
Carrying amount net of impairment provision	**15,062.48**	**3,487.39**	**1,298.44**	**19,848.31**

The details provided in the above table represents the gross exposures excluding the value of the underlying collaterals.

Movement in Credit loss allowance for loans and investments relating to financing activity

Particulars	Stage 1	Stage 2	Stage 3	Total
Balance as at April 1, 2019	**34.91**	**14.51**	**680.50**	**729.92**
Provision for the year	(20.50)	(0.32)	170.44	149.62
Assets originated or purchased	20.37	(3.61)	10.19	26.95
Change in the measurement from 12 month to life time expected losses and vice versa	(4.93)	3.39	41.03	39.49
ECL on fair valued assets - transferred to OCI	4.53	(2.33)	(42.54)	(40.34)
Write offs	(0.11)	-	(1.46)	(1.57)
Balance as at March 31, 2020	**34.27**	**11.64**	**858.16**	**904.07**
Provision for the year	15.14	2.00	145.81	162.95
Assets originated or purchased	14.53	0.83	6.35	21.71
Change in the measurement from 12 month to life time expected losses and vice versa	(11.75)	76.34	(21.77)	42.82
Write offs	(7.93)	-	(275.26)	(283.19)
Balance as at March 31, 2021	**44.26**	**90.81**	**713.29**	**848.36**

3.6 FINANCIAL INSTRUMENTS (Contd.)

Concentration of credit risk for financing activities

	Type of counter party	As at March 31, 2021	As at March 31, 2020
		₹ Crores	₹ Crores
Concentration by type of loan:			
- Commercial and other vehicles	Retail	16,300.12	15,145.84
- Loan against property	Retail	2,360.76	2,149.93
- Housing loans	Retail	2,447.61	1,431.15
- Term loans	Corporate	1,413.05	2,025.46
Total		**22,521.54**	**20,752.38**
In India		22,521.54	20,752.38
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 March 31, 2021 and March 31, 2020 are ₹ 815.93 crores and ₹ 630.57 crores respectively.

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 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 Value Through Other Comprehensive Income (‘FVTOCI’).

Offsetting of cash and cash equivalents to borrowings as per the consortium agreement is available only to the bank in the event of a default. Group does not have the right to offset in case of the counter party’s bankruptcy, therefore, these disclosures are not required.

(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, 2021	March 31, 2020
	₹ Crores	₹ Crores
Expiring within one year (bank overdraft and other facilities)		
- Secured	9,467.82	6,700.46
- Unsecured	481.46	1,077.11
Total	**9,949.28**	**7,777.57**

Further to the above, the Group has an option to issue commercial paper for an amount of ₹ 1,750 crores. The Group also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

3.6 FINANCIAL INSTRUMENTS (Contd.)

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

March 31, 2021	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Total
Trade payables	5,346.23	-	-	5,346.23
Other financial liabilities	1,055.82	98.92	-	1,154.74
Borrowings	8,591.75	14,030.96	905.18	23,527.89
Lease liabilities	47.69	114.86	80.44	242.99
	15,041.49	**14,244.74**	**985.62**	**30,271.85**

₹ Crores

March 31, 2020	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Total
Trade payables	2,834.60	-	-	2,834.60
Other financial liabilities	1,448.74	147.98	-	1,596.72
Borrowings	9,178.03	12,958.89	538.14	22,675.06
Lease liabilities	43.80	99.72	85.59	229.11
	13,505.17	**13,206.59**	**623.73**	**27,335.49**

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

March 31, 2021	Due in 1st year	Due in 2nd to 5th year	Carrying amount
Currency and interest rate swaps	8.60	19.70	28.30
Foreign exchange forward contracts	0.58	2.28	2.86
	9.18	**21.98**	**31.16**

₹ Crores

March 31, 2020	Due in 1st year	Due in 2nd to 5th year	Carrying amount
Currency and interest rate swaps	6.37	16.44	22.81
Foreign exchange forward contracts	4.64	-	4.64
	11.01	**16.44**	**27.45**

3.6 FINANCIAL INSTRUMENTS (Contd.)

3.6.3 Categories of Financial assets and liabilites:

₹ Crores

		As at March 31, 2021	As at March 31, 2020
Financial assets			
a.	**Measured at amortised cost:**		
	Investments	815.93	630.57
	Investments - Accounted for using equity method	41.28	105.01
	Cash and cash equivalents	1,481.04	2,188.24
	Other bank balances	297.49	47.06
	Trade receivables (net of allowance)	3,021.22	1,505.27
	Loans (net of allowance)	11,195.83	12,921.75
	Others (net of allowance)	1,552.43	1,631.78
b.	**Mandatorily measured at fair value through profit or loss (FVTPL) / other comprehensive income (OCI):**		
	Investments	238.42	224.76
	Loans (net of allowance)*	10,525.85	6,989.32
	Derivatives designated as hedging instruments	19.62	58.83
Financial liabilities			
a.	**Measured at amortised cost:**		
	Borrowings	23,890.11	22,237.67
	Trade Payables	5,346.23	3,276.59
	Other financial liabilites	1,341.55	1,286.43
	Lease liability	187.06	179.52
b.	**Mandatorily measured at fair value through profit or loss (FVTPL) / other comprehensive income (OCI):**		
	Derivatives designated in hedge accounting relationships	31.16	27.45

* These are loans relating to financing activities which are measured at fair value through OCI (recurring fair value measurements- Level 3) and the fair value gain accounted during the year amounts to ₹ 408.18 crores (March 31, 2020: ₹ 224.48 crores)

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 carrying amounts of trade receivables, trade payables, capital creditors and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature. The fair values for loans, security deposits were calculated based on cash flows discounted using a current lending rate. The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

₹ Crores

		March 31, 2021		March 31, 2020	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
Financial assets held at amortised cost:					
-	Investments relating to financing activities	815.93	860.71	630.57	660.52
-	Receivables relating to financing activities (net of allowance for loans)	11,173.30	12,220.82	12,858.99	13,514.79
-	Other financial assets relating to financing activities	672.31	729.45	754.82	789.54
Financial liabilities					
Financial liabilities held at amortised cost:					
-	Debentures and other subordinated loans (relating to financing activities)	2,605.95	2,605.95	2,041.25	2,125.09
-	Term loans (relating to financing activities)	16,113.92	16,113.92	15,640.30	16,284.67

3.6 FINANCIAL INSTRUMENTS (Contd.)

₹ Crores

	Fair value hierarchy as at March 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets				
- Investments relating to financing activities	80.00	322.95	457.76	860.71
- Receivables relating to financing activities	-	-	12,220.82	12,220.82
- Other financial assets relating to financing activities	-	729.45	-	729.45
Financial liabilities				
- Debentures (relating to financing and non financing activities)	-	2,605.95	-	2,605.95
- Term loans (relating to financing activities)	-	16,113.92	-	16,113.92

₹ Crores

	Fair value hierarchy as at March 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets				
- Investments relating to financing activities	80.00	224.66	355.86	660.52
- Receivables relating to financing activities	-	-	13,514.79	13,514.79
- Other financial assets relating to financing activities	-	789.54	-	789.54
Financial liabilities				
- Debentures (relating to financing and non financing activities)	-	2,125.09	-	2,125.09
- Term loans (relating to financing activities)	-	16,284.67	-	16,284.67

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 that reflects the credit risk of counterparties 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, 2021	March 31, 2020		
Derivative instruments, i.e. forward foreign currency contracts,currency and interest rate swaps	Assets – ₹ 19.62 Crores; and Liabilities – ₹ 31.16 Crores	Assets – ₹ 58.83 Crores; and Liabilities – ₹ 27.45 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.

3.6 FINANCIAL INSTRUMENTS (Contd.)

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, 2021	March 31, 2020				
Investments in unquoted preference shares	Preference shares of: Others - ₹ 6.73 crores	Preference shares of: Hinduja Tech Limited - ₹ 22.45 crores Others - ₹ 6.37 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	₹ 10,525.85 Crores	₹ 6,989.32 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	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 in isolation would result in a significant increase in the fair value. (Note 5)
Investments in unquoted equity shares & Investment in special limited partnership	Equity shares of: Hinduja Energy (India) Limited- ₹ 188.46 crores Others - ₹ 49.96 crores (Refer 1.3)	Equity shares of: Hinduja Energy (India) Limited - ₹ 193.47 crores Others - ₹ 31.28 crores (Refer 1.3)	Level 3	Income approach and Net asset value (Realisable value) approach – in these approaches, 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) Other things remaining constant, a 5% increase / decrease in the WACC or discount rate used would decrease / increase the fair value of the unquoted preference shares by ₹ 1.79 crores / ₹ 2.77 crores (as at March 31, 2020: ₹ 2.30 crores / ₹ 3.40 crores).

3) Other things remaining constant, 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 ₹ 8.56 crores / ₹ 9.78 crores (as at March 31, 2020: ₹ 7.03 crores / ₹ 7.64 crores).

4) Other things remaining constant, a 5% increase/ decrease in the revenue would increase / decrease the fair value of the unquoted equity instruments by ₹ 5.50 crores / ₹ 4.89 crores (as at March 31, 2020: ₹ 20.52 crores / ₹ 20.48 crores).

5) A 100 basis points increase / decrease in the discount rate used would decrease / increase the fair value of loans relating to financing activities by ₹ 194.72 crores / ₹ 201.84 crores (as at March 31, 2020: ₹ 153.25 crores / ₹ 153.22 crores).

6) 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 ₹ 4.61 crores (2019-2020: gain of ₹ 1.49 crores).

3.6 FINANCIAL INSTRUMENTS (Contd.)

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, 2021, the Group securitised loans with an aggregate carrying amount of ₹ Nil (2019-2020: ₹ 465.16 crores) to various special purpose vehicles (SPV) for cash proceeds of ₹ Nil (2019-2020: ₹ 465.16 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, 2021, the carrying amount of these loans that have been transferred but have not been derecognised amounted to ₹ 246.35 crores (March 31, 2020: ₹ 521.50 crores) and the carrying amount of the associated liability is ₹ 246.35 crores (March 31, 2020: ₹ 511.33 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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
	₹ Crores	₹ Crores
Type of goods and service		
a) Sale of products		
- Commercial vehicles	12,795.35	15,280.32
- Engines and gensets	932.33	823.78
- Ferrous castings and patterns	357.58	396.43
- Spare parts and others	1,750.93	1,819.79
	15,836.19	**18,320.32**
b) Sale of services		
- Freight and Insurance	275.33	350.10
- Annual Maintenance Contracts (AMC)	165.87	227.87
- Manpower supply services	0.06	13.09
- IT services	13.41	-
- Others (includes warranty services)	241.24	161.09
	695.91	**752.15**
c) Other operating revenues		
- Scrap sales	47.90	68.84
- Others	11.37	22.21
	59.27	**91.05**
Less: Rebates and discounts	300.35	460.69
Total revenue from contract with customers	**16,291.02**	**18,702.83**
India	14,173.28	16,111.84
Outside India	2,117.74	2,590.99
Total revenue from contract with customers	**16,291.02**	**18,702.83**

Timing of revenue recognition	Year ended March 31, 2021		Year ended March 31, 2020	
Particulars	At a point in time	Over a period of time	At a point in time	Over a period of time
- Sale of products and other operating income	15,884.09	-	18,389.16	-
- Sale of Services - Freight and Insurance	275.33	-	350.10	-
- Sale of Services - Manpower supply	0.06	-	13.09	-
- Sale of Services - IT	13.41	-	-	-
- Sale of Services - AMC and Others (includes warranty services)	59.16	359.32	99.09	312.08
Less: Rebates and discounts	300.35	-	460.69	-
Total revenue from contracts with customers	**15,931.70**	**359.32**	**18,390.75**	**312.08**

3.7 REVENUE FROM CONTRACTS WITH CUSTOMERS: (Contd.)

3.7.2 Contract balances

Particulars	As at March 31, 2021	As at March 31, 2020
	₹ Crores	₹ Crores
Trade receivables (Refer notes 1.4 and 1.12)	3,021.22	1,505.27
Contract assets (Refer note 1.16)	19.72	2.18
Contract liabilities (Refer notes 1.22 and 1.28)	689.46	847.37

Contract assets are unbilled revenue earned from 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 includes advance from customers and 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 decrease in contract liability is due to decrease in unexpired service warranties and decrease in volumes / revenue.

3.7.3 Revenue recognised in relation to contract liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
	₹ Crores	₹ Crores
Revenue recognised from contract liabilities at the beginning of the year	547.81	725.65
Revenue recognised from performance obligations satisfied in previous years	1.84	13.63

3.7.4 Reconciliation of revenue recognised in the statement of profit and loss with the contracted price

Particulars	As at March 31, 2021	As at March 31, 2020
	₹ Crores	₹ Crores
Contracted price	16,591.37	19,163.52
Adjustments		
Rebates and discounts	(300.35)	(460.69)
Revenue from contract with customers	**16,291.02**	**18,702.83**

3.7.5 Unsatisfied or partially unsatisfied Perfomance obligation

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) , as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
	₹ Crores	₹ Crores
Within one year	660.30	699.15
More than one year	281.08	326.92
	941.38	**1,026.07**

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.

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 31, 2021 ₹ Crores	Year ended March 31, 2020 ₹ Crores
i	**Segment Revenue**		
	Commercial vehicle	16,308.09	18,814.93
	Financial service	3,147.26	3,136.41
	Gross Revenue	**19,455.35**	**21,951.34**
	Less: Inter-segmental revenue	1.25	0.07
	Revenue from operations	**19,454.10**	**21,951.27**
ii	**Segment Results**		
	Commercial vehicle	(371.36)	337.83
	Financial service (after deducting interest expense on loan financing)	432.67	480.08
	Total Segment Profit before Interest and Tax	**61.31**	**817.91**
	Interest expense	(335.13)	(136.19)
	Other income	131.16	107.83
	Share of (loss) / profit of associates and joint ventures (net)	(0.50)	2.89
	Exceptional items	76.08	(53.28)
	(Loss) / Profit before Tax	**(67.08)**	**739.16**
	Tax	2.52	279.36
	(Loss) / Profit after Tax (including share of (loss) / profit of associates and joint ventures)	**(69.60)**	**459.80**
iii	**Segment Assets**		
	Commercial vehicle	17,858.62	15,916.72
	Financial service	24,208.25	22,210.14
	Total Segment Assets	**42,066.87**	**38,126.86**
iv	**Segment Liabilities**		
	Commercial vehicle	12,665.95	10,290.79
	Financial service	20,270.62	18,940.18
	Total Segment Liabilities	**32,936.57**	**29,230.97**
v	**Addition to Non-current asset**		
	Commercial vehicle	1,730.89	1,618.27
	Financial service	54.17	37.71
	Total Addition to Non-current asset	**1,785.06**	**1,655.98**

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				
	2021	**17,336.36**	**2,117.74**	**19,454.10**
	2020	19,360.28	2,590.99	21,951.27
Non-Current Asset				
	2021	**7,522.99**	**406.89**	**7,929.88**
	2020	7,659.79	453.99	8,113.78

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
Hinduja National Power Corporation Limited
DA Stuart India Private Limited
Prathama Solarconnect Energy Private Limited
Hinduja Renewables Private Limited
IDL Explosives Limited
Gulf RAK Lube Oil (Ras Al Khaimah)
Gulf Oil Middle East Limited

Associates

Ashok Leyland Defence Systems Limited
Lanka Ashok Leyland Plc
Mangalam Retail Services Limited

Joint Ventures

Ashley Alteams India Limited
Ashok Leyland John Deere Construction Equipment Company Private Limited (Along with Gulf Ashley Motor Limited) [under liquidation]
Hinduja Tech Limited………. upto February 24, 2021

Entities where control exist

Ashok Leyland Educational Trust

Entities under the significant influence of Key Management Personnel

Hinduja Investments and Project services limited

Entities where significant influence exist

Ashok Leyland Employees Gratuity Fund
Ashok Leyland 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 Gratuity Fund
Ennore Foundries Employees Pension cum Insurance Fund
Ennore Foundries Senior Executives Superannuation Fund
Global TVS Employees Gratuity Fund

3.9 RELATED PARTY DISCLOSURE (contd.)

Key Management Personnel

Mr. Dheeraj G Hinduja, Chairman

Mr. Vipin sondhi, Managing Director and CEO.. from December 12, 2019

Mr. Gopal Mahadevan, Whole-time Director and Chief Financial Officer.. from May 24, 2019

Prof. Dr. Andreas H Biagosch

Dr. Andrew C Palmer

Mr. Jean Brunol

Mr. Jose Maria Alapont

Ms. Manisha Girotra

Mr. Sanjay K Asher

Mr. Saugata Gupta.. from November 8, 2019

Mr. Sudhindar K Khanna.. upto April 5, 2019

Dr. CB Rao.. from August 12, 2020

Note:

Transaction with Rajalakshmi Wind Energy Limited (erstwhile Ashok Leyland Wind Energy Limited) and Prathama Solarconnect Energy Private Limited have not been disclosed as being with associate since the Parent Company does not have significant influence over Rajalakshmi Wind Energy Limited and Prathama Solarconnect Energy Private Limited, although the Parent Company holds 26% of the equity share capital of Rajalakshmi Wind Energy Limited and Prathama Solarconnect Energy Private Limited respectively.

*The Parent Company has intimated Estera trust (Isle of Man) Limited as significant beneficial owner pursuant to the Companies (Significant Beneficial Owners) Rules, 2018

3.9 RELATED PARTY DISCLOSURE (Contd.)

c) Related Party Transactions - summary

₹ Crores

		Fellow Subsidiaries		Associates		Joint Ventures		Holding Company		Entities where control exist		Entities where significant influence exist		Entities under the significant influence of Key Management Personnel		Key Management Personnel		Total	
	Transactions during the year ended March 31	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
1	Purchase of raw materials, components and traded goods (net of GST)	77.61	78.10	0.71	0.85	44.80	37.43	-	-	-	-	-	-	-	-	-	-	123.12	116.38
2	Sales and services (net of GST)	24.99	34.49	80.32	179.10	1.03	1.11	-	-	-	0.72	-	-	-	-	-	-	106.34	215.42
3	Other operating income	-	-	-	-	1.35	1.33	-	-	-	-	-	-	-	-	-	-	1.35	1.33
4	Other expenditure incurred / (recovered) (net)	13.96	6.60	(0.76)	(1.05)	25.83	42.58	2.36	3.50	0.08	(0.60)	-	-	0.01	-	-	-	41.48	51.03
5	Interest and other income	17.46	10.64	0.78	0.80	0.20	0.01	-	0.02	-	-	-	-	-	-	-	-	18.44	11.47
6	Interest expense	-	-	-	-	-	-	1.77	0.36	-	-	-	-	-	-	-	-	1.77	0.36
7	Dividend payments	-	-	-	-	-	-	-	537.67	-	-	-	-	-	-	-	-	-	537.67
8	Remuneration to key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24.12	11.09	24.12	11.09
9	Commission and sitting fees to key management personnel*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.30	4.58	4.30	4.58
10	Investments in shares of	18.66	-	-	-	-	1.24	-	-	-	-	-	-	-	-	-	-	18.66	1.24
11	Loans / ICD given	300.00	375.00	-	-	-	-	-	42.52	-	-	-	-	-	-	-	-	300.00	417.52
12	Loans / ICD repaid	400.00	320.00	-	-	-	-	-	42.52	-	-	-	-	-	-	-	-	400.00	362.52
13	Borrowings taken	-	-	-	-	-	-	50.38	74.80	-	-	-	-	-	-	-	-	50.38	74.80
14	Borrowings repaid	-	-	-	-	-	-	75.56	51.43	-	-	-	-	-	-	-	-	75.56	51.43
15	Contribution to employee related trusts made during the year	-	-	-	-	-	-	-	-	-	-	189.28	244.23	-	-	-	-	189.28	244.23
16	Purchase of Asset	-	-	-	-	8.12	-	-	-	-	-	-	-		-	-	-	8.12	-
17	Allotment of Equity Shares	-	-	-	-	-	-	73.97	-	-	-	-	-	-	-	-	-	73.97	-

* Includes commission and sitting fees to independent directors aggregating to ₹ 3.48 crores (2020 : ₹ 3.42 crores)

All the transactions are at arms length

The remuneration paid / payable to the directors amounting to ₹ 12.30 crores for the financial year ended March 31, 2021, is in excess of the limit prescribed under the Companies Act, 2013 and is subject to approval of the shareholders, which the Parent Company proposes to obtain in the forthcoming Annual General Meeting, in accordance with the provisions of the Companies Act, 2013, as amended from time to time.

3.9 RELATED PARTY DISCLOSURE (Contd.)

d) Related Party balances - summary

₹ Crores

		Fellow Subsidiaries		Associates		Joint Ventures		Holding Company		Entities where control exist		Entities where significant influence exist		Entities under the significant influence of Key Management Personnel		Key Management Personnel		Total	
	Balances as on March 31	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
1	Trade receivables (Refer Notes 1.4 and 1.12)	7.94	6.92	75.87	4.10	0.25	0.09	-	-	0.64	0.99	-	-	-	-	-	-	84.70	12.10
2	Other financial and non- financial assets (Refer Notes 1.9, 1.15 and 1.16)	0.01	100.48	-	-	0.22	7.42	-	-	-	-	-	-	-	-	-	-	0.23	107.90
3	Borrowings	-	-	-	-	-	-	-	23.38	-	-	-	-	-	-	-	-	-	23.38
4	Trade and other payables	26.37	6.78	1.22	0.10	17.64	10.80	1.54	1.97	-	-	10.21	9.93	0.19	-	8.50	4.76	65.67	24.41
5	Financial guarantees	-	-	-	-	14.70	23.65	-	-	-	-	-	-	-	-	-	-	14.70	23.65

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.9 RELATED PARTY DISCLOSURE (Contd.)

e) Significant Related Party Transactions

₹ Crores

	Transactions during the year ended March 31	2021	2020
1	**Purchase of raw materials, components and traded goods (net of GST)**		
	Gulf Oil Lubricants India Limited	70.85	69.77
	Ashley Alteams India Limited	44.80	37.43
2	**Sales and services (net of GST)**		
	Gulf Oil Lubricants India Limited	24.99	24.56
	Lanka Ashok Leyland plc	74.21	176.03
3	**Other operating income**		
	Ashley Alteams India Limited	1.35	1.33
4	**Other expenditure incurred / (recovered) (net)**		
	Hinduja Automotive Limited, United Kingdom	2.36	3.50
	Ashok Leyland Defence Systems Limited	(0.58)	(0.92)
	Hinduja Tech Limited	25.89	42.63
	Prathama Solar Connect Energy Private Limited	8.24	-
	Hinduja renewables Private Limited	5.55	6.17
5	**Interest and other income**		
	Hinduja Energy (India) Limited	17.46	10.64
	Ashok Leyland Defence Systems Limited	0.78	0.80
6	**Dividend payment**		
	Hinduja Automotive Limited, United Kingdom	-	537.67
7	**Investment in shares of**		
	Ashley Alteams India Limited	-	1.24
	Prathama Solar Connect Energy Private Limited	18.66	-
8	**Allotment of Equity shares**		
	Hinduja Automotive Limited, United Kingdom	73.97	-
9	**Loan / ICD given**		
	Hinduja Energy (India) Limited	300.00	375.00
	Hinduja Automotive Limited, United Kingdom	-	42.52
10	**Loan / ICD repaid**		
	Hinduja Energy (India) Limited	400.00	320.00
	Hinduja Automotive Limited, United Kingdom	-	42.52
11	**Purchase of Asset**		
	Ashley Alteams India Limited	8.12	-
12	**Borrowing taken**		
	Hinduja Automotive Limited, United Kingdom	50.38	74.80
13	**Borrowing repaid**		
	Hinduja Automotive Limited, United Kingdom	75.56	51.43
14	**Interest expense**		
	Hinduja Automotive Limited, United Kingdom	1.77	0.36
15	**Contribution to employee related trusts made during the year including loans and interest recovered**		
	Ashok Leyland Employees Ennore Provident Fund Trust	49.43	51.30
	Ashok Leyland Employees Hosur Provident Fund Trust	37.75	33.86
	Ashok Leyland Senior Executives Provident Fund Trust	43.91	45.72
	Ashok Leyland Employees Gratuity Fund	13.50	38.00
	Ashok Leyland Superannuation Fund	14.08	15.73
	Ennore Foundries Gratuity Fund	8.32	3.61
	Ennore Foundries Limited Employees Provident Fund	13.22	14.03

3.9 RELATED PARTY DISCLOSURE (Contd.)

e) Significant Related Party Transactions (Contd.)

₹ Crores

	Transactions during the year ended March 31	2021	2020
16	**Commission and sitting fees to key management personnel**		
	Mr. Dheeraj G Hinduja	0.82	1.16
	Commission and sitting fees to independent directors in aggregate	3.48	3.42
17	Remuneration to key management personnel*		
	Mr. Vipin Sondhi		
	Short term employee benefits	10.62	2.01
	Other long term employee benefits	0.08	0.21
	Share-based payment	5.63	0.94
	Mr. Gopal Mahadevan		
	Short term employee benefits	4.80	4.45
	Other long term employee benefits	0.07	0.12
	Share-based payment	2.92	3.36

* Excludes contribution for gratuity and compensated absences as the incremental liability has been accounted for the Group as a whole.

3.10 Lease arrangements

Group as lessee

Maturity Analysis (Remaining Contractual Maturities) for lease payments is as follows:

	Particulars	As at March 31, 2021	As at March 31, 2020
		₹ Crores	₹ Crores
(a)	Not later than 1 year	47.69	43.80
(b)	Later than 1 year but not later than 5 years	114.86	99.72
(c)	Later than 5 years	80.44	85.59
		242.99	**229.11**

Group has applied following practical expedients for the purpose of lease on initial recognition :

1) Single discount rate has been applied for leases with same characteristics.
2) Non - lease component which are difficult to be separate from the lease components are taken as the part of lease calculation.
3) Contracts not part of lease in Ind AS 17 has not been taken for computation as a part of Ind AS 116.
4) Short term leases i.e., leases having lease term of 12 months or less has been ignored for the purpose of calculation of right-of-use asset.

Expenses for the year ended March 31, 2021 includes lease expense classified as Short term lease of ₹ 30.20 crores (March 31, 2020: ₹ 41.07 crores) low value leases of ₹ 0.01 crores (March 31, 2020: ₹ 0.34 crores) and variable lease payments aggregating to ₹ 48.45 crores (March 31, 2020: ₹ 12.98 crores) which are not required to recognised as per practical expedient under Ind AS 116 'Leases' mentioned above.

3.11 CONTINGENT LIABILITIES

Particulars		As at March 31, 2021	As at March 31, 2020
		₹ Crores	₹ Crores
a)	Claims against the Company not acknowledged as debts (net)		
	i) Sales tax / VAT / GST #	274.79	275.44
	ii) Excise duty #	8.19	8.19
	iii) Service Tax #	61.31	62.46
	iv) Customs Duty #	0.43	0.43
	v) Income tax $	155.55	-
	vi) Others	41.01	43.30
	$ These relates to issues of deductibility and taxability in respect of which the Group is in appeal and inclusive of the effect of similar matters in respect of assessments remaining to be completed		
	# 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	14.70	23.65
c)	Share of contingent liabilities of joint ventures and associates	0.01	0.20
d)	Bank guarantee	31.24	62.56

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) evaluated 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 and the Management believes that further clarity is required on this matter for the time period prior to March 31, 2019. However, it is not likely to have a significant impact and accordingly, no provision has been made in these Consolidated Financial Statements.

3 The Group is involved in various claims and actions in the ordinary course of business. The Group accrues a liability when a loss is considered probable and the amount can be reasonably estimated. In the opinion of the management the outcome of any existing claims, legal and regulatory proceedings, if decided adversely, is not expected to have a material adverse effect on the business, financial condition, results of operations and cash flows of the Group based on the current position of such claims / legal actions.

3.12 COMMITMENTS :

		As at March 31, 2021	As at March 31, 2020
		₹ Crores	₹ Crores
a)	Capital commitments (net of advances) not provided for	277.08	318.56
	[including ₹ 25.08 crores (March 2020: ₹ 33.93 crores) in respect of intangible assets]		
b)	Share of commitments of joint ventures	0.04	0.03
c)	Uncalled liability on partly paid shares / investments	#	#
d)	Other commitments		
	i) Financial support given to a joint venture		
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:

I Non-current borrowings:

₹ Crores

	As at March 31, 2021				As at March 31, 2020		
	Non-current	Current Maturities	Total	Particulars of Redemption / Repayment	Non-current	Current Maturities	Total
a. SECURED BORROWINGS:							
i. Debenture Series							
8.00% p.a. to 9.25% p.a. (March 2020 : 7.10% p.a. to 9.60% p.a.) Secured redeemable non-convertible debentures Sub 1	620.00	634.32	1,254.32	Redemption period is 3 to 5 years	54.37	347.95	402.32
BR SBI + 0.35% (March 2020 : BR SBI +0.35%) Sub 1 (BR SBI - Base Rate of State Bank of India)	-	-	-	Fully repaid in FY 2020 - 2021	129.98	268.07	398.05
Non-Convertible Debentures (NCD) Series I (4000 debentures of ₹ 10 lakhs only)	400.00	-	400.00	Bullet repayment at the end of 3 years from the date of allotment i.e. May 19, 2023	-	-	-
Non-Convertible Debentures (NCD) Series II (2000 debentures of ₹ 10 lakhs only)	200.00	-	200.00	Bullet repayment at the end of 3 years from the date of allotment i.e. June 25, 2023	-	-	-
	1,220.00	**634.32**	**1,854.32**		**184.35**	**616.02**	**800.37**
ii. Term loans:							
TL 2 - SUB 8	-	-	-	Fully repaid in FY 2020 - 2021	68.06	-	68.06
TL - 1 - SUB 1	11,246.62	4,867.30	16,113.92	Repayable in varying installments in 3 to 9 years	10,592.25	5,048.04	15,640.29
TL-12	500.00	-	500.00	Repayable annually in 5 equal installments starting from September 9, 2022	500.00	-	500.00
TL-13	300.00	-	300.00	Repayable annually in 4 equal installments starting from May 14, 2023	-	-	-
TL-14	87.50	12.50	100.00	Repayable semi annually in 8 equal installments starting from February 28, 2022	-	-	-
TL-15	100.00	-	100.00	Repayable quarterly in 20 installments of varying amounts starting from July 1, 2023	-	-	-
	12,234.12	**4,879.80**	**17,113.92**		**11,160.31**	**5,048.04**	**16,208.35**

I Non-current borrowings:

1 (i) TL -12 - Term loan relating to Parent Company was secured by way of first ranking charge on the specified plant and machinery of a manufacturing unit of the Parent Company located at Pantnagar to the extent of ₹ 500 crores.

(ii) TL - 13 - Term loan relating to Parent Company was secured by way of first ranking charge on the specified plant and machinery of three manufacturing units of the Parent Company located at Hosur to the extent of 1.25 times of the amount of loan.

(iii) TL - 14 - Term loan relating to Parent Company was secured by way of exclusive charge on the specified plant and machinery and other moveable fixed assets of a manufacturing unit of the Parent Company located at Pantnagar to the extent of 1.10 times of the amount of loan.

(iv) TL - 15 - Term loan relating to Parent Company was secured by way of exclusive charge on the specified plant and machinery and other moveable fixed assets of a manufacturing unit of the Parent Company located at Pantnagar to the extent of 1.25 times of the amount of loan.

3.13 DETAILS OF BORROWINGS: (Contd.)

(v) NCD - Series 1 - 8% AL 2023 relating to Parent Company are secured by way of first ranking charge over specific plant and machinery of manufacturing and research and development units situated at Ennore and Vellivoyalchavadi and specific immoveable properties of manufacturing unit at Ennore to the extent of 1.10 times of the amount of debentures.

(vi) NCD - Series 2 - 7.65% AL 2023 relating to Parent Company are secured by way of first ranking charge over specific plant and machinery of three manufacturing units situated at Hosur and specific immoveable properties situated at manufacturing unit at Ennore to the extent of 1.10 times of the amount of debentures.

2 Debentures of a subsidiary (Sub 1) (12,550 debentures (March 31, 2020: 8,010 debentures)) 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.

3 Term loans availed by a subsidiary from various banks (TL-1 Sub 1) are secured by hypothecation of designated assets on loan to customers and future receivables therefrom, and investments in pass through certificates and debentures of the subsidiary.

4 Term loans availed by a subsidiary (TL - 2 Sub - 8) are secured by a first charge on pari-passu basis on all moveable assets.

5 The assets offered as security for borrowings relating to financing activities includes financial assets relating to financing activities and land amounting to ₹ 22,518.89 crores (March 2020: ₹ 17,894.24 crores).

₹ Crores

		As at March 31, 2021				As at March 31, 2020		
		Non-current	Current Maturities	Total	Particulars of Redemption / Repayment	Non-current	Current Maturities	Total
iii.	**Other loans:**							
	SIPCOT Soft Loan	31.18	-	31.18	Repayable by August 1, 2025	31.18	-	31.18
		31.18	**-**	**31.18**		**31.18**	**-**	**31.18**

Other loans (SIPCOT Soft Loan) availed by the Parent Company are 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 of the Parent Company.

		Non-current	Current Maturities	Total	Particulars of Redemption / Repayment	Non-current	Current Maturities	Total
b.	**Unsecured borrowings:**							
i)	**ECB loans:**							
	ECB - 16	147.83	-	147.83	Repayable annually in 3 equal installments starting from November 18, 2023	-	-	-
	ECB - 15	146.22	-	146.22	Repayable annually in 3 equal installments starting from February 28, 2023	151.33	-	151.33
	ECB - 14	584.88	-	584.88	Repayable annually in 3 equal installments starting from September 23, 2022	605.32	-	605.32
	ECB - 13	-	-	-	Fully repaid on September 10, 2020	-	50.44	50.44
	ECB - 12	-	-	-	Fully repaid on June 26, 2020	-	151.33	151.33
		878.93	**-**	**878.93**		**756.65**	**201.77**	**958.42**
ii)	**Debenture series:**							
	9.20% p.a. to 11.60% p.a. (March 2020: 9.20% p.a to 11.60% p.a) - Subordinated redeemable non-convertible debentures - Sub 1 (12,100 debentures (March 31, 2020: 11,750 debentures))	1,065.00	211.63	1,276.63	Redeemable over a period of 5 to 7 years	1,035.18	205.70	1,240.88
		1,065.00	**211.63**	**1,276.63**		**1,035.18**	**205.70**	**1,240.88**

3.13 DETAILS OF BORROWINGS: (Contd.)

₹ Crores

		As at March 31, 2021				As at March 31, 2020		
		Non-current	Current Maturities	Total	Particulars of Redemption / Repayment	Non-current	Current Maturities	Total
iii)	**Interest free sales tax loans:**							
	Programme II	66.41	-	66.41	Varying amounts repayable on a periodical basis ending on June 2028	66.41	16.53	82.94
		66.41	**-**	**66.41**		**66.41**	**16.53**	**82.94**
iv)	**Other subordinated loans:**							
	11.21% p.a. (March 2020: 11.21% p.a) - Subordinated loans - Sub 1	75.00	-	75.00	Redeemable over a period of 5 to 6 years	75.00	-	75.00
		75.00	**-**	**75.00**		**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 11.60% p.a. (as at March 31, 2020: 12.40% p.a.).

			As at March 31, 2021	Particulars of Redemption / Repayment	As at March 31, 2020
			₹ Crores	₹ Crores	₹ Crores
II	**Current borrowings:**				
	a.	**Secured borrowings**			
	-	STL 1 Sub 1	755.62	Repayable on demand	532.39
	-	STL 20	-	Repayable on various dates in FY 2020-21	842.00
	-	STL 3 Sub 6	39.00	Repayable on demand	11.00
	-	STL 1 Sub 7	5.00	Repayable on demand	-
	-	STL 2 Sub 5	120.05	Repayable within a year	116.47
	-	STL 1 Sub 8	75.62	Repayable on demand	64.48
	-	STL 1 Sub 9	18.23	Repayable on demand	0.07
	-	STL 1 Sub 10	6.27	Repayable on demand	-
			1,019.79		**1,566.41**

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 lenders of the subsidiary.

2 STL 20 relates to working capital demand loan taken by Parent Company from banks are secured by way of hypothecation of the whole stocks of Raw Materials, Semi Finished and Finished goods, Stores and Spares not related to Plant and Machinery (Consumable stores and spares) Bills Receivable, Book Debts and all other movables both present and future now lying or stored about the factory premises, godowns, warehouses, yards and any other locations to the extent of ₹ 2,000 crores (March 31, 2020: ₹ 900 crores).

3 STL 3 Sub 6 relating to a subsidiary is a working capital demand loan which is secured by present and future stock of vehicles, related book debts and all other movable assets of the subsidiary.

4 STL 1 Sub 7 relating to a subsidiary are secured by way of a charge on current assets (including stocks of raw materials, stores and spares, work-in-progress, finished goods and Books debts) both present and future of the subsidiary.

5 STL 1 Sub 8 relating to a subsidiary are secured by way of a charge on moveable properties of the subsidiary.

6 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.

7 STL 1 Sub 9 relating to a subsidiary is in the nature of a working capital facility which is secured against inventories and trade receivables of the subsidiary.

8 STL 1 Sub 10 relating to a subsidiary is in the nature of a overdraft facility which is secured against trade receivables of the subsidiary.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.13 DETAILS OF BORROWINGS: (Contd.)

₹ Crores

		As at March 31, 2021	Particulars of Redemption / Repayment	As at March 31, 2020
b.	**Unsecured borrowings**			
-	STL 19	-	Repayable on various dates in FY 2020-21	825.00
-	STL 21	170.00	Repayable on September 10, 2021	-
-	STL 22	500.00	Repayable on December 28, 2021	-
-	STL 23	150.00	Repayable on August 21, 2021	-
-	STL 1 Sub 8	73.10	Repayable on demand	41.71
-	STL 2 Sub 3	247.85	Repayable on various dates upto May 2021 / April 2020	230.01
-	STL 4 Sub 3	50.37	Repayable on various dates upto June 2021 / May 2020	65.45
-	STL 5 Sub 3	30.23	Repayable on April 2021 / April 2020	28.05
-	STL 6 Sub 3	20.15	Repayable on April 2021 / September 2020	18.70
-	Loan from related party	-	Repaid on June 2020	23.38
-	Bills discounted	91.13	Repayable / Repaid on various dates upto September 2021 / April 2020	15.03
-	Buyers Credit	-	Repaid on various dates on April 2020	28.94
-	Commercial Paper	250.00	Repayable on June 7, 2021	-
		1,582.83		**1,276.27**

The above loans carry varying rates of interest with the maximum rate of interest going upto 9.10% p.a. (as at March 31, 2020: 10.50% p.a.).

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.

III Net debt reconciliation:

		As at March 31, 2021	As at March 31, 2020
		₹ Crores	₹ Crores
1.	Cash and cash equivalents	1,481.04	2,188.24
2.	Liquid investments	-	-
3.	Current borrowings	(2,603.66)	(2,842.68)
4.	Non-current borrowings	(21,339.66)	(19,404.50)
5.	Derivative Asset / (Liability)	(8.95)	26.16
6.	Lease Liability	(187.06)	(179.52)
Net debt		**(22,658.29)**	**(20,212.30)**

₹ Crores

Particulars	Other assets		Liabilities from financing activities				
	Cash and Bank Overdraft	Liquid investments	Non-current borrowings	Current borrowings	Derivative Asset / (Liability)	Lease Liability	Total
Net debt as at March 31, 2019	1,767.39	-	(17,034.97)	(2,137.75)	2.48	(206.82)	(17,609.67)
Recognised on adoption of Ind As 116							
Cash flows (net)	419.36	(16.80)	(2,302.46)	(701.98)	(2.49)	35.69	(2,568.68)
Pursuant to business combination	-	-	-	-	-	-	-
Foreign exchange adjustments	1.49	-	(52.94)	(2.95)	0.01	-	(54.39)
(Profit) / loss on sale of liquid investments (net)	-	16.80	-	-	-	-	16.80
Interest expense	-	-	(58.99)	(112.24)	-	(9.38)	(180.61)
Interest paid	-	-	44.86	112.24	-	-	157.10
Other non-cash movements							
- Addition / Deletion (Net) relating to lease liability	-	-	-	-	-	0.99	0.99
- Fair value adjustments	-	-	-	-	26.16	-	26.16
Net debt as at March 31, 2020	**2,188.24**	**-**	**(19,404.50)**	**(2,842.68)**	**26.16**	**(179.52)**	**(20,212.30)**
Cash flows (net)	(725.56)	6.91	(1,931.90)	174.84	-	40.89	(2,434.82)
Acquisition - finance leases	-	-	-	-	-	-	-
Pursuant to business combination	9.37	-	-	(6.26)	-	(19.01)	(15.90)
Foreign exchange adjustments	8.99	-	32.66	(2.49)	-	(1.82)	37.34
(Profit) / loss on sale of liquid investments (net)	-	(6.91)	-	-	-	-	(6.91)
Interest expense	-	-	(471.64)	136.86	-	(6.87)	(341.65)
Interest paid	-	-	435.72	(137.89)	-	-	297.83
Other non-cash movements							
- Addition / Deletion (Net) relating to lease liability	-	-	-	-	-	(20.73)	(20.73)
- Fair value adjustments	-	-	-	-	(35.11)	-	(35.11)
- Conversion of loan into equity by a subsidiary	-	-	-	73.96	-	-	73.96
Net debt as at March 31, 2021	**1,481.04**	**-**	**(21,339.66)**	**(2,603.66)**	**(8.95)**	**(187.06)**	**(22,658.29)**

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, 2021	Proportion of ownership interest As at March 31, 2020
Hinduja Leyland Finance Limited and its subsidiary	Relating to financing activities	Chennai - India	68.81%	67.19%
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	93.15%	93.15%
Optare Plc and its subsidiaries	Manufacturing of commercial vehicle	United Kingdom	91.63%	99.24%
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	85.58%	84.84%
Ashok Leyland (UAE) LLC and its subsdiaries	Manufacturing of commercial vehicle	UAE	100.00%	100.00%
Albonair (India) Private Limited	Relating to commercial vehicle	Chennai - 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%	100.00%
Hinduja Tech Limited and its subsidiaries (from February 25, 2021)	Relating to IT services	Chennai - India	100.00%	-
Vishwa Bus and Coaches Limited (from November 19, 2020)	Relating to commercial vehicle	Chennai - India	100.00%	-

Ownership interest includes joint holding and beneficial interest.

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 As at March 31, 2021	Number of wholly-owned subsidiaries As at March 31, 2020
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	2	1
Relating to commercial vehicle	Germany	1	1
Relating to commercial vehicle	China*	1	1
Relating to air chartering services	India	1	1
Relating to IT services	India	1	-
Relating to IT services	Germany*	1	-
Relating to IT services	United States of America*	1	-
Relating to IT services	China*	1	-

* wholly owned step down subsidiaries

Also Refer Note 3.1

3.14 INFORMATION RELATING TO SUBSIDIARIES (Contd.)

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries As at March 31, 2021	As at March 31, 2020
Relating to financing activities	Chennai - India*	3	3
Relating to commercial vehicle	Madurai - India	1	1
Manufacturing of commercial vehicle	United Kingdom **	9	7
Trading in commercial vehicle	Chennai - India	1	1
Manpower supply services	Chennai - India	1	1

** includes 2 step down subsidiaries

** includes 8 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, 2021	March 31, 2020	March 31, 2021 ₹ Crores	March 31, 2020 ₹ Crores	March 31, 2021 ₹ Crores	March 31, 2020 ₹ Crores
Hinduja Leyland Finance Limited and its subsidiary	Chennai - India	31.19%	32.81%	199.08	212.42	1,236.25	1,089.89
Individually immaterial subsidiaries with non-controlling interests				(8.44)	(1.48)	32.03	17.19
				190.64	**210.94**	**1,268.28**	**1,107.08**

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 intra-group eliminations.

	As at March 31, 2021 ₹ Crores	As at March 31, 2020 ₹ Crores
Hinduja Leyland Finance Limited and its subsidiary		
Current assets	7,618.08	9,182.16
Non-current assets	16,616.14	13,079.84
Total assets	**24,234.22**	**22,262.00**
Current liabilities	6,901.56	6,844.80
Non-current liabilities	13,369.06	12,095.38
Total liabilities	**20,270.62**	**18,940.18**
Equity attributable to owners of the Company	2,727.35	2,231.93
Non-controlling interests	1,236.25	1,089.89

	Year ended March 31, 2021	Year ended March 31, 2020
	₹ Crores	₹ Crores
Revenue	3,053.32	3,136.41
Expenses (including tax)	2,720.41	2,809.94
Profit for the year	**332.91**	**326.47**
Profit attributable to owners of the Company	229.07	201.86
Profit attributable to the non-controlling interests	103.84	124.61
Profit for the year	**332.91**	**326.47**
Other Comprehensive Income attributable to owners of the Company	210.12	142.24
Other Comprehensive Income attributable to the non-controlling interests	95.24	87.81
Other Comprehensive Income for the year	**305.36**	**230.05**
Total Comprehensive Income attributable to owners of the Company	439.19	344.10
Total Comprehensive Income attributable to the non-controlling interests	199.08	212.42
Total Comprehensive Income for the year	**638.27**	**556.52**
Dividends paid to non-controlling interests	-	-
Net cash (outflow) / inflow from operating activities	**(1,133.01)**	**1,821.15**
Net cash (outflow) / inflow from investing activities	(239.13)	514.94
Net cash inflow / (outflow) from financing activities	1,348.16	(1,746.94)
Net cash inflow / (outflow)	**(23.98)**	**589.15**

D) Goodwill

	As at March 31, 2021	As at March 31, 2020
	₹ Crores	₹ Crores
Gross Goodwill at the beginning of the year	1,515.79	1,515.79
Add: Recognised during the year	125.21	-
Gross Goodwill at the end of the year	**1,641.00**	**1,515.79**
Opening accumulated impairment	400.23	400.23
Add: Impairment during the year	-	-
Closing accumulated impairment	**400.23**	**400.23**
Carrying amount of Goodwill	**1,240.77**	**1,115.56**

Allocation of goodwill to cash-generating units

Each of the subsidiaries / Light commercial vehicle division of Parent Company 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, 2021	As at March 31, 2020
	₹ Crores	₹ Crores
Hinduja Leyland Finance Limited and its subsidiary	426.47	426.47
Light commercial vehicle division of parent Company	449.90	449.90
Albonair GmbH and its subsidiary	208.94	208.94
Hinduja Tech Limited and its subsidiaries	125.21	-
Others	30.25	30.25
	1,240.77	**1,115.56**

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 has used post tax discount rate ranging from 11.20% to 29.00% and terminal growth rate ranging from Nil to 4% for the purpose of impairment testing based on the next five years projected cash flows. Both pre tax discount rate and post tax discount rate gives the same recoverable amount.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:

	Year ended March 31, 2021	Year ended March 31, 2020
	₹ Crores	₹ Crores
Aggregate information of associates that are not individually material		
The Group's share of profit	1.01	2.22
The Group's share of other comprehensive (loss) / income	(2.89)	0.56
The Group's share of total comprehensive (loss) / income	**(1.88)**	**2.78**

	As at March 31, 2021	As at March 31, 2020
	₹ Crores	₹ Crores
Aggregate carrying amount of the Group's interests in these associates	40.53	42.34

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:

	Year ended March 31, 2021	Year ended March 31, 2020
	₹ Crores	₹ Crores
Aggregate information of joint ventures that are not individually material		
The Group's share of profit / (loss)	(1.51)	0.67
The Group's share of other comprehensive loss	(0.18)	(0.88)
The Group's share of total comprehensive loss	**(1.69)**	**(0.21)**

	As at March 31, 2021	As at March 31, 2020
	₹ Crores	₹ Crores
Aggregate carrying amount of the Group's interests in these joint ventures	0.75	62.67

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 31, 2021	March 31, 2020
		₹ Crores	₹ Crores
i)	Principal amount paid after appointed date during the year	16.19	4.82
ii)	Amount of interest due and payable for the delayed payment of Principal amount	0.14	0.02
iii)	Principal amount remaining unpaid as at year end (over due)	2.26	0.59
iv)	Principal amount remaining unpaid as at year end (not due)	36.35	12.35
v)	Interest due and payable on principal amount unpaid as at the year end	0.02	0.01
vi)	Total amount of interest accrued and unpaid as at year end	0.25	0.13
vii)	Further interest remaining due and payable for earlier years	0.09	0.10

3.18 Accounting for Long Term Foreign Currency Monetary Items

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 consolidated 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, insofar 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, 2021 aggregated ₹ Nil [year ended March 31, 2020: ₹ 6.04 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, 2021 is ₹ Nil [year ended March 31, 2020: ₹ 24.75 crores].

c) The un-amortised net exchange difference in respect of long term monetary items relating to other than acquisition of depreciable assets, is ₹ Nil as at March 31, 2021 [March 31, 2020: ₹ Nil]. These amounts are reflected as part of the "Other Equity".

3.19 The Group has taken due care in concluding on accounting judgements and estimates; viz., in relation to recoverability of receivables, assessment of impairment of goodwill and intangibles, investments and inventory, based on the internal and external information available to date, while preparing the consolidated financial statements as of and for the year ended March 31, 2021. Owing to the improvement in COVID-19 situation during the second half of the financial year, the Group saw recovery in its performance. The Group continues to assess external and internal factors which can have an impact on its performance. The Group will continue to monitor future economic conditions and update its assessment.

Relating to financing activities of the Group:

The COVID -19 pandemic continues to spread across the globe and India, which has contributed to a significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The consolidated financial statements of subsidiary engaged in the financing activities, includes the potential impact of the COVID-19 pandemic on the subsidiary's consolidated financial statements which are dependent on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether Government mandated or elected by the said subsidiary and its subsequent impact on the recoverability on the said subsidiary's assets.

Further, the said subsidiary has, based on current available information and based on the policy approved by the Board of the subsidiary, determined the provision for impairment of financial assets. Given the uncertainty over the potential macro-economic impact, the subsidiary's management has considered all information available upto the date of approval of their consolidated financial statements. Accordingly, the subsidiary has made provision for expected credit loss on financial assets as at March 31, 2021. Based on the current indicators of future economic conditions, the subsidiary considers this provision to be adequate and expects to recover the carrying amount of these financial assets.

The extent to which the COVID-19 pandemic will further impact the subsidiary's consolidated financial statements will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the subsidiary. Given the uncertainty over the potential macro-economic condition, the impact of the global health pandemic may be different from that estimated as at the date of approval of its consolidated financial statements and the subsidiary will continue to closely monitor any material changes to future economic conditions.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.20 ACCOUNTING FOR BUSINESS COMBINATION

The Parent Company has acquired 38% stake in Hinduja Tech Limited (Formerly Joint Venture of the Group) on February 25, 2021 for a consideration of ₹ 70.20 Crores. In accordance with Ind AS 103 (Business Combination), the Group has accounted for the same using acquisition method of accounting. The Group has recognised a gain of ₹ 76.39 Crores from disposal of stake in Joint Venture. Consequently the Fair Value of Assets and Liabilities taken over by the Group is as follows:

Particulars	₹ Crores
Assets	
Property, Plant and Equipment and Capital work in Progress	2.31
Goodwill on acquisition	125.21
Other Intangible assets	2.14
Right-of-use assets	17.71
Trade Receivable	18.83
Cash and Cash equivalents	9.37
Other Bank Balances	0.11
Other Assets	89.91
Liabilities	
Borrowings	6.27
Lease Liabilities	19.01
Trade Payables	3.50
Other Liabilities and Provisions	29.72

3.21 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the certain provisions of the Code will come into effect and the rules thereunder has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

3.22 The figures for the previous year have been reclassified / regrouped wherever necessary for better understanding and comparability.

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

A.J. Shaikh
Partner
Membership Number - 203637
June 24, 2021
Bengaluru

For and on behalf of the Board of the Directors

Dheeraj G Hinduja
Chairman
DIN : 00133410
London

Vipin Sondhi
Managing Director and
Chief Executive Officer
DIN : 00327400
New Delhi

Gopal Mahadevan
Whole-time Director and
Chief Financial Officer
DIN : 01746102

N. Ramanathan
Company Secretary
Chennai

June 24, 2021
Chennai

Part "A": Subsidiaries

(Statement pursuant to Section 129 (3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014)

₹ crores

Sl. No.	Subsidiary	Acquired on	Country of incorporation	Reporting Period	Reporting Currency	Share capital (including share application money pending allotment)	Other equity	Total liabilities	Total assets	Investments (except in case of investments in subsidiaries)	Turnover	Profit / (Loss) before taxation	Tax Expenses / (Credit)	Profit / (Loss) after taxation	Other Comp. Income	Total Comp. Income	Proposed dividend-equity	% of Shareholding
1	Hinduja Leyland Finance Limited and its subsidiary	April 1, 2013	India	Apr - Mar	INR	469.78	3,493.82	20,270.62	24,234.22	815.93	3,053.32	432.67	99.76	332.91	305.36	638.27	-	68.81%
2	Global TVS Bus Body Builders Limited	December 10, 2013	India	Apr - Mar	INR	9.90	27.62	21.51	59.03	-	49.37	(4.06)	(1.09)	(2.97)	0.09	(2.88)	-	66.67%
3	Gulf Ashley Motors Limited	April 1, 2013	India	Apr - Mar	INR	29.70	(10.30)	187.22	206.62	-	283.65	(4.22)	1.90	(6.12)	0.08	(6.04)	-	93.15%
4	Optare PLC and its subsidiaries	April 1, 2013	UK	Apr - Mar	GBP	899.37	(898.18)	528.62	529.81	-	292.38	(154.96)	-	(154.96)	(5.88)	(160.84)	-	91.63%
5	Ashley Aviation Limited	January 1, 2019	India	Apr - Mar	INR	18.27	(22.16)	13.53	9.64	-	8.86	(3.65)	0.01	(3.66)	0.01	(3.65)	-	100.00%
6	Ashok Leyland (Nigeria) Limited	April 1, 2013	Nigeria	Apr - Mar	NGN	0.36	1.32	2.37	4.05	-	0.58	0.75	-	0.75	-	0.75	-	100.00%
7	Ashok Leyland (Chile) SA	April 1, 2013	Chile	Apr - Mar	CLP	3.76	(3.46)	-	0.30	-	2.88	2.90	-	2.90	-	2.90	-	100.00%
8	HLF Services Limited	April 1, 2013	India	Apr - Mar	INR	0.05	7.73	18.83	26.61	-	129.96	2.61	0.66	1.95	0.04	1.99	-	85.58%
9	Ashok Leyland (UAE) LLC and its subsidiaries	April 1, 2015	UAE	Apr - Mar	AED	96.52	(90.68)	323.36	329.20	-	526.60	2.68	(0.48)	3.16	0.84	4.00	-	100.00%
10	Albonair (India) Private Limited	April 1, 2013	India	Apr - Mar	INR	45.00	(2.77)	96.82	139.05	-	174.02	14.29	0.46	13.83	(0.06)	13.77	-	100.00%
11	Hinduja Tech Limited and its subsidiaries	February 25, 2021	India	Apr - Mar	INR	153.95	(95.78)	80.98	139.15	-	15.95	0.24	0.01	0.23	(0.03)	0.20	-	100.00%
12	Albonair GmbH, Germany and its subsidiary	April 1, 2013	Germany	Apr - Mar	EUR	368.08	(352.26)	292.20	308.02	-	416.96	13.93	0.53	13.40	(0.89)	12.51	-	100.00%

Note:

Exchange rate used in case of foreign subsidiaires, associates and joint ventures are given below:

CURRENCY	EUR	GBP	CLP	USD	NGN	AED	LKR
Closing Rate	85.75	100.75	0.10	73.11	0.19	19.91	0.37
Average Rate	86.59	97.06	0.10	74.23	0.20	20.21	0.40

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 (₹ Crores)	Holding %				Considered in consolidation	Not considered in Consolidation
(A)	Associates									
1	Ashok Leyland Defence Systems Limited	31-Mar-21	5,027,567	5.03	48.49%	Voting Power	Not Applicable	20.96	0.96	1.02
2	Lanka Ashok Leyland Plc	31-Mar-21	1,008,332	0.57	27.85%	Voting Power	Not Applicable	123.61	(2.84)	(7.39)
3	Mangalam Retail Services Limited	31-Mar-21	37,470	0.04	37.48%	Voting Power	Not Applicable	0.10	##	##
(B)	Joint Ventures									
1	Ashley Alteams India Limited	31-Mar-21	73,447,693	73.44	50.00%	Voting Power	Not Applicable	1.82	(2.98)	(2.98)
2	Hinduja Tech Limited (Upto February 24, 2021)	31-Mar-21	95,440,000	97.37	62.00%	Voting Power	Not Applicable	57.98	1.29	0.82
3	Ashok Leyland John Deere Construction Equipment Company Private Limited# (under liquidation)	31-Mar-21	1,727,270	1.73	50.00%	Voting Power	Not Applicable	11.33	-	0.06

The Company along with its subsidiary Gulf Ashley Motor Limited holds 50% interest.
amount is below rounding off norms adopted by the Group.

For Price Waterhouse & Co Chartered Accountants LLP
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Whole-time Director and
Chief Financial Officer
DIN : 01746102
June 24, 2021
Chennai

N. Ramanathan
Company Secretary
Chennai

ASHOK LEYLAND

Aapki Jeet. Hamari Jeet.

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HINDUJA GROUP