ASHOK LEYLAND

Aapki Jeet. Hamari Jeet.

ANNUAL REPORT

2017-18

HINDUJA GROUP

FORWARD-LOOKING STATEMENT

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

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

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

CHAIRMAN'S MESSAGE

Dear Shareholder,

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

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

CHAIRMAN'S MESSAGE

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

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

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

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

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

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

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

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

CHAIRMAN'S MESSAGE

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

Thank you,

Yours sincerely,

Dheeraj G Hinduja
Chairman

June 11, 2018

CORPORATE INFORMATION

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

CHAIRMAN EMERITUS
R J Shahaney

CHIEF FINANCIAL OFFICER
Gopal Mahadevan

COMPANY SECRETARY
N Ramanathan

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

STATUTORY AUDITORS
Price Waterhouse & Co Chartered Accoutants LLP

COST AUDITORS
Geeyes & Co.

DEBENTURE TRUSTEE
SBICAP Trustee Company Limited

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

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

CORPORATE IDENTITY NUMBER
L34101TN1948PLC000105

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

WEBSITE
www.ashokleyland.com

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

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

A HISTORICAL PERSPECTIVE OF THE COMPANY

₹ in Lakhs

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

*Post Bonus Issue

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

A HISTORICAL PERSPECTIVE OF THE COMPANY

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

₹ in Lakhs

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

*Post Bonus Issue

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

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the sixty ninth Annual General Meeting of Ashok Leyland Limited will be held on **Tuesday, July 17, 2018 at 2.45 p.m. at "The Music Academy, Madras", New No.168 (Old No.306), TTK Road, Royapettah, Chennai - 600 014** to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt:

    a) the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2018, together with the Reports of the Board of Directors and the Auditors thereon; and

    b) the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2018 together with the Report of Auditors thereon.

2. To declare a dividend for the year ended March 31, 2018.

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

SPECIAL BUSINESS

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

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

    "RESOLVED that pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the remuneration payable to Messers Geeyes & Co., Cost Accountants, (Firm Registration No. 00044), appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ended March 31, 2018, amounting to ₹ 7,00,000/- (Rupees Seven Lakhs only) plus applicable taxes and reimbursement of out-of-pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified."

By Order of the Board

Chennai
May 18, 2018

N Ramanathan
Company Secretary

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

NOTES:

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

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

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

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

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

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

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

6. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (Act), setting out material facts in respect of business under item no. 4 of the Notice, is annexed hereto. The relevant details, pursuant to Regulations 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI Listing Regulations") and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of the Director seeking re-appointment at this AGM are also annexed.

7. Members are requested to bring the Annual Report for their reference at the meeting. Admission Slip duly filled in shall be handed over at the entrance to the meeting hall and duly signed in accordance with their specimen signature(s) registered with the Company/ Registrar and Share Transfer Agent (RTA).

8. Members are informed that, in case of joint holders attending the AGM, the member whose name appears as the first holder in the order of names as per the Register of members of the Company will be entitled to vote.

9. Pursuant to Section 123 and 124, and other applicable provisions, if any, of the Act, all unclaimed/unpaid dividend, application money, debenture interest and interest on deposits as well as the principal amount of debentures and deposits, as applicable, remaining unclaimed/unpaid for a period of seven years from the date they become due

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

Details of dividend declared for the financial years from 2010-11 onwards are given below:

Financial Year	Declared on	Dividend %	Amount of dividend per share (face value: ₹ 1/-per share) ₹ Paise
2010-11	July 19, 2011	200	2.00
2011-12	July 24, 2012	100	1.00
2012-13	July 16, 2013	60	0.60
2013-14	Dividend not declared		
2014-15	June 29, 2015	45	0.45
2015-16	July 21, 2016	95	0.95
2016-17	July 21, 2017	156	1.56

The unpaid dividend for the year 2016-17 includes unpaid dividend to certain GDR holders.

10. As per Section 124(6) of the Act read with IEPF Rules as amended, all the shares in respect of which dividend has remained unpaid /unclaimed for seven consecutive years or more are required to be transferred to an IEPF Demat Account notified by the Authority. The Company after following the necessary procedures, has transferred the shares on which dividend remains unpaid or unclaimed for the financial years 2008-09 and 2009-10 to the IEPF Authority.

    Shareholders who have not yet encashed their dividend warrant(s) pertaining to the dividend for the financial year 2010-11 onwards, are requested to lodge their claims with the RTA, after which the unclaimed dividend shall stand transferred to the IEPF Authority account.

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

11. Pursuant to Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amount lying with companies) Rules, 2012, the information on unclaimed dividend as on the last date of AGM, i.e., July 21, 2017 was filed with the MCA and hosted on the website of the Company.

12. Electronic mode of the Notice of the sixty ninth AGM of the Company *inter-alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the Members whose e-mail IDs are registered with the Company/Depository Participant(s) unless any member has requested for a hard copy of the same. For members who have not registered their e-mail address, physical copies are being sent in the permitted mode.

13. Members may also note that the Notice of the sixty ninth AGM and the Annual Report for 2017-18 will be available on the Company's website www.ashokleyland.com and also on the website of the stock exchanges at www.bseindia.com and www.nseindia.com. Physical copies of the aforesaid documents will also be available at the Registered Office of the Company at Chennai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor e-mail id: secretarial@ashokleyland.com or to the Company's RTA's e-mail id: csdstd@integratedindia.in.

14. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company as permitted under Section 72 of the Act, read with the Rules made thereunder are requested to send the prescribed Form SH-13 to the Registered Office of the Company. Any change or cancellation of the nomination already given is to be given in Form SH-14. Form SH-13 and Form SH-14 are available on the Company's website for download.

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

16. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, Permanent Account Number, ECS mandates, nominations, power of attorney, bank account details, etc., to their Depository Participant(s) in case the shares are held by them in electronic form and to Integrated Registry Management Services Private Limited (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.

17. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Company/RTA, for consolidation into a single folio.

18. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the AGM, i.e., Tuesday, July 17, 2018.

19. As a part of the Company's GO GREEN initiative, members who have not registered their e-mail ID are requested to update the same with the Company, if held in physical form or to the Depository, if held in demat mode.

20. The Route Map showing directions to reach the venue of the AGM is enclosed.

21. **Voting through electronic means:**

    I. In compliance with provisions of Section 108 of the Act, and the Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time and Regulation 44 of the SEBI Listing Regulations, the Company provides the members the facility to exercise their right to vote at the AGM by electronic means and the businesses may be transacted through e-voting services provided by Central Depository Services Limited (CDSL).

II. The facility for voting, through ballot paper shall be made available at the AGM and members attending the AGM who have not already cast their vote by remote e-voting shall be able to exercise their right at the AGM.

III. The “cut-off date” for determining the eligibility for voting either through electronic voting system or ballot is fixed as Tuesday, July 10, 2018.

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

The instructions for shareholders voting electronically are as under:

(i) The voting period begins on Saturday, July 14, 2018 at 9.00 a.m. and ends on Monday, July 16, 2018 at 5.00 p.m. During this period shareholders’ of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iii) Click on Shareholders.

(iv) Now Enter your User ID
   a. For CDSL: 16 digits beneficiary ID,
   b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
   c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0’s before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. • If both the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on “SUBMIT” tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

(xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the resolution and option NO implies that you dissent to the resolution.

(xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xvii) If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.

(xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) **Note for Non-Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e., other than individuals, HUF, NRI, etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be mailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the Scrutinizer to verify the same.

(xx) In case you have queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

V. The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date i.e. Tuesday, July 10, 2018. A person, whose name is recorded in the Register of Members or in the Register of beneficial owners maintained by the depositories on the cut-off date only shall be entitled to avail the facility of voting, either through remote e-voting or voting at the Meeting through electronic voting system or poll paper.

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

VII. Your Company has appointed Messers B Chandra & Associates, Practising Company Secretaries (Firm Reg. No. S2017TN550100), Chennai, as the Scrutinizer to scrutinize the voting at the meeting and the remote e-voting process, in a fair and transparent manner.

VIII. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses who are not in the employment of the Company and make a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.

IX. As per Regulation 44 of the SEBI Listing Regulations, the results of the e-voting are to be submitted to the Stock Exchanges within 48 hours of the conclusion of the AGM. The results declared along with Scrutinizer's report shall be placed on the Company's website www.ashokleyland.com and the website of CDSL www.evoting.cdsl.com The results shall also be displayed on the Notice Board at the Registered office of the Company.

NOTICE TO SHAREHOLDERS

EXPLANATORY STATEMENT

As required under Section 102 of Companies Act, 2013, the following explanatory statement sets out all material facts relating to the business mentioned under item no. 4 of the accompanying notice.

Item No.4

Pursuant to the provisions of Section 148 of Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Company is required to appoint a cost auditor to audit the cost records of the applicable products of the Company. As per the said Rules, remuneration payable to the cost auditors is required to be ratified by the members of the Company in the general meeting. The Board of Directors of the Company at its meeting held on May 25, 2017 had considered and approved the appointment of Messers Geeyes & Co., Cost Accountants (Registration No. 00044) as the cost auditors of the Company for the financial year 2017-18 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
May 18, 2018

N Ramanathan
Company Secretary

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

Details of the Director seeking re-appointment at the Annual General Meeting

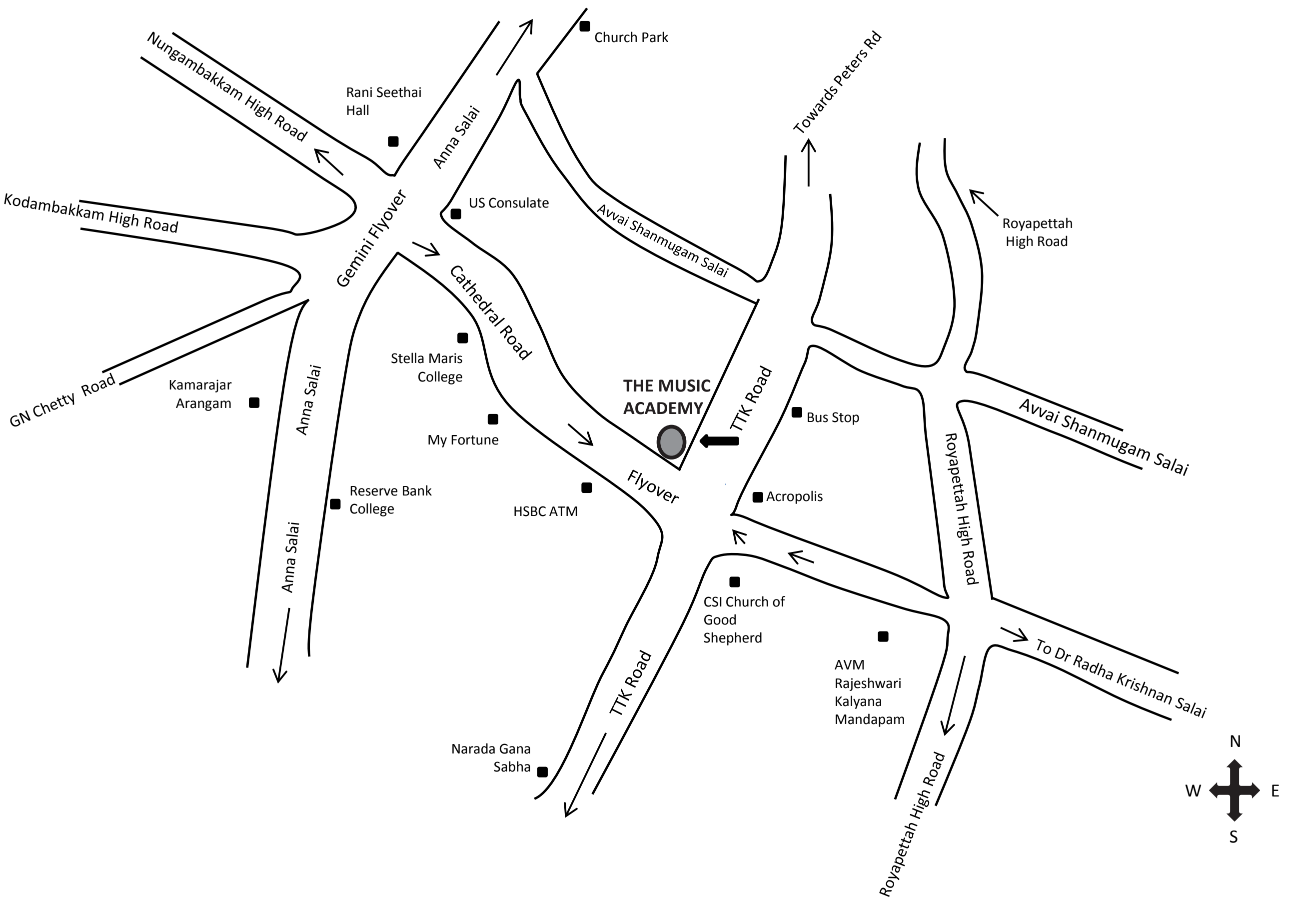
Name of the Director	**Mr. Dheeraj G Hinduja**
Date of Birth and Age	July 27, 1971, 46 years
Date of Appointment	September 3, 1996
Qualifications	Bachelor's degree in Science (Economics and History) and Master's Degree in Business Administration
Expertise in Specific functional areas	Various strategies and leadership level in variety of business functions
Board Membership of other Companies as on March 31, 2018	(1) Hinduja National Power Corporation Limited (Co-Chairman) (2) Hinduja Automotive Limited, United Kingdom (Co-Chairman) (3) Hinduja Leyland Finance Limited* (4) Hinduja Tech Limited*
Chairmanship(s)/Membership(s) of Committees of other Companies as on March 31, 2018	(1) Hinduja National Power Corporation Limited a) Nomination and Remuneration Committee b) CSR Committee (2) Hinduja Leyland Finance Limited a) Nomination and Remuneration Committee b) CSR Committee* (3) Hinduja Tech Limited a. Nomination and Remuneration Committee*

* Chairman of the Board/Committee

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

ROUTE MAP TO THE AGM VENUE

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



Landmark: Cathedral Road Flyover Junction

BOARD'S REPORT

To the Members,

PERFORMANCE/OPERATIONS

Your Directors have pleasure in presenting the Annual Report of Ashok Leyland Limited (AL/the Company) along with the audited financial statements for the financial year ended March 31, 2018.

FINANCIAL RESULTS

(₹ in Lakhs)

	Standalone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
Revenue from Operations	2,652,451.19	2,145,314.33	2,990,109.18	2,418,982.20
Other Income	18,976.47	13,627.01	19,988.42	13,069.22
Total Income	**2,671,427.66**	**2,158,941.34**	**3,010,097.60**	**2,432,051.42**
Profit Before tax	**223,071.54**	**133,008.62**	**257,766.60**	**183,326.25**
Less: Tax expenses	66,812.58	10,700.90	75,111.55	19,611.91
Profit after tax	**156,258.96**	**122,307.72**	**182,655.05**	**163,714.34**
Profit/(Loss) from discontinued operations	**-**	**-**	**(1,273.15)**	**(423.31)**
Profit for the period	**156,258.96**	**122,307.72**	**181,381.90**	**163,291.03**
Balance profit from last year	259,427.47	256,853.43		
Transfers:				
- From Debenture Redemption Reserve to Statement of Profit and Loss	6,250.00	5,250.00		
Profit available for appropriation				
Appropriation:				
Dividend paid during the year	(45,653.92)	(27,035.83)		
Corporate Dividend tax thereon	(9,294.07)	(5,503.86)		
Pursuant to amalgamation	-	(92,323.21)		
Other Comprehensive Income arising from re-measurement of defined benefit obligation (net of tax)	(2,252.26)	(120.78)		
Balance of profit carried to Balance sheet	**364,736.18**	**259,427.47**		
Earnings per share (Face value of ₹1/-)				
- Basic (₹)	5.34	4.24	6.02	5.51
- Diluted (₹)	5.32	4.24	6.00	5.51

COMPANY'S PERFORMANCE

The Commercial vehicle industry in India grew by 23% in the financial year 2017-18 as compared to the same period last year. The Medium & Heavy Commercial Vehicles (M&HCV) segment showed a growth of 12% and Light Commercial Vehicles (LCV) segment showed a healthy growth of 25% during the financial year 2017-18 over the same period last year. This growth has come on the back of Government's push towards infrastructure development, road construction, mining activities, and an increased demand from e-commerce and FMCG logistics.
In addition, there was strict enforcement on vehicle overloading in some key states, which also drove commercial vehicle demand.

Your Company continued to steadily grow sales and revenues across all its business divisions. M&HCV sales grew 15.8% to 131,432 units (116,534 in domestic and 14,898 in export markets). LCV achieved record sales of 43,441 vehicles, with a growth of 37% over the previous year. Your Company took multiple initiatives to improve market coverage, resulting in strengthening its footprint across the country, especially in the Northern and Eastern States of India. Your Company achieved market share growth in almost all segments and regions of the Country, leading to a record full year sales of 102,826 M&HCV trucks. In addition, your Company exported 8,000 vehicles, primarily to South Asian and African markets.

The Power Solutions business witnessed a growth of 14% over the previous year, supported by new customers and applications in Industrial segment. The Aftermarket business of your Company has been delivering consistent growth. Spare Parts revenues clocked a 39% growth backed by improved penetration in multiple product groups, enhanced network reach, strategic supply chain Initiatives and deeper customer engagement.

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

SHARE CAPITAL

During the year under review, the Share Allotment Committee at their meeting held on June 13, 2017 had issued and allotted 80,658,292 fully paid equity shares of ₹1/- each to the equity shareholders of the erstwhile Hinduja Foundries Limited (Transferor Company) on the record date fixed for this purpose i.e. Wednesday, June 7, 2017 as per the Scheme of Amalgamation approved by the Honb'le National Company Law Tribunal, Division Bench, Chennai vide order dated April 24, 2017.

During the year under review, the Nomination and Remuneration Committee (NRC), had issued and allotted 569,175 shares to Mr. Vinod K Dasari, Chief Executive Officer and Managing Director upon exercise of stock options granted under Ashok Leyland Employees Stock Option Plan 2016. On April 11, 2018, the NRC had issued and allotted 37,27,000 shares to Mr. Vinod K Dasari, Chief Executive Officer and Managing Director upon exercise of stock options granted under Ashok Leyland Employees Stock Option Plan 2016.

Consequent to the above, the issued and paid up share capital of the Company stands at ₹ 2,930,831,101/- of ₹1/- each as on the date of the report.

DIVIDEND

The Dividend Distribution Policy framed in line with Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) is appended to this report and is also uploaded on the Company's website at http://www.ashokleyland. com/sites/default/files/Listing Regulation/Dividend _Distribution_ Policy.pdf.

In line with the policy, your Directors are pleased to recommend a dividend of ₹2.43/- per equity share of ₹1/- each for the financial year ended March 31, 2018. Payment of dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting (AGM) and would involve a cash outflow of ₹8,585,850,797.73/- including dividend distribution tax.

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

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

TRANSFER TO RESERVES

Your Company does not propose to transfer amounts to the general reserve out of the amounts available for appropriation and an amount of ₹1,562.59 Crores is proposed to be retained in the profit and loss account.

FINANCE

Long Term Funding:

(a) Secured Non-Convertible Debentures

During the year, your Company has fully redeemed NCD Series AL 18 of ₹100 Crores and AL 20 of ₹150 Crores on due dates. No fresh NCDs were issued during the year.

(b) Rupee Term Loans

Your Company has prepaid Secured Rupee Term Loan of ₹350.53 Crores. In addition, your Company repaid Secured Rupee Term Loan of ₹16.67 Crores on due dates.

(c) External Commercial Borrowings (ECBs)

During the year under review, your Company has repaid ECB loan instalments that fell due, equivalent to USD 83.33 million on the due dates. No fresh ECB loans were availed during the year.

As at March 31, 2018, Long term borrowings stood at ₹904 Crores as against ₹1,965 Crores on March 31, 2017.

HUMAN RESOURCES

Your Company continued to focus on the three levers of people framework - Culture, Capability, and Capacity with focus towards building a high performing, innovative, and caring organisation where it is fun to work for the workforce. An organisation wide employee engagement survey – "Expressions" was introduced couple of years ago to seek employee feedback and build the culture. The dipstick survey on engagement conducted this year to assess the effectiveness by choosing a random, stratified sample of 20% of the total population indicated that the scores have moved significantly over last year.

As your Company steps into seventieth year, the competition is tougher, and the challenges are steeper. To keep abreast of the constantly changing environment, your Company focused on various people development initiatives like 'Game Changers', 'Business Leaders Program', 'Emerging Leaders Program', 'Young Talent Program' etc., across levels based on the refined Competency Framework.

Your Company launched a premium program HIRE (Harnessing Internal Recruitment Expertise) aimed at achieving excellence in recruitment by building a pool of certified hiring managers. The focus of the program was to bring in consistency in selection process using a scientific methodology.

Your Company hired talented young women from premier institutes and have put them through a long-term Women Leadership Program providing them a platform for learning so that they can take up leadership roles in business in future. Also, to bring in geographical diversity in the organisation, your Company hired Graduate Engineers from various countries and trained them in India.

To imbibe a strong brand, your Company initiated several workshops on Living the Brand - Aapki Jeet, Hamari Jeet. Your Company also rolled out technical learning interventions and workshops for upskilling the work force.

Your Company launched the digital HRM and learning platform of SuccessFactors which provides the employee with an opportunity to learn anytime - anywhere. Programs such as POSH (Prevention of Sexual Harassment) Information Security Awareness, Diversity and Inclusion, BS4 Readiness, etc. were mandated across the organisation. Your Company used digital platform to disseminate the Mission, Vision, Values and Culture that would help the employees to imbibe the Ashok Leyland Way.

Glad to mention that your Company got featured on ET now for "India's Finest Workplaces". Your Company also received TISS LEAPVAULT CLO 2017 award for the Best Induction Training Program and the BML Munjal Awards for "Business Excellence through Learning and Development".

CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standard of Corporate Governance and adhere to Corporate Governance guidelines, as laid out in the SEBI Listing Regulations. All the Directors and the Senior Management personnel have affirmed in writing their compliance with and adherence to the Code of Conduct adopted by the Company.

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

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

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

Related party transactions / disclosures are detailed in Note No. 3.8 of the Notes to the financial statements.

BOARD'S REPORT

BUSINESS RESPONSIBILITY REPORT

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

CONSOLIDATED FINANCIAL STATEMENTS

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

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company has 23 Subsidiaries, 6 Associates and 2 Joint ventures as on the date of the report.

During the year, the members of Ashok Leyland (UK) Limited, (AL UK) United Kingdom, subsidiary initiated the voluntary winding process and AL UK was dissolved on April 10, 2018.

Automotive Infotronics Limited, Joint Venture dissolved on April 5, 2017 and Ashley Airways Limited, Associate liquidated on December 23, 2017.

During the year under review, the Company has increased its stake in Hinduja Leyland Finance Limited from 57.20% to 61.85% and in Optare PLC from 75.11% to 99.08%.

The Board of Directors at their meeting held on May 18, 2018 approved the Scheme of Amalgamation of its three wholly owned subsidiaries viz., Ashok Leyland Vehicles Limited, Ashley Powertrain Limited and Ashok Leyland Technologies Limited with Ashok Leyland Limited under Sections 230 to 232 of the Act, read with relevant Rules as applicable, subject to various regulatory approvals and the Honourable National Company Law Tribunal, Chennai Bench. The Appointed Date for the Scheme of Amalgamation shall be April 1, 2018.

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

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, Mr. A K Das, Non-Executive Non-Independent Director and Mr. Shardul S Shroff, Independent Director stepped down from the Board with effect from July 21, 2017. The Board wishes to place on record its appreciation for the valuable contributions made by them to the Board and the Company during their long tenure.

Mr. Dheeraj G Hinduja, Chairman retires by rotation at the forthcoming AGM and being eligible, offers himself for re-appointment. The resolution seeking approval of the members for the re-appointment of Mr. Dheeraj G Hinduja, Chairman have been incorporated in the Notice of the AGM of the Company along with brief details about him.

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.

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

The Company has also disclosed the Director's familiarisation programme on its website http://www.ashokleyland.com/sites/default/files/familiarisatopm_programme_for_Independent_Directors-update.pdf.

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. Vinod K. Dasari, CEO & MD, Mr. Gopal Mahadevan, Chief Financial Officer and Mr. N Ramanathan, Company Secretary. There has been no change in Key Managerial Personnel during the year.

AUDITORS

Price Waterhouse & Co Chartered Accountants LLP (FRN 304026E/E300009) Statutory Auditors of the Company hold office till the conclusion of seventy third Annual General Meeting of the Company.

The Auditor's report to the shareholders on the standalone and consolidated financial statement for the year ended March 31, 2018 does not contain any qualification, observation or adverse comment.

COST AUDITORS

Pursuant to the provisions of Section 148(3) of the Act, the Board of Directors had appointed Messers Geeyes & Co., (Firm Registration No.: 00044), as Cost Auditors of the Company, for conducting the audit of cost records for the financial year ended March 31, 2018. 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 2017-18 is placed before the shareholders.

SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Act, read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company engaged the services of Ms. B Chandra (CP No. 7859), Company Secretary in Practice, Chennai to conduct the Secretarial Audit of the Company for the financial year ended March 31, 2018. The Secretarial Audit report for the financial year ended March 31, 2018 in Form No. MR-3 is attached as **Annexure H** to this Report. The Secretarial Audit report does not contain any qualification, reservation or adverse remark.

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

EXTRACT OF THE ANNUAL RETURN

Pursuant to the provisions of Section 92(3) of the Act, an extract of Annual Return in Form MGT-9 as on March 31, 2018 is attached as **Annexure G** to this report.

BOARD'S REPORT

OTHER LAWS

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder, your Company has constituted an Internal Complaints Committee. During the year under review, there were no cases received/filed pursuant to the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

BOARD MEETINGS HELD DURING THE YEAR

Five meetings of the Board of Directors were held during the year. 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, 2018, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;

b) for the financial year ended March 31, 2018, such accounting policies as mentioned in the Notes to the financial statements have been applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for the financial year ended March 31, 2018;

c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the annual financial statements have been prepared on a going concern basis;

e) that proper internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively;

f) that proper systems have been devised to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

REMUNERATION POLICY OF THE COMPANY

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

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

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 PLAN 2016

During the year under review, NRC issued and allotted 569,175 equity shares of ₹1/- to Mr. Vinod K Dasari, Chief Executive Officer and Managing Director upon exercise of options under Ashok Leyland Employees Stock Option Plan 2016. Further on April 11, 2018, the NRC allotted 37,27,000 equity shares of ₹1/- upon exercise of options under Ashok Leyland Employees Stock Option Plan 2016.

During the year under review, the NRC has granted 20,00,000 options convertible into equal number of equity shares of ₹1/- each to the senior management personnel of the Company.

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

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

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 2017-18 are given in Note 3.8 of the Notes to the financial statements.

TRANSACTIONS WITH RELATED PARTIES

The Audit Committee and the Board of Directors have approved the Related Party Transactions Policy and the same has been hosted on the Company's website http://www.ashokleyland.com/sites/default/files/Ashok_Leyland_Limited-Policy_on_Related_Party_Transactions.pdf.

There were no materially significant transactions with Related Parties during the financial year 2017-18 which were in conflict with the interest of the Company. Suitable disclosures as required under Ind AS 24 have been made in Note 3.8 of the Notes to the financial statements.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

Pursuant to the provisions of the Act and SEBI Listing Regulations, the Board of Directors have 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, 2018, the Company has Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Risk Management Committee, Corporate Social Responsibility Committee, Investment Committee and Technology Committee. During the year, a Share Allotment Committee was formed for the purpose of making allotment to the shareholders of erstwhile Hinduja Foundries Limited arising out of the Scheme of Amalgamation.

Mr. Jose Maria Alapont was inducted as a member of the Investment Committee on November 8, 2017. He was inducted as a member of the Technology Committee and Nomination and Remuneration Committee with effect from May 18, 2018.

Detailed note on the composition of the Board and its Committees are provided in the Corporate Governance Report attached as **Annexure C** to this Report.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

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

Your Company hereby affirms that no Director/Employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year.

Brief details about the policy are provided in the Corporate Governance Report attached as **Annexure C** to this Report.

DEPOSITS

The 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, 2018.

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

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

RISK MANAGEMENT

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

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

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

The details of risk management as practiced by the Company are provided as part of Management Discussion and Analysis Report attached as **Annexure E** to this Report.

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

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

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Chennai
May 18, 2018

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 contribution/effort towards sustainable operations, the Company has taken specific initiatives in energy conservation, usage of alternate/renewable resources, green energy, optimising power consumption, etc.
- During the year, about 4.97 million electrical units have been saved leading to significant savings in energy costs of about of ₹104.09 million.
- The Company has achieved a 3% reduction in terms of energy used per HECU (Hybrid Equivalent Chassis Unit) as compared to the previous financial year. This was achieved through high degree of awareness, Energy cross audits, Power quality audits and through brainstorming for Energy Saving and Conservation Ideas generation and implementation for energy saving and conservation. This is part of the Company's Mission Gemba initiative.
- The usage of wind energy was around 19% of the total power consumption and it was 298 lakh kWh in FY 2018. The Company's green energy initiative realised significant operating cost savings to the tune of ₹33.80 million in FY 2018, while also making a very impressive reduction in emissions by 29,766 t CO2 e.
- Pantnagar and Hosur 2 plants completed conversion of conventional lighting to LED lighting in FY 2018.
- Group captive power continued to reap benefits and help realise a saving of ₹ 19.50 million, consuming 131 lakh kWh in this FY18which is 8% of total power consumption.
- Use of Indian Energy exchange (IEX) power through on line bidding has resulted in savings of ₹16.99 million.
- All manufacturing plants have optimised and maintained towards unity Power factor.
- The Company has invested ₹125.70 million towards Energy Conservation initiatives during FY18 which includes major lighting modification (LEDification) at Pantnagar and Hosur 2 plant.
- The Company also saved 4.97 million Kwh through energy saving projects, viz.,

  i. Conventional high power intensive Air compressors are replaced by energy efficient Air compressors with VFD and heat recovery system.

  ii. Power Quality was improved at Hosur CPPS plant.

  iii. Furnace efficiency was improved by optimising loading methods.

  iv. Productivity improvement through cycle time reduction and process modifications.

  v. Heat pumps extended in high power intensive washing machines.

  vi. Introduced turbo ventilators in machine shop.

  vii. Optimised usage of DG and Air compressors

  viii. Energy savings through Auto Power saving features in machine tools.

  ix. Effective Demand side management through on line monitoring.

  x. Downsizing of motors and pumps with enhanced Energy efficiency.

  xi. Ducting losses reduced in Air handling units through modification.

  xii. Conventional Air Conditioned Units replaced by Energy Efficient Units.

With the continuous efforts and endeavor on energy conservation, your Company has become carbon negative with respect to scope 1 in 2017-18 and is moving towards becoming a "Clean & Green" organisation.

b) Towards Wood Free Plant:

Wood usage has been significantly reduced in Vendor Logistics from 94Kgs/Chassis in FY 2017 to 67Kgs/chassis in FY 2018 (29% Reduction) enabled by reusable and recycled Steel Pallets.

c) Enhancing the Greenery towards Carbon Neutrality

The afforestation was undertaken towards increasing greening on corners and completed in 13 Locations (cumulative) so far compared to 6 locations in FY 2017. 7,686 Tree Plantations over 2640 Sq.m (7 locations) completed in FY 2018. 25,790 Tree Plantations over 8468 Sq.m (13 locations) reached in FY 2018 compared to 18,104 trees over 5828 Sq.m in FY 2017 with the help of an external agency and the Department of Horticulture. Total Tree plantations is 70,000 in FY 2018 compared to 24000 in FY 2017. Our Manufacturing Units have achieved Carbon Negative with respect to Scope 1. Specific Carbon Footprint reduction of (13% is realised during the FY 2018 w.r.t FY 2017 considering Scope 1 (Reduction from 118 to 103Kgs of CO_2 equivalent/HECU).

d) Water Conservation:

- Around 55% to 60% of the fresh water consumed is recovered through Sewage/Effluent Treatment/ Zero Liquid Discharge Plants. The treated water is used for both inland gardening as well as process applications.
- The Specific Water Consumption reduction is from 9.88 KL/HECU to 8.37 KL/HECU (15% Improvement on water Management) – without the Corporate Office and Vellivoyalchavadi water consumption.
- Ground water Consumption has been minimised across all manufacturing units by implementing

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

Rainwater Harvesting and other water efficiency improvements to the tune of 18,367 KL (From 12,39,660 KL of FY 2017 to 12,21,293 KL of FY 2018.) amounts to 10 tCO_2e emission reduction.

- Effectively utilised 900 KL of harvested rain water for process applications - Considering 50% recovery from Industrial RO Plants there is a reduction in withdrawal of fresh ground water to a tune of 1800 KL amounts to ItCOZE emission reduction.

e) Solar Energy

This year the Company also generated around 4% of total power from 5.14 MW roof top solar plant and it was 65 lakh kWh.

Awards

- Hosur Plant 1 won "Energy Efficient Unit" award in automobile sector at National Award for Excellence in Energy Management 2017 organised by CII.
- Pantnagar plant won Prestigious "Gold Award" in automobile sector at National Energy Management Award competition conducted by SEEM (Society of Energy Engineers and Managers).
- Bhandara and Alwar Plant bagged state level Energy Efficiency award in automobile sector.
- Ennore plant won five prestigious awards in competitions held by QCFI & ICQCC.

B. TECHNOLOGY ABSORPTION

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

Engines and Aggregates

i. Development of a 6-Speed Gear Box for medium and heavy trucks.

ii. Development of a range of Lift Axles for 31T - 41T GVW vehicles.

iii. Development of Euro V engines for export markets.

Vehicle Models

i. Launch of entire range of BS IV vehicles with *i*EGR technology.

ii. Demonstration of an Electric Bus with "Swap" battery.

iii. Launch of Euro IV Buses for Export markets.

2. Benefits derived as a result of R&D

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

ii. More than 11 provisional patents filed in FY 2017-18.

iii. More than 15 Technical papers published in International conferences during FY 2017-18.

3. Future Plan of Action

i. Development of entire range of BS VI engines.

ii. Introduction of Modular range of vehicles - Trucks and Buses.

iii. Development of range of Electric Vehicles.

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

₹ in Lakhs

Expenditure on R&D	2017-18	2016-17
Capital	6,254.48	5,311.81
Revenue (excluding depreciation)	39,649.87	33,639.37
Less: Amount received by R&D facilities	654.60	462.45
Total	**45,249.75**	**38,488.73**
Total R&D expenditure as a % of total turnover	**1.71%**	**1.79%**

(A) FOREIGN EXCHANGE EARNINGS AND OUTGO

Details of earnings accrued and expenditure incurred in foreign currency are given in Note 3.13 of the Notes to the financial statements. The Company continues its efforts to improve its earnings from exports.

ANNEXURE B TO THE BOARD'S REPORT
PARTICULARS OF EMPLOYEES

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

a) **The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year and percentage increase of each Director, CEO & MD, Chief Financial Officer and Company Secretary in the financial year:**

S. No.	Name	Ratio to median remuneration	% increase in remuneration in the financial year
1.	Mr. Dheeraj G Hinduja	96.26	13.95
2.	Dr. Andreas H Biagosch	8.81	30.45
3.	Dr. Andrew C Palmer	7.15	6.32
4.	Mr. D J Balaji Rao	7.12	8.66
5.	Mr. A K Das*	1.92	(57.55)
6.	Mr. Jean Brunol	7.72	14.88
7.	Mr. Jose Maria Alapont*	5.41	145.69
8.	Ms. Manisha Girotra	3.28	(0.93)
9.	Mr. Sanjay K Asher	7.25	18.55
10.	Mr. Sudhindar K Khanna	9.50	5.57
11.	Mr. Vinod K Dasari, CEO & MD	223.26	45.86
12.	Mr. Gopal Mahadevan, Chief Financial Officer	64.98	31.26
13.	Mr. N Ramanathan, Company Secretary	14.53	19.70

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

b) **The median remuneration for the year 2017-18 is** ₹8,42,493/-

c) **The Percentage increase in the median remuneration of the employees in the financial year is:** 25.52%

d) **The number of permanent employees on the rolls of Company:** 11,835

e) **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

Increase in remuneration is based on remuneration policy of the Company.

f) **Affirmation that the remuneration is as per the remuneration policy of the Company:**

The Company affirms that the remuneration is as per the remuneration policy of the Company.

g) The statement containing top ten employees in terms of remuneration drawn and particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting and has been uploaded on the website of the Company www.ashokleyland.com. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary and the same will be provided free of cost to the shareholder.

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

1. Ashok Leyland's Philosophy on Code of Governance

I. The Corporate Governance Standards demonstrate inalienable rights vested with various stakeholders and strong commitment to values, ethics and business conduct. Your Company is committed to good Corporate Governance, based on an effective independent Board, separation of supervisory role from the executive management and constitution of Committees to oversee critical areas thus upholding the standards practically at every sphere ranging from action plan to performance measurement and customer satisfaction. The Company is in compliance with the requirements of corporate governance under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations).

II. Our philosophy on Corporate Governance is about intellectual honesty whereby the governance is not just about encompassing regulatory and legal requirements but also strives to enhance stakeholders' value as a whole. Your Company belongs to legacy where the visionary founders laid the stone for good governance through the philosophies of ***"work to give"***, implying the duty to work diligently carries the responsibility that one should give something back to others and society and ***"word is a bond"*** – which enables one to build trust and confidence with one's stakeholders, including employees, customers and suppliers, where long term relationships could be developed for the benefit of everyone. Thus, the standards of governance are guided by the following principles.

- Clear and ethical strategic direction and sound business decisions.
- The effective exercise of ownership.
- Transparent and professional decision making.
- Excellence in corporate governance by abiding the guidelines and continuous assessment of Board processes and the management systems for constant improvisation.
- Greater attention is paid to the protection of minority shareholders rights.

III. Your Company recognises the rights of all the stakeholders and encourages co-operation between the Company and the stakeholders to enable your participation in the corporate governance process.

IV. Your Company ensures adequate, timely and accurate disclosure on all material matters including the financial situation, performance, ownership and governance of the Company to the stock exchanges and the investors. Information is prepared and disclosed in accordance with the prescribed standards of accounting, financial and non-financial disclosure and are disseminated in an equal, timely and cost efficient access to relevant information by users.

2. Board of Directors

i. As on March 31, 2018, the Board comprises of ten Directors. Of the ten directors, nine (90%) are non-executive directors and eight (80%) are independent directors including a women independent 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).

ii. The number of Directorships, Committee memberships/chairmanships of all the 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, 2018 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 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.

vi. The names and categories of the Directors on the Board, their attendance at Board meetings held during the year and at the last Annual General Meeting (AGM) and the number of directorships and committee chairmanships/memberships held by them in other public companies as on March 31, 2018 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.

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

S. No.	Name of the Director	Category	Number of Board meetings during the year 2017-18		Whether attended last AGM held on July 21, 2017	Number of directorships in other public companies		Number of committee positions held in other public companies	
			Held	Attended		Director	Chairman	Member	Chairman
1.	Mr. Dheeraj G Hinduja (Chairman) DIN: 00133410	Promoter, Non-Independent Non-Executive	5	5	Yes	3	2	-	-
2.	Dr. Andreas H Biagosch DIN: 06570499	Independent Non-Executive	5	5	Yes	1	-	-	-
3.	Dr. Andrew C Palmer DIN: 02155231	Independent Non-Executive	5	2	No	-	-	-	-
4.	Mr. D J Balaji Rao DIN: 00025254	Independent Non-Executive	5	5	Yes	5	-	5	3
5.	Mr. A K Das* DIN: 00122913	Non-Independent Non-Executive	5	2	Yes	NA	NA	NA	NA
6.	Mr. Jean Brunol DIN: 03044965	Independent Non-Executive	5	4	Yes	-	-	-	-
7.	Mr. Jose Maria Alapont DIN: 07712699	Independent Non-Executive	5	4	Yes	-	-	-	-
8.	Ms. Manisha Girotra DIN: 00774574	Independent Non-Executive	5	3	No	3	-	-	-
9.	Mr. Sanjay K Asher DIN: 00008221	Independent Non-Executive	5	5	Yes	9	-	8	3
10.	Mr. Shardul S Shroff * DIN: 00009379	Independent Non-Executive	5	-	No	NA	NA	NA	NA
11.	Mr. Sudhindar K Khanna DIN: 01529178	Independent Non-Executive	5	5	Yes	3	-	-	-
12.	Mr. Vinod K Dasari DIN: 00345657	Non-Independent Executive	5	5	Yes	2	1	-	-

* Resigned with effect from July 21, 2017

vii. None of the Directors on the Board is a member of more than ten committees or Chairman of more than five committees across all the Companies in which he/she is a director.

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

ix. None of the Directors/key management personnel of the Company are related to each other.

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

The dates on which the said meetings were held are: May 25, 2017, July 21, 2017, November 8, 2017, February 1, 2018 and March 15 & 16, 2018. The necessary quorum was present for all the meetings.

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

xii. During the year 2017-18, 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.

xiii. In compliance with the applicable provisions of the Act and the Rules made thereunder, the Company facilitates the participation of the Directors in Board/Committee meetings through video conferencing or other audio visual mode except in respect of such meetings/items which are not permitted to be transacted through video conferencing notified under the Act.

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

xv. 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.

xvi. The details of the Director seeking re-appointment at the forthcoming Annual General Meeting (AGM) is furnished in the Notice convening the meeting of the shareholders.

xvii. During the year, the Nomination and Remuneration Committee (NRC) allotted 569,175 shares to Mr. Vinod K Dasari, Chief Executive Officer and Managing Director upon exercise of stock options granted under AL ESOP 2016.

xviii. Except Mr. D J Balaji Rao, who is holding 116 equity shares, no other Director holds equity shares in the Company as on March 31, 2018.

xix. The Company has not issued any non-convertible instruments.

xx. During the year, the Independent Directors of the Company, without the presence of Non-Independent Directors and management team met on July 21, 2017, to review the performance of the Board as a whole on parameters of effectiveness and to assess the quality, quantity and timeliness of flow of information between the management and the Board. Dr. Andreas H Biagosch, Chairman of the meeting presented the views of the Independent Directors on matters relating to Board processes and views to the full Board.

xxi. The details of familiarisation programme done for the financial year 2017-18 have been hosted in the website of the Company under the web link http://www.ashokleyland.com/sites/default/files/Listing_Regulation/Familiarisation-Programme-For-Independent-Directors-Update-Mar2018.pdf.

3. Committees of the Board

A. Audit Committee

i. Terms of Reference:

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

Financials

- Review of the quarterly/half-yearly/annual financial statements with reference to changes, if any, in accounting policies and reasons for the same.
- Major accounting entries involving estimates based on exercise of judgment by management, adjustments, if any, arising out of audit findings.
- Compliance with listing and legal requirements relating to financial statements, qualifications, if any, in the draft audit report.

Internal controls and risk management

- Review of internal audit function and discussion on internal audit reports.
- Review of vigil mechanism.
- Review of adequacy of internal control systems.
- Review of risk management policies especially enterprise level risk management.

Compliance and other related aspects

- Disclosure of related party transactions and subsequent modifications, if any.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the Company.
- Uses/application of funds raised through an issue.
- Review and recommendation of appointment, remuneration and terms of appointment of statutory auditors.
- Review of other services rendered by the statutory auditors.
- Review and monitor the auditor's independence and performance, and effectiveness of the audit process.
- Review of the management discussion and analysis of the financial conditions and results of operations, significant related party transactions, management letters issued by statutory auditors, internal audit reports.
- Evaluation of internal financial controls and risk management systems.
- review the functioning of the Whistle Blower Mechanism. The policy is available on the Company's website (URL: http://www.ashokleyland.com/sites/default/files/Listing_ Regulation/ Ashok_Leyland-Whistle_Blower_Policy.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 the Regulation 18 read with Part C of Schedule II of SEBI Listing Regulations and provisions of Section 177 of the Act.

iii. Composition:

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

Name	Category	Number of meetings during the financial year 2017-18	
		Held	Attended
Mr. Sanjay K Asher (Chairman)	Independent, Non-Executive	5	5
Mr. D J Balaji Rao	Independent, Non-Executive	5	4
Mr. Jean Brunol	Independent, Non-Executive	5	4
Mr. Sudhindar K Khanna	Independent, Non-Executive	5	4

iv. **Meetings**

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

May 24, 2017, July 20, 2017, November 7, 2017, January 31, 2018 and March 16, 2018.

The necessary quorum was present at all the meetings.

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

Mr. Sanjay K Asher, Chairman of the Audit Committee was present at the AGM held on July 21, 2017.

vi. The Chief Financial Officer and Vice President – Internal Audit and Risk Management attended meetings of the Audit Committee, as invitees.

vii. The representatives of the Auditors are invited to the Audit Committee meetings. The Statutory Auditors have attended the Audit Committee Meeting where the financials results/audit reports are discussed.

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

ix. The Company is governed by a charter adopted pursuant to the regulatory requirements and the Committee reviews the mandatory information as per the requirement.

B. Nomination and Remuneration Committee

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

i. **Terms of Reference**

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

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

ii. **Composition:**

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

Name	Category	Number of meetings during the financial year 2017-18	
		Held	Attended
Mr. D J Balaji Rao, (Chairman)	Independent, Non-Executive	5	5
Mr. Dheeraj G Hinduja	Non-Independent, Non-Executive	5	5
Mr. A K Das*	Non-Independent, Non-Executive	5	2
Ms. Manisha Girotra	Independent, Non-Executive	5	2

*resigned with effect from July 21, 2017

iii. **Meetings**

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

May 24, 2017, July 19, 2017, November 7, 2017, February 1, 2018 and March 17, 2018.

The necessary quorum was present for all the meetings.

Mr. D J Balaji Rao, Chairman of the Nomination and Remuneration Committee was present at the AGM held on July 21, 2017.

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

iv. Performance evaluation criteria for Directors

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

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 the management for resolution of business issues.
- Offer constructive challenge to management strategies and proposals.
- Active engagement with the management and attentiveness to progress of decisions taken.

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

v. Remuneration of Directors

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

- The Non-Executive Directors of the Company are paid remuneration by way of sitting fees and profit related commission based on the criteria laid down by the Nomination and Remuneration Committee and the Board.
- Performance of the Company.
- Members' attendance, position held in the Committee(s); and
- Time spent.

(ii) Details of the remuneration paid to the Non- Executive Directors for the year 2017-18 are given below:

S. No.	Name of the Director	Sitting Fees (₹)	Commission (₹)	Total (₹)
1.	Mr. Dheeraj G Hinduja, (Chairman)	1,100,000	80,000,000	81,100,000
2.	Dr. Andreas H Biagosch	920,000	6,500,000	7,420,000
3.	Dr. Andrew C Palmer	320,000	5,700,000	6,020,000
4.	Mr. D J Balaji Rao	1,350,000	4,650,000	6,000,000
5.	Mr. Jean Brunol	1,100,000	5,400,000	6,500,000
6.	Mr. Jose Maria Alapont	460,000	4,100,000	4,560,000
7.	Ms. Manisha Girotra	510,000	2,250,000	2,760,000
8.	Mr. Sanjay K Asher	1,210,000	4,900,000	6,110,000
9.	Mr. Sudhindar K Khanna	900,000	7,100,000	8,000,000
10.	Mr. A K Das*	320,000	1,300,000	1,620,000
11.	Mr. Shardul S Shroff*	-	-	-
Total		**8,190,000**	**121,900,000**	**130,090,000**

* Resigned from the Board with effect from July 21, 2017.

(iii) Details of Remuneration to Chief Executive Officer and Managing Director for the financial year ended March 31, 2018

S. No.	Particulars of Remuneration	Amount in ₹
1	Gross salary	
	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	56,744,163
	Value of perquisites under section 17(2) of the Income-tax Act, 1961*	30,196,685
2	Commission:	
	Performance Bonus	53,705,000
	Long Term Incentive Plan (LTIP)	41,826,000
3	Others- Retirement benefits	5,622,600
	Total (A)	**188,094,448**

* Includes value of stock options exercised during the FY 2017-18

(iv) During the year, Mr. Vinod K Dasari, Chief Executive Officer and Managing Director exercised 5,69,175 options as per vesting schedule and shares were allotted by the NRC on November 1, 2017.

C. Stakeholders' Relationship Committee

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

i. Terms of Reference

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

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

ii. Composition

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

Name	Category	Number of meetings during the financial year 2017-18	
		Held	Attended
Mr. Sanjay K Asher, (Chairman)	Independent, Non-Executive	4	4
Mr. D J Balaji Rao	Independent, Non-Executive	4	4
Ms. Manisha Girotra	Independent, Non-Executive	4	3

iii. Meetings

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

May 25, 2017, July 21, 2017, November 8, 2017 and February 1, 2018

The necessary quorum was present for all the meetings.

iv. Details of Complaints /other Correspondence

During the year, 335 complaint letters and 1955 correspondences were received from investors (including 16 letters from Stock Exchanges/SEBI SCORES/MCA/NCLT).

Subject Matter of the Complaint	Pending as on March 31, 2017	During the year		Pending as on March 31, 2018
		Received	Resolved	
Non-receipt of Share Certificates	-	125	125	-
Non-receipt of Dividend	1	117	118	-
Non-receipt of Annual Report	-	90	90	-
Query -Transfer of shares	-	3	3	-
Total complaints	**1**	**335**	**336**	**-**

Subject Matter of Correspondence	Pending as on March 31, 2017	During the year		Pending as on March 31, 2018
		Received	Resolved	
Revalidation of Dividend / Interest	2	280	281	1
Issue of Duplicate Share Certificates	-	72	72	-
Loss of share certificate	-	151	151	-
Issue of Duplicate Dividend/Interest	-	114	113	1
Procedure for Transmission	-	402	398	4
Change of Address / Bank Mandate	1	444	445	-
Other Correspondence	-	236	235	1
Unclaimed share certificate	-	49	49	-
Unclaimed Dividend	1	207	208	-
Total correspondence	**4**	**1,955**	**1,952**	**7**

As on March 31, 2018, there were no share transfers pending. Shareholder queries shown pending as on March 31, 2018, have been subsequently resolved.

D. Corporate Social Responsibility Committee

The Company has constituted a Corporate Social Responsibility (CSR) Committee pursuant to the provisions of Section 135 of the Act read with Companies (Corporate Social Responsibility) Rules, 2014 comprising of Mr. Dheeraj G Hinduja, as Chairman of the Committee, Ms. Manisha Girotra and Mr. Vinod K Dasari as members.

The Committee met once during the year on July 20, 2017. Two members attended the meeting. The necessary quorum was present for the meeting.

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

The CSR Report as required under the Act for the year ended March 31, 2018 is attached as **Annexure I** to the Board's Report.

E. Risk Management Committee

i. The Company has constituted a Risk Management Committee to assist the Board and Audit Committee in their responsibilities of overseeing Company's risk management policies and processes (including processes for monitoring and mitigating such risks) and the Company's exposure to unmitigated risks. The Committee comprises of Dr. Andreas H Biagosch, Mr. D J Balaji Rao, Mr. Sanjay K Asher, Directors and Mr. Gopal Mahadevan, President - Finance & CFO as members of the Committee.

ii. One Risk Management Committee meeting was held during the year on July 20, 2017. Three of the four members attended the meeting. The necessary quorum was present for the meeting.

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. The Committee will also apprise the Board of the effectiveness of the Enterprise Risk Management (ERM) system.

v. Details of Risk Management measures taken by the Company have been provided in the Management Discussion and Analysis Report which is attached to the Board's Report.

vi. A Risk Management status report is provided to the Audit Committee for its information on a regular basis.

F. Other Committees

a) Investment Committee

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

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

Name	Category	Number of meetings during the financial year 2017-18	
		Held	Attended
Mr. Dheeraj G Hinduja (Chairman)	Non-Independent, Non-Executive	4	4
Dr. Andreas H Biagosch	Independent, Non-Executive	4	4
Mr. Jean Brunol	Independent, Non-Executive	4	3
Mr. Jose Maria Alapont*	Independent, Non-Executive	4	1

*Appointed with effect from November 8, 2017.

Four meetings were held during the year and the dates on which the said meetings were held are May 24, 2017, July 20, 2017, November 7, 2017 and January 31, 2018.

The necessary quorum was present for all the meetings.

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

b) Technology Committee

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

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

Name	Category	Number of meetings during the financial year 2017-18	
		Held	Attended
Dr. Andrew C Palmer, (Chairman)	Independent, Non-Executive	2	2
Dr. Andreas H Biagosch	Independent, Non-Executive	2	2
Mr. Jean Brunol	Independent, Non-Executive	2	2
Mr. Jose Maria Alapont*	Independent, Non-Executive	2	NA

*Appointed with effect from November 8, 2017.

Two meetings were held during the year and the dates on which the said meetings were held are July 20, 2017 and November 7, 2017.

The necessary quorum was present for all the meetings.

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

c) **Committee of Directors**

During the year under review, the Board formed a Committee of Directors comprising of Mr. Dheeraj G Hinduja, Chairman, Mr. Vinod K Dasari, Chief Executive Officer and Managing Director, Mr. D J Balaji Rao and Mr. Sanjay K Asher, Directors as members of the Committee and authorised the Committee to do all such acts, deeds, matters and things as may be necessary for the purpose of giving effect to the Order of the National Company Law Tribunal, Chennai Bench on the Scheme of Amalgamation of Hinduja Foundries Limited (HFL/Transferor Company) with Ashok Leyland Limited (Transferee Company). The Committee met on June 13, 2017 and allotted shares to the eligible shareholders of HFL as on the Record Date (June 7, 2017) consequent to the amalgamation of HFL. The Committee also appointed a nominee for holding the fractional shares entitlement on behalf of the shareholders of HFL and dispose such shares and distribute the sales proceeds as per their entitlement. The fractional shares were subsequently sold by the nominee in the market and the sales proceeds were distributed to the shareholders.

4. **General Body Meetings**

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

Year	Location	Date and Time	Special resolution passed
68th AGM 2016-17	"The Music Academy, Madras" New No. 168 (Old No.306), TTK Road Royapettah, Chennai - 600 014	July 21, 2017 2.45 p.m.	(i) Adoption of new articles of Association in conformity with Companies Act, 2013
67th AGM 2015-16		July 21, 2016 3.00 p.m.	(i) Approval of issue of further securities (ii) Approval of issue of Non-Convertible Debentures on Private Placement (iii) Approval of Ashok Leyland Employees Stock option Plan 2016
66th AGM 2014-15	Kamaraj Memorial Hall, 492, Anna Salai, Teynampet, Chennai- 600 006	June 29, 2015 2.30 p.m.	(i) Approval of Issue of further securities (ii) Approval of issue of Non-Convertible Debentures on Private Placement

b) No Extra-Ordinary General Meeting was held during the year 2017-18

c) **Postal Ballot:**

No Postal Ballot was conducted during the financial year 2017-18. None of the businesses proposed to be transacted at the ensuing AGM require passing a resolution through postal ballot.

5. **Disclosures**

(i) Related Party Transactions

There were no materially significant transactions with the related parties, during the year, which were in conflict with the interests of the Company and that require an approval of the Company in terms of the SEBI Listing Regulations. The transactions entered into with the related parties during the financial year were in the ordinary course of business and at arm's length basis and were approved by the Audit Committee.

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

(ii) Details of non-compliance by the Company, penalties, strictures imposed on the Company by the stock exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three financial years 2015-16, 2016-17 and 2017-18 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 and that no complaints were received during the year. The Whistle Blower Policy has been disclosed on the Company's website under the web link http://www.ashokleyland.com / sites/default/files/Ashok_Leyland-Whistle_Blower_Policy.pdf and disseminated to all the directors/employees.

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

(v) Dividend Distribution Policy

Your Company has formulated a 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 http://www.ashokleyland.com/sites/ default/files/Listing_Regulation/Dividend_ Distribution_ Policy.pdf.

(vi) The Company has fulfilled the following discretionary 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 has appointed separate persons to the post of Chairman and CEO & MD.

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

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

(vii) Reconciliation of share capital audit

The Company has engaged a qualified practicing 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.

(viii) Disclosure of Accounting Treatment

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

(ix) 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.

(x) Code of Conduct

Your Company has received confirmations from the Board (incorporating duties of Independent Directors) and the Senior Management personnel regarding their adherence to the said Code. The Annual Report of the Company contains a certificate by the Chief Executive Officer and Managing Director, 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 http://www.ashokleyland.com/corporate governance.

(xi) 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. All Directors, Designated Employees who could have access to the Unpublished Price Sensitive Information of the Company are governed by the Code. During the year under review, there has been due compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015.

6. Subsidiary Companies

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

a) The Audit Committee reviews the financial statements, in particular, the investments made by the unlisted subsidiary companies.

b) The minutes of the meetings of the board of directors of the unlisted subsidiary companies were placed at the meetings of the Board of Directors of the Company.

c) The management of the unlisted subsidiary have periodically placed before the board of directors of your Company regarding a statement of all significant material transactions and arrangements entered into by the unlisted subsidiary.

d) Your Company has not disposed of any shares in its material subsidiary resulting in reduction of its shareholding to less than fifty percent or cease control over the subsidiary.

e) Your Company has not sold/disposed/leased any of its assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during the current reporting financial year.

f) Your Company formulated a Policy on Material Subsidiary under SEBI Listing Regulations and the policy is hosted on the website of the Company under the web link http://www.ashokleyland.com/sites/default/files/ Ashok_Leyland_ Limited-Policy_on_Material_ Subsidiary.pdf.

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

7. Means of Communication

i. Results: The quarterly, half yearly and annual results are normally published in one leading national (English) business newspaper and in one vernacular (Tamil) newspaper. The quarterly results and investor presentations are also hosted 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 is hosted on the website of the Company.

iv. Presentations to institutional investors/analysts

Detailed presentations are made to institutional investors and analysts on a quarterly basis and the same is hosted on the website of the Company.

8. General shareholder information

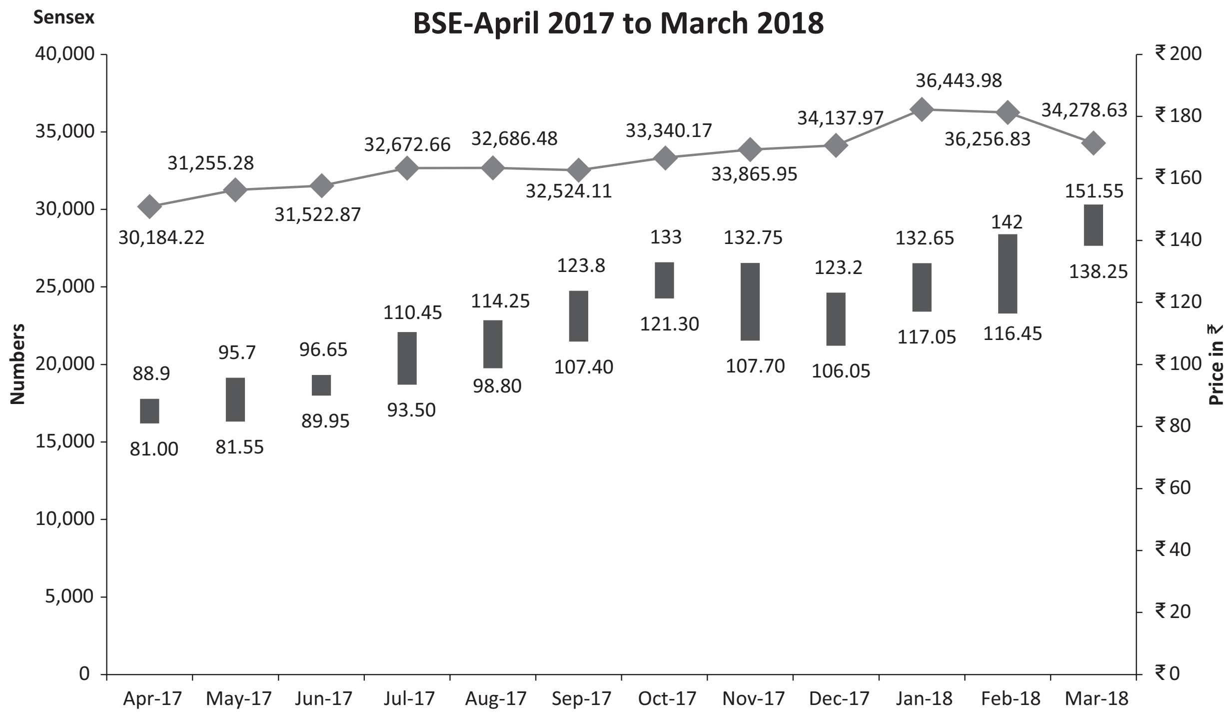
a. Sixty ninth Annual General Meeting		
Day, Date and Time	Tuesday, July 17, 2018 at 2.45 p.m.	
Venue	The Music Academy, Madras, New No.168 (Old No. 306), TTK Road, Royapettah, Chennai - 600 014	
b. Financial Year	April 1 to March 31	
c. Book Closure Dates	Wednesday, July 11, 2018 to Tuesday, July 17, 2018 (both days inclusive)	
d. Dividend Payment Date	Shall be paid/credited before August 10, 2018	
e. (i) Listing of Equity Shares	BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai- 400001 National Stock Exchange of India Limited Exchange Plaza, C-1, Block G Bandra Kurla Complex Bandra (E), Mumbai – 400 051	
(ii) Listing of Privately Placed Debentures	National Stock Exchange of India Limited	
Listing Fee	Annual listing fee for the financial year 2017-18 paid to all the Stock Exchanges.	
Depository Fee	Annual custody fee for the financial year 2017-18 paid to the Depositories.	
Corporate Identity Number	L34101TN1948PLC000105	
f. Stock Code		
i) Trading Symbol at	BSE Limited	
	(Physical)	477
	(Demat)	500477
	National Stock Exchange of India Ltd.	ASHOKLEY
ii) Demat ISIN Numbers in NSDL & CDSL	Equity Shares	INE208A01029
iii) Demat ISIN Numbers in NSDL & CDSL	Privately Placed Debentures	
Ashok Leyland 9.60% 2018 (Sr-AL22)	INE208A07364	
g. Details of Debenture Trustees		
Name of the Debenture Trustee and Contact Details	SBICAP Trustee Company Limited Apeejay House, 6th Floor 3, Dinshaw Wachha Road, Churchgate, Mumbai-400 020 Tel No: 022-4302 5555 Fax No: 022-2204 0465 Website: www.sbicaptrustee.com	

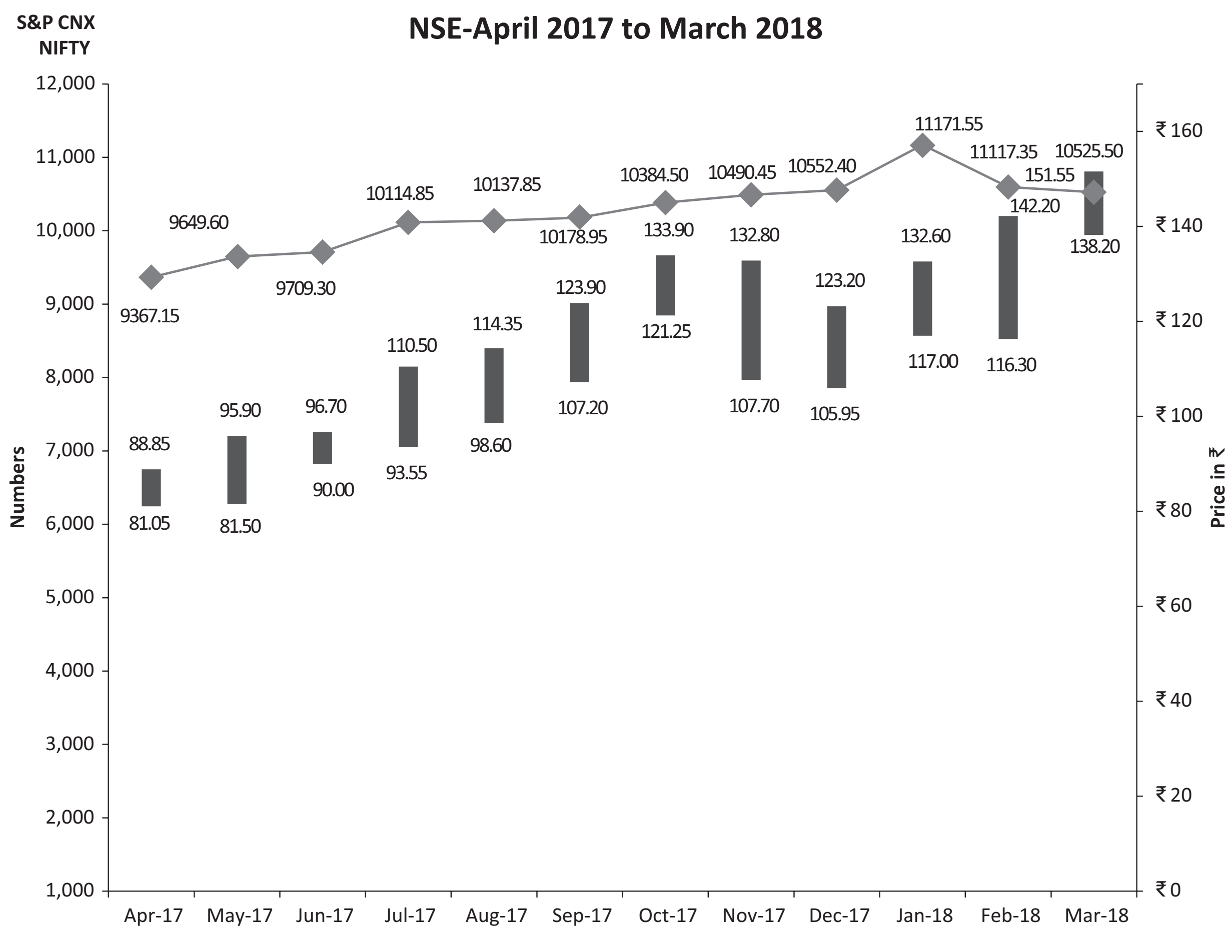
h. Stock Market Data

Month	BSE Limited				National Stock Exchange of India Limited			
	Share Price		Sensex Points		Share Price		CNX Nifty Points	
	High (₹)	Low (₹)	High	Low	High (₹)	Low (₹)	High	Low
Apr-2017	88.90	81.00	30,184.22	29,241.48	88.85	81.05	9,367.15	9,075.15
May-2017	95.70	81.55	31,255.28	29,804.12	95.90	81.50	9,649.60	9,269.90
Jun-2017	96.65	89.95	31,522.87	30,680.66	96.70	90.00	9,709.30	9,448.75
Jul-2017	110.45	93.50	32,672.66	31,017.11	110.50	93.55	10,114.85	9,543.55
Aug-2017	114.25	98.80	32,686.48	31,128.02	114.35	98.60	10,137.85	9,685.55
Sep-2017	123.80	107.40	32,524.11	31,081.83	123.90	107.20	10,178.95	9,687.55
Oct-2017	133.00	121.30	33,340.17	31,440.48	133.90	121.25	10,384.50	9,831.05
Nov-2017	132.75	107.70	33,865.95	32,683.59	132.80	107.70	10,490.45	10,094.00
Dec-2017	123.20	106.05	34,137.97	32,565.16	123.20	105.95	10,552.40	10,033.35
Jan-2018	132.65	117.05	36,443.98	33,703.37	132.60	117.00	11,171.55	10,404.65
Feb-2018	142.00	116.45	36,256.83	33,482.81	142.20	116.30	11,117.35	10,276.30
Mar-2018	151.55	138.25	34,278.63	32,483.84	151.55	138.20	10,525.50	9,951.90

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

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





j. Registrar and Share Transfer Agents

Integrated Registry Management Services Private Limited, 2nd Floor, Kences Towers, 1 Ramakrishna Street, North Usman Road, T Nagar, Chennai - 600 017 deal with all aspects of investor servicing relating to shares in both physical and demat form.

k. Share Transfer System

In order to further improve and speed up investor servicing, the Board has authorised the CEO & MD and CFO to approve all routine transfers, transmissions, etc., of physical shares. Transfers, transmissions, etc., were generally approved within seven days; requests for dematerialisation were confirmed within six days (as against the norm of fifteen days).

l. Details of Unclaimed Securities Suspense Account

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

Particulars	Number of Shareholders	Number of Shares
Aggregate number of shareholders and the outstanding shares in the shares suspense account lying as on April 1, 2017	2,543	2,346,081
Number of shareholders who approached the Company for transfer of shares from shares suspense account during the year	28	34,890
Number of shareholders to whom shares were transferred from unclaimed shares suspense account during the year	28	34,890
Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Act*	809	1,114,930
Aggregate number of shareholders and the outstanding shares in the shares suspense account lying as on March 31, 2018	1,706	1,196,261

* Shares of 809 shareholders were transferred fully and Shares of 1062 shareholders were transferred partly to IEPF Authority.

The voting rights on the shares outstanding in the suspense account as on March 31, 2018 shall remain frozen till the rightful owner of such shares claim the shares.

m. Details of Shares transferred to IEPF Authority during 2017-18

Pursuant to Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividends, if not claimed for a consecutive period of seven years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). In pursuance to the said rules, 2,242,867 shares constituting 4,407 folios was transferred to IEPF Authority.

n. (i) Distribution of Shareholding as on March 31, 2018

Number of Shares	Shareholders		Number of Shares	
	Number	%	Number	%
Upto 50	181,931	36.82	3,677,977	0.13
51-100	83,302	16.86	7,583,245	0.26
101-200	67,193	13.60	11,748,197	0.40
201-500	68,225	13.81	25,294,813	0.86
501-1000	43,165	8.74	35,745,094	1.22
1001-2000	24,927	5.05	39,077,633	1.34
2001-5000	16,675	3.38	55,034,036	1.88
5001-10000	5,031	1.02	36,531,579	1.25
10001 and above	3,535	0.72	2,712,411,527	92.66
Total	**493,984**	**100.00**	**2,927,104,101**	**100.00**

(ii) Shareholding pattern as on March 31, 2018

Category	Number of Holders	Shares	%
Promoter and Promoter Group (Includes 329,200,140 shares in GDR Form)	5	1,500,660,261	51.27
Resident Individuals	482,988	264,877,325	9.05
IEPF Authority / Unclaimed Securities Suspense A/c	2	3,439,128	0.12
Clearing Members	341	6,707,414	0.23
Financial Institutions/Insurance Co. / State Govt./Govt. Companies/UTI	14	106,659,927	3.64
Foreign Institutional Investors	10	3,692,334	0.13
Foreign Portfolio Investors	493	736,288,161	25.15
NRI / Corporate Bodies - Foreign / Bank - Foreign / Foreign Nationals	7,678	13,288,818	0.45
Corporate Bodies / Limited Liability Partnership	2,228	63,022,028	2.15
Mutual Funds	138	191,598,809	6.55
Trusts	51	8,629,478	0.29
Banks	31	391,813	0.01
Alternative Investment Fund	3	4,847,105	0.17
Others - GDR a/c	2	2,300,1500	0.79
Grand Total	**493,984**	**2,927,104,101**	**100.00**

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

(iii) Details of shares

Mode	Number of Shares	% to paid up Capital	Number of holders
Physical	20,841,272	0.71	14,684
Electronic			
NSDL	2,829,635,480	96.67	298,057
CDSL	76,627,349	2.62	181,243

o. Dematerialisation of shares and liquidity

The Company's shares are compulsorily traded in dematerialised form on NSE and BSE. Equity shares of the Company representing 99.29% of the Company's equity share capital are dematerialised as on March 31, 2018.

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

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

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

No GDR is outstanding for conversion as on March 31, 2018 having an impact on equity.

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

The Company being a sizable user of commodities, exposes it to the price risk on account of procurement of commodities. The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to firm commitments and highly probable forecast transactions.

r. **Plant Locations**

Ennore

Kathivakkam High Road
Ennore
Chennai - 600 057
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 (VVC)
Via Manali New Town
Chennai - 600 103
Tamil Nadu

s. **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 4411 e-mail: secretarial@ashokleyland.com csdstd@integratedindia.in
Website address	www.ashokleyland.com	
Email ID of Investor Grievances Section	secretarial@ashokleyland.com	
Name of the Compliance Officer	N Ramanathan, Company Secretary	

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, 2018 all members of the Board and the Senior Management Personnel have affirmed in writing their adherence to the Code of Conduct adopted by the Company.

Chennai
May 18, 2018

Vinod K Dasari
Chief Executive Officer and Managing Director

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

DIVIDEND DISTRIBUTION POLICY

Introduction

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

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

Objective

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

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

Definitions

(i) **"Act"** means the Companies Act, 2013 and Rules made thereunder, including any statutory amendment(s) or modification(s) thereof for the time being in force.

(ii) **"Dividend"** includes final and interim dividend.

(iii) **"Dividend Payout ratio"** means a fraction of net income a company pays to its shareholders as dividend.

(iv) **"Market capitalisation"** means the aggregate value of the Company based on its current market price and the total number of outstanding shares of the Company.

(v) **"Paid-up Share Capital"** means such aggregate amount of money credited as paid-up as is equivalent to the amount received as paid-up in respect of shares issued and also includes any amount credited as paid-up in respect of shares of the Company, but does not include any other amount received in respect of such shares, by whatever name called.

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

Declaration and payment of Dividend

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

(a) out of the profits of the Company for that year arrived after providing for depreciation; or

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

(c) out of both (a) and (b).

Parameters for declaration of dividend

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

(i) Financial parameters

- (a) Availability of profits;
- (b) Financial feasibility of the Company;
- (c) Favourable 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;

(v) Classes of Shares

(v) Classes of Shares

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

Publication of Policy

This Policy, as approved by the Board, shall be disclosed in the Annual Report and on the website of the Company at www.ashokleyland.com.

Amendment

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

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

ANNEXURE D TO THE BOARD'S REPORT
AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of Ashok Leyland Limited

We have examined the compliance of conditions of Corporate Governance by Ashok Leyland Limited, for the year ended March 31, 2018 as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C , D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015").

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to 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 to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Subramanian Vivek
Partner
Membership No: 100332

Place : Chennai
Date : May 18, 2018

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

A. MARKET TRENDS

Economy - India

The International Monetary Fund (IMF) is projecting an acceleration for the Indian economy, with the GDP growth of 6.7% in 2016-17 scaling up to 7.4% in 2017-18 and projected to reach 7.8% for 2018-19, potentially making India the world's fastest growing large economy. The growth in 2016-17 was hampered by disruptions associated with the demonetisation introduced in November 2016, while 2017-18 included the transition costs related to the launch of Goods and Services Tax (GST). With the structural reforms in place, the economy is expected to move to a higher growth trajectory for 2018-19 and beyond.

The private consumption growth remained flat in 2017-18, while government consumption recorded a higher growth for the year. Going forward, investments are expected to revive as the corporate sector adjusts to the GST, which over the medium term is expected to benefit economic activity by reducing the transaction cost of tax compliance, drawing informal activity into the formal sector, and expanding the overall tax base. There has been a slowdown in agricultural sector to 3.6%, mainly due to the high base effect of last year. The Indian Meteorological Department (IMD) has predicted the southwest monsoon (April-September) to be at 97% of the long period average (LPA) with a margin of error of +/- 5%. A normal south-west monsoon will sustain agricultural growth and rural consumption.

Industrial production saw a low to moderate growth till Q3 2017-18, but it is expected to have bottomed out, as impact of demonetisation and GST gradually fades away. Within the sub-sectors, except for mining which saw a negative growth of 0.2%, all other segments namely manufacturing, construction and utilities grew at 2%, 3% and 4% respectively. The IIP (Index of Industrial Production) grew by 8.4%, driven by the cement and steel sectors which have been leading among the core industries. The services sector showed healthy growth of 11.2% for the second half of 2017-18 after 2 consecutive quarters of declining growth. Within services, financial and business services and logistics were driving growth.

The economic survey 2018 showed that the headline inflation has been below 4% from Nov-16 to Oct-17 while the CPI food inflation averaged 1% during April-December in 2017-18.

There has been a broad-based decline in inflation across major commodity groups except Housing and Fuel. The RBI forecasts for H1 2018-19 are at 5.1-5.6% and 4.5-4.6% in H2 pointing to a likely interest rate hike. Factors leading to increased inflation include increase in minimum support prices, rising crude prices as well as improving growth rates.

According to the World Bank, the most substantial medium-term risks for the Indian economy are those associated with private investment recovery, which continues to face several domestic impediments such as corporate debt overhang, regulatory and policy challenges, along with the risk of an imminent increase in US interest rates.

Economy - World

The global economy grew at an average of 3.7% (2017) as compared to 3.2% (2016), and is expected to accelerate to 3.9% in 2018 and 2019 (Source: IMF, Jan 2018). Amongst developed economies, there is a significant upward projection for US economy (2.7% in 2018 as compared to 2.3% in 2017), 2.2% growth in Euro zone and 1.2% in Japan. Emerging Asia as a group is unchanged at around 6.5% in 2018, broadly the same as 2017. Growth in Middle East & North Africa region is expected to remain subdued at 3.5% in 2018, while sub-Saharan Africa is expected to improve from 2.7% (2017) to 3.3% (2018).

The pickup in growth has been broad-based. World trade has grown strongly in the 4th quarter of 2017, well supported by a pickup in investment in advanced economies and increased manufacturing output in Asia. For the year 2018 and 2019 forecast horizon, the upward revision to the global outlook results mainly from advanced economies where growth is now expected to exceed 2 percent.

The US tariff and tax policy changes are expected to stimulate growth and positively impact the Country, however the punitive tariffs on Chinese imports to the US, has caused dramatic increase in the price of metals like Steel and Aluminum. While the direct impact on the global economy may not be substantial, but it could adversely affect the driving forces behind global economic growth and dampen investor confidence.

Commercial vehicle industry

The commercial vehicle industry in India grew by 23% during 2017-18. This growth has come on the back of government's push towards infrastructure development, road construction, mining activities along with increased demand from e-commerce and FMCG applications. In addition there was strict enforcement on vehicle overloading which drove commercial vehicle demand. The Medium & Heavy Commercial Vehicle (M&HCV) truck segment showed a growth of 19% over last year. The tipper segment drove the demand and grew by over 58% due to increased requirements for aggregate, sand and coal movement across the Country in road construction and mining activities. The implementation of GST and restriction of overloading resulted in a shift towards higher tonnage and high powered products. As companies across industries re-designed their supply chain network and adopted a hub-n-spoke model of transportation, the demand for higher tonnage trucks, and Intermediate Commercial Vehicles (ICV's) grew at a faster pace. Additionally, the BS-IV range of products and new product launches also contributed to the demand growth.

The M&HCV bus segment declined sharply during the year. This was on account of sluggish demand for large buses and a deferment of purchases by the State Transport Undertakings (STU's) owing to lower budgetary allocations for fleet modernisation. Exports showed a marginal growth of 3% versus last year.

The Light Commercial Vehicle (LCV) segment showed a healthy growth of 25% over last year. This was driven by easier access to finance and lower interest rates for first time buyers, small fleet operators. In addition, after the GST implementation we saw an optimisation in the logistics sector, where warehouses and depots have been drastically reduced and a hub- and-spoke model for distribution has proved to be more cost effective. This trend increased the demand for LCV's which provide the last-mile delivery from warehouses to end-customer. Exports however declined by 18% versus last year.

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

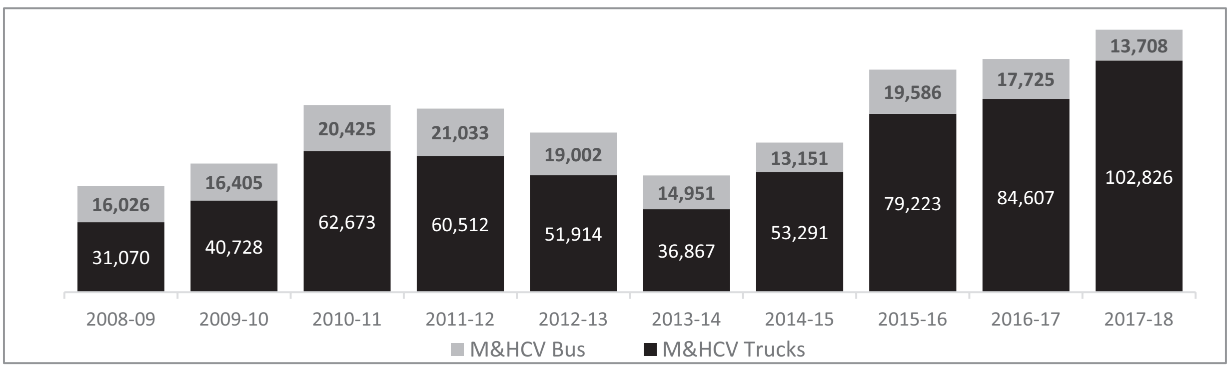
	Domestic			Exports		
Segment	**2017-18**	**2016-17**	**Change (%)**	**2017-18**	**2016-17**	**Change (%)**
M&HCV Buses	35,649	47,262	-25%	11,771	11,771	3%
M&HCV Trucks	304,664	255,267	19%	31,917	31,948	0%
M&HCV Total	**340,313**	**302,529**	**12%**	**44,095**	**43,719**	**1%**
LCV Buses	49,009	50,864	-4%	4,150	4,673	-11%
LCV Trucks	467,131	380,839	23%	48,622	59,879	-19%
LCV Total	**516,140**	**411,703**	**25%**	**52,772**	**64,552**	**-18%**
CV Total	**856,453**	**714,232**	**20%**	**96,867**	**108,271**	**-11%**

Source: SIAM Flash Report March 2018

B. ASHOK LEYLAND – THE YEAR (2017-18) IN BRIEF

Your Company continued to steadily grow sales and revenues across all its business divisions. M&HCV vehicle sales grew 15.8% to 131,432 units (116,534 in domestic and 14,898 in export markets). LCV achieved record sales of 43,441 vehicles, with a growth of 37% over the previous year.

M&HCV DOMESTIC SALES (LAST 10 YEARS)



M&HCV Truck segment

Your Company crossed 100 thousand mark in domestic M&HCV truck sales in the current financial year for the first time in its 70 year history. Sales grew 21.5% to 102,826 for M&HCV trucks. We maintained our market share in the M&HCV Truck segment, a testimony to the customer's confidence in the product and service offerings of your Company.

The year saw the Indian market migrate to BS IV emission regulations, starting April 2017. Your Company introduced yet another technological innovation, namely *i*EGR system for emission compliance. This innovative product design highlighted your Company's technological prowess and depth of understanding of customer requirements. Your Company also took multiple initiatives to improve market coverage, resulting in strengthening our national footprint through volume and market share gains, especially in Northern and Eastern states of India.

Your Company conducted large scale National & Regional Expo's to showcase its wide product portfolio & technological might, giving confidence to the customer at delivering our brand promise of **"Aapki Jeet Hamari Jeet"**. There were many noteworthy product launches in M&HCVs which were well received during the year, namely 3718 Plus, Guru (intermediate commercial vehicle), and Captain Haulage and Multi-axle rigid truck series. 3718 Plus was awarded **"Truck of the Year"**, and helped your Company maintain its dominance in this fast growing sub-segment. GURU, which was launched last year, helped your Company garner additional market share in the ICV segment. In the Tractors-trailer segment, your Company grew faster than the industry, registering 41% growth over last year.

This year the impetus was also on expanding our digital footprint, and your Company enhanced its "i-Alert" digital interface to assist customers towards effective, real-time fleet management. More than 15,000 trucks pre-fitted with i-Alert technology were sold during the year.

Consequent of these, your Company once again saw a market share growth in almost all segments and regions of the Country, leading to a record full year sales of 102,826 M&HCV trucks. In addition, your Company exported 8,000 vehicles, mainly to South Asian and African markets.

M&HCV Bus segment

Your Company maintained its Global 4th position in volume sales. In the M&HCV Bus segment, your Company has overall leadership in the Indian Bus market, with a gain of 5.5% & 5.3% market share in ICV-Private & MDV-Private segments respectively. Export volumes grew by 33% in the year ended 2017-18 and one out of every three buses sold were in export markets.

Sunshine and JanBus won Bus Safety Awards for Excellence in School transport and Public transport respectively. Your Company continued to work alongside progressive State Transport Undertakings (STU's) to provide safe and comfortable public transport solutions. Your Company leveraged the bus-body building capacities at Alwar plant (Rajasthan) and at its subsidiary Global TVS Bus Body Builders Limited (Tamil Nadu), to grow sales in the fully-built segment.

LCV segment

Your Company reached a record sale of 43,441 light commercial vehicles (LCV's) in the financial year 2017-18, with a growth of 37% over the previous year. The LCV business achieved significant milestones during the year, and rolled out the 200,000th LCV vehicle on the road, highlighting the popularity of the brand and the product performance. In addition, the launch of DOST+ added strength to the existing DOST brand and helped us to achieve record sale of 5,396 vehicles in the month of March 2018.

Power Solutions Business

The Power Solutions Business of your Company is one of the preferred engine supplier for generating sets, earth-moving & construction equipment in industrial applications, harvester combines in agricultural segment & various marine applications. In 2017-18, the strong economic growth coupled with intensive infrastructure development by Government created growth in medium horsepower generating sets, with buoyancy in Construction equipment requirements, and higher demand for harvesting machines for the agricultural sector. Your Company continued to strengthen its market place and achieved a 14% growth in sales for the year supported by new customers and applications in Industrial segment.

Aftermarket Business

The aftermarket business of your Company has been delivering consistent growth. Spare Parts revenues clocked a 39% growth backed by improved penetration in multiple product groups, enhanced network reach, strategic supply chain Initiatives and deeper customer engagement.

Defence

Your Company is the leading mobility vehicle supplier to the Indian army. For the year 2017-18, your Company supplied 921 units of completely built up units (CBUs) and 3571 vehicle kits to the Defence forces. Your Company is also developing vehicles for a number of strategic and tactical applications, to transport and protect the Defence and para military forces of the Country.

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 2017-18 the Foundry division achieved the highest ever production of 97,126 MT (increase of 15% over last year) and sales-95,557 MT (increase of 23% over last year). The total inventory holding was reduced by 4660 MT in 2017-18 (March 2017 inventory was 7330 MT; March 2018 Inventory was 2664 MT)

	FY 2016-17	FY 2017-18
Production in MT	84,732	97,126
Sales in MT	77,609	95,557
Inventory MT	4,660	2,664

Overall Summary

In summary, during FY 2017-18, your Company continued to strengthen its position across all business segments. Last year, your Company recorded sales of 174,873 units with a growth of 20.5 percent, which was in line with the overall industry growth in commercial vehicle sales.

C. OPPORTUNITIES AND THREATS

With the transition to Bharat Stage IV (BS-IV) emission norms completed and GST related regulations implemented, the commercial vehicle industry has seen a steady growth in demand. Vehicle utilisation is on the rise and turnaround time has reduced with the removal of state border check posts. This has facilitated the establishment of a hub-and-spoke logistics model for distribution. As a result, the multi-axle vehicle segment is witnessing a huge growth in demand, together with the Light and Intermediate Commercial Vehicles (LCVs ad ICVs).

The Union Budget for 2018-19 is overall positive for the automotive industry with its focus on infrastructure. The Government's push towards infrastructure development, restrictions on overloading, road construction and mining activities, along with increasing demand from e-commerce and FMCG applications is expected to boost freight demand.

With the introduction of safety regulations in the cabin, fully built trucks and buses are likely to see an upshift. There are series of policy interventions proposed by the government (e.g. bus-body code, truck code). These policies offer opportunities for the CV industry to enhance product offerings aimed to improve road-safety, driver comfort, and fuel efficiency. The Voluntary Vehicle fleet Modernisation Programme (V-VMP) policy, which aims to incentivise replacement of old commercial vehicles, has received a nod from the Finance Ministry. It has now been sent to the GST Council, which will decide the amount of concession that Central and State Governments will offer for vehicle replacement.

Crude oil prices have been steadily rising, and with daily revision in prices, these are reflecting in the high domestic retail price for Petrol and Diesel. This is a critical factor in the TCO (total cost of operation) for a commercial vehicle operator. Sharp increase in the price of diesel, could be a threat to the growth in the overall logistics industry.

On the electrical vehicle policy front, the government is yet to freeze the contours of phase-2 of the FAME (Faster Adoption & Manufacturing go Hybrid and Electric Vehicles)

India Scheme. FAME phase-1 has been extended for an additional six months to promote purchase and usage of green vehicles. Further clarity on government policies in this sector is awaited.

D. RISK MANAGEMENT

During the year, your Company gained sales volume and retained its market share, despite challenges faced by the CV industry. Our ability to proactively respond to the external risks through appropriate risk response strategies, was key to manage these challenges. Further, your Company's performance was fuelled by innovation, exhaustive marketing strategies, and network expansion.

In view of the upcoming emission norms and changing technology requirements, including thrust on alternate fuel technology, your Company continues to work on innovative and cost-effective technology solutions and vehicles through strategic partnerships to meet the regulatory requirements.

Your Company has an inclusive, well integrated and standardised ERM framework across the organisation encompassing all business units and functions. The ERM process enables the business units in identifying and proactively addressing risks and opportunities, assessing them in terms of likelihood and magnitude of impact, determining a response strategy, and monitoring them on a regular basis.

The ERM in the Company is overseen by the Board of Directors, through the Risk Management Committee (RMC) which is responsible to ensure that the Company has an appropriate and effective ERM framework. The RMC apprises the Board on a periodic basis on the effectiveness of the ERM framework, the enterprise risks faced by the Company and how these are managed. It also reviews the organisation's Risk Appetite statement on an annual basis.

The Steering Committee, consisting of core business vertical heads, is responsible for the risk management process including risk identification, impact assessment, effective implementation of risk mitigation plan and risk reporting. The Steering Committee, chaired by CEO & MD, reviews on a quarterly basis the enterprise risks which are tabled at the RMC for its review.

ERM is integrated with the strategic business planning process. Key internal and external risks, inherent to the strategy for each of the business units are identified and the critical assumptions underlying the strategy are also considered. It also involves identification of risks, opportunities & trends including evaluation of shift in customer preferences, competitor actions, technology / regulatory trends and geo-political risks.

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

We also take pride in informing you that your Company has received an award for "Best Risk Management Framework and Systems – Automotive" at the 4th edition of India Risk Management Awards, presented by CNBC-TV18 & ICICI Lombard in January 2018.

E. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

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

c) Effective usage of resources, and safeguarding of assets

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

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

Further, your Company, through its own independent and multi-disciplinary Internal Audit function with the support of third party service providers where appropriate, carries out risk based Internal audit reviews, based on the annual risk based Internal Audit plan as approved by the Audit Committee of the Board. The Internal Audit function reviews compliance vis-à vis the established design of the Internal control, as also the efficiency and effectiveness of operations.

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

The summary of the Internal Audit findings and status of implementation of action plans for risk mitigation, are submitted to the Audit Committee every quarter for review, and concerns around residual risks if any, are presented to the Board.

F. INFORMATION SECURITY

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

Your Company has adopted the ISO 27001 Information Security Standard for its Information Security Management System (ISMS) to protect critical information assets, and has successfully renewed the ISO 27001:2013 certification for the current year.

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

G. FINANCIAL REVIEW

Summary of Profit and Loss account is given below:

₹ in Crores

	2017-18	2016-17	Inc / (Dec) %
INCOME			
Sales	26,524.51	21,453.14	23.6
Other Income	189.76	136.27	39.3
Total	**26,714.27**	**21,589.41**	**23.7**
Expenditure			
Material cost	18,621.27	13,973.39	33.3
Excise duty	276.60	1,313.01	(78.9)
Employee benefits expense	1,811.92	1,480.05	22.4
Finance costs	131.25	155.38	(15.5)
Depreciation & amortisation	554.61	517.89	7.1
Other expenses	3,075.73	2,484.16	23.8
Total	**24,471.38**	**19,923.88**	**22.8**
Profit before exchange gain on swap contracts, exceptional items & tax	2,242.89	1,665.53	34.7
Exchange gain on swap contracts	0.39	15.40	(97.5)
Profit before exceptional items & tax	**2,243.28**	**1,680.93**	**33.5**
Exceptional items	**(12.57)**	**(350.84)**	**(96.4)**
Profit before tax	**2,230.71**	**1,330.09**	**67.7**
Tax expense	**668.12**	**107.01**	**524.4**
Profit after tax	**1,562.59**	**1,223.08**	**27.8**
Basic earnings per share (₹)	**5.34**	**4.24**	**25.9**

Note: Hinduja Foundries Limited was amalgamated with Ashok Leyland (AL) Limited effective October 1, 2016. Consequently FY 2017 and FY 2018 financials consist of 6 months and 12 months financial information of Foundries Division respectively. Hence the figures are not comparable.

Revenues:

Your Company's revenues improved by 24% aided by the price increase consequent to upgradation of emission norms in India (to BS IV effective April 1, 2017), shift in the sales from haulage (16 tonne or less) to higher tonnage vehicles viz., Tractor trailers, Multi Axled vehicles and tippers as well as upward revision in prices to partially mitigate commodity price increases during the year.

Costs:

- **Material Cost:** Through various internal initiatives, your Company could manage to contain material cost increase by about 1.1% during the year. Your Company had to concede around 1.9% towards commodity cost increases during the year which is offset by 0.8% saving through internal cost reduction measures.
- **Staff Costs:** Employee expenses are up by 22% reflecting the impact of stock options, full year impact of staff cost of Foundries Division in FY 2018 (₹ 57 Crores incremental in current year), full year impact of increments and performance pay, salary revision for executives as well as bonus provisioning for associates at all manufacturing units during the year.
- **Finance costs** decreased to ₹ 131 Crores during the year. This includes ₹ 38 Crores of full year finance charges for Foundries Division as against ₹ 30 Crores charge last year (only for 6 months). For AL alone, finance charges have reduced to ₹ 93 Crores in current year from ₹ 125 Crores last year reflecting lower working capital levels as well as better cash flows during the year.
- **Depreciation** for the year is at ₹ 555 Crores which is higher than last year amount of ₹ 518 Crores. Depreciation related to Foundries division was at ₹ 50 Crores in current year when compared to ₹ 24 Crores last year (only for 6 months). For AL, depreciation has gone up by ₹ 11 Crores over last year.
- **Other expenses** in terms of percentage of revenue is same as last year. For AL, other expenses have increased by 20% from ₹ 2,384 Crores in FY '17 to ₹ 2,863 Crores in FY '18 reflecting the increase in volume. Other expenses of Foundries Division was at ₹ 100 Crores in FY 17 (only for 6 months) vs ₹ 213 Crores in FY '18.
- **Capital Employed**

Total capital employed by your Company increased by 18% from ₹14,040 Crores to ₹16,586 Crores reflecting the increase in activity levels.

Total shareholders' funds as at March 31, 2018 before providing for current year dividend stood at ₹ 7,165 Crores which is an increase of ₹ 1,039 Crores over March 31, 2017 amount of ₹ 6,126 Crores. This increase reflects the current year profit offset by dividend payout of previous year.

Summary of the Balance sheet is given below:

₹ in Crores

	March 31, 2018	March 31, 2017	Inc / (Dec)%
SOURCES OF FUNDS			
Shareholders' Funds	7,164.80	6,126.07	17.0
Non-current Liabilities	1,174.30	1,492.26	(21.3)
Current Liabilities	8,246.98	6,421.59	28.4
Liabilities on assets held for sale	--	0.15	(100.0)
Total	**16,586.08**	**14,040.07**	**18.1**
APPLICATION OF FUNDS			
Fixed Assets	5,375.46	5,176.67	3.8
Investments	2,747.47	2,001.68	37.3
Loans & Other non-current assets	593.34	761.60	(22.1)
Current Assets	7,869.81	5,977.12	31.7
Assets held for sale	--	123.00	-100.0
Total	**16,586.08**	**14,040.07**	**18.1**

Capital Expenditure and Investments

During the year, your Company incurred ₹ 625 Crores towards capital expenditure, predominantly towards sustenance of existing capacity and product development activities. Further, an exchange difference of ₹ 6 Crores has been capitalised during the year. This is on account of the weakening of the INR against US$ during the year.
₹ 625 Crores capex indicated above includes ₹ 55 Crores for Foundries Division.

Your Company has invested in cash ₹ 248 Crores in Optare Plc., ₹ 494 Crores in Hinduja Leyland Finance and ₹ 4 Crores in Ashok Leyland Defence Systems. Thus, in all your Company had invested ₹ 746 Crore in cash in Joint Venture (JV) / Associates / Subsidiaries during the year.

Current Assets as at March 31, 2018 were higher at ₹ 7,870 Crores when compared with previous year level of ₹ 5,977 Crores. This increase was driven by increase in mutual fund investments as at March 31, 2018 by ₹ 2,178 Crores. Cash and cash equivalents as at March 31, 2018 was at 994 Crores higher than ₹ 869 Crores as on March 31, 2017. Inventories decreased by ₹ 921 Cr to ₹1,710 Crores as at March 31, 2018 compared to ₹ 2,631 Crores as at March 31, 2017 mainly due to decrease in work in progress. BS 3 vehicles identified for conversion as on March 31, 2017 which have been classified under work in progress have been fully converted during the year. Trade Receivables decreased by ₹ 84 Crores to ₹980 Crores as at March 31, 2018 from ₹1,064 Crores as on March 31, 2017.

Liquidity

Your Company continued with the "Cash and Carry" system of sales during the year which has been effective since May 2009. This has enabled your Company to better manage the increased liquidity requirements. During the year, your Company has repaid long term loans of ₹ 1,055 Crores from internal generation (₹ 662 Crores by AL and ₹ 393 Crores by Foundries Division). Your Company manages its liquidity through rigorous weekly monitoring of cash flows.

Profitability

Your Company's profitability improved consequent to increased volumes continued in financial year 2017-18 also. The increased volumes were aided by the growth in GDP which is being driven very well by the GST reforms and growth in infrastructure. The concept of hub and spoke is happening may be because of GST implementation. This has resulted in the size of truck becoming larger and higher revenues. Sale volume of domestic truck was up by 22% in FY 2018 but the truck revenue was up by 37%. Improvement in demand off take in higher tonnage vehicles comprising tipper, tractor trailer and multi axle vehicles has boosted volumes and profits for your Company. This has also led to higher MHCV market share. Tighter control on material costs and operating expenses combined with efficient working capital management have significantly contributed to profit improvement during the year.

After 20 years, your Company's debt rating has been upgraded by CARE ratings. During March 2018, Your Company's financial rating has been upgraded from CARE AA to CARE AA+ with stable outlook. During March 2018, ICRA has reaffirmed the credit rating at ICRA AA with outlook revised from stable to positive. Details are as follows:

Agency	Long Term	Short Term Facilities/ Commercial Paper
CARE	CARE AA+; Stable outlook	CARE A1+
ICRA	(ICRA) AA; (positive outlook)	ICRA A1+

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

Results of Operations

Your Company generated an after tax profits from operations of ₹2,456 Crores in 2017-18 which was higher as compared to ₹ 1,978 Crores generated last year. With sizeable customer advance as well as significant decrease in working capital, your Company registered a net cash inflow of ₹5,418 Crores from its operations which is 1 ½ times higher when compared to ₹ 2,155 Crores generated last year.

Cash outflow for acquisition of fixed assets and other investing activities for 2017-18 was at ₹ 452 Crores as against outflow of ₹ 407 Crores in 2016-17. Though no fresh long-term loans were raised during 2017-18 and 2016-17 for AL, ₹175 Crores were raised by Foundries division during 2016-17. Further, your Company has made investments to the extent of ₹ 2,880 Crores during the year. This is against ₹ 1,070 Crores of investments made during 2016-17.

Profit before tax and exceptional items stood at ₹ 2,243 Crores as against a ₹ 1,681 Crores last year.

After reckoning a tax liability of ₹ 668 Crores, Profit after tax for the current year stood at ₹ 1,563 Crores. The earning per share has increased by 25% from ₹4.24 in 2016-17 to ₹5.34 in the year under review.

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

Dividend

The Directors have recommended a dividend of ₹ 2.43/- per share of ₹ 1/- each (243%) for the financial year ended March 31, 2018.

Cash flow statement

₹ in Crores

Particulars	March 31, 2018	March 31, 2017
Profit from operations after tax	2,456.17	1,977.84
(Inc) / Dec in Net working capital	2,962.18	176.93
Net cash flow from operating activities	5,418.35	2,154.77
Payment for acquisition of fixed assets - net	(532.13)	(365.98)
Cash outflow for other investing activities	80.32	(40.69)
Purchase of short term and long term investments - net	(2,880.26)	(1,070.15)
Cash flow from financing activities	(1,961.34)	(1,371.85)
Net cash inflow / (outflow)	124.94	(693.90)

iEGR innovation - a significant milestone in Your Company's history

Your Company was the only Company in the world, which launched *i*EGR based BS IV because it believed that it is a simpler thing to do for Indian markets which will also help on the reliability. Your Company has so far sold more than 1 lakh vehicles with *i*EGR technology and it has proven to be a good technology developed in India.

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

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

Status of conversion BS III to BS IV as well as diversion to export markets is given as under:

Number of vehicles

Particulars	March 2017	March 2018	Sold In FY'18	% sales
BS III - Conversion to BS IV	7,123	183	6,940	97.4
BS3-Diversion to export markets	2,449	463	1,986	81.1
Total	**9,572**	**646**	**8,926**	**93.3**

Your Company has ensured that adequate provision is made towards the loss on account of non-salvageable items during conversion.

The Year Ahead

Commercial Vehicle (CV) industry runs on three primary aspects viz.,

a) Growth in GDP, which is being driven well now with the GST reforms,

b) Growth in infrastructure. Your Company expects that the investment thrust in infrastructure will continue in 2018-19 also.

c) Growth in mining which is largely related to infrastructure.

All these three at present augur well for the CV industry.

In addition to this, two significant events are happening in the country:

a) More of hub and spoke is happening may be due to GST implementation.

b) This results in size of truck becoming larger

Your Company is quite bullish that the infrastructure led demand will continue. The GDP will continue to grow on the back of GST, the hub and spoke model will continue to play to your Company's favour, and the international markets is also expected to do well.

The industry view is that MHCV truck is likely to witness a growth of around 10% in FY 2019 on top of a 14% growth in FY '18. Over the medium term, the demand for the CVs will also be driven by gradual acceptance of advance trucking platforms, progression to BS VI emission norms (possibly by 2020 onwards) and introduction of technologies, which may lead to advance purchases by fleet operators.

Your Company is continuing to do well in domestic truck business. But equally, your Company is looking at other business segments covering LCV, Defence, After Market, Customer solutions to grow them at a faster pace than the truck business so that your Company will be less prone to cyclicality that the truck industry is known for.

Some of the concerns like increase in fuel price are expected not to have an adverse impact on the MHCV industry. The increase is compensated to the operators in most of the contracts. Similar concern was expressed on on commodity price increases. Your Company will mitigate this increase through price increases but the increases will be done only to protect the margins. Your Company will not give away the margin for the sake of market share or for commodity price increases. Your Company will strive to continue to maintain margins in double digits.

Your Company is launching two product platforms this year, one is the high horse power range of vehicles viz., tippers and tractors. Second is the world's first 41 tonne with 5 axles with twin tyre lift.

4. HUMAN RESOURCES

During the year under review, the total number of employees on the rolls of the Company is 11,835.

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

ANNEXURE F TO THE BOARD'S REPORT

CERTIFICATION BY CEO & MD AND CHIEF FINANCIAL OFFICER TO THE BOARD

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

A. We have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

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

   2. these statements present a true and fair view of the state of affairs of the Company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing Generally Accepted Accounting Principles including Accounting Standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

C. We accept overall responsibility for establishing and monitoring the Company's internal control system for financial reporting and evaluating its effectiveness. Internal Audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal Audit works with all levels of management and Statutory Auditors, and reports significant issues to the Audit Committee of the Board. The Statutory Auditors and Audit Committee are apprised of any corrective action taken or proposed to be taken with regard to significant deficiencies and material weaknesses.

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

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

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

   3. that there are no instances of significant fraud of which we have become aware of and which involve management or other employees who have significant role in the Company's internal control system over financial reporting.

Chennai	**Vinod K Dasari**	**Gopal Mahadevan**
May 18, 2018	Chief Executive Officer and Managing Director	Chief Financial Officer

ANNEXURE G TO THE BOARD'S REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

S. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
1	Trucks	29102	70.30%
2	Bus	29109	10.80%

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

Sl. No	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate Company	% of shares held	Applicable Section under Companies Act, 2013
1.	Hinduja Automotive Limited, U.K	New Zealand House, 80 Haymarket, London, SW1Y 4TE	Not applicable	Holding	51.02	2(46)
2.	Albonair GmbH	Carlo-Schmid-Allee 1, 44263 Dortmund, Germany	Not applicable	Wholly owned subsidiary	100.00	2(87)(ii)
3.	Albonair Automotive Technology Co., Ltd, China	East Shanghai Road, Caifu Building, Room 501, 215400 Taicang, Jiangsu Province, P. R. China	Not applicable	Wholly owned subsidiary	100.00	2(87)(ii)
4.	Albonair (India) Private Limited	No.1, Sardar Patel Road, Guindy, Chennai - 600 032	U74110TN2009PTC073654	Wholly owned subsidiary	100.00	2(87)(ii)
5.	Ashok Leyland (UK) Limited*	Hurricane Way South, Sherburn in Elmet, Leeds, North Yorkshire LS25 6PT, United Kingdom	Not applicable	Wholly owned subsidiary	100.00	2(87)(ii)
6.	Ashok Leyland Nigeria Limited	Km 33, Lekki-Epe Expressway, Eputu Town, Ibeju-Lekki, Lagos	Not applicable	Wholly owned subsidiary	100.00	2(87)(ii)
7.	Ashok Leyland Vehicles Limited	No.1, Sardar Patel Road, Guindy, Chennai - 600 032	U34102TN2008PLC067839	Wholly owned subsidiary	100.00	2(87)(ii)
8.	Ashok Leyland Technologies Limited	No.1, Sardar Patel Road, Guindy, Chennai - 600 032	U34300TN2008PLC067840	Wholly owned subsidiary	100.00	2(87)(ii)

ANNEXURE G TO THE BOARD'S REPORT

Sl. No	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate Company	% of shares held	Applicable Section under Companies Act, 2013
9.	Ashley Powertrain Limited	No.1, Sardar Patel Road, Guindy, Chennai - 600 032	U34102TN2008PLC067838	Wholly owned subsidiary	100.00	2(87)(ii)
10.	Ashok Leyland (Chile), S.A	Calle Buenaventura Sitio20-C, Free Zone, Iquique, Chile	Not applicable	Subsidiary	99.97	2(87)(ii)
11.	Gulf Ashley Motor Limited	No.1, Sardar Patel Road, Guindy, Chennai - 600 032	U34102TN2004PLC052489	Subsidiary	92.98	2(87)(ii)
12.	Optare PLC	Unit 3, Hurricane Way South Sherburn in Elmet, Leeds, North Yorkshire, LS25 6PT	Not applicable	Subsidiary	99.08	2(87)(ii)
13.	Optare UK Limited	Unit 3, Hurricane Way South Sherburn in Elmet, Leeds, North Yorkshire, LS25 6PT	Not applicable	Subsidiary	99.08	2(87)(ii)
14.	Optare Group Limited	Unit 3, Hurricane Way South Sherburn in Elmet, Leeds, North Yorkshire, LS25 6PT	Not applicable	Subsidiary	99.08	2(87)(ii)
15.	Jamesstan Investments Limited	Unit 3, Hurricane Way South Sherburn in Elmet, Leeds, North Yorkshire, LS25 6PT	Not applicable	Subsidiary	99.08	2(87)(ii)
16.	Optare Holding Limited	Unit 3, Hurricane Way South Sherburn in Elmet, Leeds, North Yorkshire, LS25 6PT	Not applicable	Subsidiary	99.08	2(87)(ii)
17.	Optare (Leeds) Limited	Unit 3, Hurricane Way South Sherburn in Elmet, Leeds, North Yorkshire, LS25 6PT	Not applicable	Subsidiary	99.08	2(87)(ii)
18.	East Lancashire Bus Builders Limited	Unit 3, Hurricane Way South Sherburn in Elmet, Leeds, North Yorkshire, LS25 6PT	Not applicable	Subsidiary	99.08	2(87)(ii)
19.	Global TVS Bus Body Builders Limited	TVS Building, 7-B West Veli Street, Madurai - 625 001	U35202TN1998PLC041466	Subsidiary	66.67	2(87)(ii)
20.	Hinduja Tech GmbH	Charles-de-Gaulle-Platz 1 F, 50679, Koln	Not applicable	Subsidiary	62.00	2(87)(ii)
21.	Hinduja Technologies Inc., USA	39555, Orchard Hill Place, Suite 600, Novi, Michigan 48375	Not applicable	Subsidiary	62.00	2(87)(ii)
22.	Hinduja Tech Limited	Triton Square, C3 - C7, Tiruvika Industrial Estate, Guindy Chennai - 600 032	U72400TN2009PLC072067	Subsidiary	62.00	2(87)(ii)
23.	Hinduja Housing Finance Limited	No. 27A, Developed Industrial Estate Guindy, Chennai - 600032	U65922TN2015PLC100093	Subsidiary	61.85	2(87)(ii)
24.	Hinduja Leyland Finance Limited	No.1, Sardar Patel Road Guindy, Chennai - 600 032	U65993TN2008PLC069837	Subsidiary	61.85	2(87)(ii)
25.	HLF Services Limited	No.1, Sardar Patel Road, Guindy Chennai - 600 032	U67190TN2010PLC076750	Subsidiary	54.00	2(87)(ii)
26.	Ashley Aviation Limited	No.1, Sardar Patel Road, Guindy, Chennai - 600 032	U66030TN2008PLC122350	Associate	49.00	2(6)
27.	Ashok Leyland (UAE) LLC	P. O. Box 31376, N-176, RAK Manamma Highway, Ras Al Khaimah, UAE	Not applicable	Associate	49.00	2(6)
28.	Mangalam Retail Services Limited	XI Floor, Eastwing Thaalamuthu Natarajan Building, 1, Gandhi Irwin Road, Egmore Chennai - 600 008	U51909MH2006PLC288018	Associate	37.48	2(6)
29.	Lanka Ashok Leyland PLC	Panagoda, Homagama, Sri Lanka	Not applicable	Associate	27.85	2(6)

ANNEXURE G TO THE BOARD'S REPORT

Sl. No	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate Company	% of shares held	Applicable Section under Companies Act, 2013
30.	Ashok Leyland Defence Systems Limited	No.1, Sardar Patel Road, Guindy Chennai - 600 032	U34200TN2008PLC080987	Associate	48.49	2(6)
31.	Ashley Airways Limited**	Electric Mansion Appasaheb Marathe Marg, Prabhadevi Mumbai - 400025	U62200MH2007PLC167111	Associate	49.00	2(6)
32.	Rajalakshmi Wind Energy Limited	Old No.16, New No.18, Rutlandgate 4th Street, Nungambakkam Chennai - 600006	U40105TN2010PLC077414	Associate	26.00	2(6)
33.	Ashley Alteams India Limited	No.1, Sardar Patel Road Guindy, Chennai - 600032	U27310TN2006PLC065084	Joint Venture	50.00	2(6)
34.	Automotive Infotronics Limited #	No.1, Sardar Patel Road Guindy, Chennai - 600032	U29130TN2007PLC064471	Joint Venture	50.00	2(6)
35.	Ashok Leyland John Deere Construction Equipment Company Private Limited	AG1 Ragamalika Old No. 2, New No. 26 Kumaran Colony Main Road Vadapalani, Chennai - 600026	U29253TN2009PTC072136	Joint Venture	4.85	2(6)

*Dissolved on April 10, 2018; **Liquidated on December 23, 2017; #Dissolved on April 5, 2017.

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

i) Category-wise Shareholding

	Category of Shareholder	Number of shares held at the beginning of the year (April 1, 2017)				Number of shares held at the end of the year (March 31, 2018)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A	**PROMOTERS**									
(1)	**Indian**									
	a) Individual/HUF	-	-	-	-	-	-	-	-	-
	b) Central Government	-	-	-	-	-	-	-	-	-
	c) State Governments	-	-	-	-	-	-	-	-	-
	d) Bodies Corporate	-	-	-	-	-	-	-	-	-
	e) Banks / FIs	-	-	-	-	-	-	-	-	-
	f) Any other (Specify)	-	-	-	-	-	-	-	-	-
	Sub Total A(1)	-	-	-	-	-	-	-	-	-
(2)	**Foreign**									
	a) NRI - Individuals	-	-	-	-	-	-	-	-	-
	b) Other - Individuals	-	-	-	-	-	-	-	-	-
	c) Bodies Corporate	1,104,646,899	-	1,104,646,899	38.82	1,171,460,121	-	1,171,460,121	40.02	2.35
	d) Banks / Fis	-	-	-	-	-	-	-	-	-
	e) Any other (Specify)	-	-	-	-	-	-	-	-	-
	Sub Total A(2)	**1,104,646,899**	**-**	**1,104,646,899**	**38.82**	**1,171,460,121**	**-**	**1,171,460,121**	**40.02**	**2.35**
	Total shareholding of Promoter (A)=(A)(1)+(A)(2)	**1,104,646,899**	**-**	**1,104,646,899**	**38.82**	**1,171,460,121**	**-**	**1,171,460,121**	**40.02**	**2.35**
B	**Public Shareholding**									
(1)	**Institutions**									
	a) Mutual Funds (includes UTI)	105,707,980	74,220	105,782,200	3.72	191,523,749.00	75,060	191,598,809	6.55	3.02
	b) Financial Institutions / Banks	111,931,274	34,790	111,966,064	3.93	73,618,713	30,890	73,649,603	2.52	(1.35)
	c) Central Government									
	d) State Governments	1,851,670	360,000	2,211,670	0.08	1,849,470	360,000	2,209,470	0.08	(0.00)
	e) Venture capital Funds									
	f) Insurance Companies	37,673,167	1,000	37,674,167	1.32	31,193,167	500	31,193,667	1.07	(0.23)
	g) FIIs	123,617,475	96,640	123,714,115	4.35	3,602,714	89,620	3,692,334	0.13	(4.22)
	h) Foreign Venture Capital Investors									
	i) Any other (Specify) - Alternate Investment Funds		-		-	4,847,105	-	4,847,105	0.17	0.17
	Sub Total B(1)	**380,781,566**	**566,650**	**381,348,216**	**13.40**	**306,634,918**	**556,070**	**307,190,988**	**10.49**	**(2.61)**

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

i) Category-wise Shareholding

Category of Shareholder		Number of shares held at the beginning of the year (April 1, 2017)				Number of shares held at the end of the year (March 31, 2018)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2)	**Non-Institutions**									
a	**Bodies Corporate**									
	(i) Indian	79,708,549	529,198	80,237,747	2.82	61,310,846	487,606	61,798,452	2.11	(0.65)
	(ii) Overseas	2,000		2,000	0.00	2,000	-	2,000	0.00	-
b	**Individuals**									
	(i) Individual Shareholders holding Nominal Share Capital upto ₹1 Lakh	225,101,399	21,246,204	246,347,603	8.66	232,288,801	18,801,526	251,090,327	8.58	0.17
	(ii) Individual Shareholders holding Nominal Share Capital in excess of ₹1 Lakh	75,002,421	1,020,660	76,023,081	2.67	12,877,838	909,160	13,786,998	0.47	(2.19)
c	**Any other**									
	i. Clearing Members	11,776,701	-	11,776,701	0.41	6,707,414	-	6,707,414	0.23	(0.18)
	ii. Trusts	6,867,283	-	6,867,283	0.24	8,629,478	-	8,629,478	0.29	0.06
	iii. Corporate Body Foreign Bodies	84	-	84	0.00	1,200,000	-	1,200,000	0.04	0.04
	iv. NRI	14,354,939	61,960	14,416,899	0.51	12,035,011	42,410	12,077,421	0.41	(0.08)
	v. Foreign Nationals	8,348	-	8,348	0.00	8,397	-	8,397	0.00	0.00
	vi. Limited Liability partner ship	1,683,479	-	1,683,479	0.06	1,223,576	-	1,223,576	0.04	(0.02)
	vii. Unclaimed Securities Sus A/c	2,346,081	-	2,346,081	0.08	1,196,261	-	1,196,261	0.04	(0.04)
	viii. IEPF authority	-	-	-	-	2,242,867	-	2,242,867	0.08	0.08
	ix. Foreign Portfolio Investor Corporate	567,926,573	-	567,926,573	19.96	736,288,161	-	736,288,161	25.15	5.92
	Sub Total B(2)	**984,777,857**	**22,858,022**	**1,007,635,879**	**35.41**	**1,076,010,650**	**20,240,702**	**1,096,251,352**	**37.45**	**3.11**
	Total Public Shareholding (B)= (B)(1)+(B)(2)	**1,365,559,423**	**23,424,672**	**1,388,984,095**	**48.81**	**1,382,645,568**	**20,796,772**	**1,403,442,340**	**47.95**	**0.51**
C	**Shares held by Custodians for GDRs and ADRs##**	**352,157,140**	**88,500**	**352,245,640**	**12.38**	**352,157,140**	**44,500**	**352,201,640**	**12.03**	**(0.00)**
	Grand Total (A) + (B) + (C)	**2,822,363,462**	**23,513,172**	**2,845,876,634**	**100.00**	**2,906,262,829**	**20,841,272**	**2,927,104,101**	**100.00**	**2.85**

329,200,140 shares held by Promoters.

ANNEXURE G TO THE BOARD'S REPORT

ii) **Shareholding of Promoters**

S. No.	Shareholder's Name	Shareholding at the beginning of the year April 1, 2017			Shareholding at the end of the year March 31, 2018			% change in share holding during the year
		Number of shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	Number of shares	% of total shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	Hinduja Automotive Limited	1,433,847,039	50.38	1.93	1,493,532,882	51.02	1.88	2.10
2	Hinduja Foundries Holdings Limited	-	0.00	0.00	7,127,379	0.24	0.00	0.25

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

S. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		Number of Shares	% of total shares of the Company	Number of Shares	% of total shares of the Company
1.	**Hinduja Automotive Limited**				
	At the beginning of the year	1,433,847,039	50.38		
	Date wise increase / Decrease in Promoters Shareholding during the year				
	13/06/2017	59,685,843	-	1,493,532,882	
	At the end of the year	**1,493,532,882**	**51.02**	**1,493,532,882**	**51.02**
2.	**Hinduja Foundries Holdings Limited**				
	At the beginning of the year	-	-		
	Date wise increase / Decrease in Promoters Shareholding during the year				
	13/06/2017	7,127,379	-	7,127,379	
	At the end of the year	**7,127,379**	**0.24**	**7,127,379**	**0.24**

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

S. No.	Name	Shareholding at the beginning of the year (April 1, 2017)		Cumulative Shareholding during the year (April 1, 2017 to March 31, 2018)	
		Number of Shares	% of total shares of the Company	Number of Shares	% of total shares of the Company
1	**LIFE INSURANCE CORPORATION OF INDIA**				
	At the beginning of the year	**105,298,950**	**3.70**		
	Bought during the year	-	-	105,298,950	-
	Sold during the year	(33,750,706)	-	71,548,244	-
	At the end of the year			**71,548,244**	**2.44**
2	**GOVERNMENT PENSION FUND GLOBAL**				
	At the beginning of the year	**53,566,027**	**1.88**		
	Bought during the year	17,604,832	-	71,170,859	-
	Sold during the year	(874,843)	-	70,296,016	-
	At the end of the year			**70,296,016**	**2.40**
3	**ABU DHABI INVESTMENT AUTHORITY**				
	At the beginning of the year	**40,814,391**	**1.43**		
	Bought during the year	592,888	-	41,407,279	-
	Sold during the year	(18,941,094)	-	22,466,185	-
	At the end of the year			**22,466,185**	**0.77**

ANNEXURE G TO THE BOARD'S REPORT

S. No.	Name	Shareholding at the beginning of the year (April 1, 2017)		Cumulative Shareholding during the year (April 1, 2017 to March 31, 2018)	
		Number of Shares	% of total shares of the Company	Number of Shares	% of total shares of the Company
4	**KUWAIT INVESTMENT AUTHORITY FUND**				
	At the beginning of the year	**35,446,637**	**1.25**		
	Bought during the year	14,969,534	-	50,416,171	-
	Sold during the year	(8,855,494)	-	41,560,677	-
	At the end of the year			**41,560,677**	**1.42**
5	**JPMORGAN SICAV INVESTMENT COMPANY (MAURITIUS)**				
	At the beginning of the year	**34,676,971**	**1.22**		
	Bought during the year	-	-	34,676,971	-
	Sold during the year	(15,584,791)	-	19,092,180	-
	At the end of the year			**19,092,180**	**0.65**
6	**AMANSA HOLDINGS PRIVATE LIMITED**				
	At the beginning of the year	**33,721,568**	**1.18**		
	Bought during the year	852,953	-	34,574,521	-
	Sold during the year	(5,801,544)	-	28,772,977	-
	At the end of the year			**28,772,977**	**0.98**
7	**JP MORGAN INDIAN INVESTMENT COMPANY (MAURITIUS)**				
	At the beginning of the year	**30,085,622**	**1.06**		
	Bought during the year	2,201,463	-	32,287,085	-
	Sold during the year	(12,333,639)	-	19,953,446	-
	At the end of the year			**19,953,446**	**0.68**
8	**JPMORGAN INDIA FUND**				
	At the beginning of the year	**29,721,933**	**1.04**		
	Bought during the year	-	-	29,721,933	-
	Sold during the year	(14,558,941)	-	15,162,992	-
	At the end of the year			**15,162,992**	**0.52**
9	**DSP BLACKROCK FUND**				
	At the beginning of the year	**24,796,629**	**0.87**		
	Bought during the year	31,550,486	-	56,347,115	-
	Sold during the year	(19,897,819)	-	36,449,296	-
	At the end of the year			**36,449,296**	**1.25**
10	**GENERAL INSURANCE CORPORATION OF INDIA**				
	At the beginning of the year	**24,000,000**	**0.84**		
	Bought during the year	1,280,000	-	25,280,000	-
	Sold during the year	(2,280,000)	-	23,000,000	-
	At the end of the year			**23,000,000**	**0.79**

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

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

S. No.	Name	Shareholding at the beginning of the year (April 1, 2017)		Cumulative Shareholding during the year (April 1, 2017 to March 31, 2018)	
		Number of Shares	% of total shares of the Company	Number of Shares	% of total shares of the Company
1	**Mr. D J Balaji Rao, Director**				
	Opening Balance as on 01/04/2017	-	0.000		
	13/06/2017	116		116	
	Closing Balance as on 31/03/2018			116	0.000
2	**Mr. Vinod K Dasari, CEO & MD and KMP**				
	Opening Balance as on 01/04/2017	-	0.000		
	01/11/2017	569,175			
	12/01/2018	(569,175)		-	
	Closing Balance as on 31/03/2018			-	0.000
3	**Mr. Gopal Mahadevan, Chief Financial Officer**				
	Opening Balance as on 01/04/2017	-	-	-	-
	Date wise Increase/Decrease in Shareholding during the year	-	-	-	-
	Closing Balance as on 31/03/2018	-	-	-	-
4	**Mr. N Ramanathan, Company Secretary**				
	Opening Balance as on 01/04/2017	-	-	-	-
	Date wise Increase/Decrease in Shareholding during the year	-	-	-	-
	Closing Balance as on 31/03/2018	-	-	-	-

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to CEO & MD

Amount in ₹

S. No.	Particulars of Remuneration	Mr. Vinod K Dasari CEO & MD	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.	56,744,163	**-**
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961.	2,449,404	**59,193,567**
2	Stock Option*	27,747,281	**27,747,281**
3	Sweat Equity	Nil	**-**
4	Commission:		
	Performance Bonus	53,705,000	**-**
	Long Term Incentive Plan (LTIP)	41,826,000	**95,531,000**
5	Others- Retirement benefits	5,622,600	**5,622,600**
	Total (A)		**188,094,448**
	Ceiling as per the Act (5% of the Net profit calculated under Section 198 of the Companies Act, 2013)		1,139,700,000

* Stock Options includes value of stock options exercised during the FY 2017-18

B. Remuneration to other directors

S. No.	Particulars of Remuneration	Fee for attending Board / Committee meetings* ₹	Commission ₹	Others, please specify	Total Amount ₹
1.	**Independent Directors**				
	Dr. Andreas H Biagosch	920,000	6,500,000	-	7,420,000
	Dr. Andrew C Palmer	320,000	5,700,000	-	6,020,000
	Mr. D J Balaji Rao	1,350,000	4,650,000	-	6,000,000
	Mr. Jean Brunol	1,100,000	5,400,000	-	6,500,000
	Mr. Jose Maria Alapont	460,000	4,100,000	-	4,560,000
	Ms. Manisha Girotra	510,000	2,250,000	-	2,760,000
	Mr. Sanjay K Asher	1,210,000	4,900,000	-	6,110,000
	Mr. Shardul S Shroff#	-	-	-	-
	Mr. Sudhindar K Khanna	900,000	7,100,000	-	8,000,000
	Total (1)	**6,770,000**	**40,600,000**	**-**	**47,370,000**
2.	**Non-Executive Directors**				
	Mr. Dheeraj G Hinduja	1,100,000	80,000,000		81,100,000
	Mr. A K Das#	320,000	1,300,000		1,620,000
	Total (2)	**1,420,000**	**81,300,000**		**82,720,000**
	Total = (1) + (2)	**8,190,000**	**121,900,000**		**130,090,000**
	Total Managerial Remuneration				
	Ceiling as per the Act (@ 1% of profits calculated under Section 198 of the Companies Act, 2013)				227,900,000

(*) Excluding reimbursement of travel and other expenses incurred for the Company's business/meetings

Resigned with effect from July 21, 2017

C. Remuneration to Key Managerial Personnel

Amount in ₹

S. No.	Particulars of Remuneration	Mr. Gopal Mahadevan, Chief Financial Officer	Mr. N Ramanathan Company Secretary	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961*	53,319,213	11,899,045	65,218,258
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	461,355	40,640	501,995
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-
2	Others - retirement benefits	961,656	304,584	1,266,240
	Total	**5,47,42,224**	**1,22,44,269**	**6,69,86,493**

* Includes Performance Bonus and LTIP as Applicable

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

There were no penalties/punishments/compounding of offences for the year ended March 31, 2018.

On behalf of the Board of Directors

Chennai
May 18, 2018

Dheeraj G Hinduja
Chairman

ANNEXURE H TO THE BOARD'S REPORT

To

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

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

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

Place : Chennai
Date : May 18, 2018

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

Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018, 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, 2018, according to the provisions of:

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

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

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

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

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015;

   c. The Securities and Exchange Board of India (Listing obligations and Disclosure requirements) Regulations 2015;

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

ANNEXURE H TO THE BOARD'S REPORT

(vi) We are informed that the Company, during the year, was not required to comply with the following regulations and consequently not required to maintain any books, papers, minute books or other records or file any forms/ returns under:

a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

b. The Securities and Exchange Board of India (Issue and Listing of Debt securities) Regulations 2008;

c. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

d. The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998;

(vii) In addition to the compliance with Factory and Labour Laws as is applicable to a factory, based on the study of the systems and processes in place and a review of the reports of (1) the heads of the Departments; (2) Occupier/Manager of the factories located in Ennore, Sriperumbudur; Hosur (3 units), Bhandara, Alwar, Pantnagar, Vellivoyalchavadi which manufacture Automobiles and Spare Parts; (3) the compliance reports made by the functional heads of various departments which are submitted to the Board of Directors of the Company; (4) a test check on the licences and returns made available on other applicable laws, I report that the Company has complied with the provisions of the following industry specific statutes and the rules made there under as well as other laws to the extent it is applicable to them:

- Motor Vehicles Act, 1988
- The Motor Transport Workers Act, 1961
- The Explosive Act, 1884
- The Petroleum Act, 1934
- The Environment (Protection) Act, 1986
- The Water(Prevention and Control of Pollution) Act, 1974
- The Air (Prevention and Control of Pollution) Act, 1981

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

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

I further report that

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Based on the minutes made available to us, we report that Majority decision is carried through and that there were no dissenting votes from any Board member that was required to be captured and recorded as part of the minutes.

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

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

i. Consequent to merger of Hinduja Foundries Limited with Ashok Leyland Limited as approved by the National Company Law Tribunal, Chennai Bench on 24th April 2017, the shareholders/GDR holders of Hinduja Foundries Limited were allotted securities in Ashok Leyland Limited on 13th June 2017 .

ii. The stock options granted to the employees under the AL ESOP Scheme were within the overall limits of ESOP approved by the Shareholders.

Place : Chennai	Signature:
Date : May 18, 2018	Name of Company Secretary in Practice : B.CHANDRA
	ACS No.: 20879
	C P No.: 7859

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

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

   The Company's CSR policy has been uploaded in the website of the Company under the web-link: http://www.ashokleyland.com/sites/default/files/AL-CSR-Policy.pdf.

2. **Composition of the CSR Committee**

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

   ii) Mr. Vinod K Dasari, CEO & MD; and

   iii) Ms. Manisha Girotra, Independent Director

   The Committee met on July 7, 2017 during the year under review.

3. **Average net profit of the Company for the last three financial years:** ₹11,829,573,931/-

4. **Prescribed CSR Expenditure (2% of the average net profit of the last three financial years) :** ₹236,591,479/-

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

   a) Total amount spent for the financial year: ₹156,678,766/-

   b) Amount unspent, if any: ₹79,912,713/-

   c) Manner in which amount spent during the financial year is detailed below.

   d) In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in the Board's Report:

   For financial year 2017-18, the Company has spent ₹156,678,766/- as against the required sum of ₹236,591,479/-. The Company would be meeting its CSR obligations during financial year 2018-19, including the amount unspent to the tune of ₹79,912,713/- in line with the progress of the relevant projects.

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

₹ in Lakhs

S. No.	CSR project or activity identified	Sector in which the project is covered	Locations (Unit)	Amount Spent on the project or programs	Cumulative Expenditure upto reporting period	Amount spent: Direct or through implementing agency
1.	Supply of nutritious food to pregnant and lactating women; relief activity; Supply of nutritious items and Health Check- ups; Sanitation; Rural Health Awareness Camp on Women's Day; Preventive; Health camps	Promoting preventive health care and sanitation	Corporate Office at Chennai, Ennore, Hosur I, Vellivoyalchavadi (Tamilnadu); Bhandara (Maharashtra); Marketing locations	153.10	153.10	Direct
2.	Distribution of Stationery; Promotion of Education; Fun Bus; Maintenance of School building; Salary for Teaching Staff; Supply of books, study materials etc.	Promoting education, including special education and vocation skills.	Hosur I, Ennore, Corporate Office at Chennai, Vellivoyalchavadi (Tamilnadu); Marketing locations	1,303.98	1,303.98	Direct
3.	Vedic Education	Promoting national heritage/Art and Culture	Corporate Office at Chennai	5.00	5.00	Direct
4.	Lake Rejuvenation, Tree Sapling Distribution and ensuring environmental sustainability; Contribution to Mukhyamantri Jalswavlamban Abhiyan for conservation of water level.	Ensuring environmental sustainability, Ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water	Hosur I, Vellivoyalchavadi (Tamilnadu); Alwar (Rajasthan) Bhandara (Maharashtra)	101.61	101.61	Direct

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

₹ in Lakhs

S. No.	CSR project or activity identified	Sector in which the project is covered	Locations (Unit)	Amount Spent on the project or programs	Cumulative Expenditure upto reporting period	Amount spent: Direct or through implementing agency
5.	Support to Ex- Indian army members and Armed forces benefits	Measures for the benefit of armed forces veterans, war widows and their dependents	Corporate Office at Chennai, Vellivoyalchavadi (Tamilnadu)	3.10	3.10	Direct
TOTAL					**1,566.79**	

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

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

Chennai
May 18, 2018

Vinod K Dasari
Chief Executive Officer and Managing Director

Dheeraj G Hinduja
Chairman

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

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

S. No.	Particulars	AL ESOP 2016
(i)	**Details of AL ESOP 2016**	
	a) Date of the Shareholder's approval	i. Issue of 4,268,815 stock options was approved by the members at the Annual General meeting held on July 21, 2016. (ESOP -1) ii. Increase in number of stock options from 42,68,815 stock options to 14,229,383 stock options approved by the members through postal ballot voting on January 16, 2017. (ESOP -2)
	b) Total Number of options approved	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) 7,454,000 options shall be exercised at ₹ 1/- per option. (iii) 2,000,000 options shall be exercised at ₹ 83.50/- per option
	e) Maximum term of option granted	The options would vest over a maximum period of five years or such other period(s) as may be decided by the Board/NRC.
	f) Source of shares (Primary, Secondary or Combination)	Primary
	g) Variation in terms of options	NIL
(ii)	**Method used to account for ESOS**	
	The employee compensation cost has been calculated using fair value method for options using the Binomial Option Pricing Model, The employee compensation cost as per the fair valuation method for the financial year 2017-18 is ₹5,280.37 Lakhs.	

S. No.	Particulars		
(iii)	**Option movement during the year**		
	Number of options outstanding at the beginning of year		10,299,875
	Number of options granted during the year		2,000,000
	Number of options vested during the year		4,296,175
	Number of options exercised during the year		569,175
	Number of shares arising as a result of exercise of options		569,175
	Money realised by exercise of options		₹45,534,000/-
	Number of options outstanding at the end of the year		11,730,700
	Number of options exercisable at the end of the year		3,727,000
(iv)	**Weighted-average exercise prices and weighted-average fair values of options:**		
	Particulars	**Weighted-average exercise price per option (₹)**	**Weighted-average fair values per option (₹)**
	ESOP – 1	30.40	37.43
	ESOP – 2	30.40	80.04
	ESOP - 3	30.40	57.42
(v)	**Options granted during the year**		
	a) Key Managerial Personnel and Senior Managerial Personnel		
	Name of the employee	**Designation**	**Number of options granted**
	Mr. Gopal Mahadevan	President - Finance and Chief Financial Officer	1,000,000
	Mr. Anuj Kathuria	President - Global Trucks	1,000,000
	b) Any other employee who receives a grant in any one year of options amounting to 5% or more of options granted during that year - **NIL**		
	c) Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant - **NIL**		

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

S. No.	Particulars		AL ESOP 2016		
(vi)	**Method and significant assumptions used during the year to estimate the fair value of options including the following information**				
	Particulars		**ESOP - 1**	**ESOP - 2**	**ESOP - 3**
	a)	The weighted-average values of share price (₹)	76.45	86.55	106.85
	b)	Exercise Price (₹)	80.00	1.00	83.50
	c)	Expected volatility	38.8% to 43.2%	38.5%	37.7% to 42.9%
	d)	Expected option life	6 - 10 years	6 - 7 years	6 - 10 years
	e)	Expected dividends	1.31	1.16	1.46
	f)	The risk-free interest rate	6.65% to 6.78%	6.42%	6.44% to 6.66%
	g)	The method used and the assumptions made to incorporate the effects of expected early exercise;	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.	Based on Historical share price volatility.	Based on Historical share price volatility.
	i)	Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as market condition	Yes. Based on Management's best estimate for the effects of non transferability, exercise restrictions and behavioral considerations.	Yes. Based on Management's best estimate for the effects of non transferability, exercise restrictions and behavioral considerations.	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 disclosures in this Report illustrate our efforts towards creating enduring value for all stakeholders in a responsible manner. This Report is aligned with National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (hereinafter "NVG-SEE") released by Ministry of Corporate Affairs, and is in accordance with Regulation 34(2)(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 (hereinafter "SEBI Listing Regulations"). This report provides an Overview of the activities carried out by Ashok Leyland Limited under each of the nine principles as outlined in NVG.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	**Corporate Identity Number (CIN) of the Company:**	L34101TN1948PLC000105
2.	**Name of the Company:**	Ashok Leyland Limited
3.	**Registered address:**	No. 1, Sardar Patel Road, Guindy, Chennai - 600 032
4.	**Website:**	www.ashokleyland.com
5.	**E-mail id:**	secretarial@ashokleyland.com
6.	**Financial Year reported:**	April 1, 2017 to March 31, 2018
7.	**Sector(s) that the Company is engaged in (industrial activity code wise)**	

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

8. **List three key products/services that the Company manufactures/provides (as in Balance sheet)**

   a. Medium and Heavy Commercial Vehicles

   b. Light Commercial Vehicles

   c. Power Solutions systems

9. **Total number of locations where business activity is undertaken by the Company**

   a. Number of International locations (provide details of major 5):

   Ashok Leyland Limited through its various subsidiaries/associates/joint ventures is spread over 9 countries having manufacturing facilities in UAE, Bangladesh, Sri Lanka, Nigeria, UK and Kenya.

   b. Number of National locations:

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

   Technical Centre: Vellivoyalchavadi, (Tamil Nadu).

   c. Markets served by the Company:

   (i) Pan India across all states in India

   (ii) SEWA Cluster:

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

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

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

   (iii) MENA Cluster:

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

   b. NORTHERN AFRICA - Morocco

   (iv) CIS Cluster - Russia, Ukraine

   (v) SAARC Cluster – Sri Lanka, Bangladesh, Nepal and Bhutan

   (vi) LatAm Cluster – Trinidad & Tobago, El Salvador, Guyana

   (vii) ASEAN Cluster - Fiji (Historical bus sales done), Thailand (Defence), Vietnam (aggregate kits).

SECTION B: FINANCIAL DETAILS OF THE COMPANY

S. No.	Particulars	FY 2017-18 Standalone ₹ in Lakhs	FY 2016-17 Standalone ₹ in Lakhs
1	Paid up Capital	29,271.08	28,458.80
2	Total Turnover		
	(a) Revenue from operation (net of excise duty)	2,652,451.19	2,145,314.33
	(b) Other Income	18,976.47	13,627.01
3	Profit After Tax	156,258.96	122,307.72

4. **Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):** The Company has spent to the tune of ₹ 1,566 Lakhs (2% of average net profit of the last three financial years) towards CSR activities during the current reporting year.

5. **List of activities in which expenditure in 4 above has been incurred:**

The initiatives undertaken by the Company are in line with the eligible areas as listed under Schedule – VII of the Companies Act, 2013.*Please refer CSR report annexed to the Board's Report*

ANNEXURE K TO THE BOARD'S REPORT
BUSINESS RESPONSIBILITY REPORT

SECTION C: OTHER DETAILS

1. **Does the Company have any Subsidiary Company/ Companies?**

   The Company has 23 Subsidiaries, 6 Associates and 2 Joint ventures as on the date of the report.

2. **Do the Subsidiary Company/Companies participate in the BR initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s):**

   The report boundary does not include the sustainability performance of our subsidiaries, joint ventures or supply chain partners for this year.

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

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

SECTION D: BR INFORMATION

1. **Details of Director/Directors responsible for BR**

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

   The Corporate Social Responsibility (CSR) Committee of the Board of Directors is responsible for implementation of BR policies. The members of the CSR Committee are as follows:

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

   b. **Details of the BR head:**

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

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

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

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

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

   Principle 3: **Businesses should promote the 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 marginalised (Responsiveness to all Stakeholders)**

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

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

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

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

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

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? (Standards such as ISO 14000 (EMS) and TS 16949 (Quality)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Has the policy being approved by the Board? If Yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	Refer table below								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

Principle No.	Policy	Link
1	Whistle Blower Policy	http://www.ashokleyland.com/sites/default/files/Listing_Regulation/Ashok_Leyland-Whistle_Blower_Policy.pdf
2	Sustainability Policy	Ref. Sustainability Report 16-17
3	Safety Policy	Restricted circulation – only through intranet
4	CSR Policy	http://www.ashokleyland.com/sites/default/files/Listing_Regulation/AL-CSR-Policy.pdf
5	Code of Conduct/ Whistleblower Policy	http://www.ashokleyland.com/sites/default/files/Listing_Regulation/Ashok_Leyland-Whistle_Blower_Policy.pdf
6	Environment Policy	http://www.ashokleyland.com/sites/default/files/environment_policies/Environmental-Policy-294x408_English.pdf
7	Code of Conduct	http://www.ashokleyland.com/corporategovernance
8	CSR Policy	http://www.ashokleyland.com/sites/default/files/Listing_Regulation/AL-CSR-Policy.pdf
9	Code of Conduct/ Quality Policy	Quality Policy – Restricted circulation – only through intranet

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

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 every year and this is our second report. This has information in detail, with regard to all the Principles. The Company's Sustainability Report can be viewed at www.ashokleyland.com.

ANNEXURE K TO THE BOARD'S REPORT
BUSINESS RESPONSIBILITY REPORT

SECTION E: PRINCIPLE WISE PERFORMANCE

Principle 1: Ethics, Transparency and Accountability

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

   The Company has an exhaustive Code of Conduct policy which covers all aspects of ethical practices and lays emphasis on adoption of the highest standards of personal ethics, integrity, confidentiality and discipline in dealing with matters relating to the Company, which are covered in all our dealings with any stake holders viz., suppliers, customers and any joint ventures etc.

   We have a strict code of conduct to prevent insider trading and ensure integrity. There are standard communications before board meeting that communicates the time when they should not trade, and clear instructions about what to do when they 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 2017-18:

Subject Matter of Correspondence	Pending as on March 31, 2017	During the year		Pending as on March 31, 2018
		Received	Resolved	
Non-receipt of Share Certificates	-	125	125	-
Non-receipt of Dividend	1	117	118	-
Non-receipt of Annual Report	-	90	90	-
Query -Transfer of shares	-	3	3	
Total complaints	1	335	336	-

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

Principle 2: Product Life Cycle Sustainability

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

   At Ashok Leyland, we are committed to promote sustainable mobility and drive progress through better engineered and energy efficient vehicles. Our focus on the ecosystem and environmental conservation is ingrained in the way we conduct our business.

   Following are the major products that we launched during 2017-18:

   1. **DOST CNG RFS – The Greener way to Transport Goods:**

      CNG is a Green fuel and helps curb pollution - Dost CNG RFS is a fuel efficient, long range & high load carrying small Commercial vehicle.

   2. **3718 Plus (MDV Truck):** This variant offered 10-12% higher fuel efficiency to the operators, thus reducing the carbon footprint, while offering a lower cost per ton to the transporters and customers. This vehicle is fitted with the Ashok Leyland's i-Alert telematics system, which not only helps the customers to track and trace their vehicles, but also monitor the health of the key aggregates of the truck.

   3. **Tooled up G45 Cabin (MDV Truck):** In line with our commitment to provide class leading safety both to the operators and truckers, Ashok Leyland introduced the fully tooled up G45 cabin in the M&HCV range. While the cabin complies to the stringent frontal crash test standards, this is being offered to the customers at minimal additional cost.

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 will 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 believe in aligning our sustainability actions with our business objectives in order to sustain operations in an increasing resource constrained world. We have invested time and resources to ensure safety and resource efficiency in our product development, plant operations and supply chain management.

      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.

      For details, please refer to our Sustainability Report 2017-18.

   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. We also have plans for eliminating and minimising usage of wood, plastics, cartons in our supply chain. Ashok Leyland has a very clear laid out policy on sustainable sourcing called the "Green Supply chain initiative".

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

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

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

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

PRINCIPLE 3: Employee Well being

1. **Total number of employees :** 11,835
2. **Total number of employees hired on temporary/contractual/casual basis :** 16,802
3. **Total number of permanent women employees :** 261 Executives and 67 Trainees
4. **Please indicate the Number of permanent employees with disabilities :** 13
5. **Do you have an employee association that is recognised by management?**

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

6. **Percentage of your permanent employees is members of this recognised employee association? :** 50.4 %
7. **Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year :** NIL

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

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

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

PRINCIPLE 4: Stakeholder Engagement

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

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

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

   Yes. Our CSR team have identified schools in remote rural villages in Thiruvallur, Krishnagiri and Namakkal districts, which have children who are 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.

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

   We believe that education is the most powerful tool for social and economic transformation. The main initiative is *"The Road to School Project"* a holistic child development initiative focused on improving learning outcomes with both scholastic and co-scholastic interventions. The project also focuses on comprehensive Health care, hygiene and wellness of the all the students studying in the Government Primary and middle schools where *Road to School* project is being implemented.

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

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?**

   We ensure that human rights clauses such as collective bargaining, equal opportunities and prohibition of child and forced labour are practiced and included in our contracts with our suppliers. 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.

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

We have a Sustainability Policy in place and initiative actions to protect environment in all our activities. The Green Supply Chain Management Initiative includes environment protection and covers suppliers. The subsidiaries/Joint Ventures have their own policies.

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 address the impact of climate change across our value chain and remain focused to reduce environmental footprint across our operations and products throughout their life cycle. We take conscious efforts to minimise emissions by undertaking various initiatives and implementing innovative technologies across our operations – efforts to reduce, reuse, recycle and reclaim vital resources, sustainable resource use and protection of biodiversity in our future design and manufacturing activities.

All these are detailed in our Sustainability Report 2017-18.

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

Yes. 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 are focused 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 and Climate Change (MoEFCC) and Central/ State Pollution Control Board.

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

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

- Green power utilisation (Wind & Solar), lower emission fuels (Diesel to LPG or propane)
- Energy & Water conservations and Rain Water Harvesting facilities
- Energy efficient equipment - Heat pumps, Energy efficient motors, installation of VFDs, LED lights, turbo ventilators etc.
- Zero waste to landfill
- Reduction of hazardous & non-hazardous waste through process improvements

All these are explained in detail in our Sustainability Report 2017-18.

6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

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

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

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

PRINCIPLE 7: Policy Advocacy

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

We are active members of CII, SIAM, FICCI and ASSOCHAM.

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

Through our long-standing association with SIAM and CII and of late with FICCI and ASSOCHAM, we have promoted extensively many issues faced by auto industry as specially on improvement of infrastructure on transportation and road safety across the country, issues pertaining to skill development.

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 holistic development of communities. We have chosen education as our main focus in our CSR initiatives. The primary objective of this initiative is to reach education to the remote areas of the group that we are working with and ensure that they get learning opportunities.

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

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

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

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

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

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

For our *Road to School* initiative, we launched a customised Learning Enhancement and Practice (LEAP) content and worksheets for children in order to bridge the grade level/ age level learning gaps. The LEAP content was aligned with the current syllabus of Tamil Nadu state. *Road to School* initiative is also audited by our Assurance Provider M/s DNV GL.

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 ₹ 1,566.79 lakhs. For details of the projects, please refer to our Annual Report 2017-18.

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

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

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

PRINCIPLE 9: Customer Value

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

We have a dedicated complaint management system. The customer complaints are being attended for restoration of vehicles and resolution of 96% issues within 2 days.

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

Along with our products, we provide a comprehensive service booklet that has complete information about the product related to safety, operation and maintenance of the vehicle.

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

For our marketing communication advertisements, we adhere to Advertising Standards Council of India (ASCI) code and ensure transparent communication of our product services and quality. However, ASCI has passed an *ex-parte* order upholding an objection raised by a third party with regard to certain statements appearing in Ashok Leyland website. AL has sought a review of the *ex-parte* order and has sought a personal hearing. In the meantime, without prejudice to AL's rights and remedies, AL has modified the statements made in the Company's website

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

We have several market and customer facing initiatives which ensures active communication and engagement, such as call centres, dealer showrooms, service centres and customer service camps etc. We also carry out regular surveys with the dealers/customers. Customer satisfaction survey is done twice a year which is called as Customer Satisfaction Index (CSI). The overall CSI score has improved from 699 (in 2016-17) to 751 (in 2017-18).

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INDEPENDENT AUDITORS' REPORT

To The Members of Ashok Leyland Limited

Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

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, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

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

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

8. 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 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, 2018, and its total comprehensive income (comprising of profit and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

9. The standalone Ind AS financial statements of the Company for the year ended March 31, 2017, were audited jointly by other firms of chartered accountants under the Companies Act, 2013 who, vide their report dated May 25, 2017, expressed an unmodified opinion on those financial statements. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

11. 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 Cash Flow and the Statement of Changes in Equity 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 Indian 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, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 knowledge and belief and according to the information and explanations given to us:

i The Company has disclosed the impact, if any, of pending litigations as at March 31, 2018 on its financial position in its standalone Ind AS financial statements – Refer Note 3.9;

ii The Company has long-term contracts as at March 31, 2018 for which there were no material foreseeable losses. The Company did not have any long-term derivative contracts as at March 31, 2018.

iii There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018.

iv The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

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

Subramanian Vivek
Partner
Membership Number : 100332

Place: Chennai
Date: May 18, 2018

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 11(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, 2018

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

1. We have audited the internal financial controls with reference to financial statements of Ashok Leyland Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial 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, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Subramanian Vivek
Partner
Membership Number : 100332

Place: Chennai
Date: May 18, 2018

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 10 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, 2018

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

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

(c) The title deeds of immovable properties, as disclosed in Note 1.1 on Property, plant and equipment to the standalone Ind AS financial statements, are held in the name of the Company, except for as stated in Sub Notes 2, 3 and 9 to Note 1.1 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 books and records were not material and have been appropriately dealt with in the books of accounts.

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

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

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

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

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

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

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

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, Income tax, value added tax, employees' state insurance, sales tax, service tax, duty of customs, duty of excise, cess, goods and service tax (with effect from July 1, 2017) and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax and goods and service tax (with effect from July 1, 2017) 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 31, 2018 which have not been deposited on account of a dispute, are as follows:

Name of Statute	Nature of Dues	Amount (in lakhs)	Period to which the amount relates	Forum where the dispute is pending
State and Central Sales Tax Acts	Sales tax and Value added tax	4,411.44	Various periods from 1987 - 2013	Appellate Authority - Tribunal
		108.92	Various periods from 2006 - 2012	High Court
		26,383.02	Various periods from 1993 - 2017	Appellate Authority– up to Commissioner level
Central Excise Act, 1944	Excise duty and cess thereon	1,062.64	Various Periods from 2008-2009	Supreme Court
		1,162.35	Various periods from 1993-2012	Appellate Authority - Tribunal
		3,880.33	Various periods from 2009-2016	Appellate Authority– up to Commissioner level
Customs Act, 1962	Customs Duty	1.78	Various periods from 2006 – 2007	Appellate Authority - Tribunal
Service Tax - Finance Act, 1994	Service tax and cess thereon	3,530.55	Various periods from 2011-2014	Appellate Authority - Tribunal

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

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

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

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

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

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

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

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

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

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

Subramanian Vivek
Partner
Membership Number : 100332

Place: Chennai
Date: May 18, 2018

BALANCE SHEET AS AT MARCH 31, 2018

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
		₹ Lakhs	₹ Lakhs
ASSETS			
Non-current assets			
Property, plant and equipment	1.1	468,763.66	465,609.63
Capital work-in-progress	1.1	21,292.95	15,759.50
Intangible assets	1.2	28,658.60	31,471.18
Intangible assets under development	1.2	18,831.03	4,826.58
Financial Assets			
(i) Investments	1.3	274,746.83	200,168.31
(ii) Trade Receivables	1.4	2.55	17.95
(iii) Loans	1.5	3,354.11	4,557.13
(iv) Other financial assets	1.6	2,440.58	13,652.06
Advance tax assets (net)	1.7	5,999.32	11,105.68
Other non-current assets	1.8	47,537.59	46,826.76
		871,627.22	**793,994.78**
Current assets			
Inventories	1.9	170,987.51	263,102.72
Financial Assets			
(i) Investments	1.10	305,515.85	87,717.23
(ii) Trade Receivables	1.11	98,048.01	106,438.64
(iii) Cash and cash equivalents	1.12A	99,371.91	86,861.11
(iv) Bank balances other than (iii) above	1.12B	1,068.53	4,336.37
(v) Loans	1.13	2,410.16	2,147.44
(vi) Other financial assets	1.14	37,757.13	18,942.68
Other current assets	1.15	71,821.90	28,166.22
		786,981.00	**597,712.41**
Assets classified as held for sale	1.16A	-	12,300.00
		786,981.00	**610,012.41**
TOTAL ASSETS		**1,658,608.22**	**1,404,007.19**
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	1.17	29,271.08	28,458.80
Other Equity	1.18	687,208.67	584,147.96
		716,479.75	**612,606.76**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	1.19	41,568.72	114,632.19
(ii) Other financial liabilities	1.20	143.83	4,721.68
Provisions	1.21	25,504.63	13,255.38
Deferred tax liabilities (net)	1.22	29,838.86	12,690.21
Other non-current liabilities	1.23	20,374.22	3,926.36
		117,430.26	**149,225.82**
Current liabilities			
Financial liabilities			
(i) Borrowings	1.24	10,000.00	19,863.78
(ii) Trade payables	1.25	465,861.62	311,699.13
(iii) Other financial liabilities	1.26	164,794.41	197,373.43
Other current liabilities	1.27	121,259.74	61,392.30
Provisions	1.28	61,623.43	51,830.97
Current tax liabilities (net)		1,159.01	-
		824,698.21	**642,159.61**
Liabilities directly associated with assets classified as held for sale	1.16B	-	15.00
TOTAL EQUITY AND LIABILITIES		**1,658,608.22**	**1,404,007.19**

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

Gopal Mahadevan
Chief Financial Officer

For and on behalf of the Board

N Ramanathan
Company Secretary

Dheeraj G Hinduja
Chairman
DIN : 00133410

Vinod K Dasari
CEO and Managing Director
DIN : 00345657

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

Subramanian Vivek
Partner
Membership Number - 100332

May 18, 2018
Chennai

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

Particulars	Note No.	Year ended March 31, 2018	Year ended March 31, 2017
		₹ Lakhs	₹ Lakhs
Income			
Revenue from operations	2.1	2,652,451.19	2,145,314.33
Other income	2.2	18,976.47	13,627.01
Total Income		**2,671,427.66**	**2,158,941.34**
Expenses			
Cost of materials consumed	2.3	1,534,784.03	1,314,879.66
Purchases of stock-in-trade	2.4	199,491.56	158,339.37
Changes in inventories of finished goods, stock-in-trade and work-in-progress	2.5	127,851.88	(75,880.46)
Excise duty on sale of goods		27,660.40	131,301.23
Employee benefits expense	2.6	181,192.24	148,005.14
Finance costs	2.7	13,124.59	15,537.87
Depreciation and amortisation expense	2.8	55,460.94	51,789.39
Other expenses	2.9	307,573.01	248,415.67
Total Expenses		**2,447,138.65**	**1,992,387.87**
Profit before exchange gain on swap contracts, exceptional items and tax		224,289.01	166,553.47
Exchange gain on swap contracts		39.13	1,539.74
Profit before exceptional items and tax		224,328.14	168,093.21
Exceptional items	2.10	(1,256.60)	(35,084.59)
Profit before tax		**223,071.54**	**133,008.62**
Tax expense:			
Current tax		67,727.21	31,371.90
Deferred tax		(914.63)	(20,671.00)
		66,812.58	10,700.90
Profit for the year		**156,258.96**	**122,307.72**
Other Comprehensive Income			
A (i) Items that will not be reclassified to Profit or Loss			
- Remeasurement of Defined Benefit Plans		(3,462.04)	(184.70)
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		1,209.78	63.92
B (i) Items that will be reclassified to Profit or Loss			
- Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge		(1,989.28)	1,487.24
(ii) Income tax relating to items that will be reclassified to Profit or Loss		695.14	(514.70)
Total Other Comprehensive Income		**(3,546.40)**	**851.76**
Total Comprehensive Income for the year		**152,712.56**	**123,159.48**
Earnings per share (Face value ₹ 1 each) -			
- Basic (in ₹)		5.34	4.24
- Diluted (in ₹)		5.32	4.24
[Refer Note 3.3]			
The accompanying notes form an integral part of the standalone financial statements			

Gopal Mahadevan
Chief Financial Officer

N Ramanathan
Company Secretary

For and on behalf of the Board

Dheeraj G Hinduja
Chairman
DIN : 00133410

Vinod K Dasari
CEO and Managing Director
DIN : 00345657

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

Subramanian Vivek
Partner
Membership Number - 100332

May 18, 2018
Chennai

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

Particulars		March 31, 2018	March 31, 2017
		₹ Lakhs	₹ Lakhs
Cash flow from operating activities			
Profit for the year		**156,258.96**	**122,307.72**
Adjustments for :			
Income tax expense		66,812.58	10,700.90
Depreciation, amortisation and impairment		55,460.94	51,789.39
Share based payment cost		5,280.37	1,811.52
Impairment loss allowance, write off on trade receivable/ advances (net)		176.09	5,479.47
Impairment loss/(reversal) in the value of investments		26,439.69	(17,429.49)
Impairment loss allowance on loans (including interest)		(24,237.15)	24,414.08
Translation difference on conversion of loan to equity in subsidiary		(1,013.65)	-
Provision for obligations		-	28,100.00
Foreign exchange loss/ (gain)		(1,044.49)	596.38
Exchange gain on swap contracts		(39.13)	(1,539.74)
Profit on sale of Property, plant and equipment (PPE) and intangible assets - net		(302.14)	(803.36)
Profit on sale of investments - net		(3,753.85)	(2,306.99)
Net (gain) / loss arising on financial asset mandatorily measured at FVTPL		(529.48)	785.49
Finance costs		13,124.59	15,537.87
Interest income		(5,394.13)	(6,781.31)
Dividend income		(128.77)	(115.87)
Operating profit before working capital changes		**287,110.43**	**232,546.06**
Adjustments for changes in :			
Trade receivables		7,072.67	33,741.84
Inventories		92,115.21	(80,981.63)
Non-current and current financial assets		(12,948.91)	31.54
Other non-current and current assets		(43,769.17)	1,649.42
Related party advances/receivables (net)		5,273.92	(1,752.15)
Trade payables		153,630.92	44,015.10
Non-current and current financial liabilities		(62.37)	22,153.41
Other non-current and current liabilities		72,864.40	(6,784.26)
Other non-current and current provisions		22,041.71	5,619.75
Cash generated from operations		**583,328.82**	**250,239.08**
Income tax paid (net of refund)		(41,493.64)	(34,761.96)
Net cash flow from operating activities	[A]	**541,835.18**	**215,477.12**
Cash flow from investing activities			
Purchase of PPE and intangible assets		(53,718.66)	(37,827.29)
Proceeds on sale of PPE and intangible assets		505.83	1,229.17
Purchase of non-current investments		(74,634.54)	(109,595.63)
Sale proceeds of non-current investments		69.99	-
Purchase of / sale proceeds from current investments (net)		(213,461.23)	2,580.37
Maturity of other bank deposits		3,750.00	(1,250.00)
Inter corporate deposits - given		(57,300.00)	(70,610.00)
Inter corporate deposits - repaid		57,300.00	70,610.00
Loans and advances (given) / repaid to related parties (net)		(1,219.32)	(9,577.42)
Interest received		5,372.39	6,642.64
Dividend received		128.77	115.87
Net cash (used in) investing activities	[B]	**(333,206.77)**	**(147,682.29)**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

Particulars		March 31, 2018	March 31, 2017
		₹ Lakhs	₹ Lakhs
Cash flow from financing activities			
Proceeds from issue of equity shares (including securities premium)		455.35	-
Proceeds from non-current borrowings		-	17,500.00
Repayments of non-current borrowings		(105,502.74)	(102,260.24)
Payments relating to swap contracts on non-current borowings		(11,633.48)	(11,004.87)
Proceeds from current borrowings		924,000.00	619,000.00
Repayments of current borrowings		(933,863.78)	(611,501.57)
Interest paid		(14,641.77)	(16,378.76)
Dividend paid and tax thereon		(54,947.99)	(32,539.69)
Net cash (used in) financing activities	[C]	**(196,134.41)**	**(137,185.13)**
Net cash Inflow / (Outflow)	[A+B+C]	**12,494.00**	**(69,390.30)**
Opening cash and cash equivalents		86,861.11	156,273.20
Add - Pursuant to business combination		-	118.38
Exchange fluctuation on foreign currency bank balances		16.80	(140.17)
Closing cash and cash equivalents [Refer Note 1.12A to the standalone financial statements]		**99,371.91**	**86,861.11**

Notes:

1. Outstanding loan given to Subsidiary aggregating to ₹25,494.07 Lakhs has been converted into investments in equity instruments during the year.
2. Share application money paid aggregating ₹336.91 Lakhs has been converted into investments in equity instruments in the previous year.

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

Gopal Mahadevan
Chief Financial Officer

For and on behalf of the Board

N Ramanathan
Company Secretary

Dheeraj G Hinduja
Chairman
DIN : 00133410

Vinod K Dasari
CEO and Managing Director
DIN : 00345657

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

Subramanian Vivek
Partner
Membership Number - 100332

May 18, 2018
Chennai

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

A. Equity Share Capital

₹ Lakhs

Balance at the beginning of April 1, 2016	Changes in equity share capital during the year	Balance at the end of March 31, 2017	Changes in equity share capital during the year	Balance at the end of March 31, 2018
28,458.80	**-**	**28,458.80**	**812.28**	**29,271.08**

B. Other Equity

₹ Lakhs

Particulars	Reserves and Surplus									Items of Other Comprehensive Income	Total
	Shares Pending Allotment	Capital Reserve	Securities Premium Reserve	Capital Redemption Reserve	Debenture Redemption Reserve	Share Options Outstanding Account	General Reserve	Foreign currency monetary item translation difference	Retained Earnings	Effective portion of Cash Flow Hedges	
Balance at the beginning of April 1, 2016	**-**	**8,793.10**	**138,696.65**	**-**	**15,250.00**	**-**	**94,321.86**	**(2,428.53)**	**256,853.43**	**769.39**	**512,255.90**
Profit for the year	-	-	-	-	-	-	-	-	122,307.72	-	122,307.72
Other comprehensive income	-	-	-	-	-	-	-	-	(120.78)	972.54	851.76
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	122,186.94	972.54	123,159.48
Exchange difference on translation of outstanding loan balances	-	-	-	-	-	-	-	(750.25)	-	-	(750.25)
Exchange difference amortised	-	-	-	-	-	-	-	2,029.29	-	-	2,029.29
Transfer to retained earnings	-	-	-	-	(5,250.00)	-	-	-	5,250.00	-	-
Transactions with owners:											
Dividend including tax thereon	-	-	-	-	-	-	-	-	(32,539.69)	-	(32,539.69)
Recognition of share based payments	-	-	-	-	-	1,811.52	-	-	-	-	1,811.52
Taken over pursuant to business combination	-	-	50,948.91	333.33	-	-	889.25	-	(92,323.21)	(66.47)	(40,218.19)
Consequent to business combination	806.58	17,593.32	-	-	-	-	-	-	-	-	18,399.90
Balance at the end of March 31, 2017	**806.58**	**26,386.42**	**189,645.56**	**333.33**	**10,000.00**	**1,811.52**	**95,211.11**	**(1,149.49)**	**259,427.47**	**1,675.46**	**584,147.96**
Profit for the year	-	-	-	-	-	-	-	-	156,258.96	-	156,258.96
Other comprehensive income	-	-	-	-	-	-	-	-	(2,252.26)	(1,294.14)	(3,546.40)
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	154,006.70	(1,294.14)	152,712.56
Exchange difference on translation of outstanding loan balances	-	-	-	-	-	-	-	(117.60)	-	-	(117.60)
Exchange difference amortised	-	-	-	-	-	-	-	490.30	-	-	490.30
Transfer to retained earnings	-	-	-	-	(6,250.00)	-	-	-	6,250.00	-	-
Transactions with owners:											
Allotment of Share Capital pursuant to business combination	(806.58)	-	-	-	-	-	-	-	-	-	(806.58)
Dividends including tax thereon	-	-	-	-	-	-	-	-	(54,947.99)	-	(54,947.99)
Transfer to general reserve pursuant to exercise of ESOP	-	-	-	-	-	(213.04)	213.04	-	-	-	-
Recognition of share based payments	-	-	-	-	-	5,280.37		-	-	-	5,280.37
On issue of shares			449.65								449.65
Balance at the end of March 31, 2018	**-**	**26,386.42**	**190,095.21**	**333.33**	**3,750.00**	**6,878.85**	**95,424.15**	**(776.79)**	**364,736.18**	**381.32**	**687,208.67**

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

For and on behalf of the Board

Gopal Mahadevan
Chief Financial Officer

N Ramanathan
Company Secretary

Dheeraj G Hinduja
Chairman
DIN : 00133410

Vinod K Dasari
CEO and Managing Director
DIN : 00345657

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

Subramanian Vivek
Partner
Membership Number - 100332

May 18, 2018
Chennai

1A. General information

Company Background:

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

1B. Significant Accounting Policies

1B.1 Basis of Preparation and Presentation

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

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

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

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

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

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

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

The standalone financial statements were approved for issue by the Board of Directors on May 18, 2018.

Recent accounting pronouncements

The Indian Accounting Standard (Ind AS) 115, Revenue from Contracts with Customers is applicable from FY 2018-19, the management believes that the adoption of Ind AS 115 does not have any significant impact on the standalone financial statements.

The management believes that the adoption of amendment to Ind AS 21, Foreign currency transactions and advance consideration and amendment to Ind AS 12 Income Taxes does not have any significant impact on the standalone financial statements.

The amendment to Ind AS 40, Investment Property is not applicable.

The significant accounting policies are detailed below.

1B.2 Revenue recognition

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

Sale of goods:

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

Revenue is inclusive of excise duty but net of goods and services tax and is reduced for estimated customer returns, rebates and discounts, and other similar allowances.

Rendering of services:

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

Other Operating Revenues:

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

Dividend and Interest Income:

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

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

1B.3 Foreign currency transactions

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

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

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

1B.4 Borrowing costs

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

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

1B.5 Government Grants

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

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

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

1B.6 Employee benefits

Retirement benefit costs and termination benefits:

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

For defined benefit plans i.e. Company's liability towards gratuity (funded), Company's contribution to provident fund (in relation to guaranteed interest rate), other retirement/ termination benefits and compensated absences, the cost of providing benefits is determined using the projected unit credit method with actuarial valuations being carried out at the end of each annual reporting period.

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

Defined benefit costs are comprised of:

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

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

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

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

Short-term and other long-term employee benefits:

A liability is recognised for benefits accruing to employees in respect of salaries, wages, performance incentives, medical benefits and other short term benefits in the period the related service is rendered, at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

1B.7 Share-based payment arrangements

Equity-settled share-based payments to employees (primarily employee stock option plan) are measured by reference to the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity at the end of the year. At the end of each year, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options outstanding account.

1B.8 Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Current tax:

Current tax is determined on taxable profits for the period chargeable to tax in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 including other applicable tax laws that have been enacted.

Deferred tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

1B.9 Property, plant and equipment

Cost:

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost (net of duty/ tax credit availed) less accumulated depreciation and accumulated impairment losses. Cost of all civil works (including electrification and fittings) is capitalised with the exception of alterations and modifications of a capital nature to existing structures where the cost of such alteration or modification is ₹100,000 and below.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures, plant and equipment (including patterns and dies) where the cost exceeds ₹10,000 and the estimated useful life is two years or more, is capitalised and stated at cost (net of duty/ tax credit availed) less accumulated depreciation and accumulated impairment losses.

Depreciation/ amortisation:

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Estimated useful lives of the assets, based on technical assessment, which are different in certain cases from those prescribed in Schedule II to the Act, are as follows:

Classes of Property, Plant and Equipment	Useful life (years)
Buildings	30
Non-factory service installations:	
- In customer premises	12
- Lease improvements	3
Quality equipment, canteen assets, major Jigs and fixtures and hand tools	12
Other plant and machinery	20
Patterns and dies	5
Furniture and fittings	8
Furniture and fittings - lease improvements	3
Aircraft	18
Vehicles:	
- Trucks and buses	5
- Cars and motorcycles	3
Office equipment	8
Office equipment – Data processing system (including servers)	5

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of Property, Plant and Equipment and accordingly the depreciation is computed based on estimated useful lives of the assets.

De-recognition:

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

1B.10 Intangible assets

Intangible assets acquired separately:

Intangible assets with finite useful lives that are acquired separately, where the cost exceeds ₹10,000 and the estimated useful life is two years or more, is capitalised and carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets - research and development expenditure:

Expenditure on research activities e.g. the design and production of prototypes is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from development phase of internal project) is recognised, if and only if, all of the following have been demonstrated:

- technical feasibility of completing the intangible asset;
- intention to complete the intangible asset and intention/ ability to use or sell it;
- how the intangible asset will generate probable future economic benefit;
- availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and
- the ability to measure reliably the attributable expenditure during the development stage.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

De-recognition of intangible assets:

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is derecognised.

Useful lives of intangible assets:

Estimated useful lives of the intangible assets, based on technical assessment, are as follows:

Classes of Intangible Assets	Useful life (years)
Computer Software:	
Acquired	5
Developed	5/10
Technical Knowhow:	
Acquired	5/6
Developed	6/10

1B.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 are tested for impairment annually at each balance sheet date.

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount carried had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1B.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in the arrangement.

1B.13 Inventories

Inventories are stated at lower of cost and net realisable value.

Cost of raw materials and components, stores, spares, consumable tools and stock in trade comprises cost of purchases and includes taxes and duties and is net of eligible credits under CENVAT/ VAT/GST schemes. Cost of work-in-progress, work-made components and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overheads, which is allocated on a systematic basis. Cost of inventories also includes all other related costs incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cost of inventories are determined as follows:

- Raw materials and components, stores, spares, consumable tools, stock in trade: on moving weighted average basis; and
- Work-in-progress, works-made components and finished goods: on moving weighted average basis plus appropriate share of overheads.

Cost of surplus/ obsolete/ slow moving inventories are adequately provided for.

1B.14 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Warranties:

Provisions for expected cost of warranty obligations under legislation governing sale of goods are recognised on the date of sale of the relevant products at the Management's best estimate of the expenditure required to settle the obligation which takes into account the empirical data on the nature, frequency and average cost of warranty claims and regarding possible future incidences.

1B.15 Non-current assets held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell and disclosed separately in balance sheet. Liabilities associated with assets classified as held for sale are estimated and disclosed separately in the balance sheet.

A non-current asset that ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) is measured at the lower of:

a. its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale, and

b. its recoverable amount at the date of the subsequent decision not to sell.

1B.16 Business Combinations

A common control business combination, involving entities or businesses in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and where the control is not transitory, is accounted for using the pooling of interests method 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, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued in exchange of control of the acquiree.

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.

<u>Classification of financial assets</u>

The financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition.

Subsequent measurement:

(i) Financial assets (other than investments and derivative instruments) are subsequently measured at amortised cost using the effective interest method.

Effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Investments in debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments on principal and interest on the principal amount outstanding.

Income on such debt instruments is recognised in profit or loss and is included in the "Other Income".

The Company has not designated any debt instruments as fair value through other comprehensive income.

(ii) Financial assets (i.e. derivative instruments and investments in instruments other than equity of subsidiaries, joint ventures and associates) are subsequently measured at fair value.

Such financial assets are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss and included in the "Other Income".

<u>Investments in equity instruments of subsidiaries, joint ventures and associates</u>

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 when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The Company applies the expected credit loss model for recognising impairment loss on financial assets (i.e. the shortfall between the contractual cash flows that are due and all the cash flows (discounted) that the Company expects to receive).

De-recognition of financial assets:

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of profit and loss.

Financial liabilities and equity instruments:

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities (other than derivative instruments) are subsequently measured at amortised cost using the effective interest method. Interest expense that is not capitalised as part of cost of an asset is included in the "Finance Costs".

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and are subsequently measured (if not designated as at Fair value though profit or loss) at the higher of:

- the amount of impairment loss allowance determined in accordance with requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments:

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and cross currency interest rate swaps. Further details of derivative financial instruments are disclosed in Note 3.6.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at Fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss.

Hedge accounting:

The Company designates certain derivatives as hedging instruments in respect of foreign currency risk, as either fair value hedges, cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 3.6 sets out details of the fair values of the derivative instruments used for hedging purposes.

<u>Fair value hedges</u>

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

<u>Cash flow hedges</u>

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the “Other Income”.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to effective portion as described above are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and are included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

1C. Critical accounting judgments and key sources of estimation uncertainty:

The preparation of standalone financial statements in conformity with Ind AS requires the Management to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities recognised in the standalone financial statements that are not readily apparent from other sources. The judgements, estimates and associated assumptions are based on historical experience and other factors including estimation of effects of uncertain future events that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates (accounted on a prospective basis) are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that have been made by the Management in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the standalone financial statements and/or key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

<u>Provision for impairment loss and other obligations relating to a subsidiary company</u>

Last year, the Company provided for obligations in relation to Optare Plc, U.K., a subsidiary company (Optare) amounting to ₹28,100.00 lakhs towards Optare’s lender, third party claims and other potential liabilities. Considering the independent valuation of Optare, the Company has retained its provision made in the earlier years since the turnaround strategy of Optare is yet to demonstrate positive results.

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.

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

₹ Lakhs

DESCRIPTION	GROSS CARRYING AMOUNT (COST)					DEPRECIATION / AMORTISATION				NET CARRYING AMOUNT
Property, plant and equipment (PPE)	01.04.2017	Additions	Disposals	Adjustments (Refer Note 8)	31.03.2018	Upto 31.03.2017	Charge during the year	Disposals	Upto 31.03.2018	31.03.2018
Freehold land	62,469.59	1,316.67	-	12,300.00	76,086.26	-	-	-	-	76,086.26
Buildings	133,933.70	5,295.23	359.63	-	138,869.30	10,161.64	5,913.23	330.87	15,744.00	123,125.30
Buildings given on lease	1,122.99	-	-	-	1,122.99	44.60	23.66	-	68.26	1,054.73
Plant and equipment	322,660.55	25,746.79	9,388.48	-	339,018.86	58,640.91	38,381.72	9,274.01	87,748.62	251,270.24
Plant and equipment given on lease	3.45	-	-	-	3.45	0.56	0.28	-	0.84	2.61
Furniture and fittings	4,161.73	1,194.04	36.88	-	5,318.89	1,758.01	712.36	35.33	2,435.04	2,883.85
Furniture and fittings given on lease	21.93	-	-	-	21.93	10.36	4.54	-	14.90	7.03
Vehicles	4,419.81	4,345.10	382.80	-	8,382.11	1,093.89	1,517.03	349.36	2,261.56	6,120.55
Aircraft given on lease	6,074.67	-	-	-	6,074.67	1,298.67	649.34	-	1,948.01	4,126.66
Office Equipment	5,237.48	1,844.18	382.64	-	6,699.02	1,487.63	1,482.13	357.17	2,612.59	4,086.43
Office Equipment given on lease	0.71	-	0.71	-	-	0.71	-	0.71	-	-
TOTAL	**540,106.61**	**39,742.01**	**10,551.14**	**12,300.00**	**581,597.48**	**74,496.98**	**48,684.29**	**10,347.45**	**112,833.82**	**468,763.66**
Capital work-in-progress										**21,292.95**

Notes:

1. Buildings include cost of service installations ₹19,211.25 lakhs.
2. A portion of the Buildings in Bhandara valued at ₹950 lakhs is on a land, the title for which is yet to be transferred to the Company.
3. The title of land and buildings acquired through business combination, which are in the name of the amalgamating company, are yet to be transferred in the name of the Company. Further, this includes a land, the title of which will be transferred in the Company's name upon fulfilment of certain conditions.
4. Cost of Buildings as at March 31, 2018 includes:
   a) ₹3.42 lakhs being cost of shares in Housing Co-operative Society representing ownership rights in residential flats and furniture and fittings thereat.
   b) ₹132.38 lakhs representing cost of residential flats including undivided interest in land.
5. Additions to PPE and Capital work-in-progress include exchange (gain) / loss aggregating to ₹624.40 lakhs capitalised as under:

   Building ₹128.62 lakhs, Plant and equipment ₹475.53 lakhs, Furniture and fittings ₹4.40 lakhs, Vehicles and aircraft ₹(0.11) lakhs, Office equipment ₹8.06 lakhs, Capital Work-in-progress ₹7.90 lakhs.
6. For details of assets given as security against borrowings, Refer Note 3.11(a).
7. For amount of contractual commitments for the acquisition of PPE, Refer Note 3.10(a).
8. Freehold land located at Hyderabad, which was classified as asset held for sale in the previous year is now reclassified. Refer Note 1.16.
9. Freehold land includes purchase of land from Andhra Pradesh Industrial Infrastructure Corporation Limited, the title of which will be transferred in the Company's name upon fulfilment of certain conditions.

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

₹ Lakhs

DESCRIPTION	GROSS CARRYING AMOUNT (COST)					DEPRECIATION / AMORTISATION				NET CARRYING AMOUNT
Property, plant and equipment (PPE)	01.04.2016	Additions	Acquisition through Business Combination	Disposals	31.03.2017	Upto 31.03.2016	Charge during the year	Disposals	Upto 31.03.2017	31.03.2017
Freehold land	52,853.42	1.32	9,614.85	-	62,469.59	-	-	-	-	62,469.59
Buildings	126,113.65	1,863.42	6,195.86	239.23	133,933.70	5,089.81	5,293.93	222.10	10,161.64	123,772.06
Buildings given on lease	1,004.81	118.18	-	-	1,122.99	21.61	22.99	-	44.60	1,078.39
Plant and equipment	292,355.25	13,028.90	27,522.57	10,246.17	322,660.55	32,917.72	35,587.17	9,863.98	58,640.91	264,019.64
Plant and equipment given on lease	3.45	-	-	-	3.45	0.28	0.28	-	0.56	2.89
Furniture and fittings	2,726.94	651.28	830.73	47.22	4,161.73	1,006.92	798.31	47.22	1,758.01	2,403.72
Furniture and fittings given on lease	21.93	-	-	-	21.93	5.82	4.54	-	10.36	11.57
Vehicles	1,093.22	3,333.13	39.34	45.88	4,419.81	268.12	845.23	19.46	1,093.89	3,325.92
Aircraft given on lease	6,074.61	0.06	-	-	6,074.67	649.33	649.34	-	1,298.67	4,776.00
Office Equipment	4,657.12	2,142.79	55.71	1,618.14	5,237.48	1,574.47	1,531.23	1,618.07	1,487.63	3,749.85
Office Equipment given on lease	0.71	-	-	-	0.71	0.71	-	-	0.71	-
TOTAL	**486,905.11**	**21,139.08**	**44,259.06**	**12,196.64**	**540,106.61**	**41,534.79**	**44,733.02**	**11,770.83**	**74,496.98**	**465,609.63**
Capital work-in-progress										**15,759.50**

Notes:

1. Buildings include cost of service installations ₹17,844.72 lakhs.
2. A portion of the Buildings in Bhandara valued at ₹950 lakhs is on a land, the title for which is yet to be transferred to the Company. Further, the title of land and buildings acquired through business combination, which are in the name of the amalgamating company, are yet to be transferred in the name of the Company.
3. Cost of Buildings as at March 31, 2017 includes:
   a) ₹3.42 lakhs being cost of shares in Housing Co-operative Society representing ownership rights in residential flats and furniture and fittings thereat.
   b) ₹132.38 lakhs 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 ₹624.37 lakhs capitalised as under:

   Building ₹6.72 lakhs, Plant and equipment ₹617.52 lakhs, Furniture and fittings ₹0.47 lakhs, Vehicles and aircraft ₹1.46 lakhs, Office equipment ₹8.41 lakhs, Capital work-in-progress ₹(10.21) lakhs.
5. For details of assets given as security against borrowings, Refer Note 3.11(a) & 3.12.
6. For amount of contractual commitments for the acquisition of PPE, Refer Note 3.10(a).

1.2 INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

₹ Lakhs

DESCRIPTION	GROSS CARRYING AMOUNT (COST)					DEPRECIATION / AMORTISATION				NET CARRYING AMOUNT
Intangible assets	01.04.2017	Additions	Adjustments	Disposals	31.03.2018	Upto 31.03.2017	Charge during the year	Disposals	Upto 31.03.2018	31.03.2018
Computer software										
- Developed	9,487.65	-	-	-	9,487.65	2,665.08	1,332.54	-	3,997.62	5,490.03
- Acquired	5,254.52	3,965.64	-	-	9,220.16	2,780.52	1,272.94	-	4,053.46	5,166.70
Others										
Technical knowhow										
- Developed	16,519.80	-	-	-	16,519.80	4,142.04	2,037.77	-	6,179.81	10,339.99
- Acquired	14,418.97	-	(1.57)	37.03	14,380.37	4,622.12	2,133.40	37.03	6,718.49	7,661.88
TOTAL	**45,680.94**	**3,965.64**	**(1.57)**	**37.03**	**49,607.98**	**14,209.76**	**6,776.65**	**37.03**	**20,949.38**	**28,658.60**
Intangible assets under development										**18,831.03**

Notes:

1. Additions to Intangible assets and Intangible assets under development include:
   a) Exchange (gain) / loss aggregating to ₹30.15 lakhs capitalised as under :
      Software ₹24.92 lakhs, Technical Knowhow ₹(1.57) lakhs, Intangible assets under development ₹6.80 lakhs.
   b) Expenses capitalised ₹12,888.67 lakhs - Refer Notes 2.6, 2.7 and 2.9 to the standalone financial statements.
2. Intangible assets mainly include:
   a) Vehicle technology relating to design, emission - ₹10,173.22 lakhs
   b) Software for accounting / operations purpose - ₹8,570.76 lakhs
3. For amount of contractual commitments for the acquisition of intangible assets, Refer Note 3.10(a).

1.2 INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT (contd.)

₹ Lakhs

DESCRIPTION	GROSS CARRYING AMOUNT (COST)				DEPRECIATION / AMORTISATION				NET CARRYING AMOUNT
Intangible assets	01.04.2016	Additions	Disposals	31.03.2017	Upto 31.03.2016	Charge during the year	Disposals	Upto 31.03.2017	31.03.2017
Computer software									
- Developed	9,487.65	-	-	9,487.65	1,332.54	1,332.54	-	2,665.08	6,822.57
- Acquired	4,829.26	428.96	3.70	5,254.52	1,378.64	1,405.58	3.70	2,780.52	2,474.00
Others									
Technical knowhow									
- Developed	12,249.52	4,270.28	-	16,519.80	2,037.77	2,104.27	-	4,142.04	12,377.76
- Acquired	14,418.97	-	-	14,418.97	2,408.14	2,213.98	-	4,622.12	9,796.85
TOTAL	**40,985.40**	**4,699.24**	**3.70**	**45,680.94**	**7,157.09**	**7,056.37**	**3.70**	**14,209.76**	**31,471.18**
Intangible assets under development									**4,826.58**

Notes:

1. Additions to Intangible assets and Intangible assets under development include:
   a) Exchange (gain) / loss aggregating to ₹(47.01) lakhs capitalised as under :
   Software ₹(60.24) lakhs, Technical Knowhow ₹18.67 lakhs, Intangible assets under development ₹(5.44) lakhs.
   b) Expenses capitalised ₹6,908.95 lakhs - Refer Notes 2.6 and 2.9 to the standalone financial statements.
2. Intangible assets mainly include:
   a) Vehicle technology relating to design, emission - ₹11,818.84 lakhs
   b) Software for accounting / operations purpose - ₹9,296.57 lakhs
3. For amount of contractual commitments for the acquisition of intangible assets, Refer Note 3.10(a).

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

1.3 NON-CURRENT FINANCIAL ASSETS-INVESTMENTS

DESCRIPTION				As at March 31, 2018		As at March 31, 2017	
				Nos	₹Lakhs	Nos	₹Lakhs
A)	**Investments in Equity Instruments (unquoted)**						
	1)	**Subsidiaries (at cost)**					
		a)	**Equity Shares of ₹10 each**				
			Global TVS Bus Body Builders Limited	6,600,000	1,449.57	6,600,000	1,449.57
			HLF Services Limited	27,000	55.74	27,000	55.74
			Albonair (India) Private Limited	15,000,000	2,614.80	15,000,000	2,614.80
			Hinduja Leyland Finance Limited	282,311,000	141,642.53	235,749,382	92,267.08
			Ashok Leyland Vehicles Limited (formerly Ashok Leyland Nissan Vehicles Limited)	802,645,918	19,587.63	802,645,918	19,587.63
			Ashley Powertrain Limited (formerly Nissan Ashok Leyland Powertrain Limited)	209,100,419	7,404.67	209,100,419	7,404.67
			Ashok Leyland Technologies Limited (formerly Nissan Ashok Leyland Technologies Limited)	52,050,000	2,605.21	52,050,000	2,605.21
		b)	**Equity Shares of ₹100 each**				
			Gulf Ashley Motor Limited	2,761,428	2,793.59	2,761,428	2,793.59
		c)	**Equity Shares**				
			Optare PLC				
			Ordinary shares of British Pence 0.1 each	59,903,704,162	66,271.29	1,678,704,162	14,989.44
			Deferred shares of British Pence 0.9 each	195,557,828	-	195,557,828	-
		d)	**Equity shares of GBP 1 each**				
			Ashok Leyland (UK) Limited (since liquidated on April 10, 2018)	-	-	105,300	102.10
		e)	**Equity shares of Naira 1 each**				
			Ashok Leyland (Nigeria) Limited	9,999,999	35.71	9,999,999	35.71
		f)	**Equity shares of USD 20 each**				
			Ashok Leyland (Chile) S.A.	28,499	376.46	28,499	376.46
		g)	**Equity Shares of Euro 1 each**				
			Albonair GmbH	51,995,000	45,578.66	51,995,000	45,578.66
		h)	**Equity shares of UAE Dirhams of 1000 each**				
			Ashok Leyland (UAE) LLC	35,770	11,049.10	35,770	11,049.10
			(including beneficial interest of ₹5,641.19 lakhs)				
	2)	**Associates (at cost)**					
		a)	**Equity Shares of ₹10 each**				
			Ashok Leyland Defence Systems Limited	5,027,567	502.76	1,487,567	148.76
			Ashley Aviation Limited	1,960,000	196.00	1,960,000	196.00
			Mangalam Retail Services Limited	37,470	4.47	37,470	4.47
		b)	**Equity shares of Srilankan Rupees 10 each**				
			Lanka Ashok Leyland, PLC	1,008,332	57.46	1,008,332	57.46
	3)	**Joint Ventures (at cost)**					
		Equity Shares of ₹10 each					
		Hinduja Tech Limited		95,450,000	9,737.41	95,450,000	9,737.41
		Ashley Alteams India Limited		71,200,000	4,177.00	70,000,000	4,057.00
		Ashok Leyland John Deere Construction Equipment Company Private Limited		25,000,010	2,500.00	25,000,010	2,500.00
		Sub Total	**A**		**318,640.06**		**217,610.86**
	Less:	**Impairment in Value of Investments**					
		Ashok Leyland John Deere Construction Equipment Company Private Limited			2,500.00		2,500.00
		Optare PLC			41,497.16		14,989.44

1.3 NON-CURRENT FINANCIAL ASSETS - INVESTMENTS (CONTINUED)

DESCRIPTION		As at March 31, 2018		As at March 31, 2017	
		Nos	₹Lakhs	Nos	₹Lakhs
Albonair GmbH			22,072.80		22,072.80
Albonair (India) Private Limited			1,234.03		1,234.03
Ashok Leyland (UK) Limited (since liquidated on April 10, 2018)			-		68.03
Aggregate of Impairment in Value of Investments	**B**		**67,303.99**		**40,864.30**
Sub Total (C)	**(A-B)**		**251,336.07**		**176,746.56**
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	911.97	7,812,950	911.97
Chennai Willingdon Corporate Foundation (Cost ₹900)		100	0.01	100	0.01
Hinduja Energy (India) Limited		61,147,058	19,279.67	61,147,058	19,310.24
Chemplast Sanmar Limited		-	-	356,000	35.60
OPG Power Generation Private Limited		289,415	32.42	194,115	21.46
Kamachi Industries Limited		525,010	52.50	525,010	52.50
b) Equity shares of ₹100 each partly paid-up					
Adyar Property Holding Co.Limited (₹65 paid up)		300	0.20	300	0.20
Sub Total	**D**		**20,276.77**		**20,331.98**
Total Investments in Equity Instruments (net) (E)	**(C+D)**		**271,612.84**		**197,078.54**
B) Investments in Preference Shares (At Fair value through profit or loss)					
1) Associates					
Ashley Aviation Limited: 6% Non-Cumulative Redeemable Non-Convertible Preference shares of ₹10 each		4,000,000	265.83	4,000,000	247.53
6% Cumulative Redeemable Non-Convertible Preference shares of ₹10 each		1,800,000	173.59	1,800,000	156.71
Ashok Leyland Defence Systems Limited: 6% Non-Cumulative Redeemable Non-Convertible Preference shares of ₹10 each		10,000,000	454.97	10,000,000	434.28
2) Joint Ventures					
Hinduja Tech Limited: 1% Non-Cumulative Redeemable Non-Convertible Preference shares of ₹10 each		23,900,000	2,239.60	23,900,000	2,251.25
Total Investments in Preference Shares	**F**		**3,133.99**		**3,089.77**
Total	**(E+F)**		**274,746.83**		**200,168.31**

Notes:

₹Lakhs

1. Particulars	March 31, 2018	March 31, 2017
Aggregate value of unquoted investments	342,050.82	241,032.61
Aggregate value of impairment in value of investments	67,303.99	40,864.30

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 share holders agreement : [Also refer Note 3.10(c)]

	No of Shares
Hinduja Leyland Finance Limited	28,472,743

		As at March 31, 2018	As at March 31, 2017
		₹ Lakhs	₹ Lakhs
1.4	**NON-CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES**		
	(Unsecured, considered good)		
	Trade receivables	2.55	17.95
		2.55	**17.95**
	Note:		
	These are carried at amortised cost		
1.5	**NON-CURRENT FINANCIAL ASSETS - LOANS**		
	(Unsecured, considered good unless otherwise stated)		
	a) Security deposits	3,354.11	4,557.13
	b) Loans to related parties in foreign currency (Refer Note 3.8)		
	Considered good	-	-
	Considered doubtful	-	24,274.75
	Less: Allowance for doubtful loans	-	24,274.75
		3,354.11	**4,557.13**
	Notes:		
	1. These are carried at amortised cost.		
	2. Movement in allowance for doubtful loans is as follows:		
		March 2018	March 2017
	Opening	24,274.75	-
	Add: Additions	-	24,274.75
	Less: Utilisations / Reversals	24,274.75	-
	Closing	-	24,274.75

		As at March 31, 2018	As at March 31, 2017
		₹ Lakhs	₹ Lakhs
1.6	**NON-CURRENT - OTHER FINANCIAL ASSETS**		
	(Unsecured, considered good)		
	a) Other receivables*	786.54	786.54
	b) Revenue grants receivable	-	11,942.45
	c) Others		
	i. Employee advances	234.31	293.64
	ii. Other advances	1,419.73	629.43
		1,654.04	**923.07**
		2,440.58	**13,652.06**
	Of the Employee advances above,		
	Due from Directors / Officers	0.17	1.37
	*on sale of windmill undertaking of the Company.		
	Note:		
	These are carried at amortised cost.		
1.7	**NON - CURRENT - ADVANCE TAX ASSETS (NET)**		
	Advance income tax (net of provision)	5,999.32	11,105.68
		5,999.32	**11,105.68**

			As at March 31, 2018	As at March 31, 2017
			₹ Lakhs	₹ Lakhs
1.8	**OTHER NON-CURRENT ASSETS**			
	(Unsecured, considered good unless otherwise stated)			
	a)	Prepayments under operating leases	13,336.38	13,513.87
	b)	Capital Advances		
		Considered good	6,303.78	4,687.09
		Considered doubtful	66.63	153.12
		Less: Allowance for doubtful advances	66.63	153.12
			6,303.78	**4,687.09**
	c)	Balances with customs, port trust, central excise etc.		
		Considered good	142.90	484.50
		Considered doubtful	4,505.87	1,428.06
		Less: Allowance for doubtful amounts	4,505.87	1,428.06
			142.90	**484.50**
	d)	Others		
		i. Sales tax paid under protest	18,579.62	25,138.87
		ii. Other advances (includes prepaid expenses, etc.)	9,174.91	3,002.43
			27,754.53	**28,141.30**
			47,537.59	**46,826.76**

Note :

Movement in Allowance for doubtful amounts is as follows:

Particulars	March 2018	March 2017
Opening	1,428.06	1,428.06
Add: Additions*	3,077.81	-
Less: Utilisations / Reversals	-	-
Closing	4,505.87	1,428.06

* Includes allowance of ₹2,877.80 lakhs moved from current.

			As at March 31, 2018	As at March 31, 2017
			₹ Lakhs	₹ Lakhs
1.9	**INVENTORIES**			
	(a)	Raw materials and components	82,529.85	47,032.38
	(b)	Work-in-progress	37,570.14	116,843.94
	(c)	Finished goods	25,151.21	64,766.66
	(d)	Stock-in-trade		
		(i) Commercial vehicles	945.62	587.34
		(ii) Spare parts and auto components (including works made)	16,458.23	25,779.14
			17,403.85	**26,366.48**
	(e)	Stores, spares and consumable tools	8,332.46	8,093.26
			170,987.51	**263,102.72**
	Notes :			
	1.	Goods in transit included above are as below :		
		(a) Raw materials and components	3,444.35	4,716.18
		(b) Stock-in-trade		
		(i) Commercial vehicles	80.08	86.50
		(ii) Spares parts and auto components (including works made)	-	9.06
		(c) Stores spares and consumables tools	-	47.43

2. Amount of inventories recognised as an expense and write down of inventories during the year are ₹1,862,127.47 lakhs (2016-17: ₹1,397,338.57 lakhs).

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

		As at March 31, 2018		As at March 31, 2017	
		Units	₹ Lakhs	Units	₹ Lakhs
1.10	**CURRENT FINANCIAL ASSETS - INVESTMENTS**				
	(Unquoted)				
	Units in mutual funds *	61,147,461.29	305,515.85	154,635,883.00	87,717.23
			305,515.85		**87,717.23**
	Note:				
	*These are carried at fair value through profit or loss				

		As at March 31, 2018	As at March 31, 2017
		₹ Lakhs	₹ Lakhs
1.11	**CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES**		
	(Unsecured)		
	Trade receivables		
	Considered good		
	Related parties (Refer Note 3.8)	10,017.80	15,495.85
	Others	88,030.21	90,942.79
	Considered doubtful	6,294.08	4,837.32
		104,342.09	**111,275.96**
	Less: Allowance for doubtful debts	6,294.08	4,837.32
		98,048.01	**106,438.64**
	Notes :		
	1. Movement in Allowance for doubtful debts is as follows:		
	Particulars	March 2018	March 2017
	Opening	4,837.32	848.36
	Add: Pursuant to business combination	-	1,237.39
	Add: Additions	1,680.98	3,172.80
	Less: Utilisations / Reversals	224.22	421.23
	Closing	6,294.08	4,837.32
	2. These are carried at amortised cost.		

		As at March 31, 2018	As at March 31, 2017
		₹ Lakhs	₹ Lakhs
1.12	**A. CASH AND CASH EQUIVALENTS**		
	i) Balance with banks:		
	a) In current accounts	1,270.64	6,527.15
	b) In cash credit accounts	25,196.69	57,810.74
	c) In deposit accounts *	62,150.00	2,500.00
	ii) Cheques, drafts on hand	10,742.33	20,000.80
	iii) Cash and stamps on hand	12.25	22.42
		99,371.91	**86,861.11**
	B. BANK BALANCES OTHER THAN (A) ABOVE		
	i) Unclaimed dividend accounts (earmarked)	1,068.53	586.37
	ii) In deposit accounts #	-	3,750.00
		1,068.53	**4,336.37**
	* This represents deposits with original maturity of less than or equal to 3 months.		
	# This represents deposits with original maturity of more than 3 months and remaining maturity less than 12 months.		

			As at March 31, 2018 ₹ Lakhs	As at March 31, 2017 ₹ Lakhs
1.13	**CURRENT FINANCIAL ASSETS - LOANS**			
	(Unsecured, considered good)			
	a)	Security deposits	1,466.12	1,453.48
	b)	Loans to related parties in foreign currency (Refer Note 3.8)	404.04	346.46
	c)	Loan to others	540.00	347.50
			2,410.16	**2,147.44**
	Note:			
	These are carried at amortised cost.			
1.14	**CURRENT FINANCIAL ASSETS - OTHERS**			
	(Unsecured, considered good unless otherwise stated)			
	a)	Interest accrued :		
		- Loans to related parties (Refer Note 3.8)		
		Considered good	3.56	3.06
		Considered doubtful	-	139.32
		Less: Allowance for doubtful amount	-	139.32
			3.56	**3.06**
		- Others	154.88	133.64
	b)	Employee advances	1,729.19	1,676.80
	c)	Derivatives designated as hedging instruments carried at fair value	1,165.41	2,840.51
	d)	Receivable in respect of sale of non-current investment (in escrow bank account)	715.29	711.38
	e)	Related parties (Refer Note 3.8)		
		i. Advances in foreign currency	0.38	0.38
		ii. Other advances	277.56	3,192.47
			277.94	**3,192.85**
	f)	Unbilled revenue	2,257.70	2,170.26
	g)	Revenue grants receivable		
		Considered good	29,804.04	5,122.92
		Considered doubtful	1,559.72	173.71
			31,363.76	**5,296.63**
		Less: Allowance for doubtful receivable	1,559.72	173.71
			29,804.04	**5,122.92**
	h)	Others (includes expenses recoverable, etc.) :		
		Considered good	1,649.12	3,091.26
		Considered doubtful	79.27	-
			1,728.39	**3,091.26**
		Less: Allowance for doubtful amount	79.27	-
			1,649.12	**3,091.26**
			37,757.13	**18,942.68**
	Of the Employee advances above			
	Due from Directors / Officers		1.37	2.04
	Notes:			

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

Particulars	March 2018	March 2017
Opening	173.71	1,337.56
Add: Additions	1,386.01	-
Less: Utilisations / Reversals	-	1,163.85
Closing	1,559.72	173.71

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

		As at March 31, 2018	As at March 31, 2017
		₹ Lakhs	₹ Lakhs
1.15	**OTHER CURRENT ASSETS**		
	(Unsecured, considered good unless otherwise stated)		
	a) Prepayments under operating leases	168.32	168.34
	b) Advances to related parties (Refer Note 3.8)	44.24	204.62
	c) Supplier advances		
	Considered good	4,113.66	5,070.62
	Considered doubtful	102.96	2,962.43
		4,216.62	**8,033.05**
	Less: Allowance for doubtful advances	102.96	2,962.43
		4,113.66	**5,070.62**
	d) Balances with customs, port trust, central excise etc.		
	Considered good	52,447.60	7,683.94
	Considered doubtful	-	2,877.80
		52,447.60	**10,561.74**
	Less: Allowance for doubtful amounts #	-	2,877.80
		52,447.60	**7,683.94**
	(e) Others*	15,048.08	15,038.70
		71,821.90	**28,166.22**
	# Allowance of ₹2,877.80 Lakhs moved to non-current.		
	* Include:		
	- Input tax credit recoverable		
	- Value Added Tax / Sales Tax	194.73	4,953.00
	- Service tax	-	1,587.75
	- Entry tax	-	2,376.90
	- Sales tax paid under protest	7,226.14	-
	- Prepaid expenses	7,439.75	4,220.18
	Movement in Allowance for doubtful advances is as follows:		
	Particulars	March 2018	March 2017
	Opening	2,962.43	131.68
	Add: Pursuant to business combination	-	2,858.76
	Add: Additions	-	-
	Less: Utilisations / Reversals	2,859.47	28.01
	Closing	102.96	2,962.43

		As at March 31, 2018	As at March 31, 2017
		₹ Lakhs	₹ Lakhs
1.16A	**ASSETS CLASSIFIED AS HELD FOR SALE**		
	Property, plant and equipment - Freehold land at Hyderabad	-	12,300.00
		-	**12,300.00**
1.16B	**LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE**		
	Liabilities directly associated with assets classified as held for sale	-	15.00
		-	**15.00**

Note:

Freehold land at Hyderabad of ₹12,300 lakhs was vested with the Company during the previous year pursuant to business combination of erstwhile Hinduja Foundries Limited. This has been reclassified to Property, Plant and Equipment as the Company is in the process of identification of a potential buyer. The associated liabilities have been accordingly reclassified to other current financial liabilities.

			As at March 31, 2018	As at March 31, 2017
			₹ Lakhs	₹ Lakhs
1.17	**EQUITY SHARE CAPITAL**			
	Authorised			
		27,856,000,000 (March 2017: 27,856,000,000) Equity shares of ₹1 each	278,560.00	278,560.00
			278,560.00	**278,560.00**
	Issued			
	a)	2,280,789,621 (March 2017: 2,199,766,829) Equity shares of ₹1 each	22,807.90	21,997.67
	b)	646,314,480 (March 2017: 646,314,480) Equity shares of ₹1 each issued through Global Depository Receipts	6,463.14	6,463.14
			29,271.04	**28,460.81**
	Subscribed and fully paid up			
	a)	2,280,789,621 (March 2017: 2,199,562,154) Equity shares of ₹1 each	22,807.90	21,995.62
	b)	646,314,480 (March 2017: 646,314,480) Equity shares of ₹1 each issued through Global Depository Receipts	6,463.14	6,463.14
			29,271.04	**28,458.76**
		Add: Forfeited shares (amount originally paid up in respect of 760 shares)	0.04	0.04
			29,271.08	**28,458.80**
	Notes:			
	1.	**Reconciliation of number of equity shares subscribed**	March 2018	March 2017
		Balance as at the beginning of the year	2,845,876,634	2,845,876,634
		Add: Issued during the year pursuant to business combination (Refer Note 3.18)	80,658,292	-
		Issued during the year (Refer Note 3.4)	569,175	-
		Balance as at end of the year	2,927,104,101	2,845,876,634

2. **Shares issued in preceding 5 years**

   a) Hinduja Foundries Limited (amalgamating company) merged with the Company effective October 1, 2016 pursuant to the order received from National Company Law Tribunal on April 24, 2017. Consequently, 80,658,292 equity shares of ₹1 each of the Company has been allotted on June 13, 2017 as fully paid up to the shareholders of the amalgamating company.

   b) The Company allotted 569,175 equity shares pursuant to the exercise of options under Employee Stock Option Scheme. For Information relating to Employees Stock Option Plan including details of options outstanding as at March 31, 2018 - Refer Note 3.4.

3. As on March 31, 2018, there are 352,201,640 (March 2017: 352,245,640) equity shares representing the outstanding Global Depository Receipts (GDRs). The balance GDRs have been converted into equity shares.

4. **Shares held by the Holding Company**

   Hinduja Automotive Limited, the holding company, holds 1,164,332,742 (March 2017: 1,104,646,899) Equity shares and 5,486,669 (March 2017: 5,486,669) Global Depository Receipts (GDRs) equivalent to 329,200,140 (March 2017: 329,200,140) Equity shares of ₹1 (March 2017: ₹1) each aggregating to 51.02% (March 2017: 50.38%) of the total share capital.

5. **Shareholders other than the Holding Company holding more than 5% of the equity share capital**

   Nil

6. **Rights, preferences and restrictions in respect of equity shares and GDRs issued by the Company**

   a) The Equity share holders are entitled to receive dividends as and when declared; a right to vote in proportion to holding etc. and their rights, preferences and restrictions are governed by / in terms of their issue under the provisions of the Companies Act, 2013.

   b) The rights, preferences and restrictions of the GDR holders are governed by the terms of their issue, and the provisions of the Companies Act, 2013. Each GDR holder is entitled to receive 60 equity shares [March 2017: 60 equity shares] of ₹1 each, per GDR, and their voting rights can be exercised through the Depository.

7. Cancellation of 204,675 unsubscribed equity shares of ₹1 each was approved by the Board of Directors at the meeting held on May 25, 2017.

			As at March 31, 2018	As at March 31, 2017
			₹ Lakhs	₹ Lakhs
1.18	**OTHER EQUITY**	**Note**		
	Shares Pending Allotment	A	-	806.58
	Capital Reserve	B	26,386.42	26,386.42
	Securities Premium Reserve	C, J	190,095.21	189,645.56
	Capital Redemption Reserve	J	333.33	333.33
	Debenture Redemption Reserve	D	3,750.00	10,000.00
	Share Options Outstanding Account	E	6,878.85	1,811.52
	General Reserve	F, J	95,424.15	95,211.11
	Cash Flow Hedge Reserve	G, J	381.32	1,675.46
	Foreign Currency Monetary Item Translation Difference	H	(776.79)	(1,149.49)
	Retained Earnings	I, J	364,736.18	259,427.47
			687,208.67	**584,147.96**
	Refer "Statement of Changes in Equity" for additions / deletions in each reserve.			

Notes:

A. Shares pending allotment in previous year represents equity shares to be issued pursuant to business combination i.e. the scheme of amalgamation of Hinduja Foundries Limited with the Company. (Refer Note 3.18)

B. Capital reserve represents reserve created pursuant to the business combinations upto year end.

C. Securities premium reserve represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act, 2013 (the Act) for specified purposes.

D. Debenture redemption reserve represents reserve created out of profit / retained earnings at specified value of debentures to be redeemed.

E. Share options outstanding account relates to stock options granted by the Company to employees under an employee stock options plan. (Refer Note 3.4)

F. General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, bonus issue, etc.

G. Cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated in this reserve are reclassified to profit or loss only when the hedged transaction affects the profit or loss.

H. Foreign currency monetary items translation difference represents exchange differences on translation of long term foreign currency monetary items at rates different from those at which they were initially recorded in so far as they do not relate to acquisition of depreciable asset. These exchange differences in respect of borrowings upto March 31, 2016 are amortised by recognition as income or expense in each year over the balance term till settlement occurs but not beyond March 31, 2020.

I. In respect of the year ended March 31, 2018, the Board of Directors has proposed a dividend of ₹2.43 per equity share (March 2017: ₹1.56 per equity share) subject to approval by the shareholders at the ensuing Annual General Meeting after which dividend would be accounted and paid out of the retained earnings available for distribution in accordance with the provisions of the Act. Revaluation reserve transferred to retained earnings on transition date may not be available for distribution.

J. Pursuant to the business combination during the previous year referred to above, the reserves and surplus of the amalgamating company as on October 1, 2016 have been taken over at the carrying values.

			As at March 31, 2018 ₹ Lakhs	As at March 31, 2017 ₹ Lakhs
1.19	**NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS**			
	a)	Secured borrowings		
		i. Debentures	-	14,971.63
		ii. Term loan from banks	-	25,541.79
	b)	Unsecured borrowings		
		i. External commercial borrowings from banks	31,428.05	63,224.73
		ii. Interest free sales tax loans	10,140.67	10,894.04
			41,568.72	**1,14,632.19**

Notes :

1. These are carried at amortised cost.
2. Refer Note 1.26 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 2017: 36,500,000) Non-Cumulative Redeemable Non-Convertible Preference Shares of ₹10 each valuing ₹3,650 lakhs (March 2017: ₹3,650 lakhs) and 77,000,000 (March 2017: 77,000,000) Non-Convertible Redeemable Preference Shares of ₹100 each valuing ₹77,000 lakhs (March 2017: ₹77,000 lakhs). No preference shares has been issued during the year.

1.20	**NON-CURRENT - OTHER FINANCIAL LIABILITIES**			
	a)	Capital creditors	29.16	-
	b)	Derivatives not designated in hedging relationship	-	4,721.68
	c)	Others	114.67	-
			143.83	**4,721.68**

Note:

These (except derivatives) are carried at amortised cost. Derivatives are carried at fair value through profit or loss.

1.21	**NON-CURRENT PROVISIONS**			
	a)	Provision for employee benefits		
		i. Compensated absences	7,580.43	6,480.63
		ii. Others including post retirement benefits	5,386.96	4,119.06
	b)	Others		
		i. Product warranties	10,783.10	2,655.69
		ii. Others (including litigation matters)	1,754.14	-
			25,504.63	**13,255.38**

Note:

Movement in Provision for product warranties is as follows :

	March 2018	March 2017
Opening	2,655.69	2,323.96
Add: Additions (net of utilisations)	8,127.41	331.73
Closing	10,783.10	2,655.69

This provision is recognised once the products are sold. The estimated provision takes into account historical information, frequency and average cost of warranty claims and the estimate regarding possible future incidence of claims. The provision for warranty claims represents the present value of management's best estimate of the future economic benefits. The outstanding provision for product warranties as at the reporting date is for the balance unexpired period of the respective warranties on the various products which range from 1 to 24 months.

Movement in Provision for others (including litigation matters) is as follows :

	March 2018	March 2017
Opening	-	-
Add: Additions	1,754.14	-
Less: Utilisations / Reversals	-	-
Closing	1,754.14	-

		As at March 31, 2018	As at March 31, 2017
		₹ Lakhs	₹ Lakhs
1.22	**DEFERRED TAX LIABILITIES (NET)**		
	a) Deferred tax liabilities	72,584.81	74,104.87
	b) Deferred tax (assets)	(42,745.95)	(61,414.66)
		29,838.86	**12,690.21**

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 ₹35,392.99 Lakhs (March 2017: ₹55,361.19 Lakhs).

		As at March 31, 2018	As at March 31, 2017
1.23	**OTHER NON-CURRENT LIABILITIES**		
	Income received in advance	20,374.22	3,926.36
		20,374.22	**3,926.36**
1.24	**CURRENT FINANCIAL LIABILITIES - BORROWINGS**		
	Secured borrowings		
	Loans from banks	-	1,363.78
	(Includes cash credit, packing credit, etc)		
	Short term loans from banks	10,000.00	18,500.00
		10,000.00	**19,863.78**

Notes:

1. These are carried at amortised cost.
2. Commercial paper - maximum balance outstanding during the year is ₹150,000 Lakhs (March 2017: ₹80,000 Lakhs).
3. Net debt reconciliation:

	As at March 31, 2018	As at March 31, 2017
Cash and cash equivalents	99,371.91	86,861.11
Liquid investments	3,05,515.85	87,717.23
Current borrowings	(10,000.00)	(19,863.78)
Non-current borrowings	(92,043.19)	(1,98,127.36)
Derivative Asset / (Liability)	(3,988.42)	(15,661.03)
Net debt	**2,98,856.15**	**(59,073.83)**

	Other assets		Liabilities from financing activities			Total
	cash and bank overdraft	Liquid investments	Non-current borrowings	Current borrowings	Derivative Asset / (Liability)	
Net debt as at March 31, 2017	86,861.11	87,717.23	(198,127.36)	(19,863.78)	(15,661.03)	(59,073.83)
Cash flows	12,494.00	213,461.23	105,502.74	9,863.78	11,633.48	352,955.23
Foreign exchange adjustments	16.80	-	(780.54)	-	-	(763.74)
Profit / (loss) on sale of liquid investments (net)	-	3,821.56	-	-	-	3,821.56
Interest expense	-	-	(5,233.25)	(8,046.55)	-	(13,279.80)
Interest paid	-	-	6,595.22	8,046.55	-	14,641.77
Other non-cash movements						
- Fair value adjustments	-	515.83	-	-	39.13	554.96
Net debt as at March 31, 2018	**99,371.91**	**305,515.85**	**(92,043.19)**	**(10,000.00)**	**(3,988.42)**	**298,856.15**

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, 2018 ₹ Lakhs	As at March 31, 2017 ₹ Lakhs
1.25	**CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES**			
	Trade payables - including acceptances			
	Total outstanding dues of micro enterprises and small enterprises		1,196.76	716.37
	[Refer Note 3.15]			
	Total outstanding dues of creditors other than micro enterprises and small enterprises		464,664.86	310,982.76
			465,861.62	**311,699.13**
	Note:			
	These are carried at amortised cost.			
1.26	**CURRENT - OTHER FINANCIAL LIABILITIES**			
	a)	Current maturities of long-term debts	48,663.01	79,989.28
	b)	Interest accrued but not due on borrowings	1,597.45	2,959.42
	c)	Unclaimed dividends	1,068.53	586.37
	d)	Employee benefits	28,783.43	27,328.63
	e)	Capital creditors	10,355.89	3,615.86
	f)	Derivatives not designated in hedging relationships	3,988.42	10,939.35
	g)	Derivatives designated in hedging relationships	586.07	336.21
	h)	Book overdraft in cash credit accounts	-	66.62
	i)	Others*	69,751.61	71,551.69
			164,794.41	**197,373.43**
	* Include:			
	Accrued expenses / liabilities		68,863.32	70,663.73

Notes:

1. Refer Note 3.11 for security and terms of the borrowings.
2. These (except derivatives) are carried at amortised cost. Derivatives are carried at fair value through profit or loss / other comprehensive income.

			As at March 31, 2018 ₹ Lakhs	As at March 31, 2017 ₹ Lakhs
1.27	**OTHER CURRENT LIABILITIES**			
	a)	Income received in advance	10,050.20	3,198.01
	b)	Advance from customers	81,014.58	21,524.63
	c)	Statutory liabilities	22,407.47	31,427.60
	d)	Accrued gratuity	6,812.39	4,378.05
	e)	Others	975.10	864.01
			121,259.74	**61,392.30**
1.28	**CURRENT PROVISIONS**			
	a)	Provision for employee benefits		
		i. Compensated absences	1,217.01	1,316.07
		ii. Others including post retirement benefits	3,198.19	1,950.71
	b)	Others		
		i. Product warranties	24,747.72	17,071.30
		ii. Obligations	28,100.00	28,100.00
		iii. Others (including litigation matters)	4,360.51	3,392.89
			61,623.43	**51,830.97**

1.28 CURRENT PROVISIONS (CONTINUED)

Notes:

1. Movement in Provision for product warranties is as follows :

	March 2018	March 2017
	₹ Lakhs	₹ Lakhs
Opening	17,071.30	15,318.55
Add: Additions (net of utilisations)	7,676.42	1,752.75
Closing	24,747.72	17,071.30

This provision is recognised once the products are sold. The estimated provision takes into account historical information, frequency and average cost of warranty claims and the estimate regarding possible future incidence of claims. The provision for warranty claims represents the present value of management's best estimate of the future economic benefits. The outstanding provision for product warranties as at the reporting date is for the balance unexpired period of the respective warranties on the various products which range from 1 to 24 months.

2. Movement in Provision for obligations (including Optare Plc.,) is as follows :

	March 2018	March 2017
Opening	28,100.00	2,500.00
Add: Additions	-	28,100.00
Less: Utilisations / Reversals	-	(2,500.00)
Closing	28,100.00	28,100.00

3. Movement in Provision for others (including litigation matters) is as follows :

	March 2018	March 2017
Opening	3,392.89	2,456.71
Add: Additions	3,111.06	936.18
Less: Utilisations / Reversal	2,143.44	-
Closing	4,360.51	3,392.89

		Year ended March 31, 2018	Year ended March 31, 2017
		₹ Lakhs	₹ Lakhs
2.1 REVENUE FROM OPERATIONS			
a) Sale of products			
- Commercial vehicles			
Manufactured		2,160,266.03	1,778,409.70
Traded		145,681.73	108,813.13
- Engines and gensets		42,966.47	40,696.80
- Ferrous castings and patterns		51,254.20	23,904.38
- Spare parts and others		198,031.59	169,385.61
	(A)	**2,598,200.02**	**2,121,209.62**
b) Revenue from services	(B)	23,055.50	20,097.65
c) Other operating revenues			
- Contract manufacturing		14,898.11	10,797.29
- Grant income		20,716.21	-
- Export incentives		8,325.02	7,027.99
- Scrap sales		9,984.92	8,246.38
- Others including recoveries (freight, etc.)		17,487.55	13,783.89
	(C)	**71,411.81**	**39,855.55**
	(A+B+C)	**2,692,667.33**	**2,181,162.82**
Less: Rebates and discounts		40,216.14	35,848.49
		2,652,451.19	**2,145,314.33**

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

				Year ended March 31, 2018 ₹ Lakhs	Year ended March 31, 2017 ₹ Lakhs
2.2	**OTHER INCOME**				
	a)	Interest income from			
		i.	Loans to related parties (Refer Note 3.8)	1,421.61	1,789.35
		ii.	Others	3,972.52	4,991.96
				5,394.13	**6,781.31**
	b)	Dividend income from			
		Non-current investments (Refer Note 3.8)		128.77	115.87
	c)	Profit / (loss) on sale of investments - net			
		i.	Current investments	3,821.56	2,261.28
		ii.	Non-current investments	-	45.71
				3,821.56	**2,306.99**
	d)	Other non-operating income			
		i.	Profit on sale of Property, Plant and Equipment (net)	302.14	803.36
		ii.	Foreign exchange gain (net)	5,568.23	918.40
		iii.	Net gain / (loss) arising on financial asset mandatorily measured at FVTPL	529.48	(785.49)
		iv.	Others	3,232.16	3,486.57
				9,632.01	**4,422.84**
				18,976.47	**13,627.01**
2.3	**COST OF MATERIALS CONSUMED**				
	a)	Forgings and castings		141,018.37	119,170.43
	b)	Plates, sheets, bars, steel tubes and angles		117,236.72	95,637.29
	c)	Tyres, tubes and flaps		156,274.89	146,045.39
	d)	Finished and other items		1,124,275.89	957,507.01
				1,538,805.87	**1,318,360.12**
	Less: Cash discount earned			4,021.84	3,480.46
				1,534,784.03	**1,314,879.66**
2.4	**PURCHASES OF STOCK-IN-TRADE**				
	a)	Commercial vehicles		132,843.42	99,921.14
	b)	Spare parts and auto components		66,648.14	58,418.23
				199,491.56	**158,339.37**
2.5	**CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS**				
	Changes in inventories				
		-	Finished goods and stock-in-trade	48,578.08	23,324.85
		-	Work-in-progress	79,273.80	(99,205.31)
		Net change		**127,851.88**	**(75,880.46)**
2.6	**EMPLOYEE BENEFITS EXPENSE**				
	a)	Salaries and wages		150,837.31	124,631.33
	b)	Contribution to provident and other funds		9,845.78	9,000.54
	c)	Share based payments costs*		5,280.37	1,811.52
	d)	Staff welfare expenses		18,125.66	14,885.76
				184,089.12	**150,329.15**
	Less: Expenses capitalised			2,896.88	2,324.01
				181,192.24	**148,005.14**

* For share options given by the Company to employees under employee stock option plan (Refer Note 3.4).

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

					Year ended March 31, 2018 ₹ Lakhs	Year ended March 31, 2017 ₹ Lakhs
2.7	**FINANCE COSTS**					
	Interest expense				13,612.26	15,537.87
	Less: Expenses capitalised				487.67	-
					13,124.59	**15,537.87**
	Note:					
	1	The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Company's general borrowings during the year - 5.31% (March 31, 2017 - Nil).				
2.8	**DEPRECIATION AND AMORTISATION EXPENSE**					
	A)	**Property, plant and equipment**				
		(i)	Buildings		5,913.23	5,293.93
		(ii)	Plant and equipment		38,381.72	35,587.17
		(iii)	Furniture and fittings		712.36	798.31
		(iv)	Vehicles		1,517.03	845.23
		(v)	Office equipment		1,482.13	1,531.23
		(vi)	Assets given on lease			
			- Buildings		23.66	22.99
			- Plant and equipment		0.28	0.28
			- Aircraft		649.34	649.34
			- Furniture and fittings		4.54	4.54
				(A)	**48,684.29**	**44,733.02**
	B)	**Intangible assets**				
		(i)	Computer software			
			- Developed		1,332.54	1,332.54
			- Acquired		1,272.94	1,405.58
		(ii)	Technical knowhow			
			- Developed		2,037.77	2,104.27
			- Acquired		2,133.40	2,213.98
				(B)	**6,776.65**	**7,056.37**
				(A + B)	**55,460.94**	**51,789.39**
2.9	**OTHER EXPENSES**					
	(a)	Consumption of stores and tools			10,829.12	9,167.56
	(b)	Power and fuel			22,874.20	16,872.53
	(c)	Rent			2,437.36	2,137.84
	(d)	Repairs and maintenance				
		-	Buildings		5,740.43	5,124.33
		-	Plant and machinery		18,001.84	14,923.24
	(e)	Insurance			2,776.86	1,258.29
	(f)	Rates and taxes, excluding taxes on income			4,133.14	5,249.06
	(g)	Research and development			12,318.95	8,416.99
	(h)	Service and product warranties			47,688.22	27,398.90
	(i)	Packing and forwarding charges			77,108.79	69,969.63
	(j)	Selling and administration expenses - net			93,885.82	74,943.70
	(k)	Annual maintenance contracts			16,409.13	14,843.84
	(l)	Impairment loss allowance / write off on trade receivable / advances / grant income receivable (net)			2,873.27	2,694.70
					317,077.13	**253,000.61**
	Less: Expenses capitalised				9,504.12	4,584.94
					307,573.01	**248,415.67**

			Year ended March 31, 2018 ₹ Lakhs	Year ended March 31, 2017 ₹ Lakhs
2.9	**OTHER EXPENSES (CONTINUED)**			
	Note:			
	Selling and administration expenses include:			
	-	Directors' sitting fees	81.90	98.20
	-	Commission to Non Whole-time Directors	1,219.00	1,076.00
	-	CSR Expenditure (Refer Note 3.17)	1,566.79	833.54
2.10	**EXCEPTIONAL ITEMS**			
	a)	Impairment reversal / (loss) in the value of investments		
		- Ashok Leyland Vehicles Limited (formerly Ashok Leyland Nissan Vehicles Limited)	-	19,587.63
		- Ashley Powertrain Limited (formerly Nissan Ashok Leyland Powertrain Limited)	-	7,404.67
		- Ashok Leyland Technologies Limited (formerly Nissan Ashok Leyland Technologies Limited)	-	2,605.21
		- Ashok Leyland (UK) Limited (since liquidated on April 10, 2018)	68.03	(68.03)
		- Optare PLC	(26,507.72)	-
		- Albonair (India) Private Limited	-	(705.32)
		- Albonair GmbH	-	(11,394.67)
			(26,439.69)	**17,429.49**
	b)	Impairment reversal / (loss) allowance on loans (including interest)		
		- Optare PLC	24,237.15	(24,414.08)
	c)	Provision for obligations		
		- Optare PLC	-	(28,100.00)
	d)	Effect of translation difference on conversion of loan to equity instrument in subsidiary		
		- Optare PLC	1,013.65	-
	e)	(Loss) on sale of investments		
		- Ashok Leyland (UK) Limited (since liquidated on April 10, 2018)	(67.71)	-
			(1,256.60)	**(35,084.59)**
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		67,727.21	31,371.90
			67,727.21	**31,371.90**
	Deferred tax			
	In respect of the current year		(1,210.99)	(20,671.00)
	Adjustments to deferred tax attributable to changes in tax rates and laws		296.36	-
			(914.63)	**(20,671.00)**
	Total income tax expense recognised in profit or loss		**66,812.58**	**10,700.90**
3.1.2	**Income tax expense for the year reconciled to the accounting profit:**			
	Profit before tax		**223,071.54**	**133,008.62**
	Income tax rate		34.608%	34.608%
	Income tax expense		77,200.60	46,031.62
	Effect of income that is exempt from taxation		(0.02)	(0.31)
	Effect of income that is taxed at lower rate		(22.29)	
	Effect of tax losses and tax offsets recognised upon amalgamation		-	(34,851.40)
	Effect of previously unrecognised and unused tax losses and deductible temporary differences		(1,322.57)	(857.76)
	Effect of different tax rates of branches operating in overseas jurisdictions		-	44.90
	Effect of concessions and other allowances (including tax holiday and weighted deduction for research and development expenditure)		(14,169.37)	(21,748.28)
	Effect of exceptional items, disallowances and reversals –net		4,829.87	22,082.13
	Effect on deferred tax balances due to the change in income tax rate from financial year 2017-18 at 34.608% to financial year 2018-19 at 34.944%		296.36	-
	Income tax expense recognised in profit or loss		**66,812.58**	**10,700.90**

		Year ended March 31, 2018	Year ended March 31, 2017
		₹ Lakhs	₹ Lakhs
3.1.3	**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	(226.76)	(921.90)
	Remeasurement of defined benefit obligation	1,209.78	63.92
		983.02	**(857.98)**
	Arising on income and expenses reclassified from equity to profit or loss:		
	Relating to cash flow hedges	921.90	407.20
		921.90	**407.20**
	Total income tax recognised in other comprehensive income	**1,904.92**	**(450.78)**

3.1.4 Analysis of deferred tax assets / liabilities:

₹ Lakhs

March 31, 2018	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Utilisation of unused tax credits	Closing balance
Deferred tax (liabilities)/assets in relation to:					
PPE and intangible assets	(71,350.78)	(957.89)	-	-	(72,308.67)
Voluntary retirement scheme compensation	2,325.86	(994.80)	-	-	1,331.06
Expenditure allowed upon payments	3,727.61	1,084.51	1,209.78	-	6,021.90
Unused tax credit (MAT credit entitlement)	55,361.19	-	-	(19,968.20)	35,392.99
Cash flow hedges	(921.90)	-	695.14	-	(226.76)
Other temporary differences	(1,832.19)	1,782.81	-	-	(49.38)
	(12,690.21)	**914.63**	**1,904.92**	**(19,968.20)**	**(29,838.86)**

March 31, 2017	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Utilisation of unused tax credits	Closing balance
Deferred tax (liabilities)/assets in relation to:					
PPE and intangible assets	(69,573.83)	(1,776.95)	-	-	(71,350.78)
Voluntary retirement scheme compensation	663.52	1,662.34	-	-	2,325.86
Expenditure allowed upon payments	2,357.85	1,305.84	63.92	-	3,727.61
Unused tax credit (MAT credit entitlement)	39,367.11	15,994.08	-	-	55,361.19
Cash flow hedges	(407.20)	-	(514.70)	-	(921.90)
Other temporary differences	(5,317.87)	3,485.69	-	-	(1,832.19)
	(32,910.42)	**20,671.00**	**(450.78)**	**-**	**(12,690.21)**

Deferred 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, 2018	As at March 31, 2017
		₹ Lakhs	₹ Lakhs
3.1.5	**Unrecognised deductible temporary differences, unused tax losses and unused tax credits**		
	- Unused tax losses (capital)	31,890.38	35,602.70

Note:

1. These will expire in various years upto 2025-26.

3.2 Retirement benefit plans

3.2.1 Defined contribution plans

Eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions are made to the provident fund and pension fund set up as irrevocable trusts by the Company. The interest rates declared and credited by trusts to the members have been higher than the statutory rate of interest declared by the Central Government and there have been no shortfalls on this account. To the extent of interest rate guarantee it is classifed as defined benefit plan. The Company also has a superannuation plan.

The total expense recognised in profit or loss of ₹8,797.85 lakhs (2016-2017: ₹7,669.25 lakhs) represents contribution paid/ payable to these plans by the Company at rates specified in the plan.

3.2.2 Defined benefit plans

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation. The Company makes annual contributions to a funded gratuity scheme administered by the Life Insurance Corporation of India.

Company's liability towards gratuity (funded), provident fund (interest guarantee), other retirement benefits and compensated absences are actuarially determined at the end of each semi-annual period using the projected unit credit method as applicable.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit.
Interest rate risk	A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

		As at March 31, 2018	As at March 31, 2017
		₹ Lakhs	₹ Lakhs
3.2.3	**The principal assumptions used for the purposes of the actuarial valuations were as follows:**		
	Gratuity		
	Discount rate	7.68%	7.50%
	Expected rate of salary increase	4.50%	3.25%
	Average Longevity at retirement age - past service	15.90	16.50
	Average Longevity at retirement age - future service	11.80	11.50
	Attrition rate	3.00%	3.00%
	Compensated absences		
	Discount rate	7.68%	7.50%
	Expected rate of salary increase	4.50%	3.25%
	Attrition rate	3.00%	3.00%
	Other defined benefit plans		
	Discount rate	7.68%	7.50%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

3.2 Retirement benefit plans (Continued)

		Year ended March 31, 2018	Year ended March 31, 2017
		₹ Lakhs	₹ Lakhs
3.2.4	**Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:**		
	Gratuity		
	Current service cost	1,262.78	1,183.89
	Net interest expense / (income)	133.19	90.88
	Components of defined benefit costs recognised in profit or loss	**1,395.97**	**1,274.77**
	Remeasurement on the net defined benefit liability comprising:		
	Actuarial (gain)/loss arising from changes in financial assumptions	2,287.50	519.09
	Actuarial (gain)/loss arising from experience adjustments	1,119.26	(236.94)
	Actuarial gain/(loss) on plan assets	55.28	(97.45)
	Components of defined benefit costs recognised in other comprehensive income	**3,462.04**	**184.70**
	Total	**4,858.01**	**1,459.47**
	Compensated absences and other defined benefit plans		
	Current service cost	1,051.19	1,181.64
	Net interest expense	568.70	543.50
	Actuarial (gain)/loss arising from changes in financial assumptions	721.05	204.77
	Actuarial (gain)/loss arising from experience adjustments	206.41	89.04
	Components of defined benefit costs recognised in profit or loss	**2,547.35**	**2,018.95**

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 2.6)

		As at March 31, 2018	As at March 31, 2017
		₹ Lakhs	₹ Lakhs
3.2.5	**The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:**		
	Gratuity		
	Present value of defined benefit obligation	27,767.95	24,586.95
	Fair value of plan assets	22,281.53	21,941.87
	Net liability arising from defined benefit obligation (funded) *	**5,486.42**	**2,645.08**
	Compensated absences and other defined benefit plans		
	Present value of defined benefit obligation	9,434.68	8,390.99
	Fair value of plan assets	-	-
	Net liability arising from defined benefit obligation (unfunded)	**9,434.68**	**8,390.99**

*Excludes ₹1,325.97 lakhs (March 2017: ₹1,732.97 lakhs) relating to liability for retiring employees for the current year.

Gratuity is reflected in "Accrued gratuity" under other current liabilities and compensated absences is reflected in "Provision for employee benefits" under provisions. [Refer Notes 1.21,1.27 and 1.28]

		Year ended March 31, 2018	Year ended March 31, 2017
		₹ Lakhs	₹ Lakhs
3.2.6	**Movements in the present value of the defined benefit obligation were as follows:**		
	Gratuity		
	Opening defined benefit obligation	24,586.95	21,884.14
	Pursuant to business combination	-	3,090.72
	Current service cost	1,262.78	1,183.89
	Interest cost	1,736.70	1,698.91
	Actuarial (gain)/loss arising from changes in financial assumptions	2,287.50	519.09
	Actuarial (gain)/loss arising from experience adjustments	1,119.26	(236.94)
	Benefits paid	(3,225.24)	(3,552.86)
	Closing defined benefit obligation	**27,767.95**	**24,586.95**

3.2 Retirement benefit plans (Continued)

		Year ended March 31, 2018	Year ended March 31, 2017
		₹ Lakhs	₹ Lakhs
	Compensated absences and other defined benefit plans		
	Opening defined benefit obligation	8,390.99	7,434.73
	Pursuant to business combination	-	224.10
	Current service cost	1,051.19	1,181.64
	Interest cost	568.70	543.50
	Actuarial (gain)/loss arising from changes in financial assumptions	721.05	204.77
	Actuarial (gain)/loss arising from experience adjustments	206.41	89.04
	Benefits paid	(1,503.66)	(1,286.79)
	Closing defined benefit obligation	**9,434.68**	**8,390.99**
3.2.7	**Movements in the fair value of the plan assets were as follows:**		
	Gratuity		
	Opening fair value of plan assets	21,941.87	20,504.52
	Pursuant to business combination	-	881.70
	Interest on plan assets	1,603.51	1,608.03
	Remeasurements due to Actual return on plan assets less interest on plan assets	(55.28)	97.45
	Contributions	2,016.67	2,403.03
	Benefits paid	(3,225.24)	(3,552.86)
	Closing fair value of plan assets	**22,281.53**	**21,941.87**

The Company funds the cost of the gratuity expected to be earned on a yearly basis to Life Insurance Corporation of India, which manages the plan assets.

The actual return on plan assets was ₹1,548.23 lakhs (2016-17: ₹1,705.48 lakhs).

		As at March 31, 2018	As at March 31, 2017
		₹ Lakhs	₹ Lakhs
3.2.8	**Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period.**		
	Gratuity		
	If the discount rate is 50 basis points higher/lower, the defined benefit obligation would:		
	decrease by	917.54	753.66
	increase by	973.01	797.08
	If the expected salary increases/decreases by 50 basis points, the defined benefit obligation would:		
	increase by	1,020.67	839.06
	decrease by	969.96	798.34
	Compensated absences		
	If the discount rate is 50 basis points higher/lower, the defined benefit obligation would:		
	decrease by	327.26	262.25
	increase by	350.20	279.69
	If the expected salary increases/decreases by 50 basis points, the defined benefit obligation would:		
	increase by	359.45	289.82
	decrease by	338.44	273.62

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of each reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from previous year.

The Company expects to make a contribution of ₹6,812.39 lakhs (March 2017: ₹4,378.05 lakhs) to the defined benefit plans (gratuity - funded) during the next financial year.

The average duration of the benefit obligation (gratuity) is 7.4 years (March 2017: 6.7 years).

3.2 Retirement benefit plans (Continued)

3.2.9 Provident Fund Trust - actuarial valuation of interest guarantee :

Ashok Leyland has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. The administered rates are determined annually predominantly considering the social rather than the economic factors and in most cases, the actual return earned by the Company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by the Actuarial Society of India and based on the assumptions provided below, there is no shortfall as at March 31, 2018 and March 31, 2017 respectively.

		As at March 31, 2018	As at March 31, 2017
		₹ Lakhs	₹ Lakhs
	Fund and plan asset position are as follows:		
	Plan asset at the end of the year	106,414.47	95,764.15
	Present value of benefit obligation at the end of the year	104,937.29	94,014.07
	Asset recognized in Balance Sheet	-	-
	The plan assets are primarily invested in government securities		
	Assumptions for present value obligation of the interest rate guarantee:		
	Discount rate	7.68%	7.50%
	Remaining term to maturity of portfolio (years)	11.80	11.50
	Expected guaranteed interest rate (%)		
	First year	8.55%	8.75%
	Thereafter	8.50%	8.50%
	Attrition rate	3.00%	3.00%
	Significant actuarial assumption for the determination of the defined obligation is discount rate. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period.		
	Present value of benefit obligation at the end of the year - Interest guarantee only	468.78	133.19
	If the discount rate is 50 basis points higher/lower, the defined benefit obligation would:		
	decrease by	18.15	5.34
	increase by	18.99	5.61

		Year ended March 31, 2018	Year ended March 31, 2017
		₹ Lakhs	₹ Lakhs
3.3	**Earnings per share**		
	Basic earnings per share	5.34	4.24
	Diluted earnings per share	5.32	4.24
	Face value per share	1.00	1.00
3.3.1	**Basic earnings per share**		
	Profit for the year attributable to equity shareholders	156,258.96	122,307.72
	Weighted average number of equity shares used in the calculation of basic earnings per share	2,926,770,393	2,886,095,289
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	156,258.96	122,307.72
	Weighted average number of equity shares used in the calculation of basic earnings per share	2,926,770,393	2,886,095,289
	Adjustments :		
	Dilutive effect - Number of shares relating to employee stock options	7,762,639	-
	Weighted average number of equity shares used in the calculation of diluted earnings per share	**2,934,533,032**	**2,886,095,289**

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. Each employee share option converts into one equity share of the Company on exercise at the exercise price as per the scheme. The options carry neither rights to dividend nor voting rights. Options can be exercised at any time from the date of vesting to the date of their expiry.

The following share based payment arrangements were in existence during the current and prior year:

Option series	Number	Grant date	Expiry date	Exercise price ₹	Fair value at grant date ₹
ESOP 1 (Refer Note below)	2,845,875	September 29, 2016	April 1, 2026	80.00	37.43
ESOP 2 (Refer Note below)*	7,454,000	January 25, 2017	March 31, 2024	1.00	80.04
ESOP 3 (Refer Note below)	2,000,000	July 19, 2017	July 19, 2027	83.50	57.42

* The vesting conditions of ESOP 2 have been modified during the year. The incremental fair value on account of the same is noted to be nil.

Note:

Under ESOP 1, ESOP 2 and ESOP 3, 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 ₹57.42 (2016-17: ₹68.27). Options were priced using a binomial option pricing model. Where relevant, the expected life used in the model has been adjusted based on Management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. Expected volatility is based on the historical share price volatility.

Inputs into the model:

	ESOP 1	ESOP 2	ESOP 3
Grant date share price	76.45	86.55	106.85
Exercise price	80.00	1.00	83.50
Expected volatility	38.8% to 43.2%	38.5%	37.7% to 42.9%
Option life (Refer Note 3.4.1)	6 - 10 years	6 - 7 years	6 - 10 years
Dividend yield	1.31	1.16	1.46
Risk-free interest rate	6.65% to 6.78%	6.42%	6.44% to 6.66%

3.4.3 Movements in share options during the year

	Year ended March 31, 2018 Numbers	Weighted average exercise price	Year ended March 31, 2017 Numbers	Weighted average exercise price
Opening at the beginning of the year	10,299,875	22.83	-	-
Granted during the year	2,000,000	83.50	10,299,875	22.83
Exercised during the year	569,175	80.00	-	-
Balance at the end of the year	11,730,700	30.40	10,299,875	22.83

3.4.4 Share options vested but not exercised during the year

Under ESOP 2 - 3,727,000 options were vested on January 25, 2018. But the same was not exercised during the year.

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 ₹30.40 (as at March 31, 2017: ₹22.83) and a weighted average remaining contractual life of 6.9 years (as at March 31, 2017: 6.7 years).

3.5 Operating lease arrangements

Company as lessee

Leasing arrangements

Operating leases relate to leases of land and building with lease term ranging from 1 year to 5 years.

Payments recognised as an expense for non cancellable lease

	Year ended March 31, 2018	Year ended March 31, 2017
	₹ Lakhs	₹ Lakhs
Rent	467.34	119.06
	467.34	119.06

	As at March 31, 2018	As at March 31, 2017
	₹ Lakhs	₹ Lakhs
Non-cancellable operating lease commitments		
Not later than 1 year	478.57	182.18
Later than 1 year but not later than 5 years	467.19	177.19
Later than 5 years	-	-

3.6 Financial Instruments

3.6.1 Capital management

The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual master planning and budgeting and five year's corporate plan for working capital, capital outlay and long-term product and strategic 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, 2018	March 31, 2017
Debt (long-term and short-term borrowings including current maturities)	100,231.73	214,485.25
Total Equity	716,479.75	612,606.76
Debt equity ratio	0.14	0.35

The Company is required to comply with certain covenants under the Facility Agreements executed for its borrowings.

3.6.2 Financial risk management

In course of its business, the Company is exposed to certain financial risks that could have significant influence on the Company's business and operational / financial performance. These include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Board of Directors reviews and approves risk management framework and policies for managing these risks and monitors suitable mitigating actions taken by the management to minimise potential adverse effects and achieve greater predictability to earnings.

In line with the overall risk management framework and policies, the treasury function provides services to the business, monitors and manages through an analysis of the exposures by degree and magnitude of risks.

The Company uses derivative financial instruments to hedge risk exposures in accordance with the Company's policies as approved by the board of directors.

(A) Market risk

Market risk is the risk that changes in market prices, liquidity and other factors that could have an adverse effect on realizable fair values or future cash flows to the Company. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates as future specific market changes cannot be normally predicted with reasonable accuracy.

3.6 Financial Instruments (Continued)

(1) Foreign currency risk management:

The Company undertakes transactions denominated in foreign currencies and thus it is exposed to exchange rate fluctuations. The Company actively manages its currency rate exposures, arising from transactions entered and denominated in foreign currencies, through a centralised treasury division and uses derivative instruments such as foreign currency forward contracts to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by Management.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

As on March 31, 2018 (all amounts are in equivalent ₹ in lakhs):

Currency	Liabilities			Assets			
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	Net overall exposure on the currency - net assets / (net liabilities)
USD	91,504.11	5,333.92	86,170.19	21,854.49	7,835.19	14,019.30	(72,150.89)
EUR	1,157.94	207.77	950.17	959.37	-	959.37	9.20
GBP	33.40	-	33.40	48.89	-	48.89	15.49
JPY	12,519.95	4,036.02	8,483.93	538.20	-	538.20	(7,945.73)
Others	461.91	-	461.91	183.73	-	183.73	(278.18)

As on March 31, 2017 (all amounts are in equivalent ₹ in lakhs):

Currency	Liabilities			Assets			
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	Net overall exposure on the currency - net assets / (net liabilities)
USD	95,398.49	1,368.95	94,029.54	21,267.72	1,895.71	19,372.01	(74,657.53)
EUR	667.96	196.77	471.19	1,448.93	-	1,448.93	977.74
GBP	219.57	-	219.57	24,414.08	-	24,414.08	24,194.51
JPY	36,537.04	2,340.98	34,196.06	322.93	-	322.93	(33,873.13)
Others	398.64	-	398.64	198.27	-	198.27	(200.37)

Note:

Some of the derivatives reported under this column are not designated in hedging relationships but have been taken to economically hedge the foreign currency exposure.

Foreign currency sensitivity analysis:

Movement in the functional currencies of the various operations of the Company against major foreign currencies may impact the Company's revenues from its operations. Any weakening of the functional currency may impact the Company's cost of imports and cost of borrowings and consequently may increase the cost of financing the Company's capital expenditures.

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a parallel foreign exchange rates shift in the foreign exchange rates of each currency by 2%, which represents Management's assessment of the reasonably possible change in foreign exchange rates.

3.6 Financial Instruments (Continued)

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financials instruments and the impact on the other components of equity arises from foreign currency forward contracts designated as cash flow hedges. The following table details the Company's sensitivity movement in the increase / decrease in foreign currencies exposures (net):

₹ Lakhs

	USD impact	
	March 31, 2018	March 31, 2017
Profit or loss	1,443.02	1,493.15
Equity	3,486.37	2,847.99

₹ Lakhs

	EUR impact	
Profit or loss	0.18	19.56
Equity	24.43	22.93

₹ Lakhs

	GBP impact	
Profit or loss	0.31	483.89
Equity	1.46	484.11

₹ Lakhs

	JPY impact	
Profit or loss	158.91	677.47
Equity	145.37	677.25

₹ Lakhs

	Impact of other currencies	
Profit or loss	5.56	4.01
Equity	5.56	4.01

The following table details the foreign currency forward contracts outstanding at the end of the reporting period:

₹ Lakhs

March 31, 2018	Foreign currency		Notional	Fair value	Maturity date	Hedge ratio	Weighted Average rate
Cash flow hedges:							
Buy USD	USD	35.45	2,310.54	17.90	May 2018 - June 2018	1 : 1	USD 1 : INR 65.16
Sell USD	USD	1,603.04	104,478.20	534.67	April 2018 - Feb 2019	1 : 1	USD 1 : INR 66.71
Sell USD - Buy EUR	EUR	15.00	1,212.11	24.14	May 2018 - June 2018	1 : 1	EUR 1 : USD 1.2214
Sell USD - Buy GBP	GBP	0.62	57.53	2.06	April 2018	1 : 1	GBP 1 : USD 1.3673
Sell USD - Buy JPY	USD	10.00	651.75	29.32	May 2018 - June 2018	1 : 1	USD 1 : JPY 110.15
Fair value hedges:							
Buy USD	USD	165.88	10,811.26	69.05	April 2018 - June 2018	1 : 1	USD 1 : INR 65.25
Sell USD	USD	120.22	7,835.19	(106.79)	April 2018 - June 2018	1 : 1	USD 1 : INR 64.45
Sell USD - Buy EUR	EUR	2.57	207.77	6.25	April 2018	1 : 1	EUR 1 : USD 1.2036
Sell USD - Buy GBP	GBP	-	-	-	-	1 : 1	-
Sell USD - Buy JPY	USD	0.95	61.65	2.74	April 2018	1 : 1	USD 1 : JPY 110.46

3.6 Financial Instruments (Continued)

₹ Lakhs

March 31, 2017	Foreign currency		Notional	Fair value	Maturity date	Hedge ratio	Weighted Average rate
Cash flow hedges:							
Buy USD	USD	59.50	3,858.58	(136.00)	May 2017 - Jul 2017	1 : 1	USD 1 : INR 67.39
Sell USD	USD	1,104.10	71,600.89	2,732.23	May 2017 - Mar 2018	1 : 1	USD 1 : INR 69.45
Sell USD - Buy EUR	EUR	2.43	168.38	1.11	April 2017 - May 2017	1 : 1	EUR 1 : USD 1.0642
Sell USD - Buy GBP	GBP	0.14	11.33	0.02	June 2017	1 : 1	GBP 1 : USD 1.2479
Sell USD - Buy JPY	USD	0.17	0.10	0.01	June 2017	1 : 1	USD 1 : JPY 111.44
Fair value hedges:							
Buy USD	USD	74.14	4,807.98	(200.21)	April 2017 - July 2017	1 : 1	USD 1 : INR 68.07
Sell USD	USD	29.23	1,895.71	105.58	April 2017 - Aug 2017	1 : 1	USD 1 : INR 68.87
Sell USD - Buy EUR	EUR	2.84	196.77	1.56	April 2017	1 : 1	EUR 1 : USD 1.0612
Sell USD - Buy GBP	GBP	-	-	-	-	1 : 1	-
Sell USD - Buy JPY	USD	-	-	-	-	1 : 1	-

Note:

Included in the balance sheet under 'other financial assets' and 'other financial liabilities'. [Refer Notes 1.14 and 1.26]

(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 company's borrowings to interest rate changes at the end of the reporting period are as follows:

	March 31, 2018	March 31, 2017
	₹ Lakhs	₹ Lakhs
Variable rate Borrowings	13,035.00	111,705.28
Fixed rate Borrowings *	76,516.71	92,018.95
	89,551.71	**203,724.23**

* includes variable rate borrowings 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 profit for the year ended March 31, 2018 would decrease/ increase by ₹32.59 lakhs (2016-17: decrease/ increase by ₹242.74 lakhs). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

(3) Foreign currency and interest rate sensitivity analysis for swap contracts:

The Company has taken cross currency and interest rate swap (CCIRS) contracts for hedging its foreign currency and interest rate risks related to certain external commercial borrowings. This CCIRS contracts are composite contracts for both the foreign currency and interest rate risks and thus the mark-to-market value is determined for both the risks together. The mark-to-market loss as at March 31, 2018 is ₹3,988.42 (March 31, 2017: ₹15,661.03 lakhs). If the foreign currency movement is 2% higher/ lower and interest rate movement is 200 basis points higher/ lower with all other variables remaining constant, the Company's profit for the year ended March 31, 2018 would approximately decrease/ increase by ₹645.36 lakhs (2016-17: decrease/ increase by ₹1,523.25 lakhs).

3.6 Financial Instruments (Continued)

(4) Equity price risk:

Equity price risk is related to the change in market reference price of the investments in quoted equity securities. The fair value of some of the Company's investments exposes the Company to equity price risks. In general, these securities are not held for trading purposes.

(B) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee cover is taken. The Company operates predominantly on cash and carry basis excepting sale to State Transport Undertaking (STU), Government project customers based on tender terms and certain export customers which are on credit basis. The average credit period is in the range of 7 days to 90 days. However, in select cases, credit is extended which is backed by Security deposit/ Bank guarantee/ Letter of credit and other forms. The Company's trade and other receivables consists of a large number of customers, across geographies, hence the Company is not exposed to concentration risk.

The Company makes an allowance for doubtful debts using expected credit loss model and on a case to case basis.

Age analysis of Trade receivables

	As at March 31, 2018			As at March 31, 2017		
	₹ Lakhs			₹ Lakhs		
	Gross	Allowance	Net	Gross	Allowance	Net
Not Due	61,165.17	-	61,165.17	67,912.94	-	67,912.94
Due less than 6 months	16,559.52	5.00	16,554.52	16,862.35	178.00	16,684.35
Due greater than 6 months	26,619.95	6,289.08	20,330.87	26,518.62	4,659.32	21,859.30
	104,344.64	**6,294.08**	**98,050.56**	**111,293.91**	**4,837.32**	**106,456.59**

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, 2018	March 31, 2017
	₹ Lakhs	₹ Lakhs
Expiring within one year (bank overdraft and other facilities)		
- Secured	90,000.00	90,000.00
- Unsecured	81,000.00	47,500.00
Total	**171,000.00**	**137,500.00**

The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

3.6 Financial Instruments (Continued)

The table below summarises the maturity profile remaining contractual maturity period at the balance sheet date for its non-derivative financial liabilities based on the undiscounted cash flows.

₹ Lakhs

	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
March 31, 2018				
Trade payables	465,861.62	-	-	465,861.62
Other financial liabilities	111,556.91	143.83	-	111,700.74
Borrowings	58,663.01	34,927.46	6,641.26	100,231.73
	636,081.54	**35,071.29**	**6,641.26**	**677,794.09**
March 31, 2017				
Trade payables	311,699.13	-	-	311,699.13
Other financial liabilities	106,108.59	-	-	106,108.59
Borrowings	99,853.06	107,990.93	6,641.26	214,485.25
	517,660.78	**107,990.93**	**6,641.26**	**632,292.97**

The table below summarises the maturity profile for its derivative financial liabilities based on the undiscounted contractual net cash inflows and outflows on derivative liabilities that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

₹ Lakhs

	Due in 1st year	Due in 2nd to 5th year	Carrying amount
March 31, 2018			
Currency and interest rate swaps	3,988.42	-	3,988.42
Foreign exchange forward contracts	586.07	-	586.07
	4,574.49	**-**	**4,574.49**
March 31, 2017			
Currency and interest rate swaps	10,939.35	4,721.68	15,661.03
Foreign exchange forward contracts	336.21	-	336.21
	11,275.56	**4,721.68**	**15,997.24**

3.6.3 Categories of Financial assets and liabilities:

₹ Lakhs

	As at March 31, 2018	As at March 31, 2017
Financial assets		
a. Measured at amortised cost:		
Investments	-	-
Cash and cash equivalents	99,371.91	86,861.11
Other bank balances	1,068.53	4,336.37
Trade Receivables	98,050.56	106,456.59
Loans*	5,764.27	6,704.57
Others	39,032.30	29,754.23
* net of allowance		
b. Mandatorily measured at fair value through profit or loss (FVTPL) / other comprehensive income (OCI):		
Investments	328,926.61	111,138.98
Derivatives designated in hedge accounting relationships	1,165.41	2,840.51
Financial liabilities		
a. Measured at amortised cost:		
Borrowings	100,231.73	214,485.25
Trade Payables	465,861.62	311,699.13
Other financial liabilities	111,700.74	106,108.59
b. Mandatorily measured at fair value through profit or loss (FVTPL) / other comprehensive income (OCI):		
Derivatives designated in hedge accounting relationships	586.07	336.21
Derivatives not designated in hedge accounting relationships	3,988.42	15,661.03

3.6 Financial Instruments (Continued)

3.6.4 Fair value measurements:

(A) Financial assets and liabilities that are not measured at fair values but in respect of which fair values are as follows:

Except for the following, the Management considers that the carrying amounts of financial assets and financial liabilities recognised in the standalone financial statements approximate their fair values:

₹ Lakhs

	March 31, 2018		March 31, 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
(i) Financial liabilities held at amortised cost:				
- Debentures	14,994.71	16,109.93	39,968.91	42,431.86
(ii) Fair value hierarchy		Level 2		Level 2
(determined in accordance with generally accepted pricing models with the most significant inputs being the market interest rates)				

(B) Financial assets and financial liabilities that are measured at fair value on a recurring basis as at the end of each reporting period:

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values for material financial assets and material financial liabilities have been determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	March 31, 2018	March 31, 2017		
Derivative instruments, i.e. forward foreign currency contracts, currency and interest rate swaps	Assets – ₹1,165.41 lakhs; and Liabilities – ₹4,574.49 lakhs	Assets – ₹2,840.51 lakhs; and Liabilities – ₹15,997.24 lakhs	Level 2	Discounted future cash flows which are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of the Company/ various counterparties. Further, in case of swap contracts, the future estimated cash flows also consider forward interest rates (from observable yield curves at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of the Company/ various counterparties.
Investments in mutual funds	₹305,515.85 lakhs	₹87,717.23 lakhs	Level 1	Net assets value in an active market.

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	March 31, 2018	March 31, 2017				
Investments in unquoted preference shares	Preference shares of: Hinduja Tech Limited - ₹2,239.60 lakhs Others - ₹894.39 lakhs	Preference shares of: Hinduja Tech Limited - ₹2,251.25 lakhs Others - ₹838.52 lakhs	Level 3	Income approach – in this approach, the discounted cash flow method used to capture the present value of the expected future economic benefits to be derived from the ownership of these preference shares	The significant inputs were: a) the estimated cash flows from the dividends on these preference shares and the redemption proceeds on maturity; and b) the discount rate to compute the present value of the future expected cash flows	A slight decrease in the estimated cash inflows in isolation would result in a significant decrease in the fair value. (Note 2)

3.6 Financial Instruments (Continued)

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	March 31, 2018	March 31, 2017				
Investments in unquoted equity shares	Equity shares of: Hinduja Energy (India) Limited - ₹19,279.67 lakhs Others - ₹997.10 lakhs	Equity shares of: Hinduja Energy (India) Limited - ₹19,310.24 lakhs Others - ₹1,021.74 lakhs	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these equity instruments	The significant inputs were: a) the estimated cash flows; and b) the discount rate to compute the present value of the future expected cash flows	A slight decrease in the estimated cash inflows in isolation would result in a significant decrease in the fair value. (Note 3)

Notes:

1) There were no transfers between Level 1, 2 and 3 during the year.

2) A 5% increase/ decrease in the WACC or discount rate used would decrease/ increase the fair value of the unquoted preference shares by ₹232.78 lakhs / ₹420.81 lakhs (as at March 31, 2017: ₹56.68 lakhs/ ₹60.83 lakhs).

3) A 50 basis points increase/ decrease in the WACC or discount rate used would decrease/ increase the fair value of the unquoted equity instruments by ₹1,326.89 lakhs (as at March 31, 2017: ₹3,051.24 lakhs). A 5% increase/ decrease in the revenue would increase/ decrease the fair value of the unquoted equity instruments by ₹6,964.65 lakhs (as at March 31, 2017: ₹9,074.22 lakhs).

4) Gain / loss recognised in profit or loss included in other income (Refer Note 2.2) arising from fair value measurement of Level 3 financial assets is gain of ₹13.63 lakhs (2017: loss of ₹1,002.72 lakhs)

3.7 Disclosure on Specified Bank Notes

Details of specified bank notes held and transacted during the period November 8, 2016 to December 30, 2016

₹ Lakhs

	Specified Bank Notes (SBN's)	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	22.28	5.44	27.72
(+) Permitted receipts	-	41.97	41.97
(-) Permitted payments	-	16.48	16.48
(-) Amount deposited in Banks	22.28	14.06	36.34
Closing cash in hand as on December 30, 2016	-	16.87	16.87

3.8 Related party disclosure

a) List of parties where control exists

Holding company

Hinduja Automotive Limited, United Kingdom

Machen Holdings SA

(Holding Company of Hinduja Automotive Limited, United Kingdom)

Machen Development Corporation, Panama

(Holding Company of Machen Holdings SA)

Amas Holdings SA

(Holding Company of Machen Development Corporation, Panama)

Subsidiaries

Albonair (India) Private Limited

Ashok Leyland Vehicles Limited (formerly Ashok Leyland Nissan Vehicles Limited).......................from November 26, 2016

Ashley Powertrain Limited (formerly Nissan Ashok Leyland Powertrain Limited) ....from November 26, 2016

Ashok Leyland Technologies Limited (formerly Nissan Ashok Leyland Technologies Limited).........from November 26, 2016

Albonair GmbH, Germany

- Albonair (Taicang) Automotive Technology Co. Limited., China

3.8 Related party disclosure continued...

Ashok Leyland (Nigeria) Limited
Ashok Leyland (UK) Limited (since liquidated on April 10, 2018)
Gulf Ashley Motor Limited
Optare plc
- Optare UK Limited.
- Optare Group Limited.
- Jamesstan Investments Limited.
- Optare Holdings Limited.
- Optare (Leeds) Limited.
- East Lancashire Bus Builders Limited.

Ashok Leyland (Chile) S.A.
Hinduja Leyland Finance Limited
- Hinduja Housing Finance Limited

HLF Services Limited
Global TVS Bus Body Builders Limited
Ashok Leyland (UAE) LLC
- Avia Ashok Leyland Motors s.r.o .... upto April 21, 2016
- Avia Trucks UK Limited, Great Britain .... upto April 21, 2016
- Avia Ashok Leyland Rus, Russia .... upto April 21, 2016
- LLC Ashok Leyland Russia
- Ashok Leyland West Africa

b) Other related parties

Fellow subsidiaries

Gulf Oil Lubricants India Limited
Hinduja Energy (India) Limited
DA Stuart India Private Limited
Hinduja Foundries Limited .... from April 1, 2016 to September 30, 2016

Associates

Ashley Aviation Limited
Ashok Leyland Defence Systems Limited
Lanka Ashok Leyland PLC
Mangalam Retail Services Limited

Joint Ventures

Ashley Alteams India Limited
Automotive Infotronics Limited ....liqudated on April 5, 2017
Ashok Leyland John Deere Construction Equipment Company Private Limited [Along with Gulf Ashley Motor Limited]
Ashok Leyland Vehicles Limited (formerly Ashok Leyland Nissan Vehicles Limited) .... upto November 25, 2016
Ashley Powertrain Limited (formerly Nissan Ashok Leyland Powertrain Limited) .... upto November 25, 2016
Ashok Leyland Technologies Limited (formerly Nissan Ashok Leyland Technologies Limited) .... upto November 25, 2016
Hinduja Tech Limited

Entities where control exist

Ashok Leyland Educational Trust
Phoenix ARC Trust

Key management personnel

Mr. Dheeraj G Hinduja, Chairman
Mr. Vinod K Dasari, CEO and Managing Director

Note:

Transaction with Rajalakshmi Wind Energy Limited (erstwhile Ashok Leyland Wind Energy Limited) has not been disclosed as being with associate since the company does not have significant influence over Rajalakshmi Wind Energy Limited, although the company holds 26% of the equity share capital of Rajalakshmi Wind Energy Limited.

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

3.8 Related party disclosure (Continued)

c) Related Party Transactions - summary

₹ Lakhs

		Subsidiaries		Fellow Subsidiaries		Associates		Joint Ventures		Holding Company		Entities where control exist		Key Management Personnel		Total	
	Transactions during the year ended March 31	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
1	Purchase of raw materials, components and traded goods (net of GST/ CENVAT / VAT)	145,698.54	30,834.55	12,766.11	22,804.76	-	5,166.40	6,025.98	76,669.16	-	-	-	-	-	-	164,490.63	135,474.87
2	Sales and services (net of excise duties/GST)	124,908.10	84,833.33	1,484.31	1,389.19	51,364.41	33,816.93	112.84	3,846.09	-	-	-	26.76	-	-	177,869.66	123,912.30
3	Other operating Income	14,876.65	2,700.22	177.74	565.58	-	96.85	160.81	8,100.65	-	-	-	-	-	-	15,215.20	11,463.30
4	Other expenditure incurred / (recovered) (net)	6,636.83	4,490.80	15.25	(4.30)	321.01	654.05	3,511.50	3,821.57	307.32	215.51	(46.57)	(45.67)	-	-	10,745.34	9,131.96
5	Advance / current accounts - net increase / (decrease)	(2,358.39)	563.62	-	-	0.22	-	-	1,690.85	-	-	-	-	-	-	(2,358.17)	2,254.47
6	Interest and other income	1,437.23	2,089.35	786.23	957.84	296.13	241.98	-	-	-	-	1.02	2.14	-	-	2,520.61	3,291.31
7	Purchase of assets	-	-	-	-	-	-	78.18	13.00	-	-	-	-	-	-	78.18	13.00
8	Sale of asset	-	-	-	8.51	-	-	-	-	-	-	-	-	-	0.36	-	8.87
9	Dividend payments	-	-	-	-	-	-	-	-	23,299.11	13,621.55	-	-	-	-	23,299.11	13,621.55
10	Dividend Income	-	-	-	-	128.71	114.98	-	-	-	-	-	-	-	-	128.71	114.98
11	Remuneration to key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	6,769.47	3,176.69	6,769.47	3,176.69
12	Commission and sitting fees to key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	811.00	711.70	811.00	711.70
13	Financial guarantees given	31,386.03	34,409.65	-	-	-	-	-	-	-	-	-	-	-	-	31,386.03	34,409.65
14	Financial guarantees released	43,772.28	14,320.88	-	-	-	-	-	-	-	-	-	-	-	-	43,772.28	14,320.88
15	Investments in shares of	74,149.57	18,244.39	-	-	354.00	1,297.00	120.00	2,500.00	-	-	-	-	-	-	74,623.57	22,041.39
16	Loans/ Advance converted to investment in equity instruments	26,507.72	336.91	-	-	-	-	-	-	-	-	-	-	-	-	26,507.72	336.91
17	Loans / advance given	2,087.13	16,585.04	27,300.00	36,500.00	-	1.00	2.00	4.25	-	-	-	-	-	-	29,389.13	53,090.29
18	Loans / advance repaid	26,361.88	5,776.86	27,300.00	36,500.00	-	1.00	2.00	4.25	-	-	1.91	1.75	-	-	53,665.79	42,283.86

3.8 Related party disclosure (Continued)

₹ Lakhs

		Subsidiaries		Fellow Subsidiaries		Associates		Joint Ventures		Holding Company		Entities where control exist		Key Management Personnel		Total	
	Balances as on March 31	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
1	Trade receivables	6,576.24	11,769.62	473.91	113.97	2,936.80	3,559.91	7.70	7.97	-	-	23.15	44.38	-	-	10,017.80	15,495.85
2	Loans (net of provision ₹ Nil, as on March 31, 2017 ₹24,274.75 lakhs)	404.04	346.46	-	-	-	-	-	-	-	-	-	-	-	-	404.04	346.46
3	Other financial and non-financial assets	61.55	2,968.64	-	307.11	263.81	94.03	-	30.36	-	-	-	-	-	-	325.36	3,400.14
4	Trade and other payables	14,416.53	8,485.88	2,601.73	1,515.04	41.42	355.08	470.40	791.11	254.13	133.81	-	-	1,755.31	1,398.70	19,539.52	12,679.62
5	Share application money	0.38	0.38	-	-	-	-		-	-	-	-	-	-	-	0.38	0.38
6	Financial guarantees	18,593.23	29,424.93	-	-	-	-	2,770.54	2,375.74	-	-	-	-	-	-	21,363.77	31,800.67

3.8 Related party disclosure (Continued)

d) Significant Related Party Transactions

₹ Lakhs

	Transactions during the year ended March 31	2018	2017
1	**Purchase of raw materials, components and traded goods (net of GST/ CENVAT / VAT)**		
	Hinduja Foundries Limited	-	10,903.40
	Gulf Oil Lubricants India Limited	11,888.23	10,912.12
	Ashok Leyland Vehicles Limited	133,710.88	101,867.19
	Global TVS Bus Body Builders Limited	9,803.81	4,232.76
2	**Sales and services (net of excise duties/GST)**		
	Gulf Ashley Motor Limited	82,605.93	56,713.93
	Ashok Leyland (UAE) LLC	34,007.18	26,464.82
	Lanka Ashok Leyland PLC	51,098.41	33,638.69
3	**Other operating income**		
	Ashok Leyland Vehicles Limited	10,757.95	7,819.79
	Ashley Powertrain Limited	4,118.70	2,979.40
4	**Other expenditure incurred / (recovered) (net)**		
	Hinduja Automotive Limited, United Kingdom	307.32	215.51
	Gulf Ashley Motor Limited	1,185.52	1,048.52
	HLF Services Limited	2,187.89	2,084.83
	Ashok Leyland Defence Systems Limited	77.87	392.87
	Ashok Leyland Vehicles Limited	525.46	3,075.85
	Hinduja Tech Limited	3,569.11	1,532.89
	Ashok Leyland (UK) Limited	-	166.48
	Lanka Ashok Leyland PLC	172.54	122.98
	Ashok Leyland John Deere Construction Equipment Company Private Limited	-	(73.35)
	Albonair GmbH	1,725.05	-
	Ashok Leyland (UAE) LLC	782.21	145.07
5	**Advance / current account - net increase / (decrease)**		
	Ashok Leyland Vehicles Limited	(2,375.19)	1,934.20
	Ashley Powertrain Limited	-	320.27
6	**Interest and other income**		
	Optare plc	1,411.62	1,780.24
	Ashok Leyland (UAE) LLC	-	300.00
	Ashley Aviation Limited	225.00	225.00
	Hinduja Energy (India) Limited	786.23	957.84
7	**Dividend income**		
	Lanka Ashok Leyland PLC	128.71	114.98
8	**Dividend payment**		
	Hinduja Automotive Limited, United Kingdom	23,299.11	13,621.55
9	**Investment in shares of**		
	Albonair GmbH	-	2,866.15
	Hinduja Leyland Finance Limited	49,375.44	14,417.17
	Gulf Ashley Motor Limited	-	461.07
	Ashok Leyland Defence Systems Limited	354.00	647.00
	Ashok Leyland John Deere Construction Equipment Company Private Limited	-	2,500.00
	Optare plc (including conversion of loan to equity)	51,281.85	-
10	**Share application money converted to investment in equity instruments**		
	Ashok Leyland (Chile) S.A	-	336.91
11	**Loans / advance given**		
	Optare plc	2,076.13	16,576.29
	Hinduja Energy (India) Limited	27,300.00	36,500.00

3.8 Related party disclosure (Continued)

₹ Lakhs

Transactions during the year ended March 31		2018	2017
12	**Loans / advance repaid**		
	Optare plc (Loan converted to Equity)	26,350.88	5,768.11
	Hinduja Energy (India) Limited	27,300.00	36,500.00
13	**Purchase of assets**		
	Hinduja Tech Limited	78.18	13.00
14	**Financial guarantees released**		
	Optare plc	41,260.28	14,320.88
15	**Financial guarantees given**		
	Optare plc	24,180.35	21,034.65
	Ashok Leyland Vehicles Limited	-	13,375.00
	Albonair GmbH	7,205.68	-
16	**Sale of asset**		
	Hinduja Foundries Limited	-	8.51
17	**Commission and sitting fees to key management personnel**		
	Mr. Dheeraj G Hinduja	811.00	711.70
18	**Remuneration to key management personnel***		
	Mr. Vinod K Dasari		
	Short term employee benefits	1,185.21	1,048.37
	Other long term employee benefits	697.20	316.80
	Share-based payment	4,887.06	1,811.52
* excludes contribution for gratuity and compensated absences as the incremental liability has been accounted for by the Company as a whole.			

e. Details of advances in the nature of loans (excluding interest accrued)

₹ Lakhs

Name of the company	March 2018					March 2017				
	Status	Outstanding amount	Maximum loan outstanding during the year	Investment in shares of the Company	Direct investment in shares of subsidiaries of the Company	Status	Outstanding amount	Maximum loan outstanding during the year	Investment in shares of the Company	Direct investment in shares of subsidiaries of the Company
Albonair GmbH	Subsidiary	404.04	404.04	-	414.74	Subsidiary	346.46	377.91	-	248.84
Optare plc	Subsidiary	-	26,350.88	-	22,002.31	Subsidiary	24,274.75	28,937.96	-	22,002.31

f. Disclosure as required under section 186(4) of the Companies Act, 2013:

Particulars		As at March 31, 2018	As at March 31, 2017	Purpose
		₹ Lakhs	₹ Lakhs	
i)	Loans outstanding			
	- Albonair GmbH	404.04	346.46	Funding for operations
	- Optare plc	-	24,274.75	Funding for working capital
ii)	Investments (refer Note 1.3)	342,318.17	2,41,313.59	
iii)	Guarantees			
	- Optare plc	4,383.19	19,236.88	Guarantees for term loan / working capital
	- Ashley Alteams India Limited	2,770.54	2,375.74	Guarantees for term loan
	- Albonair GmbH	6,533.99	-	Guarantees for working capital
	- Ashok Leyland Vehicles Limited	7,676.05	10,188.05	Guarantees for term loan / working capital

				As at March 31, 2018 ₹ Lakhs	As at March 31, 2017 ₹ Lakhs
3.9	**Contingent liabilities**				
	a)	Claims against the Company not acknowledged as debts (net)			
		i)	Sales tax / VAT	27,892.89	31,222.40
		ii)	Excise duty	5,771.53	2,655.24
		iii)	Service Tax	4,067.80	3,700.75
		iv)	Customs Duty	42.73	42.73
		v)	Others	4,907.71	2,875.88
	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 *		21,363.77	12,563.79
	Future cash outflows in respect of the above are determinable only on receipt of judgement / decisions pending with various forums / authorities.				
	* net of provision of ₹ Nil (as at March 31, 2017: ₹19,236.88 lakhs).				

3.10	**Commitments**				
	a)	Capital commitments (net of advances) not provided for		14,526.04	13,474.20
		[including ₹112.10 lakhs (March 2017: ₹2,742.77 lakhs) in respect of intangible assets]			
	b)	Uncalled liability on partly paid shares / investments		0.11	0.11
	c)	Other commitments			
		i)	Financial support given to certain subsidiaries, joint ventures, etc. [Refer Note 3.8(f)(iii)]		
		ii)	Lock-in commitment in shareholders agreement [Refer Note 1.3]		

The outflow in respect of the above is not practicable to ascertain in view of the uncertainties involved.

3.11 Details of non-current borrowings:

			As at March 31, 2018				As at March 31, 2017		
			Non Current ₹ Lakhs	Current Maturities ₹ Lakhs	Total ₹ Lakhs	Particulars of Redemption / Repayment	Non Current ₹ Lakhs	Current Maturities ₹ Lakhs	Total ₹ Lakhs
a.	**Secured borrowings:**								
	i.	Debenture series							
		9.60% AL 22	-	15,000.00	15,000.00	June 21, 2018	15,000.00	-	15,000.00
		10.15% AL 20	-	-	-	December 28, 2017	-	15,000.00	15,000.00
		10.20% AL 18	-	-	-	June 28, 2017	-	10,000.00	10,000.00
			-	**15,000.00**	**15,000.00**		**15,000.00**	**25,000.00**	**40,000.00**
	ii.	Term loans:							
		TL - 10	-	-	-	Repayable in 12 equal quarterly installments starting after three years from the date of first disbursement	13,178.17	6,665.83	19,844.00
		TL - 9	-	-	-	Repayable in 20 equal quarterly installments of ₹500.00 lakhs starting June 30, 2017	8,000.00	2,000.00	10,000.00
		TL - 8	-	-	-	Repayable in 12 equal quarterly installments of ₹625.00 lakhs starting from March 31, 2017	4,375.00	2,500.00	6,875.00
			-	**-**	**-**		**25,553.17**	**11,165.83**	**36,719.00**

Debentures and term loans (excluding TL - 10, TL - 9 and TL - 8) aggregating ₹15,000.00 lakhs (2017: ₹40,000.00 lakhs) are secured by a first charge on pari-passu basis on all Property, Plant and Equipment (PPE) of the Company aggregating ₹508,893.33 lakhs (2017: ₹461,045.88 lakhs) excluding certain immovable properties (residential buildings and certain immovable assets) and movable PPE such as aircraft of the Company.

3.11 Details of non-current borrowings (Continued)

In FY 2016-17, Term loans (TL - 10, TL - 9 and TL - 8) aggregating ₹36,719.00 lakhs are secured by a first charge on pari-passu basis on all Property, Plant and Equipment (PPE) of the amalgamating company (now a division of the Company), as per the scheme of amalgamation, aggregating ₹42,181.04 lakhs and second charge on pari-passu basis on all current assets of that division. In FY 2017-18, the above term loans were prepaid and charge satisfied.

b. Unsecured borrowings:

i. ECB loans

	As at March 31, 2018				As at March 31, 2017		
	Non Current ₹ Lakhs	Current Maturities ₹ Lakhs	Total ₹ Lakhs	Particulars of Redemption / Repayment	Non Current ₹ Lakhs	Current Maturities ₹ Lakhs	Total ₹ Lakhs
ECB -13	8,690.00	4,345.00	13,035.00	3 equal instalments on September 10, 2020, 2019, 2018	12,970.00	-	12,970.00
ECB -12	22,811.25	9,776.25	32,587.50	June 26, 2020 - ₹13,035.00 lakhs and June 26, 2019, 2018, 2017 - ₹9,776.25 lakhs each	32,425.00	9,727.50	42,152.50
ECB -11	-	6,517.50	6,517.50	3 equal installments on March 25, 2019, 2018, 2017	6,485.00	6,485.00	12,970.00
ECB -1	-	12,411.70	12,411.70	3 equal installments on June 11, 2018 and June 9, 2017, 2016	11,705.01	11,705.01	23,410.02
ECB -2	-	-	-	3 equal installments on October 24, 2017 and 2016	-	3,706.88	3,706.88
ECB -3	-	-	-	September 20, 2017 - ₹9,337.67 lakhs	-	9,337.67	9,337.67
ECB -14	-	-	-	10 equal half-yearly installments commencing from August 2013	-	2,594.38	2,594.38
	31,501.25	**33,050.45**	**64,551.70**		**63,585.01**	**43,556.44**	**1,07,141.45**

	As at March 31, 2018				As at March 31, 2017		
	Non Current ₹ Lakhs	Current Maturities ₹ Lakhs	Total ₹ Lakhs	Particulars of Redemption / Repayment	Non Current ₹ Lakhs	Current Maturities ₹ Lakhs	Total ₹ Lakhs
ii. Interest free sales tax loans Programme II	10,140.67	753.37	10,894.04	Varying amounts repayable on a periodical basis ending in June 2028	10,894.04	413.46	11,307.50
	10,140.67	**753.37**	**10,894.04**		**10,894.04**	**413.46**	**11,307.50**

The above debentures, term loans, external commercial borrowings and loans from others carry varying rates of interest with the maximum rate of interest going upto 10.20% (as at March 31, 2017: 10.20%) per annum. The weighted average rate of interest of these loans is around 4.82% (2016-17 : 5.72%) per annum.

3.12 Details of current borrowings

	As at March 31, 2018 ₹ Lakhs	Particulars of Repayment	As at March 31, 2017 ₹ Lakhs
Secured borrowings			
- STL 15	-	On demand	1,363.78
	-		**1,363.78**

In FY 2016-17, STL 15 is secured by way of first charge on pari-passu basis on all current assets of the amalgamating company (now a division of the Company), as per the scheme of amalgamation, and second charge on pari-passu basis on all Property, Plant and Equipment of that division aggregating ₹42,181.04 lakhs.

3.12 Details of current borrowings (Continued)

	As at March 31, 2018 ₹ Lakhs	Particulars of Repayment	As at March 31, 2017 ₹ Lakhs
Unsecured borrowings			
- STL 17	10,000.00	August 27, 2018	-
- STL 16	-	August 18, 2017 ₹11,300.00 lakhs and May 30, 2017 ₹7,200.00 lakhs	18,500.00
	10,000.00		**18,500.00**

The above loans carry varying rates of interest with the maximum rate of interest going upto 8.25% (as at March 31, 2017: 11.55%) per annum. The weighted average rate of interest of these loans is around 8.25% (2016-17: 7.96%) per annum.

The carrying value of the above borrowings (as reflected in Notes 1.19, 1.24 and 1.26) are measured at amortised cost using effective interest method while the above borrowings represents principal amount outstanding.

		Year ended March 31, 2018 ₹ Lakhs		Year ended March 31, 2017 ₹ Lakhs	
3.13	**Other Information (including foreign currency transactions)**				
3.13.1	**Information regarding Imports (c.i.f)**				
	a) Raw materials and components		27,121.51		20,612.39
	b) Trading goods and others		5,136.24		6,544.74
	c) Spares and tools		1,001.31		693.89
	d) Capital items		13,897.94		4,572.36
			47,157.00		**32,423.38**
3.13.2	**Expenditure incurred in foreign currency**				
	a) Royalty		1,687.40		1,236.52
	b) Professional and consultation fees		2,451.42		2,070.40
	c) Interest and commitment charges		3,384.62		4,639.83
	d) Commission on sales		13,810.96		12,142.21
	e) Research and development		2,632.01		189.94
	f) Travel		460.31		692.64
	g) Other expenses				
	- Freight charges	2,890.13		2,403.20	
	- Product warranty	547.07		1,041.11	
	- Packing and forwarding	6,995.56		15,112.97	
	- Others	6,551.20		4,900.71	
			16,983.96		23,457.99
			41,410.68		**44,429.53**
3.13.3	**Earnings in foreign currency**				
	a) Export of goods - FOB value		196,719.16		171,072.67
	b) Interest and dividend		2,404.79		3,178.67
	c) Others		10,146.15		8,368.41
			209,270.10		**182,619.75**
3.13.4	**Auditors' remuneration**				
	Included under selling and administration expenses - net [Refer Note 2.9]				
	i) For financial audit		80.00		188.00
	ii) For taxation matters		-		20.00
	iii) For other services - review of accounts, certification work, etc.*		77.94		117.12
	iv) For reimbursement of expenses		5.51		7.30
	* includes fees for Q1 FY17-18 paid to other auditors				

3.13 Other Information (Continued)

		Year ended March 31, 2018	Year ended March 31, 2017
		₹ Lakhs	₹ Lakhs
3.13.5	**Total research and development costs charged to the Statement of Profit and Loss**	37,855.94	38,051.87
	[including amount shown under Note 2.9]		
3.13.6	**Impact of exchange (gain) / loss for the year in the Statement of Profit and Loss due to:**		
	a) Translation / settlement (net)	(6,058.53)	(2,947.69)
	b) Amortisation of exchange difference	490.30	2,029.29
	c) Exchange difference on swap contracts	(39.13)	(1,539.74)
	d) Depreciation on exchange difference capitalised	4,453.27	4,753.46

3.14 Accounting for long term monetary items in foreign currency forward contracts

Exchange difference in long term monetary items in foreign currency:

The Company has elected the option under Ind AS 101 'First-time Adoption of Indian Accounting Standards' and has continued the policy adopted for accounting of exchange differences arising from translation of long term foreign currency monetary items recognised in the standalone financial statements upto March 31, 2016. Accordingly, exchange difference on translation or settlement of long term foreign currency monetary items at rates different from those at which they were initially recorded or as at April 1, 2007, in so far as it relates to acquisition of depreciable assets are adjusted to the cost of the assets. In other cases, such exchange differences, arising effective April 1, 2011, are accumulated in "Foreign currency monetary item translation difference" and amortized by recognition as income or expense in each year over the balance term till settlement occurs but not beyond March 31, 2020.

Accordingly,

a) Foreign exchange (gain) / loss relating to acquisition of depreciable assets, capitalised during the year ended March 31, 2018 aggregated ₹654.55 Lakhs [year ended March 31, 2017 ₹577.36 Lakhs].

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, 2018 is ₹490.30 Lakhs [year ended March 31, 2017 ₹2,029.29 Lakhs].

c) The un-amortised net exchange difference in respect of long term monetary items relating to other than acquisition of depreciable assets, is a loss of ₹776.79 lakhs as at March 31, 2018 [as at March 31, 2017: loss of ₹1,149.49 lakhs]. 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:

₹ Lakhs

	Particulars	March 2018	March 2017
i)	Principal amount paid after appointed date during the year	745.27	28.85
ii)	Amount of interest due and payable for the delayed payment of principal amount	9.69	0.90
iii)	Principal amount remaining unpaid as at year end (over due)	25.76	0.29
iv)	Principal amount remaining unpaid as at year end (not due)	1,171.00	716.08
v)	Interest due and payable on principal amount unpaid as at the year end	0.42	0.09
vi)	Total amount of interest accrued and unpaid as at year end	21.61	11.50
vii)	Further interest remaining due and payable for earlier years	11.50	10.51

3.16 Details of eligible expenditure incurred on in-house Research and Development (R & D) facilities:

₹ lakhs

Particulars			Included in Notes to the Standalone Financial Statements	Approved R&D facilitie March 2018	March 2017
(i)	Capital expenditure				
	(a)	Land	1.1 and 1.2	14.40	-
	(b)	Buildings	-	683.02	748.76
			-	**697.42**	**748.76**
	(c)	Capital equipments		**6,254.48**	**5,311.81**
(ii)	Revenue expenditure (net)				
	(a)	Salaries/wages *	2.6	21,125.71	18,959.84
	(b)	Material/consumables/spares *	2.3 and 2.9	10,408.38	8,113.71
	(c)	Utilities	2.9	1,232.22	969.76
	(d)	Other expenditure directly related to R&D *	2.9	6,883.56	5,596.06
	(e)	Total revenue expenditure (Total of (ii) (a) to (ii) (d))		**39,649.87**	**33,639.37**
(iii)	Total R&D expenditure				
	(Total of (i) (c) and (ii) (e))			45,904.35	38,951.18
(iv)	Less: Amount received by R & D facilities		2.1 and 2.9	654.60	462.45
(v)	Net amount of R & D expenditure (iii) - (iv)			**45,249.75**	**38,488.73**

Notes:

(1) Capital equipment claimed during the year does not include:

a. Expenditure incurred during the year but not capitalized as on March 31, 2018 is ₹3,767.46 lakhs

b. Expenditure claimed upon incurrence during the previous years but capitalized during the year is ₹1,499.03 lakhs

(2) Capital equipment claimed upon incurrence during previous years and continues to be in capital work-in-progress is ₹75.86 Lakhs

(3) * includes an amount in respect of (ii)(a) – ₹2,897.18 Lakhs (March 2017:₹2,322.69 Lakhs); (ii)(b) ₹4,791.25 Lakhs (March 2017: ₹2,855.91 Lakhs) and (ii)(d) ₹1,678.78 Lakhs (March 2017: ₹777.01 Lakhs) and (iv) ₹12.21 Lakhs (March 2017: Nil) capitalized in books.

3.17 CSR Expenditure:

Particulars			Year ended March 31,2018	Year ended March 31,2017
(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		2,365.91	814.76
(b)	Amount spent during the year on:			
	(i)	Construction/acquisition of any asset	-	-
	(ii)	On purposes other than (i) above	1,566.79	833.54

3.18 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 were allotted on June 13, 2017 as fully paid up to the shareholders of the amalgamating company. Accordingly the results for the year ended March 31, 2018 includes results of Hinduja Foundries Limited for the year ended March 31, 2018 whereas the published results for the year ended March 31, 2017 includes results of Hinduja Foundries Limited only for the six months period beginning from October 1, 2016 till March 31, 2017 and hence are not comparable.

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

3.19 The Board of directors approved the scheme of amalgamation of the three wholly owned subsidiaries Viz. Ashok Leyland Vehicles Limited, Ashley Powertrain Limited and Ashok Leyland Technologies Limited with Ashok Leyland Limited with appointed date as April 1, 2018 and this is subject to clearance by National Company Law Tribunal and other regulatory approvals.

3.20 The figures for the previous year have been reclassified/ regrouped wherever necessary for better understanding and comparability.

Gopal Mahadevan
Chief Financial Officer

N Ramanathan
Company Secretary

For PRICE WATERHOUSE & CO CHARTERED ACCOUNTANTS LLP
Firm Registration Number - 304026E/E-300009
Chartered Accountants

Subramanian Vivek
Partner
Membership Number - 100332

May 18, 2018
Chennai

For and on behalf of the Board

Dheeraj G Hinduja
Chairman
DIN : 00133410

Vinod K Dasari
CEO and Managing Director
DIN : 00345657

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ASHOK LEYLAND LIMITED

Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying consolidated Ind AS financial statements of Ashok Leyland Limited (hereinafter referred to as the "Holding Company" or "Parent Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its joint ventures and associate companies; (refer Note 3.1 to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Cash Flows for the year then ended and the Statement of Changes in Equity for the year then ended, and 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").

Management's Responsibility for the Consolidated Ind AS Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and changes in equity of the Group including its associates and joint ventures in accordance with accounting principles generally accepted in India including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of 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 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 respectively and for preventing and detecting frauds and other irregularities; the 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.

4. We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143 (10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

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

6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 8 of the Other Matters paragraph below, other than the unaudited financial statements/ consolidated financial statements/ information as certified by the management and referred to in sub-paragraph 9 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

7. 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 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, 2018, and their consolidated total comprehensive income (comprising of consolidated profit and consolidated other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Other Matter

8. We did not audit the consolidated financial statements/ information of three subsidiaries and financial statements/ information of seven subsidiaries that reflect total assets of ₹ 1,865,410 lakhs and net assets of ₹ 220,787 lakhs as at March 31, 2018, total revenue of ₹ 651,385 lakhs, total comprehensive income (comprising of profit/ loss and other comprehensive income) of ₹ 17,621 lakhs and net cash flows amounting to ₹ 7,876 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of total comprehensive income (comprising of profit/ loss and other comprehensive income) of ₹ (434) lakhs and ₹ 209 lakhs for the year ended March 31, 2018 as considered in the consolidated Ind AS financial statements, in respect of four associate companies and three joint ventures respectively, whose financial statements/ information have not been audited by us. These consolidated financial statements/ financial statements/

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 insofar as it relates to the aforesaid subsidiaries, joint ventures and associates, is based solely on the reports of the other auditors.

9. We did not audit the consolidated financial statements/ information of one subsidiary and financial statements/ information of three subsidiaries that reflect total assets of ₹ 22,085 lakhs and net assets of ₹ 3,374 lakhs as at March 31, 2018, total revenue of ₹ 36,454 lakhs, total comprehensive income (comprising of profit/ loss and other comprehensive income) of ₹ 603 lakhs and net cash flows amounting to ₹ 104 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. These consolidated financial statements/ financial statements/ 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 our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries, is based solely on such unaudited consolidated financial statements/ financial statements/ information. In our opinion and according to the information and explanations given to us by the Management, these consolidated financial statements/ financial statements/ information are not material to the Group.

   Our opinion on the consolidated Ind AS financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the consolidated financial statements/ financial statements/ information certified by the Management.

10. The consolidated Ind AS financial statements of Ashok Leyland Limited for the year ended March 31, 2017, were audited jointly by other firms of chartered accountants under the Companies Act, 2013 who, vide their report dated May 25, 2017, expressed an unmodified opinion on those financial statements. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

11. 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 maintained by the Holding Company, its subsidiaries included in the Group, associate companies and joint ventures incorporated in India including relevant records 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 records of the Holding Company 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 Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company, its subsidiaries included in the Group, associate companies and joint ventures incorporated in India including relevant records relating to the preparation of the consolidated Ind AS financial statements.

    (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian 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, 2018 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, 2018 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 Holding Company, its subsidiary companies, associate companies 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 Auditors) 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 at March 31, 2018 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 joint ventures have long-term contracts as at March 31, 2018 for which there were no material foreseeable losses. The Group, its associates and joint ventures did not have any long-term derivative contracts as at March 31, 2018.

        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, 2018.

        iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2018.

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

Subramanian Vivek
Partner
Membership Number : 100332

Place: Chennai
Date: May 18, 2018

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Ashok Leyland Limited on the consolidated Ind AS financial statements as of and for the year ended March 31, 2018

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 financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls with reference to financial statements of Ashok Leyland Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, as of that date. Reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is not applicable to a subsidiary and a joint venture incorporated in India namely Albonair (India) Private Limited and Ashok Leyland John Deere Construction Equipment Company Private Limited, pursuant to Ministry of Corporate Affairs 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 ventures, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on, internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

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

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

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies, associate companies and joint ventures 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 ventures, which are companies incorporated in India, have, in all

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

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, 2018, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to seven subsidiary companies, three associate companies and two joint ventures, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not qualified in respect of this matter.

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

Subramanian Vivek
Partner
Membership Number : 100332

Place: Chennai
Date: May 18, 2018

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2018

Particulars	Note No.	As at March 31, 2018 ₹ Lakhs	As at March 31, 2017 ₹ Lakhs
ASSETS			
Non-current assets			
Property, plant and equipment	1.1	506,947.05	507,222.98
Capital work-in-progress	1.1	25,111.33	19,592.19
Goodwill (on consolidation)		110,773.98	110,773.98
Other intangible assets	1.2	41,893.13	41,081.71
Intangible assets under development	1.2	18,831.03	4,826.58
Financial assets			
(i) Investments	1.3	96,683.84	84,521.11
(ii) Trade receivables	1.4	2.55	17.95
(iii) Loans	1.5	993,569.20	670,185.59
(iv) Other financial assets	1.6	18,043.89	17,801.91
Deferred tax assets (net)	1.7a	14,178.04	11,347.95
Advance tax assets (net)	1.8	13,182.55	13,739.46
Other non-current assets	1.9	70,426.87	69,423.14
		1,909,643.46	**1,550,534.55**
Current assets			
Inventories	1.10	220,768.91	290,102.92
Financial assets			
(i) Investments	1.11	341,574.33	108,810.57
(ii) Trade receivables	1.12	117,550.10	123,840.33
(iii) Cash and cash equivalents	1.13a	121,803.92	101,313.56
(iv) Bank balances other than (iii) above	1.13b	1,246.66	5,047.60
(v) Loans	1.14	511,798.64	413,299.21
(vi) Other financial assets	1.15	45,813.01	29,388.44
Other current assets	1.16	81,600.33	32,161.18
		1,442,155.90	**1,103,963.81**
Assets classified as held for sale	1.17a	-	12,334.07
TOTAL ASSETS		**3,351,799.36**	**2,666,832.43**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	1.18	29,271.08	28,458.80
Other equity	1.19	712,788.21	610,835.52
Equity attributable to owners of the Company		**742,059.29**	**639,294.32**
Non-controlling interest		82,532.95	58,899.10
Total equity		**824,592.24**	**698,193.42**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	1.20	1,022,809.06	887,642.06
(ii) Other financial liabilities	1.21	2,996.62	4,865.16
Provisions	1.22	31,332.33	18,915.93
Deferred tax liabilities (net)	1.7b	29,850.63	12,692.92
Other non-current liabilities	1.23	21,070.28	4,591.23
		1,108,058.92	**928,707.30**
Current liabilities			
Financial liabilities			
(i) Borrowings	1.24	191,919.84	103,471.10
(ii) Trade payables	1.25	507,464.74	345,014.92
(iii) Other financial liabilities	1.26	529,133.23	484,116.80
Other current liabilities	1.27	128,107.63	71,803.96
Provisions	1.28	61,288.85	34,934.70
Current tax liabilities (net)	1.29	1,233.91	575.23
		1,419,148.20	**1,039,916.71**
Liabilities directly associated with assets classified as held for sale	1.17b	-	15.00
TOTAL EQUITY AND LIABILITIES		**3,351,799.36**	**2,666,832.43**

The accompanying notes form an integral part of the consolidated financial statements.

Gopal Mahadevan
Chief Financial Officer

N Ramanathan
Company Secretary

For and on behalf of the Board

Dheeraj G Hinduja
Chairman
DIN : 00133410

Vinod K Dasari
CEO and Managing Director
DIN : 00345657

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

Subramanian Vivek
Partner
Membership Number - 100332

May 18, 2018
Chennai

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

Particulars	Note No.	Year ended March 31, 2018 ₹ Lakhs	Year ended March 31, 2017 ₹ Lakhs
Income			
Revenue from operations	2.1	2,990,109.18	2,418,982.20
Other income	2.2	19,988.42	13,069.22
Total Income		**3,010,097.60**	**2,432,051.42**
Expenses			
Cost of materials and services consumed		1,731,771.06	1,406,956.33
Purchases of stock-in-trade		75,049.70	140,361.72
Changes in inventories of finished goods, stock-in-trade and work-in-progress		114,986.23	(73,946.75)
Excise duty on sale of goods		28,152.21	131,885.56
Employee benefits expense	2.3	225,747.78	184,999.71
Finance costs	2.4	123,172.46	104,879.96
Depreciation and amortisation expense	2.5	64,588.74	57,278.88
Other expenses	2.6	389,558.64	299,332.23
Total Expenses		**2,753,026.82**	**2,251,747.64**
Profit before exchange gain on swap contracts / Share of profit / (loss) of associates and joint ventures / exceptional items and tax		**257,070.78**	**180,303.78**
Exchange gain on swap contracts		39.13	1,539.74
Share of profit / (loss) of associates and joint ventures (net)		656.69	(986.50)
Profit before exceptional items and tax		**257,766.60**	**180,857.02**
Exceptional items	2.7	-	2,469.23
Profit before tax		**257,766.60**	**183,326.25**
Tax expense:			
Current tax		78,928.36	44,002.58
Deferred tax		(3,816.81)	(24,390.67)
		75,111.55	19,611.91
Profit for the year from continuing operations		**182,655.05**	**163,714.34**
Loss from discontinued operations		(1,273.15)	(423.31)
Loss for the year from discontinued operations		**(1,273.15)**	**(423.31)**
Profit for the year		**181,381.90**	**163,291.03**
Other Comprehensive Income			
A (i) Items that will not be reclassified to Profit or Loss			
- Remeasurement of defined benefit plans		(3,385.02)	(129.87)
- Share of other comprehensive income in associates and joint ventures		(18.69)	(7.74)
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		1,191.59	53.25
B (i) Items that will be reclassified to Profit or Loss			
- Exchange differences in translating the financial statements of foreign operations		(5,230.00)	5,003.74
- Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge		(1,989.28)	1,487.24
- Share of other comprehensive income in associates and joint ventures		(862.78)	233.17
(ii) Income tax relating to items that will be reclassified to Profit or Loss		695.14	(514.70)
Total Other Comprehensive Income		**(9,599.04)**	**6,125.09**
Total Comprehensive Income for the year		**171,782.86**	**169,416.12**
Profit for the year attributable to			
Owners of the Company		176,038.17	158,935.54
Non-controlling interests		5,343.73	4,355.49
Other Comprehensive Income for the year attributable to			
Owners of the Company		(8,558.24)	4,784.17
Non-controlling interests		(1,040.80)	1,340.92
Total Comprehensive Income for the year attributable to			
Owners of the Company			
Continuing operations		168,753.08	164,143.02
Discontinued operations		(1,273.15)	(423.31)
Non-controlling interests		4,302.93	5,696.41
Earnings per equity share (Face value ₹1 each) (for continuing operations) *			
- Basic (in ₹)		6.06	5.52
- Diluted (in ₹)		6.04	5.52
Earnings per equity share (Face value ₹1 each) (for discontinued operations) *			
- Basic (in ₹)		(0.04)	(0.01)
- Diluted (in ₹)		(0.04)	(0.01)
Earnings per equity share (Face value ₹1 each) (for discontinued and continuing operations) *			
- Basic (in ₹)		6.02	5.51
- Diluted (in ₹)		6.00	5.51
* [Refer Note 3.4]			
The accompanying notes form an integral part of the Consolidated financial statements.			

Gopal Mahadevan
Chief Financial Officer

N Ramanathan
Company Secretary

For and on behalf of the Board

Dheeraj G Hinduja
Chairman
DIN : 00133410

Vinod K Dasari
CEO and Managing Director
DIN : 00345657

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

Subramanian Vivek
Partner
Membership Number - 100332

May 18, 2018
Chennai

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

Particulars		March 31, 2018	March 31, 2017
		₹ Lakhs	₹ Lakhs
Cash flow from operating activities			
Profit for the year		**181,381.90**	**163,291.03**
Adjustments for :			
Income tax expense		75,111.55	19,611.91
Share of (profit) / loss of associates and joint ventures (net)		(656.69)	986.50
Depreciation and amortisation expense		64,588.74	57,278.88
Share based payment costs		5,364.56	1,968.90
Provision for obligations		-	8,128.22
Impairment in value of goodwill		-	9,606.16
Impairment loss allowance / write off on trade receivable / advances / loans		10,688.74	28,088.99
Provision for non-moving inventory		(4,756.40)	5,421.35
Net (gain) /loss arising on financial asset mandatorily measured at FVTPL		(535.92)	785.49
Foreign exchange loss/ (gains)		874.47	(1,508.87)
Exchange gain on swap contracts		(39.13)	(1,539.74)
Profit on sale of Property,plant and equipment (PPE) and intangible assets - net		(599.24)	(804.08)
Profit on sale of investments - net		(4,336.85)	(2,351.62)
Gain on disposal of interest in a former joint venture		-	(18,745.78)
Provision for losses relating to joint venture entities (net) - (reversal) / charge		-	(1,457.83)
Finance costs		17,384.83	19,531.53
Interest income		(4,030.05)	(4,919.84)
Dividend income		-	(0.89)
Operating profit before working capital changes		**340,440.51**	**283,370.31**
Adjustments for changes in :			
Trade receivables		5,180.07	58,370.47
Inventories		74,090.41	(78,503.56)
Non-current and current financial assets		(456,820.43)	(239,434.58)
Other non-current and current assets		(40,023.20)	5,610.06
Related party advances / receivables (net)		667.69	1,185.29
Trade payables		161,918.25	11,394.04
Non-current and current financial liabilities		8,581.02	39,869.04
Other non-current and current liabilities		72,767.72	(4,172.15)
Other non-current and current provisions		38,770.55	(3,296.06)
Cash generated from operations		**205,572.59**	**74,392.86**
Income tax paid (net of refund)		(57,842.51)	(47,383.23)
Net cash from operating activities	[A]	**147,730.08**	**27,009.63**
Cash flow from investing activities			
Purchase of PPE and intangible assets		(65,116.00)	(44,885.67)
Proceeds on sale of PPE and intangible assets		1,155.08	1,283.69
Purchase of stake in a subsidiary		(22,541.94)	-
Proceeds from sale of non- current investments (including escrow bank account)		697.34	-
Purchase of non-current investments		(10,678.80)	(45,347.14)
Purchase of current investments (net)		(228,426.91)	(82,359.04)
Maturity of other bank deposits		4,283.10	(1,468.18)
Inter Corporate Deposits given		(57,300.00)	(70,610.00)
Inter Corporate Deposits repaid		57,300.00	70,610.00
Interest received		4,004.70	3,287.47
Dividend received		-	0.89
Net cash (used in) investing activities	[B]	**(316,623.43)**	**(169,487.98)**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

Particulars		March 31, 2018	March 31, 2017
		₹ Lakhs	₹ Lakhs
Cash flow from financing activities			
Proceeds from issue of equity shares (including securities premium)		455.35	-
Issues of shares to Non-controlling interest shareholders		18,606.11	11,855.87
Proceeds from non-current borrowings		301,953.05	418,643.26
Repayments of non-current borrowings		(132,733.82)	(353,415.30)
Proceeds from current borrowings		1,030,159.76	682,991.95
Repayments of current borrowings		(943,164.91)	(622,645.34)
Payments relating to swap contracts on non-current borrowings		(11,633.48)	(11,004.87)
Interest paid		(19,639.33)	(20,111.47)
Dividend paid and tax thereon		(54,947.98)	(32,539.69)
Net cash from financing activities	[C]	**189,054.75**	**73,774.41**
Net increase / (decrease) in cash and cash equivalents	[A+B+C]	**20,161.40**	**(68,703.94)**
Opening cash and cash equivalents		**101,313.56**	**168,118.69**
Add: Consequent to business combination		-	2,038.98
Exchange fluctuation on foreign currency bank balances		328.96	(140.17)
Closing cash and cash equivalents (Refer Note 1.13 a)		**121,803.92**	**101,313.56**

The accompanying notes form an integral part of the Consolidated financial statements.

Gopal Mahadevan
Chief Financial Officer

N Ramanathan
Company Secretary

For and on behalf of the Board

Dheeraj G Hinduja
Chairman
DIN : 00133410

Vinod K Dasari
CEO and Managing Director
DIN : 00345657

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

Subramanian Vivek
Partner
Membership Number - 100332

May 18, 2018
Chennai

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

A. Equity Share Capital

₹ Lakhs

Balance at the beginning of April 1, 2016	Changes in equity share capital during the year	Balance at the end of March 31, 2017	Changes in equity share capital during the year	Balance at the end of March 31, 2018
28,458.80	-	28,458.80	812.28	29,271.08

B. Other Equity

₹ Lakhs

Particulars	Shares pending Allotment	Reserves and Surplus									Items of Other comprehensive income			
		Capital Reserve	Securities Premium Reserve	Capital Redemption Reserve	Debenture Redemption Reserve	Share Option Outstanding Account	General Reserve	Foreign currency monetary item translation difference	Statutory Reserve	Retained Earnings	Foreign currency translation reserve	Effective portion of Cash Flow Hedges	Attributable to owners of the Company	Non-controlling interests
Balance at the beginning of April 1, 2016	**-**	**8,793.10**	**147,004.69**	**-**	**15,250.00**	**149.57**	**94,321.86**	**(2,476.33)**	**3,949.66**	**230,659.54**	**(510.14)**	**769.39**	**497,911.34**	**41,728.69**
Profit for the year	-	-	-	-	-	-	-	-	-	158,935.54	-	-	158,935.54	4,355.49
Other comprehensive income	-	-	-	-	-	-	-	-	-	(102.82)	3,914.45	972.54	4,784.17	1,340.92
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**158,832.72**	**3,914.45**	**972.54**	**163,719.71**	**5,696.41**
Exchange difference on translation of outstanding loan balances	-	-	-	-	-	-	-	(750.25)	-	-	-	-	(750.25)	-
Exchange difference amortised	-	-	-	-	-	-	-	2,029.29	-	-	-	-	2,029.29	-
Transaction with owners														
Dividends including tax thereon	-	-	-	-	-	-	-	-	-	(32,539.69)	-	-	(32,539.69)	-
Recognition of share based payments	-	-	-	-	-	1,901.54	-	-	-	-	-	-	1,901.54	-
Taken over pursuant to business combination	-	-	50,948.91	333.33	-	-	889.25	-	-	(92,323.21)	-	(66.47)	(40,218.19)	-
Consequent to business combination	806.58	17,593.32	-	-	-	-	-	-	-	-	-	-	18,399.90	-
Issue of equity shares to Non-controlling interest (NCI) and change in interests between the owners and NCI	-	-	(98.26)	-	-	(0.60)	-	-	(18.66)	499.39	-	-	381.87	11,474.00
Transfer to securities premium	-	-	164.16	-	-	(164.16)	-	-	-	-	-	-	-	
Transfer to/from retained earnings	-	-	-	-	(5,250.00)	-	-	-	1,931.64	3,318.36	-	-	-	-
Balance at the end of March 31, 2017	**806.58**	**26,386.42**	**198,019.50**	**333.33**	**10,000.00**	**1,886.35**	**95,211.11**	**(1,197.29)**	**5,862.64**	**268,447.11**	**3,404.31**	**1,675.46**	**610,835.52**	**58,899.10**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

B. Other Equity

₹ Lakhs

Particulars	Shares pending Allotment	Reserves and Surplus									Items of Other comprehensive income			
		Capital Reserve	Securities Premium Reserve	Capital Redemption Reserve	Debenture Redemption Reserve	Share Option Outstanding Account	General Reserve	Foreign currency monetary item translation difference	Statutory Reserve	Retained Earnings	Foreign currency translation reserve	Effective portion of Cash Flow Hedges	Attributable to owners of the Company	Non-controlling interests
Balance at the beginning of April 1, 2017	806.58	26,386.42	198,019.50	333.33	10,000.00	1,886.35	95,211.11	(1,197.29)	5,862.64	268,447.11	3,404.31	1,675.46	610,835.52	58,899.10
Profit for the year	-	-	-	-	-	-	-	-	-	176,038.17	-	-	176,038.17	5,343.73
Other comprehensive income	-	-	-	-	-	-	-	-	-	(2,223.35)	(5,040.75)	(1,294.14)	(8,558.24)	(1,040.80)
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**173,814.82**	**(5,040.75)**	**(1,294.14)**	**167,479.93**	**4,302.93**
Exchange difference on translation of outstanding loan balances	-	-	-	-	-	-	-	(117.60)	-	-	-	-	(117.60)	-
Exchange difference amortised	-	-	-	-	-	-	-	538.10	-	-	-	-	538.10	-
Transaction with owners														
Dividends including tax thereon	-	-	-	-	-	-	-	-	-	(54,947.98)	-	-	(54,947.98)	-
On issue of equity shares	-	-	449.65	-	-		-	-	-	-	-	-	449.65	-
Allotment of share capital pursuant to business combination	(806.58)	-	-	-	-	-	-	-	-	-	-	-	(806.58)	-
Recognition of share based payments	-	-	-	-	-	5,364.56	-	-	-	-	-	-	5,364.56	-
Issue of equity shares to Non-controlling interest (NCI) and change in interests between the owners and NCI	-	-	680.88	-	-	(26.04)	-	-	(1,002.54)	(15,659.69)	-	-	(16,007.39)	19,330.92
Transfer to/from retained earnings	-	-	-	-	(6,250.00)	-	-	-	3,977.74	785.55	1,486.71	-	-	-
Transfer to/from General Reserve	-	-	-	-	-	(213.04)	213.04	-	-	-	-	-	-	-
Balance at the end of March 31, 2018	**-**	**26,386.42**	**199,150.03**	**333.33**	**3,750.00**	**7,011.83**	**95,424.15**	**(776.79)**	**8,837.84**	**372,439.81**	**(149.73)**	**381.32**	**712,788.21**	**82,532.95**

The accompanying notes form an integral part of the Consolidated financial statements.

Gopal Mahadevan
Chief Financial Officer

N Ramanathan
Company Secretary

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

Subramanian Vivek
Partner
Membership Number - 100332

May 18, 2018
Chennai

For and on behalf of the Board

Dheeraj G Hinduja
Chairman
DIN : 00133410

Vinod K Dasari
CEO and Managing Director
DIN : 00345657

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1A. General information

Background:

Ashok Leyland Limited ("the Parent Company") is a public limited company incorporated and domiciled in India and governed by the Companies Act, 2013 ("Act"). The Parent Company's registered office is situated at 1, Sardar Patel Road, Guindy, Chennai, Tamil Nadu, India. The Parent Company has fourteen subsidiaries, four joint ventures and four associates. The main activities of the Parent Company along with its subsidiaries, joint ventures and associates relate to manufacture, sale, vehicle finance and services related to a wide range of commercial vehicles. Also Refer Note 3.14. The Parent Company also manufactures engines for industrial and marine applications, forgings and castings. The Parent Company together with its subsidiaries is hereinafter referred to as the "Group".

1B. Significant Accounting Policies

1B.1 Basis of Preparation and Presentation

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

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

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

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

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

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

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

The consolidated financial statements were approved for issue by the Board of Directors on May 18, 2018.

Recent accounting pronouncements:

The Indian Accounting Standard (Ind AS) 115, Revenue from Contracts with Customers is applicable from FY 2018-19, the management believes that the adoption of Ind AS 115 does not have any significant impact on the consolidated financial statements of the Group.

The management believes that the adoption of amendment to Ind AS 21, Foreign currency transactions and advance consideration and amendment to Ind AS 12 Income Taxes does not have any significant impact on the consolidated financial statements of the Group.

The amendment to Ind AS 40, Investment Property is not applicable to the Group.

The significant accounting policies are detailed below.

1B.2 Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Parent Company and its subsidiaries. The Parent Company has control over the subsidiaries as it is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to affect its returns through its power over the subsidiaries.

When the Parent Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Parent Company considers all relevant facts and circumstances in assessing whether or not the Parent Company's voting rights in an investee are sufficient to give it power, including rights arising from other contractual arrangements.

Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Parent Company gains control until the date when the Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Adjustments are made to the financial statements of subsidiaries, as and when necessary, to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Parent Company.

1B.3 Business combinations

A common control business combination, involving entities or businesses in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and where the control is not transitory, is accounted for using the pooling of interests method in accordance with Ind AS 103 'Business Combinations'.

Other business combinations, involving entities or businesses are accounted for using acquisition method. Consideration transferred in such business combinations is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange of control of the acquiree.

Goodwill is recognised and is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree, over the net of the consideration date amounts of the identifiable assets acquired and the liabilities assumed.

1B.4 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or when there is an indication that the unit may be impaired. The recoverable amount of cash generating unit is determined for each legal entity based on a value in use calculation which uses cash flow projections and appropriate discount rate is applied. The discount rate takes into account the expected rate of return to shareholders, the risk of achieving the business projections, risks specific to the investments and other factors. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1B.5 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired.

When there is any objective evidence of impairment, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the investment becomes a subsidiary, the Group accounts for its investment in accordance with Ind AS 103 'Business Combination'. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures it at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with Ind AS 109. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest is included in the determination of the gain or loss on disposal of the associate or joint venture.

1B.6 Non-current assets held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell and disclosed separately in balance sheet. Liabilities associated with assets classified as held for sale are estimated and disclosed separately in the balance sheet.

A non-current asset that ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) is measured at the lower of:

a. its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale, and

b. its recoverable amount at the date of the subsequent decision not to sell.

1B.7 Revenue recognition

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

Sale of goods:

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

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

Rendering of services:

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

Interest / Finance Income relating to financing activities:

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate which is applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Loan processing / arranger fee income is accounted for on effective interest basis.

The Group's policies relating to interest / finance income from financing activities satisfies the prudential norms for income recognition as prescribed by RBI for Non-Banking Financial Companies.

Other Operating Revenues:

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

Dividend and Interest Income:

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

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

1B.8 Foreign currency transactions

In preparing the consolidated financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in a foreign currency are 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.20 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.9 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.10 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 them and the grants will be received.

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

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

1B.11 Employee benefits

Retirement benefit costs and termination benefits:

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

For defined benefit plans i.e. Group's liability towards gratuity (funded)/(unfunded), Group's contribution to provident fund (in relation to guaranteed interest rate), other retirement / terminations benefits and compensated absences, the cost of providing benefits is determined using the projected unit credit method with actuarial valuations being carried out at the end of each annual reporting period.

In respect of provident fund, contributions made to a trust administered by the Group, 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. Accordingly, to the extent of interest rate guarantee it is classified as defined benefit plan.

Defined benefit costs are comprised of:

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

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

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

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

Short-term and other long-term employee benefits:

A liability is recognised for benefits accruing to employees in respect of salaries, wages, performance incentives, medical benefits and other short term benefits in the period the related service is rendered, at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

1B.12 Share-based payment arrangements

Equity-settled share-based payments to employees (primarily employee stock option plan) are measured by reference to the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options outstanding account.

1B.13 Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Current tax:

Current tax is determined on taxable profits for the year chargeable to tax in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 including other applicable tax laws that have been enacted. 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.

1B.14 Property, plant and equipment

Cost:

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost (net of duty / tax credit availed) less accumulated depreciation and accumulated impairment losses. Cost of all civil works (including electrification and fittings) is capitalised with the exception of alterations and modifications of a capital nature to existing structures where the cost of such alteration or modification is ₹ 100,000 and below.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures, plant and equipment (including patterns and dies) where the cost exceeds ₹ 10,000 and the estimated useful life is two years or more, is capitalised and stated at cost (net of duty / tax credit availed) less accumulated depreciation and accumulated impairment losses.

Depreciation / amortisation:

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Estimated useful lives of the assets, based on technical assessment, which are different in certain cases from those prescribed in Schedule II to the Act, are as follows:

Classes of Property, Plant and Equipment	Useful life (years)
Buildings	30
Non-factory service installations:	
- In customer premises	12
- Lease improvements	3
Quality equipment, canteen assets, major Jigs and fixtures and hand tools	12
Other plant and machinery	20
Patterns and dies	5
Furniture and fittings	8
Furniture and fittings - lease improvements	3
Aircraft	18
Vehicles:	
- Trucks and buses	5
- Cars and motorcycles	3
Office equipment	8
Office equipment – Data processing system (including servers)	5

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of Property, Plant and Equipment and accordingly depreciation is computed based on the estimated useful life of the component.

De-recognition:

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

1B.15 Intangible assets

Intangible assets acquired separately:

Intangible assets with finite useful lives that are acquired separately, where the cost exceeds ₹ 10,000 and the estimated useful life is two years or more, is capitalised and carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets - research and development expenditure:

Expenditure on research activities e.g. the design and production of prototypes is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from development phase of internal project) is recognised, if and only if, all of the following have been demonstrated:

- technical feasibility of completing the intangible asset;
- intention to complete the intangible asset and intention / ability to use or sell it;
- how the intangible asset will generate probable future economic benefit;
- availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and
- the ability to measure reliably the attributable expenditure during the development stage.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

De-recognition of intangible assets:

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is derecognised.

Useful lives of intangible assets:

Estimated useful lives of the intangible assets, based on technical assessment, are as follows:

Classes of Intangible Assets	Useful life (years)
Computer Software:	
- Acquired	5
- Developed	5/10
Technical Knowhow:	
- Acquired	5/6
- Developed	6/10

1B.16 Impairment losses

At the end of each reporting period, the Group determines whether there is any indication that its assets (tangible, intangible assets and investments in equity instruments in joint ventures and associates carried at cost) have suffered an impairment loss with reference to their carrying amounts. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount exceeds the recoverable amount. Recoverable amount is higher of the fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in the arrangement.

1B.18 Inventories

Inventories are stated at lower of cost and net realisable value.

Cost of raw materials 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 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.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Warranties:

Provisions for expected cost of warranty obligations under legislation governing sale of goods are recognised on the date of sale of the relevant products at the Management's best estimate of the expenditure required to settle the obligation which takes into account the empirical data on the nature, frequency and average cost of warranty claims and regarding possible future incidences.

1B.20 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Classification of financial assets

The financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition.

Subsequent measurement:

(i) Financial assets (other than investments and derivative instruments) are subsequently measured at amortised cost using the effective interest method.

Effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Investments in debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments on principal and interest on the principal amount outstanding.

Income on such debt instruments is recognised in profit or loss and is included in the “Other Income”.

The Group has not designated any debt instruments as fair value through other comprehensive income.

(ii) Financial assets (i.e. derivative instruments and investments in instruments other than equity of joint ventures and associates) are subsequently measured at fair value.

Such financial assets are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss and included in the “Other Income”.

Investments in equity instruments of joint ventures and associates

The Group measures its investments in equity instruments of joint ventures and associates at cost in accordance with Ind AS 27 and Ind AS 110.

Impairment of financial assets:

A financial asset is regarded as credit impaired when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The Group applies the expected credit loss model (ECL) for recognising impairment loss on financial assets (i.e. the shortfall between the contractual cash flows that are due and all the cash flows (discounted) that the Group expects to receive).

Further, with respect to financing activities of the Group, the Group adjusts for the effects of macro-economic factors on the internal probability of defaults. Accordingly, the financial instruments are classified into Stage 1 – Standard Assets with 0 to 60 days past due (DPD), Stage 2 – Significant Credit Deterioration or overdue between 61 to 90 days and Stage 3 – Default Assets with overdue for more than 90 days as at March 31, 2018 and 120 days as at March 31, 2017. The Group also takes into account the below qualitative parameters in determining the increase in credit risk for the financial assets:

1) Significant negative deviation in the business plan of the borrower

2) Significant decrease in the value of collateral

3) Change in market conditions and industry trends

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

Default Assets wherein the Management does not expect any realistic prospect of recovery are written off to the Consolidated Statement of Profit and Loss.

De-recognition of financial assets:

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Consolidated Statement of profit and loss.

Financial liabilities and equity instruments:

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities

All financial liabilities (other than derivative instruments) are subsequently measured at amortised cost using the effective interest rate method. Interest expense that is not capitalised as part of cost of an asset is included in the "Finance Costs".

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and are subsequently measured (if not designated as at FVTPL) at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

De-recognition of financial liabilities:

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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 first became a party to the contract and the date when there has been change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

Hedge accounting:

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk, as either fair value hedges, cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 3.6 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.

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. However, in the last year, in respect of certain subsidiaries, there is an impairment considering the above criteria/ factors and accordingly, an impairment loss aggregating ₹ 9,606.16 lakhs in the value of goodwill had been recognised.

Provision for obligations

Last year, the Group provided for obligations in relation to Optare Plc, U.K., a subsidiary company (Optare) amounting to ₹ 8,100.00 lakhs towards third party claims and other potential liabilities. Considering the independent valuation of Optare, the Company has retained its provision made in the earlier years since the turnaround strategy of Optare is yet to demonstrate positive results.

Gain on disposal of interest in a former joint venture

During the last year, as stated in Note 3.23, the uncertainties relating to the joint venture operations were resolved consequent to an agreement dated September 7, 2016 reached between the Parent Company and the joint venture partner. The settlement agreement resulted in continuity of LCV business by the Parent Company and acquisition of the balance stake of the joint venture partner by the Parent Company in the erstwhile joint venture entities. These companies became wholly owned subsidiaries and subsequently, the Parent Company reformulated its business strategy for LCV business which is expected to enhance its growth prospects. Consequently in the last year, a gain on disposal of interests in this former joint venture of ₹ 18,745.78 lakhs had been recognised as an exceptional item and acquisition of these subsidiaries at fair value resulted in a goodwill of ₹ 44,989.62 lakhs.

Inventories

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

Taxation

Determining of income tax liabilities using tax rates and tax laws that have been enacted or substantially enacted requires the Management to estimate the level of tax that will be payable based upon the Group's/ expert's interpretation of applicable tax laws, relevant judicial pronouncements and an estimation of the likely outcome of any open tax assessments including litigations or closures thereof.

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

Provision for product warranty

The Group's product warranty obligations and estimations thereof are determined using historical information on the type of product, nature, frequency and average cost of warranty claims and the estimates regarding possible future incidences of product failures. Changes in estimated frequency and amount of future warranty claims, which are inherently uncertain, can materially affect warranty expense.

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Management determines the appropriate valuation techniques and inputs for the fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuations. The Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 3.6.

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

₹ Lakhs

DESCRIPTION	GROSS CARRYING AMOUNT (COST)						DEPRECIATION/AMORTISATION					NET CARRYING AMOUNT
Property, Plant and Equipment (PPE)	01.04.2017	Additions	Adjustments*	Reclassification#	Disposals	31.03.2018	Upto 31.03.2017	Charge during the year	Adjustments*	Disposals	Upto 31.03.2018	Upto 31.03.2018
Freehold land	64,734.56	1,316.67	-	12,300.00	34.65	78,316.58	-	-	-	-	-	78,316.58
Buildings	147,670.82	6,145.07	55.08	-	596.11	153,274.86	11,192.44	6,556.34	7.69	395.74	17,360.73	135,914.13
Buildings given on lease	1,122.99	-	-	-	-	1,122.99	44.60	23.66	-	-	68.26	1,054.73
Plant and equipment	347,325.22	27,013.94	2,402.96	-	9,512.55	367,229.57	61,540.67	43,855.66	1,230.47	9,319.07	97,307.73	269,921.84
Plant and equipment given on lease	3.45	-	-	-	-	3.45	0.56	0.28	-	-	0.84	2.61
Furniture and fittings	5,662.41	1,707.29	391.95	-	117.17	7,644.48	2,319.13	1,018.70	364.11	73.75	3,628.19	4,016.29
Furniture and fittings given on lease	21.93	-	-	-	-	21.93	10.36	4.54	-	-	14.90	7.03
Vehicles	8,297.27	4,876.35	(13.59)	-	417.30	12,742.73	1,936.33	2,168.27	466.46	370.31	4,200.75	8,541.98
Aircraft given on lease	6,074.67	-	-	-	-	6,074.67	1,298.67	649.34	-	-	1,948.01	4,126.66
Office Equipment	6,775.53	2,368.39	(121.46)	-	409.75	8,612.71	2,174.10	1,882.30	(73.06)	372.84	3,610.50	5,002.21
Office Equipment given on lease	0.71	-	-	-	0.71	-	0.71	-	-	0.71	-	-
Electrical and other installations on lease hold premises	113.98	11.63	-	-	-	125.61	62.99	19.63	-	-	82.62	42.99
TOTAL	**587,803.54**	**43,439.34**	**2,714.94**	**12,300.00**	**11,088.24**	**635,169.58**	**80,580.56**	**56,178.72**	**1,995.67**	**10,532.42**	**128,222.53**	**506,947.05**
Capital work-in-progress												**25,111.33**

* Adjustments include currency movements relating to foreign operations.

#Freehold land located at Hyderabad, which was classified as assets held for sale in the previous year is now reclassified (Refer note 1.17).

Notes:

1. Buildings include non-factory service installations of gross value ₹ 19,211.25 lakhs.
2. A portion of the Buildings in Bhandara valued at ₹ 950 lakhs is on a land, the title for which is yet to be transferred to the Parent Company.
3. The title of land and buildings acquired through business combination, which are in the name of the amalgamating company, are yet to be transferred in the name of the Parent Company. Further, this includes a land, the title of which will be transferred in the Group's name upon fulfilment of certain conditions.
4. Cost of Buildings as at March 31, 2018 includes:
   a) ₹ 3.42 lakhs being cost of shares in Housing Co-operative Society representing ownership rights in residential flats and furniture and fittings thereat.
   b) ₹ 132.38 lakhs representing cost of residential flats including undivided interest in land.
5. Additions to PPE and Capital work-in-progress include exchange (gain) / loss aggregating to ₹ 624.40 lakhs capitalised as under:

   Building ₹ 128.62 lakhs, Plant and equipment ₹ 475.53 lakhs, Furniture and fittings ₹ 4.40 lakhs, Vehicles and aircraft ₹ (0.11) lakhs, Office equipment ₹ 8.06 lakhs, Capital Work in progress ₹ 7.90 lakhs.
6. For details of assets given as security against borrowings - Refer Note 3.13
7. For amount of contractual commitments for the acquisition of PPE [Refer Note 3.12].
8. Freehold land includes purchase of land from Andhra Pradesh Industrial Infrastructure Corporation Limited, the title of which will be transferred in the Parent Company's name upon fulfilment of certain conditions.

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

₹ Lakhs

DESCRIPTION	GROSS CARRYING AMOUNT (COST)						DEPRECIATION/AMORTISATION					NET CARRYING AMOUNT
Property, Plant and Equipment (PPE)	01.04.2016	Additions	Acquisition through business combinations	Adjustments*	Disposals	31.03.2017	Upto 31.03.2016	Charge during the year	Adjustments*	Disposals	Upto 31.03.2017	Upto 31.03.2017
Freehold land	55,118.39	1.32	9,614.85	-	-	64,734.56	-	-	-	-	-	64,734.56
Buildings	138,188.25	3,750.98	6,195.86	(225.04)	239.23	147,670.82	5,576.87	5,856.52	(18.85)	222.10	11,192.44	136,478.38
Buildings given on lease	1,004.81	118.18	-	-	-	1,122.99	21.61	22.99	-	-	44.60	1,078.39
Plant and equipment	299,197.35	13,693.68	45,119.91	(439.55)	10,246.17	347,325.22	33,894.06	37,647.90	(137.31)	9,863.98	61,540.67	285,784.55
Plant and equipment given on lease	3.45	-	-	-	-	3.45	0.28	0.28	-	-	0.56	2.89
Furniture and fittings	3,743.91	1,150.52	861.95	(27.77)	66.20	5,662.41	1,283.59	1,110.37	(8.91)	65.92	2,319.13	3,343.28
Furniture and fittings given on lease	21.93	-	-	-	-	21.93	5.82	4.54	-	-	10.36	11.57
Vehicles	3,984.20	4,770.58	52.62	(411.62)	98.51	8,297.27	584.43	1,466.91	(60.26)	54.75	1,936.33	6,360.94
Aircraft given on lease	6,074.61	0.06	-	-	-	6,074.67	649.33	649.34	-	-	1,298.67	4,776.00
Office Equipment	5,754.58	2,557.29	102.48	(19.23)	1,619.59	6,775.53	1,872.22	1,930.50	(9.48)	1,619.14	2,174.10	4,601.43
Office Equipment given on lease	0.71	-	-	-	-	0.71	0.71	-	-	-	0.71	-
Electrical and other installations on lease hold premises	107.30	6.68	-	-	-	113.98	37.04	25.95	-	-	62.99	50.99
TOTAL	**513,199.49**	**26,049.29**	**61,947.67**	**(1,123.21)**	**12,269.70**	**587,803.54**	**43,925.96**	**48,715.30**	**(234.81)**	**11,825.89**	**80,580.56**	**507,222.98**
Capital work-in-progress												**19,592.19**

* Adjustments include currency movements relating to foreign operations.

Notes:

1. Buildings include cost of service installations ₹ 17,844.72 lakhs.
2. A portion of the Buildings in Bhandara valued at ₹ 950 lakhs is on a land, the title for which is yet to be transferred to the Parent Company. Further the title of land and buildings acquired through business combination which are in the name of amalgamating company are yet to be transferred in the name of the Parent Company.
3. Cost of Buildings as at March 31, 2017 includes:
   a) ₹ 3.42 lakhs being cost of shares in Housing Co-operative Society representing ownership rights in residential flats and furniture and fittings thereat.
   b) ₹ 132.38 lakhs 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 ₹ 624.37 lakhs capitalised as under:

   Building ₹ 6.72 lakhs, Plant and equipment ₹ 617.52 lakhs, Furniture and fittings ₹ 0.47 lakhs, Vehicles and aircraft ₹ 1.46 lakhs, Office equipment ₹ 8.41 lakhs, Capital work-in-progress ₹ (10.21) lakhs.
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].

1.2 OTHER INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

₹ Lakhs

DESCRIPTION	GROSS CARRYING AMOUNT (COST)						DEPRECIATION/AMORTISATION					NET CARRYING AMOUNT
Other Intangible Assets	01.04.2017	Additions	Adjustments*	Reclassification	Disposals	31.03.2018	Upto 31.03.2017	Charge during the year	Adjustments*	Disposals	Upto 31.03.2018	Upto 31.03.2018
Computer software												
- Developed	9,487.65	-	-	-	-	9,487.65	2,665.08	1,332.54	-	-	3,997.62	5,490.03
- Acquired	5,790.96	4,024.07	2,342.39	-	0.03	12,157.39	3,000.09	1,457.03	2,313.48	0.01	6,770.59	5,386.80
Technical knowhow												
- Developed	27,942.74	3,703.14	2,075.81	-	-	33,721.69	6,271.32	3,487.05	608.90	-	10,367.27	23,354.42
- Acquired	14,426.97	-	(1.57)	-	112.89	14,312.51	4,630.12	2,133.40	-	112.89	6,650.63	7,661.88
TOTAL	**57,648.32**	**7,727.21**	**4,416.63**	**-**	**112.92**	**69,679.24**	**16,566.61**	**8,410.02**	**2,922.38**	**112.90**	**27,786.11**	**41,893.13**
Intangible assets under development												**18,831.03**

* Adjustments include currency movements relating to foreign operations.

Notes:

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

   a) Exchange (gain) / loss aggregating to ₹ 30.15 lakhs capitalised as under :

   Software ₹ 24.92 lakhs, Technical Knowhow ₹ (1.57) lakhs, Intangible assets under development ₹ 6.80 lakhs.

b) Expenses capitalised ₹ 12,888.67 lakhs - Refer Notes 2.3, 2.4 and 2.6 to the Financial Statements.

2. Intangible assets mainly include:

   a) Vehicle technology relating to design, emission - ₹ 23,354.42 lakhs

   b) Software for accounting / operations purpose - ₹ 8,570.76 lakhs

3. Amount of contractual commitments for the acquisition of intangible assets [Refer Note 3.12].

4. Refer Note 2.4 for borrowing costs capitalised.

1.2a OTHER INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

₹ Lakhs

DESCRIPTION	GROSS CARRYING AMOUNT (COST)						DEPRECIATION/AMORTISATION					NET CARRYING AMOUNT
Intangible Assets	01.04.2016	Additions	Acquisition through business combinations (Refer Note 3.22)	Adjustments*	Disposals	31.03.2017	Upto 31.03.2016	Charge during the year	Adjustments*	Disposals	Upto 31.03.2017	Upto 31.03.2017
Computer software												
- Developed	9,487.65	-	-	-	-	9,487.65	1,332.54	1,332.54	-	-	2,665.08	6,822.57
- Acquired	5,173.39	602.32	45.63	(26.68)	3.70	5,790.96	1,466.53	1,546.82	(9.56)	3.70	3,000.09	2,790.87
Technical knowhow												
- Developed	23,501.82	6,150.88	-	(1,674.16)	35.80	27,942.74	3,064.40	3,466.46	(259.54)	-	6,271.32	21,671.42
- Acquired	14,426.97	-	-	-	-	14,426.97	2,412.36	2,217.76	-	-	4,630.12	9,796.85
TOTAL	**52,589.83**	**6,753.20**	**45.63**	**(1,700.84)**	**39.50**	**57,648.32**	**8,275.83**	**8,563.58**	**(269.10)**	**3.70**	**16,566.61**	**41,081.71**
Intangible assets under development												**4,826.58**

* Adjustments include currency movements relating to foreign operations.

Notes:

1. Additions to Intangible assets and Intangible assets under development include:
   a) Exchange (gain) / loss aggregating to ₹ (47.01) lakhs capitalised as under :
      Software ₹ (60.24) lakhs, Technical Knowhow ₹ 18.67 lakhs, Intangible assets under development ₹ (5.44) lakhs.
   b) Expenses capitalised ₹ 6,908.95 lakhs - Refer Notes 2.3 and 2.6
2. Intangible assets mainly include:
   a) Vehicle technology relating to design, emission - ₹ 21,112.49 lakhs
   b) Software for accounting / operations purpose - ₹ 9,296.57 lakhs
3. Amount of contractual commitments for the acquisition of intangible assets [Refer Note 3.12]

1.3 NON-CURRENT FINANCIAL ASSETS - INVESTMENTS

Description	As at March 31, 2018		As at March 31, 2017	
	Nos.	₹ Lakhs	Nos.	₹ Lakhs
I) Investment in Equity Instruments (unquoted)				
1) Associates (accounted under equity method)				
a) Equity Shares of ₹ 10 each				
Ashok Leyland Defence Systems Limited				
Cost of Acquisition (including goodwill of ₹ 1.59 lakhs)	5,027,567	502.76	1,487,567	148.76
Add / Less : Group share of profit / (loss)		196.40		(109.98)
Carrying amount of Investment		699.16		38.78
Ashley Aviation Limited				
Cost of Acquisition (including goodwill of ₹ 112.38 lakhs)	1,960,000	196.00	1,960,000	196.00
Less : Group share of Loss		138.58		196.00
Carrying amount of Investment		57.42		-
Mangalam Retail Services Limited				
Cost of Acquisition (including goodwill of ₹ 0.50 lakhs)	37,470	4.47	37,470	4.47
Add : Group share of Profit		0.30		0.28
Carrying amount of Investment		4.77		4.75
b) Equity Shares of Srilankan Rupees 10 each				
Lanka Ashok Leyland, PLC				
Cost of Acquisition (including goodwill of ₹ 21.45 lakhs)	1,008,332	57.46	1,008,332	57.46
Add : Group share of Profit		3,447.10		3,504.33
Less: Dividend Income		128.77		114.98
Carrying amount of Investment		3,375.79		3,446.81
2) Joint Ventures (accounted under equity method)				
a) Equity Shares of ₹ 10 each				
Hinduja Tech Limited				
Cost of Acquisition (including goodwill of ₹ 3,699.60 lakhs)	95,450,000	9,737.41	95,450,000	9,737.41
Less : Group share of Loss		7,888.03		7,953.43
Carrying amount of Investment		1,849.38		1,783.98
Ashley Alteams India Limited				
Cost of Acquisition	71,200,000	4,177.00	70,000,000	4,057.00
Less : Group share of Loss		3,133.09		3,272.93
Carrying amount of Investment		1,043.91		784.07
Ashok Leyland John Deere Construction Equipment Company Private Limited				
Cost of Acquisition	257,518,150	25,751.82	257,518,150	25,751.82
Less : Group share of Loss		20,506.31		22,186.40
Less: Impairment in value of investment (utilised from provision for obligation made in the prior year)		5,245.51		3,565.42
Carrying amount of Investment		-		-

Description		As at March 31, 2018		As at March 31, 2017	
		Nos.	₹ Lakhs	Nos.	₹ Lakhs
3) Other investments in equity instruments (at fair value through profit or loss)					
a) Equity Shares of ₹ 10 each					
Rajalakshmi Wind Energy Limited (erstwhile Ashok Leyland Wind Energy Limited)		7,812,950	911.97	7,812,950	911.97
Chennai Willingdon Corporate Foundation		100	0.01	100	0.01
Hinduja Energy (India) Limited		61,147,058	19,279.67	61,147,058	19,310.24
Chemplast Sanmar Limited		-	-	356,000	35.60
OPG Power Generation Private Limited		289,415	32.42	194,115	21.46
Kamachi Industries Limited		525,000	52.50	525,000	52.50
b) Equity Shares of ₹ 100 each partly paid-up					
Adyar Property Holding Co. Limited (₹ 65 paid up)		300	0.20	300	0.20
Total Investment in Equity Instruments (net)	A		27,307.20		26,390.37
II) Investment in Preference Shares (accounted under equity method) (unquoted)					
1) Associates					
6% Cumulative Redeemable Non-Convertible Preference shares of ₹ 10 each					
Ashley Aviation Limited		1,800,000	173.59	1,800,000	156.71
Less : Group share of Loss			173.59		20.75
Carrying amount of Investment			-		135.96
6% Non-Cumulative Redeemable Non-Convertible Preference shares of ₹ 10 each					
Ashley Aviation Limited		4,000,000	265.83	4,000,000	247.53
Less : Group share of Loss			265.83		247.53
Carrying amount of Investment			-		-
6% Non-Cumulative Redeemable Non-Convertible Preference shares of ₹ 10 each					
Ashok Leyland Defence Systems Limited		10,000,000	454.97	10,000,000	434.28
Less : Group share of Loss			-		-
Carrying amount of Investment			454.97		434.28
2) Joint Ventures					
1% Non-Cumulative Redeemable Non-Convertible Preference shares of ₹ 10 each					
Hinduja Tech Limited		23,900,000	2,239.60	23,900,000	2,251.25
Total Investment in Preference Shares	B		**2,694.57**		**2,821.49**
III) Investment in Debentures Non-convertible Redeemable Debentures (relating to financing activities) (at amortised cost)	C		49,633.00		41,914.32
IV) Investment in pass-through securities (relating to financing activities) (at amortised cost)	D		7,049.07		3,394.93
V) Investment in mutual funds (relating to financing activities) (at amortised cost)	E		10,000.00		10,000.00
Total Non-Current Investments	F = A + B + C + D + E		**96,683.84**		**84,521.11**
Notes:					
1. Particulars					
Aggregate value of unquoted investments			101,929.35		88,086.53
Aggregate value of impairment in value of investments			5,245.51		3,565.42

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 ₹ 9,725.00 lakhs (2017: ₹ 8,879.88 lakhs).

		As at March 31, 2018	As at March 31, 2017
		₹ Lakhs	₹ Lakhs
1.4	**NON-CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES**		
	(Unsecured, considered good)		
	Trade receivables	2.55	17.95
		2.55	**17.95**
	Note:		
	These are carried at amortised cost		
1.5	**NON-CURRENT FINANCIAL ASSETS - LOANS**		
	Secured:		
	Loans to customers under financing activities (considered good)	1,006,779.52	667,580.40
	Loans to customers under financing activities (considered doubtful)	9,150.09	10,902.41
	Unsecured:		
	Loans to customers under financing activities (considered doubtful)	4,568.60	3,882.09
		1,020,498.21	**682,364.90**
	Security Deposits	4,278.32	5,918.26
	Less: Allowance for loans (as per expected credit loss model)	31,207.33	18,097.57
		993,569.20	**670,185.59**

Notes:

1. These are carried at amortised cost.
2. Movement in allowance for loans is as follows:

	Opening	Additions (net)	Closing
March 2018	18,097.57	13,109.76	31,207.33
March 2017	10,653.74	7,443.83	18,097.57

		As at March 31, 2018	As at March 31, 2017
1.6	**NON-CURRENT FINANCIAL ASSETS - OTHERS**		
	(Unsecured, considered good)		
	a) Other receivable *	786.54	786.54
	b) Bank Balance in deposit accounts	16.49	4.10
	c) Derivatives not designated in hedging relationships	175.79	1,402.26
	d) Revenue grants receivable	-	11,942.45
	e) Others		
	i. Employee advances	234.31	293.64
	ii. Other advances	2,338.26	669.51
	iii) Bank deposits held as security (relating to financing activities) [collateral towards securitisation / assignment of receivables]	14,492.50	2,703.41
		18,043.89	**17,801.91**
	Of the employee advances mentioned above,		
	Due from Directors / Officers	0.17	1.37
	*on sale of windmill undertaking of the Parent Company		

Note:

These (except derivatives) are carried at fair value through profit or loss.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

		As at March 31, 2018	As at March 31, 2017
		₹ Lakhs	₹ Lakhs
1.7 a	**DEFERRED TAX ASSETS (NET)**		
	i) Deferred tax (liabilities)	(156.79)	(100.61)
	ii) Deferred tax assets*	14,334.83	11,448.56
		14,178.04	**11,347.95**
	* Includes Unused tax credits (Minimum alternate tax credit entitlement) of ₹ 62.41 lakhs (2016-17: ₹ 134.78 lakhs)		
1.7 b	**DEFERRED TAX LIABILITIES (NET)**		
	i) Deferred tax liabilities	72,584.07	76,328.19
	ii) Deferred tax (assets)*	(42,733.44)	(63,635.27)
		29,850.63	**12,692.92**
	* Includes Unused tax credits (Minimum alternate tax credit entitlement) of ₹ 35,389.51 lakhs (March 2017: ₹ 55,361.19 lakhs)		
	Note:		
	Refer Note 3.2 for details of deferred tax liabilities and assets.		
1.8	**NON-CURRENT ADVANCE TAX ASSETS (NET)**		
	Advance income tax (net of provision)	13,182.55	13,739.46
		13,182.55	**13,739.46**
1.9	**OTHER NON-CURRENT ASSETS**		
	(Unsecured, considered good unless otherwise stated)		
	a) Prepayments under operating leases	25,522.82	29,865.23
	b) Capital Advances		
	i) Considered good	6,364.17	4,707.96
	ii) Considered doubtful	131.89	249.38
	Less: Allowance for doubtful advances	131.89	249.38
		6,364.17	**4,707.96**
	c) Balances with customs, port trust, central excise etc.		
	i) Considered good	172.12	513.72
	ii) Considered doubtful	4,505.87	1,428.06
	Less: Allowance for doubtful amounts	4,505.87	1,428.06
		172.12	**513.72**
	d) Others		
	i. Sales tax paid under protest	18,579.62	25,138.87
	ii. Other advances (includes advance for leasehold land, prepaid expenses, etc)	19,788.14	9,197.36
		38,367.76	**34,336.23**
		70,426.87	**69,423.14**
	Note :		
	Movement in Allowance for doubtful amounts is as follows:		
	Particulars	March 2018	March 2017
	Opening balance	1,428.06	1,428.06
	Additions*	3,077.81	-
	Utilisations / Reversals	-	-
	Closing balance	4,505.87	1,428.06
	* Includes allowance of ₹ 2,877.80 lakhs moved from current.		

			As at March 31, 2018	As at March 31, 2017
			₹ Lakhs	₹ Lakhs
1.10	**INVENTORIES**			
	(a)	Raw materials and components	100,947.79	69,228.39
	(b)	Work-in-progress	44,538.23	120,578.01
	(c)	Finished goods	39,622.28	68,371.03
	(d)	Stock-in-trade		
		(i) Commercial vehicles	8,072.34	1,153.76
		(ii) Spare parts and auto components (including works made)	18,142.43	27,953.97
	(e)	Stores, spares and consumable tools	10,110.79	8,239.11
			221,433.86	**295,524.27**
		Less: Provision for non-moving inventory	664.95	5,421.35
			220,768.91	**290,102.92**
	Notes :			
	1.	Goods in transit included above are as below :	March 2018	March 2017
		(a) Raw materials and components	4,804.98	6,775.26
		(b) Stock-in-trade		
		(i) Commercial vehicles	5,471.37	86.50
		(ii) Spares parts and auto components (including works made)	-	9.06
		(c) Stores spares and consumables tools	-	47.43
	2.	Cost of materials consumed (including cost of purchased goods) and amount of inventory written down during the year is ₹ 1,921,806.99 lakhs (2016-17: ₹ 1,473,371.30 lakhs).		
	3	For details of assets given as security against borrowings - Refer Note 3.13		
1.11	**CURRENT FINANCIAL ASSETS - INVESTMENTS**			
	(Unquoted)			
	i)	Investments in mutual funds (Units: 2018: 62,582,280, 2017: 154,635,883) (carried at fair value through profit or loss)	315,515.85	87,717.23
	ii)	Investments in pass through securities (relating to financing activities) (carried at amortised cost)	17,777.49	8,775.95
	iii)	Investments in debentures (relating to financing activities) (carried at amortised cost)	8,280.99	12,317.39
			341,574.33	**108,810.57**

				As at March 31, 2018	As at March 31, 2017
				₹ Lakhs	₹ Lakhs
1.12	**CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES**				
	Trade receivables - unsecured				
		Considered good			
			Related Parties (Refer Note 3.8)	3,441.56	3,726.23
			Others	114,108.54	120,114.10
		Considered doubtful		6,146.86	4,897.90
				123,696.96	**128,738.23**
	Less: Allowance for doubtful debts			6,146.86	4,897.90
				117,550.10	**123,840.33**
	Notes:				
	1.	Movement in allowance for doubtful debts is as follows:			
		Particulars		March 2018	March 2017
		Opening balance		4,897.90	961.70
		Pursuant to business combination		-	1,237.39
		Additions (net)		1,473.18	3,210.30
		Utilizations		224.22	511.49
		Closing balance		6,146.86	4,897.90
	2.	These are carried at amortised cost.			
	3.	For details of assets given as security against borrowings - Refer Note 3.13			

1.13	**a**	**CASH AND CASH EQUIVALENTS**				
		i)	Balances with banks:			
			a)	In current accounts	14,649.77	19,178.77
			b)	In cash credit accounts	25,196.69	57,810.74
			c)	In deposit accounts *	62,958.52	2,773.15
		ii)	Cheques, drafts on hand		17,579.17	21,021.11
		iii)	Cash and stamps on hand		1,419.77	529.79
					121,803.92	**101,313.56**
	b	**BANK BALANCES OTHER THAN (a) ABOVE**				
		i)	Unclaimed dividend accounts (earmarked)		1,068.53	586.37
		ii)	In deposit accounts (earmarked)		178.13	36.47
					1,246.66	**622.84**
		Other Bank Balances				
		iii)	in deposit accounts #		-	4,424.76
					1,246.66	**5,047.60**

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

This represents deposits with original maturity of more than 3 months and remaining maturity less than 12 months.

		As at March 31, 2018	As at March 31, 2017
		₹ Lakhs	₹ Lakhs
1.14	**CURRENT FINANCIAL ASSETS - LOANS**		
	Secured:		
	Loans to customers under financing activities (considered good)	340,593.17	316,805.53
	Loans to customers under financing activities (considered doubtful)	106,205.30	59,465.12
	Unsecured:		
	Security deposits	2,657.77	1,834.19
	Loans to customers under financing activities (considered good)	71,260.16	40,275.96
	Loans to customers under financing activities (considered doubtful)	1,801.12	1,530.47
	Loans to related parties (Refer Note 3.8)	4,500.00	5,000.00
	Loans to others	540.00	347.50
	Less: Allowance for loans (as per expected credit loss model)	15,758.88	11,959.56
		511,798.64	**413,299.21**

Notes:

1. These are carried at amortised cost.
2. Movement in allowance for loans is as follows:

	Opening	Additions (net)	Closing
March 2018	11,959.56	3,799.32	15,758.88
March 2017	7,190.69	4,768.87	11,959.56

			As at March 31, 2018	As at March 31, 2017
1.15	**CURRENT FINANCIAL ASSETS - OTHERS**			
	(Unsecured, considered good unless otherwise stated)			
	a)	Interest accrued :		
		- Relating to financing activities	1,862.03	1,855.33
		- Others	163.13	137.78
	b)	Employee advances	1,929.09	1,847.43
	c)	Derivatives not designated in hedging relationships	1,276.33	1,462.42
	d)	Derivatives designated in hedging relationships	1,165.41	2,840.51
	e)	Receivable in respect of sale of non-current investment (in escrow bank account)	715.29	1,359.50
	f)	Related parties (Refer Note 3.8)		
		- Other advances	263.81	343.81
	g)	Unbilled revenue	2,317.77	2,170.26
	h)	Bank deposits held as security (relating to financing activities)	-	3,296.97
		[collateral towards securitisation / assignment of receivables]		
	i)	Revenue grants receivable		
		- Considered good	29,804.60	5,133.08
		- Considered doubtful	1,559.72	173.71
			31,364.32	**5,306.79**
		Less: Allowance for doubtful receivables	1,559.72	173.71
			29,804.60	**5,133.08**
	j)	Others (includes expenses recoverable, etc.)		
		Considered good	6,315.55	8,941.35
		Considered doubtful	79.27	-
			6,394.82	**8,941.35**
		Less: Allowance for doubtful amount	79.27	-
			6,315.55	**8,941.35**
			45,813.01	**29,388.44**
		Of the employee advances mentioned above, Due from Directors / Officers	1.37	2.04

Notes:

1. These (except derivatives) are carried at amortised cost. Derivatives are carried at fair value through profit or loss / other comprehensive income.
2. For details of assets given as security against borrowings - Refer Note 3.13

3. Movement in Allowance for doubtful receivables are as follows:

Particulars	March 2018	March 2017
Opening balance	173.71	1,337.56
Additions	1,386.01	-
Utilisations	-	1,163.85
Closing balance	1,559.72	173.71

				As at March 31, 2018	As at March 31, 2017
				₹ Lakhs	₹ Lakhs
1.16	**OTHER CURRENT ASSETS**				
	(Unsecured, considered good unless otherwise stated)				
	a)	Prepayments under operating leases		308.17	401.66
	b)	Advances to related parties (Refer Note 3.8)		-	87.69
	c)	Supplier advances			
		i.	Considered good	6,447.51	5,539.00
		ii.	Considered doubtful	104.31	2,962.43
		Less: Allowance for doubtful advances		104.31	2,962.43
				6,447.51	**5,539.00**
	d)	Balances with customs, port trust, central excise etc.			
		i. Considered good		57,100.31	8,706.43
		ii. Considered Doubtful		-	9,036.78
		Less: Allowance for doubtful amounts #		-	9,036.78
				57,100.31	**8,706.43**
	e)	Others *		17,744.34	17,426.40
				81,600.33	**32,161.18**
		# Allowance of ₹ 2,877.80 lakhs moved to non-current			
		* Includes:			
		-	Input tax credit recoverable (Value added tax / sales tax, service tax, entry tax)	542.59	9,210.57
		-	Sales tax paid under protest	7,226.14	-
		-	Prepaid expenses	9,783.65	6,108.00

Note:

Movement in allowance for doubtful amounts and advances is as follows:

Particulars	March 2018	March 2017
Opening balance	11,999.21	103.67
Pursuant to business combination	-	11,895.54
Additions	1.35	-
Utilisations / reversals	11,896.25	-
Closing balance	104.31	11,999.21

1.17a	**ASSETS CLASSIFIED AS HELD FOR SALE**		
	Property, plant and equipment and others	-	12,334.07*
		-	**12,334.07**
1.17b	**LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE**		
	Liabilities directly associated with assets classified as held for sale	-	15.00*
		-	**15.00**

Note:

*Includes freehold land at Hyderabad of ₹ 12,300.00 lakhs was vested with the Parent Company during the previous year pursuant to business combination of erstwhile Hinduja Foundries Limited. This has been reclassified to Property, plant and equipment as the Parent Company is in the process of identification of a potential buyer. The associated liabilities have been accordingly reclassified to other current financial liabilities.

		As at March 31, 2018	As at March 31, 2017
		₹ Lakhs	₹ Lakhs
1.18	**EQUITY SHARE CAPITAL**		
	Authorised		
	27,856,000,000 (March 2017: 27,856,000,000) Equity shares of ₹1 each	278,560.00	278,560.00
		278,560.00	**278,560.00**
	Issued		
	a) 2,280,789,621 (March 2017: 2,199,766,829) Equity shares of ₹1 each	22,807.90	21,997.67
	b) 646,314,480 (March 2017: 646,314,480) Equity shares of ₹1 each issued through Global Depository Receipts	6,463.14	6,463.14
		29,271.04	**28,460.81**
	Subscribed and fully paid up		
	a) 2,280,789,621 (March 2017: 2,199,562,154) Equity shares of ₹1 each	22,807.90	21,995.62
	b) 646,314,480 (March 2017: 646,314,480) Equity shares of ₹1 each issued through Global Depository Receipts	6,463.14	6,463.14
		29,271.04	**28,458.76**
	Add: Forfeited shares (amount originally paid up in respect of 760 shares)	0.04	0.04
		29,271.08	**28,458.80**

Notes:

1. Reconciliation of number of Equity shares subscribed

	March 2018	March 2017
Balance as at the beginning of the year	2,845,876,634	2,845,876,634
Add: Issued during the year pursuant to business combination	80,658,292	-
Issued during the year (Refer Note 3.5)	569,175	-
Balance as at the end of the year	2,927,104,101	2,845,876,634

2. Shares issued in preceding 5 years

a) Hinduja Foundries Limited (amalgamating company) merged with the Parent Company effective October 1, 2016 pursuant to the order received from National Company Law Tribunal on April 24, 2017. Consequently, 80,658,292 equity shares of ₹1 each of the Parent Company has been allotted on June 13, 2017 as fully paid up to the shareholders of the amalgamating company.

b) The Parent Company allotted 569,175 equity shares pursuant to the exercise of options under Employee Stock Option Scheme. For information relating to Employees Stock Option Plan including details of options outstanding as at March 31, 2018 - (Refer Note 3.5).

3. As on March 31, 2018, there are 352,201,640 (March 2017: 352,245,640) equity shares representing the outstanding Global Depository Receipts (GDRs). The balance GDRs have been converted into equity shares.

4. Shares held by the Holding Company

Hinduja Automotive Limited, the holding company, holds 1,164,332,742 (March 2017: 1,104,646,899) Equity shares and 5,486,669 (March 2017: 5,486,669) Global Depository Receipts (GDRs) equivalent to 329,200,140 (March 2017: 329,200,140) Equity shares of ₹1 (March 2017: ₹1) each aggregating to 51.02% (March 2017: 50.38%) of the total share capital.

5. There are no shareholders other than the Holding Company holding more than 5% of the total share capital.

6. Rights, preferences and restrictions in respect of equity shares and GDRs issued by the Company

a) The Equity share holders are entitled to receive dividends as and when declared; a right to vote in proportion to holding etc. and their rights, preferences and restrictions are governed by / in terms of their issue under the provisions of the Companies Act, 2013.

b) The rights, preferences and restrictions of the GDR holders are governed by the terms of their issue, and the provisions of the Companies Act, 2013. Each GDR holder is entitled to receive 60 equity shares (March 2017: 60 equity shares) of ₹1 each, per GDR, and their voting rights can be exercised through the Depository.

7. Cancellation of 204,675 unsubscribed equity shares of ₹1 each was approved by the Board of Directors at the meeting held on May 25, 2017.

				As at March 31, 2018	As at March 31, 2017
				₹ Lakhs	₹ Lakhs
1.19	**OTHER EQUITY**				
	a)	Shares Pending Allotment	A	-	806.58
	b)	Capital Reserve	B	26,386.42	26,386.42
	c)	Securities Premium Reserve	C,L	199,150.03	198,019.50
	d)	Capital Redemption Reserve	L	333.33	333.33
	e)	Debenture Redemption Reserve	D	3,750.00	10,000.00
	f)	Share Options Outstanding Account	E	7,011.83	1,886.35
	g)	General Reserve	F,L	95,424.15	95,211.11
	h)	Cash Flow Hedge Reserve	G,L	381.32	1,675.46
	i)	Foreign currency monetary item translation difference	H	(776.79)	(1,197.29)
	j)	Statutory Reserve	I	8,837.84	5,862.64
	k)	Foreign Currency Translation Reserve	J	(149.73)	3,404.31
	l)	Retained earnings	K,L	372,439.81	268,447.11
				712,788.21	**610,835.52**

Refer "Consolidated Statement of Changes in Equity" for additions/deletions in each reserve.

Notes:

A. Shares pending allotment in previous year represents equity shares to be issued pursuant to business combination i.e. the scheme of amalgamation of Hinduja Foundries Limited with the Parent Company.

B. Capital reserve represents reserve created pursuant to the business combinations.

C. Securities premium reserve represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act, 2013 (the Act) for specified purposes.

D. Debenture redemption reserve represents reserve created out of profit / retained earnings at specified value of debentures to be redeemed.

E. Share options outstanding account relates to stock options granted by the Group to employees under an employee stock options plan. (Refer Note 3.5)

F. General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, bonus issue, etc.

G. Cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated in this reserve are reclassified to profit or loss only when the hedged transaction affects the profit or loss.

H. Foreign currency monetary items translation difference represents exchange differences on translation of long term foreign currency monetary items at rates different from those at which they were initially recorded in so far as they do not relate to acquisition of depreciable asset. These exchange differences in respect of borrowings upto March 31, 2016 are amortised by recognition as income or expense in each year over the balance term till settlement occurs but not beyond March 31, 2020.

I. The statutory reserve has been created pursuant to statutory regulations at a percentage of profit for the year.

J. Foreign currency translation reserve represents exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Indian Rupees) which are recognised directly in other comprehensive income and accumulated in this foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

K. In respect of the year ended March 31, 2018, the Board of Directors has proposed a dividend of ₹ 2.43 per equity share (March 2017: ₹ 1.56 per equity share) subject to approval by the shareholders at the ensuing Annual General Meeting after which dividend would be accounted and paid out of the retained earnings available for distribution in accordance with the provisions of the Act. Revaluation reserve transferred to retained earnings on transition date may not be available for distribution.

L. Pursuant to the business combination during the previous year referred to above, the reserves and surplus of the amalgamating company as on October 1, 2016 have been taken over at the carrying values.

				As at March 31, 2018	As at March 31, 2017
				₹ Lakhs	₹ Lakhs
1.20	**NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS**				
	a)	**Secured borrowings**			
		i)	Redeemable non-convertible debentures	208,600.00	213,070.14
		ii)	Term loan from banks	655,307.95	522,441.45
		iii)	External commercial borrowings from banks	943.11	6,744.24
		iv)	Other loans	3,118.00	3,138.76
	b)	**Unsecured borrowings**			
		i)	Redeemable non-convertible debentures	103,500.00	68,128.70
		ii)	Term loan from banks	9,771.28	-
		iii)	External commercial borrowings from banks	31,428.05	63,224.73
		iv)	Interest free sales tax loans	10,140.67	10,894.04
				1,022,809.06	**887,642.06**

Notes:

1 These are carried at amortised cost.

2 Refer Note 1.26 for current maturities of non-current borrowings.

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 2017: 36,500,000) Non-Cumulative Redeemable Non-Convertible Preference Shares of ₹ 10 each valuing ₹ 3,650.00 lakhs and 77,000,000 (March 2017: 77,000,000) Redeemable Non-Convertible Preference Shares of ₹ 100 each valuing ₹ 77,000.00 lakhs (March 2017: ₹ 77,000.00 lakhs). No preference shares issued during the year.

5 Of the above, borrowings relating to financing activities are given below:

		As at March 31, 2018	As at March 31, 2017
a)	**Secured borrowings**		
	Debentures	208,600.00	198,098.51
	Term loans from banks (Includes ₹ 86,231.73 lakhs (31 Mar 2017: ₹ 44,844.49 lakhs) towards securitisation deals)	649,682.95	484,399.66
	Other loans	-	20.76
b)	**Unsecured borrowings**		
	Debentures	103,500.00	68,128.70
		961,782.95	**750,647.63**

			As at March 31, 2018	As at March 31, 2017
1.21	**NON-CURRENT FINANCIAL LIABILITIES - OTHERS**			
	a)	Capital creditors	29.16	-
	b)	Derivatives not designated in hedging relationships	-	4,721.68
	c)	Others	2,967.46	143.48
			2,996.62	**4,865.16**

Note:

These (except derivatives) are carried at amortised cost. Derivatives are carried at fair value through profit or loss.

				As at March 31, 2018	As at March 31, 2017
				₹ Lakhs	₹ Lakhs
1.22	**NON-CURRENT PROVISIONS**				
	a)	Provision for employee benefits			
		i)	Compensated absences	7,819.79	7,157.62
		ii)	Others including post retirement benefits [Refer Note 3.3]	5,878.41	4,139.32
	b)	Provision for product warranties		15,879.99	7,618.99
	c)	Other provisions (includes provision for litigation)		1,754.14	-
				31,332.33	**18,915.93**

Notes:

1 Movement in Provision for product warranties is as follows:

Particulars	March 2018	March 2017
Opening balance	7,618.99	10,270.01
Additions (net of utilisations)	8,261.00	(2,651.02)
Closing balance	15,879.99	7,618.99

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 2018	March 2017
Opening balance	-	-
Additions	1,754.14	-
Utilisations/Reversals	-	-
Closing balance	1,754.14	-

			As at March 31, 2018	As at March 31, 2017
1.23	**OTHER NON-CURRENT LIABILITIES**			
	a)	Income received in advance	20,374.22	3,926.36
	b)	Others (includes deferred lease rent)	696.06	664.87
			21,070.28	**4,591.23**
1.24	**CURRENT FINANCIAL LIABILITIES - BORROWINGS**			
	a)	**Secured borrowings**		
		Loans from banks	91,571.43	81,478.85
	b)	**Unsecured borrowings**		
		Loans from banks	26,557.55	21,992.25
		Commercial papers (maximum outstanding during the year ₹ 150,000 lakhs (March 2017: ₹ 80,000 lakhs))	73,790.86	-
			191,919.84	**103,471.10**

Notes :

			March 31, 2018	March 31, 2017
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	91,571.43	81,478.85
	-	Unsecured	26,557.55	21,992.25
3.	Out of the above, borrowings relating to financing activities:			
	-	Secured	65,116.53	45,164.66
	-	Unsecured	73,790.86	-
4.	Refer Note 3.13 for security and terms of the borrowings.			

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

			As at March 31, 2018	As at March 31, 2017
			₹ Lakhs	₹ Lakhs
1.25	**CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES**			
	Trade payables - including acceptances			
	a)	Total outstanding dues of micro enterprises and small enterprises [Refer Note 3.17]	1,241.65	720.79
	b)	Total outstanding dues of creditors other than micro enterprises and small enterprises	506,223.09	344,294.13
			507,464.74	**345,014.92**
	Note:			
	These are carried at amortised cost.			
1.26	**CURRENT FINANCIAL LIABILITIES - OTHERS**			
	a)	Current maturities of long-term debt	364,375.46	325,679.92
	b)	Interest accrued but not due on borrowings	21,171.68	24,506.48
	c)	Unclaimed dividends	1,068.53	586.37
	d)	Employee benefits	31,277.08	29,591.64
	e)	Capital creditors	11,586.23	4,892.52
	f)	Derivatives not designated in hedging relationships	3,988.42	10,939.35
	g)	Derivatives designated in hedging relationships	586.07	336.21
	h)	Book overdraft in cash credit accounts	-	66.62
	i)	Assignees towards collections in assigned assets	22,820.85	15,042.55
		(relating to financing activities)		
	j)	Others*	72,258.91	72,475.14
			529,133.23	**484,116.80**
	* Includes:			
	Accrued expenses / liabilities		69,375.72	71,277.92

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 ₹ 301,192.64 lakhs (2017: ₹ 220,146.19 lakhs) relating to financing activities.
4. Interest accrued but not due on borrowings include ₹ 19,352.49 lakhs (2017:₹ 21,252.92 lakhs) relating to financing activities.

			As at March 31, 2018	As at March 31, 2017
1.27	**OTHER CURRENT LIABILITIES**			
	a)	Income received in advance	10,050.20	3,198.01
	b)	Advance from customers	81,890.25	19,539.31
	c)	Statutory liabilities	28,204.22	43,061.39
	d)	Accrued gratuity	6,874.06	4,410.83
	e)	Others	1,088.90	1,594.42
			128,107.63	**71,803.96**

			As at March 31, 2018	As at March 31, 2017
			₹ Lakhs	₹ Lakhs
1.28	**CURRENT PROVISIONS**			
	a)	Provision for employee benefits		
		i) Compensated absences	1,562.98	1,646.82
		ii) Others including Post retirement benefits [Refer Note 3.3]	3,295.70	2,056.17
	b)	Provision for product warranties	28,608.57	19,738.82
	c)	Provision for obligations	8,100.00	8,100.00
	d)	Other provisions (including litigation matters)	19,721.60	3,392.89
			61,288.85	**34,934.70**

Notes:

1. Movement in Provision for product warranties is as follows:

	Opening	Add: Additions (net of utilisations)	Closing
March 2018	19,738.82	8,869.75	28,608.57
March 2017	16,308.22	3,430.60	19,738.82

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 (including Optare Plc.,) is as follows :

	Opening	Additions	Utilisations / Reversals	Closing
March 2018	8,100.00	-	-	8,100.00
March 2017	2,500.00	8,100.00	2,500.00	8,100.00

3. Movement in Other Provision is as follows:

	Opening	Additions	Utilisations / Reversals	Closing
March 2018	3,392.89	18,472.15	2,143.44	19,721.60
March 2017	2,456.71	936.18	-	3,392.89

		As at March 31, 2018	As at March 31, 2017
		₹ Lakhs	₹ Lakhs
1.29	**CURRENT TAX LIABILITIES (NET)**		
	Provision for taxation (net of advance tax)	1,233.91	575.23
		1,233.91	**575.23**

					Year ended March 31, 2018	Year ended March 31, 2017
					₹ Lakhs	₹ Lakhs
2.1	**REVENUE FROM OPERATIONS**					
	a)	Sale of products				
		-	Commercial vehicles			
			Manufactured		2,184,909.84	1,795,143.62
			Traded		230,799.80	179,311.87
		-	Engines and gensets		77,806.54	46,917.25
		-	Ferrous castings and patterns		49,826.44	23,641.16
		-	Spare parts and others		203,654.24	200,831.00
				(A)	**2,746,996.86**	**2,245,844.90**
	b)	Revenue from services		**(B)**	25,065.13	24,970.10
	c)	Interest / finance income relating to financing activities		**(C)**	203,377.91	149,983.05
	d)	Other operating revenues				
		-	Contract manufacturing		21.46	8,111.29
		-	Grant Income		20,716.21	-
		-	Export incentives		8,338.82	7,064.65
		-	Scrap sales		10,418.44	8,505.70
		-	Others including recoveries (freight, etc.)		16,940.00	13,945.42
				(D)	**56,434.93**	**37,627.06**
				(A+B+C+D)	**3,031,874.83**	**2,458,425.11**
		Less : Rebate and discounts			41,765.65	39,442.91
					2,990,109.18	**2,418,982.20**
2.2	**OTHER INCOME**					
	a)	Interest income from				
		i)	Non-current investments		2.03	23.52
		ii)	Others		4,028.02	4,896.32
					4,030.05	**4,919.84**
	b)	Dividend income from				
		i)	Non-current investments (Refer note 3.8)		-	0.89
					-	**0.89**
	c)	Profit / (loss) on sale of investments (net)				
		i)	Current investments		4,336.85	2,326.80
		ii)	Non-current investments		-	24.82
					4,336.85	**2,351.62**
	d)	Other non-operating income				
		i)	Profit on sale of property, plant and equipment (net)		599.24	804.08
		ii)	Foreign exchange gain (net)		5,618.24	321.44
		iii)	Net gain / (loss) arising on financial asset mandatorily measured at FVTPL		535.92	(785.49)
		iv)	Others		4,868.12	5,456.84
					11,621.52	**5,796.87**
					19,988.42	**13,069.22**
2.3	**EMPLOYEE BENEFITS EXPENSE**					
	a)	Salaries and wages			190,812.16	157,942.81
	b)	Contribution to provident and other funds			11,509.82	10,342.05
	c)	Share based payment costs *			5,364.56	1,968.90
	d)	Staff welfare expenses			20,958.12	17,069.96
					228,644.66	**187,323.72**
	Less: Expenses capitalised				2,896.88	2,324.01
					225,747.78	**184,999.71**

* For share options given by the Group to employees under employee stock option plan - Refer Note 3.5.

					Year ended March 31, 2018	Year ended March 31, 2017
					₹ Lakhs	₹ Lakhs
2.4	**FINANCE COSTS**					
	a)	Interest expense			17,872.50	19,531.53
	b)	Interest relating to financing activities			105,787.63	85,348.43
					123,660.13	**104,879.96**
		Less: Expenses capitalised			487.67	-
					123,172.46	**104,879.96**

Notes:

1. The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's general borrowings during the year, in this case 5.31% (March 31, 2017 - Nil).
2. Also Refer Note 1.2.

					Year ended March 31, 2018	Year ended March 31, 2017
2.5	**DEPRECIATION AND AMORTIZATION EXPENSE**					
	A)	**Property, plant and equipment**				
		i)	Buildings		6,556.34	5,856.52
		ii)	Plant and equipment		43,855.66	37,647.90
		iii)	Furniture and fittings		1,018.70	1,110.37
		iv)	Vehicles		2,168.27	1,466.91
		v)	Office equipment		1,882.30	1,930.50
		vi)	Assets given on lease			
			- Buildings		23.66	22.99
			- Plant and equipment		0.28	0.28
			- Aircraft		649.34	649.34
			- Furniture and fittings		4.54	4.54
		vii)	Electrical and other installations on lease hold premises		19.63	25.95
				(A)	**56,178.72**	**48,715.30**
	B)	**Intangible assets**				
		i)	Computer software			
			- Developed		1,332.54	1,332.54
			- Acquired		1,457.03	1,546.82
		ii)	Technical knowhow			
			- Developed		3,487.05	3,466.46
			- Acquired		2,133.40	2,217.76
				(B)	**8,410.02**	**8,563.58**
				(A + B)	**64,588.74**	**57,278.88**

			Year ended March 31, 2018	Year ended March 31, 2017
			₹ Lakhs	₹ Lakhs
2.6	**OTHER EXPENSES**			
	(a)	Consumption of stores and tools	11,129.60	9,309.31
	(b)	Power and fuel	23,851.13	18,642.39
	(c)	Rent	5,897.53	5,284.37
	(d)	Repairs and maintenance		
		- Buildings	5,916.53	5,249.33
		- Plant and machinery	18,530.61	15,203.42
		- Others	844.95	124.54
	(e)	Insurance	3,461.85	1,933.71
	(f)	Rates and taxes, excluding taxes on income	4,612.60	5,703.84
	(g)	Research and development	13,489.93	9,078.53
	(h)	Service and product warranties	48,016.42	29,000.58
	(i)	Packing and forwarding charges	77,316.05	70,134.19
	(j)	Selling and administration expenses (net)	110,124.59	91,898.18
	(k)	Annual maintenance contracts	16,748.14	15,056.41
	(l)	Service provider fees	5,868.69	1,431.07
	(m)	Impairment loss allowance / write off on trade receivable / advances / grant income receivable (net)	4,474.10	2,756.76
	(n)	Impairment loss allowance / write off relating to financing activities	48,780.04	23,110.54
			399,062.76	**303,917.17**
	Less: Expenses capitalised		9,504.12	4,584.94
			389,558.64	**299,332.23**
	Note:			
	Selling and administration expenses include:			
	-	Directors' sitting fees	81.90	98.20
	-	Commission to Non Whole-time Directors	1,219.00	1,076.00
2.7	**EXCEPTIONAL ITEMS :**			
	a)	Gain on disposal of interest in a former joint venture	-	18,745.78
	b)	Impairment in value of goodwill		
		- Albonair (India) Private Limited	-	(468.83)
		- Albonair GmbH	-	(9,123.02)
		- Others	-	(14.31)
			-	**(9,606.16)**
	c)	Provision for obligations relating to a subsidiary		
		- Optare plc	-	(8,100.00)
		- Others	-	(28.22)
	d)	Provision for losses relating to joint venture entities (net) - reversal / (charge)	-	1,457.83
			-	**2,469.23**

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.1 BASIS OF CONSOLIDATION

3.1.1 The Consolidated Financial Statements relate to Ashok Leyland Limited (the Parent Company) and its subsidiaries (the Parent Company and its subsidiaries together constitute "the Group"), its joint ventures and associates.

3.1.2 Principles of consolidation

a The Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standard 110 (IND AS 110) “Consolidated Financial Statements”, Indian Accounting Standard 28 (IND AS 28) “Investments in Associates and Joint Ventures prescribed under Section 133 of the Companies Act, 2013.

b The Consolidated Financial Statements of the Group have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealised profits have been fully eliminated.

c The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the Consolidated Financial Statements as Goodwill.

d The difference between the proceeds from the disposal of investments in the subsidiary and the carrying amount of its assets and liabilities as on the date of disposal is recognised as profit or loss on disposal of investments in the subsidiary in the Consolidated Statement of Profit and Loss.

e Non-controlling interests in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the non-controlling shareholders at the dates on which investments are made by the Parent Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above.

f The following subsidiaries are considered in the Consolidated Financial Statements:

S. No.	Name of the Subsidiary	Country of Incorporation	% of ownership interest	% of ownership interest
			March 31, 2018	March 31, 2017
1	Hinduja Leyland Finance Limited and its subsidiary and controlled trust	India	61.85%	57.20%
2	Global TVS Bus Body Builders Limited	India	66.67%	66.67%
3	Gulf Ashley Motor Limited	India	92.98%	92.98%
4	Optare Plc and its subsidiaries	UK	99.08%	75.11%
5	Ashok Leyland (UK) Limited (since liquidated on 10th April, 2018)@	UK	100.00%	100.00%
6	Ashok Leyland (Nigeria) Limited	Nigeria	100.00%	100.00%
7	Ashok Leyland (Chile) SA*	Chile	100.00%	100.00%
8	HLF Services Limited	India	82.39%	80.25%
9	Albonair (India) Private Limited	India	100.00%	100.00%
10	Albonair GmbH and its subsidiary*	Germany	100.00%	100.00%
11	Ashok Leyland Vehicles Limited [formerly Ashok Leyland Nissan Vehicles Limited] (w.e.f November 26, 2016)	India	100.00%	100.00%
12	Ashley Powertrain Limited [formerly Nissan Ashok Leyland Powertrain Limited] (w.e.f November 26, 2016)	India	100.00%	100.00%
13	Ashok Leyland Technologies Limited [formerly Nissan Ashok Leyland Technologies Limited] (w.e.f November 26, 2016)	India	100.00%	100.00%
14	Ashok Leyland (UAE) LLC and its subsidiaries (including beneficial interest)	UAE	100.00%	100.00%

@ The operations of Ashok Leyland (UK) Limited (under liquidation) are not significant in relation to the Group's business.

* The financial statements of the subsidiary companies used in the consolidation are drawn upto the same reporting date as of the Parent Company i.e. year ended March 31, 2018.

g The following Joint Ventures have been considered in the preparation of Consolidated Financial Statements of the Group in accordance with IND AS 28 "Investments in Associates and Joint Ventures":

S. No.	Name of the Joint Venture	Country of Incorporation	% of Ownership interest	% of Ownership interest
			March 31, 2018	March 31, 2017
1	Ashley Alteams India Limited	India	50.00%	50.00%
2	Ashok Leyland John Deere Construction Equipment Company Private Limited #	India	50.00%	50.00%
3	Automotive Infotronics Limited (liquidated on April 5, 2017)*	India	-	50.00%
4	Hinduja Tech Limited##	India	62.00%	62.00%

The Parent Company along with its subsidiary Gulf Ashley Motor Limited holds 50% interest.

* The operations of Automotive Infotronics Limited (liquidated) are not significant in relation to the Group's business

Not a subsidiary due to contractual arrangement between shareholders

h) The following associates have been considered in the preparation of Consolidated Financial Statements of the Group in accordance with Indian Accounting Standard (IND AS) 28 "Investments in Associates and Joint Ventures":

S. No.	Name of the Associate	Country of Incorporation	% of ownership interest	% of ownership interest
			March 31, 2018	March 31, 2017
1	Ashok Leyland Defence Systems Limited	India	48.49%	48.49%
2	Mangalam Retail Services Limited	India	37.48%	37.48%
3	Ashley Aviation Limited	India	49.00%	49.00%
4	Lanka Ashok Leyland Plc	Sri Lanka	27.85%	27.85%

Rajalakshmi Wind Energy Limited (erstwhile Ashok Leyland Wind Energy Limited) where the Parent Company holds 26% (with effect from October 1, 2016) is not treated as associate under Ind AS as the Group does not exercise significant influence over the entity.

3.1.3 Additional Information, as required under Schedule III to the Companies Act, 2013 of entities consolidated as Subsidiaries, Joint Ventures and Associates

S. No.	Name of the Entity	Net Assets: As a % of Consolidated Net Assets	Net Assets: Amount ₹ Lakhs	Share in Profit or Loss: As a % of Consolidated Profit or (Loss)	Share in Profit or Loss: Amount ₹ Lakhs	Share in Other comprehensive income: As a % of Consolidated Profit or (Loss)	Share in Other comprehensive income: Amount ₹ Lakhs	Share in Total comprehensive income: As a % of Consolidated Profit or (Loss)	Share in Total comprehensive income: Amount ₹ Lakhs
	Parent Company								
1	Ashok Leyland Limited	96.55	716,479.75	88.76	156,258.96	41.44	(3,546.40)	91.18	152,712.56
	Indian Subsidiaries								
2	Hinduja Leyland Finance Limited and its subsidiary and controlled trust	27.86	206,758.63	9.51	16,749.08	(0.32)	27.24	10.02	16,776.32
3	Global TVS Bus Body Builders Limited	0.53	3,907.38	0.11	192.00	0.04	(3.12)	0.11	188.88
4	Gulf Ashley Motor Limited	0.42	3,096.60	0.14	242.02	0.06	(4.77)	0.14	237.25
5	HLF Services Limited	0.04	293.32	0.04	77.88	(0.08)	6.62	0.05	84.50
6	Albonair (India) Private Limited	0.05	379.75	(0.22)	(386.53)	(0.00)	0.19	(0.23)	(386.34)
7	Ashok Leyland Vehicles Limited	(2.29)	(16,992.75)	7.66	13,480.99	(0.26)	22.28	8.06	13,503.27
8	Ashley Powertrain Limited	2.60	19,325.93	0.05	85.98	(0.10)	8.52	0.06	94.50
9	Ashok Leyland Technologies Limited	(1.24)	(9,236.74)	1.19	2,096.47	(0.02)	1.87	1.25	2,098.34
	Foreign Subsidiaries								
10	Ashok Leyland (UK) Limited (since liquidated on 10th April, 2018)	-	-	-	-	-	-	-	-
11	Ashok Leyland (Nigeria) Limited	0.01	79.26	(0.02)	(60.77)	-	-	(0.04)	(60.77)
12	Ashok Leyland (Chile) S.A	(0.00)	(5.90)	(0.01)	(24.21)	-	-	(0.01)	(24.21)
13	Optare Plc UK and its subsidiaries	0.64	4,724.28	(5.13)	(9,027.93)	64.37	(5,508.84)	(8.68)	(14,536.77)
14	Ashok Leyland (UAE) LLC and its subsidiaries	1.15	8,530.90	(0.23)	(405.39)	0.39	(33.12)	(0.26)	(438.51)
15	Albonair GmbH and its subsidiary	0.44	3,300.18	0.21	375.82	(3.65)	311.96	0.41	687.78
16	**Non controlling Interest in all subsidiaries**	**(11.12)**	**(82,532.95)**	**(3.04)**	**(5,343.73)**	**(12.16)**	**1,040.80**	**(2.57)**	**(4,302.93)**
	Associates (Investment as per the equity method)								
	Indian								
17	Ashley Aviation Limited	0.01	57.42	(0.09)	(164.73)	-	-	(0.10)	(164.73)
18	Ashok Leyland Defence Systems Limited	0.16	1,154.13	0.02	39.37	-	-	0.02	39.37
19	Mangalam Retail Services Limited	0.00	4.77	0.00	0.02	-	-	0.00	0.02
	Foreign								
20	Lanka Ashok Leyland PLC	0.45	3,375.79	0.32	560.40	10.15	(868.88)	(0.18)	(308.48)
	Joint Ventures (Investment as per the equity method)								
	Indian								
21	Ashley Alteams India Limited	0.14	1,043.91	0.08	149.20	0.06	(5.55)	0.09	143.65
22	Ashok Leyland John Deere Construction Equipment Company Private Limited	-	-	-	-	-	-	-	-
23	Hinduja Tech Limited	0.55	4,088.98	0.04	72.43	0.08	(7.04)	0.04	65.39
	Sub Total	**116.95**	**867,832.64**	**99.39**	**174,967.33**	**100.00**	**(8,558.24)**	**99.36**	**166,409.09**
	Add/(Less): Effect of intercompany adjustments / eliminations	(16.95)	(125,773.35)	0.61	1,070.84	-	-	0.64	1,070.84
	Total	**100.00**	**742,059.29**	**100.00**	**176,038.17**	**100.00**	**(8,558.24)**	**100.00**	**167,479.93**

Note:

Net Assets and Share in Profit or Loss for Parent Company, Subsidiaries, and Joint Ventures are as per the Standalone / Consolidated Financial Statements of the respective entities from the date of acquisition wherever applicable.

3.2 INCOME TAXES RELATING TO CONTINUING OPERATIONS

3.2.1 Income tax recognised in profit or loss

		Year ended March 31, 2018	Year ended March 31, 2017
		₹ Lakhs	₹ Lakhs
Current tax			
In respect of the current year		79,027.26	44,022.91
In respect of prior years		(98.90)	(20.33)
	A	**78,928.36**	**44,002.58**
Deferred tax			
In respect of the current year		(3,816.81)	(24,390.67)
	B	**(3,816.81)**	**(24,390.67)**
Total income tax expense recognised in the Consolidated profit or loss	**(A+B)**	**75,111.55**	**19,611.91**
Income tax recognised on discontinued operations is Nil.			

3.2.2 Income tax expense for the year reconciled to the accounting profit:

	Year ended March 31, 2018	Year ended March 31, 2017
	₹ Lakhs	₹ Lakhs
Profit before tax from continuing operations	257,766.60	183,326.25
Applicable income tax rate	34.608%	34.608%
Income tax expense calculated at the tax rate	89,207.86	63,445.55
Effect of income / credits (reversals) that is exempt from taxation	38.87	(0.31)
Effect of exceptional items, disallowances and reversals (net)	2,678.77	22,082.12
Effect of previously unrecognised and unused tax losses and deductible temporary differences	(1,958.35)	(35,711.71)
Effect of concessions and other allowances (including tax holiday and weighted deduction for research and development expenditure)	(14,169.38)	(21,748.28)
Effect of different tax rates of subsidiaries / branches operating in overseas jurisdictions	(381.04)	(8,605.05)
Effect of other adjustments	(206.28)	169.92
	75,210.45	**19,632.24**
Adjustments recognised in the current year in relation to the current tax of prior years	(98.90)	(20.33)
Income tax expense recognised in Consolidated profit or loss (relating to continuing operations)	**75,111.55**	**19,611.91**

3.2.3 Income tax recognised in other comprehensive income

		Year ended March 31, 2018	Year ended March 31, 2017
		₹ Lakhs	₹ Lakhs
Deferred tax:			
Arising on income and expenses recognised in other comprehensive income:			
Fair value remeasurement of hedging instruments entered into for cash flow hedges		(226.77)	(921.91)
Remeasurement of defined benefit obligation		1,191.59	53.25
	A	**964.82**	**(868.66)**
Arising on income and expenses reclassified from equity to profit or loss:			
Relating to cash flow hedges		921.91	407.21
	B	**921.91**	**407.21**
Total income tax recognised in other comprehensive income	**(A+B)**	**1,886.73**	**(461.45)**
Bifurcation of the income tax recognised in other comprehensive income into:			
Items that will not be reclassified to profit or loss		1,191.59	53.25
Items that will be reclassified to profit or loss		695.14	(514.70)
		1,886.73	**(461.45)**

3.2 Income taxes relating to continuing operations (continued)

3.2.4 Analysis of deferred tax asset/liabilities:

₹ Lakhs

	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Other adjustments	Utilisation of unused tax credits	Closing balance
March 31, 2018						
Deferred tax assets (net)						
Property, plant, and equipment and Intangible Assets	(186.41)	48.31	-	-	-	(138.10)
Voluntary retirement scheme compensation	-	-	-	-	-	-
Provision for impairment of financial assets (relating to financing activities)	10,348.71	3,570.20	(14.42)	-	-	13,904.49
Unused tax losses (including unabsorbed depreciation)	229.99	(22.84)	-	-	-	207.15
Expenditure allowed upon payments	107.26	53.52	-	-	-	160.78
Unused tax credit (MAT credit entitlement)	99.38	(38.71)	1.74	-	-	62.41
Other temporary differences	749.02	(702.23)	(2.54)	(62.94)	-	(18.69)
	11,347.95	**2,908.25**	**(15.22)**	**(62.94)**	**-**	**14,178.04**
Deferred tax liabilities (net)						
Property, plant, and equipment and Intangible Assets	71,350.75	960.61	-	-	-	72,311.36
Voluntary retirement scheme compensation	(2,325.86)	994.80	-	-	-	(1,331.06)
Expenditure allowed upon payments	(3,727.61)	(1,078.45)	(1,206.81)	-	-	(6,012.87)
Unused tax credit (MAT credit entitlement)	(55,357.72)	-	-	-	19,968.21	(35,389.51)
Cash flow hedges	921.90	-	(695.14)	-	-	226.76
Other temporary differences	1,831.46	(1,785.52)	-	0.01	-	45.95
	12,692.92	**(908.56)**	**(1,901.95)**	**0.01**	**19,968.21**	**29,850.63**

₹ Lakhs

	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Other adjustments	Utilisation of unused tax credits	Closing balance
March 31, 2017						
Deferred tax assets (net):						
Property, plant, and equipment and Intangible Assets	(166.40)	(20.01)	-	-	-	(186.41)
Voluntary retirement scheme compensation	-	-	-	-	-	-
Provision for impairment of financial assets (relating to financing activities)	6,127.57	4,221.14	-	-	-	10,348.71
Unused tax losses (including unabsorbed depreciation)	203.05	26.94	-	-	-	229.99
Expenditure allowed upon payments	101.85	16.08	(10.67)	-	-	107.26
Unused tax credit (MAT credit entitlement)	0.37	33.66	-	65.35	-	99.38
Other temporary differences	1,307.14	(558.12)	-	-	-	749.02
	7,573.58	**3,719.69**	**(10.67)**	**65.35**	**-**	**11,347.95**
Deferred tax liabilities (net):						
Property, plant, and equipment and Intangible Assets	69,573.81	1,776.94	-	-	-	71,350.75
Voluntary retirement scheme compensation	(663.52)	(1,662.34)	-	-	-	(2,325.86)
Expenditure allowed upon payments	(2,357.85)	(1,305.84)	(63.92)	-	-	(3,727.61)
Unused tax credit (MAT credit entitlement)	(39,363.64)	(15,994.08)	-	-	-	(55,357.72)
Cash flow hedges	407.20	-	514.70	-	-	921.90
Other temporary differences	5,314.00	(3,485.67)	-	3.13	-	1,831.46
	32,910.00	**(20,670.99)**	**450.78**	**3.13**	**-**	**12,692.92**

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, unused tax losses and unused tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses and unused tax credits could be utilised. Such deferred tax assets and liabilities are computed separately for each taxable entity and each taxable jurisdiction.

3.2 Income taxes relating to continuing operations (continued)

3.2.5 Unrecognised deductible temporary differences, unused tax losses and unused tax credits

₹ Lakhs

	As at March 31, 2018	As at March 31, 2017
- Unused tax losses	1,42,318.76	1,42,530.30
- Unused capital losses	31,890.38	35,602.70
- Unabsorbed depreciation	48,086.69	49,521.19
	2,22,295.83	**2,27,654.19**

Notes:

1. These will expire in various years upto 2025-26, except unabsorbed depreciation.
2. The above are gross amounts on which appropriate tax rates would apply.

3.3 RETIREMENT BENEFIT PLANS

3.3.1 Defined contribution plans

Eligible employees of the Group are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Group make monthly contributions at a specified percentage of the covered employees' salary. The contributions are made to the provident fund and pension fund set up as irrevocable trusts by the Group. The interest rates declared and credited by trusts to the members have been higher than the statutory rate of interest declared by the Central Government and there have been no shortfalls on this account. To the extent of interest rate guarantee it is classified as defined benefit plan. The Group also has a superannuation plan.

The total expense recognised in consolidated profit or loss of ₹ 10,260.50 lakhs (2016-17: ₹ 8,678.00 lakhs) represents contribution paid/payable to these plans by the Group at rates specified in the plan.

3.3.2 Defined benefit plans

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Group accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation. For the funded gratuity the Group makes annual contributions to Life Insurance Corporation of India.

Group's liability towards gratuity (funded/unfunded), provident fund (interest guarantee), other retirement benefits and compensated absences are actuarily determined at each reporting date using the projected unit credit method as applicable.

These plans typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit.
Interest rate risk	A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

3.3 Retirement benefit plans (continued)

Group has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. The administered rates are determined annually predominantly considering the social rather than the economic factors and in most cases, the actual return earned by the Group has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by the Actuarial Society of India and based on the assumptions provided below, there is no shortfall as at March 31, 2018 and March 31, 2017 respectively.

Fund and plan asset position are as follows:

Particulars	As at March 31, 2018	As at March 31, 2017
	₹ Lakhs	₹ Lakhs
Plan asset at the end of the year	1,06,414.47	95,764.15
Present value of benefit obligation at the end of the year	1,04,937.29	94,014.07
Asset recognized in Balance Sheet	-	-
The plan assets are primarily invested in government securities		
Assumptions for present value obligation of the interest rate guarantee:		

Particulars	As at March 31, 2018	As at March 31, 2017
Discount rate	7.68%	7.50%
Remaining term to maturity of portfolio (years)	11.80	11.50
Expected guaranteed interest rate		
First year	8.55%	8.75%
Thereafter	8.50%	8.50%
Attrition rate	3.00%	3.00%

Significant actuarial assumption for the determination of the defined obligation is discount rate. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period.

Particulars	As at March 31, 2018	As at March 31, 2017
	₹ Lakhs	₹ Lakhs
Present value of benefit obligation at the end of the year - Interest rate guarantee	468.78	133.19
If the discount rate is 50 basis points higher/lower, the defined benefit obligation would:		
decrease by	18.15	5.34
increase by	18.99	5.61

3.3.3 The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	As at March 31, 2018	As at March 31, 2017
	₹ Lakhs	₹ Lakhs
Gratuity		
Discount rate	7.08% to 7.71%	6.88% to 7.64%
Expected rate of salary increase	4.00% to 10.00%	3.25% to 12.00%
Average Longevity at retirement age - past service	3.70 to 15.90	11.50 to 16.50
Average Longevity at retirement age - future service	9.00 to 15.40	9.00 to 15.60
Attrition rate	3%	3%
Compensated Absences		
Discount rate	7.60% to 7.68%	7.00% to 7.50%
Expected rate of salary increase	4.00% to 10.00%	3.25% to 10.00%
Attrition rate	3%	3%
Other defined benefit plans		
Discount rate	7.68%	7.50%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

3.3 Retirement benefit plans (continued)

3.3.4 Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:

Particulars	As at March 31, 2018	As at March 31, 2017
	₹ Lakhs	₹ Lakhs
Gratuity		
Current service cost	1,450.20	1,550.53
Net interest expense	147.17	113.52
Components of defined benefit costs recognised in Consolidated profit or loss (A)	**1,597.37**	**1,664.05**
Remeasurement on the net defined benefit obligation comprising:		
Actuarial (gain)/loss arising from changes in demographic assumptions	(12.78)	0.23
Actuarial (gain)/loss arising from changes in financial assumptions	2,257.57	490.77
Actuarial (gain)/loss arising from experience adjustments	1,120.72	(262.01)
Actuarial gain/(loss) on plan assets	19.51	(99.12)
Components of defined benefit costs recognised in other comprehensive income (B)	**3,385.02**	**129.87**
Total (A+B)	**4,982.39**	**1,793.92**
Compensated Absences and other defined benefit plans		
Current service cost	1,054.68	1,182.99
Net interest expense	571.34	544.61
Actuarial (gain)/loss arising from changes in financial assumptions	724.30	208.14
Actuarial (gain)/loss arising from experience adjustments	200.10	87.15
Components of defined benefit costs recognised in Consolidated profit or loss	**2,550.42**	**2,022.89**

The current service cost and the net interest expense for the year relating to gratuity and compensated absences and other defined benefit plans are included in the ''Contribution to provident and other funds'' and "Salaries and wages" respectively under employee benefits expense in Consolidated profit or loss [Refer Note 2.3].

3.3.5 The amount included in the Consolidated balance sheet arising from the Group's obligation in respect of its defined benefit plans is as follows:

Particulars	As at March 31, 2018	As at March 31, 2017
	₹ Lakhs	₹ Lakhs
Gratuity		
Present value of defined benefit obligation	28,454.43	25,200.81
Fair value of plan assets	22,906.33	22,522.95
Net (liability) arising from defined benefit obligation	**(5,548.10)**	**(2,677.86)**
Funded	(5,528.18)	(2,662.47)
Unfunded	(19.92)	(15.41)
Net (liability) arising from defined benefit obligation*	**(5,548.10)**	**(2,677.86)**
Compensated Absences and other defined benefit plans		
Present value of defined benefit obligation	9,425.74	8,804.44
Fair value of plan assets	-	-
Net liability arising from defined benefit obligation (unfunded)	**9,425.74**	**8,804.44**

Gratuity is reflected in 'Accrued gratuity' under other current liabilities and Compensated absences is reflected in 'Others including post retirement benefits' under provisions. [Refer Notes 1.22, 1.27 and 1.28]

* Excludes ₹ 1,325.96 lakhs (March 2017: ₹ 1,732.97 lakhs) relating to liability for retiring employees for the current year.

3.3 Retirement benefit plans (continued)

3.3.6 Movements in the present value of the defined benefit obligation in the current year were as follows:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
	₹ Lakhs	₹ Lakhs
Gratuity		
Opening defined benefit obligation	25,200.81	22,241.29
Addition pursuant to business combination	-	3,229.08
Current service cost	1,450.20	1,550.53
Interest cost	1,778.73	1,730.00
Actuarial (gain)/loss arising from changes in demographic assumptions	(12.78)	0.23
Actuarial (gain)/loss arising from changes in financial assumptions	2,257.57	490.77
Actuarial (gain)/loss arising from experience adjustments	1,120.72	(262.01)
Benefits paid	(3,340.82)	(3,779.08)
Closing defined benefit obligation	**28,454.43**	**25,200.81**
Compensated Absences and other defined benefit plans		
Opening defined benefit obligation	8,804.44	7,123.92
Addition pursuant to business combination	-	224.10
Current service cost	1,054.68	1,182.99
Interest cost	571.34	544.61
Actuarial (gain)/loss arising from changes in financial assumptions	724.30	208.14
Actuarial (gain)/loss arising from experience adjustments	200.10	87.15
Benefits paid	(1,929.12)	(566.47)
Closing defined benefit obligation	**9,425.74**	**8,804.44**

3.3.7 Movements in the fair value of plan assets were as follows:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
	₹ Lakhs	₹ Lakhs
Gratuity		
Opening fair value of plan assets	22,522.95	20,763.51
Addition pursuant to business combination	-	1,020.44
Interest on plan assets	1,631.56	1,616.49
Remeasurements due to actual return on plan assets less interest on plan assets	19.51	(99.12)
Contributions	2,073.13	3,000.71
Benefits paid	(3,340.82)	(3,779.08)
Closing fair value of plan assets	**22,906.33**	**22,522.95**

The actual return on plan assets was ₹ 1,651.07 Lakhs (2016-17: ₹ 1,517.37 Lakhs).

3.3 Retirement benefit plans (continued)

3.3.8 Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period, while holding all other assumptions constant.

Particulars	As at March 31, 2018	As at March 31, 2017
	₹ Lakhs	₹ Lakhs
Gratuity		
If the discount rate is 50 basis points higher / lower, the defined benefit obligation would:		
decrease by	1,045.43	767.46
increase by	1,108.79	811.68
If the expected salary increases / decreases by 50 basis points, the defined benefit obligation would:		
increase by	1,158.23	853.41
decrease by	1,096.54	812.26
Compensated Absences		
If the discount rate is 50 basis points higher / lower, the defined benefit obligation would:		
decrease by	328.04	262.99
increase by	351.04	280.48
If the expected salary increases / decreases by 50 basis points, the defined benefit obligation would:		
increase by	360.25	290.58
decrease by	339.21	274.34

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of each reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from previous year.

The Group expects to make a contribution of ₹ 6,920.65 lakhs (as at March 2017: ₹ 4,481.90 lakhs) to the defined benefit plans (gratuity - funded) during the next financial year.

The average duration of the benefit obligation (gratuity) is 7.4 years (as at March 2017: 6.7 years).

3.4 EARNINGS PER SHARE

	Year ended March 31, 2018	Year ended March 31, 2017
Basic earnings per share		
For continuing operations (₹)	6.06	5.52
For discontinued operations (₹)	(0.04)	(0.01)
For discontinued and continuing operations (₹)	6.02	5.51
Diluted earnings per share		
For continuing operations (₹)	6.04	5.52
For discontinued operations (₹)	(0.04)	(0.01)
For discontinued and continuing operations (₹)	6.00	5.51
Face value per share (₹)	1.00	1.00

3.4 Earnings Per Share (continued)

3.4.1 Basic and diluted earnings per share

	Year ended March 31, 2018	Year ended March 31, 2017
	₹ Lakhs	₹ Lakhs
Profit for the year from continuing operations attributable to owners of the Parent Company	177,311.32	159,358.85
Loss for the year from discontinued operations attributable to owners of the Parent Company	(1,273.15)	(423.31)
Profit for the year from discontinued and continuing operations attributable to owners of the Parent Company	176,038.17	158,935.54

	Year ended March 31, 2018	Year ended March 31, 2017
	Nos.	Nos.
Weighted average number of equity shares used in the calculation of basic earnings per share	2,926,770,393	2,886,095,289
Adjustments :		
Dilutive effect - Number of shares relating to employee stock options	7,762,639	-
Weighted average number of equity shares after adjustment for effect of dilution	2,934,533,032	2,886,095,289

3.5 SHARE BASED PAYMENTS

3.5.1 The Parent Company has Employees Stock Options Plan (ESOP) scheme granted to employees which has been approved by the shareholders of the Parent Company. In accordance with the terms of the plan, eligible employees may be granted options to purchase equity shares of the Parent Company. Each employee share option converts into one equity share of the Parent Company on exercise at the exercise price as per the scheme. The options carry neither rights to dividend nor voting rights. Options can be exercised at any time from the date of vesting to the date of their expiry.

The following share based payment arrangements were in existence during the current and prior year:

Option series	Number	Grant date	Expiry date	Exercise price ₹	Fair value at grant date
ESOP 1 (Refer Note below)	2,845,875	September 29, 2016	April 1, 2026	80.00	37.43
ESOP 2 (Refer Note below)*	7,454,000	January 25, 2017	March 31, 2024	1.00	80.04
ESOP 3 (Refer Note below)	2,000,000	July 19, 2017	July 19, 2027	83.50	57.42

*The vesting conditions of ESOP 2 have been modified during the year. The incremental fair value on account of the same is noted to be nil.

Note:

Under ESOP 1, ESOP 2 and ESOP 3, shares vest on varying dates within the expiry date mentioned above with an option life of 5 years after vesting.

3.5.2 Fair value of share options granted during the year

The weighted average fair value of the stock options granted during the financial year is ₹ 57.42 (2016-17: ₹ 68.27). Options were priced using a binomial option pricing model. Where relevant, the expected life used in the model has been adjusted based on Management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. Expected volatility is based on the historical share price volatility.

Inputs into the model:

	ESOP 1	ESOP 2	ESOP 3
Grant date share price	76.45	86.55	106.85
Exercise price	80.00	1.00	83.50
Expected volatility	38.8% to 43.2%	38.5%	37.7% to 42.9%
Option life (Refer Note 3.5.1)	6-10 years	6- 7 years	6-10 years
Dividend yield	1.31	1.16	1.46
Risk-free interest rate	6.65% to 6.78%	6.42%	6.44% to 6.66%

3.5 Share based payments (continued)

3.5.3 Movements in share options during the year

	Year ended March 31, 2018	Weighted average exercise price	Year ended March 31, 2017	Weighted average exercise price
	Numbers	(₹)	Numbers	(₹)
Balance at the beginning of the year	10,299,875	22.83	-	-
Granted during the year	2,000,000	83.50	10,299,875	22.83
Exercised during the year	569,175	80.00	-	-
Balance at the end of the year	11,730,700	30.40	10,299,875	22.83

3.5.4 Share options vested but not exercised during the year

Under ESOP 2 - 3,727,000 options vested on January 25, 2018. But the same was not exercised during the year.

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 ₹ 30.40 (as at March 31, 2017: ₹ 22.83) and a weighted average remaining contractual life of 6.9 years (as at March 31, 2017: 6.7 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 involvements. The funding requirements are met through equity, internal accruals and a combination of both long-term and short-term borrowings.

The Group monitors the capital structure on the basis of total debt to equity and maturity profile of the overall debt portfolio of the Group.

	March 31, 2018	March 31, 2017
Debt (long-term and short-term borrowings including current maturities)*	1,579,104.36	1,316,793.08
Total equity	824,592.24	698,193.42
Debt equity ratio	1.92	1.89
* includes borrowing in relation to financing activity	1,401,882.98	1,015,958.48

The Group is required to comply with certain covenants under the Facility Agreements executed for its borrowings.

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 predictability to earnings.

In line with the overall risk management framework and policies, the treasury function provides services to the business, monitors and manages through an analysis of the exposures by degree and magnitude of risks.

The Group uses derivative financial instruments to hedge risk exposures in accordance with the Group's policies.

(A) Market risk

Market risk is the risk that changes in market prices, liquidity and other factors that could have an adverse effect on realisable fair values or future cash flows to the Group. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates as future specific market changes cannot be normally predicted with reasonable accuracy.

3.6 Financial Instruments (continued)

(1) Foreign currency risk management:

The Group undertakes transactions denominated in foreign currencies and thus it is exposed to exchange rate fluctuations. The Group actively manages its currency rate exposures, arising from transactions entered and denominated in foreign currencies, through a centralised treasury division and uses derivative instruments such as foreign currency forward contracts to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by Management.

The carrying amounts of foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

As on March 31, 2018 (all amounts are in equivalent ₹ lakhs):

	Liabilities			Assets			
Currency	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	Net overall exposure on the currency - net assets / (net liabilities)
USD	121,892.97	12,111.95	109,781.02	28,385.90	7,835.19	20,550.71	(89,230.31)
EUR	1,272.10	207.77	1,064.33	967.46	-	967.46	(96.87)
GBP	77.13	-	77.13	50.65	-	50.65	(26.48)
JPY	12,519.95	4,036.02	8,483.93	541.60	-	541.60	(7,942.33)
Others	467.58	-	467.58	1,300.73	-	1,300.73	833.15

As on March 31, 2017 (all amounts are in equivalent ₹ lakhs):

	Liabilities			Assets			
Currency	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	Net overall exposure on the currency - net assets / (net liabilities)
USD	128,129.22	14,647.25	113,481.97	33,591.34	1,895.71	31,695.63	(81,786.34)
EUR	1,652.33	196.77	1,455.56	1,450.74	-	1,450.74	(4.82)
GBP	667.98	-	667.98	-	-	-	(667.98)
JPY	36,548.91	2,340.98	34,207.93	322.93	-	322.93	(33,885.00)
Others	532.21	-	532.21	198.27	-	198.27	(333.94)

Note - Some of the derivatives reported under "Exposure hedged using derivatives" are not designated in hedging relationships but have been taken to economically hedge the foreign currency exposure.

Foreign currency sensitivity analysis:

Movement in the functional currencies of the various operations of the Group against major foreign currencies may impact the Group's revenues from its operations. Any weakening of the functional currency may impact the Group's cost of imports and cost of borrowings and consequently may increase the cost of financing the Group's capital expenditures.

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a parallel foreign exchange rates shift in the foreign exchange rates of each currency by 2%, which represents Management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financials instruments and the impact on the other components of equity arises from foreign currency forward contracts designated as cash flow hedges. The following table details the Group's sensitivity movement in increase/decrease in foreign currency exposures(net):

₹ Lakhs

	USD impact	
	March 31, 2018	March 31, 2017
Profit or loss	1,784.61	1,635.73
Equity	3,827.96	2,990.57

	EUR impact	
	March 31, 2018	March 31, 2017
Profit or loss	1.94	0.10
Equity	26.19	3.27

3.6 Financial Instruments (continued)

₹ Lakhs

	GBP impact	
	March 31, 2018	March 31, 2017
Profit or loss	0.53	13.36
Equity	1.68	13.14

	JPY impact	
	March 31, 2018	March 31, 2017
Profit or loss	158.85	677.70
Equity	145.31	677.48

	Impact of other currencies	
	March 31, 2018	March 31, 2017
Profit or loss	16.66	6.68
Equity	16.66	6.68

3.6 Financial Instruments (continued)

The following table details the foreign currency forward contracts outstanding at the end of the reporting period:

		Foreign currency (in Lakhs)		Notional value (₹ Lakhs)		Fair value assets (liabilities)* (₹ Lakhs)		Maturity Date		Hedge ratio		Weighted Average Rate	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Cash flow hedges:													
Buy USD	USD	35.45	59.50	2,310.54	3,858.58	17.90	(136.00)	May 2018 - June 2018	May 2017- July 2017	1:1	1:1	USD 1 : INR 65.16	USD 1 : INR 67.39
Sell USD	USD	1,603.04	1,104.10	104,478.20	71,600.89	534.67	2,732.23	April 2018 - Feb 2019	May 2017- March 2018	1:1	1:1	USD 1 : INR 66.71	USD 1 : INR 69.45
Sell USD - Buy EUR	EUR	15.00	2.43	1,212.11	168.38	24.14	1.11	May 2018 - June 2018	April 2017 - May 2017	1:1	1:1	EUR 1 : USD 1.2214	EUR 1 : USD 1.0642
Sell USD - Buy GBP	GBP	0.62	0.14	57.53	11.33	2.06	0.02	April 2018	June 2017	1:1	1:1	GBP 1 : USD 1.3673	GBP 1 : USD 1.2479
Sell USD - Buy JPY	USD	10.00	0.17	651.75	0.10	29.32	0.01	May 2018 - June 2018	June 2017	1:1	1:1	USD 1 : JPY 110.15	USD 1 : JPY 111.44
Fair value hedges:													
Buy USD	USD	165.88	75.38	10,811.26	4,888.96	69.05	(200.21)	April 2018 - June 2018	April 2017 - July 2017	1:1	1:1	USD 1 : INR 65.25	USD 1 : INR 68.07
Sell USD	USD	120.22	29.23	7,835.19	1,895.71	(106.79)	105.58	April 2018 - June 2018	April 2017 - Aug 2017	1:1	1:1	USD 1 : INR 64.45	USD 1 : INR 68.87
Sell USD - Buy EUR	EUR	2.57	2.84	207.77	196.77	6.25	1.56	April 2018	April 2017	1:1	1:1	EUR 1 : USD 1.2036	EUR 1 : USD 1.0612
Sell USD - Buy JPY	USD	0.95	-	61.65	-	2.74	-	April 2018	-	1:1	1:1	USD 1 : JPY 110.46	-

* included in the balance sheet under 'other financial assets' and 'other financial liabilities'. [Refer notes 1.15 and 1.26]

3.6 Financial Instruments (continued)

(2) Interest rate risk management:

(a) For business other than financing activities:

The Group is exposed to interest rate risk pertaining to funds borrowed at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategy is implemented. Further, in appropriate cases, the Group also effects changes in the borrowing arrangements to convert floating interest rates to fixed interest rates.

The exposure of the group's borrowings to interest rate changes at the end of the reporting period are as follows:

	March 31, 2018	March 31, 2017
	₹ Lakhs	₹ Lakhs
Variable rate Borrowings	1,275,600.11	1,034,909.99
Fixed rate Borrowings *	292,824.23	271,122.06
	1,568,424.34	**1,306,032.05**

* includes variable rate borrowings 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. Interest rate sensitivity is performed at 25 basis points, as these rates are used by the Management regularly in assessing the reasonable possible changes in the interest rates.

If interest rates had been 25 basis points higher / lower, the Group's profit for the year ended March 31, 2018 would decrease / increase by ₹ 585.32 lakhs (2016-17: decrease / increase by ₹ 471.09 lakhs). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

(b) For business relating to financing activities:

The Group is exposed to interest rate risk because it borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the previous reporting period was outstanding for the whole year. 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, 2018 would increase by ₹ 1,853.06 lakhs (2016-17: increase by ₹ 438 lakhs). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

(3) Foreign currency and interest rate sensitivity analysis for swap contracts:

The Group has taken cross currency and interest rate swap (CCIRS) contracts for hedging its foreign currency and interest rate risks related to certain external commercial borrowings. This CCIRS contracts are composite contracts for both the foreign currency and interest rate risks and thus the mark-to-market value is determined for both the risks together. The mark-to-market loss as at March 31, 2018 is ₹ 3,988.42 lakhs (March 31, 2017: ₹ 15,661.03 lakhs). If the foreign currency movement is 2% higher/ lower and interest rate movement is 200 basis points higher/ lower with all other variables remaining constant, the Group's profit for the year ended March 31, 2018 would approximately decrease/ increase by ₹ 645.36 lakhs (2016-17: decrease/ increase by ₹ 1,523.25 lakhs).

3.6 Financial Instruments (continued)

(4) Equity price risk:

Equity price risk is related to the change in market reference price of the investments in quoted equity securities. The fair value of some of the Group's investments exposes the Group to equity price risks. In general, these securities are not held for trading purposes.

(B) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables and loans to customer under financing activities consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee cover is taken. The Group's trade and other receivables, including loans to customers under financing activities, consists of a large number of customers, across geographies, hence the Group is not exposed to concentration risk.

The Group has used a practical expedient by computing the expected credit loss allowance for trade receivable based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. Further, the Group also makes an allowance for doubtful debts / loans to customer under financing activities on a case to case basis.

Age analysis of Trade receivables ₹ Lakhs

	As at March 31, 2018			As at March 31, 2017		
Particulars	Gross	Allowance	Net	Gross	Allowance	Net
Due less than six months	87,153.02	-	87,153.02	101,630.98	-	101,630.98
Due greater than six months	36,546.49	6,146.86	30,399.63	27,125.20	4,897.90	22,227.30
Total	**123,699.51**	**6,146.86**	**117,552.65**	**128,756.18**	**4,897.90**	**123,858.28**

Expected credit loss provision matrix for financing activities is as follows:

Ageing (weighted average across various portfolios)	Expected Credit Loss %
0-60 days past due	0.51%
60-90 days past due	0.96%
More than 90 days past due	36.91%

Movement in Credit loss allowance

	Year ended March 31, 2018	Year ended March 31, 2017
	₹ Lakhs	₹ Lakhs
Balance at the beginning of the year	34,955.03	18,806.13
Addition pursuant to business combination	-	1,237.39
Incremental credit loss allowance	18,158.04	14,911.51
Balance at the end of the year	**53,113.07**	**34,955.03**

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 (continued)

(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, 2018 ₹ Lakhs	March 31, 2017 ₹ Lakhs
Expiring within one year (bank overdraft and other facilities)		
- Secured	210,000.00	275,000.00
- Unsecured	81,000.00	47,500.00
Total	**291,000.00**	**322,500.00**

The Group also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

The table below summarises the maturity profile remaining contractual maturity period at the balance sheet date for its non-derivative financial liabilities based on the undiscounted cash flows.

₹ Lakhs

	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
March 31, 2018				
Trade payables	507,464.74	-	-	507,464.74
Other financial liabilities	160,183.28	2,996.62	-	163,179.90
Borrowings	556,295.30	974,752.80	48,056.26	1,579,104.36
	1,223,943.32	**977,749.42**	**48,056.26**	**2,249,749.01**

₹ Lakhs

	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
March 31, 2017				
Trade payables	345,014.92	-	-	345,014.92
Other financial liabilities	147,161.32	143.48	-	147,304.80
Borrowings	429,151.02	859,958.98	27,683.08	1,316,793.08
	921,327.26	**860,102.46**	**27,683.08**	**1,809,112.80**

The table below summarises the maturity profile for its derivative financial liabilities based on the undiscounted contractual net cash inflows and outflows on derivative liabilities that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

₹ Lakhs

	Due in 1st year	Due in 2nd to 5th year	Carrying amount
March 31, 2018			
Currency and interest rate swaps	3,988.42	-	3,988.42
Foreign exchange forward contracts	586.07	-	586.07
	4,574.49	**-**	**4,574.49**

₹ Lakhs

	Due in 1st year	Due in 2nd to 5th year	Carrying amount
March 31, 2017			
Currency and interest rate swaps	10,939.35	4,721.68	15,661.03
Foreign exchange forward contracts	336.21	-	336.21
	11,275.56	**4,721.68**	**15,997.24**

3.6 Financial Instruments (continued)

3.6.3 Categories of Financial assets and liabilities:

	March 31, 2018	March 31, 2017
	₹ Lakhs	₹ Lakhs
Financial assets		
a. Measured at amortised cost:		
Investments	92,740.55	76,402.59
Cash and cash equivalents	121,803.92	101,313.56
Other bank balances	1,246.66	5,047.60
Trade Receivables	117,552.65	123,858.28
Loans (net of allowance for loans)	1,505,367.84	1,083,484.80
Others	61,239.37	41,485.16
b. Mandatorily measured at fair value through profit or loss (FVTPL)/other comprehensive income (OCI):		
Investments	338,487.19	110,870.70
Derivatives designated as hedging instruments	1,165.41	2,840.51
Derivatives not designated as hedging instruments	1,452.12	2,864.68
Financial liabilities		
a. Measured at amortised cost:		
Borrowings	1,579,104.36	1,316,793.08
Trade Payables	507,464.74	345,014.92
Other financial liabilities	163,179.90	147,304.80
b. Mandatorily measured at fair value through profit or loss (FVTPL)/other comprehensive income (OCI):		
Derivative designated in hedge accounting relationships	586.07	336.21
Derivative not designated in hedge accounting relationships	3,988.42	15,661.03

3.6.4 Fair value measurements:

(A) Financial assets and liabilities that are not measured at fair values but in respect of which fair values are as follows:

Except for the following, the Management consider that the carrying amounts of financial assets and financial liabilities recognised in the Consolidated Financial Statements approximate their fair values:

₹ Lakhs

	March 31, 2018		March 31, 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs
Financial assets				
Financial assets held at amortised cost:				
- Investments relating to financing activities	92,740.55	92,740.55	76,402.59	79,070.88
- Receivables relating to financing activities (net of allowance for loans)	1,497,900.94	1,516,442.00	1,075,384.85	1,115,213.92
Financial liabilities				
Financial liabilities held at amortised cost:				
- Debentures	356,994.71	363,086.35	378,526.13	382,576.80

	Fair value hierarchy as at March 31, 2018			
	Level 1	Level 2	Level 3	Total
Financial assets				
- Investments relating to financing activities	10,000.00	57,914.06	24,826.49	92,740.55
- Receivables relating to financing activities	-	-	1,516,442.00	1,516,442.00
Financial liabilities				
- Debentures	-	363,086.35	-	363,086.35

3.6 Financial Instruments (continued)

	Fair value hierarchy as at March 31, 2017			
	Level 1	Level 2	Level 3	Total
Financial assets				
- Investments relating to financing activities	10,000.00	54,231.71	14,839.17	79,070.88
- Receivables relating to financing activities	-	-	1,115,213.92	1,115,213.92
Financial liabilities				
- Debentures	-	382,576.80	-	382,576.80

The fair values of the financial assets and financial liabilities included in the level 3 and level 2 category above have been determined in accordance with generally accepted pricing models with the most significant input being the market interest rates.

(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, 2018	March 31, 2017		
Derivative instruments, i.e. forward foreign currency contracts,currency and interest rate swaps	Assets – ₹ 2,617.53 lakhs; and Liabilities – ₹ 4,574.49 lakhs	Assets – ₹ 5,705.19 lakhs; and Liabilities – ₹ 15,997.24 lakhs	Level 2	Discounted future cash flows which are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of the Group/ various counterparties. Further, in case of swap contracts, the future estimated cash flows also consider forward interest rates (from observable yield curves at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of the Group/ various counterparties.
Investments in mutual funds	₹ 10,000 lakhs	-	Level 2	Net assets value in an active market.
	₹ 315,515.85 lakhs	₹ 87,717.23 lakhs	Level 1	

3.6 Financial Instruments (continued)

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	March 31, 2018	March 31, 2017				
Investments in unquoted preference shares	Preference shares of: Hinduja Tech Limited - ₹ 2,239.60 lakhs Others - ₹ 894.39 lakhs	Preference shares of: Hinduja Tech Limited - ₹ 2,251.25 lakhs Others - ₹ 838.52 lakhs	Level 3	Income approach – in this approach, the discounted cash flow method used to capture the present value of the expected future economic benefits to be derived from the ownership of these preference shares	The significant inputs were: a) the estimated cash flows from the dividends on these preference shares and the redemption proceeds on maturity; and b) the discount rate to compute the present value of the future expected cash flows	A slight decrease in the estimated cash inflows in isolation would result in a significant decrease in the fair value. (Note 2)
Investments in unquoted equity shares	Equity shares of: Hinduja Energy (India) Limited - ₹ 19,279.67 lakhs Others - ₹ 997.10 lakhs	Equity shares of: Hinduja Energy (India) Limited - ₹ 19,310.24 lakhs Others - ₹ 1021.74 lakhs	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these equity instruments	The significant inputs were: a) the estimated cash flows; and b) the discount rate to compute the present value of the future expected cash flows	A slight decrease in the estimated cash inflows in isolation would result in a significant decrease in the fair value. (Note 3)

Notes:

1) There were no transfers between Level 1, 2 and 3 during the year.

2) A 5% increase / decrease in the WACC or discount rate used would decrease/ increase the fair value of the unquoted preference shares by ₹ 232.78 lakhs / ₹ 420.81 lakhs (as at March 31, 2017: ₹ 56.68 lakhs / ₹ 60.83 lakhs).

3) A 50 basis points increase / decrease in the WACC or discount rate used would decrease/ increase the fair value of the unquoted equity instruments by ₹ 1,326.89 lakhs (as at March 31, 2017: ₹ 3,051.24 lakhs).
A 5% increase / decrease in the revenue would increase/ decrease the fair value of the unquoted equity instruments by ₹ 6,964.65 lakhs (as at March 31, 2017: ₹ 9,074.22 lakhs).

4) Gain / loss recognised in profit or loss included in other income (Refer Note 2.2) arising from fair value measurement of Level 3 financial assets is gain of ₹ 13.63 lakhs (2017: loss of ₹ 1,002.72 lakhs)

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, 2018, the Group securitised loans with an aggregate carrying amount of ₹ 71,995.03 lakhs (2017: ₹ 44,939.08 lakhs) to various special purpose vehicles (SPV) for cash proceeds of ₹ 71,995.03 lakhs (2017: ₹ 44,939.08 lakhs). As the Group has not transferred the significant risks and rewards relating to these loans, it continues to recognise the full carrying amount of the loans and has recognised the cash received on the transfer as a secured borrowing.

As at March 31, 2018, the carrying amount of these loans that have been transferred but have not been derecognised amounted to ₹ 86,231.73 lakhs (2017: ₹ 44,883.66 lakhs) and the carrying amount of the associated liability is ₹ 68,333.39 lakhs (₹ 43,083.29 lakhs).

3.6.6 Collateral related disclosures for financing activities:

Fair value of collaterals over which the Group has taken possession and held as at March 31, 2018 and March 31, 2017, amounted to ₹ 19,171.82 lakhs and ₹ 12,504.05 lakhs, respectively. The collateral represents vehicles financed by the Group and the Group generally undertakes disposal of these vehicles through an auction process.

3.7 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 2018	Year ended March 2017
		₹ Lakhs	₹ Lakhs
i	**Segment Revenue**		
	Commercial vehicle	2,786,731.27	2,268,999.15
	Financial service	209,248.78	153,176.13
	Gross Revenue	**2,995,980.05**	**2,422,175.28**
	Less: Inter-segmental revenue	5,870.87	3,193.08
	Revenue from operations	**2,990,109.18**	**2,418,982.20**
ii	**Segment Results**		
	Commercial vehicle	229,278.39	163,970.59
	Financial service (after deducting interest expense on loan financing)	25,227.93	24,335.24
	Total Segment Profit before Interest and Tax	**254,506.32**	**188,305.83**
	Interest Expense	(17,384.83)	(19,531.53)
	Other Income	19,988.42	13,069.22
	Share of profit / (loss) of associates and joint ventures	656.69	(986.50)
	(Loss) / Profit for the year from discontinued operations	(1,273.15)	(423.31)
	Exceptional items	-	2,469.23
	Profit before Tax	**256,493.45**	**182,902.94**
	Tax	75,111.55	19,611.91
	Profit after Tax (including share of profit / (loss) of associate and joint venture)	**181,381.90**	**163,291.03**
iii	**Segment Assets**		
	Commercial vehicle	1,703,070.38	1,476,428.42
	Financial service	1,648,728.98	1,190,404.01
	Total Segment Assets	**3,351,799.36**	**2,666,832.43**
iv	**Segment Liabilities**		
	Commercial vehicle	1,696,461.59	1,470,916.72
	Financial service	1,655,337.77	1,195,915.71
	Total Segment Liabilities	**3,351,799.36**	**2,666,832.43**
v	**Addition to Non current asset**		
	Commercial vehicle	71,057.41	124,915.05
	Financial service	636.46	620.20
	Total Addition to Non current asset	**71,693.87**	**125,535.25**

The Group's segment based on geography is given below:

Particulars		In India	Outside India	Total
Revenue from Operations				
	2018	2,646,056.91	344,052.27	2,990,109.18
	2017	2,123,694.42	295,287.78	2,418,982.20
Non Current Asset				
	2018	630,397.15	32,812.26	663,209.41
	2017	614,272.65	27,873.95	642,146.60

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)

b) Other related parties

Fellow subsidiaries

Gulf Oil Lubricants India Limited

Hinduja Energy (India) Limited

DA Stuart India Private Limited

Hinduja Foundries Limited .... from April 1, 2016 to September 30, 2016

Associates

Ashley Aviation Limited

Ashok Leyland Defence Systems Limited

Lanka Ashok Leyland PLC

Mangalam Retail Services Limited

Joint Ventures

Ashley Alteams India Limited

Automotive Infotronics Limited .... liquidated on April 5, 2017

Ashok Leyland John Deere Construction Equipment Company Private Limited (Along with Gulf Ashley Motor Limited)

Ashok Leyland Vehicles Limited (formerly Ashok Leyland Nissan Vehicles Limited) .... upto November 25, 2016

Ashley Powertrain Limited (formerly Nissan Ashok Leyland Powertrain Limited) .... upto November 25, 2016

Ashok Leyland Technologies Limited (formerly Nissan Ashok Leyland Technologies Limited) .... upto November 25, 2016

Hinduja Tech Limited

Entities where control exist

Ashok Leyland Educational Trust

Key management personnel

Mr. Dheeraj G Hinduja, Chairman

Mr. Vinod K Dasari, CEO and Managing Director

Note:

Transaction with Rajalakshmi Wind Energy Limited (erstwhile Ashok Leyland Wind Energy Limited) has not been disclosed as being with associate since the Parent Company does not have significant influence over Rajalakshmi Wind Energy Limited, although the Parent Company holds 26% of the equity share capital of Rajalakshmi Wind Energy Limited.

3.8 Related party disclosure (continued)

c) Related Party Transactions - summary

₹ Lakhs

	Fellow Subsidiaries		Associates		Joint Ventures		Entities where control exist		Holding Company		Key Management Personnel		Total	
Transactions during the year ended March 31	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
1 Purchase of raw materials, components and traded goods (net of GST/CENVAT / VAT)	13,163.24	23,215.97	-	5,166.40	6,025.98	76,669.16	-	-	-	-	-	-	19,189.22	1,05,051.53
2 Sales and services (net of excise duties/GST)	1,484.31	1,389.19	51,364.41	33,816.93	112.84	3,846.09	-	26.76	-	-	-	-	52,961.56	39,078.97
3 Other operating income	177.74	565.58	-	96.85	160.81	8,100.65	-	-	-	-	-	-	338.55	8,763.08
4 Other expenditure incurred / (recovered) (net)	15.25	(4.30)	321.01	654.05	3,656.44	3,829.08	(46.57)	(45.67)	361.73	336.98	-	-	4,307.86	4,770.14
5 Advance / current accounts - net increase / (decrease)	-	-	0.22	-	-	1,690.85	-	-	-	32.21	-	-	0.22	1,723.06
6 Interest and other income	1,268.67	1,541.40	296.13	241.98	-	-	1.02	2.14	-	-	-	-	1,565.82	1,785.52
7 Purchase of assets	-	-	-	-	78.18	13.00	-	-	-	-	-	-	78.18	13.00
8 Sale of asset	-	8.51	-	-	-	-	-	-	-	-	-	0.36	-	8.87
9 Dividend payments	-	-	-	-	-	-	-	-	23,299.11	13,621.55	-	-	23,299.11	13,621.55
10 Remuneration to key management personnel	-	-	-	-	-	-	-	-	-	-	6,769.47	3,176.69	6,769.47	3,176.69
11 Commission and sitting fees to KMP	-	-	-	-	-	-	-	-	-	-	811.00	711.70	811.00	711.70
12 Investments in shares of	-	-	354.00	1,297.00	120.00	2,500.00	-	-	-	-	-	-	474.00	3,797.00
13 Loans / advance given	46,300.00	61,500.00	-	1.00	2.00	4.25	-	-	-	-	-	-	46,302.00	61,505.25
14 Loans / advance repaid	46,800.00	56,500.00	-	1.00	2.00	4.25	1.91	1.75	-	-	-	-	46,803.91	56,507.00

₹ Lakhs

	Fellow Subsidiaries		Associates		Joint Ventures		Entities where control exist		Holding Company		Key Management Personnel		Total	
Balances as on March 31	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
1 Trade receivables	473.91	113.97	2,936.80	3,559.91	7.70	7.97	23.15	44.38	-	-	-	-	3,441.56	3,726.23
2 Other financial and non financial assets	-	307.11	263.81	94.03	-	30.36	-	-	-	-	-	-	263.81	431.50
3 Loans	4,500.00	5,000.00	-	-	-	-	-	-	-	-	-	-	4,500.00	5,000.00
4 Trade and other payables	2,606.07	1,515.04	41.42	355.08	625.06	797.20	-	-	254.13	151.05	1,755.31	1,398.70	5,281.99	4,217.07
5 Financial guarantees	-	-	-	-	2,770.54	2,375.74	-	-	-	-	-	-	2,770.54	2,375.74

3.8 Related party disclosure (continued)

d) Significant Related Party Transactions

	Transactions during the year ended March 31	2018	2017
		₹ Lakhs	₹ Lakhs
1	**Purchase of raw materials, components and traded goods (net of GST/CENVAT/VAT)**		
	Hinduja Foundries Limited	-	10,903.40
	Gulf Oil Lubricants India Limited	12,285.37	11,323.33
	Ashok Leyland Vehicles Limited	-	76,400.39
	Ashley Alteams India Limited	6,009.29	5,131.72
2	**Sales and services (net of excise duties/GST)**		
	Lanka Ashok Leyland PLC	51,098.41	33,638.69
	Ashok Leyland Vehicles Limited	-	3,410.03
3	**Other operating income**		
	Ashok Leyland Vehicles Limited	-	5,864.84
	Ashley Powertrain Limited	-	2,234.55
	Gulf Oil Lubricants India Limited	177.74	180.94
	Ashley Alteams India Limited	160.81	96.85
4	**Other expenditure incurred / (recovered) (net)**		
	Hinduja Automotive Limited, United Kingdom	361.73	336.98
	Ashok Leyland Defence Systems Limited	77.87	392.87
	Ashok Leyland Vehicles Limited	-	2,306.89
	Hinduja Tech Limited	3,714.05	1,540.40
5	**Advance/current account - net increase / (decrease)**		
	Ashok Leyland Vehicles Limited	-	1,450.65
	Ashley Powertrain Limited	-	240.20
	Ashok Leyland Defence Systems Limited	0.22	-
6	**Interest and other income**		
	Ashley Aviation Limited	225.00	225.00
	Hinduja Energy (India) Limited	1,268.67	1,541.40
7	**Dividend payment**		
	Hinduja Automotive Limited, United Kingdom	23,299.11	13,621.55
8	**Investment in shares of**		
	Ashok Leyland Defence Systems Limited	354.00	647.00
	Ashok Leyland John Deere Construction Equipment Company Private Limited	-	2,500.00
9	**Purchase of assets**		
	Hinduja Tech Limited	78.18	13.00
10	**Sale of assets**		
	Hinduja Foundries Limited	-	8.51
11	**Loan given**		
	Hinduja Energy (India) Limited	46,300.00	61,500.00
12	**Loan repaid**		
	Hinduja Energy (India) Limited	46,800.00	56,500.00
13	**Commission and sitting fees to KMP**		
	Mr. Dheeraj G Hinduja	811.00	711.70
14	**Remuneration to key management personnel***		
	Mr. Vinod K Dasari		
	Short term employee benefits	1,185.21	1,048.37
	Other long term employee benefits	697.20	316.80
	Share-based payment	4,887.06	1,811.52

*excludes contribution for gratuity and compensated absences as the incremental liability has been accounted for by the Parent Company as a whole.

3.9 OPERATING LEASE ARRANGEMENTS

Group as lessee

Operating leases relate to leases of land and building with lease term ranging from 1 year to 17 years.

Payments recognised as an expense for non cancellable lease

	Year ended March 31, 2018	Year ended March 31, 2017
	₹ Lakhs	₹ Lakhs
Rent	2,453.12	985.65
	2,453.12	**985.65**

Non-cancellable operating lease commitments

	As at March 31, 2018	As at March 31, 2017
	₹ Lakhs	₹ Lakhs
Not later than 1 year	1,543.21	985.65
Later than 1 year but not later than 5 years	5,671.61	4,725.69
Later than 5 years	6,296.20	5,307.93

3.10 DISCLOSURE ON SPECIFIED BANK NOTES (SBNS)

Details of specified bank notes held and transacted during the period November 8, 2016 to December 30, 2016

Particulars	Specified Bank Notes (SBNs)	Other denomination notes	Total
	₹ Lakhs	₹ Lakhs	₹ Lakhs
Closing cash in hand as on November 8, 2016	1,408.36	57.18	1,465.54
(+) Permitted receipts	1,320.88	11,474.34	12,795.22
(-) Permitted payments	0.32	58.85	59.17
(-) Amount deposited in banks	2,728.92	10,285.23	13,014.15
Closing cash in hand as on December 30, 2016	**-**	**1,187.44**	**1,187.44**

Of the above, details of SBNs held and transacted during the period 08.11.2016 to 30.12.2016 relating to subsidiary engaged in financing activities in respect of which the auditor of the subsidiary was unable to obtain sufficient and appropriate audit evidence, are as follows:

Particulars	Specified Bank Notes (SBNs)	Other denomination notes	Total
	₹ Lakhs	₹ Lakhs	₹ Lakhs
Closing cash in hand as on November 8, 2016 #	1,378.10	45.33	1,423.43
(+) Permitted receipts *	1,320.81	11,276.41	12,597.22
(-) Permitted payments	-	-	-
(-) Amount deposited in banks	2,698.91	10,160.16	12,859.07
Closing cash in hand as on December 30, 2016	**-**	**1,161.58**	**1,161.58**

Based on the daily cash register and petty cash summary statement maintained across the branches.

* Includes direct cash deposits made by the customers in subsidiary's bank accounts vide RBI Circular No. DCM (Plg) No. 1226/10.27.00/2016-17 dated 08 November 2016 under Section 3(c)(v). Also includes withdrawal from bank.

3.11 CONTINGENT LIABILITIES

		As at March 31, 2018	As at March 31, 2017
		₹ Lakhs	₹ Lakhs
a)	Claims against the Group not acknowledged as debts (net)		
	i) Sales tax / VAT	29,576.51	31,333.27
	ii) Excise duty, Service tax, Customs duty	9,906.14	6,423.95
	ii) Others	4,907.70	2,875.88
	These have been disputed by the Group on account of issues of applicability and classification.		
b)	Corporate guarantees given to others for loans taken by a joint venture	2,770.54	2,375.74
c)	Share of contingent liabilities of joint ventures and associates	237.57	2,351.48

Future cash outflows in respect of the above are determinable only on receipt of judgement / decisions pending with various forums / authorities.

3.12 COMMITMENTS

		As at March 31, 2018	As at March 31, 2017
		₹ Lakhs	₹ Lakhs
a)	Capital commitments (net of advances) not provided for	15,412.10	13,906.84
	[including ₹ 112.10 lakhs (March 2017: 2,742.77 lakhs) in respect of intangible assets]		
b)	Uncalled liability on partly paid shares / investments	0.11	0.11
c)	Share of commitments of joint ventures	1,060.77	98.14

The outflow in respect of the above is not practicable to ascertain in view of the uncertainties involved.

3.13 DETAILS OF BORROWINGS:

I Non-current borrowings:	As at March 31, 2018 Non Current	Current Maturities	Total	Particulars of Redemption / Repayment	As at March 31, 2017 Non Current	Current Maturities	Total
	₹ Lakhs	₹ Lakhs	₹ Lakhs		₹ Lakhs	₹ Lakhs	₹ Lakhs
a. Secured Borrowings:							
i. Debenture Series							
9.60% AL 22	-	15,000.00	15,000.00	June 21, 2018	15,000.00	-	15,000.00
10.15% AL 20	-	-	-	December 28, 2017	-	15,000.00	15,000.00
10.20% AL 18	-	-	-	June 28, 2017	-	10,000.00	10,000.00
8.50% to 10.65% Sub 1	113,600.00	29,900.00	143,500.00	Redemption period is 3 to 5 years	103,500.00	72,330.01	175,830.01
BR SBI + 0.05% Sub 1 (BR SBI - Base Rate of State Bank of India)	95,000.00	-	95,000.00	Redemption period is 3 to 5 years	95,000.00	-	95,000.00
	208,600.00	**44,900.00**	**253,500.00**		**213,500.00**	**97,330.01**	**310,830.01**
ii. Term loans:							
TL - 10	-	-	-	Repayable in 12 equal quaterly installments starting after three years from the date of first disbursement	13,178.17	6,665.83	19,844.00
TL - 9	-	-	-	Repayable in 20 equal quaterly installments of ₹ 500.00 lakhs starting June 30, 2017	8,000.00	2,000.00	10,000.00
TL - 8	-	-	-	Repayable in 12 equal quaterly installments of ₹ 625.00 lakhs starting March 31, 2017	4,375.00	2,500.00	6,875.00
TL - 1 - Sub 1	649,682.95	271,264.51	920,947.46	Repayable in varying installments in 3 to 5 years	484,488.62	147,989.12	632,477.74
TL - 1 - Sub 2	5,625.00	5,835.00	11,460.00	Repayable in 16 Quarterly equal installments immediately after a moratorium of 3 years from the date of first draw down	12,500.00	6,665.00	19,165.00
TL - 1 - Sub 3	-	-	-	Repayable by April 2017	-	12,135.38	12,135.38
TL - 2 - Sub 3	-	1,809.88	1,809.88	Repayable by September 2018	-	-	-
	655,307.95	**278,909.39**	**934,217.34**		**522,541.79**	**177,955.33**	**700,497.12**

1 Debentures and term loans (excluding TL - 10, TL - 9 and TL - 8) aggregating ₹ 15,000.00 lakhs (2017: ₹ 40,000.00 lakhs) are secured by a first charge on pari-passu basis on all Property, Plant and Equipment (PPE) of the Parent Company aggregating ₹ 525,428.49 lakhs (2017: ₹ 461,045.88 lakhs) excluding certain immovable properties (residential buildings and certain immovable assets) and movable PPE such as aircraft of the Parent Company.

2 In FY 2016-17, Term loans (TL - 10, TL - 9 and TL - 8) aggregating ₹ 36,719.00 lakhs are secured by a first charge on pari-passu basis on all Property, Plant and Equipment (PPE) of the amalgamating company (now a division of the Parent Company), as per the scheme of amalgamation, aggregating ₹ 42,181.04 lakhs and second charge on pari-passu basis on all current assets of that division.

3 Debentures of a subsidiary (Sub 1) are secured by first ranking mortgage of an immovable property in favour of trustees in addition to pari passu charge on hypothecation of loan receivables with a security cover of 110% as per the terms of issue of the subsidiary.

4 Term loans availed by a subsidiary from various banks (TL-1 Sub 1) are secured by hypothecation of designated assets on finance / loan and future receivables therefrom, and investments in pass through certificates of the subsidiary.

5 Term loans availed by a subsidiary (TL-1 Sub 2) are secured by first pari-passu charge on entire property, plant and equipment of the subsidiary (immovable & movable).

6 Term loan availed by a subsidiary from a bank (TL-1 - Sub 3) are secured against property, plant and equipment, receivables and inventories of the subsidiary.

7 Term loan availed by a subsidiary from a bank (TL-2 - Sub 3) are secured by corporate guarantee given by Parent Company.

3.13 Details of borrowings (continued)

	As at March 31, 2018			Particulars of Redemption / Repayment	As at March 31, 2017		
	Non Current	Current Maturities	Total		Non Current	Current Maturities	Total
	₹ Lakhs	₹ Lakhs	₹ Lakhs		₹ Lakhs	₹ Lakhs	₹ Lakhs
iii. ECB loans :							
ECB - Sub 2	943.11	6,874.93	7,818.04	Repayable in 8 equal semi-annual instalments commencing after a moratorium period of 3 years following each draw down	6,744.24	6,744.24	13,488.48
	943.11	**6,874.93**	**7,818.04**		**6,744.24**	**6,744.24**	**13,488.48**
(ECB - Sub 2) availed by a subsidiary is secured by a first-pari passu charge over the current and future movable property, plant & equipment of the subsidiary.							
iv. Other loans:							
OL - Sub 1	-	28.13	28.13	Repayable in monthly installments over a period of 4 years	20.76	39.67	60.43
OL - Sub 2	3,118.00	-	3,118.00	Repayable after 14 years from the month of availment	3,118.00	-	3,118.00
	3,118.00	**28.13**	**3,146.13**		**3,138.76**	**39.67**	**3,178.43**

1 Other loans (OL - Sub 1) availed by a subsidiary are related to vehicles owned are secured against these vehicles.

2 Other loans (OL - Sub 2) availed by a subsidiary are secured by way of pari-passu charge on current and future property, plant and equipment of the subsidiary.

3.13 Details of borrowings (continued)

	As at March 31, 2018			Particulars of Redemption / Repayment	As at March 31, 2017		
	Non Current	Current Maturities	Total		Non Current	Current Maturities	Total
	₹ Lakhs	₹ Lakhs	₹ Lakhs		₹ Lakhs	₹ Lakhs	₹ Lakhs
b. Unsecured borrowings:							
i ECB loans:							
ECB - 13	8,690.00	4,345.00	13,035.00	3 equal instalments on September 10, 2020, 2019, 2018	12,970.00	-	12,970.00
ECB - 12	22,811.25	9,776.25	32,587.50	June 26, 2020 - ₹ 13,035.00 lakhs and June 26, 2019, 2018, 2017 - ₹ 9,776.25 lakhs each	32,425.00	9,727.50	42,152.50
ECB - 11	-	6,517.50	6,517.50	3 equal instalments on March 25, 2019, 2018, 2017	6,485.00	6,485.00	12,970.00
ECB - 1	-	12,411.71	12,411.71	3 equal instalments on June 9, 2018, 2017, 2016	11,705.01	11,705.01	23,410.02
ECB - 2	-	-	-	3 equal instalments on October 24, 2017, 2016 and 2015	-	3,706.88	3,706.88
ECB - 3	-	-	-	September 20, 2017 - ₹ 9,337.67 lakhs	-	9,337.67	9,337.67
ECB - 14	-	-	-	10 equal half-yearly instalments commencing from August 2013	-	2,594.38	2,594.38
	31,501.25	**33,050.46**	**64,551.71**		**63,585.01**	**43,556.44**	**107,141.45**
ii. Debenture series:							
9.20% p.a. to 12.40% - Subordinated redeemable non-convertible debentures - Sub 1	103,500.00	-	103,500.00	Redemption period is 5 to 7 years	68,500.00	-	68,500.00
	103,500.00	**-**	**103,500.00**		**68,500.00**	**-**	**68,500.00**
iii. Interest free sales tax loans:							
Programme II	10,140.67	753.37	10,894.04	Varying amounts repayable on a periodical basis ending on June 2028	10,894.04	413.46	11,307.50
	10,140.67	**753.37**	**10,894.04**		**10,894.04**	**413.46**	**11,307.50**
iv. Term loans:							
TL Sub 8	9,771.28	-	9,771.28	Bullet repayment due on April 2020	-	-	-
	9,771.28	**-**	**9,771.28**		**-**	**-**	**-**

The above debentures, term loans, external commercial borrowings and loans from others carry varying rates of interest with the maximum rate of interest going upto 12.40% (as at March 31, 2017: 12.40%) per annum.

3.13 Details of borrowings (continued)

		As at March 31, 2018	Particulars of Redemption / Repayment	As at March 31, 2017
		₹ Lakhs		₹ Lakhs
II	**Current borrowings:**			
a	**Secured borrowings**			
-	STL 15	-	Repayable on demand	1,363.78
-	STL 1 Sub 1	65,116.53	Repayable over a tenor of 90 days	45,164.66
-	STL 1 Sub 3	-	Repayable on demand	7,079.01
-	STL 2 Sub 3	2,537.63	Repayable on demand	-
-	STL 3 Sub 3	9,227.75	Repayable on demand	-
-	STL 1 - Sub 6	-	Repayable on demand	1,956.39
-	STL 2 - Sub 6	5,476.07	Repayable on demand	-
-	STL 3 - Sub 6	9,000.00	Repayable on demand	6,412.08
-	STL Sub 7	213.46	Repayable on demand	624.39
-	STL Sub 8	-	Repayable on demand	18,878.54
		91,571.44		**81,478.85**

1 In FY 2016-17, STL 15 is secured by way of first charge on pari-passu basis on all current assets of the amalgamating company (now a division of the Company), as per the scheme of amalgamation, and second charge on pari-passu basis on all Property, Plant and Equipment of that division aggregating ₹ 42,181.04 lakhs.

2 STL 1 Sub 1 relating to a subsidiary are cash credit facilities and working capital demand loans from banks which are secured by way of a pari passu charge on the receivables due to the subsidiary other than those that are specifically charged to the other lenders of the subsidiary.

3 STL 1 Sub 3 relating to a subsidiary is in the nature of an overdraft facility which is secured against property, plant and equipment, receivables and inventories of the subsidiary.

4 STL 2 Sub 3 relating to a subsidiary is in the nature of an overdraft facility which is secured by corporate guarantee given by the Parent Company.

5 STL 3 Sub 3 relating to a subsidiary is in the nature of a working capital facility which is secured against inventories of the subsidiary.

6 STL 1 Sub 6 relating to a subsidiary is a working capital facility (Dealer financing facility) which is secured by stock of vehicles, Spare Parts, Lubricants and related book debts of the subsidiary and STL 2 Sub 6 and STL 3 Sub 6 are also a working capital facility which is secured by stock of vehicles and related book debts of the subsidiary.

7 STL Sub 7 relating to a subsidiary are secured by way of a charge on immovable and moveable properties (including plant and machinery, spares, tools, finished and semi finished goods, raw materials and book debts) of the subsidiary.

8 STL Sub 8 relating to a subsidiary are secured by trade receivable and assignment of all risk insurance policy covering property, plant and equipment and inventories of the subsdiary.

		As at March 31, 2018	Particulars of Redemption / Repayment	As at March 31, 2017
		₹ Lakhs		₹ Lakhs
b	**Unsecured borrowings**			
-	STL 17	10,000.00	August 27, 2018	
-	STL 16	-	August 18, 2017 ₹ 11,300.00 lakhs and May 30, 2017 ₹ 7,200.00 lakhs	18,500.00
-	STL - Sub 1	73,790.86	Repayable over a tenor of 90 days	-
-	STL - Sub 5	6,569.21	Repayable on demand	3,492.25
-	STL - Sub 8	9,988.33	Repayable on demand	-
		100,348.40		**21,992.25**

The above loans carry varying rates of interest with the maximum rate of interest going upto 9.50% (as at March 31, 2017: 11.55%) per annum.

The carrying value of the above borrowings (as reflected in Notes 1.20, 1.24 and 1.26) are measured at amortised cost using effective interest method while the above borrowings represents principal amount outstanding.

3.13 Details of borrowings (continued)

III Net debt reconciliation:

		As at March 31, 2018	As at March 31, 2017
		₹ Lakhs	₹ Lakhs
1.	Cash and cash equivalents	121,803.92	101,313.56
2.	Liquid investments	315,515.85	87,717.23
3.	Current borrowings	(191,919.84)	(103,471.10)
4.	Non-current borrowings	(1,388,789.70)	(1,217,122.01)
5.	Derivative Asset / (Liability)	(3,988.42)	(15,661.03)
	Net debt	**(1,147,378.19)**	**(1,147,223.35)**

₹ Lakhs

Particulars	Other assets		Liabilities from financing activities			Total
	Cash & Bank Overdraft	Liquid investments	Non-current borrowings	Current borrowings	Derivative Asset / (Liability)	
Net debt as at March 31, 2017	101,313.56	87,717.23	(1,217,122.01)	(103,471.10)	(15,661.03)	(1,147,223.35)
Cash flows	20,161.40	223,461.23	(169,219.23)	(86,994.85)	11,633.48	(957.97)
Foreign exchange adjustments	328.96	-	(4,547.75)	(1,453.89)	-	(5,672.68)
Profit / (loss) on sale of liquid investments (net)	-	3,821.56	-	-	-	3,821.56
Interest expense	-	-	(8,787.47)	(8,752.57)	-	(17,540.04)
Interest paid	-	-	10,886.76	8,752.57	-	19,639.33
Other non-cash movements						
- Fair value adjustments	-	515.83	-	-	39.13	554.96
Net debt as at March 31, 2018	**121,803.92**	**315,515.85**	**(1,388,789.70)**	**(191,919.84)**	**(3,988.42)**	**(1,147,378.19)**

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, 2018	Proportion of ownership interest As at March 31, 2017
Hinduja Leyland Finance Limited and its subsidiary and controlled trust	Relating to financing activities	Chennai - India	61.85%	57.20%
Global TVS Bus Body Builders Limited	Relating to commercial vehicle	Madurai - India	66.67%	66.67%
Gulf Ashley Motor Limited	Trading in commercial vehicle	Chennai - India	92.98%	92.98%
Ashok Leyland Vehicles Limited (formerly Ashok Leyland Nissan Vehicles Limited)	Manufacturing of commercial vehicle	Chennai - India	100.00%	100.00%
Ashok Leyland Technologies Limited (formerly Nissan Ashok Leyland Technologies Limited)	Relating to commercial vehicle	Chennai - India	100.00%	100.00%
Ashley Powertrain Limited (formerly Nissan Ashok Leyland Powertrain Limited)	Relating to commercial vehicle	Chennai - India	100.00%	100.00%
Optare plc and its subsidiaries	Manufacturing of commercial vehicle	United Kingdom	99.08%	75.11%
Ashok Leyland (UK) Limited (since liquidated on April 10, 2018)	Relating to commercial vehicle	United Kingdom	100.00%	100.00%
Ashok Leyland (Nigeria) Limited	Trading in commercial vehicle	Nigeria	100.00%	100.00%
Ashok Leyland (Chile) SA	Trading in commercial vehicle	Chile	100.00%	100.00%
HLF Services Limited	Manpower supply services	Chennai - India	82.39%	80.25%
Ashok Leyland (UAE) LLC and its subsdiaries including beneficial interest	Manufacturing of commercial vehicle	UAE	100.00%	100.00%
Albonair (India) Private Limited	Relating to commercial vehicle	India	100.00%	100.00%
Albonair GmbH and its subsidiary	Relating to commercial vehicle	Germany	100.00%	100.00%

B) Composition of the Group:

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries March 31, 2018	Number of wholly-owned subsidiaries March 31, 2017
Relating to commercial vehicle	United Kingdom	1	1
Manufacturing of commercial vehicle	UAE	1	1
Manufacturing of commercial vehicle	Russia*	1	1
Manufacturing of 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	3	3
Manufacturing of commercial vehicle	India	1	1
Relating to commercial vehicle	Germany	1	1
Relating to commercial vehicle	China*	1	1

* wholly owned step down subsidiaries

3.14 Information Relating to Subsidiaries - continued

Principal activity	Place of incorporation and operation	Number of non wholly-owned subsidiaries**	
		March 31, 2018	March 31, 2017
Relating to financing activities	Chennai - India	2	2
Relating to commercial vehicle	Madurai - India	1	1
Manufacturing of commercial vehicle	United Kingdom	7	7
Trading in commercial vehicle	Chennai - India	1	1
Manpower supply services	Chennai - India	1	1

** includes 7 step down subsidiaries

C) Details of non wholly-owned subsidiaries that have material non-controlling interests:

The table below shows details of non wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Total comprehensive income allocated to non-controlling interests		Accumulated non-controlling interests	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
				₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs
Hinduja Leyland Finance Limited	Chennai - India	38.15%	42.80%	6,983.20	6,776.75	80,732.08	60,630.24
Individually immaterial subsidiaries with non-controlling interests				(2,680.27)	(1,080.34)	1,800.87	(1,731.14)
				4,302.93	**5,696.41**	**82,532.95**	**58,899.10**

The Group has acquired an additional stake of 4.66% for ₹ 22,541.94 lakhs and consequently recognized a decrease in non-controlling interests of ₹ 8,682.14 lakhs and a decrease in equity attributable to the owners of the Parent Company of ₹ 13,859.80 lakhs

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Hinduja Leyland Finance Limited	As at March 31, 2018	As at March 31, 2017
	₹ Lakhs	₹ Lakhs
Current assets	562,806.32	457,401.16
Non-current assets	1,092,531.45	739,033.74
Total assets	**1,655,337.77**	**1,196,434.90**
Current liabilities	483,886.18	303,948.36
Non-current liabilities	964,692.96	750,826.00
Total liabilities	**1,448,579.14**	**1,054,774.36**
Equity attributable to owners of the Company	126,026.55	81,030.30
Non-controlling interests	80,732.08	60,630.24

3.14 Information Relating to Subsidiaries - continued

	Year ended March 31, 2018	Year ended March 31, 2017
	₹ Lakhs	₹ Lakhs
Revenue	209,248.78	153,176.13
Expenses (including tax)	192,499.70	137,315.98
Profit for the year	**16,749.08**	**15,860.15**
Profit attributable to owners of the Company	9,777.21	9,099.37
Profit attributable to the non-controlling interests	6,971.87	6,760.78
Profit for the year	**16,749.08**	**15,860.15**
Other Comprehensive Income attributable to owners of the Company	15.90	21.49
Other Comprehensive Income attributable to the non-controlling interests	11.34	15.97
Other Comprehensive Income for the year	**27.24**	**37.46**
Total Comprehensive Income attributable to owners of the Company	9,793.11	9,120.86
Total Comprehensive Income attributable to the non-controlling interests	6,983.21	6,776.75
Total Comprehensive Income for the year	**16,776.32**	**15,897.61**
Dividends paid to non-controlling interests	-	-
Net cash (outflow) from operating activities	**(329,179.47)**	**(194,996.45)**
Net cash (outflow) / inflow from investing activities	(16,447.33)	(44,833.96)
Net cash inflow from financing activities	353,115.63	237,087.46
Net cash (outflow) / inflow	**7,488.83**	**(2,742.95)**

D) Goodwill (on consolidation)

	As at March 31, 2018	As at March 31, 2017
	₹ Lakhs	₹ Lakhs
Gross Goodwill at the beginning of the year	150,797.04	105,807.42
Add: Recognised during the year	-	44,989.62
Gross Goodwill at the end of the year	150,797.04	150,797.04
Opening accumulated impairment	40,023.06	30,416.90
Add: Impairment during the year	-	9,606.16
Closing accumulated impairment	40,023.06	40,023.06
Carrying amount of Goodwill	**110,773.98**	**110,773.98**

Allocation of goodwill to cash-generating units

Each of the subsidiaries is identified as a separate cash generating unit. Goodwill has been allocated for impairment testing purposes to these cash-generating units.

The carrying amount of goodwill was allocated to major cash-generating units as follows:

	As at March 31, 2018	As at March 31, 2017
	₹ Lakhs	₹ Lakhs
Hinduja Leyland Finance Limited and its subsidiary and its controlled trust	42,647.12	42,647.12
Subsidiaries in light commercial vehicle business	44,989.62	44,989.62
Albonair GmbH and its subsidiary	20,893.50	20,893.50
Optare and its subsidiaries	-	-
Others	2,243.74	2,243.74
	110,773.98	**110,773.98**

Cash-generating units to which goodwill is allocated are tested for impairment annually at each reporting date, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to that unit. The Group believes that any reasonable further change in the key assumptions on which recoverable amount is based, would not cause the carrying amount to exceed its recoverable amount.

Also Refer Notes 1B.4 and 1C.

3.15 INFORMATION RELATING TO ASSOCIATES

Details of material associates

There are no associates which are individually material and thus, only aggregate information of associates that are not individually material is given below:

Aggregate information of associates that are not individually material	Year ended March 31, 2018	Year ended March 31, 2017
	₹ Lakhs	₹ Lakhs
The Group's share of profit / (loss) from continuing operations	435.06	249.58
The Group's share of other comprehensive income	(868.88)	231.21
The Group's share of total comprehensive income	**(433.82)**	**480.79**

	As at March 31, 2018	As at March 31, 2017
	₹ Lakhs	₹ Lakhs
Aggregate carrying amount of the Group's interests in these associates	4,592.11	4,060.58

Unrecognised share of losses of an associate	As at March 31, 2018	As at March 31, 2017
	₹ Lakhs	₹ Lakhs
The unrecognised share of loss of an associate for the year *	-	-
* consequent to investment being nil under equity accounting		

	As at March 31, 2018	As at March 31, 2017
	₹ Lakhs	₹ Lakhs
Cumulative share of loss of an associate	-	-

3.16 INFORMATION RELATING TO JOINT VENTURES

Details of material joint ventures

There are no joint ventures which are individually material and thus, only aggregate information of joint ventures that are not individually material is given below:

Aggregate information of joint ventures that are not individually material	Year ended March 31, 2018	Year ended March 31, 2017
	₹ Lakhs	₹ Lakhs
The Group's share of profit / (loss) from continuing operations	221.63	(1,236.08)
The Group's share of other comprehensive income	(12.59)	(5.78)
The Group's share of total comprehensive income	**209.04**	**(1,241.86)**

	As at March 31, 2018	As at March 31, 2017
	₹ Lakhs	₹ Lakhs
Aggregate carrying amount of the Group's interests in these joint ventures	5,132.89	4,819.30

Unrecognised share of losses of joint ventures	As at March 31, 2018	As at March 31, 2017
	₹ Lakhs	₹ Lakhs
The unrecognised share of loss of joint ventures for the year	-	-

	As at March 31, 2018	As at March 31, 2017
	₹ Lakhs	₹ Lakhs
Cumulative share of loss of joint ventures	-	-

3.17 The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of information available with the Group. The amount of principal and interest outstanding is given below:

	Particulars	March 2018	March 2017
		₹ lakhs	₹ lakhs
i)	Principal amount paid after appointed date during the year	745.27	28.85
ii)	Amount of interest due and payable for the delayed payment of Principal amount	9.69	0.90
iii)	Principal amount remaining unpaid as at year end (over due)	25.76	0.28
iv)	Principal amount remaining unpaid as at year end (not due)	1,215.89	720.51
v)	Interest due and payable on principal amount unpaid as at the year end	0.42	0.09
vi)	Total amount of interest accrued and unpaid as at year end	21.61	11.50
vii)	Further interest remaining due and payable for earlier years	11.50	10.51

3.18 Accounting for long term monetary items in foreign currency

Exchange difference in long term monetary items in foreign currency:

The Group has elected the option under Ind AS 101 'First-time Adoption of Indian Accounting Standards' and has continued the policy adopted for accounting of exchange differences arising from translation of long term foreign currency monetary items recognised in the financial statements upto March 31, 2016. Accordingly, exchange difference on translation or settlement of long term foreign currency monetary items at rates different from those at which they were initially recorded or as at April 1, 2007, in so far as it relates to acquisition of depreciable assets are adjusted to the cost of the assets. In other cases, such exchange differences, arising effective April 1, 2011, are accumulated in "Foreign currency monetary item translation difference" and amortized by recognition as income or expense in each year over the balance term till settlement occurs but not beyond March 31, 2020.

Accordingly,

a) Foreign exchange (gain) / loss relating to acquisition of depreciable assets, capitalised during the year ended March 31, 2018 aggregated ₹ 654.55 Lakhs [year ended March 31, 2017 ₹ 577.36 Lakhs].

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, 2018 is ₹ 490.30 Lakhs [year ended March 31, 2017 ₹ 2,029.29 Lakhs].

c) The un-amortised net exchange difference in respect of long term monetary items relating to other than acquisition of depreciable assets, is a loss of ₹ 776.79 lakhs as at March 31, 2018 [as at March 31, 2017: loss of ₹ 1,197.29 lakhs]. These amounts are reflected as part of the "Other Equity".

3.19 The Board of directors approved the scheme of amalgamation of three wholly owned subsidiaries Viz. Ashok Leyland Vehicles Ltd, Ashley Powertrain Limited and Ashok Leyland Technologies Limited with Ashok Leyland Limited with appointed date as April 1, 2018 and this is subject to clearance by National Company Law Tribunal and other regulatory approvals.

3.20 The figures for the previous year have been reclassified/ regrouped wherever necessary for better understanding and comparability.

For and on behalf of the Board

GOPAL MAHADEVAN
Chief Financial Officer

DHEERAJ G HINDUJA
Chairman
DIN : 00133410

VINOD K DASARI
CEO and Managing Director
DIN : 00345657

N. RAMANATHAN
Company Secretary

For PRICE WATERHOUSE & CO CHARTERED ACCOUNTANTS LLP
Firm Registration Number - 304026E/E-300009
Chartered Accountants

SUBRAMANIAN VIVEK
Partner
Membership Number - 100332

May 18, 2018
Chennai

FINANCIAL HIGHLIGHTS 2017-18

Statement pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013, read with rule 5 of Companies (Accounts) Rules, 2014 in the prescribed Form AOC-1 relating to subsidiary companies

PART "A": SUBSIDIARIES

(Pursuant to first proviso to sub-section 3 of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

(₹ lakhs)

S. no	Subsidiary	Acquired on	Country of incorporation	Reporting Period	Reporting Currency	Share capital (including share application money pending allotment)	Other equity	Total liabilities	Total assets	Investments (except in case of investments in subsidiaries)	Turnover	Profit / (Loss) before taxation	Tax Expenses/ (Credit)	Profit / (Loss) after taxation	Other Comp. Income	Total Comp. Income	Proposed dividend- equity	% of Shareholding
1	Hinduja Leyland Finance Limited and its subsidiary and controlled trust	April 1, 2013	India	Apr-Mar	INR	45,643.80	1,58,114.83	16,55,337.77	16,55,337.77	92,740.55	2,09,248.78	25,227.93	8,478.85	16,749.08	27.24	16,776.32	-	61.85%
2	Ashok Leyland Vehicles Limited	November 26, 2016	India	Apr-Mar	INR	80,264.59	(97,257.34)	70,518.75	70,518.75	10,000.00	1,67,445.19	14,754.14	-	13,480.99	22.28	13,503.27	-	100.00%
3	Ashok Leyland Technologies Limited	November 26, 2016	India	Apr-Mar	INR	5,205.00	(14,441.74)	5,048.36	5,048.36	-	6,009.66	2,096.47	-	2,096.47	1.87	2,098.34	-	100.00%
4	Ashley Powertrain Limited	November 26, 2016	India	Apr-Mar	INR	20,910.04	(1,584.11)	29,349.82	29,349.82	-	36,133.11	83.54	(2.44)	85.98	8.52	94.50	-	100.00%
5	Global TVS Bus Body Builders Limited	December 10, 2013	India	Apr-Mar	INR	990.00	2,917.38	5,026.69	5,026.69	-	10,417.69	322.29	130.29	192.00	(3.12)	188.88	-	66.67%
6	Gulf Ashley Motors Limited	April 1, 2013	India	Apr-Mar	INR	2,970.00	126.60	20,569.08	20,569.08	-	85,284.19	299.36	57.34	242.02	(4.77)	237.25	-	92.98%
7	Optare PLC and its subsidiaries	April 1, 2013	UK	Apr-Mar	GBP	55,567.70	(50,843.42)	30,910.71	30,910.71	-	22,986.89	(9,027.93)	-	(9,027.93)	(5,508.84)	(14,536.77)	-	99.08%
8	Ashok Leyland (UK) Limited #	April 1, 2013	UK	Apr-Mar	GBP	-	-	-	-	-	-	-	-	-	-	-	-	100.00%
9	Ashok Leyland (Nigeria) Limited	April 1, 2013	Nigeria	Apr-Mar	NGN	35.71	43.55	413.46	413.46	-	98.48	(34.66)	26.11	(60.77)	-	(60.77)	-	100.00%
10	Ashok Leyland (Chile) SA	April 1, 2013	Chile	Apr-Mar	CLP	402.36	(408.26)	345.35	345.35	-	33.42	(24.21)	-	(24.21)	-	(24.21)	-	100.00%
11	HLF Services Limited	April 1, 2013	India	Apr-Mar	INR	5.00	288.32	8,707.31	8,707.31	-	15,792.91	140.50	62.62	77.88	6.62	84.50	-	82.39%
12	Ashok Leyland (UAE) LLC and its subsidiaries	April 1, 2015	UAE	Apr-Mar	AED	9,652.20	(1,121.30)	37,830.48	37,830.48	-	96,651.76	(447.36)	(41.97)	(405.39)	(33.12)	(438.51)	-	100.00%
13	Albonair (India) Private Limited	April 1, 2013	India	Apr-Mar	INR	1,500.00	(1,120.25)	2,110.80	2,110.80	-	1,414.50	(386.53)	-	(386.53)	0.19	(386.34)	-	100.00%
14	Albonair GmbH, Germany and its subsidiary	April 1, 2013	Germany	Apr-Mar	EUR	36,807.66	(33,507.48)	21,326.20	21,326.20	-	36,322.09	375.82	-	375.82	311.96	687.78	-	100.00%

Notes:

1. # Ashok Leyland (UK) Limited was liquidated on April 11, 2018
2. Exchange rate used in case of foreign subsidiaires, associates and joint ventures are given below:

Currency	EURO	GBP	CLP	USD	NGN	AED	LKR
Closing Rate	80.8075	92.2775	0.1080	65.1750	0.2136	17.7450	0.4188

Statement pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013, read with rule 5 of Companies (Accounts) Rules, 2014 in the prescribed Form AOC-1 relating to subsidiary companies

PART "B": ASSOCIATES AND JOINT VENTURES

(Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associates and Joint Ventures)

(₹ lakhs)

Sl. No	Name of Associate / Joint Venture	Latest Audited Balance Sheet date	Shares held by the Company on the year end			Significant influence	Reason for not consolidation	Networth	Total comprehensive income for the year	
			No.	Investment Held (₹ In lakhs)	Holding %			₹ Lakhs	Considered in consolidation	Not considered in Consolidation
	(A) Associates									
1	Ashley Aviation Limited	31-Mar-18	1,960,000	196.00	49.00%	Voting Power	Not Applicable	(779.39)	(164.73)	(171.25)
2	Ashok Leyland Defence Systems Limited	31-Mar-18	5,027,567	502.76	48.49%	Voting Power	Not Applicable	1,460.69	39.37	41.83
3	Lanka Ashok Leyland PLC	31-Mar-18	1,008,332	57.46	27.85%	Voting Power	Not Applicable	13,983.32	(308.48)	2,406.13
4	Mangalam Retail Services Limited	31-Mar-18	37,470	4.47	37.48%	Voting Power	Not Applicable	10.81	0.02	0.04
	(B) Joint Ventures									
1	Ashley Alteams India Limited	31-Mar-18	71,200,000	7,120.00	50.00%	Voting Power	Not Applicable	2,114.81	143.65	143.64
2	Hinduja Tech Limited	31-Mar-18	95,440,005	9,737.41	62.00%	Voting Power	Not Applicable	2,671.17	65.39	40.09
3	Ashok Leyland John Deere Construction Equipment Company Private Limited#	31-Mar-18	257,518,150	25,751.82	50.00%	Voting Power	Not Applicable	7,711.73	-	364.79

The Company along with its subsidiary Gulf Ashley Motor Limited holds 50% interest.

For and on behalf of the Board

DHEERAJ G HINDUJA
Chairman
DIN : 00133410

VINOD K DASARI
CEO and Managing Director
DIN : 00345657

GOPAL MAHADEVAN
Chief Financial Officer

N. RAMANATHAN
Company Secretary

For PRICE WATERHOUSE & CO CHARTERED ACCOUNTANTS LLP
Firm Registration Number - 304026E/E-300009
Chartered Accountants

SUBRAMANIAN VIVEK
Partner
Membership Number - 100332

May 18, 2018
Chennai

NOTES

ASHOK LEYLAND

Aapki Jeet. Hamari Jeet.

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HINDUJA GROUP