ASHOK LEYLAND

Aapki Jeet. Hamari Jeet.

August 10, 2020

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

Through : NEAPS

Symbol : ASHOKLEY

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001

Through: BSE Listing Centre

Scrip Code : 500477

Dear Sirs,

Submission of Annual Report for the year 2019-20

The Annual General Meeting of the Company is scheduled to be held through Video Conferencing ("**VC**")/ Other Audio Visual Means ("**OAVM")** on **Wednesday, September 2, 2020** at **3.00 p.m.**

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements), 2015, we submit herewith the Annual Report for the year 2019-20 along with AGM Notice.

Thanking you,

Yours faithfully,
for Ashok Leyland Limited

N Ramanatan
Company Secretary

Encl : a/a

ASHOK LEYLAND

Aapki Jeet. Hamari Jeet.

LEADING WITH INNOVATION

ANNUAL REPORT 2019-20

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 do hope and pray that you and your families are safe and well in these challenging times.

On the business front, the reverberations of the market setback we experienced last year continues. The recessionary trend in the auto business has activated a wave of consequential challenges across the value chain. In the year went by, the expected level of improvement in the liquidity of NBFCs and the pre-buy ahead of BS VI introduction we had hoped for did not materialize. From March this year, as you know well, the COVID-19 pandemic has caused a debilitating impact on all sectors of the economy. It is anybody's guess as to when normalcy would be restored and what form would it take.

In this backdrop, I am pleased to advise that the situation was managed well last year with some careful planning by your Company. The Management had the foresight to decide as early as March 2019 to focus on costs, efficiency and initiatives for the long term, all of which have yielded creditable market and financial performance despite the odds.

Your Company had made a courageous decision to introduce, arguably for the first time ever in India, a modular truck platform AVTR for the medium & heavy range alongside the introduction of innovative *i* Gen BS VI emission technology. Both are individually major technical challenges along with a mandated timeline to be met. It is, indeed, a proud moment for the Company when the design, cost and time targets were achieved indigenously and innovatively. In addition, we are now ready with an in-house developed new LCV range and the launch had to be deferred due to the COVID-19 crisis. The introduction is expected to be a game changer just as DOST did, further reinforcing our product range. Your Company is also making inroads into the electric vehicle segment in buses locally here as well as in the London market through the Optare range. We are moving fast in the learning curve in this realm, keeping pace with global trends and are poised for major strides soon.

As always, there have been new product introductions and upgrades last year to freshen up the product lines. 10x4 Tipper, Sunshine LX model for ICV School segment, 12m *i* EGR Bus for intercity segment and 11m FE CNG for intracity segment were launched in M&HCV segment evoking positive customer response. The ICV and MDV range were strengthened with the addition of the New Guru 1010, Boss 1616, Boss 1916, and the TF2312. The A.C. Midi Oyster bus was successfully launched at Prawaas 2019.

CHAIRMAN'S MESSAGE

There were some recognitions:

- Dost+ and Guru1010 respectively won the Pick-up of the Year, and the Promising Debut of the Year awards.
- Dost won Pickup of the Year and SCV of the Year at the ET NOW Global Awards.
- Best Employer of 2019 by AON.
- At the 8th Manufacturing Today Awards, the CSR initiatives were adjudged the "Winner in the award category - Excellence in CSR" for the second consecutive year.
- Winner of "Golden Peacock Award for Risk Management" in the category of "Automotive" for the year 2019, second year in a row.

In addition, the Ashok Leyland corporate office is the first office in India and fourth in the world to receive LEED v4.1 Platinum certification which is the benchmark for Green building.

Our CSR initiatives under the *Road to School* drive expanded the coverage by introducing the breakfast scheme, brought out new avenues of health, hygiene, nutrition and sports initiatives for the children. We now cover 55,000 children up from 20,000 in the previous year and have ambitious plans to scale up every year widening the scope as well.

Looking ahead, our long-term outlook for the sector continues to remain positive, with the current phase seen only as an aberration. As the governmental measures to reactivate the commercial sector are awaited, the management has taken the opportunity of the last few months to re-examine the business and operating models without any presumptions. Upon a clinical assessment of the short term and long-term prospects, a series of initiatives have been set in motion to reconfigure the Company aimed at sustainable growth while minimising the adverse impact of economic cycles.

I strongly believe that now is the opportune time for Indian OEMs like Ashok Leyland to move, without inhibition, and seek a global position by showcasing our manufacturing prowess and demonstrating the products of global standards of quality and reliability. With AVTR and the upcoming LCV range, I would like to mention with reasonable confidence that your Company is ready to expand its presence in India and multiple overseas markets. Another thrust area for the Company is Defence. Being one of the largest providers of logistic vehicles to our armed forces, we will continue to position mobility products and solutions in an accelerated manner. We should be seeing the benefits of our plans and efforts before long.

As you know, we have in our midst a new leader, Mr. Vipin Sondhi, who joined us last year as the MD & CEO. He comes with a rich and diversified experience in the Auto sector and I would like to welcome him to the Ashok Leyland family and wish him well to steer the Company to even greater heights.

In the travails of the past and in the new paradigm we are envisaging for the future, our constant source of strength is the indefatigable spirit of our employees and I would like to thank them for their commitment, patience and hard work.

I would also like to thank our extended family of dealers, suppliers, financial institutions, strategic partners, and customers for their continuing faith in us.

Thank you,

Yours sincerely,

Dheeraj G Hinduja
Chairman

London
August 7, 2020

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dheeraj G Hinduja, Chairman
Prof. Dr. Andreas H Biagosch
Dr. Andrew C Palmer
Jean Brunol
Jose Maria Alapont
Manisha Girotra
Sanjay K Asher
Saugata Gupta *(appointed w.e.f. November 8, 2019)*
Vipin Sondhi, Managing Director and Chief Executive Officer
(appointed w.e.f. November 8, 2019; as MD & CEO w.e.f. December 12, 2019)
Gopal Mahadevan, Whole-time Director
(appointed w.e.f. May 24, 2019)

CHAIRMAN EMERITUS

R J Shahaney

CHIEF FINANCIAL OFFICER

Gopal Mahadevan

COMPANY SECRETARY

N Ramanathan

SENIOR MANAGEMENT

Anuj Kathuria, Chief Operating Officer
N V Balachandar
P G Chandramohan
P Harihar
Karthick Athmanathan
Nitin Seth, Chief Operating Officer
K Ram Kumar
S Krishnan
Sanjay Saraswat
Dr. N Saravanan
R Sivanesan
Venkatesh Natarajan

STATUTORY AUDITORS

Price Waterhouse & Co Chartered Accountants LLP

COST AUDITORS

Geeyes & Co.

BANKERS

Axis Bank Limited
Bank of America
Bank of Baroda
Central Bank of India
Citi Bank N A
Federal Bank Limited
HDFC Bank Limited
ICICI Bank Limited
IDBI Bank Limited
Standard Chartered Bank
State Bank of India
MUFG Bank Limited
Yes Bank Limited

REGISTERED OFFICE

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

CORPORATE IDENTIFICATION NUMBER

L34101TN1948PLC000105

PLANTS

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

WEBSITE

www.ashokleyland.com

REGISTRAR AND SHARE TRANSFER AGENT

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

CONTENTS

A HISTORICAL PERSPECTIVE OF THE COMPANY

₹ crores

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

A HISTORICAL PERSPECTIVE OF THE COMPANY

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

₹ crores

Particulars	2015-16	2016-17	2017-18**	2018-19	2019-20
Sales Volume					
Vehicles (numbers)	140,457	145,066	174,873	197,366	125,200
Engines (numbers)	15,551	16,491	18,751	21,859	20,359
Spare parts and others	1,273	1,694	1,950	1,880	1,766
Revenue (Gross sales)	**19,993**	**21,453**	**26,633**	**29,055**	**17,467**
Profit before tax	**827**	**1,330**	**2,386**	**2,497**	**362**
Profit after tax	**390**	**1,223**	**1,718**	**1,983**	**240**
Assets					
Property, Plant and Equipment, CWIP, Right-of-use asset, Goodwill, Tangible and Intangible Assets	4,868	5,177	5,971	6,272	7,398
Investments	1,980	2,002	2,451	2,637	2,720
Trade Receivables#	-	-	-	-	1
Loans and Other Financial assets	135	182	60	73	102
Income tax asset and other non-current assets	610	579	791	1,056	746
Non-Current Assets	**7,593**	**7,940**	**9,273**	**10,038**	**10,967**
Inventories	1,625	2,631	1,758	2,685	1,238
Investments	-	877	3,155	-	-
Trade Receivables	1,251	1,064	945	2,505	1,180
Cash and Bank balances	1,593	912	1,042	1,374	1,322
Loans and Other Financial assets	196	211	414	487	926
Other current assets (including Contract assets)	516	282	749	1,135	757
Current assets	**5,181**	**5,977**	**8,063**	**8,186**	**5,423**
Assets classified as held for sale	-	123	-	-	-
Total	**12,774**	**14,040**	**17,336**	**18,224**	**16,390**
Financed by					
Equity Share capital	285	285	293	294	294
Other Equity	5,123	5,841	6,953	8,039	6,970
Equity	**5,408**	**6,126**	**7,246**	**8,333**	**7,264**
Borrowings, Lease liabilities and other financial liabilities	1,995	1,194	514	333	1,431
Deferred tax liability - Net	329	127	298	249	265
Other Non-current liabilities and provisions (including Contract liabilities)	152	172	459	520	431
Non-current liabilities	**2,476**	**1,493**	**1,271**	**1,102**	**2,127**
Borrowings, Lease liabilities and other financial liabilities	1,517	2,172	1,894	1,700	3,065
Trade payables	2,563	3,117	4,888	5,019	2,624
Other current liabilities and provisions (including Current Tax liabilities-net and Contract liabilities)	810	1,132	2,037	2,070	1,310
Current liabilities	**4,890**	**6,421**	**8,819**	**8,789**	**6,999**
Liabilities directly associated with assets classified as held for sale#	-	-	-	-	-
Total	**12,774**	**14,040**	**17,336**	**18,224**	**16,390**
Basic Earnings Per Share (₹)	1.37	4.24	5.87	6.76	0.82
Dividend per share (₹) (Face value ₹1 each)	0.95	1.56	2.43	3.10	0.50@
Employees (numbers)	10,352	11,906	11,865	12,133	11,463

Contract asset and Contract liabilities is applicable from 2018-19.

Right-of-use asset and Lease liabilities is applicable from 2019-20.

Figures may not be strictly comparable due to presentation changes resulting from adoption of IND AS .

amount is below rounding off norms adopted by the Group.

@ Interim dividend declared by the Board during the year.

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

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the seventy first Annual General Meeting of Ashok Leyland Limited will be held on **Wednesday, September 2, 2020** at **3 p.m. IST** through **Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")** to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt:

   a) the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2020, 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, 2020 together with the Report of Auditors thereon.

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

SPECIAL BUSINESS

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

   "**RESOLVED** that pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Ms. Manisha Girotra (DIN: 00774574), who was appointed as an Independent Director and who holds office of Independent Director upto June 28, 2020 and being eligible, and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a Member proposing her candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the Board of the Company from June 29, 2020 till June 28, 2025."

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

   "**RESOLVED** that pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Dr. Andrew C Palmer (DIN: 02155231), who was appointed as an Independent Director and who holds office of Independent Director upto November 3, 2020 and being eligible, and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a Member proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the Board of the Company from November 4, 2020 till November 3, 2025."

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

   "**RESOLVED** that pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the remuneration payable to Geeyes & Co., Cost 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, 2020, 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

N Ramanathan
Company Secretary

Chennai
June 25, 2020

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

2. The Register of Members and the Share Transfer books of the Company will remain closed from Tuesday, September 1, 2020 to Wednesday, September 2, 2020 (both days inclusive) for the purpose of ensuing AGM of the Company.

NOTICE TO SHAREHOLDERS

3. The relevant Explanatory Statement pursuant to Section 102 of Act, setting out material facts in respect of businesses under item nos. 3 to 5 of the Notice, is annexed hereto. Details pursuant to Regulations 26(4) and 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of the Directors seeking re-appointment at this AGM are also annexed.

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

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

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

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

8. Pursuant to Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amount lying with Companies) Rules, 2012, the information on unclaimed dividend as on March 31, 2019 was filed with the MCA and hosted on the website of the Company.

9. In compliance with the MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company / Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website www.ashokleyland.com, websites of the Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Ltd at www.bseindia.com and www.nseindia.com respectively, and on the website of NSDL https://www.evoting.nsdl.com.

10. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before August 25, 2020 through email on secretarial@ashokleyland.com The same will be replied by the Company suitably.

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

12. 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.

13. 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.

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

NOTICE TO SHAREHOLDERS

15. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the AGM, i.e., Wednesday, September 2, 2020.

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

17. **Voting through electronic means:**

(i) In compliance with the provisions of Section 108 of the Act, read with 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 Members are provided with the facility to cast their vote electronically through the e-voting services provided by NSDL, on all the resolutions set forth in this Notice.

(ii) The "cut-off date" for determining the eligibility for voting either through remote electronic voting system is fixed as Wednesday, August 26, 2020. The e-voting period commences on Saturday, August 29, 2020 at 9.00 a.m. IST and ends on Tuesday, September 1, 2020 at 5.00 p.m. IST. During this period, a person whose name is recorded in the Register of Members or in the Register of Beneficiary Owners maintained by the depositories, as on the cut-off date, i.e., Wednesday, August 26, 2020 shall be entitled to avail the facility of remote e-voting. The remote-voting module shall be disabled by NSDL for voting thereafter. Those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.

(iii) The instructions for e-voting are given herein below.

(i) Process for Members opting for remote e-voting:

The instructions for shareholders voting electronically are as under:

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

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

Details on Step 1 is mentioned below:

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

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

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

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

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

(iv) Your User ID details are given below:

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

(v) Your password details are given below:

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

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

c) How to retrieve your 'initial password'?

(i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from

NSDL from your mailbox. Open the email and open the attachment i.e. a pdf file. Open the pdf file. The password to open the pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The pdf file contains your 'User ID' and your 'initial password'.

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

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

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

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

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

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

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

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

Details on Step 2 is given below:

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

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

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

(iii) Select "EVEN" of Company.

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

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

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

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

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

General Guidelines for shareholders

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

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

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

18. 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., Wednesday, August 26, 2020. 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.

19. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.

20. Your Company has appointed B Chandra & Associates, Practising Company Secretaries (Firm Reg. No. P2017TN65700), Chennai, as the Scrutinizer to scrutinize the voting at the meeting and the remote e-voting process, in a fair and transparent manner.

21. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast through e-voting during the Meeting, thereafter unblock the votes cast through remote e-voting 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.

22. As per Regulation 44 of the SEBI Listing Regulations, the results of the e-voting are to be submitted to the Stock Exchanges within 48 hours of the conclusion of the AGM. The results declared along with Scrutinizer's report shall be placed on the

Company's website www.ashokleyland.com and the website of NSDL www.evoting.nsdl.com. The results shall also be communicated to the stock exchanges.

Process for registration of email id for obtaining Annual Report and user id / password for e-voting

Physical Holding	Send a request to the RTA of the Company, at csdstd@integratedindia.in providing Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) for registering email address.
Demat Holding	Please contact your Depository Participant (DP) and register your email address and bank account details in your demat account, as per the process advised by your DP.

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

(i) Members will be able to attend the AGM through VC / OAVM or view the live webcast of AGM provided by NSDL at https://www.evoting.nsdl.com by using their remote e-voting login credentials and selecting the EVEN for Company's AGM.

Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice. Further Members can also use the OTP based login for logging into the e-voting system of NSDL.

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

(iii) Members who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.co.in/1800-222-990 or contact Ms. Pallavi Mhatre, Manager - NSDL at evoting@nsdl.co.in/ 1800-222-990 / 022 2499 4545.

(iv) Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at secretarial@ashokleyland.com from August 24, 2020 (9:00 a.m. IST) to August 25, 2020 (5:00 p.m. IST). Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

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

As required under Section 102 of Companies Act, 2013 ("the Act"), the following explanatory statement sets out all material facts relating to the businesses mentioned under Item Nos. 3 to 5 of the accompanying notice.

Item Nos. 3 and 4

Ms. Manisha Girotra (DIN: 00774574) and Dr. Andrew C Palmer (DIN: 02155231) were appointed as Independent Directors on the Board of the Company pursuant to the provisions of Section 149 of the Act, read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the erstwhile Clause 49 of the Listing Agreement with the stock exchanges. They hold office as Independent Directors of the Company till June 28, 2020 and November 3, 2020 respectively.

The Nomination and Remuneration Committee (“NRC”) of the Board of Directors, based on the report of performance evaluation of the Independent Directors, has recommended the re-appointment of Ms. Manisha Girotra and Dr. Andrew C Palmer as Independent Directors for a second term of 5 (five) consecutive years on the Board of the Company from June 29, 2020 to June 28, 2025 and November 4, 2020 and upto November 3, 2025 respectively.

The Board, based on the performance evaluation of Ms. Manisha Girotra and Dr. Andrew C Palmer as Independent Directors and as per the recommendation of the NRC, considers that, given their background and experience and contributions made by them during their tenure, the continued association of Ms. Manisha Girotra and Dr. Andrew C Palmer would be beneficial to the Company and it is desirable to continue to avail their services as Independent Directors. Accordingly, it is proposed to re-appoint, Ms. Manisha Girotra and Dr. Andrew C Palmer as Independent Directors of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the Board of the Company for the periods specified above respectively.

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

Ms. Manisha Girotra and Dr. Andrew C Palmer are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

NOTICE TO SHAREHOLDERS

The Company has received notices in writing from a Member under Section 160 of the Act proposing the candidature of Ms. Manisha Girotra and Dr. Andrew C Palmer for the office of Independent Director of the Company. The Company has also received declarations from Ms. Manisha Girotra and Dr. Andrew C Palmer that they meet the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Listing Regulations.

In the opinion of the Board, Ms. Manisha Girotra and Dr. Andrew C Palmer fulfil the conditions for appointment as Independent Director as specified in the Act and the SEBI Listing Regulations. Ms. Manisha Girotra and Dr. Andrew C Palmer are independent of the management.

Details of Ms. Manisha Girotra and Dr. Andrew C Palmer whose re-appointment as Independent Directors is proposed at Item 3 and 4 is provided in the "Annexure" to the Notice pursuant to the provisions of SEBI Listing Regulations and the Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India. Copy of draft letter of appointment of Ms. Manisha Girotra and Dr. Andrew C Palmer setting out the terms and conditions of appointment are available for inspection.

None of the Directors and Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested, financially or otherwise, in this resolution except Ms. Manisha Girotra, Dr. Andrew C Palmer and their relatives respectively.

The Board recommends the Special Resolutions set out at Item Nos.3 and 4 of the Notice for approval by the Members.

Item No.5

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 24, 2019 had considered and approved the appointment of Messers Geeyes & Co., Cost Accountants (Registration No.000044) as the cost auditors of the Company for the financial year 2019-20 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 out at Item No.5 for the approval / ratification of the Members.

By Order of the Board

N Ramanathan
Company Secretary

Chennai
June 25, 2020

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

Annexure to the Notice

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

Name of the Director	**Mr. Dheeraj G Hinduja**	**Ms. Manisha Girotra**	**Dr. Andrew C Palmer**
Date of Birth and Age	July 27, 1971; 48 years	July 9, 1969; 50 years	June 30, 1963, 56 years
Date of Appointment	September 3, 1996	September 8, 2014	November 4, 2015
Qualifications	BSc., MBA	Graduate in Economics; Master's Degree from the Delhi School of Economics	Master's Degree (MSc) in Product Engineering; Doctorate (PhD) in Management; Chartered Engineer; Fellow of the Institution of Mechanical Engineers
Expertise in Specific functional areas	An entrepreneur, and part of a global business conglomerate. His areas of expertise include multi-sectoral global business portfolio strategies, building and transforming organizations, attracting and nurturing best-in-class Boards and Management talents, creating world class CSR interventions, etc. He is associated with many business sectors including Automotive, Engineering, Power, Information Technology, etc. He also provides social Sector leadership in Education, Nutrition, Healthcare, Preservation of cultural heritage, etc.	Has more than 25 years of investment banking experience, with extensive cross-border M&A expertise across a broad range of industries. She is currently the Chief Executive Officer of Moelis India. Prior to that, she was CEO and Country Head of UBS in India managing its investment bank, commercial bank, markets, equity research and wealth management divisions. She has appeared in Business Today's "25 Most Powerful Women in Business in India" for the past six years as well as Fortune India's "50 Most Powerful Women in Business" in 2014 and 2015.	Over 40 years of automotive industry experience. In 2010, Coventry University awarded him an Honorary Doctorate of Technology and in 2014 he was appointed Professor, advising the university in the automotive field.
Board Membership of other Companies	(i) Hinduja National Power Corporation Ltd, Co-Chairman (ii) Hinduja Leyland Finance Limited* (iii) Hinduja Tech Limited* (iv) Hinduja Automotive Limited, United Kingdom, Co-Chairman	(i) Moelis & Company India Pvt Limited, Managing Director (ii) Jio Payments Bank Limited (iii) Naspers Limited (iv) Prosus N .V. (v) Mindspare Business Parks REIT	(i) Optare PLC (ii) Secured by Designs Limited
Chairmanship(s) / Membership(s) of Committees of other Companies	1) Hinduja National Power Corporation Limited (a) Nomination and Remuneration Committee (b) Corporate Social Responsibility Committee* 2) Hinduja Tech Limited (a) Nomination and Remuneration Committee (b) Corporate Social Responsibility Committee* 3) Hinduja Leyland Finance Limited (a) Nomination and Remuneration Committee (b) Corporate Social Responsibility Committee*	NIL	NIL

*Chairman of the Board / Committee

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

BOARD'S REPORT

To the Members,

PERFORMANCE/OPERATIONS

Your Directors have pleasure in presenting the Annual Report of Ashok Leyland Limited ("AL"/"the Company") along with the audited Financial Statements for the financial year ended March 31, 2020.

FINANCIAL RESULTS

(₹ in crores)

	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
Revenue from operations	17,467.47	29,054.95	21,951.27	33,196.84
Other Income	123.34	109.94	107.83	128.06
Total Income	**17,590.81**	**29,164.89**	**22,059.10**	**33,324.90**
Profit Before tax	**361.92**	**2,496.80**	**739.16**	**2,871.66**
Less: Tax expenses	122.40	513.60	279.36	677.06
Profit after tax	**239.52**	**1,983.20**	**459.80**	**2,194.60**
Balance profit from last year	4,845.91	3,728.11		
Transfers:				
- From Debenture Redemption Reserve to Retained Earnings	-	37.50		
Profit available for appropriation	**5,085.43**	**5,748.81**		
Appropriation:				
Dividend paid during the year	1,056.80	713.23		
Corporate Dividend tax thereon	213.44	146.61		
Transition adjustment and other adjustment	(0.69)	0.47		
Other Comprehensive Loss arising from re-measurement of defined benefit obligation (net of tax)	47.68	42.59		
Balance of profit carried to Balance sheet	**3,768.20**	**4,845.91**		
Earnings per share (Face value of ₹ 1/-)				
- Basic and diluted (₹)	0.82 / 0.82	6.76 / 6.76	1.15 / 1.15	7.08 / 7.08

COMPANY'S PERFORMANCE

The Commercial Vehicle ("CV") market in India posted a double digit drop of 29% YoY in Total Industry Volumes ("TIV"), which was led by 20% drop in Light Commercial Vehicle ("LCV") and 42% drop in Medium and Heavy Commercial Vehicle ("M&HCV") segments.
CV exports dropped by 39% over last year primarily driven by 63% fall in M&HCV Trucks. Other segments also declined by double digits except for M&HCV Buses which bucked the trend by growing 12%.

Your Company sold 71,368 M&HCVs in the domestic market (18,141 M&HCV Buses and 53,227 M&HCV Trucks including Defence vehicles), registering a de-growth of 45.9% over the previous year. LCV with sales of 46,646 vehicles de-grew by 14.4% over the previous year. Your Company was able to achieve market share of 31.8% in M&HCV Bus and Truck Segment combined when total industry volume degrew by 42%. Your Company was able to clear complete stock of BS IV vehicle at Company and dealerships.
Your Company conducted BS VI vehicle launches to showcase its wide product portfolio with *i* Gen6 technology, to reinforce brand promise of "Aapki Jeet Hamari Jeet". There were many noteworthy product launches in M&HCVs which were well received during the year, namely CT3718 10x4 Tipper, Sunshine LX for ICV School segment, 12m 225 *i* EGR Bus for intercity segment and 11m FESLF CNG NAC for intracity segment.

Your Company aggressively sold 20,359 engines in FY 2019-20 despite the deferment of infrastructure projects and improved grid power which restrained the industrial equipment and powergen genset demand respectively. Spare Parts business of your Company delivered healthy margins backed by interventions that resulted in substantial reduction in operating costs in areas of logistics and inventory control. Service function achieved its highest Service market share and continues to improve penetration in service products.

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

COVID-19

During Q3 of the financial year 2019-20, the spread of the COVID-19 virus caused global disruption, with negative impact on human health, business enterprises and the global economy in general. The rapid outbreak of the COVID-19 pandemic during Q4 of FY 2019-20, has severely impacted the physical and financial health of people across India and to prevent the contagion in the Country, phases of nationwide lockdown was announced by the Government of India ("GOI").

Based on the directive given by the GOI for closure of activities to control COVID-19 pandemic, your Company suspended its production across all its factory locations since March 24, 2020 (the all India lockdown date announced by GOI) and resumed operations in its plants across the Country during second week of May 2020, after obtaining necessary approvals from the relevant authorities. Your Company has an SOP, compliant to the Ministry of Home Affairs and State Government guidelines on administration and social distancing.

During these uncertain period, your Company has implemented detailed business continuity plans with its partners and suppliers in an effort to secure the continuation of operations while caring for the health, safety and well-being of its employees.

As a result of COVID-19, the demand for your Company's products has seen a drastic slowdown and has hampered the supply chain for the automotive industry as a whole. This in turn has an impact on the supply chain of your Company and could pose challenges relating to procurement of raw materials in the foreseeable future.

Your Company is taking a number of measures to mitigate substantial negative impact including manpower, investment plans and close collaboration with customers, banks, financial institutions, suppliers and employees. These actions are an acknowledgement of current events as well as uncertainty around the timing and showing path of recovery.

Your Company is prepared to focus its efforts on securing supplies, manufacturing and logistics for growth and invest in new opportunities amidst this crisis and also has plans to develop integrated digital channels to enhance visibility of demand and customer needs. Liquidity and covenant risks are being monitored on an on-going basis.

SHARE CAPITAL

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

DIVIDEND

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

In line with the policy, your Directors had declared / approved an interim dividend of ₹0.50/- paise per equity share of ₹1/- each for the financial year ended March 31, 2020. The dividend was paid on March 26, 2020 involving an outflow of ₹146.77 Crores and tax amount of ₹ 30.17 Crores.

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

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

TRANSFER TO RESERVES

Your Company does not propose to transfer amounts to the general reserve out of the amount available for appropriation and an amount of ₹ 239.52 Crores is proposed to be retained in the profit and loss account.

FINANCE

Long term funding

(a) Secured Non- Convertible Debentures (NCDs)

During the year, no fresh NCD's issued by your Company. There are no outstanding debentures as on March 31, 2020.

(b) Rupee Term Loans

Your Company repaid secured rupee term loan of ₹ 56.25 crores on due dates. Fresh rupee term loan (secured) of ₹ 500 crores were availed during the year.

(c) External Commercial Borrowings (ECBs)

During the year under review, your Company repaid ECB loan instalments that fell due, amounting to USD 23.1 millions on the due dates. Fresh ECB loans of USD 100.00 millions were availed during the year.

As at March 31, 2020, Long term borrowings stood at ₹1,572.54 crores as against ₹533.09 crores on March 31, 2019.

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.

To imbibe a strong AL culture ("AL Way"), your Company successfully launched AL Boot Camp under Ashok Leyland University ("AL Univ") for all campus hires that included Graduate Engineers, Post Graduate Engineers, Diploma Engineers, Chartered Accountants and Post Graduate HR professionals.

To help employees foster strong learning culture, your Company successfully launched several Functional Academies under AL Univ for various functions based on functional competency framework.

To prepare every employee for the transition the Industry is going through, your Company launched Signature technical Programs like BS VI Technology with Design Thinking, Modular Business Program, Electric Vehicles etc., in six regional languages.

Continuing the trend of investing in building future capabilities, your Company successfully rolled out signature programs on Project management, SCRUM and Foundry technology. To sustain a safe and secure workplace, programs such as POSH (Prevention of Sexual Harassment) and Information Security Awareness were rolled out as mandatory programs. Your Company partnered with world's leading online learning platforms like Coursera and LinkedIn to roll out programs across various disciplines. Your Company used digital platform to disseminate the Mission, Vision, Values and Culture that would help the employees to imbibe the AL Way. A special 5-minute learning capsule for senior leaders called 5ML was launched to provide constant stimulation to their intellect and to gain perspective on various business challenges.

Innovation in learning is an integral part of every organisation. Your Company takes pride in leading from the front when it comes to innovation. Your Company has trained the people through Gamification and Simulations for better retention of knowledge and skills.

Your Company always believes in leveraging Technology. To further strengthen our HRIS (Human Resource Information System) and enhancing Employee experience throughout the Employee life Cycle, we have developed a few more modules like CDP (Competency Development Program), IDP Individual Development Plan) and Off-boarding, in addition to the existing modules.

In our constant endeavor to build Leaders in the organisation, your Company has re-defined the Leadership Framework. There is an internal team of Senior leaders, LDC (Leadership Development Council) that oversees the end-to-end process of Leadership Development in the organisation to prepare future leaders, who can take up Business Critical roles.

Glad to mention that your Company got the 'Leapvault CLO award 2019 for the best Virtual learning program (CV Segment) from Tata Institute of Social Sciences (TISS) and NCOW and PeopleStrong New Code of Work.

CORPORATE GOVERNANCE

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

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

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

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

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 attached to this report.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company has 22 Subsidiaries, 5 Associates and 2 Joint ventures as on March 31, 2020. Hinduja Leyland Finance Limited ("HLFL") is a material subsidiary of the Company.

During the year under review, consequent to the acquisition of share in HLFL the Company's shareholding in HLFL stands increased from 61.84% to 68.81% as on the date of the report. HLFL has incorporated a new subsidiary in the name of Hinduja Insurance Broking and Advisory Services Limited.

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

Mr. Saugata Gupta was inducted as an Additional Director / Independent Director for a term of five years with effect from November 8, 2019 to November 7, 2024. Mr. Vipin Sondhi was inducted as an Additional Director of the Company on November 8, 2019 and was appointed as the Managing Director and Chief Executive Officer ("MD&CEO") of the Company for a period of five years from December 12, 2019 to December 11, 2024. The shareholders have approved the appointment of Mr. Saugata Gupta as Independent Director and Mr. Vipin Sondhi as MD & CEO of the Company, through the process of Postal Ballot during the month of February 2020.

Ms. Manisha Girotra and Dr. Andrew C Palmer were appointed as Independent Directors on the Board of Directors of the Company with effect from June 28, 2015 and November 4, 2015 respectively for a period of five years pursuant to the provisions of Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the erstwhile Clause 49 of the Listing Agreement with the stock exchanges. The Nomination and Remuneration Committee (“NRC”) of the Board of Directors, based on the report of performance evaluation of Independent Directors, has recommended the re-appointment of Ms. Manisha Girotra and Dr. Andrew C Palmer as Independent Directors for a second term of five consecutive years on the Board of the Company from June 29, 2020 to June 28, 2025 and November 4, 2020 upto November 3, 2025 respectively.

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 https://www.ashokleyland.com/en/companies-act-2013-compliance

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

BOARD'S REPORT

The resolutions seeking approval of the Members for the re-appointment of Mr. Dheeraj G Hinduja, Chairman and re-appointment of Ms. Manisha Girotra and Dr. Andrew C Palmer as Independent Directors of the Company have been incorporated in the Notice to the AGM of the Company along with brief details about them.

The Company has also disclosed the Director's familiarisation programme on its website https://www.ashokleyland.com/documents/1305159/1312436/Familiarisation+programme+for+Directors+-updated+March+2020.pdf/35cfc069-ddaf-9837-ca12-64204e689ade

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

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

AUDITORS

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

The Auditor's report to the shareholders on the standalone and consolidated financial statement for the year ended March 31, 2020 does not contain any qualification, observation or adverse comment.

COST AUDITORS

Pursuant to the provisions of Section 148(3) of the Act, the Board of Directors had appointed Geeyes & Co., (Firm Registration No.: 000044), as Cost Auditors of the Company, for conducting the audit of cost records for the financial year ended March 31, 2020. 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 2019-20 is placed before the shareholders for ratification/approval.

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

SECRETARIAL 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, 2020. The Secretarial Audit report for the financial year ended March 31, 2020 in Form No.MR-3 is attached as **Annexure H** to this Report. The Secretarial Audit report does not contain any qualification, reservation or adverse remark.

Pursuant to Regulation 24(A) of SEBI Listing Regulations, the Company has obtained annual secretarial compliance report from Ms. B Chandra (CP No. 7859), Company Secretary in Practice, Chennai and the same was submitted to the stock exchanges within the prescribed time limits. Hinduja Leyland Finance Limited, material subsidiary of the Company has obtained secretarial audit report from a practising company secretary and it does not have any adverse remark.

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

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, 2020 is attached as **Annexure G** to this report.

OTHER LAWS

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder, your Company has constituted an Internal Complaints Committee. During the year under review, there were two cases received/filed pursuant to the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and were resolved during the year.

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

DISCLOSURE UNDER FOREIGN EXCHANGE MANAGEMENT ACT, 1999

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

BOARD MEETINGS HELD DURING THE YEAR

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

a) in the preparation of the annual financial statements for the year ended March 31, 2020, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;

b) for the financial year ended March 31, 2020, 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, 2020;

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

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

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

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

REMUNERATION POLICY OF THE COMPANY

The objective of the Remuneration Policy is to attract, motivate and retain 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 SCHEMES

During the year under review, the NRC has granted 7,010,000 options to Mr. Vipin Sondhi, MD & CEO of the Company under AL ESOP 2018. Disclosure with respect to AL ESOP 2016 and AL ESOP 2018 of the Company is attached as **Annexure J**.

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

The particulars of loans, guarantees and investments under Section 186 of the Act, read with the Companies (Meetings of Board and its Powers) Rules, 2014, for the financial year 2019-20 are given in Note No. 3.8 of the Notes to the financial statements.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Audit Committee and the Board of Directors have approved the Related Party Transactions Policy and the same has been hosted on the Company's website https://www.ashokleyland.com/documents/1305159/1312436/PolicyonRelatedPartyTransactions.pdf/625ab0ce-d4de-ae71-7784-fd4e0879fd19

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

There were no materially significant transactions with related parties during the financial year 2019-20 which were in conflict with the interest of the Company. Suitable disclosures as required under IND AS 24 have been made in Note No. 3.8 of the Notes to the 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 Regulation 4 of the SEBI Listing Regulations, the Board of Directors has carried out annual performance evaluation of its own performance, the Directors Individually as well as the evaluation of the working of its Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report attached as **Annexure C** to this report.

COMMITTEES

As on March 31, 2020, the Company has Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Risk Management Committee, Corporate Social Responsibility Committee, Investment Committee, Technology Committee and Fund Raising Committee.

During the year, Mr. Saugata Gupta was inducted as a Member of the Risk Management Committee and Nomination and Remuneration Committee.

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

VIGIL MECHANISM/WHISTLE BLOWER POLICY

Pursuant to the provisions of Section 177(9) of the Act, read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 4 of the SEBI Listing Regulations, and in accordance with the requirements of Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018, the Board of Directors had approved the Policy on Vigil Mechanism / Whistle Blower and the same was hosted on the website of the Company. This Policy *inter-alia* provides a direct access to the Chairman of the Audit Committee. Your Company hereby affirms that no Director/employee has been denied access to the Chairman of the Audit Committee.

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

DEPOSITS

Your Company has not accepted any deposit within the meaning of provisions of Chapter V of the Act, read with the Companies (Acceptance of Deposits) Rules, 2014 for the year ended March 31, 2020.

BOARD'S REPORT

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

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has designed a proper and adequate internal control system to ensure the following viz. a) adherence to Company's policies, b) safeguarding of assets, and c) that transactions are accurate, complete and properly authorized prior to recording. Details are provided in Management Discussion and Analysis Report in **Annexure E** to this report.

RISK MANAGEMENT

Your Company has established a robust Enterprise Risk Management (ERM) framework embodying the principles of COSO ERM, 2017 framework and ISO 31000 standard that fosters a sound risk management culture to facilitate informed decision making.

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

An internal Risk Steering Committee, comprising of key members of Senior Leadership and core Business vertical heads is responsible for the risk management process including risk identification, impact assessment, effective implementation of risk mitigation plans, and risk reporting.

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

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

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

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

London **Dheeraj G Hinduja**
June 25, 2020 Chairman

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

A. CONSERVATION OF ENERGY

a) Conservation of Electrical Power:

- As a part of continuous contribution/effort towards sustainable operations, the Company has taken specific initiatives in energy conservation, usage of alternate/ renewable resources, green energy, optimising power consumption, etc.
- During the year, about 4.04 million electrical Units have been saved leading to significant savings in energy cost of about ₹ 21.61 million. This was achieved through high degree of awareness, Energy audits, Power quality audits and brainstorming. This is a part of the Company's Mission Gemba initiative.
- Usage of wind energy was around 28% of the total power consumption which it was 65.49 million Units. This year 11.74 million Units of solar energy generated from 10.14 MW roof top Solar. The Company's Green Energy initiative realised significant operating cost savings to the tune of ₹ 102.90 million, while also making a very impressive reduction in emissions by 65,928 tCO_2e.
- Group Captive Power continued to reap benefits and helped to realize a saving of ₹ 38.00 million, consuming 56.68 million units in this FY which is 16% of total power consumption.
- Use of Indian Energy exchange ("IEX") power through online bidding has resulted in savings of ₹ 77.60 million by purchasing 59.67 million units which is 33% of total power consumption.
- All manufacturing plants have optimized and maintained towards unity Power factor.
- The Company has invested ₹ 24.70 million towards Energy Conservation initiatives during FY20.
- The Company also saved 4.04 million kwh through energy saving projects, viz.,
  - i. Heat recovery from screw compressors project which was horizontally deployed at all plants and recovered heat utilized for washing and painting applications.
  - ii. Energy efficient Air Handling Units are introduced at Engine Assembly towards BSVI compliance.
  - iii. Higher capacity reciprocating air compressor replaced by Energy efficient screw compressor.
  - iv. Solar light pipes are introduced at Engine Assembly enclosure.
  - v. Based on revised business plan, contracted demand reviewed and optimized.
  - vi. LPG replaced by biogas for canteen cooking application.
  - vii. VFD introduced for higher capacity blower motors.
  - viii. Conventional Ceiling fans are replaced by Energy efficient BLDC fans.
  - ix. Productivity improvement through process modification and cycle time reduction.
  - x. Some of old machines are replaced by new energy efficient machines and assembly lines are upgraded.
  - xi. Optimised usage of Furnace loading, Chilling plants, Air conditioners, DG sets and Air compressors.
  - xii. Lighting modification (LEDification) continued at renovated buildings and office areas.
  - xiii. Energy savings through Auto Power saving features in machine tools through low cost automation.
  - xiv. Effective Energy planning and forecasting through online monitoring.
  - xv. Downsizing of motors and pumps with enhanced Energy efficiency

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

b) Towards wood-free Plant:

Usage of wood has been significantly reduced in vendor logistics from 24 Kg/HECU in FY19 to 12 kg/HECU in FY 20 (50 % reduction) enabled by reusable, recycled Steel Pallets.

c) Enhancing the greenery towards carbon neutrality:

Intense green drive to create more green spaces, emphasis has been for planting more trees in and around manufacturing units. Your Company has created cumulative 20 multilayer dense forests using Miyawaki Method - a Japanese Way. About 47,240 trees were planted in 15,583 Sqm (20 locations) in a phased manner so far in FY 2019-20. Total tree plantations inside and outside plants in FY 2019-20 is 64,751 Nos.

d) Water Conservation:

- The Company is a 'Water Positive' Company certified by DNV GL.
- Ground water consumption has been minimised across all manufacturing units by implementing Rainwater Harvesting and other water efficiency improvements.
- Around 55-60% of the fresh water consumed is recovered through Sewage/Effluent Treatment/Zero Liquid Discharge. Plants put the treated water into use both for inland gardening as well as process applications.
- Effectively utilised 544 KL of harvested rain water for process applications. Considering 50% recovery from Industrial RO Plants, there is a reduction in withdrawal of fresh ground water to the tune of 1088 KL which translates to 0.6 tCO_2e emission reduction.

- Facility created near buildings with filtering systems to capture roof top rain water and pumped to the overhead tank for use.

e) Solar Energy

Execution of 70 MW Solar Park started and completion is expected in mid of FY 2020-21. This project will be set up with the Company as captive user and "Prathama Solar Connect Energy Private Limited" as the power producer.

5 MW roof top solar project was taken up on priority with Hinduja Renewable Private Limited at Pantnagar, Alwar and Bhandara Plants and completed in Apr19. Long term agreement was released with Build-Own-Operate (BOO) model. This amounts to cumulative of 10.14 MW roof top solar power plant.

These arrangements are expected to reduce the overall cost of production and significant reduction in CO_2 emission. The Company is committed to 75% of renewable energy.

Awards

- Pantnagar plant won Prestigious "Gold" Award at National Energy Management competition conducted by SEEM (Society of Energy Engineers and Managers).
- Alwar Plant bagged state level Energy Efficiency award in automobile sector.

B. TECHNOLOGY ABSORPTION

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

Engines and Aggregates

(i) Development of entire range of BS VI engines suitable for LCV to M&HCV

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

Vehicles

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

(ii) LCV Platform BS VI

(iii) Development of ICV Platform in BS VI

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

(v) Launch of Swap and Fast Versions of Electric Bus

2. Benefits derived as a result of R&D

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

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

(iii) Fleet of Electric Buses operational in Ahmedabad.

(iv) 7 Patents obtained, 7 design registrations obtained, and 7 provisional patents filed in 2019-20.

3. Future Plan of Action

(i) Extension of Modular Platform for Export markets.

(ii) CEV IV certification for Off-Highway application.

(iii) Flash Charge version of Electric Bus.

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

₹ in crores

Expenditure on R&D	2019-20	2018-19
Capital	41.87	119.35
Revenue (excluding depreciation)	649.21	544.90
Less: Amount received by R&D facilities	(17.73)	(6.12)
Total	**673.35**	**658.13**
Total R&D expenditure as a % of total turnover	**3.85**	**2.27**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Earnings in foreign currency and expenditure incurred in foreign currency amounts to ₹ 1,389.56 Crores and ₹ 168.97 Crores respectively. The Company continues its efforts to improve its earnings from exports.

ANNEXURE B TO THE BOARD'S REPORT

PARTICULARS OF EMPLOYEES

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

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

S. No.	Name of the Director	Ratio to median remuneration	% increase in remuneration in the financial year
1.	Mr. Dheeraj G Hinduja	13.47	(88.49)
2.	Prof. Dr. Andreas H Biagosch	6.04	(20.21)
3.	Dr. Andrew C Palmer	4.35	(41.98)
4.	Mr. Jean Brunol	7.24	(6.83)
5.	Mr. Jose Maria Alapont	8.19	(5.11)
6.	Ms. Manisha Girotra	4.23	3.10
7.	Mr. Sanjay K Asher	7.13	(12.62)
8.	Mr. Saugata Gupta	2.31	NA
9.	Mr. Gopal Mahadevan, Whole-time Director and Chief Financial Officer	52.84	(36.54)
10.	Mr. Vipin Sondhi, Managing Director and Chief Executive Officer	36.53	NA
11.	Mr. N Ramanathan, Company Secretary	21.39	22.22

b) The median remuneration for the year 2019-20 is ₹ 8,64,893/-

c) The Percentage increase in the median remuneration of the employees in the financial year is: 1.88%

d) **The number of permanent employees on the rolls of company:** 11,463

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

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

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

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

g) Mr. Gopal Mahadevan, Whole-time Director and Chief Financial Officer is in receipt of Commission amounting to ₹ 16.26 Lakhs for FY 2019-20 from Hinduja Leyland Finance Limited, a subsidiary of the Company.

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

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

1. Ashok Leyland's Philosophy on Code of Governance

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

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

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

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

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

2. Board of Directors

i. As on March 31, 2020 the Board comprised of ten Directors. Of the ten directors, eight (80%) are non-executive directors and seven (70%) are independent directors including a woman director, with Mr. Dheeraj G Hinduja as Non-Executive Chairman. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations and Section 149 read with the relevant rules made theirunder of the Companies Act, 2013 ("Act").

ii. The number of Directorships, Committee memberships/ chairmanships of all Directors is within the respective limits prescribed under the Act and SEBI Listing Regulations. Necessary disclosures regarding Board and Committee positions in other public companies as on March 31, 2020 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. In the opinion of the Board, the Independent Directors who are proposed to be re-appointed at the Annual General Meeting (“AGM”), fulfil the conditions specified in the SEBI Listing Regulations and are independent of the management.

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

vii. The names and categories of the directors on the Board, their attendance at Board meetings held during the year and the number of directorships and committee chairmanships/memberships held by them in other public companies as on March 31, 2020 are given herein below. Other directorships do not include directorships of private limited companies, Section 8 companies and companies incorporated outside India. Chairmanships/ memberships of Board committees shall include only Audit Committee and Stakeholders' Relationship Committee as per Regulation 26(1)(b) of the SEBI Listing Regulations.

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

Names of Director	Category	Number of Board meetings during the year 2019-20		Whether attended last AGM held held on July 31, 2019	Number of directorships in other public companies		Number of committee positions held in other public companies		Directorship in other listed entities
		Held	Attended		Director	Chairman	Member	Chairman	
Mr. Dheeraj G Hinduja Non-Executive Chairman DIN: 00133410	Promoter, Non-Independent Non-Executive	9	9	Yes	3	2	-	-	-
Prof. Dr. Andreas H Biagosch DIN: 06570499	Independent Non-Executive	9	8	Yes	1	-	-	-	-
Dr. Andrew C Palmer DIN: 02155231	Independent Non-Executive	9	2	No	-	-	-	-	-
Mr. Jean Brunol DIN: 03044965	Independent Non-Executive	9	8	Yes	-	-	-	-	-
Mr. Jose Maria Alapont DIN: 07712699	Independent Non-Executive	9	9	Yes	-	-	-	-	-
Ms. Manisha Girotra DIN: 00774574	Independent Non-Executive	9	8	No	1	-	-	-	-
Mr. Sanjay K Asher DIN: 00008221	Independent Non-Executive	9	9	Yes	6	-	5	2	Independent Non-Executive: (i) Sudarshan Chemical Industries Limited (ii) Tribhovandas Bhimji Zaveri Limited (iii) Repro India Limited (iv) Sonata Software Limited (v) IndusInd Bank Limited (vi) Deepak Nitrite Limited
Mr. Saugata Gupta# DIN: 05251806	Independent Non-Executive	9	5	NA	2	-	1	-	Marico Limited, Managing Director & Chief Executive Officer
Mr. Gopal Mahadevan, Whole-time Director and Chief Financial Officer DIN: 01746102	Non-Independent Executive	9	8	Yes	5	2	3	-	-
Mr. Vipin Sondhi, #** Managing Director and Chief Executive Officer DIN: 00327400	Non-Independent Executive	9	7	NA	-	-	-	-	-

Appointed as Director with effect from November 8, 2019

** Appointed as Managing Director and Chief Executive Officer with effect from December 12, 2019

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

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

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

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

xii. The dates on which the said meetings were held are: May 24, 2019, July 31, 2019, November 8, 2019, December 12, 2019, February 12, 2020, March 12, 2020, March 18, 2020, March 21, 2020 and March 26, 2020

The necessary quorum was present for all the meetings.

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

xiv. During the year 2019-20, 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.

xv. 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.

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

xvii. 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.

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

xix. During the year 2019-20, under AL ESOP 2018, the Nomination and Remuneration Committee (“NRC”) has granted 7,010,000 stock options to Mr. Vipin Sondhi, MD & CEO of the Company.

xx. Except Mr. Vipin Sondhi who was holding 4,736 equity shares and Mr. Gopal Mahadevan holding 7,720 shares, no other Director holds equity shares in the Company as on March 31, 2020.

xxi. The Company has not issued any convertible instruments.

xxii. During the year, the Independent Directors of the Company without the presence of non-independent directors and management team met on July 31, 2019 and November 8, 2019. The Independent Directors *inter-alia* reviewed the performance of the non-independent directors, Board as a whole and Chairman of the Company, on parameters of effectiveness and to assess the quality, quantity and timeliness of flow of information between the management and the Board.

xxiii. Prof. Dr. Andreas H Biagosch, Chairman of the meeting presented the views of the Independent Directors on matters relating to Board processes and views to the full Board.

xxiv. The details of familiarisation programme done for the financial year 2019-20 have been hosted in the website of the Company under the web link https://www.ashokleyland.com/documents/1305159/1312436/Familiarisation+programme+for+Directors+-updated+March+2020.pdf/35cfc069-ddaf-9837-ca12-64204e689ade

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

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

3. Committees of the Board

A. Audit Committee

(i) Terms of Reference:

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

Financials

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

Internal controls and risk management

- Review of internal audit function and discussion on internal audit reports.
- Review of vigil mechanism.
- Review of adequacy of internal control systems.
- Review of enterprise level risks.

Compliance and other related aspects

- Disclosure of related party transactions and subsequent modifications, if any.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the Company.
- Uses/application of funds raised through an issue.
- Review and recommendation of appointment, remuneration and terms of appointment of statutory auditors.
- Review of other services rendered by the statutory auditors.
- Review and monitor the auditor's independence and performance and effectiveness of the audit process.
- Review of the management discussion and analysis of the financial conditions and results of operations, significant related party transactions, management letters issued by statutory auditors, internal audit reports.
- Review the adequacy of internal audit function, if any, including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Evaluation of internal financial controls and risk management systems.
- Review the compliances of The SEBI (Prohibition of Insider Trading) Regulations, 2015
- Review the functioning of the Whistle Blower Mechanism. The policy is available on the Company's website https://www.ashokleyland.com/documents/1305159/1312436/Whistle+Blower+Policy+-+New.pdf/79de4f0b-9ddf-fa65-67d6-317e6fe34b9a

(ii) The Audit Committee considers the matters which are specifically referred to it by the Board of Directors, besides considering the mandatory requirements of Regulation 18, read with Part C of Schedule II of SEBI Listing Regulations and provisions of Section 177 of the Act.

(iii) Composition:

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

Name	Category	Number of meetings during the financial year 2019-20	
		Held	Attended
Mr. Sanjay K Asher, Chairman	Independent, Non-Executive	7	7
Mr. Jean Brunol	Independent, Non-Executive	7	6
Mr. Jose Maria Alapont	Independent, Non-Executive	7	7

(iv) Meetings

Seven 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 23, 2019, July 30, 2019, November 7, 2019, February 12, 2020, March 12, 2020, March 18, 2020 and March 26, 2020.

The necessary quorum was present at all the meetings.

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

(vi) Mr. Sanjay K Asher, Chairman of the Audit Committee was present at the AGM held on July 31, 2019.

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

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

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

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

B. Nomination and Remuneration Committee

The Company has a Nomination and Remuneration Committee ("NRC") constituted pursuant to the provisions of Regulation 19, read with Part D of Schedule II of the SEBI Listing Regulations and Section 178 of the Act. As per the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, the NRC acts as the Compensation Committee for administration of AL ESOP 2016 and AL ESOP 2018.

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

(ii) Composition

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

Name	Category	Number of meetings during the financial year 2019-20	
		Held	Attended
Ms. Manisha Girotra, Chairperson	Independent, Non-Executive	5	4
Mr. Jose Maria Alapont	Independent, Non-Executive	5	5
Mr. Dheeraj G Hinduja	Non-Independent, Non-Executive	5	5
Mr. Saugata Gupta#	Independent, Non-Executive	5	-

Appointed with effect from February 12, 2020

(iii) Meetings

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

May 23, 2019, July 30, 2019, November 8, 2019, December 12, 2019 and February 11, 2020.

The necessary quorum was present for all the meetings.

The Chairperson of the NRC could not be present at the AGM held on July 31, 2019. Other members of the Committee were present at the meeting.

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

(iv) Performance evaluation criteria for Directors

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

(a) Role and Accountability

- Understanding the nature and role of Independent Directors' position.
- Understanding of risks associated with the business.
- Application of knowledge for rendering advice to management for resolution of business issues.

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

(b) Objectivity

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

(c) Leadership and Initiative

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

(d) Personal Attributes

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

(e) Remuneration Policy

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

(v) Remuneration of Directors

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

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

(ii) Details of the remuneration for Non-Executive Directors for the year ended March 31, 2020

S. No.	Name of the Director	Sitting Fees (₹)	Commission (₹)	Total (₹)
1.	Mr. Dheeraj G Hinduja, Chairman	1,650,000	10,000,000	11,650,000
2.	Prof. Dr. Andreas H Biagosch	1,220,000	4,000,000	5,220,000
3.	Dr. Andrew C Palmer	260,000	3,500,000	3,760,000
4.	Mr. Jean Brunol	1,760,000	4,500,000	6,260,000
5.	Mr. Jose Maria Alapont	2,380,000	4,700,000	7,080,000
6.	Ms. Manisha Girotra	1,160,000	2,500,000	3,660,000
7.	Mr. Sanjay K Asher	1,870,000	4,300,000	6,170,000
8.	Mr. Saugata Gupta	500,000	1,500,000	2,000,000
	Total	**10,800,000**	**35,000,000**	**45,800,000**

(iii) Details of Remuneration for the Executive Directors for the year ended March 31, 2020 ₹

S. No.	Particulars of Remuneration	Mr. Vipin Sondhi, Managing Director and Chief Executive Officer*	Mr. Gopal Mahadevan, Whole-time Director and Chief Financial Officer*
1	Gross salary:		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	19,698,462	44,535,829
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	360,718	-
2	Employee Stock Option#	-	-
3	Others - Retirement benefits	2,148,924	1,164,060
	Total	**22,208,104**	**45,699,889**

* the above figures are on accrual basis.

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

The above remuneration has been approved by the NRC at its meeting held on June 25, 2020.

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

The NRC has granted 7,010,000 options to Mr. Vipin Sondhi, MD & CEO of the Company under AL ESOP 2018.

C. Stakeholders' Relationship Committee

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

(i) Terms of Reference

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

(ii) Composition

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

Name	Category	Number of meetings during the financial year 2019-20	
		Held	Attended
Mr. Sanjay K Asher, Chairman	Independent, Non-Executive	4	4
Ms. Manisha Girotra	Independent, Non-Executive	4	2
Mr. Dheeraj G Hinduja	Non-Independent, Non-Executive	4	4

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

(iii) Meetings

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

May 24, 2019, July 31, 2019, November 8, 2019 and February 11, 2020.

The necessary quorum was present for all the meetings.

(iv) Details of Complaints / other Correspondences

During the year, 202 complaint letters and 2,313 correspondences were received from investors (including 15 letters from the Stock Exchanges/SEBI SCORES/MCA/NCLT).

Subject Matter of Complaints	Pending as on March 31, 2019	Letters Received	Letters replied / completed	Pending as on March 31, 2020
Non-receipt of Certificates	-	77	77	-
Non-Receipt of Dividend	-	75	75	-
Non-Receipt of Annual Report	-	41	41	-
Transfer of shares	-	1	1	-
Change of name in Share Certificates	-	1	1	-
Procedure for transmission of shares	-	3	3	-
Loss of Share Certificates	-	2	2	-
Refund of shares from IEPF Authority	-	1	1	-
Issue of duplicate Share Certificates	-	1	1	-
Total	**-**	**202**	**202**	**-**

Subject Matter of Correspondence	Pending as on March 31, 2019	Letters Received	Letters replied / completed	Pending as on March 31, 2020
Re-validation of Dividend	8	305	313	-
Issue of Duplicate Share Certificate	2	88	88	2
Loss of Share Certificate	2	126	127	1
Issue of Duplicate Dividend	3	98	101	-
Procedure for Transmission	9	401	410	-
Change of Address / Bank Mandate	-	488	488	-
Other Correspondence	-	350	349	1
Unclaimed Share Certificate	-	36	36	-
Unclaimed Dividend	-	337	336	1
Claims regarding refund of Shares / Dividend from IEPF authority		84	83	1
Total	**24**	**2,313**	**2,331**	**6**

Shareholder queries shown pending as on March 31, 2020, have been subsequently resolved within the prescribed time limits. As on March 31, 2020, no share transfers were pending.

D. Corporate Social Responsibility Committee

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

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

The CSR Committee met three times during the year on May 23, 2019, July 30, 2019 and February 11, 2020. The composition of the CSR Committee and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the financial year 2019-20	
		Held	Attended
Mr. Dheeraj G Hinduja, Chairman	Non-Independent, Executive	3	3
Ms. Manisha Girotra	Independent, Non-Executive	3	2
Mr. Sanjay K Asher*	Independent, Non-Executive	3	3

* Appointed with effect from May 15, 2019.

The necessary quorum was present for the meetings.

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

The CSR Report as required under the Companies Act, 2013 for the year ended March 31, 2020 is attached as **Annexure I** to the Board's Report.

E. Risk Management Committee

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

The RMC comprises of Prof. Dr. Andreas H Biagosch, as the Chairman of the Committee and Mr. Sanjay K Asher, Mr. Saugata Gupta, Directors and Mr. Gopal Mahadevan, WTD & CFO as the members of the Committee.

(ii) One RMC meeting was held during the year on November 7, 2019. The necessary quorum was present for the meeting. The composition of the RMC and the details of meeting attended by its members are given below:

Name	Category	Number of meetings during the financial year 2019-20	
		Held	Attended
Prof. Dr. Andreas H Biagosch, Chairman	Independent, Non-Executive	1	1
Mr. Sanjay K Asher	Independent, Non-Executive	1	1
Mr. Gopal Mahadevan	Non-Independent, Executive	1	1
Mr. Saugata Gupta*	Independent, Non-Executive	1	-

* Appointed with effect from February 12, 2020

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

(iv) The Chairman of the Committee will apprise the Board of the most significant risks along with the status of action taken by the Management for mitigating such risks and the effectiveness of the Enterprise Risk Management (ERM) system.

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

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

F. Other Committees

i) Investment Committee

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

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

Name	Category	Number of meetings during the financial year 2019-20	
		Held	Attended
Mr. Dheeraj G Hinduja, Chairman	Non-Independent, Non-Executive	4	4
Prof. Dr. Andreas H Biagosch	Independent, Non-Executive	4	3
Mr. Jean Brunol	Independent, Non-Executive	4	3
Mr. Jose Maria Alapont	Independent, Non-Executive	4	4

Four IC meetings were held during the year and the dates on which the said meetings were held are May 23, 2019, July 30, 2019, November 7, 2019 and February 11, 2020.

The necessary quorum was present for all the meetings.

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

ii) Technology Committee

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

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

Name	Category	Number of meetings during the financial year 2019-20	
		Held	Attended
Dr. Andrew C Palmer, Chairman	Independent, Non-Executive	4	1
Prof. Dr. Andreas H Biagosch	Independent, Non-Executive	4	3
Mr. Jean Brunol	Independent, Non-Executive	4	3
Mr. Jose Maria Alapont	Independent, Non-Executive	4	4

Four TC meetings were held during the year and the dates on which the said meetings were held are May 23, 2019, July 30, 2019, November 7, 2019 and February 11, 2020.

The necessary quorum was present for all the meetings.

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

iii) Fund Raising Committee

The Company has in place a Fund Raising Committee, comprising of Mr. Sanjay K Asher as the Chairman of the Committee, Mr. Dheeraj G Hinduja, Mr. Vipin Sondhi and Mr. Gopal Mahadevan as members of the Committee. The Committee was constituted during the year in connection with the issue and allotment of the Non-Convertible Debentures. There were no meetings held during the year.

4. General Body Meetings

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

Year	Location	Date and Time	Special resolution passed
70th AGM 2018-19	Kamaraj Memorial Hall, 498-500 Anna Salai, Teynampet, Chennai - 600 006	July 31, 2019 2.45 pm	(i) Re-appointment of Prof. Dr. Andreas H Biagosch as an Independent Director (ii) Re-appointment of Mr. Jean Brunol as an Independent Director (iii) Re-appointment of Mr. Sanjay K Asher as an Independent Director
69th AGM 2017-18	"The Music Academy, Madras" New No.168 (Old No.306), TTK Road, Royapettah, Chennai - 600 014	July 17, 2018 2.45 pm	NIL
68th AGM 2016-17		July 21, 2017 2.45 pm	Adoption of new articles of Association in conformity with Companies Act, 2013

No Extra-Ordinary General Meeting was held during the year 2019-20.

b) Postal Ballot:

During the year, pursuant to Section 110 of the Act, read with the Companies (Management and Administration) Rules, 2014, your Company passed the following resolutions through postal ballot. The voting pattern of votes casted in favor/against the resolutions passed vide Postal Ballot Notice dated December 12, 2019 is as under:

Particulars of the Resolution	Type of the Resolution	Number of Votes polled	Votes cast in favour		Votes cast against	
			Number of Votes	%	Number of Votes	%
Appointment of Mr. Saugata Gupta as an Independent Director	Ordinary	2,12,50,28,798	2,10,21,06,344	98.92	2,29,22,454	1.08
Appointment of Mr. Vipin Sondhi as Director	Ordinary	2,12,26,00,004	2,11,63,57,563	99.71	62,42,441	0.29
Appointment of Mr. Vipin Sondhi as the Managing Director and Chief Executive Officer of the Company	Ordinary	2,12,26,91,489	2,07,88,45,668	97.93	4,38,45,821	2.07

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

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

5. Disclosures

(i) Related Party Transactions

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

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

(ii) Details of non-compliance by the Company, penalties, strictures imposed on the Company by the stock exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three financial years 2017-18, 2018-19 and 2019-20 respectively: NIL

(iii) Whistle Blower Policy

Your Company has established a Vigil Mechanism/Whistle Blower Policy to enable stakeholders (including directors and employees) to report unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. Your Company hereby affirms that no director/employee have been denied access to the Chairman.

The Whistle Blower Policy has been hosted on the Company's website under the web link: https://www.ashokleyland.com/documents/1305159/1312436/Whistle+Blower+Policy+-+New.pdf/79de4f0b-9ddf-fa65-67d6-317e6fe34b9a and disseminated to all the directors/employees.

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

(v) During the year under review, there were two complaints received, pursuant to the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and were resolved during the year.

(vi) Price Waterhouse & Co Chartered Accountants LLP is the statutory auditors of the Company. The total fees the statutory auditors and its network firms for the year ended March 31, 2020 are given below:

S.No.	Nature of Service	₹ in Crores
1	Statutory Audit Fees	1.30
2	Other services including certification and auditing group reporting pack	0.83
	Total	**2.13**

(vii) Dividend Distribution Policy

Your Company has formulated the policy on dividend distribution with a view to inform the shareholders about how it aims to utilise extra profits and the parameters that shall be adopted with regard to the shares. The Policy imbibing the above parameters as per the provisions of SEBI Listing Regulations has been hosted in the Company's website under the web link: https://www.ashokleyland.com/documents/1305159/1312436/Dividend_Distribution_Policy.pdf/29ad8580-bd49-125b-68f9-5073ceaf06ae

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

(a) The Company maintains an office for the non-executive Chairman of the Company at the Company's expense and allows reimbursement of expenses incurred in performance of his duties.

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

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

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

(ix) Reconciliation of share capital audit

The Company has engaged a qualified practising Company Secretary to carry out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital of the Company. The audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

(x) Disclosure of Accounting Treatment

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

(xi) Non-Executive Directors' compensation and disclosures

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

(xii) Code of Conduct

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

(xiii) Code of Conduct for prohibition of insider trading

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

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

6. Subsidiary Companies

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

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

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

(c) The management of the unlisted subsidiary have periodically placed before the Audit Committee of the Board of Directors of your Company regarding a statement of all significant material transactions and arrangements entered into by the Unlisted subsidiary.

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

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

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

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

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

7. Means of Communication

i) Results: The quarterly, half yearly and annual results are normally published in one leading national (English) business newspaper and in one vernacular (Tamil) newspaper. The quarterly results and presentations are also displayed on the Company's website www.ashokleyland.com.

ii) Website: The Company's website contains a dedicated section "Investors" which displays details/information of interest to various stakeholders. The "Media" section also provides various press releases and general information about the Company.

iii) News releases: Official press releases are sent to the Stock Exchanges and the same is hosted on the website of the Company.

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

8. A statement whether the Board had not accepted any recommendation of any committee of the Board which is mandatorily required. The Board has accepted the recommendations of the committees.

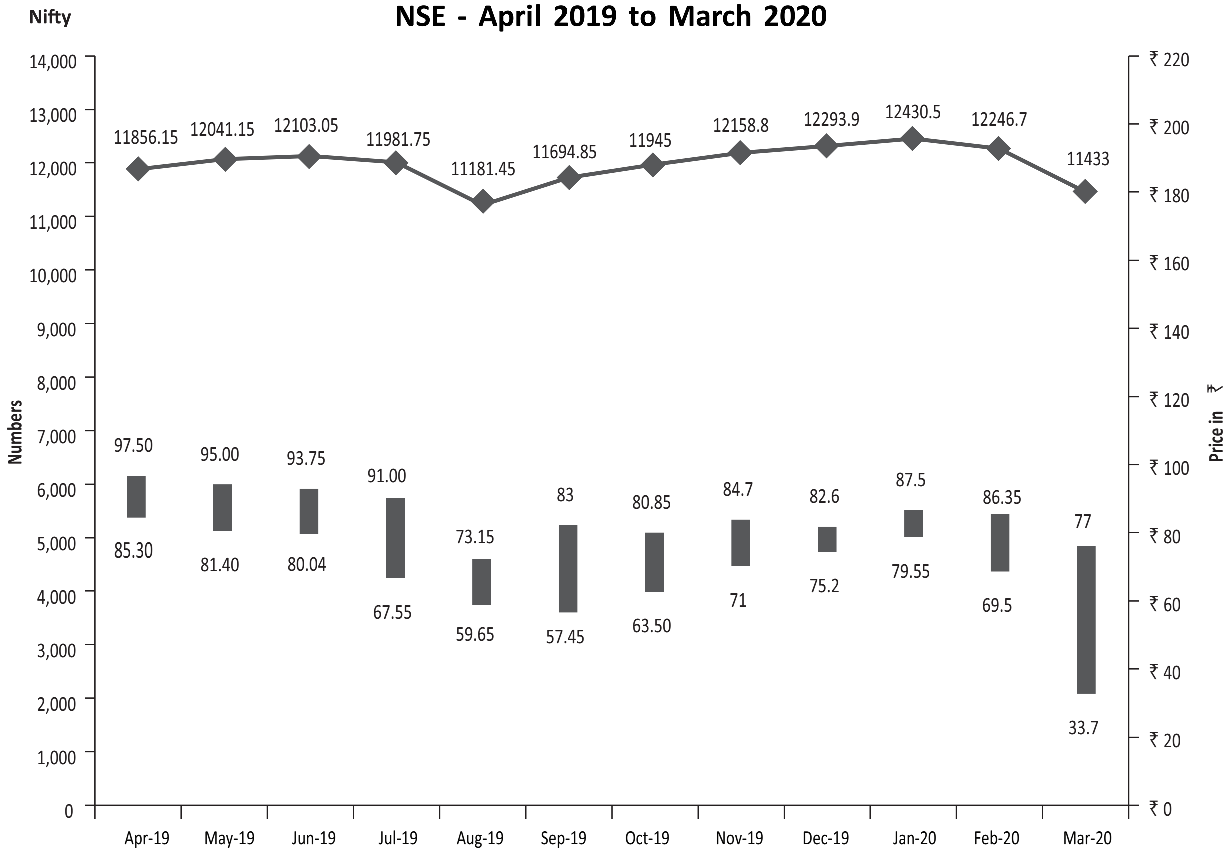
9. General shareholder information

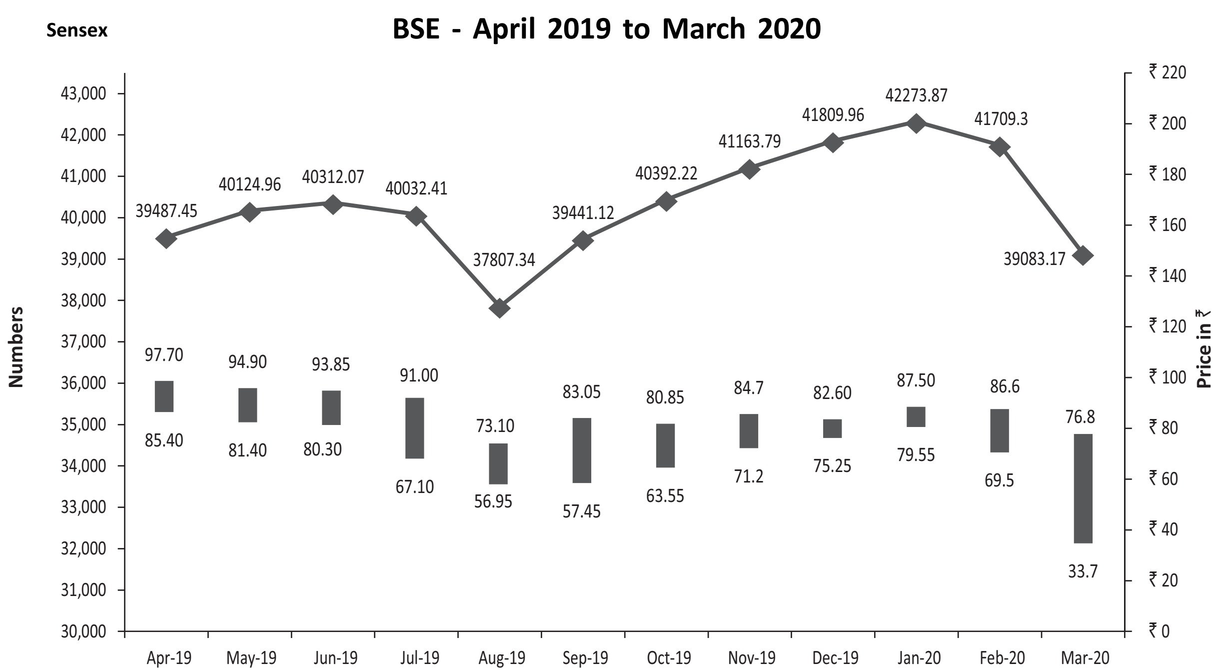
a. Seventy First Annual General Meeting		
Day, Date and Time	Wednesday, September 2, 2020 at 3 P.M. IST	
Venue	Video Conferencing or other Audio Visual means	
b. Financial Year	April 1, 2019 to March 31, 2020	
c. Book closure dates	Tuesday, September 1, 2020 to Wednesday, September 2, 2020	
d. Listing of Equity Shares	BSE Limited ("BSE") Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001 National Stock Exchange of India Ltd. ("NSE") Exchange Plaza, C-1, Block G, Bandra Kurla Complex Bandra (E), Mumbai - 400 051	
Listing Fee	Annual listing fee for the financial year 2019-20 paid to all the Stock Exchanges.	
Depository Fee	Annual custody fee for the financial year 2019-20 paid to the Depositories.	
Corporate Identity Number	L34101TN1948PLC000105	
e. Stock Code		
i) Trading Symbol at	BSE	
	Physical	477
	Demat	500477
	NSE	ASHOKLEY
ii) Demat ISIN in NSDL & CDSL	Equity Shares	INE208A01029

f. Stock Market Data

Month	NSE				BSE			
	Share Price		CNX Nifty Points		Share Price		Sensex Points	
	High (₹)	Low (₹)	High	Low	High (₹)	Low (₹)	High	Low
Apr-19	97.50	85.30	11856.15	11549.10	97.70	85.40	39487.45	38460.25
May-19	95.00	81.40	12041.15	11108.30	94.90	81.40	40124.96	36956.10
Jun-19	93.75	80.40	12103.05	11625.10	93.85	80.30	40312.07	38870.96
Jul-19	91.00	67.55	11981.75	11923.65	91.00	67.10	40032.41	37128.26
Aug-19	73.15	59.65	11181.45	10637.15	73.10	56.95	37807.34	36102.35
Sep-19	83.00	57.45	11694.85	10670.25	83.05	57.45	39441.12	35987.80
Oct-19	80.85	63.50	11945.00	11090.15	80.85	63.55	40392.22	37415.83
Nov-19	84.70	71.00	12158.80	11802.65	84.70	71.20	41163.79	40014.23
Dec-19	82.60	75.20	12293.90	11832.30	82.60	75.25	41809.96	40135.37
Jan-20	87.50	79.55	12430.50	11929.60	87.50	79.55	42273.87	40476.55
Feb-20	86.35	69.50	12246.70	11175.05	86.60	69.50	41709.30	38219.97
Mar-20	77.00	33.70	11433.00	7511.10	76.80	33.70	39083.17	25638.90

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





h. Registrar and Share Transfer Agents

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

i. Share Transfer System

The Board has authorised the MD & CEO and WTD & CFO to approve all routine transfers, transmissions, etc., of shares. Such approval is being given at frequent intervals (50 times during 2019-20). Transfers, transmissions, etc., were generally approved within fifteen days. Requests for dematerialisation were confirmed within fifteen days.

j. 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, 2019	**1,676**	**1,150,351**
Number of shareholders who approached the Company for transfer of shares from shares suspense account during the year	31	24,830
Number of shareholders to whom shares were transferred from unclaimed shares suspense account during the year	31	24,830
Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Act	1,119	642,090
Aggregate number of shareholders and the outstanding shares in the shares suspense account lying as on March 31, 2020	**526**	**483,431**

The voting rights on the shares outstanding in the suspense account as on March 31, 2020 shall remain frozen till the rightful owner of such shares claim the shares.

k. Details of Shares transferred to IEPF Authority during 2019-20

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, 26,23,701 shares constituting 5,123 folios was transferred to IEPF Authority during 2019-20. The voting rights on the shares outstanding in the IEPF Authority as on March 31, 2020 shall remain frozen till the rightful owner of such shares claims the shares.

l. (i) Distribution of Shareholding as on March 31, 2020

Number of Shares	Shareholders		Number of Shares	
	Number	%	Number	%
Upto 50	375,269	38.26	7,464,828	0.25
51-100	168,385	17.17	14,997,746	0.51
101-200	139,957	14.27	23,460,777	0.80
201-500	146,307	14.92	52,427,236	1.79
501-1000	75,594	7.71	60,129,130	2.05
1001-2000	40,191	4.10	61,444,209	2.09
2001-5000	24,433	2.49	79,055,848	2.69
5001-10000	6,695	0.68	48,361,135	1.65
10001 and above	4,018	0.40	2,588,186,367	88.17
Total	**980,849**	**100.00**	**2,935,527,276**	**100.00**

(ii) Shareholding pattern as on March 31, 2020

Category	No. of Holders/Folios	Shares	%
Promoter/ Promoter Group	5	1,500,660,261	51.12
Resident Individuals / Association of Persons	964,292	400,977,827	13.67
IEPF Authority / Unclaimed Securities Suspense Account	2	5,560,184	0.19
Clearing Members	518	14,434,466	0.49
Financial Institutions / Insurance companies / State Government / Government companies	29	146,600,078	4.99
Foreign Institutional Investors	5	433,812	0.01
Foreign Portfolio Investors	430	493,263,994	16.80
NRI / OCB / Corporate Bodies - Foreign / Foreign National	13,388	18,505,881	0.63
Corporate Bodies / Limited Liability Partnership	2,022	23,457,677	0.80
Mutual Funds	85	285,989,156	9.74
Trusts	42	15,919,507	0.54
Banks	28	5,499,433	0.19
Alternate Investment Fund	2	267,000	0.01
Others - GDR A/C	1	23,958,000	0.82
Grand Total	**980,849**	**2,935,527,276**	**100.00**

(iii) Details of shares

Type	Number of Shares	% to paid up capital	Number of holders
Physical	13,089,799	0.45	9,809
Electronic - NSDL	2,753,084,848	93.78	503,643
- CDSL	169,352,629	5.77	467,397
Total	**2,935,527,276**	**100.00**	**980,849**

m. Dematerialisation of shares and liquidity

The Company's shares are compulsorily traded in dematerialised form on NSE and BSE. Equity shares of the Company representing 99.55% of the Company's equity share capital are dematerialised as on March 31, 2020. 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.

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

No instrument is outstanding for conversion as on March 31, 2020 having an impact on equity.

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

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

q. Disclosure pursuant to SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 circular dated November 15, 2018

1. Risk management policy of the listed entity with respect to commodities including through hedging: The Company has framed a policy on commodity risks.
2. Exposure of the listed entity to commodity and commodity risks faced by the entity throughout the year:

(a) Total exposure of the listed entity to commodities is ₹ 660 crores.

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

Commodity Name	Exposure in INR towards the particular commodity in FY 2019-20	Exposure in Quantity terms towards the particular commodity	% of such exposure hedged through commodity derivatives				
			Domestic market		International market		Total
			OTC	Exchange	OTC	Exchange	
Flat Steel procured by us directly for our Consumption	660 crores	1.399 lakh metric tons	Nil	Nil	Nil	Nil	Nil

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

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

n. Plant Locations

Ennore
Kathivakkam High Road
Ennore
Chennai - 600 057
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

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

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

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

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

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

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

r. **Address for Correspondence**

Registrar & Share Transfer Agents (R&TA) **(matters relating to Shares, Dividends, Annual Reports)**	Integrated Registry Management Services Private Limited 2nd Floor, Kences Towers 1, Ramakrishna Street North Usman Road T Nagar, Chennai - 600 017	Tel : +91-44-2814 0801/03 Fax : +91-44-28142479 e-mail : csdstd@integratedindia.in
For any other general matters or in case of any difficulties / grievances	Secretarial Department Ashok Leyland Limited No.1 Sardar Patel Road Guindy, Chennai - 600 032	Tel. : +91-44-2220 6000 Fax : +91-44-2220 6001 e-mail : secretarial@ashokleyland.com csdstd@integratedindia.in
Website address	www.ashokleyland.com	
Email ID of Investor Grievances Section	secretarial@ashokleyland.com	
Name of the Compliance Officer	N Ramanathan, Company Secretary	

s. **Credit Ratings (assigned in FY 2019-20)**

Name of the agency	Type of instrument	Amount ₹ crores	Rating Action and Changes
CRA	Commercial paper	2,000	[ICRA]A1+
	Non-convertible Debenture	600	[ICRA]AA; (negative)
	Fund based Limits	2,000	[ICRA]AA+; (stable) to [ICRA]AA; (negative)
	Term loans	500	[ICRA]AA; (negative)
	Non fund-based limits	1,200	[ICRA]A1+
CARE Ratings	Fund-based - LT/ ST Working Capital Limits	2000	LT - CARE AA+; (Stable) to CARE AA+; (negative) / ST - CARE A1+
	Commercial Paper	2000	CARE A1+
	Non-fund-based - LT/ STBG/LC	1200	LT - CARE AA+; (Stable) to CARE AA+; (negative) / ST - CARE A1+
	Fund-based/Non-fund based-LT/ST	500	LT - CARE AA+; (Stable) to CARE AA+; (negative) / ST - CARE A1+
	Term loan	500	CARE AA+; (Negative)

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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, 2020 all members of the Board and the Senior Management Personnel have affirmed in writing their adherence to the Code of Conduct adopted by the Company.

June 25, 2020
New Delhi

Vipin Sondhi
Managing Director and Chief Executive Officer

REPORT ON CORPORATE GOVERNANCE

REMUNERATION POLICY

1. Objective

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

2. The Nomination and Remuneration Committee

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

3. Remuneration for Non-Executive Directors

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

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

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

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

Total Compensation (TC)

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

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

Base salary

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

Variable income

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

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

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

5. Remuneration for other Employees

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

6. Remuneration for Workmen

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

7. Employee Stock Options

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

8. Alignment of Remunerations

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

9. Term of Appointment

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

10. Post-retirement Benefits

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

11. Severance Arrangements

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

12. Loans

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

DIVIDEND DISTRIBUTION POLICY

Introduction

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

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

Objective

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

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

Definitions

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

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

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

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

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

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

Declaration and payment of Dividend

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

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

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

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

Parameters for declaration of dividend

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

(i) Financial parameters

(a) Availability of profits;

(b) Financial feasibility of the Company;

(c) Favorable Debt Equity ratio;

(d) Debt interest coverage ratio;

(e) Liquidity position;

(f) Business expansions, acquisitions, etc.;

(g) Favorable state of the capital markets;

(h) Profit growth.

(ii) External Factors

(a) Shareholders' expectations;

(b) Uncertain or recessionary economic and business conditions;

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

(d) Sectorial performance;

(e) Future uncertainties and industrial downturn;

(f) Government policy;

(g) Clientele effect;

(h) Risk effect.

(iii) Internal Factors

(a) Growth rate of past earnings;

(b) Growth rate of predicted profits;

(c) Expansion and modernisation of existing business;

(d) Investment in research and development;

(e) Working capital requirements;

(f) Mergers and Acquisitions;

(g) Investments in subsidiaries/Joint ventures/associates;

(h) Buyback options;

(i) Approach adopted - residual, stability or hybrid.

(iv) Utilisation of retained earnings

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

(a) Acquisition / Diversification of business;

(b) Long term strategic plan;

(c) High cost of debt;

(d) Market or product development/expansion plan;

(e) Increase in production capacity;

(f) Modernisation Plan;

(g) Replacement of Capital intensive assets;

(h) Class of shares.

(v) Classes of Shares

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

Publication of Policy

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

Amendment

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

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

ANNEXURE D TO THE BOARD REPORT

PRACTISING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE

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

We have examined documents, books, papers, minutes, forms and returns filed and other relevant records maintained by ASHOK LEYLAND LIMITED, (CIN:L34101TN1948PLC000105) having its Registered Office at No. 1, Sardar Patel Road, Guindy, Chennai - 600032, for the purpose of certifying compliance of the conditions of Corporate Governance under Regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V to the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Regulation 34 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended for the financial year ended March 31, 2020. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and on the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied regarding the conditions of Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended for the financial year ended March 31, 2020.

This Certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For R Sridharan & Associates
Company Secretaries

CS R Sridharan
FCS No. 4775
CP No. 3239
UIN : S2003TN063400
UDIN: F004775B000372329

Chennai
June 25, 2020

ANNEXURE E TO THE BOARD REPORT
MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. MARKET TRENDS

Economy - India

The second advance estimates of the NSO released in February 2020 projected India's Q4 GDP growth at 4.7% and 5% growth for full year FY 2019-20. This is now at risk from the COVID-19 pandemic's impact on the economy. While efforts are being mounted on a war footing to arrest its spread, COVID-19 would impact economic activity in India directly through domestic lockdown. Second round effects would operate through a severe slowdown in global trade and growth. These effects and their interactions would inevitably accentuate the growth slowdown, which started in FY 2018-19 and continued through FY 2019-20. *(Source: RBI MPC-Mar'2020)*

On the supply side, the outlook for agriculture and allied activities appears to be the only silver lining, with food grains output being 2.4% higher than a year ago. A pick-up in manufacturing and electricity generation pulled IIP into positive territory in January 2020 after lackluster activity since the start of FY 2019-20. Meanwhile, most service sector indicators for January and February 2020 moderated or declined. Since then anecdotal evidence suggests that several services such as trade, tourism, airlines, the hospitality sector and construction have been further adversely impacted by the pandemic. Dislocations in casual and contract labour would result in losses of activity in other sectors as well. High frequency indicators suggest that private final consumption expenditure has been hit hardest.

Meanwhile, headline inflation stayed above 4%, which is the upper tolerance band of the inflation target from December 2019 to February 2020, led by a spike in vegetable prices. The impact of COVID-19 on inflation is ambiguous relative to that on growth, with a possible decline in prices of food items being offset by potential cost-push increases in prices of non-food items due to supply disruptions.

Domestic financial conditions have tightened considerably, with equity markets facing massive sell-offs by Foreign Portfolio Investors ("FPI"). In the bond market too, yields have risen on sustained FPI selling, while redemption pressures, drop in trading activity and generalized risk aversion have pushed up yields to elevated levels in commercial paper, corporate bond and other fixed income segments. In the forex market, the Indian Rupee ("INR") has been under continuous downward pressure. Under these conditions, the RBI through its long term repo and open market purchase operations has endeavored to keep financial markets liquid, stable and functioning normally. In the external sector, merchandise exports and imports expanded in February 2020 after several months of contraction. Consequently, the current account trade deficit has narrowed to only 0.2% of GDP.

Central banks across the world have responded with monetary and regulatory measures - both conventional and unconventional. Governments across the world have unleashed massive fiscal measures, including targeted health services support, to protect economic activity from the impact of the virus. To mitigate the economic difficulties arising out of the virus outbreak, the Government of India has announced a comprehensive package of ₹ 1.70 lakh Crore, covering cash transfers and food security, for vulnerable sections of society, including farmers, migrant workers, urban and rural poor, differently abled persons and women. In this backdrop, the IMF expects India's GDP to fall to 1.9% in FY 2020-21 from 4.2% in FY 2019-20.

Economy - World

The global economy grew at 2.9% in 2019. As a result of the COVID-19 pandemic, the global economy is projected to contract sharply by 3% in 2020, much worse than during the 2008-09 financial crisis. In a baseline scenario, which assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound, the global economy is projected to grow by 5.8% in 2021 as economic activity normalizes, helped by policy support. *(Source: IMF WEO-Apr'2020)*

Growth in the advanced economy group, where several economies are experiencing widespread outbreaks and deploying containment measures is projected at (6.1%) in 2020 as against 1.7% in 2019. Most economies in the group are forecast to contract this year, including the United States at (5.9%) in 2020 vs 2.3% in 2019, Japan at (5.2%) in 2020 vs 0.7% in 2019 and the United Kingdom at (6.5%) in 2020 vs 1.4% in 2020. In parts of Europe, the outbreak has been as severe as in China's Hubei province. Growth in the Euro area is expected to be the worst hit at (7.5%) in 2020 vs 1.2% in 2019. Although essential to contain the virus, lockdowns and restrictions on mobility are extracting a sizable toll on economic activity. Adverse confidence effects are likely to further weigh on economic prospects.

Among emerging market and developing economies, all countries face a health crisis, severe external demand shock, dramatic tightening in global financial conditions, and a plunge in commodity prices, which will have a severe impact on economic activity in commodity exporters. Emerging Asia is projected to be the only region with a positive growth rate in 2020 at 1% vs 5.5% in 2019. In China, the economy is projected to grow at a subdued 1.2% in 2020 vs 6.1% in 2019. India is expected to grow at 1.9% in FY 2020-21 vs 4.2% in FY 2019-20.

Following the dramatic decline in oil prices since the beginning of the year, near-term prospects for oil-exporting countries have deteriorated significantly. The growth rate for the group is projected to drop to (4.4%) in 2020 led by Saudi Arabia which is expected to drop to (2.3%) in 2020 vs 0.3% in 2019. Middle East & North Africa region is expected to drop at (3.3%) in 2020 vs 0.3% in 2019, while sub-Saharan Africa is expected to drop at (1.6%) in 2020 vs 3.1% in 2019.

Commercial Vehicle Market

The Commercial vehicle market in India posted a drop of 29% YoY in Total Industry Volumes ("TIV"), which was led by 20% drop in LCV and 42% drop in M&HCV segments.

Demand for MHCV trucks in Q1 FY 2019-20 started on a weak note due to the uncertainty around Lok Sabha elections and continued impact of axle load norms. In Q2 demand continued to take hit with GDP slowing down, heavy monsoon affecting construction activity and the ambiguity around GST rate cut for the automotive sector. In Q3/Q4 the demand suffered due to lack of BS VI pre buy, aggressive competition to bring down BS IV inventory, further tightening of funds by NBFCs and the nationwide lockdown enforced to slow the spread of COVID-19 pandemic.

M&HCV Bus segment registered a modest gain of 2% over the previous year with both STU and MDV-Private segments growing at 6% and 15.6% respectively. Most STUs are adopting the PPP (Public Private Partnership) model of business for new tenders.

The LCV Trucks (0-7.5T Segment) dropped by 21% while the LCV Bus segment degrew by 13%.

CV exports dropped by 39% over last year primarily driven by 63% fall in M&HCV Trucks. Other segments also declined by double digits except for M&HCV Buses which bucked the trend by growing 12%.

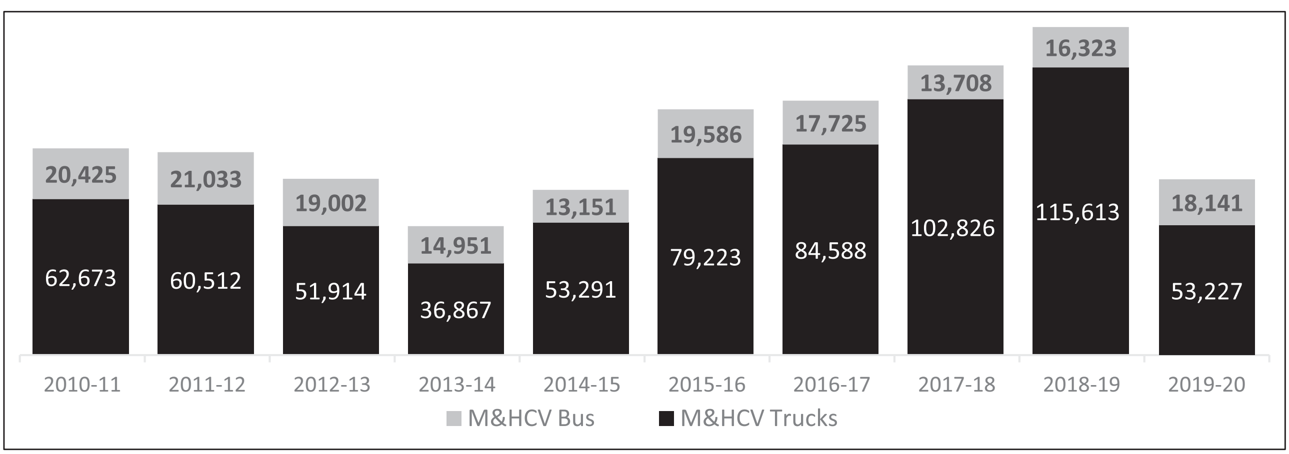
Segment	Domestic			Exports		
	2019-20	2018-19	Change %	2019-20	2018-19	Change %
M&HCV Buses	40,257	39,604	2	9,294	8,286	12
M&HCV Trucks	184,549	351,128	(47)	14,868	40,390	(63)
M&HCV Total	224,806	390,732	(42)	24,162	48,676	(50)
LCV Buses	45,369	52,170	(13)	2,655	4,094	(35)
LCV Trucks	447,513	564,409	(21)	33,896	47,163	(28)
LCV Total	492,882	616,579	(20)	36,551	51,257	(29)
CV Total	717,688	1,007,311	(29)	60,713	99,933	(39)

Source: SIAM Flash Report March 2020

B. ASHOK LEYLAND - THE YEAR (2019-20) IN BRIEF

Your Company sold 71,368 M&HCVs in the domestic market (18,141 M&HCV Buses and 53,227 M&HCV Trucks including Defence vehicles), registering a de-growth of 45.9% over the previous year. LCV with sales of 46,646 vehicles de-grew by 14.4% over the previous year. Your Company was able to achieve market share of 31.8% in M&HCV Bus and Truck Segment combined when total industry volume degrew by 42%. Your Company was able to clear complete stock of BS IV vehicle at Company and dealerships.

M&HCV DOMESTIC SALES (LAST 10 YEARS)



M&HCV Truck segment

In the continually declining market, your Company was able to attain a market share of 28.9% in the domestic M&HCV Trucks Segment. Your Company sold 53,028 M&HCV trucks (excluding Defence) in domestic market in the current financial year. The 54% drop in volumes is directly attributable to the steep drop in total industry volume. Your Company conducted BS VI vehicle launches to showcase its wide product portfolio with *i* Gen6 technology, to reinforce our brand promise of "Aapki Jeet Hamari Jeet". With new products, especially Modular Business Program (“MBP”) range, your Company is poised for a confident and smooth take off for BS VI. There were many noteworthy product launches in M&HCVs which were well received during the year, namely model CT3718 10x4 helped your Company regain some of the lost market share in the Tipper segment.

M&HCV Bus segment

Your Company bagged Global 3rd position in volume sales. In the domestic M&HCV Bus segment, your Company continues to maintain overall leadership, with a MS of 45.1% which is 3.9% more than the market share in FY 2018-19. Your Company regained the leadership in STU segment with strong order wins from Tamil Nadu, Gujarat, Maharashtra STUs, thereby registering a growth of 6% over the previous year. Your Company launched new products such as Sunshine LX for ICV School segment, 12m 225 *i* EGR Bus for intercity segment and 11m FESLF CNG NAC for intracity segment.

International Operations

In pursuit of new vision, your Company focused on expanding its global footprint across retail markets in Africa, ASEAN and CIS countries. Your Company strengthened its presence in Bangladesh and GCC countries with its LCV portfolio and attained market leadership in MDV bus segment. Your Company has extensively worked on developing globally benchmarked new products in FY 2019-20 in Trucks, Buses and LCV range in RHD and LHD versions to cater to global markets.

LCV segment

In FY 2019-20, your Company gained market share through all its LCV brands in sub-7.5T GVW segment with focus on institutional sales, despite 18% drop in TIV in the segments we operate. Your Company is now BSVI ready and completed development of New Generation LCV, which will be launched in first half of FY 2020-21 for both domestic and international markets, offering superior customer value proposition. Your Company continues to deliver best-in-industry SSI/ CSI, lowest defect, best-in-class low warranty and high service retention through its expanding network of 570 outlets, thereby achieving service market share of 64%.

Power Solutions Business

Your Company set new records in FY 2019-20 with all time high volumes of agricultural engines, and secured breakthrough businesses with prospect equipment manufacturers in industrial and agricultural applications for ensuing BS CEV IV emissions. Your Company aggressively sold 20,359 engines in FY 2019-20 despite the deferment of infrastructure projects and improved grid power which restrained the industrial equipment and powergen genset demand respectively.

Aftermarket

Aftermarket business of your Company has been delivering profitable growth over last few years. Spare Parts business of your Company delivered healthy margins backed by interventions that resulted in substantial reduction in operating costs in areas of logistics and inventory control. Spare Parts channel saw record participations from independent garages and ended the year with highest ever number of exclusive retail parts store. Availability of spare parts at Channel partners also reached a record high of 97%. The Digital initiative - LeyKart continues to fulfill the promise of on-demand availability of Spares with listings of more than 15,000 SKUs and saw record participation of users.

Service function achieved its highest Service market share and continues to improve penetration in service products. Digitalisation of internal operations enabled the service organisation to become more agile to changing market dynamics. Your Company continued to focus on superior customer service throughout the product lifecycle. Dealer partners of your Company, expanded their capacity and reach for aftermarket service, including break-down assistance and accident repairs.

Defence

In FY 2019-20, your Company supplied 359 units of completely built up units (CBUs) including bullet proof vehicles and 888 kits. The defence business of your Company expanded its portfolio by foraying into tracked vehicles business for supplying aggregates and components for T-72 and T-90 battle tanks. It is also working on enhancing exports volumes for its products.

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 FY 2019-20 the Foundry division achieved the production of 61,152 MT (decrease of 42% over last year) and sales of 59,334 MT (decrease of 39% over last year).

Overall Summary

In summary, during FY 2019-20, your Company recorded total vehicle sales of 116,280 units in the domestic market and 8,920 units in the export market. Your Company continued to focus on transforming the Company into an agile player geared up for sustained growth in the coming years.

C. OPPORTUNITIES AND THREATS

In order to stop the spread of the COVID-19 outbreak, many countries across the world, including India, have taken very tough measures. The automotive industry was pulling itself up from a prolonged slump when the pandemic threw everything out of gear. The absolute magnitude of impact depends on the duration of ongoing lockdown and the impact caused by it. Even after we open up, demand is expected to decline with discretionary spend taking a backseat. This coupled with transition to BS VI norms will increase cost of ownership.

While the short term looks uncertain, the COVID-19 outbreak will change the way the automotive industry works. Digitisation will have to be adopted in a big way in designing the customer experience. Dealerships will need to change their business models and use digital platforms for sales and marketing. The Government along with RBI is working on a number of steps such as reducing interest rates, liquidity to banks and NBFCs, fiscal stimulus package for the worst hit sectors is in the works aimed at reviving demand post lockdown.

In the medium term, fast-tracking the ₹ 1.70 lakh Crore infrastructure spend already allocated in the budget, scrappage policy for automotive (>15 years) with incentives for new purchases and roadmap to implement the ₹ 111 lakh Crore National Infrastructure Pipeline would provide opportunities for the CV industry in the long term.

D. RISK MANAGEMENT

During the year, the CV industry, specifically the M&HCV segment experienced a double-digit contraction in sales volumes on account of headwinds such as the overall economic slowdown in the country, sluggish manufacturing & infrastructure activity and excess capacity created on account of the change in axle load norms. Towards the end of the financial year, further economic uncertainty was created by the global pandemic COVID-19. Your Company was also impacted by the above, which has resulted in a sharp decline in sales volumes during the year.

Your Company aims to be resilient to the changing business scenario, gain competitive advantage over its peers and protect and create value for stakeholders, including shareholders, employees, customers, regulators, and society. Your Company has been focusing on proactively responding to the external risks through appropriate business strategies and continuing with the productivity and cost improvement programmes started earlier. Further, it has been keenly focusing on managing cash flows and conserving resources for future growth initiatives.

To consolidate and further grow its market position, your Company is ready with its indigenous, cost-effective *i* Gen6 mid-nox engine technology for BS VI and MBP platform, which will deliver significantly improved performance for its customers.

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

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

An internal Risk Steering Committee, chaired by the MD & CEO and comprising of key members of Senior Leadership and core Business vertical heads is responsible for the risk management process including risk identification, impact assessment, effective implementation of risk mitigation plans, and risk reporting. The Steering Committee reviews the enterprise risks on a quarterly basis. Significant risks identified and associated risk response plans are tabled to the Risk Management Committee ("RMC")of the Board.

The Company's ERM process is overseen by the Board of Directors, through the RMC of the Board which is responsible to ensure that the Company has an appropriate and effective ERM framework. The RMC apprises the Board on the effectiveness of the ERM framework, significant enterprise risks identified and the risk response mechanisms implemented by the Company. Further, it also reviews and approves the organisation's Risk Appetite statement on an annual basis.

We also take pride in informing you that your Company has been awarded the "Golden Peacock Award" for Risk Management in "Automotive" category by the Institute of Directors, in January 2020. Your Company has also bagged the coveted ICICI Lombard-CNBC TV18 India Risk Management awards in two categories viz., Best Risk Management Framework & Systems - Risk Governance and Best Risk Management Framework & Systems - Private Company in February 2020.

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) Transactions recorded are accurate, complete, and authorised;

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

c) Effective usage of resources and safeguarding of assets.

Your Company has complied with the specific requirements as laid out under Section 134(5)(e) of the Companies Act, 2013 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 Organizations of the Treadway Commission) Internal Control Framework, 2013 and The Institute of Chartered Accountants of India's Guidance Note on Audit of Internal Financial Controls Over Financial Reporting which supports in evaluating the design and 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 organization. At Ashok Leyland, we safeguard our Information assets from threats, both internal and external, through the adoption of best practices in Information Security, and by building a culture of Information Security awareness. This has enabled your Company to minimize risks from cyber and other information security threats.

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

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

G. FINANCIAL REVIEW

Summary of Profit and Loss account is given below:

₹ crores

Particulars	2019-20	2018-19	Inc/ (Dec)%
Revenue from Operations	17,467.47	29,054.95	(39.9)
Other income	123.34	109.94	12.2
Total	**17,590.81**	**29,164.89**	**(39.7)**
Expenditure			
Material Cost	12,369.15	20,679.57	(40.2)
Employee benefits expenses	1,615.06	2,098.77	(23.0)
Finance cost	109.45	70.38	55.5
Depreciation and amortization	669.80	621.01	7.9
Other expenses	2,309.61	3,140.87	(26.5)
Total	**17,073.07**	**26,610.60**	**(35.8)**
Profit before exchange gain on swap contracts, exceptional items and tax	**517.74**	**2,554.29**	**(79.7)**
Exchange gain / (loss) on swap contracts	0.01	(2.63)	100.4
Profit before exceptional items	**517.75**	**2,551.66**	**(79.7)**
Exceptional items	(155.83)	(54.86)	184.1
Profit before tax	**361.92**	**2,496.80**	**(85.5)**
Tax expense	122.40	513.60	(76.2)
Profit after tax	**239.52**	**1,983.20**	**(87.9)**
Basic earnings per share (₹)	**0.82**	**6.76**	**(87.9)**

Trending the M&HCV volume decrease of 45% over previous year, your Company's revenues were at ₹ 17,467 crores which is lower than previous year by 40%. Volume reduction happened in the heavy tonnage segments covering Tipper, Tractor trailer and Multi Axle vehicles. Upward price increase and recovery during the year was not possible due to intense competition and high discounting scenario. While export volumes of M&HCV reduced by about 34% in 2019-20, LCV exports have registered a growth of 26% over previous year.

Cost:

Material Cost: FY 2019-20 witnessed reduction in prices of spring steel, forgings, castings, aluminium, rubber, etc. However, freight rates and lead prices went up during the year. Consequent to the reduction in prices, your Company could save about ₹ 132 crores. Through various internal initiatives covering price negotiation, value engineering, turnover discounts and business share optimization, your Company managed to secure a reduction of about 1.25% during the year.

Staff Costs: Employee expenses were lower by about 23% during the year reflecting the reduction in bonus and performance payments consequent to 45% reduction in sale volumes. Your Company also introduced VRS Scheme in June / July 2019.

Finance Costs was up by 55% consequent to availment of fresh long-term loans of ₹ 1,215 crores during the year. These loans were availed to meet capital expenditure of your Company.

Depreciation for the year is at ₹ 669.80 crores which is higher than last year reflecting the capitalisation of costs relating to MBP and BS VI.

Other expenses at ₹ 2,309.61 crores are significantly lower than last year reflecting the drop in activity levels. All expenses covering delivery charges, production overheads, sales and administration overheads recorded reduction over last year in line with the lower volumes. Thanks to the K54 2 initiative driven across the organisation, which has resulted in significant reduction of the costs by over ₹ 500 crores in FY 2019-20.

Total Capital employed by your Company decreased by 10% from ₹ 18,224 crores in FY 2018-19 to ₹ 16,390 crores in FY 2019-20 reflecting the decrease in activity levels.

Total shareholder's funds as at March 31, 2020 stood at ₹ 7264 crores reflecting a decrease of ₹ 1,068 crores over March 31, 2019 amount of ₹ 8,332 crores. This decrease is due to payment of dividend for FY 2018-19 ₹ 1,093 crores, interim dividend for FY 2019-20 ₹ 177 crores and other adjustments ₹ 38 crores offset by addition on account of current year profit of ₹ 240 crores.

Summary of Balance Sheet is given below:

₹ crores

Sources of Funds	March 31, 2020	March 31, 2019	Inc/ (Dec)%
Shareholder's funds	7,263.99	8,332.43	(12.8)
Non-Current liabilities	2,126.69	1,103.01	92.8
Current liabilities	6,998.93	8,788.96	(20.4)
Total	**16,389.61**	**18,224.40**	**(10.1)**
Application of Funds			
Fixed Assets	5,457.63	5,080.62	7.4
Right of use assets	406.46	-	100.0
Intangible Assets	1,533.62	1,191.51	28.7
Investments	2,719.63	2,636.50	3.1
Loans and other non-current assets	848.78	1,129.43	(24.8)
Current assets	5,423.49	8,186.34	(33.7)
Total	**16,389.61**	**18,224.40**	**(10.1)**

Capital expenditure and investments

During the year, your Company incurred ₹ 1,292 crores towards capital expenditure predominantly towards BS VI, MBP, Electric vehicles, Unit replacements, maintenance capex etc.,

During the year, your Company has invested ₹ 300 crores in Hinduja Leyland Finance Limited, ₹ 100 crores in Optare Plc, ₹ 20 crores in Albonair India, ₹ 22 crores in Vasuki (Special Limited Partnership) and ₹ 4 crores in Ashley Aviation. Thus, your Company has invested ₹ 447 crores in joint venture / associates / subsidiaries / Special Limited Partnership during the year. There had also been impairments of ₹ 103 crores during FY 2019-20 viz., ₹ 101 crores in Optare and ₹ 2 crores of investment in Ashley Aviation.

Current assets as at March 31, 2020 were at ₹ 5,423 crores when compared to previous year level of ₹ 8,186 crores. The reduction of ₹ 2,763 crores was driven by reduction in inventory by ₹ 1,447 crores, reduction in receivables by ₹ 1,326 crores, reduction in other current assets by ₹ 375 crores, reduction in cash and cash equivalents and bank balance and others ₹ 53 crores offset by increase in other financial assets ₹ 438 crores.

Liquidity

Your Company continued with the "cash and carry" system of sales during the year. This has enabled your Company to better manage the increased liquidity requirements. During the year, your Company has managed its capital expenditure through availment of fresh long term loans (₹ 1,215 crores). Internal generation was sufficient to meet the last year dividend payments. Working capital requirements were met out of short term funds. Your Company manages its liquidity through rigorous weekly monitoring of cash flows.

Details of significant changes in key financial ratios:

Ratios	Formula Used	FY 2020	FY 2019
Debtors Turnover	Revenue from operations / Average Debtors	9.48	16.84
Inventory	COGS / Average Inventory Turnover	6.31	9.31
Interest Coverage Ratio	Earnings before Interest and Tax / Interest Expense	9.07	36.01
Current Ratio	Current Assets / Current Liabilities	0.77	0.93
Debt Equity Ratio	Debt / Equity	0.46	0.08
Operating Profit Margin (%)	EBITDA / Revenue from operations	6.7	10.8
Net Profit Margin (%)	PAT without exceptional items / Revenue from operations	2.3	7.0
Return on net worth (%)	PAT without exceptional items / Total Equity	5.4	24.5

Profitability

Your Company's profitability recorded in FY 2018-19 could not be sustained in FY 2019-20 consequent to intense competition, high discounts as well as the need for liquidation of BS IV inventory to meet the emission norms requirements. Demand for MHCVs contracted by about 45% in domestic market. All the higher tonnage segments covering Tippers, Tractor trailers and MAVs witnessed slowdown. Exports and domestic LCV volumes also contracted. Tighter control on material cost and operating expenses (through K54 2 initiative) combined with judicial sales mix and better working capital management have contributed to the profits during the year.

FY 2018-19 witnessed an upward revision in long term rating by CARE after 20 years. But in March 2020 due to the continuous drop in MHCV industry volume, your Company's financial rating for long term instruments has been downgraded by ICRA from AA+ with stable outlook to AA with Negative Outlook. CARE had also revised their ratings for long term instruments in April 2020 from CARE AA+ to CARE AA with Negative outlook.

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

Long term fund-based working capital limits set by the Consortium of Banks have been increased from ₹ 900 crores to ₹ 2,000 crores during the year. Your Company has serviced all its debt obligations on time.

Results of Operations

Your Company generated an after-tax profit from operations of ₹ 1,117 crores in FY 2019-20 which is lower than ₹ 2,601 crores in FY 2018-19. Unlike FY 2018-19, working capital movement was normal. There has been significant drop in both inventory (₹ 1,447 crores) and trade receivables (₹ 1,314 crores) which is substantially offset by a drop in trade payables (₹ 2,402 crores). Finished vehicle inventory (M&HCV) dropped from 8,871 vehicles in March 2019 to 1,243 vehicles in March 2020. Overall working capital has increased by ₹ 176 crores.

Cash outflow for acquisition of fixed assets for FY 2019-20 was at ₹ 1,292 crores as against ₹ 731 crores last year reflecting an increase of ₹ 561 crores in FY 2019-20. FY 2018-19 witnessed liquidation of all investments in mutual funds resulting in a cash inflow of ₹ 3,043 crores. FY 2019-20 indicates a cash outflow of ₹ 885 crores representing ₹ 447 crores of investments in Joint venture / Associates / Subsidiaries and ICDs ₹ 500 crores lent during the year. Cash inflow from finance activities primarily reflect the fresh long term loan of ₹ 1,215 crores during FY 2019-20. On the contrary, no fresh loans were availed during FY 2018-19.

Dividend

The Directors have declared an interim dividend of ₹ 0.50 per share per equity share of ₹ 1/- each for the financial year ended March 2020. This interim dividend has already been paid in March 2020.

Cash Flow Statement

₹ crores

Particulars	31.03.2020	31.03.2019
Profit from operations after tax	1,116.67	2,601.44
(inc)/Dec in Net working capital	(175.61)	(2,963.79)
Net cash (outflow) / inflow from operating activities	941.06	(362.35)
Payment for acquisition of assets - net	(1,292.27)	(731.47)
Cash inflow / (outflow) for investing activities	(885.18)	3,042.96
Cash inflow / (outflow) from financing activities	1,148.98	(1,616.16)
Net cash inflow / (outflow)	**(87.41)**	**332.98**

The year ahead

Government of India has introduced the BS VI emission norms effective April 1, 2020 amidst the pandemic situation caused by the spread of COVID-19. Many parts of the world including India were affected by the COVID-19 and have resorted to partial or complete lock down. These lockdowns were continued till June 2020 causing serious disruption to business activities. Further, the lockdowns are likely to continue in full / partial manner for few more months. Consequent to the lockdown, both manufacturing and sales could not happen, and the entire automobile industry recorded meagre production and sale volumes in Q1 FY 2020-21. Despite these lockdown pressures, your Company has progressed with the launch of BS VI compliant AVTR vehicles under Modular Platform.

During May / June 2020, your Company has launched the Modular vehicles through virtual medium in the presence of all the stakeholders viz., suppliers, buyers, financiers, investors, analysts etc., The feedback so far from the customers on the performance of these modular BS VI vehicles is very encouraging. Your Company is also scheduled to launch the LCV range of vehicles coded named "Phoenix" during July-September 2020 quarter. This launch could not happen earlier due to COVID - 19 lockdown. Your Company is hopeful of the improvement in the demand for commercial vehicles in the subsequent quarters aided by the reform measures announced by the Government of India to improve industry, defence and infrastructure.

B. HUMAN RESOURCES

During the year under review, the total number of people on the rolls of the Company is 11,463.

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

ANNEXURE F TO THE BOARD REPORT

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

We, Vipin Sondhi, Managing Director and Chief Executive Officer and Gopal Mahadevan, Whole-time Director and Chief Financial Officer of Ashok Leyland Limited certify that:

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

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

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

   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.

Vipin Sondhi
Managing Director and Chief Executive Officer

New Delhi
June 25, 2020

Gopal Mahadevan
Whole-time Director and Chief Financial Officer

Chennai
June 25, 2020

ANNEXURE G TO THE BOARD'S REPORT

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2020
[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 Tel : +91 44 2220 6000 Fax: +91 44 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 : +91 44 2814 0801/03 Fax : +91 44 28142479 e-mail: csdstd@integratedindia.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

S. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
1	Trucks	29102	50.4
2	Bus	29109	20.7
3	Light Commercial Vehicle	29104	12.6

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

S. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate Company	% of shares held	Applicable Section under Section Companies Act, 2013
1.	Hinduja Automotive Limited	New Zealand House, 80 Haymarket, London, SW1Y 4TE	Not applicable	Holding	50.88	2(46)
2.	Albonair GmbH	Carlo-Schmid-Allee 1, 44263 Dortmund, Germany	Not applicable	Wholly owned subsidiary	100.00	2(87)(ii)
3.	Albonair Automotive Technology Co., Ltd, China	East Shanghai Road, Caifu Building, Room 501, 215400 Taicang, Jiangsu Province, P. R. China	Not applicable	Wholly owned subsidiary	100.00	2(87)(ii)
4.	Albonair (India) Private Limited	No.1, Sardar Patel Road, Guindy, Chennai - 600 032	U74110TN2009PTC073654	Wholly owned subsidiary	100.00	2(87)(ii)
5.	Ashok Leyland Nigeria Limited	Km 33, Lekki-Epe Expressway, Eputu Town, Ibeju-Lekki, Lagos	Not applicable	Wholly owned subsidiary	100.00	2(87)(ii)
6.	Ashok Leyland (Chile), S.A	Calle Buenaventura Sitio20-C, Free Zone, lquique, Chile	Not applicable	Wholly owned subsidiary	100.00	2(87)(ii)
7.	Gulf Ashley Motor Limited	No.1, Sardar Patel Road, Guindy, Chennai - 600 032	U34102TN2004PLC052489	Subsidiary	93.15	2(87)(ii)

ANNEXURE G TO THE BOARD'S REPORT

S. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate Company	% of shares held	Applicable Section under Section Companies Act, 2013
8.	Optare PLC	Unit 3, Hurricane Way South Sherburn in Elmet, Leeds, North Yorkshire, LS25 6PT	Not applicable	Subsidiary	99.24	2(87)(ii)
9.	Optare UK Limited	Unit 3, Hurricane Way South Sherburn in Elmet, Leeds, North Yorkshire, LS25 6PT	Not applicable	Subsidiary	99.24	2(87)(ii)
10.	Optare Group Limited	Unit 3, Hurricane Way South Sherburn in Elmet, Leeds, North Yorkshire, LS25 6PT	Not applicable	Subsidiary	99.24	2(87)(ii)
11.	Jamesstan Investments Limited	Unit 3, Hurricane Way South Sherburn in Elmet, Leeds, North Yorkshire, LS25 6PT	Not applicable	Subsidiary	99.24	2(87)(ii)
12.	Optare Holding Limited	Unit 3, Hurricane Way South Sherburn in Elmet, Leeds, North Yorkshire, LS25 6PT	Not applicable	Subsidiary	99.24	2(87)(ii)
13.	Optare (Leeds) Limited	Unit 3, Hurricane Way South Sherburn in Elmet, Leeds, North Yorkshire, LS25 6PT	Not applicable	Subsidiary	99.24	2(87)(ii)
14.	East Lancashire Bus Builders Limited	Unit 3, Hurricane Way South Sherburn in Elmet, Leeds, North Yorkshire, LS25 6PT	Not applicable	Subsidiary	99.24	2(87)(ii)
15.	Global TVS Bus Body Builders Limited	TVS Building, 7-B West Veli Street, Madurai - 625 001	U35202TN1998PLC041466	Subsidiary	66.67	2(87)(ii)
16.	Hinduja Tech GmbH	Charles-de-Gaulle-Platz 1 F, 50679, Koln	Not applicable	Subsidiary	62.00	2(87)(ii)
17.	Hinduja Technologies Inc., USA	39555, Orchard Hill Place, Suite 600, Novi, Michigan 48375	Not applicable	Subsidiary	62.00	2(87)(ii)
18.	Hinduja Tech Limited	No.1, Sardar Patel Road, Guindy, Chennai - 600 032	U72400TN2009PLC072067	Subsidiary	62.00	2(87)(ii)
19.	Hinduja Housing Finance Limited	No. 27A, Developed Industrial Estate Guindy, Chennai - 600032	U65922TN2015PLC100093	Subsidiary	67.19	2(87)(ii)
20.	Hinduja Leyland Finance Limited	No.1, Sardar Patel Road, Guindy, Chennai - 600 032	U65993TN2008PLC069837	Subsidiary	67.19	2(87)(ii)
21.	Hinduja Insurance Broking and Advisory Services Limited#	No. 27A, Developed Industrial Estate, Guindy Chennai - 600032	U66000TN2019PLC129176	Subsidiary	67.19	2(87)(ii)
22.	HLF Services Limited	No.1, Sardar Patel Road, Guindy, Chennai - 600 032	U67190TN2010PLC076750	Subsidiary	54.00	2(87)(ii)
23.	Ashley Aviation Limited	No.1, Sardar Patel Road, Guindy, Chennai - 600 032	U66030TN2008PLC122350	Wholly owned subsidiary	100.00	2(87)(ii)
24.	Ashok Leyland (UAE) LLC	P. O. Box 31376, N-176, RAK Manamma Highway, Ras Al Khaimah, UAE	Not applicable	Associate	49.00	2(6)
25.	Mangalam Retail Services Limited	IN Center, 49/50, 12th Road, MIDC, Andheri (E), Mumbai - 400 093	U51909MH2006PLC288018	Associate	37.48	2(6)
26.	Lanka Ashok Leyland PLC	Panagoda, Homagama, Sri Lanka	Not applicable	Associate	27.85	2(6)
27.	Ashok Leyland Defence Systems Limited	No.1, Sardar Patel Road, Guindy, Chennai - 600 032	U34200TN2008PLC080987	Associate	48.49	2(6)
28.	Rajalakshmi Wind Energy Limited	Old No.16, New No.18, Rutlandgate 4th Street, Nungambakkam Chennai - 600006	U40105TN2010PLC077414	Associate	26.00	2(6)
29.	Ashley Alteams India Limited	No.1, Sardar Patel Road, Guindy, Chennai - 600032	U27310TN2006PLC065084	Joint Venture	50.00	2(6)
30.	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)

Certificate of commencement of Business is being obtained; $ under voluntary liquidation

ANNEXURE G TO THE BOARD'S REPORT

I. **SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)**

(i) **Category-wise Shareholding**

Category of Shareholder		No. of shares held at the beginning of the year (April 1, 2019)				No. of shares held at the end of the year (March 31, 2020)				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A	**PROMOTERS**									
(1)	**Indian**									
a	Individual/HUF	-	-	-	-	-	-	-	-	-
b	Central Government	-	-	-	-	-	-	-	-	-
c	State Governments	-	-	-	-	-	-	-	-	-
d	Bodies Corporate	-	-	-	-	-	-	-	-	-
e	Banks / FIs	-	-	-	-	-	-	-	-	-
f	Any other (Specify)	-	-	-	-	-	-	-	-	-
	Sub Total A(1)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(2)	**Foreign**									
a	NRI - Individuals	-	-	-	-	-	-	-	-	-
b	Other - Individuals	-	-	-	-	-	-	-	-	-
c	Bodies Corporate	1,171,460,121	-	1,171,460,121	39.91	1,171,460,121	-	1,171,460,121	39.91	-
e	Banks / FIs	-	-	-	-	-	-	-	-	-
f	Any other (Specify)	-	-	-	-	-	-	-	-	-
	Sub Total A(2)	**1,171,460,121**	**-**	**1,171,460,121**	**39.91**	**1,171,460,121**	**-**	**1,171,460,121**	**39.91**	**-**
	Total shareholding of Promoter (A)= (A)(1) +(A)(2)	**1,171,460,121**	**-**	**1,171,460,121**	**39.91**	**1,171,460,121**	**-**	**1,171,460,121**	**39.91**	**-**
B	**Public Shareholding**									
(1)	**Institutions**									
a	Mutual Funds (includes UTI)	161,161,605.00	75,060	161,236,665	5.49	285,920,456.00	68,700	285,989,156	9.74	4.24
b	Financial Institutions / Banks	48,298,803	30,890	48,329,693	1.65	67,228,778	15,740	67,244,518	2.29	0.64
c	Central Government	-	-	-	-	-	-	-	-	-
d	State Governments	1,849,470	360,000	2,209,470	0.08	1,849,470	360,000	2,209,470	0.08	-
e	Venture capital Funds	-	-	-	-	-	-	-	-	-
f	Insurance Companies	49,482,383	500	49,482,883	1.69	82,645,523	-	82,645,523	2.82	1.13
g	FIIs	1,304,888	89,620	1,394,508	0.05	344,712	89,100	433,812	0.01	(0.03)
h	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
i	Any other (Specify) - Alternate Investment Funds	10,423,551	-	10,423,551	0.36	267,000	-	267,000	0.01	(0.34)
	Sub Total B(1)	**272,520,700**	**556,070**	**273,076,770**	**9.30**	**438,255,939**	**533,540**	**438,789,479**	**14.95**	**5.64**

I. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity) (contd.)

(i) Category-wise Shareholding (contd.)

Category of Shareholder		No. of shares held at the beginning of the year (April 1, 2019)				No. of shares held at the end of the year (March 31, 2020)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B	**Public Shareholding (contd.)**									
(2)	**Non-Institutions**									
a	Bodies Corporate									
	(i) Indian	110,001,661	464,502	110,466,163	3.76	22,550,195	94,792	22,644,987	0.77	(2.99)
	(ii) Overseas	2,000	-	2,000	0.00	-	-	-	-	(0.00)
b	Individuals									
	(i) Individual Shareholders holding Nominal Share Capital upto ₹ 1 Lakh	356,485,383	15,596,131	372,081,514	12.68	376,204,599	12,335,855	388,540,454	13.24	0.56
	(ii) Individual Shareholders holding Nominal Share Capital in excess of ₹ 1 Lakh	13,791,607	909,160	14,700,767	0.50	12,329,362	107,000	12,436,362	0.42	(0.07)
c	Any other - Association of Persons	1,870	-	1,870	0.00	1,011	-	1,011	0.00	(0.00)
	- Clearing Members	9,260,496	-	9,260,496	0.32	14,434,466	-	14,434,466	0.49	0.17
	- Trusts	14,438,970	-	14,438,970	0.49	15,919,507	-	15,919,507	0.54	0.05
	- Corporate Body	-	-	-	-	-	-	-	-	-
	- Foreign Bodies	199,000	-	199,000	0.01	199,000	-	199,000	0.01	-
	- NRI	17,820,047	36,822	17,856,869	0.61	18,280,859	18,612	18,299,471	0.62	0.01
	- Foreign Nationals	11,485	-	11,485	0.00	7,410	-	7,410	0.00	(0.00)
	- Limited Liability partnership	981,251	-	981,251	0.03	812,690	-	812,690	0.03	(0.00)
	- Unclaimed Securities Sus A/c	1,150,351	-	1,150,351	0.04	483,431	-	483,431	0.02	(0.02)
	- IEPF authority	2,470,507	-	2,470,507	0.08	5,076,753	-	5,076,753	0.17	0.08
	- Foreign Portfolio Investor	594,166,502	-	594,166,502	20.24	493,263,994	-	493,263,994	16.80	(3.43)
	Sub Total B(2)	1,120,781,130	17,006,615	1,137,787,745	38.76	959,563,277	12,556,259	972,119,536	33.12	(5.64)
	Total Public Shareholding (B) = (B)(1)+(B)(2)	**1,393,301,830**	**17,562,685**	**1,410,864,515**	**48.06**	**1,397,819,216**	**13,089,799**	**1,410,909,015**	**48.06**	**0.00**
C	**Shares held by Custodians for GDRs and ADRs#**	**353,158,140**	**44,500**	**353,202,640**	**12.03**	**353,158,140**	**-**	**353,158,140**	**12.03**	**(0.00)**
	Grand Total (A) + (B) + (C)	**2,917,920,091**	**17,607,185**	**2,935,527,276**	**100.00**	**2,922,437,477**	**13,089,799**	**2,935,527,276**	**100.00**	-

329200140 shares held by Promoters in GDR form

ANNEXURE G TO THE BOARD'S REPORT

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (April 1, 2019)			Shareholding at the end of the year (March 31, 2020)			
		No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	% Change during the year
1	Hinduja Automotive Limited	1,493,532,882	50.88	1.87	1,493,532,882	50.88	4.74	0.00
2	Hinduja Foundries Holdings Limited (Promoter Group)	7,127,379	0.24	0.00	7,127,379	0.24	0.00	0.00

(iii) Change in Promoters Shareholding

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	Hinduja Automotive Limited				
	At the beginning of the year	1,493,532,882	50.88	-	-
	Date wise increase / Decrease in Promoters Shareholding during the year			-	-
	At the end of the year			1,493,532,882	50.88
2.	Hinduja Foundries Holdings Limited (Promoter Group)			-	-
	At the beginning of the year	7,127,379	0.24	-	-
	Date wise increase / Decrease in Promoters Shareholding during the year			-	-
	At the end of the year			7,127,379	0.24

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

Sl. No.	Name	Shareholding at the beginning of the year (April 1, 2019)		Cumulative Shareholding during the year (April 1, 2019 to March 31, 2020)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	**RELIANCE CAPITAL TRUSTEE COMPANY LIMITED (Under different sub accounts)**				
	At the beginning of the year	**58,000,969**	**1.97**		
	Bought during the year	112,343,948	3.82	170,344,917	5.80
	Sold during the year	5,160,415	0.17	165,184,502	5.62
	At the end of the year			**165,184,502**	**5.62**
2	**ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED ##**				
	At the beginning of the year	**50,371,908**	**1.71**		
	Bought during the year	16,917,273	0.57	67,289,181	2.29
	Sold during the year	62,118,434	2.11	5,170,747	0.17
	At the end of the year			**5,170,747**	**0.17**
3	**GOVERNMENT PENSION FUND GLOBAL**				
	At the beginning of the year	**47,746,994**	**1.62**		
	Bought during the year	19,694,007	0.67	67,441,001	2.29
	Sold during the year	8,554,775	0.29	58,886,226	2.00
	At the end of the year			**58,886,226**	**2.00**

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

Sl. No.	Name	Shareholding at the beginning of the year (April 1, 2019)		Cumulative Shareholding during the year (April 1, 2019 to March 31, 2020)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
4	**KUWAIT INVESTMENT AUTHORITY FUND (Under different sub accounts) ##**				
	At the beginning of the year	**45,546,661**	**1.55**		
	Bought during the year	8,509,097	0.29	54,055,758	1.84
	Sold during the year	48,621,908	1.65	5,433,850	0.18
	At the end of the year			**5,433,850**	**0.18**
5	**LIFE INSURANCE CORPORATION OF INDIA / LIFE INSURANCE CORPORATION OF INDIA P & GS FUND**				
	At the beginning of the year	**40,051,842**	**1.36**		
	Bought during the year	17,269,097	0.58	57,320,939	1.95
	Sold during the year	0	0.00	57,320,939	1.95
	At the end of the year			**57,320,939**	**1.95**
6	**MOTILAL OSWAL MUTUAL FUND (Under different sub accounts) ##**				
	At the beginning of the year	**29,695,554**	**1.01**		
	Bought during the year	56,466	0.00	29,752,020	1.01
	Sold during the year	29,691,149	1.01	60,871	0.00
	At the end of the year			**60,871**	**0.00**
7	**SCHRODER INTERNATIONAL SELECTION FUND EMERGING ASIA**				
	At the beginning of the year	**25,359,909**	**0.86**		
	Bought during the year	11,122,841	0.37	36,482,750	1.24
	Sold during the year	0	0.00	36,482,750	1.24
	At the end of the year			**36,482,750**	**1.24**
8	**GENERAL INSURANCE CORPORATION OF INDIA**				
	At the beginning of the year	**23,434,300**	**0.79**		
	Bought during the year	0	0.00	23,434,300	0.79
	Sold during the year	2,000,000	0.06	21,434,300	0.73
	At the end of the year			**21,434,300**	**0.73**
9	**JP MORGAN INDIAN INVESTMENT COMPANY (MAURITIUS) LIMITED ##**				
	At the beginning of the year	**19,953,446**	**0.68**		
	Bought during the year	0	0.00	19,953,446	0.68
	Sold during the year	19,953,446	0.68	0	0.00
	At the end of the year			**0**	**0.00**
10	**VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS**				
	At the beginning of the year	**19,153,067**	**0.65**		
	Bought during the year	94,423	0.00	19,247,490	0.65
	Sold during the year	2,221,493	0.07	17,025,997	0.58
	At the end of the year			**17,025,997**	**0.58**
11	**MIRAE ASSET MUTUAL FUND (Under different sub accounts) $$**				
	At the beginning of the year	**0**	**0.00**		
	Bought during the year	57,518,817	1.95	57,518,817	1.95
	Sold during the year	0	0.00	57,518,817	1.95
	At the end of the year			**57,518,817**	**1.95**

ANNEXURE G TO THE BOARD'S REPORT

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

Sl. No.	Name	Shareholding at the beginning of the year (April 1, 2019)		Cumulative Shareholding during the year (April 1, 2019 to March 31, 2020)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
12	**GOVERNMENT OF SINGAPORE $$**				
	At the beginning of the year	**17,678,321**	**0.60**		
	Bought during the year	27,312,433	0.93	44,990,754	1.53
	Sold during the year	12,468,357	0.42	32,522,397	1.10
	At the end of the year			**32,522,397**	**1.10**
13	**FRANKLIN TEMPLETON MUTUAL (Under different sub accounts) $$**				
	At the beginning of the year	**12,137,385**	**0.41**		
	Bought during the year	27,276,142	0.92	39,413,527	1.34
	Sold during the year	14,520,000	0.49	24,893,527	0.84
	At the end of the year			**24,893,527**	**0.84**
14	**VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND $$**				
	At the beginning of the year	**18,263,736**	**0.62**		
	Bought during the year	3,159,664	0.10	21,423,400	0.73
	Sold during the year	484,137	0.01	20,939,263	0.71
	At the end of the year			**20,939,263**	**0.71**

Not in the Top 10 Shareholders list as on March 31, 2020. The same is provided above as they are in the Top 10 Shareholders list as on April 01, 2019.

$$ Not in the Top 10 Shareholders list as on April 01, 2019. The same is provided above as they are in the Top 10 Shareholders list as on March 31, 2020.

The date-wise increase/decrease in shareholding of the Top Ten Shareholders is available at the website of the Company www.ashokleyland.com. Shareholding is consolidated based on permanent account number of shareholders.

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name	Shareholding at the beginning of the year (April 1, 2019)		Cumulative Shareholding during the year (April 1, 2019 to March 31, 2020)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	**MR. GOPAL MAHADEVAN**				
	At the beginning of the year	**120,000**	**0.00**		
	05/07/2019 - Sold during the year	(112,280)	(0.00)	7,720	0.00
	At the end of the year			**7,720**	**0.00**
2	**MR. VIPIN SONDHI**				
	At the beginning of the year (as on the date of appointment i.e November 8, 2019)	**4,736**	**0.00**		
	At the end of the year			**4,736**	**0.00**

Other Directors and key managerial personnel do not hold any shares in the Company.

VI INDEBTEDNESS

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

Amount in ₹

	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Borrowings
Borrowings at the beginning of the financial year 1.4.2019				
i) Principal Amount	974,369,938	5,356,559,083	-	6,330,929,021
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	6,581,444	25,602,718	-	32,184,162
Total (i + ii + iii)	**980,951,382**	**5,382,161,801**	**-**	**6,363,113,183**
Change in Borrowings during the financial year (Principal Amount)				
Addition	75,738,713,544	63,213,160,635	-	138,951,874,179
Reduction	(62,981,283,482)	(49,466,397,393)	-	(112,447,680,875)
Net Change	**12,757,430,062**	**13,746,763,242**	**-**	**26,504,193,304**
Borrowings at the end of the financial year 31.3.2020				
i) Principal Amount	13,731,800,000	19,103,322,325	-	32,835,122,325
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	10,201,370	27,984,019	-	38,185,389
Total (i+ii+iii)	**13,742,001,370**	**19,131,306,344**	**-**	**32,873,307,714**

VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to MD & CEO and WTD & CFO

Amount in ₹

S. No.	Particulars of Remuneration	Mr. Vipin Sondhi, Managing Director and Chief Executive Officer	Mr. Gopal Mahadevan, Whole time Director and Chief Financial Officer	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961.	19,698,462	44,535,829	64,234,291
	(b) Value of perquisites under Section 17(2) of Income-tax Act, 1961	360,718	-	360,718
2	Commission	-	-	-
	Employee stock option #	-	-	-
3	Others - retirement benefits	2,148,924	1,164,060	3,312,984
	Total (A)	**22,208,104**	**45,699,889**	**67,907,993**
	Ceiling as per the Act@ 10% of profits calculated under Section 198 of the Act			426,354,845

The above figures are on accrual basis.

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

ANNEXURE G TO THE BOARD'S REPORT

B. Remuneration to other Directors

Amount in ₹

S. No.	Particulars of Remuneration	Fee for attending Committee / Board meetings	Commission	Others	Total
	Independent Directors				
1.	Prof. Dr. Andreas H Biagosch	1,220,000	4,000,000	-	5,220,000
2.	Dr. Andrew C Palmer	260,000	3,500,000	-	3,760,000
3.	Mr. Jean Brunol	1,760,000	4,500,000	-	6,260,000
4.	Mr. Jose Maria Alapont	2,380,000	4,700,000	-	7,080,000
5.	Ms. Manisha Girotra	1,160,000	2,500,000	-	3,660,000
6.	Mr. Sanjay K Asher	1,870,000	4,300,000	-	6,170,000
7.	Mr. Saugata Gupta*	500,000	1,500,000	-	2,000,000
	Total (1)	**9,150,000**	**25,000,000**	**-**	**34,150,000**
	Non-Executive Directors				
8.	Mr. Dheeraj G Hinduja, Chairman	1,650,000	10,000,000	-	11,650,000
	Total (2)	**1,650,000**	**10,000,000**	**-**	**11,650,000**
	Total (1) + (2) Managerial remuneration	**10,800,000**	**35,000,000**	**-**	**45,800,000**
	Ceiling for commission as per the Act (@1% of the profits calculated under Section 198 of the Act)				**42,635,484**

The above remuneration excludes reimbursement of travel and other expenses incurred for the Company's business / meetings.

* Appointed with effect from November 8, 2019.

C. Remuneration to Key Managerial Personnel other than MD & CEO and WTD & CFO

Amount in ₹

S. No.	Particulars of Remuneration	Mr. N Ramanathan, Company Secretary
1	Gross salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961.	17,883,749
	(b) Value of perquisites under Section 17(2) of Income-tax Act, 1961	174,357
2	Commission	-
	Employee stock option	-
3	Others - retirement benefits	445,122
	Total (A)	**18,503,228**

VIII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

There were no penalties/punishments/compounding of offences for the year ended March 31, 2020.

On behalf of the Board of Directors

London
June 25, 2020

Dheeraj G Hinduja
Chairman

ANNEXURE H TO THE BOARD'S REPORT

To

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

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

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

Place : Chennai
Date : June 25, 2020

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

Form No. MR-3
SECRETARIAL AUDIT REPORT

For the Financial Year ended March 31, 2020

[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, 2020, 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, 2020, 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 thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; The Forms DI under the FEMA regulations for indirect investments were filed belatedly with late submission fee and were taken on record by the Reserve Bank of India.

(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

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

a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018

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

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

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

(vii) In addition to the compliance with Factory and Labour Laws as is applicable to a factory, based on the study of the systems and processes in place and a review of the reports of (1) the heads of the Departments; (2) Occupier/Manager of the factories located in Ennore, Sriperumbudur; Hosur (3 units), Bhandara, Alwar, Pantnagar, Vellivoyalchavadi which manufacture Automobiles and Spare Parts; (3) the compliance reports made by the functional heads of various departments which are submitted to the Board of Directors of the Company; (4) a test check on the licences and returns made available on other applicable laws, (5) Management representation letter given by the Company, I report that the Company has complied with the provisions of the following industry specific statutes and the rules made there under as well as other laws to the extent it is applicable to them:

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

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

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

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

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

I further report that

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

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

Place : Chennai
Date : June 25, 2020

B. CHANDRA
ACS No.: 20879, C P No.: 7859
UDIN : A020879B000379479

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

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

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

2. **Composition of the CSR Committee**

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

   ii) Ms. Manisha Girotra, Independent Director

   iii) Mr. Sanjay K Asher, Independent Director

   The Committee met on May 23, 2019, July 30, 2019 and on February 11, 2020 during the year under review.

3. **Average net profit of the Company for the last three financial years:** ₹ 2,145.42 Crores

4. **Prescribed CSR Expenditure (2% of the average net profit of the last three financial years):** ₹ 42.91 Crores

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

   a) Total amount spent for the financial year: ₹ 41.52 Crores

   b) Amount unspent, if any: ₹ 11.59 Crores (includes previous financial year)

   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: The Company would be meeting its CSR obligations during financial year 2020-21, including the amount unspent to the tune of ₹ 11.59 Crores (including previous financial year) in line with the progress of the relevant projects.

   Manner in which amount spent during the financial year 2019-20 is detailed below:

(₹ in Crores)

S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount Outlay (Budget) Project or Program wise	Amount Spent on the project or programs	Cumulative Expenditure upto reporting period	Amount spent: Direct or through implementing agency (If through an agency, details of the same)
1.	Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	Health	Hosur, Chennai, Namakkal, Kolli hills	15.64	10.86	10.86	Direct Learning Links Foundation and Rhaspody Music
2.	Promoting education including special education and employment enhancing vocation skills especially among children, women, elderly and differently abled and livelihood enhancement projects.	Education	Hosur, Chennai, Namakkal, Kolli hills Alwar, Bhandara, Vijayawada	26.86	22.14	22.14	Direct Learning Links Foundation and Rhaspody Music

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

Manner in which amount spent during the financial year is detailed below: (contd.)

(₹ in Crores)

S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount Outlay (Budget) Project or Program wise	Amount Spent on the project or programs	Cumulative Expenditure upto reporting period	Amount spent: Direct or through implementing agency (If through an agency, details of the same)
3.	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animals' welfare, agro forestry, conservation of natural resources and maintaining equality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.	Environment	Hosur, Thiruvallur, Namakkal and Salem. Pant Nagar, Udham Sigh Nagar District Bhimtal Okhalkanda Taluks of Nainital Dist. Alwar Dist. Bhandara	8.40	4.68	4.68	Hinduja Foundation Direct
4.	Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts	For promoting national heritage, art/culture			0.05	0.05	Direct
5.	Measures for the benefit of armed forces veterans, war widows and their dependents	Measures for the benefit of armed forces veterans, war widows and their dependents			0.05	0.05	Direct
6.	Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports.	Sports Development	Hosur, Chennai, Namakkal, Kolli hills	2.21	2.05	2.05	Direct

ANNEXURE I TO THE BOARD'S REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

Manner in which amount spent during the financial year is detailed below: (contd.)

(₹ in Crores)

S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount Outlay (Budget) Project or Program wise	Amount Spent on the project or programs	Cumulative Expenditure upto reporting period	Amount spent: Direct or through implementing agency (If through an agency, details of the same)
7.	Contribution to the prime minister's national relief fund or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women	Contribution to PM Relief Fund			0.10	0.10	Direct
	Sub-Total			**53.11**	**39.92**	**39.92**	
	Overheads for various CSR initiatives				1.60	1.60	
	TOTAL CSR Spend				**41.52**		

6. **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.

Vipin Sondhi
Managing Director and Chief Executive Officer

New Delhi
June 25, 2020

Dheeraj G Hinduja
Chairman

London
June 25, 2020

ANNEXURE J TO THE BOARD'S REPORT

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

S. No.	Particulars	AL ESOP 2016
(i)	**Details of AL ESOP 2016**	
	a) Date of 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 4,268,815 stock options to 14,229,383 stock options approved by the members through postal ballot voting on January 16, 2017. (ESOP -2)
	b) Total Number of options approved	14,229,383
	c) Vesting requirements	The options would vest over a maximum period of five years or such other period(s) as may be decided by the Board of Directors / Nomination and Remuneration Committee ("NRC").
	d) Exercise Price /Pricing formula	(i) 2,845,875 options shall be exercised at ₹ 80/- per option (ii) 7,454,000 options shall be exercised at ₹ 1/- per option. (iii) 2,000,000 options shall be exercised at ₹ 83.50/- per option. (iv) 1,000,000 options shall be exercised at ₹ 109/- per option.
	e) Maximum term of option granted	The options would vest over a maximum period of five years or such other period(s) as may be decided by the Board / NRC.
	f) Source of shares (Primary, Secondary or Combination)	Primary
	g) Variation in terms of options	NIL
(ii)	**Method used to account for ESOP**	
	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 2019-20 is ₹ 4.15 crores	
(iii)	**Option movement during the year**	
	Number of options outstanding at the beginning of year	2,600,000
	Number of options granted during the year (grant price)	-
	Number of options vested during the year	600,000
	Number of options exercised during the year	-
	Number of shares arising as a result of exercise of options	-
	Money realised by exercise of options	-
	No. of options outstanding at the end of the year	2,600,000
	Number of options exercisable at the end of the year	600,000

(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 (₹)**
	Grant-1	80.00	37.43
	Grant-2	1.00	80.04
	Grant-3	83.50	57.42
	Grant-4	109.00	55.47
(v)	**Options granted during the year**		
	a) Name of the employee	**Designation**	**Number of options granted**
	-	-	-
	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

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

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	**GRANT - 1**	**GRANT - 2**	**GRANT - 3**	**GRANT - 4**
	a) The weighted-average values of share price	76.45	86.55	106.85	118.30
	b) Exercise Price (₹)	80.00	1.00	83.50	109
	c) Expected volatility	33.8% to 43.2%	38.5%	37.70% to 42.90%	37.52% to 39.70%
	d) Expected option life	6-10 years	6-10 years	6-10 years	6-10 years
	e) Expected dividends (%)	1.31	1.16	1.46	2.05
	f) The risk-free interest rate	6.65% to 6.78%	6.42%	6.44% to 6.66%	7.42% to 7.58%
	g) The method used and the assumptions made to incorporate the effects of expected early exercise;	NA	NA	NA	NA
	h) How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	Based on Historical share price volatility.			
	i) Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as market condition	Yes. Based on Management's best estimate for the effects of non-transferability, exercise restrictions and behavioral considerations.			

(2) The Ashok Leyland Employee Stock Option Plan, 2018 ("AL ESOP 2018") of your Company is in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014 ("the Regulations") and the details as per the Regulations are as under:

S. No.	Particulars	AL ESOP 2018
(i)	**Details of AL ESOP 2018**	
	a) Date of the shareholder's approval	Issue of 50,000,000 stock options was approved by the members through postal ballot dated January 28, 2019.
	b) Total Number of options approved	50,000,000
	c) Vesting requirements	The minimum Vesting Period of the Options granted pursuant to AL ESOP 2018 shall be one year from the date of Grant and could be different for different Employees as more particularly set forth in the Grant. The vesting of Stock Options could also be contingent on achievement of certain performance conditions more particularly set forth in the Grant. The maximum period within which the Options shall be vested under the Scheme shall be six years from the date of the Grant or such other period as may be decided by the NRC from time to time.
	d) Exercise Price /Pricing formula	Exercise price shall be decided by the NRC, subject to a minimum of the face value.
	e) Maximum term of option granted	The minimum Vesting Period of the Options granted pursuant to AL ESOP 2018 shall be one year from the date of Grant and could be different for different Employees as more particularly set forth in the Grant. The vesting of Stock Options could also be contingent on achievement of certain performance conditions more particularly set forth in the Grant. The maximum period within which the Options shall be vested under the Scheme shall be six years from the date of the Grant or such other period as may be decided by the NRC from time to time.
	f) Source of shares (Primary, Secondary or Combination)	Primary
	g) Variation in terms of options	NIL
(ii)	**Method used to account for ESOP**	
	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 2019-20 is ₹ 11.91 crores.	

ANNEXURE J TO THE BOARD'S REPORT

(2) The Ashok Leyland Employee Stock Option Plan, 2018 ("AL ESOP 2018") of your Company is in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014 ("the Regulations") and the details as per the Regulations are as under: (contd.)

S. No.	Particulars	AL ESOP 2018	
(iii)	**Option movement during the year**		
	Number of options outstanding at the beginning of year	13,100,000	
	Number of options granted during the year	7,010,000	
	Number of options vested during the year	-	
	Number of options exercised during the year	-	
	Number of shares arising as a result of exercise of options	-	
	Money realised by exercise of options	-	
	No. of options outstanding at the end of the year	20,110,000	
	Number of options exercisable at the end of the year	-	
(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 (₹)**
	Grant - 1	91.40	40.19
	Grant - 2	82.90	38.58
(v)	**Options granted during the year**		
	a) Name of the employee	**Designation**	**Number of options granted**
	Mr. Vipin Sondhi	MD&CEO	7,010,000
	b) Any other employee who receives a grant in any one year of options amounting to 5% or more of options granted during that year - NIL		
	c) Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant - NIL		
(vi)	**Method and significant assumptions used during the year to estimate the fair value of options including the following information:**		
	Particulars	**GRANT - 1**	**GRANT - 2**
	a) The weighted-average values of share price (₹)	91.40	82.90
	b) Exercise Price (₹)	91.40/-	82.90/-
	c) Expected volatility	37.40% to 40.48%	37.91% to 39.68%
	d) Expected option life	9-11 years	9-11 years
	e) Expected dividends (%)	2.66	2.07
	f) The risk-free interest rate	7.19% to 7.29%	6.38% to 6.47%
	g) The method used and the assumptions made to incorporate the effects of expected early exercise;	Binomial Model	
	h) How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	Based on historical share price volatility	
	i) Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as market condition	Yes. Based on Management's best estimate for the effects of non-transferability, exercise restrictions and behavioral considerations.	

ANNEXURE K TO THE BOARD'S REPORT
BUSINESS RESPONSIBILITY REPORT

INTRODUCTION

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

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. **Corporate Identity Number (CIN) of the Company:** L34101TN1948PLC000105
2. **Name of the Company:** Ashok Leyland Limited
3. **Registered address:** No. 1, Sardar Patel Road, Guindy, Chennai - 600 032
4. **Website:** www.ashokleyland.com
5. **E-mail id:** secretarial@ashokleyland.com
6. **Financial Year reported:** April 1, 2019 to March 31, 2020
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	Manufacture of chassis fitted with engines for the motor vehicles included in this class.
29104	Manufacturer of Motor vehicle engines
29109	Manufacture of motor vehicles n.e.c
2920	Manufacturer of bodies (coachwork) for motor vehicles

8. **List three key products/services that the Company manufactures/provides (as in Balance sheet)**
   a) Medium and Heavy Commercial Vehicles
   b) Light Commercial Vehicles
   c) Power Solution Systems
9. **Total number of locations where business activity is undertaken by the Company**
   a) **Number of International locations (provide details of major 5):**

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

   b) **Number of National locations:**

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

      Technical Centre: Vellivoyalchavadi, (Tamil Nadu).

   c) **Markets served by the Company:**
      i. Pan India across all states in India.
      ii. SAARC - Sri Lanka, Bangladesh, Nepal, Maldives & Bhutan
      iii. GCC - UAE, Oman, Saudi Arabia, Qatar, Kuwait, Bahrain
      iv. AFRICA
         a. NORTHERN AFRICA - Morocco
         b. SOUTHERN AFRICA - Mozambique, Angola, Malawi, Zambia, Zimbabwe, Botswana, Mauritius
         c. EASTERN AFRICA - Kenya, Tanzania, Uganda, Ethiopia, Seychelles, Madagascar
         d. WESTERN AFRICA - Ivory Coast, Nigeria, Ghana, Burkina Faso, DR Congo, Gambia, Mali, Senegal, Sierra Leone
      v. CIS countries - Russia, Ukraine
      vi. ASEAN - Thailand (Defence), Vietnam (aggregate kits).

SECTION B: FINANCIAL DETAILS OF THE COMPANY

S. No.	Particulars	FY 2019-20 Standalone (₹ in crores)	FY 2018-19 Standalone (₹ in crores)
1.	Paid-up capital	293.55	293.55
2.	Total Turnover	17,590.81	29,164.89
	(a) Revenue from operations	17,467.67	29,054.95
	b) Other income (net)	123.34	109.94
3.	Profit After Tax	239.52	1,983.20

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

   The Company has spent to the tune of ₹ 41.52 crores towards CSR activities during financial year 2019-20.

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

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

SECTION C: OTHER DETAILS

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

   The Company has 22 Subsidiaries, 5 Associates and 2 Joint ventures as on March 31, 2020.

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.

ANNEXURE K TO THE BOARD'S REPORT
BUSINESS RESPONSIBILITY REPORT

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

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

SECTION D: BR INFORMATION

1) Details of Director/Directors responsible for BR

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

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

S. No.	Name of the Director	Category
1	Mr. Dheeraj G Hinduja	Non- Executive Chairman
2	Ms. Manisha Girotra	Independent Director
3	Mr. Sanjay K Asher	Independent Director

b) Details of the BR Head:

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

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

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

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

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

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

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

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

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

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

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

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

ANNEXURE K TO THE BOARD'S REPORT
BUSINESS RESPONSIBILITY REPORT

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

Principles No.	Name of the Policy	Link
Principle 1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability (Ethics, transparency, accountability)	Whistle Blower Policy	
Principle 2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle (Safe and sustainable goods and services)	Sustainability Policy Environment Policy Quality Policy	
Principle 3 Businesses should promote the wellbeing of all employees (Wellbeing of employees)	Sustainability Policy Occupational Health Safety Policy	
Principle 4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized (Responsiveness to all Stakeholders)	CSR Policy Sustainability Policy	https://www.ashokleyland.com/en/policies
Principle 5: Businesses should respect and promote human rights (Promoting Human Rights)	Code of Conduct Sustainability Policy Whistle Blower Policy	
Principle 6 Business should respect, protect, and make efforts to restore the environment (Protecting the Environment)	Environment Policy Sustainability Policy	
Principle 7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner (Responsible Policy Advocacy)	Code of Conduct Whistle Blower Policy	
Principle 8 Businesses should support inclusive growth and equitable development (Supportive Inclusive development)	Sustainability Policy CSR Policy Code of Conduct	
Principle 9 Businesses should engage with and provide value to their customers and consumers in a responsible manner	Code of Conduct Quality Policy	

ANNEXURE K TO THE BOARD'S REPORT
BUSINESS RESPONSIBILITY REPORT

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

3) Governance related to BR

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

3-6 months. Please refer "Corporate Governance" section of the Company's Annual Report for the year 2019-20 for details of the various committees and their responsibilities

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

Yes. The Company publishes Sustainability Report in accordance with GRI Standards, which has information in detail, about all the Principles.

SECTION E: PRINCIPLE WISE PERFORMANCE

Principle 1: Ethics, Transparency and Accountability

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

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

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

We have a whistle blower policy and is fundamental to the Company's professional integrity. In addition, it reinforces the value the Company places on staff to be honest and respected members of their individual professions. The 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 2019-20:

Subject Matter of Complaints	Pending as on March 31, 2019	Letters Received	Letters replied/ completed	Pending as on March 31, 2020
Non-receipt of Certificate	-	77	77	-
Non-Receipt of Dividend	-	75	75	-
Non-Receipt of Annual Report	-	41	41	-
Transfer of shares	-	1	1	-
Change of name in Share Certificates	-	1	1	-
Procedure for transmission of shares	-	3	3	-
Loss of Share Certificates	-	2	2	-
Refund of shares from IEPF Authority	-	1	1	-
Issue of Duplicate Share Certificate	-	1	1	-
Total	**-**	**202**	**202**	**-**

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

ANNEXURE K TO THE BOARD'S REPORT
BUSINESS RESPONSIBILITY REPORT

Principle 2: Product Life Cycle Sustainability

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

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

Following are the major products that we launched during 2019-20.

a) **12m 225 i-EGR Bus**

The 12m TF 2312 Bus is powered by 225 hp i-EGR H series engine best suited for intercity segment especially in sleeper application. This bus uses rubber ended leaf springs in the front and air suspension in the rear thereby offers superior ride comfort to its passengers.

b) **Partner LHD**

The next generation Partner in LHD version is built to be a reliable vehicle for the Middle East catering to a wide range of applications. It comes equipped with a powerful ZD30 engine that guarantees competitive fuel efficiency and faster turn-around time, and performs at par with global standards. The cabin is safe, modern and comfortable, and comes with ergonomic interiors along with HVAC options, providing a superior ride comfort.

c) **Oryx 4X4**

Oryx 4X4 is a rigged off-road utility vehicle for deep desert oil field transportation of passengers and equipment. Built to perform in the most rugged desert terrains, the GSO certified vehicle offers excellent stability and conforms to tough safety standards. It is powered by H Series 230 hp engine which ensures good performance and faster turn-around time. The interior is comfortable and comes equipped with high power air conditioning for extreme conditions.

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

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

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

We continue to closely work with our suppliers and vendors to reduce the environmental impacts during procurement. There has been a continuous focus on reducing usage of wood and other non-biodegradable material which contributes towards sustainable environment.

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

The Company is continuously working towards improving fuel efficiency, in reduction of energy usage by consumers, but tracking such reduction is not possible as it is highly dependent on individual customers driving habits. We ensure that our operations are energy efficient and have low environmental impact.

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

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

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

Yes. We have a very strong 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 and reuse concept) on in the manufacturing processes. To optimize 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 authorized scrap dealers & further it is recycled & reused by them. The waste water generated from our operations are recycled & reused for domestic and industrial applications. We emphasize 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:** 12,005 (Executives, Trainees, Consultant, Associates)
2) **Total number of employees hired on temporary/contractual/ casual basis:** 10,951 (AL+AL FD)
3) **Total number of permanent women employees:** 336 Executives and 113 Trainees
4) **Please indicate the number of permanent employees with disabilities:** 80
5) **Do you have an employee association that is recognized by management?**

   Yes. All our manufacturing locations except Pantnagar have Unions recognised by the management.
6) **Percentage of your permanent employees is members of this recognized employee association?** 49.11%
7) **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the of the financial year :** 2 sexual harassment cases (contract labour) received and closed.

ANNEXURE K TO THE BOARD'S REPORT
BUSINESS RESPONSIBILITY REPORT

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

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

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

PRINCIPLE 4: Stakeholder Engagement

1) Has the Company mapped its internal and external stakeholders?

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

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

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

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

We believe that education is the most powerful tool for social and economic transformation. The main initiative is "The Road to School Project" a holistic child development initiative focused on improving learning outcomes with both scholastic and co-scholastic interventions. The project also focuses on comprehensive Health care, hygiene, wellness and nutritious daily breakfast program for all the students studying in the Government Primary and middle schools where Road to School project is being implemented. In the year 2019-20, the Ashok Leyland Road to School project has been scaled up to 714 schools. As part of our 70th anniversary celebrations, we rejuvenated 7 lakes to help the local community.

We have initiated various water projects across the country i.e. purified drinking water ATMs, rejuvenation / restoration of Himalayan Springs in Uttarakhand, solid & liquid waste management near Pantnagar Plant in Uttarakhand, Lake rejuvenations - Hosur & Bhandara and Sustainable Water Management Projects in Alwar. These water projects were carried out under our **"Jal Jeevan Programme"**.

19 Water ATMs benefitting 72,000 people.

- Rejuvenation & Restoration of 2 Lakes benefitting 9,000 people.
- Restoration of 15 Himalayan Springs and Rain Water Harvesting benefitting 1,000 people.
- 14,660 Plants were planted along the spring areas.
- Solid & Liquid waste management benefitting 7,500 people.

PRINCIPLE 5: Human Rights

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

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

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

There have been no cases of discrimination and human right breaches during the reporting period.

PRINCIPLE 6: Environmental

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

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

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

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

Efforts from plant operations:

- Energy conservation (both electricity & thermal) activities across all the plants
- Procurement of green electricity (wind mill) & installation of solar panels
- Scope 1 emission reduction through lesser emission fuels such as propane & LPG instead of diesel

- Mass plantation of saplings
- Water conservation projects (water consumption reduction is equivalent to emission reduction)
- Migration into R134 refrigerant gas from R22 gas in the chillers & A/c

Effort from product:

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

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

Yes. Stringent vehicular emission norms, fluctuating fuel prices coupled with Global climate change, are the key business risks for the automobile industry. Water is identified as one of the foremost environmental risk and we are working on RWH projects. We have an Environmental Management System in place to identify and assess potential environmental risks arising from our operations. To mitigate these risks, we at Ashok Leyland continue our focus on a `green approach' and have initiated several measures in adding green cover across our manufacturing plants, water harvesting, recycling, and introducing alternative sources of energy such as solar power etc.

4) Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof. Also, if yes, whether any environmental compliance report is filed?

We are committed to complying fully with all applicable environmental laws and regulations that are imposed by Ministry of Environment and Forest & Climate Change (MoEFCC) and Central/ State Pollution Control Board.

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

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

- Green power utilisation (Wind & Solar), lower emission fuels (Product: Cleaner technology - BS IV (*i* EGR), EV, CNG. Development of BS VI engines.
- **Process:** Cleaner technology - Energy & water conservation, using the hazardous waste as alternate fuel & materials, Recycling & reusing the water, CFC free chillers & A/Cs.
- Installed energy efficient equipment - Heat pumps, Energy efficient motors, installation of VFDs, LED lights, turbo ventilators etc.
- **Renewable energy:** Wind energy, solar power.
- **Energy Management:** Our energy approach centers work on maximizing efficiency and reducing energy wastage. Being part of an energy intensive sector, we continuously strive to manage our energy needs responsibly and seek opportunities to improve efficiency. Our energy needs are met by a mix of High Speed Diesel (HSD), Liquefied Petroleum Gas (LPG) and electricity. We also focus on increasing our share of renewable energy in our overall energy mix. We source wind power from external source at our Hosur and Ennore plants. We also utilize energy produced from biomass.
- **Water Management:** AL is a Water Positive Company certified by DNV GL. Ground water Consumption has been minimized across all manufacturing units by implementing Rainwater Harvesting and other water efficiency Improvements. We are committed to minimize our water footprint and reduce the freshwater consumption by reusing as much water as possible in our processes. Our primary sources of water supply for the operational use are ground water, surface water, purchased water, municipal supply. We have taken several initiatives such as rainwater harvesting, water recycling, etc. to reduce our specific water consumption year on year. All our manufacturing sites are Zero Liquid Discharge (ZLD) facilities and we regularly reuse/ recycle treated wastewater for gardening. All our plants have rainwater harvesting arrangements.
- **Biodiversity:** The Afforestation was undertaken towards enhancing biodiversity. About 47240 trees were planted in 15583 sqm (20 locations) in a phased manner so far in FY20. Total tree plantations inside and outside plants in FY20 is 64,751 Nos. We put every effort to protect it through various initiatives. We have developed water bodies through water-run off and carried out tree plantation at our manufacturing sites. We nurture more than 6,00,000 trees and saplings within our campus. We make sincere efforts to cultivate these saplings and ensure a high survival rate. Our activities at various sites have attracted a variety of migratory birds and also provided a home to different avian fauna like ducks, peacocks etc. The pond also acts as a conducive place for breeding of fishes & turtles. Our initiatives have also led to the forming of good & safe habitats for Neel Gay, Rozary and species of Deer, Rabbits etc.
- **Waste Management:** We constantly endeavor to minimize waste generation at the source and ensure responsible waste disposal. At our sites, we are committed to 'Zero Waste to landfill' and thus, we incessantly strive to recycle and reuse our waste through various initiatives such as co-processing, stabilization of ETP sludge, etc. Non-hazardous wastes such as packaging material and scrap are recycled and reused. Waste elimination is one of the most effective ways to increase the profitability of any business. All efforts are made to eliminate waste at source, we ensure that the waste generated from our operations are disposed off in an environmentally sound manner and as per the regulatory requirements.

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

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

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

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

ANNEXURE K TO THE BOARD'S REPORT
BUSINESS RESPONSIBILITY REPORT

PRINCIPLE 7: Policy Advocacy

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

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

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

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

PRINCIPLE 8: Inclusive Growth

1) **Does the Company have specified programmes/initiatives/ projects in pursuit of the policy related to Principle 8? If yes details 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, hygiene and nutrition issues; as well as working with the local authorities in strengthening infrastructure requirements of the school in the schools that we have chosen to work in remote areas.

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

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

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

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

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

For our Road to School initiative, we launched a customized Learning Enhancement and Practice (LEAP) content and worksheets for children in order to bridge 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 DNV GL. The CSR project of Ashok Leyland was awarded BIMTECH award for best CSR initiative at NHRD CSR Summit in Bengaluru and the Manufacturing Today - Excellence in CSR award for the second year consecutively.

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 ₹ 41.52 crores. For details please refer to Annual Report 2019-20.

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.

PRINCIPLE 9: Customer Value

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

Customer complaints:

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

Consumer Cases: As of March 31, 2020, around 65% of our cases have been resolved.

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

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

3) **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour 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 had passed an exparte order upholding an objection raised by a third party with regard to certain statements appearing in Ashok Leyland website. AL had sought a review of the exparte order and had sought a personal hearing. In the meantime, without prejudice to AL's rights and remedies, AL has modified the statements made in the Ashok Leyland website. The modified statement in the Ashok Leyland website was again objected by the third party. We provided data in support of our modified statement in our website to ASCI. After review, the Consumer Complaints Council concluded that our modified statement in the website is not considered to be objectionable and the complaint by the third party was not upheld.

In another case, a customer had filed a consumer complaint alleging manufacturing defect and claimed compensation from AL as manufacturer. The complaint was later filed before Unfair Trade Practices Board which was later constituted as Competition Tribunal and Competition Appellate Tribunal. This complaint has been dismissed by the Competition Appellate Tribunal.

The customer has filed an appeal before the Hon'ble Supreme Court, which is pending as on end of financial year.

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

We have several market and customer facing initiatives which ensures active communication and engagement, such as call centers, dealer showrooms, service centers and customer service camps etc. We also carry out regular surveys with the dealers/customers. The Customer Service Satisfaction Index (CSI) has improved from 699 (in 2016-17) to 745 (in 2018-19). In view of the ongoing BS VI transition the CSI survey has been deferred to the next financial year (in 2020-21).

STANDALONE FINANCIAL STATEMENTS

Standalone

INDEPENDENT AUDITORS' REPORT

To the Members of Ashok Leyland Limited

Report on the audit of the Standalone Ind AS financial statements

Opinion

1. We have audited the accompanying Standalone Ind AS financial statements of **Ashok Leyland Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Loss), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and Total Comprehensive Income (comprising of profit and other comprehensive loss), changes in equity and its cash flows for the year then ended.

Basis for opinion

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

Emphasis of Matter

4. We draw your attention to Note 3.19 of the Standalone Ind AS financial statement which explains the uncertainties and the management's assessment of the financial impact due to lockdowns and other restrictions and conditions related to the COVID - 19 pandemic situation, for which a definitive assessment of the impact in the subsequent period is highly dependent upon circumstances as they evolve.

   Our opinion is not modified in respect of this matter.

Key audit matters

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

Key audit matter description	How our audit addressed the key audit matter
I. Impairment	
a. Carrying value of Investments in equity instruments of subsidiaries, joint ventures and associates **(Refer to Note 1B.17, Note 1B.11 and Note 1C to the Standalone Ind AS financial statements regarding the recognition, valuation and disclosure methods of equity instruments in subsidiaries, joint ventures and associates, 'Impairment Losses' and 'Critical accounting judgements and key sources of estimation uncertainty' respectively)** In the Standalone Ind AS financial statements of the Company, the gross carrying value of equity investments in subsidiaries, joint ventures and associates is ₹ 3,452.51 crores against which a cumulative provision for impairment of ₹ 1,025.29 crores is outstanding as at March 31, 2020. Determination of carrying value of investments is a key audit matter as the amounts are significant to the financial statements and the determination of recoverable value and/or impairment assessment involves significant management judgement. The key inputs and judgements involved in the model for impairment assessment of investments include future cash flows of the respective entities, the discount rate and the long-term growth rates used.	As part of our audit, our procedures included the following: • We obtained an understanding and assessed the design, implementation and operating effectiveness of management's relevant internal controls to identify whether there are any indicators of impairment and where such indicators exists, the method by which the recoverable amount is determined by the management. Specifically, we focused on management controls to conclude on the appropriateness of future cash flows (including terminal cash flow) and key assumptions used in arriving at the recoverable amount and fair value, as applicable. • We evaluated the following: - terminal growth rate by comparing with the long-term outlook based on the relevant macroeconomic outlook for the geography in which the entities are operating. - discount rate by comparing it with an independently calculated discount rate. - budgets considering growth and other cash flow projections provided by the Company's management and compared these with the actual results of earlier years to assess the appropriateness of forecast. - the competence, capabilities and objectivity of the management's expert involved in the valuation process.

Key audit matter description	How our audit addressed the key audit matter
b. Fair value of investment in other equity instruments **(Refer to Note 1B.17 and Note 1C to the Standalone Ind AS financial statements regarding the recognition, valuation and disclosure methods of equity instruments in others' and 'Critical accounting judgements and key sources of estimation uncertainty' respectively)** In the Standalone Ind AS financial statements of the Company, equity investments in others is ₹ 203.21 crores valued at fair value on a recurring basis, and where no listed price in an active market is available. The valuation of these other equity instruments is a key audit matter as the determination of fair value involves significant management judgement as no active market, observable inputs are available. The key inputs and judgements involved in the model for fair value assessment of investments include future cash flows of the respective entities, the discount rate and the long-term growth rates used. **c. Carrying value of the net assets of cash generating unit (including goodwill) of Light Commercial Vehicle business** **(Refer to Note 1B.11 and Note 1C to the Standalone Ind AS financial statements regarding the 'Impairment Losses' and 'Critical accounting judgements and key sources of estimation uncertainty' on the recognition, valuation and disclosure methods respectively)** In the Standalone Ind AS financial statements of the Company, the carrying value of net assets of cash generating unit (including goodwill) of the Light Commercial Vehicle business ('LCV') is ₹ 690.65 crores as at March 31, 2020. As per Ind AS 36, Impairment of Assets, the Company is required to assess annually impairment of goodwill acquired in business combination. The carrying value of net assets of cash generating unit (including goodwill) of LCV business is a key audit matter due to the amount involved and the underlying complexity of the measurement model. The key inputs and judgements involved in the carrying value assessment of LCV business include future cash flows of the business, the discount rate and the long-term growth rates used.	• We along with the auditors' experts evaluated the appropriateness of the measurement model and reasonableness of key assumptions like terminal growth rate, discount rate. • We performed sensitivity tests on the model by analysing the impact of using other possible growth rates and discount rates within a reasonable and foreseeable range. • We evaluated the adequacy of the disclosures made in the Standalone Ind AS financial statements. • Based on the above procedures performed, we did not identify any significant exceptions in the management's assessment in relation to the carrying value of equity investments in subsidiaries, joint venture, and associates; carrying value of net assets of LCV business; and that of fair value of investment in other equity instruments.
II. Assessment of provision for warranty obligations	
(Refer to Note 1B.14, Note 1.20, Note 1.29 and Note 1C to the Standalone Ind AS financial statements regarding the 'Provisions– Warranties' for recognition and valuation methods, Non-Current Provisions and Current Provisions respectively, and 'Critical accounting judgements and key sources of estimation uncertainty – Provision for product warranty' respectively) In the Standalone Ind AS financial statements, the Company has recognised a provision of ₹ 312.76 crores for warranty obligations as on March 31, 2020.	As part of our audit, our procedures included the following: • We obtained an understanding and assessed the design, implementation and operating effectiveness of management's relevant internal controls with regards to the appropriateness of recording of warranty claims, provisioning of warranty, and the periodic review of provision created. • We also involved our auditors' specialist to verify the appropriateness of the process and controls around IT systems as established by the management. Specifically, we focused on controls around periodic review of warranty provision and that around the appropriateness and adequacy of provision.

Key audit matter description	How our audit addressed the key audit matter
We determined this matter as key audit matter since the product warranty obligations and estimations thereof are determined by management using a model which incorporates historical information on the type of product, nature, frequency and average cost of warranty claims, the estimates regarding possible future incidences of product failures and discount rate. Changes in estimated frequency and amount of future warranty claims can materially affect warranty expenses.	• We evaluated the model used by the management for provisioning of warranty to evaluate on the appropriateness of the methodology followed by the management and the mathematical accuracy of the model. To this effect we evaluated the following: - the inputs to the model were verified on a sample basis with historical cost inputs on actual claims incurred and historical sales data of the Company. - we compared the amount of provisions from prior year with actual claims processed during the period, in order to verify the reasonableness of the forecast. - the discount rate used for arriving at the present value of obligation was verified for reasonableness and the mathematical accuracy of the present value of the obligation was verified. Based on the above procedures performed, we consider the provision for warranty obligations to be reasonable.
III. Capitalisation of Internally Generated Intangible Assets (ITA) and Intangible Under Development (ITUD):	
(Refer to Note 1B.10, Note 1B.11, and Note 1C to the Standalone Ind AS financial statements regarding the recognition, amortisation of Intangible Asset, ‘Impairment Losses’ and ‘Critical accounting judgements and key sources of estimation uncertainty’ respectively) The Company has capitalised ₹ 655.37 crores of intangibles (developed technical knowhow) during the year and has an amount of ₹ 173.17 crores under development as at March 31, 2020 for new vehicle technology relating to design, emission and other intangible assets. The appropriateness of ITA and ITUD capitalised is a key audit matter due the judgement involved in assessing if the cost meets the capitalisation criteria, dependency of the business on the assets capitalised/ under capitalisation and key assumptions used in the measurement model for impairment. The measurement model used for review of impairment of these ITA depends largely on management's assessment with regard to the appropriateness of estimated future cash flows and the discount rates used. Hence, there are significant estimates and judgements involved in determining the above.	As part of our audit, our procedures included the following: • We obtained an understanding and assessed the design, implementation and operating effectiveness of relevant internal controls with regard to the classification of development expenditure and their capitalisation and evaluation of impairment for internally generated intangible assets; • We confirmed that the development projects for intangible assets and its impairment assessment were approved by the committee appointed by the Board; • Tested the capitalisation of project related expenses incurred during the year with underlying documents relating to material costs, directly attributable overheads, designing cost, software expenses, testing charges and employee hours incurred to verify existence and appropriateness of classification of research and development; • With regard to the impairment assessment model, we evaluated the following: - discount rate by comparing it with an independently calculated discount rate; - budgets considering growth and other cash flow projections provided by the Company’s management; - the competence, capabilities and objectivity of the management personnel involved in the valuation process; • We along with the auditors’ experts evaluated the appropriateness of the measurement model and reasonableness of key assumption like discount rate. • We performed sensitivity tests on the model by analysing the impact of using other possible growth rates and discount rates within a reasonable and foreseeable range. • We evaluated the adequacy of the disclosures made in the Standalone Ind AS financial statements. • Based on the above procedures performed, we did not identify any significant exceptions in the management’s assessment in relation to the capitalisation of ITA and ITUD.

Other Information

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

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

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

   We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

15. 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 loss), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

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

    (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

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

        (ii) The Company has long-term contracts including derivative contracts as at March 31, 2020 for which there were no material foreseeable losses;

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

        (iv) The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.

16. 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.

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

A.J.Shaikh
Partner
Membership Number: 203637
UDIN: 20203637AAAACF2118

Bengaluru
June 25, 2020

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 15 [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, 2020

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

1. We have audited the internal financial controls with reference to financial statements of Ashok Leyland Company ("the Company") as of March 31, 2020 in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, 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. (Also refer paragraph 4 of the Independent Auditors' Report)

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

A.J.Shaikh
Partner
Membership Number: 203637
UDIN: 20203637AAAACF2118

Bengaluru
June 25, 2020

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 14 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, 2020

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

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

(c) According to the information and explanations given to us and the records examined by us, the title deeds of immovable properties, as disclosed in Note 1.1 on Property, plant and equipment and Note 1.1A on Right-of-use asset to the Standalone Ind AS financial statements, are held in the name of the Company, except for as stated in Sub Notes 1, 2 and 7 to Note 1.1 and in Note 1.1A to the Standalone Ind AS financial statements.

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

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

(a) 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 the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities. Also refer note 3.9 to the financial statements regarding management's assessment on certain matters relating to provident fund.

Further, for the period March 1, 2020 to March 31, 2020, the Company has paid Goods and Service Tax and filed GSTR 3B (after the due date but) within the timelines allowed by (Central Board of Indirect Taxes and Customs (CBEC) under the Notification Number. 31/2020 dated April 03, 2020 on fulfilment of conditions specified therein.

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

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 14 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, 2020

2020 which have not been deposited on account of a dispute, are as follows:

Name of Statute	Nature of Dues	Amount (in crores)	Period to which the amount relates	Forum where the dispute is pending
State and Central Sales Tax Act	Sales tax and Value added	335.93	Various periods from 1985 - 2017	Appellate Authority - upto Commissioner Level
		111.49	Various periods from 1987 - 2013	Appellate Authority - Tribunal
		1.09	Various periods from 2006 - 2011	High Court
Central Excise Act, 1944	Excise duty and Cess thereon	0.13	Various periods from 1993 - 2016	Appellate Authority - upto Commissioner Level
		3.15	Various periods from 1996 - 2014	Appellate Authority - Tribunal
		0.45	Various periods from 1996 - 2014	High Court
Customs Act, 1962	Customs Duty	0.02	Various periods from 2006 - 2007	Appellate Authority - Tribunal
Service Tax - Finance Act, 1994	Service Tax and and Cess thereon	58.50	Various periods from 2009 - 2016	Appellate Authority - Tribunal
		4.14	Various periods from 2007 - 2016	Appellate Authority- upto Commissioner Level

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

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

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

xi. 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 Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

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

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

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

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

A.J.Shaikh
Partner
Membership Number: 203637
UDIN: 20203637AAAACF2118

Bengaluru
June 25, 2020

BALANCE SHEET AS AT MARCH 31, 2020

Particulars	Note	As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
ASSETS			
Non-current assets			
Property, plant and equipment	1.1	5,036.66	4,805.98
Capital work-in-progress	1.1	420.97	274.64
Right-of-use asset	1.1A	406.46	-
Goodwill		449.90	449.90
Other Intangible assets	1.2	910.55	358.63
Intangible assets under development	1.2	173.17	382.98
Financial Assets			
(i) Investments	1.3	2,719.63	2,636.50
(ii) Trade receivables	1.4	0.58	0.14
(iii) Loans	1.5	32.42	31.71
(iv) Other financial assets	1.6	69.37	41.44
Income tax assets (net)	1.7	124.71	102.34
Other non-current assets	1.8	621.70	953.80
		10,966.12	**10,038.06**
Current assets			
Inventories	1.9	1,238.00	2,684.67
Financial Assets			
(i) Trade receivables	1.10	1,179.82	2,505.53
(ii) Cash and cash equivalents	1.11A	1,279.04	1,364.98
(iii) Bank balances other than (ii) above	1.11B	43.43	8.61
(iv) Loans	1.12	23.00	22.46
(v) Other financial assets	1.13	903.17	465.06
Contract Assets	1.14	8.53	11.04
Other current assets	1.15	748.50	1,123.99
		5,423.49	**8,186.34**
TOTAL ASSETS		**16,389.61**	**18,224.40**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	1.16	293.55	293.55
Other equity	1.17	6,970.44	8,038.88
		7,263.99	**8,332.43**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	1.18	1,353.86	298.40
(ii) Lease Liability		27.55	-
(iii) Other financial liabilities	1.19	49.92	34.59
Provisions	1.20	180.69	249.63
Deferred tax liabilities (net)	1.21	264.82	249.73
Contract liabilities	1.22	249.85	269.02
Other non-current liabilities	1.23	-	1.64
		2,126.69	**1,103.01**
Current liabilities			
Financial liabilities			
(i) Borrowings	1.24	1,710.97	100.00
(ii) Trade payables	1.25		
a) Total outstanding dues of micro enterprises and small enterprises		12.68	12.94
b) Total outstanding dues other than micro enterprises and small enterprises		2,611.23	5,005.99
(iii) Lease Liability		12.92	-
(iv) Other financial liabilities	1.26	1,340.79	1,600.34
Contract liabilities	1.27	611.23	790.23
Other current liabilities	1.28	74.26	476.69
Provisions	1.29	624.85	802.77
		6,998.93	**8,788.96**
TOTAL EQUITY AND LIABILITIES		**16,389.61**	**18,224.40**

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

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

A.J. Shaikh
Partner
Membership Number : 203637
Bengaluru

For and on behalf of the Board of Directors

Dheeraj G Hinduja
Chairman
DIN : 00133410
London

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

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

N Ramanathan
Company Secretary

June 25, 2020, Chennai

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

Particulars	Note	Year ended March 31, 2020 ₹ crores	Year ended March 31, 2019 ₹ crores
Income			
Revenue from operations	2.1	17,467.47	29,054.95
Other income	2.2	123.34	109.94
Total Income		**17,590.81**	**29,164.89**
Expenses			
Cost of materials and services consumed		10,384.46	20,872.27
Purchases of stock-in-trade		793.22	766.10
Changes in inventories of finished goods, stock-in-trade and work-in-progress	2.3	1,191.47	(958.80)
Employee benefits expense	2.4	1,615.06	2,098.77
Finance costs	2.5	109.45	70.38
Depreciation and amortisation expense	2.6	669.80	621.01
Other expenses	2.7	2,309.61	3,140.87
Total Expenses		**17,073.07**	**26,610.60**
Profit before exchange gain / (loss) on swap contracts, exceptional items and tax		**517.74**	**2,554.29**
Exchange gain / (loss) on swap contracts		0.01	(2.63)
Profit before exceptional items and tax		**517.75**	**2,551.66**
Exceptional items	2.8	(155.83)	(54.86)
Profit before tax		**361.92**	**2,496.80**
Tax expense:			
Current tax		71.74	378.20
Deferred tax - Charge/ (Credit)		50.66	135.40
		122.40	**513.60**
Profit for the year		**239.52**	**1,983.20**
Other Comprehensive Income / (Loss)			
A (i) Items that will not be reclassified to Profit or Loss			
- Remeasurement of Defined Benefit Plans		(73.29)	(65.46)
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		25.61	22.87
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		(23.20)	(6.28)
(ii) Income tax relating to items that will be reclassified to Profit or Loss		8.25	2.19
Total Other Comprehensive Income / (Loss)		**(62.63)**	**(46.68)**
Total Comprehensive Income for the year		**176.89**	**1,936.52**
Earnings per share (Face value ₹ 1 each)	3.3		
- Basic (in ₹)		0.82	6.76
- Diluted (in ₹)		0.82	6.76

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

This is the statement of profit and loss referred to in our report of even date
For PRICE WATERHOUSE & CO CHARTERED ACCOUNTANTS LLP
Firm Registration Number : 304026E/E-300009
Chartered Accountants

A.J. Shaikh
Partner
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Bengaluru

For and on behalf of the Board of Directors

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Chairman
DIN : 00133410
London

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Managing Director and
Chief Executive Officer
DIN : 00327400
New Delhi

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

N Ramanathan
Company Secretary

June 25, 2020, Chennai

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

Particulars		Year ended March 31, 2020 ₹ crores	Year ended March 31, 2019 ₹ crores
Cash flow from operating activities			
Profit for the year		**239.52**	**1,983.20**
Adjustments for :			
Income tax expense		122.40	513.60
Prepaid lease rentals		-	3.02
Depreciation, amortisation and impairment		648.53	621.01
Depreciation of Right-of-use asset		21.27	-
Share based payment cost		16.06	2.43
Impairment loss allowance, write off on trade receivable / other receivable (net)		39.71	(25.28)
Impairment loss / (reversal) in the value of investments (including impact of capital reduction)		2.13	3.77
Impairment loss in the value of equity investment (net of reversal of provision for obligation)		108.11	35.15
Foreign exchange loss		46.51	17.11
Exchange (gain) / loss on swap contracts		(41.06)	2.63
(Profit) / Loss on sale of Property, plant and equipment (PPE) and intangible assets - net		(4.18)	12.49
(Profit) on sale of investments - net		(16.81)	(46.89)
Net (gain) / loss arising on financial asset mandatorily measured at FVTPL		(4.25)	10.45
Finance costs		109.45	70.38
Interest income		(56.72)	(39.76)
Dividend income		(18.90)	(1.54)
(Gain) on preclosure of leases		(0.99)	-
Operating profit before working capital changes		**1,210.78**	**3,161.77**
Adjustments for changes in :			
Trade receivables		1,314.17	(1,572.34)
Inventories		1,446.67	(926.34)
Non-current and current financial assets		27.26	(55.70)
Contract assets		2.51	(11.04)
Other non-current and current assets		368.29	(766.59)
Redemption/ (Payment) to escrow accounts		75.73	(71.23)
Related party advances/receivables (net)		0.72	(1.95)
Trade payables		(2,402.14)	129.13
Non-current and current financial liabilities		(325.67)	255.20
Contract liabilities		(198.17)	1,059.25
Other non-current and current liabilities		(417.96)	(1,009.55)
Other non-current and current provisions		(67.02)	7.37
Cash generated from operations		**1,035.17**	**197.98**
Income tax paid (net of refund)		(94.11)	(560.33)
Net cash from / (used in) operating activities	**[A]**	**941.06**	**(362.35)**
Cash flow from investing activities			
Purchase of PPE and intangible assets		(1,312.54)	(763.12)
Proceeds on sale of PPE and intangible assets		20.27	31.65
Purchase of non-current investments		(447.59)	(202.63)
Sale proceeds of non-current investments / Capital reduction		0.38	3.40
Sale proceeds of current investments (net)		16.81	3,202.05
Inter corporate deposits - given		(950.00)	(735.00)
Inter corporate deposits - repaid		450.00	735.00
Interest received		26.32	38.60
Dividend received		18.90	1.54
Net cash (used in) / from investing activities	**[B]**	**(2,177.45)**	**2,311.49**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

Particulars		Year ended March 31, 2020 ₹ crores	Year ended March 31, 2019 ₹crores
Cash flow from financing activities			
Proceeds from issue of equity shares (including securities premium)		-	8.64
Proceeds from non-current borrowings		1,215.31	-
Repayments of non-current borrowings		(239.66)	(631.61)
Receipts / (Payments) relating to swap contracts on non-current borrowings		2.49	(30.45)
Proceeds from current borrowings		12,614.18	10,951.00
Repayments of current borrowings		(11,004.92)	(10,951.00)
Payments of Lease liability		(21.87)	-
Interest paid		(146.31)	(102.90)
Dividend paid and tax thereon		(1,270.24)	(859.84)
Net cash from / (used in) financing activities	**[C]**	**1,148.98**	**(1,616.16)**
Net cash (Outflow) / Inflow	**[A+B+C]**	**(87.41)**	**332.98**
Opening cash and cash equivalents		**1,364.98**	**1,031.47**
Exchange fluctuation on foreign currency bank balances		1.47	0.53
Closing cash and cash equivalents [Refer Note 1.11A to the standalone financial statements]		**1,279.04**	**1,364.98**

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

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

A.J. Shaikh
Partner
Membership Number : 203637
Bengaluru

For and on behalf of the Board of Directors

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DIN : 00133410
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DIN : 00327400
New Delhi

Gopal Mahadevan
Whole-time Director and
Chief Financial Officer
DIN : 01746102
June 25, 2020, Chennai

N Ramanathan
Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

A. Equity Share Capital

₹ crores

Balance at the beginning of April 1, 2018	Changes in equity share capital during the year	Balance at the end of March 31, 2019	Changes in equity share capital during the year	Balance at the end of March 31, 2020
292.71	0.84	293.55	-	293.55

B. Other Equity

₹ crores

Particulars	Reserves and Surplus								Other Comprehensive Income	Total
	Capital Reserve	Securities Premium	Capital Redemption Reserve	Debenture Redemption Reserve	Share Options Outstanding Account	General Reserve	Foreign currency monetary item translation difference	Retained Earnings	Cash Flow Hedge Reserve	
Balance as at the beginning of April 1, 2018	**263.87**	**1,900.95**	**3.33**	**37.50**	**68.79**	**954.24**	**(7.77)**	**3,728.11**	**3.81**	**6,952.83**
Transition adjustment on account of adoption of Ind AS 115	-	-	-	-	-	-	-	(0.47)	-	(0.47)
Profit for the year	-	-	-	-	-	-	-	1,983.20	-	1,983.20
Other comprehensive income	-	-	-	-	-	-	-	(42.59)	(4.09)	(46.68)
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,940.61**	**(4.09)**	**1,936.52**
Exchange difference on translation of outstanding loan balances/during the year	-	-	-	-	-	-	(14.29)	-	-	(14.29)
Exchange difference amortised	-	-	-	-	-	-	13.90	-	-	13.90
Transfer to retained earnings	-	-	-	(37.50)	-	-	-	37.50	-	-
Transactions with owners:										
Dividends including tax thereon	-	-	-	-	-	-	-	(859.84)	-	(859.84)
Transfer to general reserve pursuant to exercise of ESOP	-	-	-	-	(64.09)	64.09	-	-	-	-
Recognition of share based payments	-	-	-	-	2.43	-	-	-	-	2.43
On issue of shares	-	7.80	-			-	-	-	-	7.80
Balance as at the end of March 31, 2019	**263.87**	**1,908.75**	**3.33**	**-**	**7.13**	**1,018.33**	**(8.16)**	**4,845.91**	**(0.28)**	**8,038.88**
Transition adjustment on account of adoption of Ind AS 116 and other adjustments (Also Refer Note 3.5)	-	-	-	-	-	-	-	0.69	-	0.69
Profit for the year	-	-	-	-	-	-	-	239.52	-	239.52
Other comprehensive income	-	-	-	-	-	-	-	(47.68)	(14.95)	(62.63)
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**191.84**	**(14.95)**	**176.89**
Exchange difference on translation of outstanding loan balances/during the year	-	-	-	-	-	-	(16.59)	-	-	(16.59)
Exchange difference amortised	-	-	-	-	-	-	24.75	-	-	24.75
Transactions with owners:										
Dividends including tax thereon	-	-	-	-	-	-	-	(1,270.24)	-	(1,270.24)
Recognition of share based payments	-	-	-	-	16.06	-	-	-	-	16.06
Balance as at the end of March 31, 2020	**263.87**	**1,908.75**	**3.33**	**-**	**23.19**	**1,018.33**	**-**	**3,768.20**	**(15.23)**	**6,970.44**

The above Statement of changes in equity should be read in conjunction with the accompanying notes.

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

A.J. Shaikh
Partner
Membership Number : 203637
Bengaluru

For and on behalf of the Board of Directors

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Chairman
DIN : 00133410
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Vipin Sondhi
Managing Director and Chief Executive Officer
DIN : 00327400
New Delhi

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

N Ramanathan
Company Secretary

June 25, 2020, Chennai

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

1A. General information

Company Background:

Ashok Leyland Limited ("the Company") is a public limited company incorporated and domiciled in India and governed by the Companies Act, 2013 ("Act"). The Company's registered office is situated at 1, Sardar Patel Road, Guindy, Chennai, Tamil Nadu, India. The main activities of the Company are those relating to manufacture and sale of 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 116, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

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

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

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

The standalone financial statements are presented in Indian Rupees (₹) which is the functional currency of the Company and all values are rounded to the nearest crores, except where otherwise indicated.

The standalone financial statements were approved for issue by the Board of Directors on June 25, 2020.

Recent accounting pronouncements

There are no recent accounting pronouncements applicable for the Company.

The significant accounting policies are detailed below.

1B.2 Revenue recognition

Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

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

Revenue from contract with customer

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

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

Sale of Products

Revenue from sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the product. The Company operates predominantly on cash and carry basis excepting sale to State Transport Undertaking (STU), Government project customers based on tender terms and certain export customers which are on credit basis. The average credit period is in the range of 7 days to 90 days.

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

Sale of Service

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

Variable consideration

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

Incentives

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

Significant financing component

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

Warranty obligations

Refer Note 1B.14 on warranty obligations.

Contract balances

- **Contract assets**

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

- **Trade receivables**

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

- **Contract liabilities**

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

- **Refund liabilities**

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

Other Operating Revenues:

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

Dividend and Interest Income:

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

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

1B.3 Foreign currency transactions

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

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

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

1B.4 Borrowing costs

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

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

1B.5 Government Grants

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

Government grants relating to income are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses, the related costs for which the grants are intended to compensate. Grant relating to assets are netted off against the acquisition cost of the asset.

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

1B.6 Employee benefits

Retirement benefit costs and termination benefits:

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

For defined benefit plans i.e. Company's liability towards gratuity (funded), Company's contribution to provident fund, other retirement / termination benefits and compensated absences, the cost of providing benefits is determined using the projected unit credit method with actuarial valuations being carried out at the end of each annual reporting period. In respect of provident fund, contributions made to trusts administered by the Company, the interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be contributed by the Company and charged to the Statement of Profit and Loss.

Defined benefit costs are comprised of:

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

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

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

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

Short-term and other long-term employee benefits:

A liability is recognised for benefits accruing to employees in respect of salaries, wages, performance incentives, medical benefits and other short term benefits in the period the related service is rendered, at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

1B.7 Share-based payment arrangements

Equity-settled share-based payments to employees (primarily employee stock option plan) are measured by reference to the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each year, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options outstanding account.

1B.8 Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Current tax:

Current tax is determined on taxable profits for the period chargeable to tax in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 including other applicable tax laws that have been enacted.

Deferred tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax asset is recognised for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

1B.9 Property, plant and equipment

Cost:

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost (net of duty/ tax credit availed) less accumulated depreciation and accumulated impairment losses. Cost of all civil works (including electrification and fittings) is capitalised with the exception of alterations and modifications of a capital nature to existing structures where the cost of such alteration or modification is ₹ 100,000 and below.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, 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)	Useful life (years) As per Schedule II
Buildings	30	30
Non-factory service installations:		
- In customer premises	12	10
- Lease improvements	3	3
Quality equipment,canteen assets, major Jigs and fixtures and hand tools	5 / 12	15
Other plant and machinery	20	15
Patterns and dies	5	15
Furniture and fittings	8	10
Furniture and fittings - lease improvements	3	3
Aircraft	18	20
Vehicles:		
- Trucks and buses	5 / 10	8
- Cars and motorcycles	3	8 / 10
Office equipment	8	5
Office equipment - Data processing system (including servers)	5	6

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of Property, Plant and Equipment and accordingly the depreciation is computed based on estimated useful lives of the assets.

De-recognition:

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

1B.10 Intangible assets

Intangible assets acquired separately:

Intangible assets with finite useful lives that are acquired separately, where the cost exceeds ₹ 10,000 and the estimated useful life is two years or more, is capitalised and carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets - research and development expenditure:

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from development phase of internal project) is recognised, if and only if, all of the following have been demonstrated:

- technical feasibility of completing the intangible asset;
- intention to complete the intangible asset and intention / ability to use or sell it;
- how the intangible asset will generate probable future economic benefit;
- availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and
- the ability to measure reliably the attributable expenditure during the development stage.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

De-recognition of intangible assets:

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is derecognised.

Useful lives of intangible assets:

Estimated useful lives of the intangible assets, based on technical assessment, are as follows:

Classes of Intangible Assets	Useful life (years)
Computer Software:	
Acquired	5
Developed	5 / 10
Technical Knowhow:	
Acquired	5 / 6
Developed	6 / 10

1B.11 Impairment losses

At the end of each reporting period, the Company determines whether there is any indication that its assets (property, plant and equipment, intangible assets and investments in equity instruments in subsidiaries, joint ventures and associates carried at cost) have suffered an impairment loss with reference to their carrying amounts. If any indication of impairment exists, the recoverable amount (i.e. higher of the fair value less costs of disposal and value in use) of such assets is estimated and impairment is recognised, if the carrying amount exceeds the recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When an impairment loss subsequently reverses, 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.

The Indian Accounting Standard (Ind AS) 116 is applicable from FY 2019-20 and it replaces Ind AS 17. Ind AS 116 requires entity to determine whether a contract is or contains a lease at the inception of the contract.

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

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

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

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

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

Depreciation on Right-of-use asset and impairment losses if any recognised in Statement of Profit and Loss on a straight line basis over the period of lease and separately recognises interest on lease liability as a component of finance cost in Statement of Profit and Loss.

1B.13 Inventories

Inventories are stated at lower of cost and net realisable value.

Cost of raw materials and components, stores, spares, consumable tools and stock in trade comprises cost of purchases and includes taxes and duties and is net of eligible credits under CENVAT/ VAT/GST schemes. Cost of work-in-progress, work-made components and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overheads, which is allocated on a systematic basis. Cost of inventories also includes all other related costs incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cost of inventories are determined as follows:

- Raw materials and components, stores, spares, consumable tools, stock-in-trade: on moving weighted average basis; and
- Work-in-progress, works-made components and finished goods: on moving weighted average basis plus appropriate share of overheads.

Cost of surplus/ obsolete/ slow moving inventories are adequately provided for.

1B.14 Provisions

Provisions are recognised when the Company has a present obligation (legal, contractual or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Warranties:

Provisions for expected cost of warranty obligations under legislation governing sale of goods are recognised on the date of sale of the relevant products at the Management's best estimate of the expenditure required to settle the obligation which takes into account the empirical data on the nature, frequency and average cost of warranty claims and regarding possible future incidences.

1B.15 Business Combinations

A common control business combination, involving entities or businesses in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and where the control is not transitory, is accounted for in accordance with Appendix C to Ind AS 103 'Business Combinations'.

Other business combinations, involving entities or businesses are accounted for using acquisition method. Consideration transferred in such business combinations is measured at fair value as on the acquisition date, which comprises the following:

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

Goodwill is recognised and is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree, over the net of the consideration date amounts of the identifiable assets acquired and the liabilities assumed.

1B.16 Goodwill

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

For the purposes of impairment testing, goodwill is allocated to the Company's cash-generating unit that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or when there is an indication that the unit may be impaired. The recoverable amount of cash-generating unit is determined for each cash generating unit based on a value in use calculation which uses cash flow projections and appropriate discount rate is applied. The discount rate takes into account the expected rate of return to shareholders, the risk of achieving the business projections, risks specific to the investments and other factors. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1B.17 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss (FVTPL) are recognised immediately in profit or loss .

Financial assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Classification of financial assets

The financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition.

Subsequent measurement:

(i) Financial assets (other than investments and derivative instruments) are subsequently measured at amortised cost using the effective interest method.

Effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Investments in debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments on principal and interest on the principal amount outstanding.

Income on such debt instruments is recognised in profit or loss and is included in the "Other Income".

The Company has not designated any debt instruments as fair value through other comprehensive income.

(ii) Financial assets (i.e. derivative instruments and investments in instruments other than equity of subsidiaries, joint ventures and associates) are subsequently measured at fair value.

Such financial assets are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss and included in the "Other Income".

Investments in equity instruments of subsidiaries, joint ventures and associates.

The Company measures its investments in equity instruments of subsidiaries, joint ventures and associates at cost in accordance with Ind AS 27.

Impairment of financial assets:

A financial asset is regarded as credit impaired or subject to significant increase in credit risk, when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The Company applies the expected credit loss model for recognising impairment loss on financial assets (i.e. the shortfall between the contractual cash flows that are due and all the cash flows (discounted) that the Company expects to receive).

De-recognition of financial assets:

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of profit and loss.

Financial liabilities and equity instruments:

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities (other than derivative instruments) are subsequently measured at amortised cost using the effective interest method. Interest expense that is not capitalised as part of cost of an asset is included in the "Finance Costs".

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and are subsequently measured (if not designated as at Fair value though profit or loss) at the higher of:

- the amount of impairment loss allowance determined in accordance with requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115.

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments:

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and cross currency interest rate swaps. Further details of derivative financial instruments are disclosed in Note 3.6.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at Fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss.

Hedge accounting:

The Company designates certain derivatives as hedging instruments in respect of foreign currency risk, as either fair value hedges, cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 3.6 sets out details of the fair values of the derivative instruments used for hedging purposes.

Fair value hedges

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.
The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "Other Income".

Amounts previously recognised in other comprehensive income and accumulated in equity relating to effective portion as described above are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and are included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

1B.18 Segment Reporting

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

1C. Critical accounting judgments and key sources of estimation uncertainty:

The preparation of standalone financial statements in conformity with Ind AS requires the Management to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities recognised in the standalone financial statements that are not readily apparent from other sources. The judgements, estimates and associated assumptions are based on historical experience and other factors including estimation of effects of uncertain future events that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates (accounted on a prospective basis) are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that have been made by the Management in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the standalone financial statements and/or key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Inventories

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

Taxation

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

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

Provision for product warranty

The product warranty obligations and estimations thereof are determined using historical information on the type of product, nature, frequency and average cost of warranty claims and the estimates regarding possible future incidences of product failures. Changes in estimated frequency and amount of future warranty claims, which are inherently uncertain, can materially affect warranty expense.

Impairment of goodwill

The carrying amount of goodwill significant to the Company are stated in Note 3.18. The recoverable amounts have been determined based on value in use calculations which uses cash flow projections covering generally a period of five years (which are based on key assumptions such as margins, expected growth rates based on past experience and Management's expectations/ extrapolation of normal increase/ steady terminal growth rate which approximates the long term industry growth rates) and appropriate discount rates that reflects current market assessments of time value of money and risks specific to these investments. The Management believes that any reasonable possible change in key assumptions on which recoverable amount is based is not expected to cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit.

Fair value measurements and valuation processes

Some of the assets and liabilities are measured at fair value for financial reporting purposes. The Management determines the appropriate valuation techniques and inputs for the fair value measurements.

In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, third party qualified valuers to perform the valuations. The Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 3.6.

1.1 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK IN PROGRESS

₹ crores

DESCRIPTION	GROSS CARRYING AMOUNT (COST)				DEPRECIATION / AMORTISATION				NET CARRYING AMOUNT
Property, plant and equipment (PPE)	01.04.2019	Additions	Disposals / Adjustment (Refer sub note 9)	31.03.2020	Upto 31.03.2019	Charge during the year	Disposals / Adjustment (Refer sub note 9)	31.03.2020	31.03.2020
Freehold land	738.43	-	(6.25)	732.18	-	-	-	-	732.18
Buildings	1,495.11	99.62	4.47	1,599.20	213.57	65.90	4.50	283.97	1,315.23
Buildings given on lease	11.64	1.59	-	13.23	0.93	0.28	-	1.21	12.02
Plant and equipment	3,904.00	603.12	153.95	4,661.07	1,336.68	394.91	165.45	1,897.04	2,764.03
Plant and equipment given on lease	0.03	-	-	0.03	0.01	#	-	0.01	0.02
Furniture and fittings	71.92	0.84	(0.46)	72.30	32.34	11.13	(0.46)	43.01	29.29
Furniture and fittings given on lease	0.22	0.03	-	0.25	0.20	0.05	-	0.25	-
Vehicles including electric vehicles	74.45	53.67	(9.72)	118.40	36.76	12.27	(1.24)	47.79	70.61
Aircraft given on lease	77.99	-	-	77.99	24.93	9.75	-	34.68	43.31
Office Equipment	122.20	19.09	20.40	161.69	44.59	26.66	20.47	91.72	69.97
TOTAL	**6,495.99**	**777.96**	**162.39**	**7,436.34**	**1,690.01**	**520.95**	**188.72**	**2,399.68**	**5,036.66**
Capital work-in-progress									**420.97**

amount is below rounding off norms adopted by the Company.

Notes:

1. A portion of the Buildings in Bhandara valued at ₹ 9.50 crores is on a land, the title for which is yet to be transferred to the Company.
2. The title of land and buildings acquired through business combination, which are in the name of the amalgamating company, are yet to be transferred in the name of the Company.
3. Cost of Buildings as at March 31, 2020 includes:
   a) ₹ 0.03 crores being cost of shares in Housing Co-operative Society representing ownership rights in residential flats and furniture and fittings there at.
   b) ₹ 1.32 crores representing cost of residential flats including undivided interest in land.
4. Additions to PPE and Capital work-in-progress include exchange (gain) / loss aggregating to ₹ 5.37 crores capitalised as under:
   Buildings ₹ 1.47 crores, Plant and equipment ₹ 3.84 crores, Furniture and fittings ₹ 0.03 crores, Office equipment ₹ 0.03 crores.
5. For details of assets given as security against borrowings, Refer Note 3.11(a).
6. For amount of contractual commitments for the acquisition of PPE, Refer Note 3.10(a).
7. Freehold land includes purchase of land from Andhra Pradesh Industrial Infrastructure Corporation Limited and Telengana State Industrial Infrastructure Corporation Limited, the title of which will be transferred in the Company's name upon fulfilment of certain conditions.
8. Expenses capitalised ₹ 5.62 crores - Refer Notes 2.4, 2.5 and 2.7 to the standalone financial statements.
9. Adjustment includes original cost amounting to ₹ 207.86 crores and accumulated depreciation amounting to ₹ 207.86 crores relating to deemed cost adjustment.

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

₹ crores

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

[#] amount is below rounding off norms adopted by the Company.

Notes:

1. A portion of the Buildings in Bhandara valued at ₹ 9.50 crores is on a land, the title for which is yet to be transferred to the Company.
2. The title of land and buildings acquired through business combination, which are in the name of the amalgamating company, are yet to be transferred in the name of the Company.
3. Cost of Buildings as at March 31, 2019 includes:
   a) ₹ 0.03 crores being cost of shares in Housing Co-operative Society representing ownership rights in residential flats and furniture and fittings thereat.
   b) ₹ 1.32 crores representing cost of residential flats including undivided interest in land.
4. Additions to PPE and Capital work-in-progress include exchange (gain) / loss aggregating to ₹ 20.78 crores capitalised as under:
   Buildings ₹ 4.96 crores, Plant and equipment ₹ 15.06 crores, Furniture and fittings ₹ 0.17 crores, Office equipment ₹ 0.24 crores, Capital Work in progress ₹ 0.35 crores.
5. For details of assets given as security against borrowings, Refer Note 3.11(a).
6. For amount of contractual commitments for acquisition of PPE, Refer Note 3.10(a).
7. Freehold land includes purchase of land from Andhra Pradesh Industrial Infrastructure Corporation Limited and Telengana State Industrial Infrastructure Corporation Limited, the title of which will be transferred in the Company's name upon fulfilment of certain conditions.
8. Expenses capitalised ₹ 2.35 crores - Refer Notes 2.4, 2.5 and 2.7 to the standalone financial statements.

1.1A RIGHT-OF-USE ASSET ₹ crores

Description	01.04.2019	Additions	Closure / Pre closure	Depreciation	Net Carrying Amount 31.03.2020
Leasehold Land *	370.44	-	-	4.23	366.21
Building	30.70	18.48	5.36	12.06	31.76
Plant and equipment	9.78	-	1.87	1.02	6.89
Vehicle	9.45	0.66	4.55	3.96	1.60
Total	**420.37**	**19.14**	**11.78**	**21.27**	**406.46**

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

Notes:

1. Escalation clause - the percentage of escalation is up to a maximum of 15%.
2. Discounting rate used for the purpose of computing right to use asset ranges from 6% to 8%.
3. Rental amount per annum ranges from ₹ 0.01 crores to ₹ 1.36 crores, which also carries a clause for extension of agreement based on mutual understanding between Lessor and Lessee.
4. The lease period ranges from 2 years to 90 years over which the right to use asset is depreciated on a straight line basis.
5. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any major covenants other than the security interests in the leased assets that are held by the lessor. Leased assets are not used as security for borrowing purposes.

1.2 INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

₹ crores

DESCRIPTION	GROSS CARRYING AMOUNT (COST)				DEPRECIATION / AMORTISATION				NET CARRYING AMOUNT
Intangible assets	01.04.2019	Additions	Disposals / Adjustment (Refer sub note 3)	31.03.2020	Upto 31.03.2019	Charge during the year	Disposals / Adjustment (Refer sub note 3)	31.03.2020	31.03.2020
Computer software									
- Developed	94.88	19.33	-	114.21	53.29	17.04	-	70.33	43.88
- Acquired	121.84	4.80	-	126.64	60.85	22.00	-	82.85	43.79
Others									
Technical knowhow									
- Developed	287.16	655.37	(143.80)	1,086.33	83.89	88.54	(91.02)	263.45	822.88
- Acquired	143.80	-	143.80	-	91.02	-	91.02	-	-
TOTAL	**647.68**	**679.50**	**-**	**1,327.18**	**289.05**	**127.58**	**-**	**416.63**	**910.55**
Intangible assets under development									**173.17**

Notes:

1. Additions to Intangible assets and Intangible assets under development include:
   a) Exchange (gain) / loss aggregating to ₹ 0.67 crores capitalised as under :
      Computer software ₹ 0.46 crores, Technical knowhow ₹ 0.21 crores
   b) Expenses capitalised ₹ 457.54 crores - Refer Notes 2.4, 2.5 and 2.7 to the standalone financial statements.
2. For amount of contractual commitments for the acquisition of intangible assets, Refer Note 3.10(a).
3. Adjustment includes original cost amounting to ₹ 143.80 crores and accumulated amortisation amounting to ₹ 91.02 crores regrouped during the year.

1.2 INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

₹ crores

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

Notes:

1. Additions to intangible assets and intangible assets under development include:
   a) Exchange (gain) / loss aggregating to ₹ 1.88 crores capitalised as under :
      Computer software ₹ 1.43 crores, Technical knowhow ₹ (0.03) crores, Intangible assets under development ₹ 0.48 crores.
   b) Expenses capitalised ₹ 282.52 crores - Refer Notes 2.4, 2.5 and 2.7 to the standalone financial statements.
2. For amount of contractual commitments for the acquisition of intangible assets, Refer Note 3.10(a).

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

1.3 NON-CURRENT FINANCIAL ASSETS - INVESTMENTS

₹ crores

DESCRIPTION	As at March 31, 2020		As at March 31, 2019	
	Nos.	₹ crores	Nos.	₹ crores
A) Investments in Equity Instruments (unquoted) (fully paid up unless otherwise stated)				
1) Subsidiaries (at cost)				
a) Equity Shares of ₹ 10 each				
Global TVS Bus Body Builders Limited	6,600,000	14.50	6,600,000	14.50
HLF Services Limited	27,000	0.56	27,000	0.56
Ashley Aviation Limited (Refer sub-note 5)	13,340,360	12.34	8,999,994	8.00
Albonair (India) Private Limited	45,000,000	56.15	25,000,000	36.15
Hinduja Leyland Finance Limited	315,642,021	1,840.68	290,431,937	1,540.68
b) Equity Shares of ₹ 100 each				
Gulf Ashley Motor Limited	2,766,428	27.94	2,761,428	27.94
c) Equity Shares				
Optare PLC				
Ordinary shares of British Pence 0.1 each	72,903,704,162	781.19	61,903,704,162	680.77
Deferred shares of British Pence 0.9 each	195,557,828	-	195,557,828	-
d) Equity shares of Naira 1 each				
Ashok Leyland (Nigeria) Limited	9,999,999	0.36	9,999,999	0.36
e) Equity shares of USD 20 each				
Ashok Leyland (Chile) S.A.	28,499	3.76	28,499	3.76
f) Equity Shares of Euro 1 each				
Albonair GmbH	51,995,000	455.79	51,995,000	455.79
g) Equity shares of UAE Dirhams of 1,000 each				
Ashok Leyland (UAE) LLC	35,770	110.49	35,770	110.49
(including beneficial interest of ₹ 56.41 crores)				
2) Associates (at cost)				
a) Equity Shares of ₹ 10 each				
Ashok Leyland Defence Systems Limited	5,027,567	5.03	5,027,567	5.03
Mangalam Retail Services Limited	37,470	0.04	37,470	0.04
b) Equity shares of Srilankan Rupees 10 each - (quoted)				
Lanka Ashok Leyland PLC	1,008,332	0.57	1,008,332	0.57
3) Joint Ventures (at cost)				
Equity Shares of ₹ 10 each				
Hinduja Tech Limited	95,450,000	97.37	95,450,000	97.37
Ashley Alteams India Limited	73,447,693	44.01	72,202,812	42.77
Ashok Leyland John Deere Construction Equipment Company Private Limited (under liquidation)	1,727,270	1.73	1,727,270	1.73
Sub Total		**3,452.51**		**3,026.51**
Less: Impairment in Value of Investments				
Ashok Leyland John Deere Construction Equipment Company Private Limited (under liquidation)		1.73		1.73
Ashley Aviation Limited		5.54		3.41
Optare PLC		781.19		414.97
Albonair GmbH		220.73		220.73
Albonair (India) Private Limited		12.34		12.34
Ashok Leyland (Chile) S.A.		3.76		3.76
Aggregate of Impairment in Value of Investments		**1,025.29**		**656.94**
Sub Total		**2,427.22**		**2,369.57**

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

1.3 NON-CURRENT FINANCIAL ASSETS - INVESTMENTS (contd.)

DESCRIPTION	As at March 31, 2020		As at March 31, 2019	
	Nos.	₹ crores	Nos.	₹ crores
4) Others (At Fair value through profit or loss)				
a) Equity Shares of ₹ 10 each				
Rajalakshmi Wind Energy Limited (formerly Ashok Leyland Wind Energy Limited)	7,812,950	9.12	7,812,950	9.12
Chennai Willingdon Corporate Foundation (Cost ₹ 900)#	100	0.00	100	0.00
Hinduja Energy (India) Limited	61,147,058	193.47	61,147,058	193.47
OPG Power Generation Private Limited	65,000	0.07	381,500	0.43
Kamachi Industries Limited	525,000	0.53	525,000	0.53
ARS Energy Private Limited	640	0.01	-	-
b) Equity shares of ₹ 100 each partly paid-up				
Adyar Property Holding Co. Limited (₹ 65 paid up) [Cost ₹ 19,500]#	300	0.00	300	0.00
Sub Total		**203.21**		**203.55**
Total Investments in Equity Instruments (net)		**2,630.43**		**2,573.12**
B) Investments in Preference Shares (At Fair value through profit or loss) (unquoted)				
1) Subsidiary				
Ashok Leyland (UAE) LLC 6% Non-Cumulative Non-Convertible Redeemable Preference shares of AED 1,000 each	23,000	37.75	23,000	31.35
Ashley Aviation Limited (Refer sub-note 6) 6% Non-Cumulative Redeemable Non-Convertible Preference shares of ₹ 10 each	4,000,000	0.70	4,000,000.00	2.93
6% Cumulative Redeemable Non-Convertible Preference shares of ₹ 10 each	1,800,000	0.37	1,800,000.00	1.58
2) Associates				
Ashok Leyland Defence Systems Limited 6% Non-Cumulative Non-Convertible Redeemable Preference shares of ₹ 10 each	10,000,000	6.37	10,000,000	5.15
3) Joint Ventures				
Hinduja Tech Limited 1% Non-Cumulative Non-Convertible Redeemable Preference shares of ₹ 10 each	23,900,000	22.45	23,900,000	22.37
Total Investments in Preference Shares		**67.64**		**63.38**
C) Investment in Special Limited Partnership (At Fair value through profit or loss)				
Vasuki SCSp (Refer sub note 7)		21.56		-
		21.56		**-**
Total		**2,719.63**		**2,636.50**

amount is below rounding off norms adopted by the Company.

Notes:

1.

Particulars	March 31, 2020	March 31, 2019
	₹ crores	₹ crores
Aggregate value of unquoted investments	3,722.79	3,292.87
Aggregate value of quoted investments	0.57	0.57
Aggregate value of impairment in value of investments	1,025.29	656.94

2. Investments are fully paid-up unless otherwise stated.
3. The equity investments in Ashley Alteams India Limited can be disposed off / encumbered only with the consent of banks / financial institutions who have given loans to Ashley Alteams India Limited.
4. Lock-in commitment in the shareholders agreement: [Also refer Note 3.10(c)]

Particulars	No of Shares
Hinduja Leyland Finance Limited	28,472,743
Hinduja Tech Limited	79,990,000

5. 51% stake in Ashley Aviation Limited acquired during the year 2018-19.
6. Number of shares held by the Company includes joint holding / beneficial interest.
7. The Company holds 9.09% of Class A units in the special limited partnership.

		As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
1.4	**NON-CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES**		
	(Unsecured, considered good)		
	Trade receivables		
	Related parties (Refer Note 3.8)	0.58	0.14
		0.58	**0.14**

Note:

These are carried at amortised cost.

		As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
1.5	**NON-CURRENT FINANCIAL ASSETS - LOANS**		
	(Unsecured, considered good)		
	Security deposits	32.42	31.71
		32.42	**31.71**

Note:

These are carried at amortised cost.

		As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
1.6	**NON-CURRENT - OTHER FINANCIAL ASSETS**		
	(Unsecured, considered good unless otherwise stated)		
a)	Other receivables *		
	Considered good	6.62	8.28
	Considered doubtful	4.34	4.34
	Less: Allowance for doubtful receivables	4.34	4.34
		6.62	**8.28**
b)	Derivatives designated as hedging instruments carried at fair value	47.05	-
c)	Others		
	i. Employee advances	1.53	2.11
	ii. Earmarked bank balance (escrow bank accounts)	-	16.88
	iii. Other advances	14.17	14.17
		15.70	**33.16**
		69.37	**41.44**
	Of the Employee advances above,		
	Due from Directors / Officers#	0.00	0.00

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

\# amount is below rounding off norms adopted by the Company.

Notes:

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

Particulars	March 2020	March 2019
Opening	4.34	-
Add: Additions	-	4.34
Less: Utilisations / Reversals	-	-
Closing	4.34	4.34

		As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
1.7	**NON - CURRENT - INCOME TAX ASSETS (NET)**		
	Advance income tax (net of provision)	124.71	102.34
		124.71	**102.34**

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

			As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
1.8	**OTHER NON-CURRENT ASSETS**			
	(Unsecured, considered good unless otherwise stated)			
	a)	Prepayments under operating leases (Refer Note 3.5)	-	259.88
	b)	Capital advances		
		Advances to related parties (Refer Note 3.8)		
		Considered good	7.42	3.48
		Others		
		Considered good	219.61	201.82
		Considered doubtful	2.57	2.58
		Less: Allowance for doubtful advances	2.57	2.58
			227.03	**205.30**
	c)	Balances with customs, port trust, central excise etc.		
		Considered good	15.42	17.09
		Considered doubtful	-	36.71
		Less: Allowance for doubtful balances	-	36.71
			15.42	**17.09**
	d)	Others		
		i. Sales tax paid under protest	208.29	203.20
		ii. Other advances (includes prepaid expenses, etc.)	170.96	268.33
			379.25	**471.53**
			621.70	**953.80**

Notes:

1. Movement in allowance for doubtful advances towards capital advances is as follows:

Particulars	March 2020	March 2019
Opening	2.58	1.32
Add: Additions	-	1.26
Less: Utilisations / Reversals	0.01	-
Closing	2.57	2.58

2. Movement in allowance for doubtful balances towards balances with customs, port trust, central excise, etc. is as follows:

Particulars	March 2020	March 2019
Opening	36.71	45.06
Add: Additions	-	-
Less: Utilisations / Reversals / Transfer	36.71	8.35
Closing	-	36.71

1.9	**INVENTORIES**			
	(a)	Raw materials and components	563.58	816.56
	(b)	Work-in-progress	246.18	391.28
	(c)	Finished goods	184.22	1,229.33
	(d)	Stock-in-trade		
		Spare parts and auto components (including works made)	148.30	149.56
	(e)	Stores, spares and consumable tools	95.72	97.94
			1,238.00	**2,684.67**

Notes:

1. Goods-in-transit included above are as below :

Particulars	March 2020	March 2019
(a) Raw materials and components	4.87	21.06
(b) Stock-in-trade		
Spares parts and auto components (including works made)	0.76	0.35

2. Cost of inventories (including cost of stock-in-trade purchased and write down of inventories) recognised as an expense during the year are ₹ 12,369.15 crores (2018-19: ₹ 20,679.57 crores).

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

	As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
1.10 CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES		
(Unsecured)		
Considered good		
Related parties (Refer Note 3.8)	49.57	98.74
Others	1,130.25	2,406.79
	1,179.82	**2,505.53**
Significant increase in credit risk		
Others	56.43	48.55
	56.43	**48.55**
Credit impaired		
Others	24.05	24.18
	24.05	**24.18**
Less: Loss allowance	80.48	72.73
	1,179.82	**2,505.53**

Notes:

1. These are carried at amortised cost.
2. Movement in loss allowance is as follows:

Particulars	March 2020	March 2019
Opening	72.73	62.94
Add: Additions	30.86	18.86
Less: Utilisations / Reversals	23.11	9.07
Closing	80.48	72.73

	As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
1.11 A. CASH AND CASH EQUIVALENTS		
i) Balance with banks:		
a) In current accounts	29.78	87.03
b) In cash credit accounts	379.10	925.14
c) In deposit accounts *	870.00	276.00
ii) Cheques, drafts on hand	-	76.63
iii) Cash and stamps on hand	0.16	0.18
	1,279.04	**1,364.98**
1.11 B. BANK BALANCES OTHER THAN (A) ABOVE		
i) Unclaimed dividend accounts (earmarked)	11.57	8.61
ii) Escrow bank account (earmarked)	31.86	-
	43.43	**8.61**

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

	As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
1.12 CURRENT FINANCIAL ASSETS - LOANS (Unsecured, considered good)		
a) Security deposits	17.26	17.58
b) Loans to related parties in foreign currency (Refer Note 3.8)	4.14	3.88
c) Loans to others	1.60	1.00
	23.00	**22.46**

Note:

These are carried at amortised cost.

			As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
1.13	**CURRENT FINANCIAL ASSETS - OTHERS**			
	(Unsecured, considered good unless otherwise stated)			
	a)	Interest accrued :		
		- Loans to related parties (Refer Note 3.8)		
		Considered good	0.04	0.03
		- Others	33.11	2.72
	b)	Employee advances	17.72	18.91
	c)	Derivatives not designated as hedging instruments carried at fair value	-	2.48
	d)	Derivatives designated as hedging instruments carried at fair value	11.78	3.00
	e)	Earmarked bank balance (escrow bank accounts)	2.92	61.77
	f)	Related parties (Refer Note 3.8)		
		i. Advances in foreign currency #	-	-
		ii. Other receivable	3.85	3.70
			3.85	**3.70**
	g)	Intercorporate deposits		
		i. Related Parties (Refer Note 3.8)	100.00	-
		ii. Others	400.00	-
			500.00	**-**
	h)	Revenue grants receivable		
		Considered good	311.46	351.64
		Considered doubtful	1.90	15.60
			313.36	**367.24**
		Less: Allowance for doubtful receivable	1.90	15.60
			311.46	**351.64**
	i)	Others (includes expenses recoverable, etc.)		
		Considered good	22.29	20.81
		Considered doubtful	20.52	20.86
			42.81	**41.67**
		Less:Allowance for doubtful receivable	20.52	20.86
			22.29	**20.81**
			903.17	**465.06**
	Of the Employee advances above			
	Due from Directors / Officers		#	#

amount is below rounding off norms adopted by the Company.

Notes:

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

Particulars	March 2020	March 2019
Opening	15.60	15.60
Add: Additions	8.89	-
Less: Utilisations / Reversals	22.59	-
Closing	1.90	15.60

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

Particulars	March 2020	March 2019
Opening	20.86	0.79
Add: Additions	-	20.07
Less: Utilisations / Reversals	0.34	-
Closing	20.52	20.86

		As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
1.14	**CURRENT CONTRACT ASSETS**		
	Unbilled revenue (Refer Note 3.7)	8.53	11.04
		8.53	**11.04**

		As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
1.15	**OTHER CURRENT ASSETS**		
	(Unsecured, considered good unless otherwise stated)		
a)	Prepayments under operating leases	-	2.91
b)	Advances to related parties (Refer Note 3.8)	0.47	1.34
c)	Supplier advances		
	Considered good	23.61	38.10
	Considered doubtful	2.29	2.29
		25.90	**40.39**
	Less: Allowance for doubtful advances	2.29	2.29
		23.61	**38.10**
d)	Balances with customs, port trust, central excise etc.	611.36	999.85
e)	Others*	113.06	81.79
		748.50	**1,123.99**
	* Includes:		
	- Sales tax paid under protest	5.61	5.61
	- Prepaid expenses	107.29	71.60

Note:

Movement in Allowance for doubtful advances is as follows:

Particulars	March 2020	March 2019
Opening	2.29	1.03
Add: Additions	-	1.26
Less: Utilisations / Reversals	-	-
Closing	2.29	2.29

	As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
1.16 EQUITY SHARE CAPITAL		
Authorised		
27,856,000,000 (March 2019: 27,856,000,000) number of equity shares of ₹ 1 each	2,785.60	2,785.60
	2,785.60	**2,785.60**
Issued		
a) 2,289,212,796 (March 2019: 2,289,212,796) number of equity shares of ₹ 1 each	228.92	228.92
b) 646,314,480 (March 2019: 646,314,480) number of equity shares of ₹ 1 each issued through Global Depository Receipts	64.63	64.63
	293.55	**293.55**
Subscribed and fully paid up		
a) 2,289,212,796 (March 2019: 2,289,212,796) number of equity shares of ₹ 1 each	228.92	228.92
b) 646,314,480 (March 2019: 646,314,480) number of equity shares of ₹ 1 each issued through Global Depository Receipts	64.63	64.63
	293.55	**293.55**
Add: Forfeited shares (amount originally paid up in respect of 760 shares) #	0.00	0.00
	293.55	**293.55**

amount is below rounding off norms adopted by the Company.

Notes:

1. Reconciliation of number of equity shares subscribed

Particulars	March 2020	March 2019
Balance as at the beginning of the year	2,935,527,276	2,927,104,101
Add: Issued during the year (Refer Note 3.4)	-	8,423,175
Balance as at end of the year	2,935,527,276	2,935,527,276

2. Shares issued in preceding 5 years for consideration other than cash

   Hinduja Foundries Limited (amalgamating company) merged with the Company effective October 1, 2016 pursuant to the order received from National Company Law Tribunal on April 24, 2017. Consequently, 80,658,292 equity shares of ₹ 1 each of the Company has been allotted on June 13, 2017 as fully paid up to the shareholders of the amalgamating company.

3. The Company allotted Nil (March 2019: 8,423,175) equity shares pursuant to the exercise of options under Employee Stock Option Plan Scheme. For information relating to Employees Stock Option Plan Scheme including details of options outstanding as at March 31, 2020 - Refer Note 3.4.

4. As on March 31, 2020, there are 353,158,140 (March 2019: 353,202,640) equity shares representing the outstanding Global Depository Receipts (GDRs). The balance GDRs have been converted into equity shares.

5. Shares held by the Holding Company

   Hinduja Automotive Limited, the holding company, holds 1,164,332,742 (March 2019: 1,164,332,742) Equity shares and 5,486,669 (March 2019: 5,486,669) Global Depository Receipts (GDRs) equivalent to 329,200,140 (March 2019: 329,200,140) Equity shares of ₹ 1 (March 2019: ₹ 1) each aggregating to 50.88% (March 2019: 50.88%) of the total share capital.

6. Shareholders other than the Holding Company holding more than 5% of the equity share capital

   Reliance Capital Trustee Co Ltd holds 165,184,502 (March 2019 : 58,000,969) equity shares constituting 5.63% (March 2019: 1.98%) of the equity share capital of the Company.

7. Rights, preferences and restrictions in respect of equity shares and GDRs issued by the Company

   a) The Equity shareholders are entitled to receive dividends as and when declared; a right to vote in proportion to holding etc. and their rights, preferences and restrictions are governed by / in terms of their issue under the provisions of the Companies Act, 2013.

   b) The rights, preferences and restrictions of the GDR holders are governed by the terms of their issue, and the provisions of the Companies Act, 2013. Each GDR holder is entitled to receive 60 equity shares [March 2019: 60 equity shares] of ₹ 1 each, per GDR, and their voting rights can be exercised through the Depository.

		Note	As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
1.17	**OTHER EQUITY**			
	Capital Reserve	A	263.87	263.87
	Securities Premium	B	1,908.75	1,908.75
	Capital Redemption Reserve	C	3.33	3.33
	Share Options Outstanding Account	D	23.19	7.13
	General Reserve	E	1,018.33	1,018.33
	Cash Flow Hedge Reserve	F	(15.23)	(0.28)
	Foreign Currency Monetary Item Translation Difference	G	-	(8.16)
	Retained Earnings	H	3,768.20	4,845.91
			6,970.44	**8,038.88**

Refer "Statement of Changes in Equity" for additions / deletions in each reserve.

Notes:

A Capital reserve represents reserve created pursuant to the business combinations upto year end.

B Securities premium represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act, 2013 (the Act) for specified purposes.

C Capital redemption reserve represent the reserve arising pursuant to the business combination during 2016-17.

D Share options outstanding account relates to stock options granted by the Company to employees under an employee stock options plan (Refer Note 3.4).

E General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, bonus issue, etc.

F Cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated in this reserve are reclassified to profit or loss only when the hedged transaction affects the profit or loss.

G Foreign currency monetary item translation difference represents exchange differences on translation of long term foreign currency monetary items at rates different from those at which they were initially recorded in so far as they do not relate to acquisition of depreciable asset. These exchange differences in respect of borrowings upto March 31, 2017 are amortised by recognition as income or expense in each year over the balance term till settlement occurs but not beyond March 31, 2020.

H In respect of the year ended March 31, 2020, the Board of Directors has declared an interim dividend of ₹ 0.50 per equity share (Final dividend for March 2019: ₹ 3.10 per equity share) which is accounted and paid out of the current year profits in accordance with the provisions of the Act. Revaluation reserve transferred to retained earnings on transition date may not be available for distribution.

			As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
1.18	**NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS**			
a)	**Secured borrowings**			
	i.	Term loan from banks	500.00	-
	ii.	SIPCOT soft loan	31.18	31.18
b)	**Unsecured borrowings**			
	i.	External commercial borrowings from banks	756.27	184.28
	ii.	Interest free sales tax loans	66.41	82.94
			1,353.86	**298.40**

Notes:

1. These are carried at amortised cost.
2. Refer Note 1.27 for current maturities of non-current borrowings.
3. Refer Note 3.11 for security and terms of the borrowings.
4. The Company has been authorised to issue 36,500,000 (March 2019: 36,500,000) Non-Cumulative Redeemable Non-Convertible Preference Shares of ₹ 10 each valuing ₹ 36.50 crores (March 2019: ₹ 36.50 crores) and 77,000,000 (March 2019: 77,000,000) Non-Convertible Redeemable Preference Shares of ₹ 100 each valuing ₹ 770.00 crores (March 2019: ₹ 770.00 crores). No preference shares has been issued during the year.

	As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
1.19 NON-CURRENT - OTHER FINANCIAL LIABILITIES		
a) Derivatives designated in hedging relationships	16.44	-
b) Others	33.48	34.59
	49.92	**34.59**

Note:

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, 2020 ₹ crores	As at March 31, 2019 ₹ crores
1.20 NON-CURRENT PROVISIONS		
a) Provision for employee benefits		
i. Compensated absences	101.25	92.31
ii. Others including post retirement benefits	19.76	35.75
b) Others		
i. Product warranties	51.42	103.87
ii. Others (including litigation matters)	8.26	17.70
	180.69	**249.63**

Notes:

1. Movement in Provision for product warranties is as follows :

Particulars	March 2020	March 2019
Opening	103.87	107.83
Add: Additions (net of utilisations)	(52.45)	(3.96)
Closing	51.42	103.87

This provision is recognised once the products are sold. The estimated provision takes into account historical information, frequency and average cost of warranty claims and the estimate regarding possible future incidence of claims. The provision for warranty claims represents the present value of management's best estimate of the future economic benefits. The outstanding provision for product warranties as at the reporting date is for the balance unexpired period of the respective warranties on the various products which range from 1 to 24 months.

2. Movement in Provision for others (including litigation matters) is as follows :

Particulars	March 2020	March 2019
Opening	17.70	17.54
Add: Additions	-	0.16
Less: Utilisations / Reversals / Transfer	9.44	-
Closing	8.26	17.70

	As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
1.21 DEFERRED TAX LIABILITIES (NET)		
a) Deferred tax liabilities	1,021.25	926.87
b) Deferred tax (assets)	(756.43)	(677.14)
	264.82	**249.73**

Notes:

1. Refer Note 3.1 for details of deferred tax liabilities and assets.
2. Deferred tax assets includes Unused tax credits (MAT credit entitlement) of ₹ 574.77 crores (March 2019: ₹ 512.92 crores).

	As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
1.22 NON-CURRENT - CONTRACT LIABILITIES		
Income received in advance (Refer note 3.7)	249.85	269.02
	249.85	**269.02**
1.23 OTHER NON-CURRENT LIABILITIES		
Others	-	1.64
	-	**1.64**

	As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
1.24 CURRENT FINANCIAL LIABILITIES - BORROWINGS		
Secured borrowings		
Loans from banks (Includes cash credit, packing credit, etc)	842.00	-
Unsecured borrowings		
Short term loans from banks	825.00	100.00
Buyers credit	28.94	-
Bills discounted	15.03	-
	1,710.97	**100.00**

Notes:

1. These are carried at amortised cost.
2. Refer Note 3.12 for security and terms of the borrowings.
3. Commercial paper - maximum balance outstanding during the year is ₹ 2,000 crores (March 2019: ₹ 1,300 crores).
4. Net debt reconciliation:

Particulars	March 2020	March 2019
Cash and cash equivalents	1,279.04	1,364.98
Current borrowings	(1,710.97)	(100.00)
Non-current borrowings	(1,576.37)	(536.31)
Derivative Asset / (Liability)	26.16	2.48
Lease Liability	(40.47)	-
Net debt	**(2,022.61)**	**731.15**

	Other assets		Liabilities from financing activities				Total
	Cash and Bank overdraft	Liquid investment	Non-current borrowings	Current borrowings	Derivative asset / (liability)	Lease liability	
Net debt as at March 31, 2018	**1,031.47**	**3,155.16**	**(1,145.89)**	**(100.00)**	**(25.35)**	**-**	**2,915.39**
Cash flows (net)	332.98	(3,202.05)	631.61	-	30.45	-	(2,207.01)
Foreign Exchange adjustments	0.53	-	(36.29)	-	0.01	-	(35.75)
Profit / (loss) on sale of liquid investments (net)	-	46.89	-	-	-	-	46.89
Interest expense	-	-	(31.22)	(57.42)	-	-	(88.64)
Interest paid	-	-	45.48	57.42	-	-	102.90
Other non-cash movements							
- Fair value adjustments	-		-	-	(2.63)	-	(2.63)
Net debt as at March 31, 2019	**1,364.98**	**-**	**(536.31)**	**(100.00)**	**2.48**	**-**	**731.15**
Recognised on adoption of Ind As 116	-	-	-	-	-	(60.06)	(60.06)
Cash flows (net)	(87.41)	(16.80)	(975.65)	(1,609.26)	(2.49)	21.87	(2,669.74)
Foreign exchange adjustments	1.47	-	(61.47)	(1.71)	0.01	-	(61.70)
Profit / (loss) on sale of liquid investments (net)	-	16.80	-	-	-	-	16.80
Interest expense	-	-	(57.99)	(91.26)	-	(4.63)	(153.88)
Interest paid	-	-	55.05	91.26	-	-	146.31
Other non-cash movements							
- Fair value adjustments	-	-	-	-	26.16	-	26.16
- Addition / Deletion (Net) relating to lease liability	-	-	-	-	-	2.35	2.35
Net debt as at March 31, 2020	**1,279.04**	**-**	**(1,576.37)**	**(1,710.97)**	**26.16**	**(40.47)**	**(2,022.61)**

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, 2020 ₹ crores	As at March 31, 2019 ₹ crores
1.25	**CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES**		
	Trade payables - including acceptances		
a)	Total outstanding dues of micro enterprises and small enterprises [Refer Note 3.15]	12.68	12.94
b)	Total outstanding dues of creditors other than micro enterprises and small enterprises	2,611.23	5,005.99
		2,623.91	**5,018.93**

Note:
These are carried at amortised cost.

1.26	**CURRENT - OTHER FINANCIAL LIABILITIES**		
a)	Current maturities of long-term debts	216.53	233.96
b)	Interest accrued but not due on borrowings	3.82	3.22
c)	Unclaimed dividends	11.57	8.61
d)	Employee benefits	208.21	452.82
e)	Capital creditors	214.11	135.61
f)	Derivatives designated in hedging relationships	11.01	5.50
g)	Others *	675.54	760.62
		1,340.79	**1,600.34**
	* Includes:		
-	Accrued expenses / liabilities	416.88	493.01
-	Refund liabilities	252.88	267.30

Notes:
1. Refer Note 3.11 for security and terms of the borrowings.
2. These (except derivatives) are carried at amortised cost. Derivatives are carried at fair value through profit or loss / other comprehensive income.

1.27	**CURRENT CONTRACT LIABILITIES**		
a)	Income received in advance	357.61	377.94
b)	Advance from customers	253.62	412.29
		611.23	**790.23**

Note:
Refer Note 3.7 for disclosures relating to revenue from contracts with customers

1.28	**OTHER CURRENT LIABILITIES**		
a)	Statutory liabilities	63.62	398.07
b)	Accrued gratuity	4.81	37.06
c)	Others	5.83	41.56
		74.26	**476.69**

	As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹crores
1.29 CURRENT PROVISIONS		
a) Provision for employee benefits		
i. Compensated absences	12.01	14.57
ii. Others including post retirement benefits	87.16	21.15
b) Others		
i. Product warranties	261.34	311.69
ii. Obligations	33.26	299.06
iii. Others (including litigation matters)	231.08	156.30
	624.85	**802.77**

Notes:

1. Movement in Provision for product warranties is as follows :

Particulars	March 2020	March 2019
Opening	311.69	265.41
Add: Additions (net of utilisations)	(50.35)	46.28
Closing	261.34	311.69

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.

2. Movement in Provision for obligations (including Optare PLC) is as follows :

Particulars	March 2020	March 2019
Opening	299.06	281.00
Add: Additions	100.42	18.06
Less: Transfer	366.22	-
Closing	33.26	299.06

3. Movement in Provision for others (including litigation matters) is as follows :

Particulars	March 2020	March 2019
Opening	156.30	216.20
Add: Additions / Transfer	74.78	17.09
Less: Utilisations / Reversal	-	76.99
Closing	231.08	156.30

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

					Year ended March 31, 2020 ₹ crores	Year ended March 31, 2019 ₹ crores
2.1	**REVENUE FROM OPERATIONS**					
	a)	Sale of products				
		-	Commercial vehicles		14,326.36	25,394.01
		-	Engines and gensets		471.41	468.04
		-	Ferrous castings and patterns		396.43	522.19
		-	Spare parts and others		1,766.00	1,880.47
				(A)	**16,960.20**	**28,264.71**
	b)	Sale of services		(B)	**724.20**	**738.26**
	c)	Other operating revenues				
		-	Grant income		51.58	250.78
		-	Export incentives		60.52	61.16
		-	Scrap sales		66.21	122.60
		-	Others		21.94	6.38
				(C)	**200.25**	**440.92**
				(A+B+C)	**17,884.65**	**29,443.89**
		Less: Rebates and discounts			417.18	388.94
					17,467.47	**29,054.95**
2.2	**OTHER INCOME**					
	a)	Interest income from financial assets measured at amortised cost				
		i.	Loans to related parties (Refer Note 3.8)		10.74	3.53
		ii.	Others		45.98	36.23
					56.72	**39.76**
	b)	Dividend income from subsidiaries and associates (Refer Note 3.8)			18.90	1.54
	c)	Profit on sale of investments - net				
		Current investments			16.81	46.89
	d)	Other non-operating income				
		i.	Profit on sale of Property, Plant and Equipment (net)		4.18	3.45
		ii.	Net gain / (loss) arising on financial asset mandatorily measured at FVTPL		4.25	(10.45)
		iii.	Others		22.48	28.75
					30.91	**21.75**
					123.34	**109.94**
2.3	**CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS**					
	Changes in inventories					
		-	Finished goods and stock-in-trade		1,046.37	(943.22)
		-	Work-in-progress		145.10	(15.58)
	Net change				**1,191.47**	**(958.80)**

		Year ended March 31, 2020 ₹ crores	Year ended March 31, 2019 ₹ crores
2.4 EMPLOYEE BENEFITS EXPENSE			
a) Salaries and wages		1,383.42	1,835.57
b) Contribution to provident and other funds		126.99	107.32
c) Share based payments costs *		16.06	2.43
d) Staff welfare expenses		160.00	210.75
		1,686.47	**2,156.07**
Less: Expenses capitalised		71.41	57.30
		1,615.06	**2,098.77**

* For share options given by the Company to employees under employee stock option plan (Refer Note 3.4).

Note:

Employee benefits expense include:

- CSR Expenditure (Refer Note 3.17)	1.60	1.52

		Year ended March 31, 2020 ₹ crores	Year ended March 31, 2019 ₹ crores
2.5 FINANCE COSTS			
Interest expense		138.37	90.05
Less: Expenses capitalised		33.55	19.67
		104.82	**70.38**
Interest on lease liability		4.63	-
		109.45	**70.38**

Note:

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Company's general borrowings during the year is 6.77% p.a. (March 31, 2019 - 5.94% p.a.).

		Year ended March 31, 2020 ₹ crores	Year ended March 31, 2019 ₹ crores
2.6 DEPRECIATION AND AMORTISATION EXPENSE			
A) Property, plant and equipment			
(i) Buildings		65.90	59.37
(ii) Plant and equipment		394.91	425.45
(iii) Furniture and fittings		11.13	8.25
(iv) Vehicles		12.27	19.28
(v) Office equipment		26.66	18.32
(vi) Assets given on lease			
- Buildings		0.28	0.24
- Plant and equipment #		0.00	0.00
- Aircraft		9.75	10.74
- Furniture and fittings		0.05	0.05
	(A)	**520.95**	**541.70**
B) Intangible assets			
(i) Computer software			
- Developed		17.04	13.31
- Acquired		22.00	20.07
(ii) Technical knowhow			
- Developed		88.54	22.09
- Acquired		-	23.84
	(B)	**127.58**	**79.31**
C) Depreciation of Right-of-use asset (Refer Notes 1.1A and 3.5)	(C)	21.27	-
	(A+B+C)	**669.80**	**621.01**

Note:

\# amount is below rounding off norms adopted by the Company.

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

		Year ended March 31, 2020 ₹ crores	Year ended March 31, 2019 ₹ crores
2.7	**OTHER EXPENSES**		
(a)	Consumption of stores and tools	56.56	132.10
(b)	Power and fuel	173.19	249.80
(c)	Rent (Refer Note 3.5)	9.20	25.47
(d)	Repairs and maintenance		
	- Buildings	43.45	53.85
	- Plant and machinery	158.81	197.86
(e)	Insurance	22.28	16.57
(f)	Rates and taxes, excluding taxes on income	33.52	22.93
(g)	Research and development	330.28	216.97
(h)	Service and product warranties	435.94	539.19
(i)	Packing and forwarding charges	578.97	738.73
(j)	Selling and administration expenses - net (Refer Note 3.13)	577.63	977.47
(k)	Annual maintenance contracts	208.27	188.60
(l)	Impairment loss allowance / write off on trade receivable	30.86	22.27
(m)	Impairment loss allowance / write off on other receivable	8.85	(33.04)
		2,667.81	**3,348.77**
	Less: Expenses capitalised	358.20	207.90
		2,309.61	**3,140.87**
	Note:		
	Selling and administration expenses include:		
-	Directors' sitting fees	1.08	0.85
-	Commission to Non Whole-time Directors	3.50	14.47
-	CSR Expenditure (Refer Note 3.17)	39.92	32.55
2.8	**EXCEPTIONAL ITEMS**		
a)	Impairment reversal / (loss) in the value of investments (net) (including impact of capital reduction)		
	- Ashok Leyland (Chile) S.A	-	(3.76)
	- Ashley Aviation Limited	(2.13)	(3.41)
	- Ashok Leyland John Deere Construction Equipment Company Private Limited (net of reversal of impairment provision ₹ 23.27 crores provided in earlier years)	-	3.40
		(2.13)	**(3.77)**
b)	Impairment loss in the value of equity investment (net of reversal of provision for obligation)	(100.42)	(18.06)
c)	(Loss) on sale of immovable properties	-	(15.94)
d)	Obligation relating to discontinued products of LCV division	(7.69)	(17.09)
e)	Voluntary retirement scheme	(45.59)	-
		(155.83)	**(54.86)**

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

		Year ended March 31, 2020 ₹ crores	Year ended March 31, 2019 ₹ crores
3.1 INCOME TAXES RELATING TO CONTINUING OPERATIONS			
3.1.1 Income tax recognised in profit or loss			
Current tax			
In respect of the current year		71.74	378.20
	(A)	**71.74**	**378.20**
Deferred tax			
In respect of the current year		50.66	135.40
Adjustments to deferred tax attributable to changes in tax rates and laws		-	-
	(B)	**50.66**	**135.40**
Total income tax expense recognised in profit or loss	(A + B)	**122.40**	**513.60**
3.1.2 Income tax expense for the year reconciled to the accounting profit:			
Profit before tax		**361.92**	**2,496.80**
Income tax rate		34.944%	34.944%
Income tax expense		126.47	872.48
Effect of income that is exempt from taxation		(6.47)	-
Effect of income that is taxed at lower rate		(0.07)	(0.27)
Effect of previously unrecognised and unused tax losses and deductible temporary differences		(5.87)	(16.39)
Effect of concessions and other allowances (including tax holiday and weighted deduction for research and development expenditure)		(117.65)	(232.87)
Effect of exceptional items, benefits recognised upon amalgamation, disallowances and reversals (net)		125.95	(180.07)
Effect of taxable / deductible temporary differences and tax holiday benefit relating to earlier years (net)		-	70.72
Effect of different tax rates of branches operating in overseas jurisdictions		0.04	-
Income tax expense recognised in profit or loss		**122.40**	**513.60**
3.1.3 Income tax recognised in other comprehensive income			
Current tax		**-**	**-**
Deferred tax			
Arising on income and expenses recognised in other comprehensive income:			
Fair value remeasurement of hedging instruments entered into for cash flow hedges		(8.17)	0.08
Remeasurement of defined benefit obligation		(25.61)	(22.87)
	(A)	**(33.78)**	**(22.79)**
Arising on income and expenses reclassified from equity to profit or loss:			
Relating to cash flow hedges		(0.08)	(2.27)
	(B)	**(0.08)**	**(2.27)**
Total income tax recognised in other comprehensive income	(A+B)	**(33.86)**	**(25.06)**

3.1.4 Analysis of deferred tax assets / liabilities:

₹ crores

March 31, 2020	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in other equity	Unused tax credits - availed / (utilised)	Closing balance
Deferred tax (liabilities)/assets in relation to:						
Property, Plant & Equipment and intangible assets	(926.79)	(108.59)	-	-	-	(1,035.38)
Right-of-use asset	-	1.42	-	(17.35)	-	(15.93)
Lease Liability	-	(4.92)	-	19.06	-	14.14
Voluntary retirement scheme compensation	6.35	4.50	-	-	-	10.85
Expenditure allowed upon payments	56.63	2.53	25.61	-	-	84.77
Unused tax credit (MAT credit entitlement)	512.92	61.86	-	-	-	574.78
Cash flow hedges	(0.08)	-	8.25	-	-	8.17
Other temporary differences	101.24	(7.46)	-	-	-	93.78
	(249.73)	**(50.66)**	**33.86**	**1.71**	**-**	**(264.82)**

March 31, 2019	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in other equity	Unused tax credits - availed / (utilised)	Closing balance
Deferred tax (liabilities)/assets in relation to:						
Property, Plant & Equipment and intangible assets	(723.09)	(203.70)	-	-	-	(926.79)
Voluntary retirement scheme compensation	13.31	(6.96)	-	-	-	6.35
Expenditure allowed upon payments	60.23	(26.47)	22.87	-	-	56.63
Unused tax credit (MAT credit entitlement)	353.73	-	-	-	159.19	512.92
Cash flow hedges	(2.27)	-	2.19	-	-	(0.08)
Other temporary differences	(0.49)	101.73	-	-	-	101.24
	(298.58)	**(135.40)**	**25.06**	**-**	**159.19**	**(249.73)**

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, 2020	As at March 31, 2019
	₹ crores	₹ crores
3.1.5 Unrecognised deductible temporary differences, unused tax losses and unused tax credits		
- Unused tax losses (capital)	270.79	287.57
	270.79	**287.57**

Notes:

1. These will expire in various years upto 2026-27.
2. The above are gross amounts on which appropriate tax rates would apply.

3.2 RETIREMENT BENEFIT PLANS

3.2.1 Defined contribution plans

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

The total expense recognised in profit or loss of ₹ 24.65 crores (2018-19: ₹ 26.61 crores) represents contribution paid/ payable to these schemes by the Company at rates specified in the schemes.

3.2.2 Defined benefit plans

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at the time of retirement, separation, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation. The Company makes annual contributions to a funded gratuity scheme administered by the Life Insurance Corporation of India.

Eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined benefit plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary.
The contributions are made to the provident fund and pension fund set up as irrevocable trusts by the Company. The interest rates declared and credited by trusts to the members have been higher than / equal to the statutory rate of interest declared by the Central Government.

Company's liability towards gratuity (funded), provident fund, other retirement benefits and compensated absences are actuarially determined at the end of each reporting period using the projected unit credit method as applicable.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit.
Interest rate risk	A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

	As at March 31, 2020	As at March 31, 2019
	₹ crores	₹ crores
3.2.3 The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Gratuity		
Discount rate	6.60%	7.64%
Expected rate of salary increase	5.50%	5.50%
Average Longevity at retirement age - past service	15.50	15.60
Average Longevity at retirement age - future service	11.90	11.80
Attrition rate	3.00%	3.00%
Compensated absences		
Discount rate	6.60%	7.64%
Expected rate of salary increase	5.50%	5.50%
Attrition rate	3.00%	3.00%
Other defined benefit plans		
Discount rate	6.60%	7.64%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

	Year ended March 31, 2020 ₹ crores	Year ended March 31, 2019 ₹ crores
3.2.4 Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:		
Gratuity		
Current service cost	19.58	15.22
Net interest expense / (income)	-	0.91
Components of defined benefit costs recognised in profit or loss	**19.58**	**16.13**
Remeasurement on the net defined benefit liability comprising:		
Actuarial (gain)/loss arising from changes in financial assumptions	27.66	25.60
Actuarial (gain)/loss arising from experience adjustments	(9.22)	42.22
Actuarial (gain)/loss on plan assets	3.85	(2.36)
Components of defined benefit costs recognised in other comprehensive income	**22.29**	**65.46**
Total	**41.87**	**81.59**
Compensated absences and other defined benefit plans		
Current service cost	15.94	12.88
Net interest expense	8.26	7.05
Actuarial (gain)/loss arising from changes in financial assumptions	10.56	8.57
Actuarial (gain)/loss arising from experience adjustments	(17.86)	(3.13)
Components of defined benefit costs recognised in profit or loss	**16.90**	**25.37**

The current service cost and the net interest expense for the year are included in "contribution to provident and other funds" and "Salaries and wages" under employee benefits expense in profit or loss (Refer Note 2.4).

	As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
3.2.5 The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:		
Gratuity		
Present value of defined benefit obligation	380.40	356.40
Fair value of plan assets	375.59	319.34
Net liability arising from defined benefit obligation (funded)	**4.81**	**37.06**
Compensated absences and other defined benefit plans		
Present value of defined benefit obligation	120.03	113.45
Fair value of plan assets	-	-
Net liability arising from defined benefit obligation (unfunded)	**120.03**	**113.45**

Gratuity is reflected in "Accrued gratuity" under other current liabilities and compensated absences is reflected in "Provision for employee benefits" under provisions. [Refer Notes 1.20, 1.28 and 1.29]

	Year ended March 31, 2020 ₹ crores	Year ended March 31, 2019 ₹ crores
3.2.6 Movements in the present value of the defined benefit obligation were as follows:		
Gratuity		
Opening defined benefit obligation	356.40	292.50
Current service cost	19.58	15.22
Interest cost	25.70	20.93
Actuarial (gain)/loss arising from changes in financial assumptions	27.66	25.60
Actuarial (gain)/loss arising from experience adjustments	(9.22)	42.22
Benefits paid	(39.72)	(40.07)
Closing defined benefit obligation	**380.40**	**356.40**
Compensated absences and other defined benefit plans		
Opening defined benefit obligation	113.45	96.02
Current service cost	15.94	12.88
Interest cost	8.26	7.05
Actuarial (gain)/loss arising from changes in financial assumptions	10.56	8.57
Actuarial (gain)/loss arising from experience adjustments	(17.86)	(3.13)
Benefits paid	(10.32)	(7.94)
Closing defined benefit obligation	**120.03**	**113.45**
3.2.7 Movements in the fair value of the plan assets were as follows:		
Gratuity		
Opening fair value of plan assets	319.34	224.43
Interest on plan assets	25.70	20.02
Remeasurements due to Actual return on plan assets less interest on plan assets	(3.85)	2.36
Contributions	74.12	112.60
Benefits paid	(39.72)	(40.07)
Closing fair value of plan assets	**375.59**	**319.34**

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 ₹ 21.85 crores (2018-19: ₹ 22.38 crores).

	As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
3.2.8 Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period.		
Gratuity		
If the discount rate is 50 basis points higher / lower, the defined benefit obligation would:		
decrease by	14.52	12.05
increase by	13.82	12.78
If the expected salary increases/decreases by 50 basis points, the defined benefit obligation would:		
increase by	14.19	13.25
decrease by	14.99	12.60
Compensated absences		
If the discount rate is 50 basis points higher / lower, the defined benefit obligation would:		
decrease by	5.14	4.39
increase by	5.52	4.70
If the expected salary increases / decreases by 50 basis points, the defined benefit obligation would:		
increase by	5.31	4.55
decrease by	4.98	4.28

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation, since the above analysis are based on change in an assumption while holding other assumptions constant. In practice, it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of each reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from previous year.

The Company expects to make a contribution of ₹ 57.85 crores (March 2019: ₹ 48.00 crores) to the defined benefit plans (gratuity - funded) during the next financial year.

The average duration of the benefit obligation (gratuity) is 8.1 years (March 2019: 7.7 years).

3.2.9 Provident Fund Trust - actuarial valuation of interest guarantee :

Ashok Leyland has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. The administered rates are determined annually predominantly considering the social rather than the economic factors and in most cases, the actual return earned by the Company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by the Actuarial Society of India and based on the assumptions provided below.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	As at March 31, 2020	As at March 31, 2019
	₹ crores	₹ crores
Provident Fund		
Discount rate	6.60%	7.64%
Remaining term to maturity of portfolio (years)	11.90	11.80
Expected guaranteed interest rate (%)		
First year	8.50%	8.65%
Thereafter	8.50%	8.50%
Attrition rate	3.00%	3.00%
The amount included in the balance sheet arising from the Company's obligation in respect of its provident fund plan is as follows:		
Provident Fund		
Present value of defined benefit obligation	1,222.57	1,160.34
Fair value of plan assets	1,171.77	1,176.13
Net (liability) arising from defined benefit obligation (funded)	**(50.80)**	**-**

There is no shortfall for the year ended March 31, 2019, accordingly no liability is recognised as on March 31, 2019. The Net liability is reflected in "Provision for employee benefits" under provisions [Refer Notes 1.29]. The comparative information is not disclosed at this is the first year of detailed disclosure.

The amount recognized in total comprehensive income and the movement in fair value assets and present value obligations pertaining to year ended March 31, 2020 is as follows:

	Year ended March 31, 2020
	₹ crores
Amounts recognised in total comprehensive income in respect of these provident fund are as follows:	
Provident Fund	
Current service cost	61.95
Net interest expense / (income)	(0.69)
Components of provident fund recognised in profit or loss	**61.26**
Remeasurement on the net defined benefit liability comprising:	
Actuarial (gain)/loss arising from changes in financial assumptions	0.48
Actuarial (gain)/loss arising from experience adjustments	(14.55)
Actuarial (gain)/loss on plan assets	74.06
Adjustment relating to unrecognised actuarial gain of prior year	(8.99)
Components of provident fund recognised in other comprehensive income	**51.00**
Total	**112.26**

The current service cost and the net interest expense for the year are included in "contribution to provident and other funds" and "Salaries and wages" under employee benefits expense in profit or loss (Refer Note 2.4).

	Year ended March 31, 2020
	₹ crores
Movements in the present value of the defined benefit obligation were as follows:	
Opening defined benefit obligation	1,160.34
Adjustment relating to opening present value obligation	2.26
Employer Contribution	61.46
Employee Contribution	119.05
Value of Interest Rate Guarantee	0.49
Interest cost	87.53
Actuarial (gain)/loss arising from changes in financial assumptions	0.48
Actuarial (gain)/loss arising from experience adjustments	(14.55)
Benefits paid	(194.49)
Closing defined benefit obligation	**1,222.57**
Movements in the fair value of the plan assets were as follows:	
Provident Fund	
Opening fair value of plan assets	1,176.13
Adjustment relating to opening fair value of plan assets	(4.54)
Interest on plan assets	88.22
Actuarial gain/(loss) on plan assets	(74.06)
Contributions	180.51
Benefits paid	(194.49)
Closing fair value of plan assets	**1,171.77**

The Company funds the contribution to administered trusts, which manages the plan assets in accordance with provident fund norms.

	As at March 31, 2020	As at March 31, 2019
	₹ crores	₹ crores
Significant actuarial assumptions for the determination of the provident fund are discount rate and interest rate guarantee. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumption occuring at the end of the reporting period.		
If the discount rate is 50 basis points higher/lower, the defined benefit obligation would:		
decrease by	0.24	0.15
increase by	0.25	0.16

The Company is sensitive to interest rate guarantee wherein any increase or decrease in the interest rate by 25 basis points results in an increase in present value obligation by 1.3% or decrease in present value obligation by 0.4%. The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation, since the above analysis are based on change in an assumption while holding other assumptions constant. In practice, it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

		Year ended March 31, 2020 ₹ crores	Year ended March 31, 2019 ₹ crores
3.3	**EARNINGS PER SHARE**		
	Basic earnings per share	0.82	6.76
	Diluted earnings per share	0.82	6.76
	Face value per share	1.00	1.00
3.3.1	**Basic earnings per share**		
	Profit for the year attributable to equity shareholders	239.52	1,983.20
	Weighted average number of equity shares used in the calculation of basic earnings per share	2,935,527,276	2,934,677,218
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	239.52	1,983.20
	Weighted average number of equity shares used in the calculation of basic earnings per share	2,935,527,276	2,934,677,218
	Adjustments :		
	Dilutive effect - Number of shares relating to employee stock options	-	128,491
	Weighted average number of equity shares used in the calculation of diluted earnings per share	2,935,527,276	2,934,805,709

3.4 SHARE BASED PAYMENTS

3.4.1 Details of employees stock option plan of the Company

The Company has Employees Stock Options Plan (ESOP) scheme granted to employees which has been approved by the shareholders of the Company. In accordance with the terms of the plan, eligible employees may be granted options to purchase equity shares of the Company if they are in service on exercise of the grant. Each employee share option converts into one equity share of the Company on exercise at the exercise price as per the scheme. The options carry neither rights to dividend nor voting rights. Options can be exercised at any time from the date of vesting to the date of their expiry.

The following share based payment arrangements were in existence during the current or prior year:

Option series	Number	Grant date	Expiry date	Exercise price ₹	Fair value at grant date ₹
ESOP 1 *	2,845,875	September 29, 2016	April 1, 2026	80.00	37.43
ESOP 2	7,454,000	January 25, 2017	March 31, 2024	1.00	80.04
ESOP 3 (Refer Note below)	2,000,000	July 19, 2017	July 19, 2027	83.50	57.42
ESOP 4 (Refer Note below)	1,000,000	November 13, 2018	November 13, 2028	109.00	55.47
ESOP 5 (Refer Note below)	13,100,000	March 20, 2019	March 20, 2030	91.40	40.19
ESOP 6 (Refer Note below)	7,010,000	February 11, 2020	February 11, 2031	82.90	38.58

* ESOP 1 lapsed as it failed to comply with vesting conditions.

Note:
Under ESOP 3, ESOP 4, ESOP 5 and ESOP 6 shares vest on varying dates within the expiry date mentioned above with an option life of 5 years after vesting.

3.4.2 Fair value of share options granted during the year

The weighted average fair value of the stock options granted during the financial year is ₹ 38.58 (2018-19: ₹ 41.27). 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:	2017-18	2018-19		2019-20
	ESOP 3	ESOP 4	ESOP 5	ESOP 6
Grant date share price	106.85	118.30	91.40	82.90
Exercise price	83.50	109.00	91.40	82.90
Expected volatility	37.70% to 42.90%	37.52% to 39.70%	37.40% to 40.48%	37.91% to 39.68%
Option life (Refer Note 3.4.1)	6 - 10 years	6 - 10 years	9 - 11 years	9 - 11 years
Dividend yield	1.46	2.05	2.66	2.07
Risk-free interest rate	6.44% to 6.66%	7.42% to 7.58%	7.19% to 7.29%	6.38% to 6.47%

3.4.3 Movements in share options during the year

	Year ended March 31, 2020 Numbers	Weighted average exercise price	Year ended March 31, 2019 Numbers	Weighted average exercise price
Opening at the beginning of the year	15,700,000	91.72	11,730,700	30.40
Granted during the year	7,010,000	82.90	14,100,000	92.65
Forfeited during the year	-	-	1,707,525	80.00
Exercised during the year	-	-	8,423,175	10.26
Balance at the end of the year	22,710,000	88.99	15,700,000	91.72

Weighted Average share price on date of exercise of option ₹ Nil (2019 : ₹ 139.44).

3.4.4 Share options vested but not exercised during the year

ESOP 3: 400,000 options and ESOP 4: 200,000 options (Year ended March 31, 2019 : Nil)

3.4.5 Share options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average exercise price of ₹ 88.99 (as at March 31, 2019: ₹ 91.72) and a weighted average remaining contractual life of 8.93 years (as at March 31, 2019: 9.5 years).

3.5 LEASE ARRANGEMENTS

Company as lessee

Operating leases relate to leases of land and building with lease term ranging from 1 year to 5 years.

	Year ended March 31, 2019
	₹ crores
Payments recognised as an expense for non-cancellable lease	
Rent	6.66

	As at March 31, 2019
	₹ crores
Non-cancellable operating lease commitments	
Not later than 1 year	4.88
Later than 1 year but not later than 5 years	5.34
Later than 5 years	-

The Ministry of Corporate Affairs (MCA), on March 30, 2019, notified Ind AS 116 "Leases" as part of the Companies (Indian Accounting Standards) Amendment Rules, 2018. The new standard is effective for accounting periods beginning on or after April 1, 2019.

On transition date, the Company measured the lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application and measured the right to use asset as its carrying amount as if the Standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. Company had recognised the cumulative effect of initially applying this Standard as an adjustment to the opening balance of retained earnings.

The Company has applied modified retrospective approach in adopting the new standard and accordingly, the previous year numbers are not restated. Thus the balances of lease liability and right of use asset as at March 31, 2020 are not comparable with previous year. Similarly the expenses for the year ended March 31, 2020 are not comparable with the expenses for the year ended March 31, 2019. The adoption of the standard did not have any material impact on the financial statements of the Company.

Maturity Analysis (Remaining Contractual Maturities) for lease payments is as follows:

	As at March 31, 2020
	₹ crores
Not later than 1 year	16.23
Later than 1 year but not later than 5 years	23.67
Later than 5 years	30.88

The Company has applied following practical expedients for the purpose of lease on initial recognition :

1. Single discount rate has been applied for leases with same characteristics.
2. Non - lease component which are difficult to be separate from the lease components are taken as the part of lease calculation.
3. Short term leases i.e. leases having lease term of 12 month or less had been ignored for purpose of calculation of right to use asset.
4. Contracts not part of lease in IND AS 17 has not been taken for computation as a part of IND AS 116.

The difference between lease liability as on April 01, 2019 as per IND AS 116 'Leases' and discounted value of cash flows under operating lease arrangements recorded as of March 31, 2019 under IND AS 17 'Leases' disclosed under note 3.5 to the standalone financial statements of the Company is mainly on account of the following :

1. Decrease in cash flows arising out of exemption granted and opted by the Company under IND AS 116 'Leases" in case of short term leases i.e. leases which have a tenure of less than twelve months.
2. Increase in cash flows arising out of determination of lease period by the company having taken into consideration reasonable certainty in not cancelling the lease as stipulated by IND AS 116 'Leases' as against inclusion of cash flows under operating lease arrangements only for non-cancellable period of lease as required under IND AS 17 'Lease'.

Expenses for the year ended March 31, 2020 includes lease expense classified as Short term lease expenses aggregating to ₹ 18.96 crores and variable lease payments aggregating to ₹ 12.78 crores which are not required to be recognised as a part of partical expedient under IND AS 116 'Accounting for leases' mentioned above.

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

3.6 FINANCIAL INSTRUMENTS

3.6.1 Capital management

The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual master planning and budgeting and five year's corporate plan for working capital, capital outlay and long-term product and strategic involvements. The funding requirements are met through equity, internal accruals and a combination of both long-term and short-term borrowings.

The Company monitors the capital structure on the basis of total debt to equity and maturity profile of the overall debt portfolio of the Company.

	March 31, 2020	March 31, 2019
	₹ crores	₹ crores
Debt (long-term and short-term borrowings including current maturities)	3,321.83	632.36
Total Equity	7,263.99	8,332.43
Debt equity ratio	0.46	0.08

The Company is required to comply with certain covenants under the Facility Agreements executed for its borrowings, which is monitored for compliance.

3.6.2 Financial risk management

In course of its business, the Company is exposed to certain financial risks that could have significant influence on the Company's business and operational / financial performance. These include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Board of Directors reviews and approves risk management framework and policies for managing these risks and monitors suitable mitigating actions taken by the management to minimise potential adverse effects and achieve greater predictability to earnings.

In line with the overall risk management framework and policies, the treasury function provides services to the business, monitors and manages through an analysis of the exposures by degree and magnitude of risks.

The Company uses derivative financial instruments to hedge risk exposures in accordance with the Company's policies as approved by the board of directors.

(A) Market Risk

Market risk is the risk that changes in market prices, liquidity and other factors that could have an adverse effect on realizable fair values or future cash flows to the Company. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates as future specific market changes cannot be normally predicted with reasonable accuracy.

(1) Foreign currency risk management:

The Company undertakes transactions denominated in foreign currencies and thus it is exposed to exchange rate fluctuations. The Company actively manages its currency rate exposures, arising from transactions entered and denominated in foreign currencies, through a centralised treasury division and uses derivative instruments such as foreign currency forward contracts and currency swaps to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by Management.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

As on March 31, 2020 (all amounts are in equivalent ₹ in crores):

	Liabilities			Assets			Net overall
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	exposure on the currency - net assets / (net liabilities)
USD	1,071.91	994.13	77.78	211.04	128.35	82.69	4.91
EUR	11.55	11.55	-	6.38	0.77	5.61	5.61
GBP	0.97	-	0.97	-	-	-	(0.97)
JPY	2.60	-	2.60	-	-	-	(2.60)
Others	3.28	-	3.28	54.25	-	54.25	50.97

3.6 FINANCIAL INSTRUMENTS (contd.)

As on March 31, 2019 (all amounts are in equivalent ₹ in crores):

Currency	Liabilities			Assets			Net overall
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	exposure on the currency - net assets / (net liabilities)
USD	530.37	230.72	299.65	220.84	135.78	85.06	(214.59)
EUR	13.14	9.28	3.86	7.32	-	7.32	3.46
GBP	3.47	0.53	2.94	-	-	-	(2.94)
JPY	2.16	1.24	0.92	-	-	-	(0.92)
Others	1.53	-	1.53	2.11	-	2.11	0.58

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.

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financials instruments and the impact on the other components of equity arises from foreign currency forward contracts designated as cash flow hedges.

The following table details the Company's sensitivity movement in the increase / decrease in foreign currencies exposures (net):

₹ crores

	USD impact	
	March 31, 2020	March 31, 2019
Profit or loss	0.10	4.29
Equity	0.10	4.86

	EUR impact	
	March 31, 2020	March 31, 2019
Profit or loss	0.11	0.07
Equity	0.44	0.07

	GBP impact	
	March 31, 2020	March 31, 2019
Profit or loss	0.02	0.06
Equity	0.02	0.10

	JPY impact	
	March 31, 2020	March 31, 2019
Profit or loss	0.05	0.02
Equity	0.05	0.02

	Impact of other currencies	
	March 31, 2020	March 31, 2019
Profit or loss	1.02	0.01
Equity	1.02	0.01

3.6 FINANCIAL INSTRUMENTS (contd.)

The following table details the foreign currency forward contracts outstanding at the end of the reporting period: ₹ crores

March 31, 2020	Foreign currency		Notional value in INR	Fair value assets (liabilities) in INR *	Maturity date	Hedge ratio	Weighted Average rate
Cash flow hedges:							
Sell EUR - Buy INR	EUR	0.20	16.60	(0.58)	July 2020	1 : 1	EUR 1 : INR 81.25
Fair value hedges:							
Buy USD	USD	3.14	237.47	9.34	April 2020 - Sep 2020	1 : 1	USD 1 : INR 73.40
Sell USD	USD	1.70	128.33	(3.83)	April 2020 - Sep 2020	1 : 1	USD 1 : INR 74.02
Sell EUR - Buy INR	EUR	0.01	0.77	(0.01)	April 2020	1 : 1	EUR 1 : INR 82.24
Buy EUR - SELL INR	EUR	0.15	12.00	0.31	April 2020 - May 2020	1 : 1	EUR 1 : INR 81.08

March 31, 2019	Foreign currency		Notional value in INR	Fair value assets (liabilities) in INR *	Maturity date	Hedge ratio	Weighted Average rate
Cash flow hedges:							
Buy USD	USD	0.41	28.57	(0.16)	May 2019 - Aug 2019	1 : 1	USD 1 : INR 70.42
Sell USD - Buy GBP	GBP	0.02	2.05	(0.03)	May 2019	1 : 1	GBP 1 : USD 1.335
Fair value hedges:							
Buy USD	USD	3.27	226.45	(4.67)	April 2019 - Oct 2019	1 : 1	USD 1 : INR 71.39
Sell USD	USD	1.96	135.78	2.68	April 2019 - Sep 2019	1 : 1	USD 1 : INR 71.00
Sell USD - Buy EUR	EUR	0.07	5.27	(0.11)	April 2019 - May 2019	1 : 1	EUR 1 : USD 1.1475
Buy EUR - Sell INR	EUR	0.05	4.01	(0.14)	April 2019 - May 2019	1 : 1	EUR 1 : INR 81.01
Sell USD - Buy GBP	GBP	0.01	0.53	(0.01)	April 2019 - May 2019	1 : 1	GBP 1 : USD 1.3235
Buy JPY - Sell INR	JPY	1.98	1.24	(0.06)	April 2019 - May 2019	1 : 1	JPY 1 : INR 0.6541

Note:

Included in the balance sheet under 'Current - other financial assets', and 'Current - other financial liabilities'. [Refer Notes 1.13 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, 2020	March 31, 2019
	₹ crores	₹ crores
Variable rate Borrowings	225.00	56.25
Fixed rate Borrowings *	2,960.54	475.44
	3,185.54	**531.69**

* 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, 2020 would decrease/ increase by ₹ 0.10 crores (2018-19: decrease/ increase by ₹ 0.14 crores). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

3.6 FINANCIAL INSTRUMENTS (contd.)

(3) Foreign currency and interest rate sensitivity analysis for swap contracts:

The Company has taken foreign currency and interest rate swap (FCIRS) contracts for hedging its foreign currency and interest rate risks related to certain external commercial borrowings. This FCIRS contracts are composite contracts for both the foreign currency and interest rate risks and thus the mark-to-market value is determined for both the risks together.

The mark-to-market gain/(loss) as at March 31, 2020 is ₹ 26.16 crores (March 31, 2019: ₹ 2.48 crores). If the foreign currency movement is 2% higher/ lower and interest rate movement is 200 basis points higher/ lower with all other variables remaining constant, the Company's profit for the year ended March 31, 2020 would approximately decrease/ increase by ₹ Nil (2018-19: decrease/ increase by ₹ Nil).

(4) Equity price risk:

Equity price risk is related to the change in market reference price of the investments in quoted equity securities. The fair value of some of the Company's investments exposes the Company to equity price risks. In general, these securities are not held for trading purposes.

(B) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee cover is taken.

The Company operates predominantly on cash and carry basis excepting sale to State Transport Undertaking (STU), Government project customers based on tender terms and certain export customers which are on credit basis. The average credit period is in the range of 7 days to 90 days. However, in select cases, credit is extended which is backed by Security deposit/ Bank guarantee/ Letter of credit and other forms. The Company's trade and other receivables consists of a large number of customers, across geographies, hence the Company is not exposed to concentration risk except in case of STU.

The Company makes an allowance for doubtful debts using simplified approach for expected credit loss and on a case to case basis.

Age analysis of Trade receivables **₹ crores**

	As at March 31, 2020			As at March 31, 2019		
	Gross	Allowance	Net	Gross	Allowance	Net
Not Due	431.49	-	431.49	1,911.21	-	1,911.21
Due less than 6 months *	448.66	-	448.66	314.39	-	314.39
Due greater than 6 months *	380.73	80.48	300.25	352.80	72.73	280.07
	1,260.88	**80.48**	**1,180.40**	**2,578.40**	**72.73**	**2,505.67**

* includes dues from government organisation which are considered recoverable

Expected credit loss for other than trade receivables has been assessed and based on life-time expected credit loss, loss allowance provision has been made.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings.

(C) Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company has obtained fund and non-fund based working capital limits from various banks. Furthermore, the Company has access to funds from debt markets through commercial paper programs, non-convertible debentures, and other debt instruments.

The Company invests its surplus funds in bank fixed deposit and mutual funds, which carry minimal mark to market risks.

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	March 31, 2020	March 31, 2019
	₹ crores	₹ crores
Expiring within one year (bank overdraft and other facilities)		
- Secured	558.00	900.00
- Unsecured	441.87	826.00
Total	**999.87**	**1,726.00**

The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

3.6 FINANCIAL INSTRUMENTS (contd.)

The table below summarises the maturity profile remaining contractual maturity period at the balance sheet date for its non-derivative financial liabilities based on the undiscounted cash flows.

₹ crores

March 31, 2020	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Total Carrying Amount
Trade payables	2,623.91	-	-	2,623.91
Other financial liabilities	1,228.50	206.09	15.35	1,449.94
Borrowings	1,929.27	1,056.65	297.59	3,283.51
Lease liabilities	16.23	23.67	30.88	70.78
	5,797.91	**1,286.41**	**343.82**	**7,428.14**

₹ crores

March 31, 2019	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Total Carrying Amount
Trade payables	5,018.93	-	-	5,018.93
Other financial liabilities	1,364.98	38.28	0.04	1,403.30
Borrowings	333.96	200.81	97.59	632.36
Lease liabilities	-	-	-	-
	6,717.87	**239.09**	**97.63**	**7,054.59**

The table below summarises the maturity profile for its derivative financial liabilities based on the undiscounted contractual net cash inflows and outflows on derivative liabilities that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

₹ crores

March 31, 2020	**Due in 1st year**	**Due in 2nd to 5th year**	**Carrying amount**
Currency and interest rate swaps	6.37	16.44	22.81
Foreign exchange forward contracts	4.64	-	4.64
	11.01	**16.44**	**27.45**

₹ crores

March 31, 2019	**Due in 1st year**	**Due in 2nd to 5th year**	**Carrying amount**
Currency and interest rate swaps	-	-	-
Foreign exchange forward contracts	5.50	-	5.50
	5.50	**-**	**5.50**

3.6.3 Categories of Financial assets and liabilities:

		As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
Financial assets			
a.	**Measured at amortised cost:**		
	Cash and cash equivalents	1,279.04	1,364.98
	Other bank balances	43.43	8.61
	Trade Receivables	1,180.40	2,505.67
	Loans (net of allowance)	55.42	54.17
	Others	913.71	501.02
b.	**Mandatorily measured at fair value through profit or loss (FVTPL) / other comprehensive income (OCI):**		
	Investments	-	-
	Derivatives designated in hedge accounting relationships	58.83	3.00
	Derivative instruments not designated in hedge relationships	-	2.48
Financial liabilities			
a.	**Measured at amortised cost:**		
	Borrowings	3,281.36	632.36
	Trade Payables	2,623.91	5,018.93
	Other financial liabilities	1,146.73	1,395.47
	Lease liability	40.47	-
b.	**Mandatorily measured at fair value through profit or loss (FVTPL) / other comprehensive income (OCI):**		
	Derivatives designated in hedge accounting relationships	27.45	5.50

3.6.4 Fair value measurements:

(A) Financial assets and liabilities that are not measured at fair values but in respect of which fair values are as follows:

The Management considers that the carrying amounts of financial assets and financial liabilities recognised in the standalone financial statements approximate their fair values

(B) Financial assets and financial liabilities that are measured at fair value on a recurring basis as at the end of each reporting period:

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values for material financial assets and material financial liabilities have been determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	March 31, 2020	March 31, 2019		
Derivative instruments, i.e. forward foreign currency contracts,currency and interest rate swaps	Assets – ₹ 58.83 crores; and Liabilities – ₹ 27.45 crores	Assets – ₹ 5.48 crores; and Liabilities – ₹ 5.50 crores	Level 2	Discounted future cash flows which are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of the Company/ various counterparties. Further, in case of swap contracts, the future estimated cash flows also consider forward interest rates (from observable yield curves at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of the Company/ various counterparties.

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

3.6 FINANCIAL INSTRUMENTS (contd.)

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	March 31, 2020	March 31, 2019				
Investments in unquoted preference shares	Preference shares of: Hinduja Tech Limited - ₹ 22.45 crores Ashok Leyland (UAE) LLC ₹ 37.75 crores Others - ₹ 7.44 crores (Refer Note 1.3)	Preference shares of: Hinduja Tech Limited - ₹ 22.37 crores Ashok Leyland (UAE) LLC ₹ 31.35 crores Others - ₹ 9.66 crores (Refer Note 1.3)	Level 3	Income approach – in this approach, the discounted cash flow method used to capture the present value of the expected future economic benefits to be derived from the ownership of these preference shares	The significant inputs were: a) the estimated cash flows from the dividends on these preference shares and the redemption proceeds on maturity; and b) the discount rate to compute the present value of the future expected cash flows	A slight decrease in the estimated cash inflows in isolation would result in a significant decrease in the fair value. (Note 2)
Investments in unquoted equity shares & Investment in special limited partnership	Equity shares of: Hinduja (Energy) Limited - ₹ 193.47 crores Others - ₹ 31.28 crores (Refer Note 1.3)	Equity shares of: Hinduja (Energy) Limited - ₹ 193.47 crores Others - ₹ 10.08 crores (Refer Note 1.3)	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these equity instruments	The significant inputs were: a) the estimated cash flows; and b) the discount rate to compute the present value of the future expected cash flows	A slight decrease in the estimated cash inflows in isolation would result in a significant decrease in the fair value. (Note 3 and 4)

Notes:

1. There were no transfers between Level 1, 2 and 3 during the year.
2. A 5% increase/ decrease in the WACC or discount rate used would decrease/ increase the fair value of the unquoted preference shares by ₹ 13.55 crores / ₹ 20.93 crores (as at March 31, 2019: ₹ 20.21 crores / ₹ 12.82 crores).
3. A 50 basis points increase/ decrease in the WACC or discount rate used would decrease/ increase the fair value of the unquoted equity instruments by ₹ 7.03 crores / ₹ 7.64 crores (as at March 31, 2019: ₹ 12.29 crores / ₹ 12.29 crores).
4. A 5% increase/ decrease in the revenue would increase/ decrease the fair value of the unquoted equity instruments by ₹ 20.52 crores / ₹ 20.48 crores (as at March 31, 2019: ₹ 61.64 crores / ₹ 61.64 crores).
5. Gain / loss recognised in profit or loss included in other income (Refer Note 2.2) arising from fair value measurement of Level 3 financial assets is a gain of ₹ 4.25 crores (2019: loss of ₹ 10.45 crores).

3.7 REVENUE FROM CONTRACTS WITH CUSTOMERS:

3.7.1 Disaggregated revenue information

Particulars	March 31, 2020	March 31, 2019
	₹ crores	₹ crores
Type of goods and service		
a) Sale of products		
- Commercial vehicles	14,326.36	25,394.01
- Engines and gensets	471.41	468.04
- Ferrous castings and patterns	396.43	522.19
- Spare parts and others	1,766.00	1,880.47
	16,960.20	**28,264.71**
b) Sale of services		
- Freight and Insurance	350.10	479.62
- Annual Maintenance Contracts	215.44	173.35
- Warranty services	30.35	23.43
- Others	128.31	61.86
	724.20	**738.26**
c) Other operating revenues		
- Scrap sales	66.21	122.60
- Others	21.94	6.38
	88.15	**128.98**
Less: Rebates and discounts	417.18	388.94
Total revenue from contracts with customers	**17,355.37**	**28,743.01**
India	15,908.47	26,998.37
Outside India	1,446.90	1,744.64
Total revenue from contracts with customers	**17,355.37**	**28,743.01**

₹ crores

Timing of revenue recognition	March 31, 2020		March 31, 2019	
Particulars	At a point in time	Over a period of time	At a point in time	Over a period of time
- Sale of products and other operating revenue	17,048.35	-	28,393.69	-
- Sale of Services - Freight and Insurance	350.10	-	479.62	-
- Sale of Services - Annual Maintenance Contracts, Warranty services and others	74.45	299.65	35.15	223.49
Less: Rebates and discounts	417.18	-	388.94	-
Total revenue from contracts with customers	**17,055.72**	**299.65**	**28,519.52**	**223.49**

3.7.2 Contract balances

Particulars	March 31, 2020	March 31, 2019
	₹ crores	₹ crores
Trade receivables (Refer Notes 1.4 & 1.10)	1,180.40	2,505.67
Contract assets (Refer Note 1.14)	8.53	11.04
Contract liabilities (Refer Notes 1.22 & 1.27)	861.08	1,059.25

Trade receivables are non - interest bearing and are generally on terms of 7 to 90 days (Refer Credit risk Note 3.6.2 (B)).

Contract assets are unbilled revenue earned from Annual Maintenance Contracts and other services which are recognised upon completion of service. Upon billing as per the terms of the contract, the amounts recognised as contract assets are reclassified to trade receivables. There is no significant change in contract assets between the reporting periods.

Contract liabilities includes advance received from customers and income received in advance arising due to allocation of transaction price towards freight and insurance services on shipments not yet delivered to customer and unexpired service warranties. The decrease in contract liability is due to decrease in unexpired service warranties and decrease in volumes/revenue.

3.7.3 Revenue recognised in relation to contract liabilities

Particulars	March 31, 2020	March 31, 2019
	₹ crores	₹ crores
Revenue recognised from contract liabilities at the beginning of the year	718.89	777.17
Revenue recognised from performance obligations satisfied in previous years	13.63	-

3.7.4 Reconciliation of revenue recognised in the statement of profit and loss with the contracted price

Particulars	March 31, 2020	March 31, 2019
	₹ crores	₹ crores
Contracted price	17,772.55	29,131.95
Adjustments		
Rebates and discounts	(417.18)	(388.94)
Revenue from contract with customers	**17,355.37**	**28,743.01**

3.7.5 Unsatisfied or partially unsatisfied Performance obligation

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are as follows:

Particulars	March 31, 2020	March 31, 2019
	₹ crores	₹ crores
Within one year	712.86	605.54
More than one year	326.92	269.02
	1,039.78	**874.56**

The remaining performance obligations expected to be recognised in more than one year relate to the extended warranty and other obligation which is expected to be recognised over a period of 24 months to 48 months.

3.8 RELATED PARTY DISCLOSURE

a) List of parties where control exists

Holding company

Hinduja Automotive Limited, United Kingdom

Machen Holdings SA

(Holding Company of Hinduja Automotive Limited, United Kingdom)

Machen Development Corporation, Panama

(Holding Company of Machen Holdings SA)

Amas Holdings SA *

(Holding Company of Machen Development Corporation, Panama)

Subsidiaries

Albonair (India) Private Limited

Albonair GmbH, Germany

- Albonair (Taicang) Automotive Technology Co. Limited., China

Ashok Leyland (Nigeria) Limited

Ashok Leyland (UK) Limited (liquidated on April 10, 2018)

Gulf Ashley Motor Limited

Optare PLC

- Optare UK Limited.
- Optare Group Limited.
- Jamesstan Investments Limited.
- Optare Holdings Limited.
- Optare (Leeds) Limited.
- East Lancashire Bus Builders Limited.

Ashok Leyland (Chile) S.A.

Hinduja Leyland Finance Limited

- Hinduja Housing Finance Limited

HLF Services Limited

Global TVS Bus Body Builders Limited

Ashok Leyland (UAE) LLC

- LLC Ashok Leyland Russia
- Ashok Leyland West Africa

Ashley Aviation Limited .... from January 1, 2019

b) Other related parties

Fellow subsidiaries

Gulf Oil Lubricants India Limited

Hinduja Energy (India) Limited

DA Stuart India Private Limited

Hinduja Renewables Private Limited

IDL Explosives Limited

3.8 RELATED PARTY DISCLOSURE (contd.)

Associates

Ashley Aviation Limited .... upto December 31, 2018

Ashok Leyland Defence Systems Limited

Lanka Ashok Leyland PLC

Mangalam Retail Services Limited

Joint Ventures

Ashley Alteams India Limited

Ashok Leyland John Deere Construction Equipment Company Private Limited [Along with Gulf Ashley Motor Limited] (under liquidation)

Hinduja Tech Limited

Entities where control exist

Ashok Leyland Educational Trust

Entities where significant influence exist

Ashok Leyland Employees Gratuity Fund

Ashok Leyland Superannuation Fund

Ashok Leyland Employees Ennore Provident Fund Trust

Ashok Leyland Senior Executives Provident Fund Trust

Ashok Leyland Employees Hosur Provident Fund Trust

Ashok Leyland Employees Bhandara Provident Fund Trust

Ashok Leyland Employees Alwar Provident Fund Trust

Ennore Foundries Limited Employees Provident Fund

Ennore Foundries Gratuity Fund

Ennore Foundries Employees Pension cum Insurance Fund

Ennore Foundries Senior Executives Superannuation Fund

Key management personnel

Mr. Dheeraj G Hinduja, Chairman

Mr. Vinod K Dasari, Chief Executive Officer and Managing Director .... upto March 31, 2019

Mr. Vipin Sondhi, Managing Director and Chief Executive Officer .... from December 12, 2019

Mr. Gopal Mahadevan, Whole-time Director and Chief Financial Officer .... from May 24, 2019

Prof. Dr. Andreas H Biagosch

Dr. Andrew C Palmer

Mr. Jean Brunol

Mr. Jose Maria Alapont

Ms. Manisha Girotra

Mr. Sanjay K Asher

Mr. Saugata Gupta .... from November 8, 2019

Mr. D.J. Balaji Rao .... upto March 31, 2019

Mr. Sudhindar K Khanna .... upto April 5, 2019

Note:

Transaction with Rajalakshmi Wind Energy Limited (erstwhile Ashok Leyland Wind Energy Limited) has not been disclosed as being with associate since the company does not have significant influence over Rajalakshmi Wind Energy Limited, although the Company holds 26% of the equity share capital of Rajalakshmi Wind Energy Limited.

* The Company has intimated Estera trust (Isle of Man) Limited as significant beneficial owner pursuant to the Companies (Significant Beneficial Owners) Rules, 2018.

3.8 RELATED PARTY DISCLOSURE (contd.)

c) Related Party Transactions - summary

₹ crores

	Transactions during the year ended March 31	Subsidiaries		Fellow Subsidiaries		Associates		Joint Ventures		Holding Company		Entities where control exist		Entities where significant influence exist		Key Management Personnel		Total	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
1	Purchase of raw materials, components and traded goods (net of GST)	53.45	90.47	71.26	147.61	0.85	1.42	37.43	74.25	-	-	-	-	-	-	-	-	162.99	313.75
2	Sales and services (net of GST)	615.34	992.79	26.73	20.42	179.10	231.24	1.11	1.09	-	-	0.72	0.27	-	-	-	-	823.00	1,245.81
3	Other operating Income	-	-	-	-	-	-	1.33	1.60	-	-	-	-	-	-	-	-	1.33	1.60
4	Other expenditure incurred / (recovered) (net)	47.74	60.02	6.60	0.54	(1.05)	(1.62)	42.27	47.46	2.85	3.60	(0.60)	(0.51)	-	-	-	-	97.81	109.49
5	Advance / current accounts - net increase / (decrease)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Interest and other income	2.77	0.75	10.64	3.43	0.80	2.47	0.01	#	-	-	-	#	-	-	-	-	14.22	6.65
7	Purchase of assets	1.15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.15	-
8	Sale of asset	-	-	-	-	-	1.69	-	-	-	-	-	-	-	-	-	-	-	1.69
9	Dividend payments	-	-	-	-	-	-	-	-	537.67	362.93	-	-	-	-	-	-	537.67	362.93
10	Dividend Income	18.50	-	-	-	0.40	1.54	-	-	-	-	-	-	-	-	-	-	18.90	1.54
11	Remuneration to key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11.09	26.78	11.09	26.78
12	Commission and sitting fees to key management personnel *	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.58	15.32	4.58	15.32
13	Financial guarantees utilised	-	17.78	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17.78
14	Financial guarantees released	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Investments in shares of	424.76	200.48	-	-	-	-	1.24	1.00	-	-	-	-	-	-	-	-	426.00	201.48
16	Loans/ Advance converted to investment in equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans / ICD's given	-	-	200.00	145.00	-	-	-	-	-	-	-	-	-	-	-	-	200.00	145.00
18	Loans / ICD's repaid	-	-	100.00	145.00	-	-	-	-	-	-	-	#	-	-	-	-	100.00	145.00
19	Receipt of money after capital reduction from Joint Venture	-	-	-	-	-	-	-	3.40	-	-	-	-	-	-	-	-	-	3.40
20	Contribution to employee related trusts made during the year including loans and interest recovered	-	-	-	-	-	-	-	-	-	-	-	-	244.07	288.62	-	-	244.07	288.62

amount is below rounding off norms adopted by the Company.

* includes commission and sitting fees to independent directors aggregating to ₹ 3.42 crores (2019 : ₹ 5.20 crores)

All the transactions are at arms length in line with the related party transactions policy of the Company.

3.8 RELATED PARTY DISCLOSURE (contd.)

d) Related Party balances - summary

₹ crores

		Subsidiaries		Fellow Subsidiaries		Associates		Joint Ventures		Holding Company		Entities where control exist		Entities where significant influence exist		Key Management Personnel		Total	
	Balances as on March 31	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
1	Trade receivables	38.46	69.80	6.51	5.74	4.10	22.78	0.09	0.28	-	-	0.99	0.28	-	-	-	-	50.15	98.88
2	Loans	4.14	3.88	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.14	3.88
3	Other financial and non-financial assets	4.35	4.36	100.00	-	-	0.71	7.43	3.48	-	-	-	-	-	-	-	-	111.78	8.55
4	Trade and other payables	18.20	27.37	6.13	33.40	0.10	0.29	10.55	8.18	1.16	2.44	-	-	9.93	10.27	4.76	32.11	50.83	114.06
5	Share application money	#	#	-	-	-	-	-	-	-	-	-	-	-	-	-	-	#	#
6	Financial guarantees	129.52	122.94	-	-	-	-	23.65	26.63	-	-	-	-	-	-	-	-	153.17	149.57

amount is below rounding off norms adopted by the Company.

3.8 RELATED PARTY DISCLOSURE (contd.)

e) Significant Related Party Transactions **₹ crores**

	Transactions during the year ended March 31	2020	2019
1	**Purchase of raw materials, components and traded goods (net of GST)**		
	Ashley Alteams India Limited	37.43	73.94
	Gulf Oil Lubricants India Limited	64.36	136.88
	Global TVS Bus Body Builders Limited	45.18	79.41
2	**Sales and services (net of GST)**		
	Gulf Ashley Motor Limited	314.71	857.74
	Ashok Leyland (UAE) LLC	295.49	134.86
	Lanka Ashok Leyland PLC	176.03	224.35
3	**Other Operating Income**		
	Ashley Alteams India Limited	1.33	1.60
4	**Other expenditure incurred / (recovered) (net)**		
	Hinduja Automotive Limited, United Kingdom	2.85	3.60
	Gulf Ashley Motor Limited	14.68	19.29
	HLF Services Limited	13.58	18.01
	Ashok Leyland Defence Systems Limited	(0.91)	(1.14)
	Hinduja Tech Limited	42.32	47.46
	Lanka Ashok Leyland PLC	(0.12)	(0.76)
	Albonair GmbH	9.59	12.46
	Ashok Leyland (UAE) LLC	2.80	1.98
	Hinduja renewables Private Limited	6.17	2.11
5	**Interest and other income**		
	Ashok Leyland Defence Systems Limited	0.80	0.78
	Ashley Aviation Limited	2.26	2.25
	Hinduja Energy (India) Limited	10.64	3.43
6	**Purchase of assets**		
	Global TVS Bus Body Builders Limited	1.15	-
7	**Sale of assets**		
	Ashok Leyland Defence Systems Limited	-	1.69
8	**Dividend payment**		
	Hinduja Automotive Limited, United Kingdom	537.67	362.93
9	**Dividend income**		
	Lanka Ashok Leyland PLC	0.40	1.54
	Gulf Ashley Motor Limited	18.50	-
10	**Financial guarantees utilised**		
	Optare PLC	-	2.31
	Albonair GmbH	-	15.47
11	**Investment in shares of**		
	Ashok Leyland (UAE) LLC	-	43.17
	Hinduja Leyland Finance Limited	300.00	124.25
	Optare PLC	100.42	18.06
12	**Loans / advance given**		
	Hinduja Energy (India) Limited	200.00	145.00
13	**Loans / advance repaid**		
	Hinduja Energy (India) Limited	100.00	145.00
14	**Receipt of money after capital reduction from Joint Venture**		
	Ashok Leyland John Deere Construction Equipment Company Private Limited	-	3.40
15	**Commission and sitting fees to key management personnel**		
	Mr. Dheeraj G Hinduja	1.16	10.12
	Commission and sitting fees to independent directors in aggregate	3.42	5.20

3.8 RELATED PARTY DISCLOSURE (contd.)

e) Significant Related Party Transactions (contd.)

₹ crores

	Transactions during the year ended March 31	2020	2019
16	**Contribution to employee related trusts made during the year including loans and interest recovered**		
	Ashok Leyland Employees Ennore Provident Fund Trust	51.30	52.98
	Ashok Leyland Employees Hosur Provident Fund Trust	33.86	36.83
	Ashok Leyland Senior Executives Provident Fund Trust	45.72	46.54
	Ashok Leyland Employees Gratuity Fund	38.00	112.49
	Ashok Leyland Superannuation Fund	15.73	16.91
	Ennore Foundries Gratuity Fund	36.11	0.11
17	**Remuneration to key management personnel ***		
	Mr. Vipin Sondhi		
	Short term employee benefits	2.01	-
	Other long term employee benefits	0.21	-
	Share-based payment	0.94	-
	Mr. Gopal Mahadevan		
	Short term employee benefits	4.45	-
	Other long term employee benefits	0.12	-
	Share-based payment	3.36	-
	Mr. Vinod K Dasari		
	Short term employee benefits	-	20.97
	Other benefits paid #	-	5.81

other benefits paid includes gratuity & compensated absences paid during the year

* Excludes contribution for gratuity and compensated absences as the incremental liability has been accounted for the Company as a whole.

f) Details of advances in the nature of loans (excluding interest accrued) as required under Regulation 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations

₹ crores

Name of the Company	March 2020					March 2019				
	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	4.14	4.14	-	4.15	Subsidiary	3.88	4.20	-	4.15

g) Disclosure as required under Section 186(4) of the Companies Act, 2013:

₹ crores

	Particulars	As at March 31, 2020	As at March 31, 2019	Purpose
i)	Loans outstanding			
	- Albonair GmbH	4.14	3.88	Funding for operations
ii)	Inter Corporate Deposits (Refer Note 1.13)			
	- IndusInd Media & Communications Ltd	100.00	-	Funding for working capital
	- Hinduja Realty Venture limited	100.00	-	Funding for working capital
	- NXT Digital Limited	100.00	-	Funding for working capital
	- Hinduja Energy (India) Ltd	100.00	-	Funding for working capital
	- Hinduja Group Ltd	100.00	-	Funding for working capital
iii)	Investments (Refer Note 1.3)	3,793.40	3,346.20	
iv)	Guarantees utilised			
	- Optare PLC	46.75	45.27	Guarantees for term loan / working capital
	- Ashley Alteams India Limited	23.65	26.63	Guarantees for term loan
	- Albonair GmbH	82.77	77.67	Guarantees for working capital

The terms are in compliance with Section 186(7) of the Companies Act, 2013.

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

3.9 CONTINGENT LIABILITIES

		As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
a)	Claims against the Company not acknowledged as debts (net)		
	i) Sales tax / VAT	274.39	272.28
	ii) Excise duty	8.19	60.82
	iii) Service Tax	61.48	66.83
	iv) Customs Duty	0.43	0.43
	v) Others	41.77	39.34
	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	153.17	149.57
	Future cash outflows in respect of the above are determinable only on receipt of judgement / decisions pending with various forums / authorities.		

Note:

The Company evaluated the impact of the recent Supreme Court Judgment in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 and the Management believes that further clarity is required on this matter for the time period prior to 31st March 2019. However, it is not likely to have a significant impact and accordingly, no provision has been made in these Financial Statements.

3.10 COMMITMENTS

		As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
a)	Capital commitments (net of advances) not provided for	317.36	338.64
	[including ₹ 33.93 crores (March 2019: ₹ 0.94 crores) in respect of intangible assets]		
b)	Uncalled liability on partly paid shares / investments	#	#
c)	Other commitments		
	i) Financial support given to certain subsidiaries, joint ventures, etc. [Refer Note 3.8(g)(iii)]	-	-
	ii) Lock-in commitment in shareholders agreement [Refer Note 1.3]	-	-

amount is below rounding off norms adopted by the Company.

The outflow in respect of the above is not practicable to ascertain in view of the uncertainties involved.

3.11 DETAILS OF NON-CURRENT BORROWINGS:

₹ crores

		As at March 31, 2020				As at March 31, 2019		
		Non-current	Current Maturities	Total	Particulars of Redemption / Repayment	Non-current	Current Maturities	Total
a.	Secured borrowings:							
i.	Term loans:							
	TL - 12	500.00	-	500.00	Repayable in 5 equal installments after a moratorium of 3 years from the date of first draw down	-	-	-
	TL - 11*	-	-	-	Repayable in 16 Quarterly equal installments after a moratorium of 3 years from the date of first draw down.	-	56.25	56.25
		500.00	**-**	**500.00**		**-**	**56.25**	**56.25**
ii.	ECB loans							
	ECB -14 **	-	-		April 24, 2019		10.01	10.01
		-	**-**	**-**		**-**	**10.01**	**10.01**
iii.	SIPCOT Soft loan	31.18	-	31.18	August 1, 2025	31.18	-	31.18
		31.18	**-**	**31.18**		**31.18**	**-**	**31.18**

* Fully prepaid on April 4, 2019

** Fully repaid on April 24, 2019

3.11 DETAILS OF NON-CURRENT BORROWINGS: (contd.)

(i) TL -12 - Term loan was secured by way of first charge on the plant and machinery of a manufacturing unit of the Company located at Pantnagar to the extent of ₹ 500 crores.

(ii) TL -11 - Term loan was secured by the following:

a. A first pari passu mortgage and charge in favor of lenders, in a form satisfactory to the lenders, on the entire LCV division's immovable properties including leasehold land in Tamil Nadu, present and future.

b. A first pari passu charge by way of hypothecation in favor of the lenders, in a form satisfactory to the lenders, of all the LCV division's movables including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable fixed assets, present and future located at Hosur plant.

(iii) The above ECB Loans are secured by way of security over the current and future movable property, plant & equipment of LCV Division is ₹ Nil (2018 - 19 : ₹ 54.65 crores)

(iv) The above SIPCOT soft loan shall be secured by way of first charge on the fixed assets created /proposed to be created and the same shall be on pari passu with other first charge holders of LCV division.

₹ crores

	As at March 31, 2020				As at March 31, 2019		
	Non-current	Current Maturities	Total	Particulars of Redemption / Repayment	Non-current	Current Maturities	Total
b. Unsecured borrowings:							
i. ECB loans							
ECB -16	151.33	-	151.33	3 equal instalments on February 28, 2023, February 28, 2024, and February 28, 2025	-	-	-
ECB -15	605.32	-	605.32	3 equal instalments on September 23, 2022, September 23, 2023, and September 23, 2024.	-	-	-
ECB -13	-	50.44	50.44	3 equal instalments on September 10, 2020, 2019, 2018	46.10	46.10	92.20
ECB -12	-	151.33	151.33	June 26, 2020 - ₹ 151.33 crores and June 26, 2019, 2018 ₹ 103.73 crores each	138.31	103.73	242.04
	756.65	**201.77**	**958.42**		**184.41**	**149.83**	**334.24**
ii. Interest free sales tax loans Programme II	66.41	16.53	82.94	Varying amounts repayable on a periodical basis ending in June 2028	82.94	18.47	101.41
	66.41	**16.53**	**82.94**		**82.94**	**18.47**	**101.41**

The above term loans, external commercial borrowings and loans from others carry varying rates of interest with the maximum rate of interest going upto 8.15% p.a. (as at March 31, 2019: 8.45% p.a.). The weighted average rate of interest of these loans is around 7.28% p.a. (2018-19 : 4.34% p.a.).

3.12 DETAILS OF CURRENT BORROWINGS

	As at March 31, 2020	Particulars of Repayment	As at March 31, 2019
	₹ crores		₹ crores
a. Secured borrowings			
i - STL 20	842.00	Repayable on various dates on June 2020 and September 2020	-
	842.00		**-**

i. Working capital demand loan from banks are secured by way of hypothecation of the whole stocks of Raw Materials, Semi Finished and Finished goods, Stores and Spares not related to Plant and Machinery (Consumable stores and spares), Bills Receivable, Book Debts and all other movables both present and future now lying or stored about the factories, premises and godowns situated at Ennore, Ambattur - Chennai, Hosur - Tamilnadu, Alwar - Rajasthan, Bhandara - Maharastara, Pantnagar - Uttarakhand and other Regional Offices and depots to the extent of ₹ 900 crore.

		As at March 31, 2020	Particulars of Repayment	As at March 31, 2019
		₹ crores		₹ crores
b.	**Unsecured borrowings**			
i.	- STL 18	-	August 21, 2019	100.00
ii.	- STL 19	825.00	Repayable on various dates on June 2020, September 2020, and December 2020	-
		825.00		**100.00**
iii.	- Buyers credit	28.94	Repayable on various dates on April 2020	-
iv.	- Bills discounted	15.03	Repayable on various dates on April 2020	-
		43.97		**-**

The above loans and buyers credit carry varying rates of interest with the maximum rate of interest going upto 10.50% p.a. (as at March 31, 2019: 8.50% p.a.). The weighted average rate of interest of these loans is around 8.40% p.a. (2018-19: 8.50% p.a.).

The carrying value of the above borrowings (as reflected in Notes 1.18, 1.24 and 1.26) are measured at amortised cost using effective interest method while the above borrowings represents principal amount outstanding.

3.13 OTHER INFORMATION (INCLUDING FOREIGN CURRENCY TRANSACTIONS)

			Year ended March 31, 2020	Year ended March 31, 2019
			₹ crores	₹ crores
3.13.1	**Auditors' remuneration**			
	Included under selling and administration expenses - net [Refer Note 2.7]			
	i)	For financial audit	1.30	1.00
	ii)	For other services - review of accounts, certification work, etc.	0.83	0.87
	iii)	For reimbursement of expenses	0.19	0.12
3.13.2	**Total research and development costs charged to the Statement of Profit and Loss [including amount shown under Note 2.7]**		890.53	680.84
3.13.3	**Impact of exchange (gain) / loss for the year in the Statement of Profit and Loss due to:**			
	a)	Translation / settlement (net) *	17.12	65.03
	b)	Amortisation of exchange difference *	24.75	13.90
	c)	Exchange difference on swap contracts *	(41.06)	2.63
		* Included under selling and administration expenses - net [Refer Note 2.7]		
	d)	Depreciation on exchange difference capitalised #	92.72	60.34
		# Included under depreciation and amortisation expense [Refer Note 2.6]		

3.14 ACCOUNTING FOR LONG TERM FOREIGN CURRENCY MONETARY ITEMS

The Company has elected the option under Ind AS 101 'First-time Adoption of Indian Accounting Standards' and has continued the policy adopted for accounting of exchange differences arising from translation of long term foreign currency monetary items recognised in the standalone financial statements upto March 31, 2016. Accordingly, exchange difference on translation or settlement of long term foreign currency monetary items at rates different from those at which they were initially recorded or as at April 1, 2007, insofar as it relates to acquisition of depreciable assets are adjusted to the cost of the assets. In other cases, such exchange differences, arising effective April 1, 2011, are accumulated in "Foreign currency monetary item translation difference" and amortized by recognition as income or expense in each year over the balance term till settlement occurs but not beyond March 31, 2020.

Accordingly,

a) Foreign exchange loss relating to acquisition of depreciable assets, capitalised during the year ended March 31, 2020 aggregated ₹ 6.04 crores [year ended March 31, 2019: ₹ 22.66 crores].

b) Amortized net exchange difference loss in respect of long term monetary items relating to other than acquisition of depreciable assets, charged to the statement of profit and loss for the year ended March 31, 2020 is ₹ 24.75 crores [year ended March 31, 2019: ₹ 13.90 crores].

c) The un-amortised net exchange difference in respect of long term monetary items relating to other than acquisition of depreciable assets, is ₹ Nil as at March 31, 2020 [March 31, 2019: loss of ₹ 8.16 crores]. These amounts are reflected as part of the "Other Equity".

3.15 The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of information available with the Company. The amount of principal and interest outstanding is given below:

	Particulars	March 31, 2020	March 31, 2019
		₹ crores	₹ crores
i)	Principal amount paid after appointed date during the year	4.82	4.44
ii)	Amount of interest due and payable for the delayed payment of principal amount	0.02	0.08
iii)	Principal amount remaining unpaid as at year end (over due)	0.59	0.06
iv)	Principal amount remaining unpaid as at year end (not due)	11.96	12.88
v)	Interest due and payable on principal amount unpaid as at the year end	0.01	0.01
vi)	Total amount of interest accrued and unpaid as at year end	0.13	0.31
vii)	Further interest remaining due and payable for earlier years	0.10	0.22

3.16 Details of eligible expenditure incurred on in-house Research and Development (R&D) facilities: **₹ crores**

		Particulars	Included in Notes to the Standalone Financial Statements	Year ended March 31, 2020	Year ended March 31, 2019
(i)	Capital expenditure				
	(a)	Land	1.1	-	0.20
	(b)	Buildings	1.1	2.09	25.70
				2.09	25.90
	(c)	Capital equipments	1.1	41.87	119.35
(ii)	Revenue expenditure (net)				
	(a)	Salaries/wages *	2.4	254.62	262.81
	(b)	Material / consumables / spares*	2.7	161.21	187.26
	(c)	Utilities*	2.7	14.19	13.88
	(d)	Other expenditure directly related to R&D *	2.7	219.20	80.95
	(e)	**Total revenue expenditure (Total of (ii) (a) to (ii) (d))**		**649.21**	**544.90**
(iii)	**Total R&D expenditure**				
	(Total of (i) (c) and (ii) (e))			691.08	664.25
(iv)	Less: Amount received by R & D facilities*		2.1 and 2.7	17.73	6.12
(v)	**Net amount of R & D expenditure (iii) - (iv)**			**673.35**	**658.13**

Notes:

1. Capital Expenditure claimed during the year does not include:
   a. Expenditure on (i) Buildings ₹ 10.61 crores (March 2019: ₹ 6.31 crores) & (ii) Capital Equipment ₹ Nil (March 2019: ₹ 8.67 crores) being incurred during the year but not capitalized as on March 31, 2020.
   b. Expenditure claimed upon incurrence during the previous years but capitalized during the year is ₹ Nil (March 2019 : ₹ 0.76 crores)
2. * includes an amount in respect of (ii)(a) ₹ 70.42 crores (March 2019: ₹ 56.11 crores); (ii)(b) ₹ 151.83 crores (March 2019: ₹ 146.02 crores); (ii)(c) ₹ 1.78 crores (March 2019: ₹ 0.73 crores); and (ii)(d) ₹ 179.58 crores (March 2019: ₹ 31.43 crores); and (iv) ₹ 3.49 crores (March 2019: ₹ 0.52 crores) capitalized in books.

3.17 CSR EXPENDITURE:

Particulars			Year ended March 31, 2020	Year ended March 31, 2019
			₹ crores	₹ crores
(a)	Gross amount required to be spent by the Company during the year as per Section 135 of the Companies Act, 2013 read with schedule VII (including unspent amount of previous year)		53.11	44.27
(b)	Amount spent during the year on:			
	(i)	Construction/acquisition of any asset	-	-
	(ii)	On purposes other than (i) above	41.52	34.07

3.18 GOODWILL

Particulars	As at March 31, 2020	As at March 31, 2019
	₹ crores	₹ crores
Gross Goodwill at the beginning of the year	449.90	449.90
Add: Pursuant to business combination	-	-
Gross Goodwill at the end of the year	**449.90**	**449.90**
Opening accumulated impairment	-	-
Add: Impairment during the year	-	-
Closing accumulated impairment	**-**	**-**
Carrying amount of Goodwill	**449.90**	**449.90**

Allocation of goodwill to cash-generating units

Pursuant to business combination, Light Commercial Vehicle division (LCV division) is identified as a separate cash generating unit. Goodwill has been allocated for impairment testing purposes to this cash-generating unit.

Cash-generating units to which goodwill is allocated are tested for impairment annually at each reporting date, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to that unit. The Company has used pre-tax discount rate of 13.1% and terminal growth rate of 2% for the purpose of impairment testing based on the next five years projected cash flows. The Company believes that any reasonable further change in the key assumptions on which recoverable amount is based, would not cause the carrying amount to exceed its recoverable amount.

Also Refer Notes 1B.16 and 1C.

3.19 The Company has taken due care in concluding on accounting judgements and estimates; viz., in relation to recoverability of receivables, assessment of impairment of goodwill and intangibles, investments and inventory, based on the internal and external information available to date, while preparing the Company's standalone financial statements as of and for the year ended March 31, 2020. The Company continues to monitor the impact of COVID - 19 on the operations and take appropriate actions as and when required. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID - 19 situation evolves in India and globally.

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 of Directors

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

Dheeraj G Hinduja
Chairman
DIN : 00133410
London

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

N Ramanathan
Company Secretary
June 25, 2020, Chennai

For PRICE WATERHOUSE & CO CHARTERED ACCOUNTANTS LLP
Firm Registration Number : 304026E/E-300009
Chartered Accountants

A.J.Shaikh
Partner
Membership Number : 203637
Bengaluru

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated

INDEPENDENT AUDITORS' REPORT

To the Members of Ashok Leyland Limited

Report on the Audit of the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

Opinion

1. We have audited the accompanying consolidated Ind AS financial statements of Ashok Leyland Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and joint ventures (refer Note 3.1 to the attached consolidated Ind AS financial statements), which comprise the consolidated Balance Sheet as at March 31, 2020, and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Cash Flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the consolidated Ind AS financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint ventures as at March 31, 2020, of consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements section of our report. We are independent of the Group, its associates and joint ventures in accordance with the ethical requirements that are relevant to our audit of the consolidated Ind AS financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 19 of the Other Matters paragraph below, other than the unaudited financial statements/ financial information as certified by the management and referred to in sub-paragraph 20 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw your attention to Note 3.19 of the consolidated Ind AS financial statements which explains the uncertainties and the management's assessment of the financial impact due to lock-downs and other restrictions and conditions related to the COVID -19 pandemic situation, for which a definitive assessment of the impact in the subsequent period is highly dependent upon circumstances as they evolve.

   Our opinion is not modified in respect of this matter.

5. The following paragraph were included in the audit report dated June 20, 2020, containing an unmodified audit opinion on the consolidated financial information of Hinduja Leyland Finance Limited, a subsidiary of the Holding Company issued by an independent firm of Chartered Accountants reproduced by us as under:

   "We draw attention to Note 3.6 to the consolidated financial statements, which describes that the potential impact of the COVID-19 Pandemic on the results of the Group, and consequently the Group's results are dependent on future developments, which are highly uncertain.

   Our report is not modified in respect of this matter."

Key audit matters

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

Key audit matter description	How our audit addressed the key audit matter
I. Impairment	
a. Fair value of investment in other equity instruments **(Refer to Note 1B.19 and Note 1C to the consolidated Ind AS financial statements regarding the recognition, valuation and disclosure methods of equity instruments in others' and 'Critical accounting judgements and key sources of estimation uncertainty' respectively)** In the consolidated Ind AS financial statements of the Company, equity investments in others is ₹ 203.21 crores by the Holding Company and is valued at fair value on a recurring basis, and where no listed price in an active market is available.	As part of our audit, our procedures included the following: • We obtained an understanding and assessed the design, implementation and operating effectiveness of management's relevant internal controls to identify whether there are any indicators of impairment and where such indicators exists, the method by which the recoverable amount is determined by the management. Specifically, we focused on management controls to conclude on the appropriateness of future cash flows (including terminal cash flow) and key assumptions used in arriving at the recoverable amount and fair value, as applicable.

<table>
<tr><th colspan="2">Key audit matter description</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td></td><td>The valuation of these other equity instruments is a key audit matter as the determination of fair value involves significant management judgement as no active market, observable inputs are available.

The key inputs and judgements involved in the model for fair value assessment of investments include future cash flows of the respective entities, the discount rate and the long-term growth rates used.</td><td rowspan="2">• We evaluated the following:
- terminal growth rate by comparing with the long-term outlook based on the relevant macroeconomic outlook for the geography in which the respective entities and LCV are operating.
- discount rate by comparing it with an independently calculated discount rate.
- budgets considering growth and other cash flow projections provided by the Holding Company's management and compared these with the actual results of earlier years to assess the appropriateness of forecast.
- the competence, capabilities and objectivity of the management's expert involved in the valuation process.
• We along with the auditors' experts evaluated the appropriateness of the measurement model and reasonableness of key assumptions like terminal growth rate, discount rate.
• We performed sensitivity tests on the model by analysing the impact of using other possible growth rates and discount rates within a reasonable and foreseeable range.
• We evaluated the adequacy of the disclosures made in the consolidated Ind AS financial statements.

Based on the above procedures performed, we did not identify any significant exceptions in the management's assessment in relation to the carrying value of goodwill, carrying value of net assets of LCV business and fair value of investment in other equity instruments.</td></tr>
<tr><td>b.</td><td>Impairment of Goodwill and carrying value of the net assets of cash generating unit (including goodwill) of Light commercial vehicle business

(Refer to Note 1B.4, Note 1C and Note 3.14D to the consolidated Ind AS financial statements regarding the recognition, valuation and disclosure methods of 'Goodwill', 'Critical accounting judgements and key sources of estimation uncertainty' and 'Goodwill' respectively)

In the consolidated Ind AS financial statements of the Group, the gross carrying value of goodwill excluding goodwill forming part of LCV business is ₹ 1,065.89 crores against which a cumulative provision for impairment of ₹ 400.23 crores is outstanding as at March 31, 2020.

In the Consolidated Ind AS financial statements of the Holding Company, the carrying value of net assets of cash generating unit (including goodwill) of LCV business is ₹ 690.65 crores as at March 31, 2020.

As per Ind AS 36, Impairment of Assets, the Holding Company is required to assess annually impairment of goodwill acquired in business combination.

The carrying value of net assets of cash-generating unit (including goodwill) of LCV business and goodwill is a key audit matter due to the amount involved and the underlying complexity of the measurement model.

The key inputs and judgements involved in the model for impairment assessment of goodwill and the carrying value assessment of LCV business include future cash flows of the respective entities and LCV business, the discount rate and the long-term growth rates used.</td></tr>
<tr><td>II.</td><td colspan="2">Assessment of provision for warranty obligations</td></tr>
<tr><td></td><td>(Refer to Note 1B.18, Note 1.22, Note 1.30 and Note 1C to the consolidated Ind AS financial statements regarding the significant accounting policies, non-current provisions and current provisions respectively, 'Provisions - Warranties' for recognition and valuation methods and 'Critical accounting judgements and key sources of estimation uncertainty - Provision for product warranty' respectively)

In the consolidated Ind AS financial statements, the Group carries a provision of ₹ 312.76 crores for warranty obligations pertaining to the Holding Company as on March 31, 2020.</td><td>As part of our audit, our procedures included the following:
• We obtained an understanding and assessed the design, implementation and operating effectiveness of management's relevant internal controls with regards to the appropriateness of recording of warranty claims, provisioning of warranty, and the periodic review of provision created.
• We also involved our auditors' specialist to verify the appropriateness of the process and controls around IT systems as established by the management. Specifically, we focused on controls around periodic review of warranty provision and that around the appropriateness and adequacy of provision.</td></tr>
</table>

<table>
<tr><th>Key audit matter description</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>We determined this matter as key audit matter since the product warranty obligations and estimations thereof are determined by management using a model which incorporates historical information on the type of product, nature, frequency and average cost of warranty claims, the estimates regarding possible future incidences of product failures and discount rate. Changes in estimated frequency and amount of future warranty claims can materially affect warranty expenses.</td><td>• We evaluated the model used by the management for provisioning of warranty to evaluate on the appropriateness of the methodology followed by the management and the mathematical accuracy of the model. To this effect we evaluated the following:
- the inputs to the model were verified on a sample basis with historical cost inputs on actual claims incurred and historical sales data of the Holding Company.
- we compared the amount of provisions from prior year with actual claims processed during the period, in order to verify the reasonableness of the forecast.
- the discount rate used for arriving at the present value of obligation was verified for reasonableness and the mathematical accuracy of the present value of the obligation was verified.
Based on the above procedures performed, we consider the provision for warranty obligations of the Holding Company to be reasonable.</td></tr>
<tr><td colspan="2">III. Capitalisation of internally generated intangible assets (ITA) and intangible under development (ITUD):</td></tr>
<tr><td>(Refer to Note 1B.14, Note 1B.15, and Note 1C to the consolidated Ind AS financial statements regarding the recognition, amortisation of Intangible asset, 'Impairment Losses' and 'Critical accounting judgements and key sources of estimation uncertainty' respectively)
The Holding Company has capitalised ₹ 655.37 crores of intangibles (developed technical knowhow) during the year and has an amount of ₹ 173.17 crores under development as at March 31, 2020 for new vehicle technology relating to design, emission and other intangible assets.
The appropriateness of ITA and ITUD capitalised is a key audit matter due the judgement involved in assessing if the cost meets the capitalisation criteria, dependency of the business on the assets capitalised/ under capitalisation and key assumptions used in the measurement model for impairment.
The measurement model used for review of impairment of these ITA depends largely on management's assessment with regard to the appropriateness of estimated future cash flows, the and discount rates used. Hence, there are significant estimates and judgements involved in determining the above.</td><td>As part of our audit, our procedures included the following:
• We obtained an understanding and assessed the design, implementation and operating effectiveness of relevant internal controls with regard to the classification of development expenditure and their capitalisation and evaluation of impairment for internally generated intangible assets;
• We confirmed that the development projects for intangible assets and its impairment assessment were approved by the committee appointed by the Board;
• Tested the capitalisation of project related expenses incurred during the year with underlying documents relating to material costs, directly attributable overheads, designing cost, software expenses, testing charges and employee hours incurred to verify existence and appropriateness of classification of research and development;
• With regard to the impairment assessment model, we evaluated the following:
- discount rate by comparing it with an independently calculated discount rate;
- budgets considering growth and other cash flow projections provided by the Holding Company's management;
- the competence, capabilities and objectivity of the management personnel involved in the valuation process;
• We along with the auditors' experts evaluated the appropriateness of the measurement model and reasonableness of key assumption like discount rate.
• We performed sensitivity tests on the model by analysing the impact of using other possible growth rates and discount rates within a reasonable and foreseeable range.
• We evaluated the adequacy of the disclosures made in the consolidated Ind AS financial statements.
Based on the above procedures performed, we did not identify any significant exceptions in the management's assessment in relation to the capitalisation of ITA and ITUD.</td></tr>
</table>

7. **The following Key Audit Matters were included in the audit report:**

(a) dated June 20, 2020, containing an unmodified audit opinion on the consolidated financial information of Hinduja Leyland Finance Limited, a subsidiary of the Holding Company issued by an independent firm of Chartered Accountants reproduced by us as under:

<table>
<tr><th colspan="2">Key audit matter description</th></tr>
<tr><td>I. Impairment of Financial Assets</td><td></td></tr>
<tr><td>Management estimates impairment provision using Expected Credit loss model (ECL) for the loan exposure. Measurement of loan impairment involves application of significant judgement by the management. The most significant judgements are:
• Timely identification and classification of the impaired loans, and
• Determination of probability of defaults (PD) and estimation of loss given defaults (LGD) based on the value of collaterals and relevant factors
The estimation of Expected Credit Loss on financial instruments involve significant judgements and estimates. Following are points with increased level of audit focus:
• Classification of assets to stage 1, 2, or 3 using criteria in accordance with Ind AS 109;
• Accounting interpretations, modelling assumptions and data used to build and run the models;
• Measurement of individual borrowers' capacity including Covid-19 impact assessment of multiple economic scenarios;
• Inputs and Judgements used in determination of management overlay at various asset stages considering the current uncertain economic environment with the range of possible effects unknown to the country arising out of the COVID 19 Pandemic which also include considering the impact of recent RBI's Covid-19 regulatory circular and
• The disclosures made in financial statements for ECL especially in relation to judgements and estimates made by the Management in determination of the ECL. Refer note 3.6 to the consolidated special purpose financial information.</td><td>Principal audit procedures performed:
• We examined Board Policy approving methodologies for computation of ECL that address policies, procedures and controls for assessing and measuring credit risk on all lending exposures, commensurate with the size, complexity and risk profile specific to the Company. The parameters and assumptions used and their rationale and basis are clearly documented.
• We evaluated the design and operating effectiveness of controls across the processes relevant to ECL, including the judgements and estimates.
• These controls, among others, included controls over the allocation of assets into stages including management's monitoring of stage effectiveness, model monitoring including the need for post model adjustments, model validation, credit monitoring, multiple economic scenarios, individual provisions and recording of journal entries and disclosures.
• We tested the completeness of loans and advances included in the Expected Credit Loss calculations as of 31 March 2020 by reconciling it with the balances as per loan balance register and loan commitment report as on that date.
• Engage independent modelling specialist to test the methodology and reasonableness of assumptions;
• We tested assets in stage 1, 2 and 3 on sample basis to verify that they were allocated to the appropriate stage. For samples of exposure, we tested the appropriateness of determining EAD, PD and LGD Test of details over calculation of impairment allowance for assessing completeness and accuracy of data
• For exposure determined to be individually impaired, we tested a samples of loans and advances and examined management's estimate of future cash flows, assessed their reasonableness and checked the resultant provision calculations.
• We performed an overall assessment of the ECL provision levels at each stage including management's assessment on Covid-19 impact to determine if they were reasonable considering the Company's portfolio, risk profile, credit risk management practices and the macroeconomic environment.
• We assessed the adequacy and appropriateness of disclosures in compliance with the Ind AS 107 in relation to ECL especially in relation to judgements used in estimation of ECL provision.</td></tr>
<tr><td colspan="2">II. Valuation of Financial Instruments</td></tr>
<tr><td>Financial Instruments carried at Fair value and measured at fair value through other comprehensive income, account for a significant part of the Company's assets.
The valuation of the Company's financial instruments is based on a combination of market data and valuation models which often require significant management judgement. The most significant judgements are:
• Assessing the fair value of financial instruments based on the significant degree of judgement exercised by management in determining the inputs used in the valuation.
Refer Note 3.6 to the consolidated special purpose financial information for accounting policy, valuation and the related disclosures in respect of the financial instruments.</td><td>Our audit procedures include:
• Obtain an understanding of the fair valuation methodology;
• Obtained valuation reports, considered by the Company;
• Engaging independent valuation specialist to assist us in the evaluation of valuation models used by the Company.
• Testing the design and operating effectiveness of controls over the
(1) management's methodology for determining Fair Value, including consideration of the current and estimated future economic conditions
(2) completeness and accuracy of information used in determining Fair Value.</td></tr>
</table>

(b) dated June 19, 2020, containing an unmodified audit opinion on the consolidated financial information of Lanka Ashok Leyland Plc, an associate of the Holding Company issued by an independent firm of Chartered Accountants reproduced by us as under:

<table>
<tr><th colspan="2">Key audit matter description</th></tr>
<tr><td>I. Carrying value of inventories</td><td></td></tr>
<tr><td>Changes in economic sentiment or consumer preferences, demands and the introduction of newer models with the latest design and technologies could result in inventories on hand no longer being sought after or being sold at a discount below their cost. Estimating for future demand and the related selling prices of vehicles, generators and spare parts are inherently subjective and uncertain because it involves management estimating the extent of markdown of selling prices necessary to sell the older or slow moving models in the period subsequent to the reporting date. We identified the valuation of inventories as a key audit matter because of the exercise of significant judgement by management in determining appropriate carrying value of inventories.</td><td>Audit procedures performed:
• assessing whether the inventory provisions at the end of the reporting period were determined in a manner consistent with the Company's inventory provision policy by recalculating the inventory provisions based on the percentages and other parameters in the Company's inventory provision policy.
• assessing, on a sample basis, whether items in the inventory ageing report were classified within the appropriate ageing category by comparing individual items with the underlying goods receipt notes.
• enquiring of management about any expected changes in plans for markdowns or disposals of slow moving or obsolete inventories and comparing their representations with actual transactions subsequent to the reporting date and assumptions adopted in determining the inventory provisions.
• comparing, on a sample basis, the carrying value of inventories with sales prices subsequent to the end of the reporting period.
• observing inventory counts conducted subsequent to easing of lockdown restrictions and performing a roll back procedure in order to ensure the existence and condition of inventories as at the reporting date.</td></tr>
<tr><td colspan="2">II. Assessing recoverability of debtors</td></tr>
<tr><td>Assessing the allowance for impairment of debtors requires management to make subjective judgements over both the timing of recognition and estimation of the amount required of such impairment. We identified assessing the recoverability of trade debtors as a key audit matter because of the significance of trade debtors to the financial statements as a whole and the assessment of the recoverability of trade debtors is inherently subjective and requires significant management judgement in accordance with SLFRS 09, which increases the risk of error or potential management bias.</td><td>Our audit procedures include:
• Reviewing the appropriateness of the provisioning methodology used by management in determining the impairment allowances. Further, assessing the reasonableness of the assumptions used in the provisioning methodology by comparing them with historical data adjusted for current market conditions.
• Recomputing management's calculation for the impairment allowance determined based on expected credit loss method.
• Challenging management's assumptions for the expected cashflows and the timing of the expected cashflows in the scenario-based probability weighted impairment assessment of individually significant customers.
• Assessing, on a sample basis, whether items in the debtors ageing report were classified within the appropriate ageing category by comparing individual items with the underlying invoices.
• Calling for confirmations from major debtors and/or verifying subsequent settlements as an alternative procedure.</td></tr>
</table>

Other Information

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

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

10. In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us (Refer paragraph 19 below), we conclude that there is a material misstatement of this other information, we are required to report that fact.

    We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Ind AS Financial Statements

11. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group including its associates and joint ventures in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and joint ventures and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

12. In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of the Group and of its associates and joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

13. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for overseeing the financial reporting process of the Group and of its associates and joint ventures.

Auditors' Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

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

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

    - Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists,

we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and joint ventures to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

16. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matters

19. We did not audit the consolidated financial information of three subsidiaries and financial statements of five subsidiaries that reflect total assets of ₹ 23,368.26 crores and net assets of ₹ 3,356.75 crores as at March 31, 2020, total revenue of ₹ 4,945.06 crores, total comprehensive income (comprising of profit and other comprehensive income) of ₹ 406.49 crores and net cash flows amounting to ₹ 195.42 crores for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of total comprehensive income/(loss) (comprising of profit/ loss and other comprehensive income) of ₹ 2.26 crores and ₹ (0.22) crores for the year ended March 31, 2020 as considered in the consolidated Ind AS financial statements, in respect of three associate companies and two joint ventures respectively, whose financial statements/ financial information have not been audited by us. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associate companies and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiaries, joint ventures and associates, is based solely on the reports of the other auditors.

20. We did not audit the consolidated financial information of a subsidiary and financial information of two subsidiaries that reflect total assets of ₹ 288.83 crores and net assets of ₹ 1.63 crores as at March 31, 2020, total revenue of ₹ 356.34 crores, total comprehensive loss (comprising of profit/ loss and other comprehensive income) of ₹ 31.25 crores and net cash flows amounting to ₹ 10.46 crores for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of total comprehensive income (comprising of profit and other comprehensive income) of ₹ 0.08 crores for the year ended March 31, 2020 as considered in the consolidated Ind AS financial statements, in respect of a joint venture whose financial information have not been audited by us. These financial information are unaudited and have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiaries and joint venture, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these consolidated financial information/financial information are not material to the Group.

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the consolidated financial information/financial information certified by the Management.

INDEPENDENT AUDITORS' REPORT

Report on Other Legal and Regulatory Requirements

21. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

    (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

    (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated Ind AS financial statements.

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

    (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 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, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

    (f) With respect to the adequacy of internal financial controls with reference to financial statements of the Group, its associates and joint ventures incorporated in India and the operating effectiveness of such controls, refer to our separate report in Annexure A.

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

        i. The consolidated Ind AS financial statements disclose the impact, if any, of pending litigations as on March 31, 2020 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. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at March 31, 2020 - Refer (a) Note 1.5 and Note 1.14 to the consolidated Ind AS financial statements in respect of such items as it relates to the Group, its associates and joint ventures and (b) the Group's share of net profit/loss in respect of its associates and joint ventures.

        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, 2020.

        iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2020.

22. The Group, its associates and joint ventures 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.

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

A.J.Shaikh
Partner
Membership Number: 203637
UDIN: 20203637AAAACG2017

Bengaluru
June 25, 2020

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 21(f) of the Independent Auditors' Report of even date to the members of Ashok Leyland Limited on the consolidated Ind AS financial statements as of and for the year ended March 31, 2020

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

1. In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2020, 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 jointly ventures, which are companies incorporated in India, as of that date. Reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is not applicable to a joint venture incorporated in India namely Ashok Leyland John Deere Construction Equipment Company Private Limited, pursuant to MCA notification GSR 583(E) dated 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 jointly 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 Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

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

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

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not

be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial 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 material respects, an adequate internal financial controls system with reference to financial statements, where applicable and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to six subsidiary companies, two associate companies and two joint ventures, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not qualified in respect of this matter.

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

A.J.Shaikh
Partner
Membership Number: 203637
UDIN: 20203637AAAACG2017

Bengaluru
June 25, 2020

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2020

Particulars	Note	As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
ASSETS			
Non-current assets			
Property, plant and equipment	1.1	5,314.21	5,070.85
Capital work-in-progress	1.1	442.12	294.63
Right-of-use asset	1.1a	521.45	-
Goodwill		1,115.56	1,115.56
Other Intangible assets	1.2	1,079.71	509.06
Intangible assets under development	1.2	131.77	382.98
Investments - Accounted for using equity method	1.3	105.01	102.11
Financial assets			
(i) Investments	1.3	672.09	757.01
(ii) Trade receivables	1.4	0.58	0.14
(iii) Loans	1.5	12,022.12	12,922.32
(iv) Other financial assets	1.6	567.28	321.30
Deferred tax assets (net)	1.7a	7.71	10.30
Income tax assets (net)	1.8	213.24	188.44
Other non-current assets	1.9	624.52	959.73
		22,817.37	**22,634.43**
Current assets			
Inventories	1.10	1,536.39	3,063.43
Financial assets			
(i) Investments	1.11	183.24	632.76
(ii) Trade receivables	1.12	1,496.16	2,717.18
(iii) Cash and cash equivalents	1.13a	2,188.24	1,767.39
(iv) Bank balances other than (iii) above	1.13b	47.06	9.90
(v) Loans	1.14	7,888.95	6,553.63
(vi) Other financial assets	1.15	1,123.33	498.22
Contract Assets	1.16	10.71	12.76
Other current assets	1.17	835.41	1,232.21
		15,309.49	**16,487.48**
TOTAL ASSETS		**38,126.86**	**39,121.91**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	1.18	293.55	293.55
Other equity	1.19	7,495.26	8,452.02
Equity attributable to owners of the Company		**7,788.81**	**8,745.57**
Non-controlling interest		1,107.08	1,075.07
Total equity		**8,895.89**	**9,820.64**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	1.20	13,308.70	13,009.65
(ii) Lease Liability		142.75	-
(iii) Other financial liabilities	1.21	167.90	122.87
Provisions	1.22	228.54	316.87
Deferred tax liabilities (net)	1.7b	338.57	257.76
Contract liabilities	1.23	249.85	269.02
Other non-current liabilities	1.24	-	9.24
		14,436.31	**13,985.41**
Current liabilities			
Financial liabilities			
(i) Borrowings	1.25	2,842.68	2,137.75
(ii) Trade payables	1.26		
a) Total outstanding dues of Micro and Small Enterprises		13.07	13.79
b) Total outstanding dues other than Micro and Small Enterprises		2,821.53	5,165.23
(iii) Lease Liability		36.77	-
(iv) Other financial liabilities	1.27	7,674.26	6,012.47
Contract liabilities	1.28	597.52	814.80
Other current liabilities	1.29	92.84	562.05
Provisions	1.30	715.98	609.50
Current tax liabilities (net)	1.31	0.01	0.27
		14,794.66	**15,315.86**
TOTAL EQUITY AND LIABILITIES		**38,126.86**	**39,121.91**

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

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

A.J. Shaikh
Partner
Membership Number : 203637
Bengaluru

For and on behalf of the Board of Directors

Dheeraj G Hinduja
Chairman
DIN : 00133410
London

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

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

N Ramanathan
Company Secretary

June 25, 2020, Chennai

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

Particulars	Note	Year ended March 31, 2020 ₹ crores	Year ended March 31, 2019 ₹ crores
Income			
Revenue from operations	2.1	21,951.27	33,196.84
Other income	2.2	107.83	128.06
Total Income		**22,059.10**	**33,324.90**
Expenses			
Cost of materials and services consumed		11,164.38	21,680.55
Purchases of stock-in-trade		874.38	837.48
Changes in inventories of finished goods, stock-in-trade and work-in-progress		1,307.16	(919.42)
Employee benefits expense	2.3	2,190.27	2,639.85
Finance costs	2.4	1,801.65	1,502.24
Depreciation and amortisation expense	2.5	749.99	675.56
Other expenses	2.6	3,181.73	4,048.38
Total Expenses		**21,269.56**	**30,464.64**
Profit before exchange gain / (loss) on swap contracts, Share of profit of associates and joint ventures, exceptional items and tax		**789.54**	**2,860.26**
Exchange gain / (loss) on swap contracts		0.01	(2.63)
Share of profit of associates and joint ventures (net)		2.89	11.28
Profit before exceptional items and tax		**792.44**	**2,868.91**
Exceptional items	2.7	(53.28)	2.75
Profit before tax		**739.16**	**2,871.66**
Tax expense:			
Current tax		194.68	525.67
Deferred tax - charge / (credit)		84.68	151.39
		279.36	677.06
Profit for the year		**459.80**	**2,194.60**
Other Comprehensive Income			
A (i) Items that will not be reclassified to Profit or Loss			
- Remeasurement of defined benefit plans		(73.97)	(63.67)
- Share of other comprehensive income in associates and joint ventures		(0.28)	(0.07)
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		24.94	22.31
B (i) Items that will be reclassified to Profit or Loss			
- Exchange differences in translating the financial statements of foreign operations		6.25	5.71
- Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge		(23.20)	(6.28)
- Gain/(Loss) on fair valuation of loans relating to financing activities		224.48	300.28
- Change in allowances for expected credit loss relating to financing activities		40.34	46.46
- Share of other comprehensive income in associates and joint ventures		(0.04)	(2.22)
(ii) Income tax relating to items that will be reclassified to Profit or Loss		(25.01)	(119.01)
Total Other Comprehensive Income		**173.51**	**183.51**
Total Comprehensive Income for the year		**633.31**	**2,378.11**
Profit for the year attributable to			
Owners of the Company		336.67	2,078.70
Non-controlling interests		123.13	115.90
Other Comprehensive Income for the year attributable to			
Owners of the Company		85.70	97.07
Non-controlling interests		87.81	86.44
Total Comprehensive Income for the year attributable to			
Owners of the Company		422.37	2,175.77
Non-controlling interests		210.94	202.34
Earnings per equity share (Face value ₹1 each)	3.4		
- Basic (in ₹)		1.15	7.08
- Diluted (in ₹)		1.15	7.08

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

This is the consolidated statement of profit and loss referred to in our report of even date
For PRICE WATERHOUSE & CO CHARTERED ACCOUNTANTS LLP
Firm Registration Number : 304026E/E-300009
Chartered Accountants

A.J. Shaikh
Partner
Membership Number : 203637
Bengaluru

For and on behalf of the Board of Directors

Dheeraj G Hinduja
Chairman
DIN : 00133410
London

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

Gopal Mahadevan
Whole-time Director and Chief Financial Officer
DIN : 01746102
June 25, 2020, Chennai

N Ramanathan
Company Secretary

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

Particulars		Year ended March 31, 2020 ₹ crores	Year ended March 31, 2019 ₹ crores
Cash flow from operating activities			
Profit for the year		**459.80**	**2,194.60**
Adjustments for :			
Income tax expense		279.36	677.06
Share of (profit) of associates and joint ventures (net)		(2.89)	(11.28)
Depreciation, amortisation and impairment expense		710.82	675.56
Depreciation of right-of-use asset		39.17	-
Prepaid lease rentals		-	3.02
Share based payment costs		16.06	3.48
Obligation relating to discontinued products of LCV division		7.69	17.09
Impairment loss allowance / write off on trade receivable / other receivables / loans (net)		233.27	337.19
Net gain arising on financial asset mandatorily measured at FVTPL		(1.49)	(1.91)
Foreign exchange loss		44.83	15.96
Exchange (gain) / loss on swap contracts		(41.06)	2.63
Profit on sale of Property,plant and equipment (PPE) and intangible assets - net		(4.90)	(4.62)
Loss on sale of immovable property - Exceptional item		-	15.94
Profit on sale of investments - net		(16.81)	(46.89)
Impairment reversal in the value of investments (net) (including impact of capital reduction)		-	(34.79)
Gain on disposal of interest in a former associate		-	(0.99)
Gain on preclosure of leases		(0.99)	-
Finance costs		136.19	100.18
Interest income		(58.44)	(41.69)
Operating profit before working capital changes		**1,800.61**	**3,900.54**
Adjustments for changes in :			
Trade receivables		1,201.91	(1,554.67)
Inventories		1,527.04	(855.75)
Non-current and current financial assets		(781.64)	(4,531.55)
Other non-current and current assets		391.57	(522.18)
Redemption / (payment) to escrow account		75.73	(71.23)
Contract Assets		2.05	(12.76)
Related party advances / receivables (net)		0.71	1.93
Trade payables		(2,348.53)	119.06
Non-current and current financial liabilities		(450.06)	474.23
Other non-current and current liabilities		(501.42)	(985.90)
Non-current and current contract liabilities		(236.45)	1,083.82
Other non-current and current provisions		(77.25)	(38.24)
Cash generated from / (used in) operations		**604.27**	**(2,992.70)**
Income tax paid (net of refund)		(221.09)	(752.79)
Net cash from / (used in) operating activities	**[A]**	**383.18**	**(3,745.49)**
Cash flow from investing activities			
Purchase of PPE and intangible assets		(1,349.08)	(1,126.35)
Proceeds on sale of PPE and intangible assets		25.65	30.96
Payments to non controlling interest in relation to a subsidiary		-	(30.00)
Purchase of stake in a subsidiary		(300.00)	(1.04)
Proceeds from sale of non-current investments		106.49	148.17
Purchase of non-current investments		(22.80)	(1.11)
Proceeds from sale of current investments (net)		466.33	2,830.27
Movement in other bank deposits		(2.32)	0.36
Inter Corporate Deposits given		(950.00)	(780.00)
Inter Corporate Deposits repaid		495.00	780.00
Interest received		28.06	40.60
Net cash (used in) / from investing activities	**[B]**	**(1,502.67)**	**1,891.86**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

Particulars		Year ended March 31, 2020 ₹ crores	Year ended March 31, 2019 ₹ crores
Cash flow from financing activities			
Proceeds from issue of equity shares (including securities premium)		-	8.64
Issues of shares to Non-controlling interest shareholders		0.44	76.45
Proceeds from non-current borrowings		3,316.64	3,752.22
Repayments of non-current borrowings		(1,014.18)	(631.61)
Proceeds from current borrowings		17,493.64	11,337.98
Repayments of current borrowings		(16,791.66)	(11,121.68)
Payment of lease liability		(35.69)	-
Payments relating to swap contracts on non-current borrowings		2.49	(30.45)
Interest paid		(157.10)	(133.96)
Dividend paid and tax thereon		(1,275.73)	(859.84)
Net cash from financing activities	**[C]**	**1,538.85**	**2,397.75**
Net cash inflow	**[A+B+C]**	**419.36**	**544.12**
Opening cash and cash equivalents		**1,767.39**	**1,218.04**
Add - Pursuant to business combination		-	0.37
Exchange fluctuation on foreign currency bank balances		1.49	4.86
Closing cash and cash equivalents (Refer Note 1.13 a)		**2,188.24**	**1,767.39**

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

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

A.J. Shaikh
Partner
Membership Number : 203637
Bengaluru

For and on behalf of the Board of Directors

Dheeraj G Hinduja
Chairman
DIN : 00133410
London

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

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

N Ramanathan
Company Secretary

June 25, 2020, Chennai

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

A. Equity Share Capital

₹ crores

Balance as at the beginning of April 1, 2018	Changes in equity share capital during the year	Balance as at the end of March 31, 2019	Changes in equity share capital during the year	Balance as at the end of March 31, 2020
292.71	0.84	293.55	-	293.55

B. Other Equity

₹ crores

Particulars	Reserves and Surplus									Items of Other comprehensive income				
	Capital Reserve	Securities Premium	Capital Redemption Reserve	Debenture Redemption Reserve	Share Options Outstanding Account	General Reserve	Foreign Currency Monetary Item Translation Difference	Statutory Reserve	Retained Earnings	Foreign Currency Translation Reserve	Fair valuation of Loans relating to Financing activities	Cash Flow Hedges Reserve	Attributable to owners of the Company	Non-controlling Interests
Balance as at the beginning of April 1, 2018	**263.87**	**1,991.50**	**3.33**	**37.50**	**70.12**	**954.24**	**(7.77)**	**88.38**	**3,724.40**	**(1.50)**	**-**	**3.81**	**7,127.88**	**825.33**
Transition adjustment on account of adoption of Ind AS 115	-	-	-	-	-	-	-	-	(0.47)	-	-	-	(0.47)	-
Profit for the year	-	-	-	-	-	-	-	-	2,078.70	-	-	-	2,078.70	115.90
Other comprehensive income	-	-	-	-	-	-	-	-	(41.80)	3.49	139.47	(4.09)	97.07	86.44
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,036.90**	**3.49**	**139.47**	**(4.09)**	**2,175.77**	**202.34**
Exchange difference on translation of outstanding loan balances	-	-	-	-	-	-	(14.29)	-	-	-	-	-	(14.29)	-
Exchange difference amortised	-	-	-	-	-	-	13.90	-	-	-	-	-	13.90	-
Transaction with owners														
Dividends including tax thereon	-	-	-	-	-	-	-	-	(859.84)	-	-	-	(859.84)	-
On issue of equity shares	-	7.80	-	-	-	-	-	-	-	-	-	-	7.80	-
Recognition of share based payments	-	-	-	-	3.48	-	-	-	-	-	-	-	3.48	-
Issue of equity shares to Non-controlling interest (NCI) and change in interests between the owners and NCI	-	(0.01)	-	-	(0.40)	-	-	(23.15)	21.34	0.01	-	-	(2.21)	47.40
Transfer to/from retained earnings	-	-	-	(37.50)	-	-	-	60.63	(23.13)	-	-	-	-	-
Transfer to/from general reserve	-	-	-	-	(64.09)	64.09	-	-	-	-	-	-	-	-
Balance as at the end of March 31, 2019	**263.87**	**1,999.29**	**3.33**	**-**	**9.11**	**1,018.33**	**(8.16)**	**125.86**	**4,899.20**	**2.00**	**139.47**	**(0.28)**	**8,452.02**	**1,075.07**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

B. Other Equity

₹ crores

Particulars	Reserves and Surplus									Items of Other comprehensive income				
	Capital Reserve	Securities Premium	Capital Redemption Reserve	Debenture Redemption Reserve	Share Options Outstanding Account	General Reserve	Foreign Currency Monetary Item Translation Difference	Statutory Reserve	Retained Earnings	Foreign Currency Translation Reserve	Fair valuation of Loans relating to Financing activities	Cash Flow Hedges Reserve	Attributable to owners of the Company	Non-controlling Interests
Balance as at the end of March 31, 2019	**263.87**	**1,999.29**	**3.33**	**-**	**9.11**	**1,018.33**	**(8.16)**	**125.86**	**4,899.20**	**2.00**	**139.47**	**(0.28)**	**8,452.02**	**1,075.07**
Transition adjustment on account of adoption of Ind AS 116 and other adjustments (Also Refer Note 3.10)	-	-	-	-	-	-	-	-	(7.07)	-	-	-	(7.07)	(0.13)
Profit for the year	-	-	-	-	-	-	-	-	336.67	-	-	-	336.67	123.13
Other comprehensive income	-	-	-	-	-	-	-	-	(48.73)	6.21	143.17	(14.95)	85.70	87.81
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**287.94**	**6.21**	**143.17**	**(14.95)**	**422.37**	**210.94**
Exchange difference on translation of outstanding loan balances/during the year	-	-	-	-	-	-	(16.59)	-	-	-	-	-	(16.59)	-
Exchange difference amortised	-	-	-	-	-	-	24.75	-	-	-	-	-	24.75	-
Transaction with owners														
Dividends including tax thereon	-	-	-	-	-	-	-	-	(1,275.73)	-	-	-	(1,275.73)	-
Recognition of share based payments	-	-	-	-	16.56	-	-	-	-	-	-	-	16.56	-
Issue of equity shares to Non-controlling interest (NCI) and change in interests between the owners and NCI	-	7.82	-	-	-	-	-	(10.66)	(118.21)	-	-	-	(121.05)	(178.80)
Transfer to/from retained earnings	-	-	-	-	-	-	-	66.75	(66.75)	-	-	-	-	-
Balance as at the end of March 31, 2020	**263.87**	**2,007.11**	**3.33**	**-**	**25.67**	**1,018.33**	**-**	**181.95**	**3,719.38**	**8.21**	**282.64**	**(15.23)**	**7,495.26**	**1,107.08**

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

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

A.J. Shaikh
Partner
Membership Number : 203637
Bengaluru

For and on behalf of the Board of Directors

Dheeraj G Hinduja
Chairman
DIN : 00133410
London

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

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

N Ramanathan
Company Secretary

June 25, 2020, Chennai

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1A. General information

Background:

Ashok Leyland Limited ("the Parent Company") is a public limited company incorporated and domiciled in India and governed by the Companies Act, 2013 ("Act"). The Parent Company's registered office is situated at 1, Sardar Patel Road, Guindy, Chennai, Tamil Nadu, India. The Parent Company has eleven subsidiaries, three joint ventures and three associates. The main activities of the Parent Company alongwith its subsidiaries, joint ventures and associates relate to manufacture, sale, vehicle and housing finance and services related to a wide range of commercial vehicles. Also Refer Note 3.14. The Parent Company also manufactures engines for industrial and marine applications, forgings and castings. The Parent Company together with its subsidiaries is hereinafter referred to as the "Group".

1B. Significant Accounting Policies

1B.1 Basis of Preparation and Presentation

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

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

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

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

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

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

The consolidated financial statements were approved for issue by the Board of Directors on June 25, 2020.

Recent accounting pronouncements:

The Group has not early adopted any standards or amendments that have been issued but are not yet effective.

There are no recent accounting pronouncements applicable for the Group .

The significant accounting policies are detailed below.

1B.2 Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Parent Company and its subsidiaries. The Parent Company has control over the subsidiaries as it is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to affect its returns through its power over the subsidiaries.

When the Parent Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Parent Company considers all relevant facts and circumstances in assessing whether or not the Parent Company's voting rights in an investee are sufficient to give it power, including rights arising from other contractual arrangements.

Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Parent Company gains control until the date when the Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Adjustments are made to the financial statements of subsidiaries, as and when necessary, to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Parent Company.

1B.3 Business combinations

A common control business combination, involving entities or businesses in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and where the control is not transitory, is accounted for using the pooling of interest method in accordance with Ind AS 103 'Business Combinations'.

Other business combinations, involving entities or businesses are accounted for using acquisition method. Consideration transferred in such business combinations is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange of control of the acquiree.

Goodwill is recognised and is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree, over the net of the consideration date amounts of the identifiable assets acquired and the liabilities assumed.

1B.4 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or when there is an indication that the unit may be impaired. The recoverable amount of cash generating unit is determined for each legal entity based on a value in use calculation which uses cash flow projections and appropriate discount rate is applied. The discount rate takes into account the expected rate of return to shareholders, the risk of achieving the business projections, risks specific to the investments and other factors. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1B.5 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired.

When there is any objective evidence of impairment, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the investment becomes a subsidiary, the Group accounts for its investment in accordance with Ind AS 103 'Business Combination'. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures it at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with Ind AS 109. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest is included in the determination of the gain or loss on disposal of the associate or joint venture.

1B.6 Revenue recognition

Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

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

Revenue from contract with customer:

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

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

Sale of Products:

Revenue from sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the product. The Group operates predominantly on cash and carry basis excepting sale to State Transport Undertaking (STU), Government project customers based on tender terms and certain export customers which are on credit basis. Sale of engines and gensets and ferrous castings are generally sold on credit basis to customers.

The Group provides retrospective rebates to certain customers based on achievement of targeted volumes and other measures. To estimate the variable consideration for the expected future rebates, the Group applies the expected value method.

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

Sale of Service:

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

Variable consideration:

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

Incentives:

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

Significant financing component:

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

Warranty obligations:

Refer Note 1B.18 on warranty obligations

Contract balances:

- **Contract assets**

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

- **Trade receivables**

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

- **Contract liabilities**

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

- **Refund liabilities**

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

Interest / Finance Income relating to financing activities:

- **EIR Method**

  Under Ind AS 109, interest income is recorded using the effective interest rate method for all financial instruments measured at amortised cost and financial instrument measured at FVOCI. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

  The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

  If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

- **Interest Income**

  The Group calculates interest income by applying EIR to the gross carrying amount of financial assets other than credit impaired assets.

  When a financial asset becomes credit impaired and is, therefore, regarded as 'stage 3', the Group calculates interest income on the net basis. If the financial asset cures and is no longer credit impaired, the Group reverts to calculating interest income on a gross basis.

Other Operating Revenues:

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

Dividend and Interest Income:

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

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

1B.7 Foreign currency transactions

In preparing the consolidated financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in a foreign currency are restated at the rates prevailing at that date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not restated.

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

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

- Exchange difference on translation of derivative instruments designated as cash flow hedge (see Note 1B.19 below for hedging accounting policies).

- For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's entities whose functional currency is other than INR are translated into Currency Units using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign currency translation reserve (and attributed to non-controlling interests as appropriate).

1B.8 Borrowing costs

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

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

1B.9 Government Grants

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

Government grants relating to income are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses, the related costs for which the grants are intended to compensate.Grant relating to assets are netted off against the acquisition cost of the asset.

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

1B.10 Employee benefits

Retirement benefit costs and termination benefits:

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

For defined benefit plans i.e. Group's liability towards gratuity (funded), Group's contribution to provident fund, other retirement/ termination benefits and compensated absences, the cost of providing benefits is determined using the projected unit credit method with actuarial valuations being carried out at the end of each annual reporting period. In respect of provident fund, contributions made to trusts administered by the Group, the interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be contributed by the Group and charged to the Statement of Profit and Loss.

Defined benefit costs are comprised of:

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

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

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

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

Short-term and other long-term employee benefits:

A liability is recognised for benefits accruing to employees in respect of salaries, wages, performance incentives, medical benefits and other short term benefits in the period the related service is rendered, at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

1B.11 Share-based payment arrangements

Equity-settled share-based payments to employees (primarily employee stock option plan) are measured by reference to the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options outstanding account.

1B.12 Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Current tax:

Current tax is determined on taxable profits for the year chargeable to tax in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 including other applicable tax laws that have been enacted. Foreign companies recognise tax assets / liabilities in accordance with applicable local laws.

Deferred tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax asset is recognised for the carryforward 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.

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

1B.13 Property, plant and equipment

Cost:

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost (net of duty/ taxcredit 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)	Useful life (years) As per Schedule II
Buildings	30	30
Non-factory service installations:		
- In customer premises	12	10
- Lease improvements	3	3
Quality equipment,canteen assets, major Jigs and fixtures and hand tools	5 / 12	15
Other plant and machinery	20	15
Patterns and dies	5	15
Furniture and fittings	8	10
Furniture and fittings - lease improvements	3	3
Aircraft	18	20
Vehicles:		
- Trucks and buses	5 / 10	8
- Cars and motorcycles	3	8 / 10
Office equipment	8	5
Office equipment - Data processing system (including servers)	5	6

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of Property, Plant and Equipment and accordingly depreciation is computed based on the estimated useful lives of the assets.

De-recognition:

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

1B.14 Intangible assets

Intangible assets acquired separately:

Intangible assets with finite useful lives that are acquired separately, where the cost exceeds ₹ 10,000 and the estimated useful life is two years or more, is capitalised and carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets - research and development expenditure:

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from development phase of internal project) is recognised, if and only if, all of the following have been demonstrated:

- technical feasibility of completing the intangible asset;
- intention to complete the intangible asset and intention/ ability to use or sell it;
- how the intangible asset will generate probable future economic benefit;
- availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and
- the ability to measure reliably the attributable expenditure during the development stage.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

De-recognition of intangible assets:

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is derecognised.

Useful lives of intangible assets:

Estimated useful lives of the intangible assets, based on technical assessment, are as follows:

Classes of Intangible Assets	Useful life (years)
Computer Software:	
Acquired	3 - 10
Developed	5 / 10
Technical Knowhow:	
Acquired	5 / 6
Developed	6 / 10

1B.15 Impairment losses

At the end of each reporting period, the Group determines whether there is any indication that its assets (tangible, intangible assets and investments in equity instruments in joint ventures and associates carried at cost) have suffered an impairment loss with reference to their carrying amounts. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount exceeds the recoverable amount. Recoverable amount is higher of the fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount carried had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1B.16 Leases

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.

The Indian Accounting Standard (Ind AS) 116 is applicable from FY 2019-20 and it replaces Ind AS 17.

Ind AS 116 requires entity to determine whether a contract is or contains a lease at the inception of the contract.

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

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

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

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

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

On transition date, the Group measured the lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application and measured the right to use asset as its carrying amount as if the Standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application Group had recognised the cumulative effect of initially applying this Standard as an adjustment to the opening balance of retained earnings.

The Group has applied modified retrospective approach in adopting the new standard and accordingly, the balances of lease liability and Right of use asset as at March 31, 2020 are not comparable with previous year balances.

Adoption of Ind AS 116 did not have any material impact on the Consolidated financial statements.

1B.17 Inventories

Inventories are stated at lower of cost and net realisable value.

Cost of raw materials and components, stores, spares,consumable tools and traded goods (stock-in-trade) comprises cost of purchases and includes taxes and duties and is net of eligible credits under CENVAT / VAT / GST schemes. Cost of work-in-progress, work-made components and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overheads, which is allocated on a systematic basis. Cost of inventories also includes all other related costs incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cost of inventories are determined as follows:

- Raw materials and components, stores, spares, consumable tools, traded goods: on moving weighted average basis; and
- Work-in-progress, works-made components and finished goods: on moving weighted average basis plus appropriate share of overheads.

Cost of surplus/ obsolete/ slow moving inventories are adequately provided for.

1B.18 Provisions

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.19 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Classification of financial assets

The financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition.

Subsequent measurement:

(i) Financial assets (other than investments and derivative instruments) are subsequently measured at amortised cost using the effective interest method.

Effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Investments in debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments on principal and interest on the principal amount outstanding.

Income on such debt instruments is recognised in profit or loss and is included in the "Other Income".

The Group has not designated any debt instruments as fair value through other comprehensive income.

(ii) Financial assets (i.e. derivative instruments and investments in instruments other than equity of joint ventures and associates) are subsequently measured at fair value.

Such financial assets are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss and included in the "Other Income".

Investments in equity instruments of joint ventures and associates

The Group measures its investments in equity instruments of joint ventures and associates at cost in accordance with Ind AS 27 and Ind AS 110.

Financial assets relating to financing activities:

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel.

b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on).

d) The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

Solely Payments of Principal and Interest (SPPI) test

As a second step of its classification process, the Group assesses the contractual terms of financial assets to identify whether they meet SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Accordingly, financial assets are measured as follows:

a) Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Since, the loans and advances are held to sale and collect contractual cash flows, they are measured at FVTOCI.

c) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL.

d) Other equity investments

All other equity investments are measured at fair value, with value changes recognised in Other Comprehensive Income.

Impairment of financial asset relating to financing activities:

a) Overview of Expected Credit Loss (ECL) principles

In accordance with Ind AS 109, the Group uses ECL model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

i) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

ii) Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

Both Life Time Expected Credit Loss (LTECL) and 12 months ECLs are calculated on collective basis.

Based on the above, the Group categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1:

When loans are first recognised, the Group recognises an allowance based on 12 months ECL. Stage 1 loans includes those loans where there is no significant credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2 or stage 3.

Stage 2:

When a loan has shown a significant increase in credit risk since origination the Group records an allowance for the life time ECL. Stage 2 loans also includes facilities where the credit risk has improved and the loan has been reclassified from stage 3.

Stage 3:

Loans considered credit impaired are the loans which are past due for more than 90 days. The Group records an allowance for life time ECL.

Loan commitments:

When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down

b) Calculation of ECLs

The mechanics of ECL calculations are outlined below and the key elements are, as follows:

PD:

Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD:

Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest.

LGD:

Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The Group has calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans and discounted at an approximation to the Effective Interest Rate (EIR). At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analysed.

The mechanics of the ECL method are summarised below:

Stage 1:

The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2:

When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3:

For loans considered credit-impaired, the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

c) **Loans and advances measured at FVOCI**

The ECLs for loans and advances measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon de-recognition of the assets

d) **Forward looking information**

In its ECL models, the Group relies on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time.

i) Gross fixed investment (% of GDP)

ii) Oil price

iii) Interest rates

Write-offs

Financial assets are written off when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in the statement of profit and loss.

De-recognition of financial assets:

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Consolidated Statement of profit and loss.

De-recognition of financial assets relating to financing activities:

- **De-recognition of financial assets due to substantial modification of terms and condition**

  The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a de-recognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes.

- **De-recognition of financial assets other than due to substantial modification**

  A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

  On de-recognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of de-recognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss.

  Accordingly, gain on sale or de-recognition of assigned portfolio are recorded upfront in the statement of profit and loss as per Ind AS 109. Also, the Group recognises servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset.

Financial liabilities and equity instruments:

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities

All financial liabilities (other than derivative instruments) are subsequently measured at amortised cost using the effective interest rate method.Interest expense that is not capitalised as part of cost of an asset is included in the "Finance Costs".

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Groupare 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 115.

De-recognition of financial liabilities:

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange between a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments:

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and cross currency interest rate swaps. Further details of derivative financial instruments are disclosed in Note 3.6.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss.

As of the transition date, the Group has assessed whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed on the later of the date of it first becoming a party to the contract and the date when there has been change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

Hedge accounting:

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk, as either fair value hedges, cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 3.6 sets out details of the fair values of the derivative instruments used for hedging purposes.

Fair value hedges

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "Other Income" line item.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to effective portion as described above are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and are included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

1B.20 Segment reporting

The Group’s operating segment is identified as business segment based on nature of products, risks, returns and the internal business reporting system as per Ind AS 108. The Group is engaged in the business of manufacturing of commercial vehicles and rendering financial services mainly relating to vehicle and housing financing.

1C. Critical accounting judgments and key sources of estimation uncertainty:

The preparation of consolidated financial statements in conformity with Ind AS requires the Group's Management to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities recognised in the consolidated financial statements that are not readily apparent from other sources. The judgements, estimates and associated assumptions are based on historical experience and other factors including estimation of effects of uncertain future events that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates (accounted on a prospective basis) are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that have been made by the Management in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements and/or key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of goodwill

The carrying amount of goodwill significant to the Group are stated in Note 3.14. The recoverable amounts have been determined based on value in use calculations which uses cash flow projections covering generally a period of five years (which are based on key assumptions such as margins, expected growth rates based on past experience and Management's expectations/ extrapolation of normal increase/ steady terminal growth rate which approximates the long term industry growth rates) and appropriate discount rates that reflects current market assessments of time value of money and risks specific to these investments. The Management believes that any reasonable possible change in key assumptions on which recoverable amount is based is not expected to cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit. During the year, based on the impairment assessment carried out by the Group, the Management has determined that none of the subsidiaries require an impairment.

Impairment of financial asset relating to financing activities

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's expected credit loss ("ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

a) The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time expected credit loss ("LTECL") basis.

b) Development of ECL models, including the various formulas and the choice of inputs.

c) Determination of associations between macroeconomic scenarios and economic inputs, such as gross domestic products, lending interest rates and collateral values, and the effect on probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD").

d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

Inventories

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

Taxation

Determining of income tax liabilities using tax rates and tax laws that have been enacted or substantially enacted requires the Management to estimate the level of tax that will be payable based upon the Group's/ expert's interpretation of applicable tax laws, relevant judicial pronouncements and an estimation of the likely outcome of any open tax assessments including litigations or closures thereof.

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

Provision for product warranty

The Group's product warranty obligations and estimations thereof are determined using historical information on the type of product, nature, frequency and average cost of warranty claims and the estimates regarding possible future incidences of product failures. Changes in estimated frequency and amount of future warranty claims, which are inherently uncertain, can materially affect warranty expense.

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Management determines the appropriate valuation techniques and inputs for the fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuations. The Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 3.6.

Business model assessment relating to financing activities

Classification and measurement of financial assets depends on the results of business model and the solely payments of principal and interest ("SPPI") test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

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

₹ crores

DESCRIPTION	GROSS CARRYING AMOUNT (COST)					DEPRECIATION / AMORTISATION					NET CARRYING AMOUNT
Property, plant and equipment (PPE)	01.04.2019	Additions	Adjustments*	Disposals / Adjustment (Refer sub note 9)	31.03.2020	Upto 31.03.2019	Charge during the year	Adjustments*	Disposals / Adjustment (Refer sub note 9)	Upto 31.03.2020	Upto 31.03.2020
Freehold land	760.48	-	-	(6.25)	754.23	-	-	-	-	-	754.23
Buildings	1,649.47	105.01	10.73	2.72	1,767.93	238.03	72.64	1.79	4.31	316.77	1,451.16
Buildings given on lease	11.64	1.59	-	-	13.23	0.93	0.28	-	-	1.21	12.02
Plant and equipment	4,032.61	616.04	(4.40)	152.23	4,796.48	1,401.76	408.26	(7.60)	164.51	1,966.93	2,829.55
Plant and equipment given on lease	0.04	-	-	-	0.04	0.01	0.01	-	-	0.02	0.02
Furniture and fittings	97.65	3.83	0.88	(0.61)	101.75	45.50	14.24	0.59	(0.52)	59.81	41.94
Furniture and fittings given on lease	0.22	0.03	-	-	0.25	0.20	0.05	-	-	0.25	-
Vehicles	127.10	61.80	(3.12)	(10.03)	175.75	63.14	20.00	(3.24)	(1.34)	78.56	97.19
Aircraft given on lease	77.99	-	-	-	77.99	24.93	9.75	-	-	34.68	43.31
Office Equipment	145.55	29.77	5.21	20.35	200.88	57.86	33.64	4.45	20.53	116.48	84.40
Electrical and other installations on lease hold premises	1.46	-	-	-	1.46	1.00	0.07	-	-	1.07	0.39
TOTAL	**6,904.21**	**818.07**	**9.30**	**158.41**	**7,889.99**	**1,833.36**	**558.94**	**(4.01)**	**187.49**	**2,575.78**	**5,314.21**
Capital work-in-progress											**442.12**

* Adjustments include currency movements relating to foreign operations.

Notes:

1. A portion of the Buildings in Bhandara valued at ₹ 9.50 crores is on a land, the title for which is yet to be transferred to the Parent Company.
2. The title of land and buildings acquired through business combination, which are in the name of the amalgamating company, are yet to be transferred in the name of the Parent Company.
3. Cost of Buildings as at March 31, 2020 includes:
   a) ₹ 0.03 crores being cost of shares in Housing Co-operative Society representing ownership rights in residential flats and furniture and fittings there at.
   b) ₹ 1.32 crores representing cost of residential flats including undivided interest in land.
4. Additions to PPE and Capital work-in-progress include exchange (gain) / loss aggregating to ₹ 5.37 crores capitalised as under:
   Building ₹ 1.47 crores, Plant and equipment ₹ 3.84 crores, Furniture and fittings ₹ 0.03 crores, Office equipment ₹ 0.03 crores.
5. For details of assets given as security against borrowings, Refer Note 3.13.
6. For amount of contractual commitments for the acquisition of PPE, Refer Note 3.12.
7. Freehold land includes purchase of land from Andhra Pradesh Industrial Infrastructure Corporation Limited and Telengana State Industrial Infrastructure Corporation Limited, the title of which will be transferred in the Parent Company's name upon fulfilment of certain conditions.
8. Expenses capitalised ₹ 5.62 crores - Refer Notes 2.3, 2.4 and 2.6 to the Consolidated Financial statements.
9. Adjustment includes original cost amounting to ₹ 207.86 crores and accumulated depreciation amounting to ₹ 207.86 crores relating to deemed cost adjustment.

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

₹ crores

DESCRIPTION	GROSS CARRYING AMOUNT (COST)						DEPRECIATION / AMORTISATION					NET CARRYING AMOUNT
Property, plant and equipment (PPE)	01.04.2018	Additions	Acquisition through business combination	Adjustments*	Disposals	31.03.2019	Upto 31.03.2018	Charge during the year	Adjustments*	Disposals	Upto 31.03.2019	Upto 31.03.2019
Freehold land	783.17	6.41	-	-	29.10	760.48	-	-	-	-	-	760.48
Buildings	1,532.75	116.58	-	6.22	6.08	1,649.47	173.60	67.20	0.60	3.37	238.03	1,411.44
Buildings given on lease	11.23	0.41	-	-	-	11.64	0.69	0.24	-	-	0.93	10.71
Plant and equipment	3,672.29	371.53	0.02	3.82	15.05	4,032.61	973.08	438.08	0.66	10.06	1,401.76	2,630.85
Plant and equipment given on lease	0.04	-	-	-	-	0.04	0.01	#	-	-	0.01	0.03
Furniture and fittings	76.44	23.78	0.01	(2.20)	0.38	97.65	36.28	10.73	(1.19)	0.32	45.50	52.15
Furniture and fittings given on lease	0.22	-	-	-	-	0.22	0.15	0.05	-	-	0.20	0.02
Vehicles	127.42	14.46	-	0.89	15.67	127.10	42.01	26.86	(0.34)	5.39	63.14	63.96
Aircraft given on lease	60.75	22.53	-	-	5.29	77.99	19.48	10.74	-	5.29	24.93	53.06
Office Equipment	86.13	62.11	0.04	(2.46)	0.27	145.55	36.10	22.85	(0.96)	0.13	57.86	87.69
Electrical and other installations on lease hold premises	1.26	0.20	-	-	-	1.46	0.83	0.17	-	-	1.00	0.46
TOTAL	**6,351.70**	**618.01**	**0.07**	**6.27**	**71.84**	**6,904.21**	**1,282.23**	**576.92**	**(1.23)**	**24.56**	**1,833.36**	**5,070.85**
Capital work-in-progress												**294.63**

* Adjustments include currency movements relating to foreign operations.

\# Amount is below rounding off norms adopted by the Group.

Notes:

1. A portion of the Buildings in Bhandara valued at ₹ 9.50 crores is on a land, the title for which is yet to be transferred to the Parent Company.
2. The title of land and buildings acquired through business combination, which are in the name of the amalgamating company, are yet to be transferred in the name of the Parent Company.
3. Cost of Buildings as at March 31, 2019 includes:
   a) ₹ 0.03 crores being cost of shares in Housing Co-operative Society representing ownership rights in residential flats and furniture and fittings there at.
   b) ₹ 1.32 crores representing cost of residential flats including undivided interest in land.
4. Additions to PPE and Capital work-in-progress include exchange (gain) / loss aggregating to ₹ 20.78 crores capitalised as under:
   Building ₹ 4.96 crores, Plant and equipment ₹ 15.06 crores, Furniture and fittings ₹ 0.17 crores, Office equipment ₹ 0.24 crores, Capital Work-in-progress ₹ 0.35 crores.
5. For details of assets given as security against borrowings, Refer Note 3.13.
6. For amount of contractual commitments for the acquisition of PPE, Refer Note 3.12.
7. Freehold land includes purchase of land from Andhra Pradesh Industrial Infrastructure Corporation Limited, and Telengana State Industrial Infrastructure Corporation Limited, the title of which will be transferred in the Parent Company's name upon fulfilment of certain conditions.
8. Expenses capitalised ₹ 2.35 crores - Refer Notes 2.3, 2.4 and 2.6 to the Consolidated Financial statements.

1.1a RIGHT-OF-USE ASSET

₹ crores

DESCRIPTION	GROSS CARRYING AMOUNT (COST)					DEPRECIATION			NET CARRYING AMOUNT
Right-of-use asset	01.04.2019	Additions	Adjustments**	Closure/ Preclosure	31.03.2020	Charge during the year	Adjustments**	Upto 31.03.2020	Upto 31.03.2020
Leasehold land*	438.23	-	(0.61)	0.64	436.98	11.17	0.04	11.21	425.77
Buildings	70.86	18.48	-	10.74	78.60	18.62	0.19	18.81	59.79
Plant and equipment	9.84	-	-	1.87	7.97	1.07	-	1.07	6.90
Furniture and fittings	-	-	-	-	-	-	-	-	-
Vehicles and aircraft	9.68	1.66	0.05	4.55	6.84	4.33	0.02	4.35	2.49
Computer software	30.48	-	-	-	30.48	3.98	-	3.98	26.50
TOTAL	**559.09**	**20.14**	**(0.56)**	**17.80**	**560.87**	**39.17**	**0.25**	**39.42**	**521.45**

* Includes amount paid towards 170 acres of land allotted by State Industries Promotion Corporation of Tamil Nadu (SIPCOT), taken over by the Parent Company pursuant to amalgamation, which is in the process of registration.

** Adjustments include currency movements relating to foreign operations.

Notes:

1. Escalation clause - the percentage of escalation is up to a maximum of 15%.
2. Discounting rate used for the purpose of computing right to use asset ranges from 3.5% to 8.5%.
3. Rental amount per annum ranges from ₹ 0.01 crores to ₹ 1.36 crores, which also carries a clause for extension of agreement based on mutual understanding between Lessor and Lessee.
4. The lease period ranges from 2 years to 90 years over which the right to use asset is depreciated on a straight line basis.
5. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any major covenants other than the security interests in the leased assets that are held by the lessor. Leased assets are not used as security for borrowing purposes.

1.2 OTHER INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

₹ crores

DESCRIPTION	GROSS CARRYING AMOUNT (COST)					DEPRECIATION / AMORTISATION					NET CARRYING AMOUNT
Other Intangible assets	01.04.2019	Additions	Adjustments*	Disposals / Adjustment (Refer sub note 3)	31.03.2020	Upto 31.03.2019	Charge during the year	Adjustments*	Disposals / Adjustment (Refer sub note 3)	Upto 31.03.2020	Upto 31.03.2020
Computer software											
- Developed	94.88	4.80	-	-	99.68	53.29	17.04	-	-	70.33	29.35
- Acquired	157.51	20.94	2.14	-	180.59	88.32	23.07	1.89	-	113.28	67.31
Technical knowhow											
- Developed	484.18	688.25	10.77	(143.80)	1,327.00	138.69	111.77	2.47	(91.02)	343.95	983.05
- Acquired	143.12	-	0.68	143.80	-	90.33	-	0.69	91.02	-	-
TOTAL	**879.69**	**713.99**	**13.59**	**-**	**1,607.27**	**370.63**	**151.88**	**5.05**	**-**	**527.56**	**1,079.71**
Intangible assets under development											**131.77**

* Adjustments include currency movements relating to foreign operations.

Notes:

1. Additions to Other Intangible assets and Intangible assets under development include:
   a) Exchange (gain) / loss aggregating to ₹ 0.67 crores capitalised as under :
      Computer software ₹ 0.46 crores, Technical knowhow ₹ 0.21 crores
   b) Expenses capitalised ₹ 474.17 crores - Refer Notes 2.3, 2.4 and 2.6 to the Financial Statements.
2. For amount of contractual commitments for the acquisition of intangible assets, Refer Note 3.12.
3. Adjustment includes original cost amounting to ₹ 143.80 crores and accumulated amortisation amounting to ₹ 91.02 crores regrouped during the year.

1.2 OTHER INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

₹ crores

DESCRIPTION	GROSS CARRYING AMOUNT (COST)						DEPRECIATION / AMORTISATION					NET CARRYING AMOUNT
Other Intangible Assets	01.04.2018	Additions	Acquisition through business combination	Adjustments*	Disposals	31.03.2019	Upto 31.03.2018	Charge during the year	Adjustments*	Disposals	Upto 31.03.2019	Upto 31.03.2019
Computer software												
- Developed	94.88	-	-	-	-	94.88	39.98	13.31	-	-	53.29	41.59
- Acquired	121.57	37.31	0.01	(1.38)	#	157.51	67.71	21.67	(1.06)	#	88.32	69.19
Technical knowhow												
- Developed	337.22	150.56	-	(3.60)	-	484.18	103.67	39.83	(4.81)	-	138.69	345.49
- Acquired	143.12	-	-	-	-	143.12	66.50	23.83	-	-	90.33	52.79
TOTAL	**696.79**	**187.87**	**0.01**	**(4.98)**	**#**	**879.69**	**277.86**	**98.64**	**(5.87)**	**#**	**370.63**	**509.06**
Intangible assets under development												**382.98**

* Adjustments include currency movements relating to foreign operations.

Amount is below rounding off norms adopted by the Group.

Notes:

1. Additions to Other Intangible assets and Intangible assets under development include:
   a) Exchange (gain) / loss aggregating to ₹ 1.88 crores capitalised as under :
   Computer Software ₹ 1.43 crores, Technical Knowhow ₹ (0.03) crores, Intangible assets under development ₹ 0.48 crores.
   b) Expenses capitalised ₹ 285.31 crores - Refer Notes 2.3, 2.4 and 2.6 to the Financial Statements.
2. For amount of contractual commitments for the acquisition of intangible assets, Refer Note 3.12.

1.3 NON-CURRENT FINANCIAL ASSETS - INVESTMENTS

DESCRIPTION		As at March 31, 2020		As at March 31, 2019	
		Nos.	₹ crores	Nos.	₹ crores
I) Investment in Equity Instruments (unquoted, unless otherwise stated)					
1) Associates (accounted for using equity method)					
a) Equity Shares of ₹ 10 each					
Ashok Leyland Defence Systems Limited					
Cost of Acquisition (including goodwill of ₹ 0.02 crores)		5,027,567	5.03	5,027,567	5.03
Add : Group share of profit			4.16		2.77
Carrying amount of Investment			**9.19**		**7.80**
Mangalam Retail Services Limited					
Cost of Acquisition (including goodwill of ₹ 0.01 crores)		37,470	0.04	37,470	0.04
Add : Group share of Profit #			-		-
Carrying amount of Investment			**0.04**		**0.04**
b) Equity shares of Srilankan Rupees 10 each					
Lanka Ashok Leyland PLC (Quoted)					
Cost of Acquisition (including goodwill of ₹ 0.21 crores)		1,008,332	0.57	1,008,332	0.57
Add : Group share of Profit			26.57		28.45
Less: Dividend Income			0.40		1.54
Carrying amount of Investment			**26.74**		**27.48**
2) Joint Ventures (accounted under equity method)					
a) Equity Shares of ₹ 10 each					
Hinduja Tech Limited					
Cost of Acquisition (including goodwill of ₹ 37 crores)		95,450,000	97.37	95,450,000	97.37
Less : Group share of Loss			61.04		70.02
Carrying amount of Investment			**36.33**		**27.35**
Ashley Alteams India Limited					
Cost of Acquisition		73,447,693	44.01	72,202,812	42.77
Less : Group share of Loss			40.12		30.85
Carrying amount of Investment			**3.89**		**11.92**
Ashok Leyland John Deere Construction Equipment Company Private Limited (under liquidation)					
Cost of Acquisition		17,792,123	17.81	17,792,123	17.81
Less : Group share of Loss			13.31		13.31
Less: Impairment in value of investment (utilised from provision for obligation made in the prior years)			4.50		4.50
Carrying amount of Investment			**-**		**-**
3) Other investments in equity instruments (at fair value through profit or loss)					
a) Equity Shares of ₹ 10 each					
ARS Energy Private Limited		640	0.01	-	-
Rajalakshmi Wind Energy Limited (erstwhile Ashok Leyland Wind Energy Limited)		7,812,950	9.12	7,812,950	9.12
Chennai Willingdon Corporate Foundation #		100	0.00	100	0.00
Hinduja Energy (India) Limited		61,147,058	193.47	61,147,058	193.47
OPG Power Generation Private Limited		65,000	0.07	381,500	0.43
Kamachi Industries Limited		525,000	0.53	525,000	0.53
b) Equity shares of ₹ 100 each partly paid-up					
Adyar Property Holding Co. Limited (₹ 65 paid up) #		300	0.00	300	0.00
Total Investment in Equity Instruments (net)	A		**279.39**		**278.14**

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1.3 NON-CURRENT FINANCIAL ASSETS - INVESTMENTS (contd.)

DESCRIPTION			As at March 31, 2020		As at March 31, 2019	
			Nos.	₹ crores	Nos.	₹ crores
II)	**Investment in Preference Shares (accounted under equity method) - (unquoted)**					
	1) Associates					
	6% Non-Cumulative Non-Convertible Redeemable Preference shares of ₹ 10 each					
	Ashok Leyland Defence Systems Limited		10,000,000	6.37	10,000,000	5.15
	2) Joint Ventures					
	1% Non-Cumulative Non-Convertible Redeemable Preference shares of ₹ 10 each					
	Hinduja Tech Limited		23,900,000	22.45	23,900,000	22.37
	Total Investment in Preference Shares	B		**28.82**		**27.52**
III)	**Investment in Debentures (unquoted)**					
	Non-convertible Redeemable Debentures (relating to financing activities) (at amortised cost)	C		28.40		124.16
IV)	Investment in pass-through securities (unquoted) (relating to financing activities) (at amortised cost)	D		338.93		329.30
V)	Investment in mutual funds (relating to financing activities) (unquoted) (at amortised cost)	E		80.00		100.00
VI)	Investment in Special Limited Partnership (At Fair value through profit or loss)					
	Vasuki SCSp (Refer sub note 7)	F		21.56		-
	Total Non-Current Investments	G = A+B +C+D+E+F		**777.10**		**859.12**

\# Amount is below rounding off norms adopted by the Group.

Notes:

1.	Particulars	March 31, 2020	March 31, 2019
		₹ crores	₹ crores
	Aggregate value of quoted investments	26.74	27.48
	Aggregate value of unquoted investments	733.30	836.14
	Aggregate value of impairment in value of investments	4.50	4.50

2. Investments are fully paid-up shares unless otherwise stated.
3. The equity investment in Ashley Alteams India Limited can be disposed off / encumbered only with the consent of banks / financial institutions who have given loans to Ashley Alteams India Limited.
4. Lock in commitment in the shareholders agreement: [Also refer note no. 3.12]

   Hinduja Tech Limited - 79,990,000 shares.
5. Investments accounted for using equity method ₹ 105.01 crores (2019: ₹ 102.11 crores).
6. Number of shares held by the Group includes joint holding / beneficial holding.
7. The Group holds 9.09% of Class A units in the special limited partnership.

		As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
1.4	**NON-CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES**		
	(Unsecured)		
	Considered good		
	Related parties (Refer Note 3.9)	0.58	0.14
		0.58	**0.14**

Note:

These are carried at amortised cost.

		As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
1.5	**NON-CURRENT FINANCIAL ASSETS - LOANS**		
	(Secured, Considered good unless otherwise stated)		
a)	Loan to customer under financing activities		
	Considered good	12,294.69	13,188.88
	Considered doubtful	315.26	94.88
		12,609.95	**13,283.76**
	(Unsecured, Considered good unless otherwise stated)		
b)	Loan to customer under financing activities		
	Considered doubtful	-	62.34
		-	**62.34**
	Less: Allowance for loans (as per expected credit loss model)	624.89	461.66
c)	Security Deposits	37.06	37.88
		12,022.12	**12,922.32**

Notes:

1.	Loan to customer under financing activities carried at fair value through other comprehensive income	4,244.37	4,192.88

2. These are carried at amortised cost except Note 1 above.
3. Refer Note 3.6 for disclosures relating to expected credit loss.
4. Movement in allowance for loans is as follows:

Particulars	Opening	Additions (net)	Closing
March 2020	461.66	163.23	624.89
March 2019	312.07	149.59	461.66

		As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
1.6	**NON-CURRENT - OTHER FINANCIAL ASSETS**		
	(Unsecured, considered good unless otherwise stated)		
	a) Other receivables *		
	Considered good	6.62	8.53
	Considered doubtful	4.34	4.34
	Less: Allowance for doubtful receivables	4.34	4.34
		6.62	**8.53**
	b) Earmarked bank balance (escrow bank accounts)	-	16.90
	c) Derivatives designated in hedging relationships	47.05	-
	d) Others		
	i) Employee advances	1.53	2.11
	ii) Other advances	367.54	176.76
	iii) Bank deposits held as security (relating to financing activities) [collateral towards securitisation / assignment of receivables]	144.54	117.00
		567.28	**321.30**
	Of the employee advances mentioned above, Due from Directors / Officers #	0.00	0.00

* Includes receivable on sale of windmill undertaking of the Parent Company.

\# Amount is below rounding off norms adopted by the Group.

Notes:

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

Particulars	March 2020	March 2019
Opening balance	4.34	-
Additions	-	4.34
Utilisations / Reversals	-	-
Closing balance	4.34	4.34

		As at March 31, 2020	As at March 31, 2019
1.7a	**DEFERRED TAX ASSETS (NET)**		
	i) Deferred tax (liabilities)	(1.22)	(0.67)
	ii) Deferred tax assets	8.93	10.97
		7.71	**10.30**
1.7b	**DEFERRED TAX LIABILITIES (NET)**		
	i) Deferred tax liabilities	1,068.84	1,097.31
	ii) Deferred tax (assets)*	(730.27)	(839.55)
		338.57	**257.76**

* Includes Unused tax credits (MAT credit entitlement) of ₹ 574.06 crores (March 2019: ₹ 512.64 crores).

Note:
Refer Note 3.2 for details of deferred tax liabilities and assets.

				As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
1.8	**NON-CURRENT INCOME TAX ASSETS (NET)**				
	Advance income tax (net of provision)			213.24	188.44
				213.24	**188.44**
1.9	**OTHER NON-CURRENT ASSETS**				
	(Unsecured, considered good unless otherwise stated)				
	a)	Prepayments under operating leases		-	259.90
	b)	Capital Advances			
		Advances to related parties (Refer note 3.9)			
		Considered good		7.42	3.48
		Others			
		Considered good		220.58	203.97
		Considered doubtful		2.57	2.58
		Less: Allowance for doubtful advances		2.57	2.58
				220.58	**203.97**
	c)	Balances with customs, port trust, central excise etc.			
		Considered good		15.42	17.09
		Considered doubtful		0.06	36.77
		Less: Allowance for doubtful balances		0.06	36.77
				15.42	**17.09**
	d)	Others			
		i)	Sales tax paid under protest	208.29	203.20
		ii)	Other advances (includes prepaid expenses, etc)	172.81	272.09
				381.10	**475.29**
				624.52	**959.73**

Note:

Movement in Allowance for doubtful advances towards capital advances is as follows:

Particulars	March 2020	March 2019
Opening balance	2.58	1.32
Additions	-	1.26
Utilisations / Reversals	0.01	-
Closing balance	2.57	2.58

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

Particulars	March 2020	March 2019
Opening balance	36.77	45.06
Additions	-	0.06
Utilisations / Reversals	36.71	8.35
Closing balance	0.06	36.77

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
1.10 INVENTORIES		
a) Raw materials and components	736.81	955.91
b) Work-in-progress	325.73	475.30
c) Finished goods	217.14	1,297.36
d) Stock-in-trade		
i) Commercial vehicles	-	68.68
ii) Spare parts and auto components (including works made)	158.75	160.60
e) Stores, spares and consumable tools	108.78	119.57
	1,547.21	**3,077.42**
Less: Provision for non-moving inventory	10.82	13.99
	1,536.39	**3,063.43**

Notes:

1. Goods in transit included above are as follows:

Particulars	March 2020	March 2019
a) Raw materials and components	38.32	21.06
b) Finished goods	-	1.46
c) Stock-in-trade		
(i) Commercial vehicles	0.24	53.27
(ii) Spares parts and auto components (including works made)	0.76	0.67

2. Cost of inventories (including cost of stock-in-trade purchased and write down of inventories) recognised as an expense during the year is ₹ 13,345.92 crores (2018-19: ₹ 21,598.61 crores).
3. For details of assets given as security against borrowings - Refer Note 3.13

1.11 CURRENT FINANCIAL ASSETS - INVESTMENTS

(Unquoted)		
i) Investments in pass through securities (relating to financing activities) (Carried at amortised cost)	111.57	325.59
ii) Investments in non - convertible redeemable debentures (relating to financing activities) (Carried at amortised cost)	71.67	307.17
	183.24	**632.76**

Note:

Investments are fully paid up.

1.12 CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES

Trade receivable - Unsecured		
Considered good		
Related parties (Refer Note 3.9)	11.52	28.94
Others	1,484.64	2,688.24
Significant increase in credit risk - Others	78.86	48.82
Credit impaired - Others	26.89	24.18
Less: Loss allowance	105.75	73.00
	1,496.16	**2,717.18**

Notes:

1. Movement in Loss allowance is as follows:

Particulars	March 2020	March 2019
Opening balance	73.00	61.47
Additions / Transfer	57.22	23.96
Utilizations / Reversals	24.47	12.43
Closing balance	105.75	73.00

2. These are carried at amortised cost.
3. For details of assets given as security against borrowings - Refer Note 3.13.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

		As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
1.13a CASH AND CASH EQUIVALENTS			
i)	Balances with banks:		
	a) In current accounts	573.16	361.97
	b) In cash credit accounts	379.10	925.14
	c) In deposit accounts *	1,175.75	302.71
ii)	Cheques, drafts on hand	46.65	137.60
iii)	Cash and stamps on hand	13.58	39.97
		2,188.24	**1,767.39**
1.13b BANK BALANCES OTHER THAN (A) ABOVE			
i)	Unclaimed dividend accounts (earmarked)	11.57	8.61
ii)	In deposit accounts (earmarked)	35.49	1.29
		47.06	**9.90**

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

		As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
1.14 CURRENT FINANCIAL ASSETS - LOANS			
Secured			
a)	Loan to customer under financing activities		
	Considered good	6,336.97	3,886.35
	Considered doubtful	1,805.46	1,628.51
		8,142.43	**5,514.86**
Unsecured			
b)	Loan to customer under financing activities		
	Considered good	-	1,207.99
	Considered doubtful	-	27.58
		-	**1,235.57**
c)	Loans to related parties (Considered good) [Refer Note 3.9]	-	45.00
d)	Loans to others (Considered good)	1.60	1.00
e)	Security deposits (Considered good)	24.10	25.46
	Less: Allowance for loans (as per expected credit loss model)	279.18	268.26
		7,888.95	**6,553.63**

Notes:

1.	Loan to customer under financing activities carried at fair value through other comprehensive income.	2,744.95	2,255.88

2. These are carried at amortised cost except Note 1 above.
3. Refer Note 3.6 for disclosures relating to expected credit loss.
4. Movement in allowance for loans is as follows:

Particulars	Opening	Additions (net)	Closing
March 2020	268.26	10.92	279.18
March 2019	157.59	110.67	268.26

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

			As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
1.15	**CURRENT FINANCIAL ASSETS - OTHERS**			
	(Unsecured, considered good unless otherwise stated)			
	a)	Interest accrued :		
		- Relating to financing activities	16.73	20.02
		- Others	33.10	2.72
	b)	Employee advances	19.42	20.06
	c)	Receivable on sale of immovable properties / investments	0.25	-
	d)	Derivatives not designated in hedging relationships	-	2.48
	e)	Derivatives designated in hedging relationships	11.78	3.00
	f)	Earmarked Bank Balance (escrow bank accounts)	2.92	61.77
	g)	Intercorporate deposits		
		i. Related Parties (Refer Note 3.9)	100.00	-
		ii. Others	400.00	-
	h)	Revenue grants receivable		
		- Considered good	311.46	351.64
		- Considered doubtful	1.90	15.60
			313.36	**367.24**
		Less: Allowance for doubtful receivables	1.90	15.60
			311.46	**351.64**
	i)	Others (includes expenses recoverable, etc.)		
		Considered good	227.67	36.53
		Considered doubtful	20.83	21.17
			248.50	**57.70**
		Less: Allowance for doubtful receivables	20.83	21.17
			227.67	**36.53**
			1,123.33	**498.22**
		Of the employee advances mentioned above Due from Directors / Officers #	0.00	0.00

Amount is below rounding off norms adopted by the Group.

Notes:

1. These (except derivatives) are carried at amortised cost. Derivatives are carried at fair value through profit or loss / other comprehensive income.
2. For details of assets given as security against borrowings - Refer Note 3.13.
3. Movement in Allowance for doubtful receivables (Revenue grant receivable) are as follows:

Particulars	March 2020	March 2019
Opening balance	15.60	15.60
Additions	8.89	-
Utilisations / Reversals	22.59	-
Closing balance	1.90	15.60

4. Movement in Allowance for doubtful receivables - Others (includes expenses recoverable, etc.) are as follows:

Particulars	March 2020	March 2019
Opening balance	21.17	0.79
Additions	-	20.38
Utilisations / Reversals	0.34	-
Closing balance	20.83	21.17

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
1.16 CONTRACT ASSETS		
Unbilled revenue (Refer note 3.7)		
Others	10.23	12.76
Related party (Refer note 3.9)	0.48	-
	10.71	**12.76**
1.17 OTHER CURRENT ASSETS		
(Unsecured, considered good unless otherwise stated)		
a) Prepayments under operating leases	-	2.93
b) Advances to related parties (Refer Note 3.9)	-	0.71
c) Supplier advances		
i. Considered good	44.01	98.33
ii. Considered doubtful	2.37	2.29
Less: Allowance for doubtful advances	2.37	2.29
	44.01	**98.33**
d) Balances with customs, port trust, central excise etc.	617.23	1,014.02
e) Others *	174.17	116.22
	835.41	**1,232.21**
* Includes:		
- Input tax credit recoverable	11.69	3.49
- Sales tax paid under protest	6.12	6.12
- Prepaid expenses	140.48	100.79

Note:

Movement in allowance for doubtful advances is as follows:

Particulars	March 2020	March 2019
Opening balance	2.29	1.04
Additions	0.08	1.25
Utilisations / Reversals	-	-
Closing balance	2.37	2.29

	As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
1.18 EQUITY SHARE CAPITAL		
Authorised		
27,856,000,000 (March 2019: 27,856,000,000) number of equity shares of ₹ 1 each	2,785.60	2,785.60
	2,785.60	**2,785.60**
Issued		
a) 2,289,212,796 (March 2019: 2,289,212,796) number of equity shares of ₹ 1 each	228.92	228.92
b) 646,314,480 (March 2019: 646,314,480) number of equity shares of ₹ 1 each issued through Global Depository Receipts	64.63	64.63
	293.55	**293.55**
Subscribed and fully paid up		
a) 2,289,212,796 (March 2019: 2,289,212,796) number of equity shares of ₹ 1 each	228.92	228.92
b) 646,314,480 (March 2019: 646,314,480) number of equity shares of ₹ 1 each issued through Global Depository Receipts	64.63	64.63
	293.55	**293.55**
Add: Forfeited shares (amount originally paid up in respect of 760 shares) #	0.00	0.00
	293.55	**293.55**

Amount is below rounding off norms adopted by the Group.

Notes:

1. Reconciliation of number of Equity shares subscribed

Particulars	March 2020	March 2019
Balance as at the beginning of the year	2,935,527,276	2,927,104,101
Add: Issued during the year (Refer Note 3.5)	-	8,423,175
Balance as at the end of the year	**2,935,527,276**	**2,935,527,276**

2. Shares issued in preceding 5 years for consideration other than cash

   Hinduja Foundries Limited (amalgamating company) merged with the 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.

3. The Parent Company allotted Nil (March 2019: 8,423,175) equity shares pursuant to the exercise of options under Employee Stock Option Plan Scheme. For information relating to Employees Stock Option Plan Scheme including details of options outstanding as at March 31, 2020 (Refer Note 3.5).

4. As on March 31, 2020, there are 353,158,140 (March 2019: 353,202,640) equity shares representing the outstanding Global Depository Receipts (GDRs). The balance GDRs have been converted into equity shares.

5. Shares held by the Holding Company

   Hinduja Automotive Limited, the holding company, holds 1,164,332,742 (March 2019: 1,164,332,742) equity shares and 5,486,669 (March 2019: 5,486,669) Global Depository Receipts (GDRs) equivalent to 329,200,140 (March 2019: 329,200,140) Equity shares of ₹ 1 (March 2019: ₹ 1) each aggregating to 50.88% (March 2019: 50.88%) of the total share capital.

6. Shareholders other than the Holding Company holding more than 5% of the equity share capital

   Reliance Capital Trustee Co. Ltd. holds 165,184,502 (March 2019 : 58,000,969) equity shares constituting 5.63% (March 2019: 1.98%) of the equity share capital of the Parent Company.

7. Rights, preferences and restrictions in respect of equity shares and GDRs issued by the Parent Company

   a) The Equity share holders are entitled to receive dividends as and when declared; a right to vote in proportion to holding etc. and their rights, preferences and restrictions are governed by / in terms of their issue under the provisions of the Companies Act, 2013.

   b) The rights, preferences and restrictions of the GDR holders are governed by the terms of their issue, and the provisions of the Companies Act, 2013. Each GDR holder is entitled to receive 60 equity shares (March 2019: 60 equity shares) of ₹ 1 each, per GDR, and their voting rights can be exercised through the Depository.

		Notes	As at March 31, 2020	As at March 31, 2019
			₹ crores	₹ crores
1.19	**OTHER EQUITY**			
a)	Capital Reserve	A	263.87	263.87
b)	Securities Premium	B	2,007.11	1,999.29
c)	Capital Redemption Reserve	J	3.33	3.33
d)	Share Options Outstanding Account	C	25.67	9.11
e)	General Reserve	D	1,018.33	1,018.33
f)	Cash Flow Hedge Reserve	E	(15.23)	(0.28)
g)	Foreign Currency Monetary Item Translation Difference	F	-	(8.16)
h)	Statutory Reserve	G	181.95	125.86
i)	Foreign Currency Translation Reserve	H	8.21	2.00
j)	Retained Earnings	I	3,719.38	4,899.20
k)	Other Comprehensive Income - Fair valuation on loans relating to financing activities	K	282.64	139.47
			7,495.26	**8,452.02**

Refer "Consolidated Statement of Changes in Equity" for additions/deletions in each reserve.

Notes:

A Capital reserve represents reserve created pursuant to the business combinations.

B Securities premium represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act, 2013 (the Act) for specified purposes.

C Share options outstanding account relates to stock options granted by the Group to employees under an employee stock options plan. (Refer Note 3.5)

D General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, bonus issue, etc.

E Cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated in this reserve are reclassified to profit or loss only when the hedged transaction affects the profit or loss.

F Foreign currency monetary items translation difference represents exchange differences on translation of long term foreign currency monetary items at rates different from those at which they were initially recorded in so far as they do not relate to acquisition of depreciable asset. These exchange differences in respect of borrowings upto March 31, 2017 are amortised by recognition as income or expense in each year over the balance term till settlement occurs but not beyond March 31, 2020.

G The statutory reserve has been created pursuant to statutory regulations at a percentage of profit for the year.

H 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.

I In respect of the year ended March 31, 2020, the Board of Directors has declared an interim dividend of ₹ 0.50 per equity share (Final dividend for March 2019: ₹ 3.10 per equity share) which is accounted and paid out of the current year profits in accordance with the provisions of the Act. Revaluation reserve transferred to retained earnings on transition date may not be available for distribution.

J Capital redemption reserve represent the reserve arising pursuant to the business combination during 2016-17.

K Other Comprehensive Income - Fair valuation on loans relating to financing activities represents gains / (losses) arising on fair valuation of loan relating to financing activities carried at fair value through other comprehensive income.

	As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
1.20 NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS		
a) Secured borrowings		
i) Redeemable non-convertible debentures	184.35	1,834.17
ii) Term loan from banks	11,160.31	9,632.85
iii) Other loans	31.18	31.18
b) Unsecured borrowings		
i) Subordinated Redeemable non-convertible debentures	1,035.18	1,169.23
ii) External commercial borrowings from banks	756.27	184.28
iii) Interest free sales tax loans	66.41	82.94
iv) Other subordinated loans	75.00	75.00
	13,308.70	**13,009.65**

Notes:

1. These are carried at amortised cost.
2. Refer Note 1.27 for Current maturities of long-term debt.
3. Refer Note 3.13 for security and terms of the borrowings.
4. The Parent Company has been authorised to issue 36,500,000 (March 2019: 36,500,000) Non-Cumulative Redeemable Non-Convertible Preference Shares of ₹ 10 each valuing ₹ 36.50 crores (March 2019: ₹ 36.50 crores) and 77,000,000 (March 2019: 77,000,000) Non-Convertible Redeemable Preference Shares of ₹ 100 each valuing ₹ 770.00 crores (March 2019: ₹ 770.00 crores). No preference shares has been issued during the year.
5. Of the above, borrowings relating to financing activities are given below:

Particulars	March 2020	March 2019
a) Secured borrowings		
Redeemable non-convertible debentures	184.35	1,834.17
Term loans from banks (Includes ₹ 511.32 crores (March 31, 2019: ₹ 432.82 crores) towards securitisation deals)	10,592.25	9,529.18
b) Unsecured borrowings		
Subordinated Redeemable non-convertible debentures	1,035.18	1,169.23
Other subordinated loans	75.00	75.00
	11,886.78	**12,607.58**

1.21 NON-CURRENT - OTHER FINANCIAL LIABILITIES		
a) Derivatives designated in hedging relationships	16.44	-
b) Others	151.46	122.87
	167.90	**122.87**

Note:

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, 2020 ₹ crores	As at March 31, 2019 ₹ crores
1.22 NON-CURRENT PROVISIONS		
a) Provision for employee benefits		
i) Compensated absences	103.08	93.98
ii) Others including post retirement benefits [Refer Note 3.3]	26.60	41.71
b) Provision for product warranties	90.60	162.51
c) Other provisions (includes provision for litigation)	8.26	18.67
	228.54	**316.87**

Notes:

1. Movement in Provision for product warranties is as follows:

Particulars	March 2020	March 2019
Opening balance	162.51	158.80
Additions (net of utilisations)	(71.91)	3.71
Closing balance	90.60	162.51

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 2020	March 2019
Opening balance	18.67	17.54
Additions	-	1.13
Utilisations / Reversals	10.41	-
Closing balance	8.26	18.67

	As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
1.23 CONTRACT LIABILITIES		
Income received in advance (Refer note 3.7)	249.85	269.02
	249.85	**269.02**
1.24 OTHER NON-CURRENT LIABILITIES		
Others (includes deferred lease rent)	-	9.24
	-	**9.24**
1.25 CURRENT FINANCIAL LIABILITIES - BORROWINGS		
a) Secured borrowings		
Loans from banks	1,566.41	839.23
b) Unsecured borrowings		
Loans from banks	1,208.92	169.12
Commercial papers ((maximum outstanding during the year ₹ 2,000.00 crores (March 2019: ₹ 1,300.00 crores))*	-	1,129.40
Loan from related parties (Refer Note 3.9)	23.38	-
Buyers credit	28.94	-
Bills discounted	15.03	-
	2,842.68	**2,137.75**

* Relates to Parent Company

Notes:

1. These are carried at amortised cost.
2. Out of the above, loans from banks in the form of short term loans, cash credit, packing credit, working capital demand loans, etc.:

- Secured	1,566.41	839.23
- Unsecured	1,208.92	169.12

3. Out of the above, borrowings relating to financing activities:

- Secured	532.39	455.64
- Unsecured	-	1,129.40

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, 2020 ₹ crores	As at March 31, 2019 ₹ crores
1.26	**CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES**		
	Trade payables - including acceptances		
a)	Total outstanding dues of micro enterprises and small enterprises [Refer Note 3.17]	13.07	13.79
b)	Total outstanding dues of creditors other than micro enterprises and small enterprises	2,821.53	5,165.23
		2,834.60	**5,179.02**

Note:

These are carried at amortised cost.

1.27	**CURRENT - OTHER FINANCIAL LIABILITIES**		
a)	Current maturities of long-term debt	6,086.29	4,020.51
b)	Interest accrued but not due on borrowings	127.44	236.44
c)	Unclaimed dividends	11.57	8.61
d)	Employee benefits	238.06	480.17
e)	Capital creditors	216.71	135.69
f)	Derivatives designated in hedging relationships	11.01	5.50
g)	Assignees towards collections in assigned assets	232.05	225.72
	(relating to financing activities)		
h)	Others*	751.13	899.83
		7,674.26	**6,012.47**
	* Includes:		
	Accrued expenses / liabilities	445.49	616.54
	Refund liabilities	252.88	267.30

Notes:

1. These (except derivatives) are carried at amortised cost. Derivatives are carried at fair value through profit or loss/ other comprehensive income.
2. Refer Note 3.13 for security and terms of the borrowings.
3. Current maturities of long term debts include ₹ 5,869.76 crores (2019: ₹ 3,768.45 crores) relating to financing activities.
4. Interest accrued but not due on borrowings include ₹ 120.09 crores (2019: ₹ 232.35 crores) relating to financing activities.

1.28	**CONTRACT LIABILITIES**		
a)	Income received in advance	342.20	366.43
b)	Advance from customers	255.32	448.37
		597.52	**814.80**

Note:

Refer Note 3.7 for disclosures relating to revenue from contracts with customers

1.29	**OTHER CURRENT LIABILITIES**		
a)	Statutory liabilities	79.90	482.20
b)	Accrued gratuity (Refer note 3.3)	7.11	37.28
c)	Others	5.83	42.57
		92.84	**562.05**

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
1.30 CURRENT PROVISIONS		
a) Provision for employee benefits		
i) Compensated absences	12.34	15.29
ii) Others including Post retirement benefits [Refer Note 3.3]	88.89	22.61
b) Others		
i) Provision for product warranties	301.26	333.09
ii) Provision for obligations	81.00	81.00
iii) Other provisions (including litigation matters)	232.49	157.51
	715.98	**609.50**

Notes:

1. Movement in Provision for product warranties is as follows:

Particulars	Opening	Additions (net of utilisations)	Closing
March 2020	333.09	(31.83)	301.26
March 2019	286.08	47.01	333.09

This provision is recognised once the products are sold. The estimated provision takes into account historical information, frequency and average cost of warranty claims and the estimate regarding possible future incidence of claims. The provision for warranty claims represents the present value of management's best estimate of the future economic benefits. The outstanding provision for product warranties as at the reporting date is for the balance unexpired period of the respective warranties on the various products which range from 1 to 60 months.

2. Movement in Provision for obligations is as follows :

Particulars	Opening	Additions / Transfer	Utilisations / Reversals	Closing
March 2020	81.00	-	-	81.00
March 2019	81.00	-	-	81.00

3. Movement in Other Provisions (including litigation matters) is as follows:

Particulars	Opening	Additions / Transfer	Utilisations / Reversals	Closing
March 2020	157.51	75.00	0.02	232.49
March 2019	218.34	18.26	79.09	157.51

1.31 CURRENT TAX LIABILITIES (NET)

	As at March 31, 2020	As at March 31, 2019
Provision for taxation (net of advance tax)	0.01	0.27
	0.01	**0.27**

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

			Year ended March 31, 2020	Year ended March 31, 2019
			₹ crores	₹ crores
2.1	**REVENUE FROM OPERATIONS**			
a)	Sale of products			
	- Commercial vehicles			
	Manufactured		14,819.89	25,310.96
	Traded		460.43	933.42
	- Engines and gensets		823.78	903.92
	- Ferrous castings and patterns		396.43	522.19
	- Spare parts and others		1,819.79	1,984.24
		(A)	**18,320.32**	**29,654.73**
b)	Sale of services	(B)	752.15	819.29
c)	Interest / finance income relating to financing activities	(C)	3,136.34	2,703.03
d)	Other operating revenues			
	- Grant Income		51.58	250.78
	- Export incentives		60.52	61.16
	- Scrap sales		68.84	125.30
	- Others		22.21	6.36
		(D)	**203.15**	**443.60**
		(A+B+C+D)	**22,411.96**	**33,620.65**
	Less : Rebate and discounts		460.69	423.81
			21,951.27	**33,196.84**
2.2	**OTHER INCOME**			
a)	Interest income from financial assets measured at amortised cost			
	i) Non-current investments		-	0.16
	ii) Loans to related parties (Refer note 3.9)		10.64	3.43
	iii) Others		47.80	38.10
			58.44	**41.69**
b)	Profit on sale of investments (net)			
	Current investments		16.81	46.89
c)	Other non-operating income			
	i) Profit on sale of Property, plant and equipment (net)		4.90	4.62
	ii) Net gain / (loss) arising on financial asset mandatorily measured at FVTPL		1.49	1.91
	iii) Others		26.19	32.95
			32.58	**39.48**
			107.83	**128.06**
2.3	**EMPLOYEE BENEFITS EXPENSE**			
a)	Salaries and wages		1,921.63	2,326.85
b)	Contribution to provident and other funds		164.88	126.78
c)	Share based payment costs *		16.06	3.48
d)	Staff welfare expenses		175.74	240.04
			2,278.31	**2,697.15**
	Less: Expenses capitalised		88.04	57.30
			2,190.27	**2,639.85**

. * For share options given by the Group to employees under employee stock option plan - Refer Note 3.5.

2.4	**FINANCE COSTS**			
a)	Interest expense		160.36	119.85
b)	Interest relating to financing activities		1,665.46	1,402.06
c)	Interest on Lease Liability		9.38	-
			1,825.82	**1,521.91**
	Less: Expenses capitalised		33.55	19.67
			1,801.65	**1,502.24**

Note:

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's general borrowings during the year is 6.77% p.a. (March 31, 2019 - 5.94% p.a.).

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

				Year ended March 31, 2020	Year ended March 31, 2019
				₹ crores	₹ crores
2.5	**DEPRECIATION AND AMORTISATION EXPENSE**				
	A)	**Property, plant and equipment**			
	i)	Buildings		72.64	67.20
	ii)	Plant and equipment		408.26	438.08
	iii)	Furniture and fittings		14.24	10.73
	iv)	Vehicles		20.00	26.86
	v)	Office equipment		33.64	22.85
	vi)	Assets given on lease			
		- Buildings		0.28	0.24
		- Plant and equipment		0.01	#
		- Aircraft		9.75	10.74
		- Furniture and fittings		0.05	0.05
	vii)	Electrical and other installations on lease hold premises		0.07	0.17
			(A)	**558.94**	**576.92**
	B)	**Intangible assets**			
	i)	Computer software			
		- Developed		17.04	13.31
		- Acquired		23.07	21.67
	ii)	Technical knowhow			
		- Developed		111.77	39.83
		- Acquired		-	23.83
			(B)	**151.88**	**98.64**
	C)	**Depreciation of Right-of-use asset**	(C)	39.17	-
			(A + B + C)	**749.99**	**675.56**

Amount is below rounding off norms adopted by the Group.

			Year ended March 31, 2020	Year ended March 31, 2019
2.6	**OTHER EXPENSES**			
	(a)	Consumption of stores and tools	58.53	133.74
	(b)	Power and fuel	183.52	260.42
	(c)	Rent	31.65	65.22
	(d)	Repairs and maintenance		
		- Buildings	50.64	55.01
		- Plant and machinery	161.78	199.83
		- Others	3.18	3.68
	(e)	Insurance	32.51	26.63
	(f)	Rates and taxes, excluding taxes on income	37.12	26.37
	(g)	Research and development	322.48	201.41
	(h)	Service and product warranties	467.36	568.46
	(i)	Packing and forwarding charges	581.67	746.16
	(j)	Selling and administration expenses (net)	633.44	1,150.55
	(k)	Annual maintenance contracts	209.92	189.67
	(l)	Service provider fees (including sourcing and commission expenses)	89.75	69.65
	(m)	Impairment loss allowance / write off on trade receivable (net)	37.08	25.55
	(n)	Impairment loss allowance / write off on advances / grant income receivable (net)	8.85	(33.04)
	(o)	Impairment loss allowance / write off relating to financing activities	630.45	569.76
			3,539.93	**4,259.07**
		Less: Expenses capitalised	358.20	210.69
			3,181.73	**4,048.38**

Note:

Selling and administration expenses include:

-	Directors' sitting fees	1.08	0.85
-	Commission to Non Whole-time Directors	3.50	14.47

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

		Year ended March 31, 2020 ₹ crores	Year ended March 31, 2019 ₹ crores
2.7	**EXCEPTIONAL ITEMS :**		
a)	Impairment reversal in the value of investments (net) (including impact of capital reduction)		
	- Ashok Leyland John Deere Construction Equipment Company Private Limited (Under liquidation) [Refer note 3.9]	-	34.79
b)	Voluntary Retirement Scheme	(45.59)	-
c)	(Loss) on sale of immovable properties	-	(15.94)
d)	Obligation relating to discontinued products of LCV division	(7.69)	(17.09)
e)	Gain on disposal of interest in a former associate	-	0.99
		(53.28)	**2.75**

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 proceeds from the disposal of investments in the subsidiary and the carrying amount of its assets and liabilities as on the date of disposal is recognised as profit or loss on disposal of investments in the subsidiary in the Consolidated Statement of Profit and Loss.

d. Non-controlling interests in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the non-controlling shareholders at the dates on which investments are made by the Parent Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above.

e. The following subsidiaries are considered in the Consolidated Financial Statements:

S. No.	Name of the Subsidiary	Country of Incorporation	% of ownership interest March 31, 2020	% of ownership interest March 31, 2019
1	Hinduja Leyland Finance Limited and its subsidiary	India	67.19%	61.84%
2	Global TVS Bus Body Builders Limited	India	66.67%	66.67%
3	Gulf Ashley Motor Limited	India	93.15%	92.98%
4	Optare PLC and its subsidiaries	UK	99.24%	99.11%
5	Ashok Leyland (Nigeria) Limited	Nigeria	100.00%	100.00%
6	Ashok Leyland (Chile) SA*	Chile	100.00%	100.00%
7	HLF Services Limited	India	84.84%	82.38%
8	Albonair (India) Private Limited	India	100.00%	100.00%
9	Albonair GmbH and its subsidiary*	Germany	100.00%	100.00%
10	Ashok Leyland (UAE) LLC and its subsidiaries	UAE	100.00%	100.00%
11	Ashley Aviation Limited (from January 1, 2019)	India	100.00%	100.00%

Ownership interest includes joint holding and beneficial interest.

* The financial statements of the subsidiary companies used in the consolidation are drawn upto the same reporting date as of the Parent Company i.e. year ended March 31, 2020.

f. The following Joint Ventures have been considered in the preparation of Consolidated Financial Statements of the Group in accordance with Ind AS 28 “Investments in Associates and Joint Ventures”:

S. No.	Name of the Joint Venture	Country of Incorporation	% of ownership interest March 31, 2020	% of ownership interest March 31, 2019
1	Ashley Alteams India Limited	India	50.00%	50.00%
2	Ashok Leyland John Deere Construction Equipment Company Private Limited # (Under liquidation)	India	50.00%	50.00%
3	Hinduja Tech Limited##	India	62.00%	62.00%

\# The Parent Company along with its subsidiary Gulf Ashley Motor Limited holds 50% interest. The financial statements of the joint venture has not been prepared using going concern assumption as it is under liquidation. The operations of the joint venture is not significant to the operations of the Group.

\## Not a subsidiary due to contractual arrangement between shareholders.

g. The following associates have been considered in the preparation of Consolidated Financial Statements of the Group in accordance with Indian Accounting Standard (Ind AS) 28 “Investments in Associates and Joint Ventures”:

S. No.	Name of the Joint Venture	Country of Incorporation	% of ownership interest March 31, 2020	% of ownership interest March 31, 2019
1	Ashok Leyland Defence Systems Limited	India	48.49%	48.49%
2	Mangalam Retail Services Limited	India	37.48%	37.48%
3	Lanka Ashok Leyland PLC	Sri Lanka	27.85%	27.85%

Rajalakshmi Wind Energy Limited (erstwhile Ashok Leyland Wind Energy Limited) where the Parent Company holds 26% is not treated as an associate under Ind AS 28, as the Group does not exercise significant influence over the entity.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.1.3 Additional Information, as required under Schedule III to the Companies Act, 2013 of entities consolidated as Subsidiaries, Joint Ventures and Associates

₹ crores

S. No.	Name of the Entity	Net Assets		Share in Profit or Loss		Share in Other comprehensive income		Share in Total comprehensive income	
		As a % of Consolidated Net assets	Amount	As a % of Consolidated Profit or (Loss)	Amount	As a % of Consolidated Profit or (Loss)	Amount	As a % of Consolidated Profit or (Loss)	Amount
	Parent Company								
1	Ashok Leyland Limited	93.26	7,263.99	71.14	239.52	(73.08)	(62.63)	41.88	176.89
	Indian Subsidiaries								
2	Hinduja Leyland Finance Limited and its subsidiary	42.66	3,321.82	96.97	326.47	268.43	230.05	131.76	556.52
3	Global TVS Bus Body Builders Limited	0.52	40.40	(0.07)	(0.25)	0.04	0.03	(0.05)	(0.22)
4	Gulf Ashley Motor Limited	0.33	25.44	(2.10)	(7.07)	0.18	0.15	(1.64)	(6.92)
5	HLF Services Limited	0.07	5.79	0.42	1.41	(0.05)	(0.04)	0.32	1.37
6	Albonair (India) Private Limited	0.37	28.46	(0.86)	(2.91)	-	-	(0.69)	(2.91)
7	Ashley Aviation Limited	(0.07)	(5.13)	(1.05)	(3.52)	0.02	0.02	(0.83)	(3.50)
	Foreign Subsidiaries								
8	Ashok Leyland (Nigeria) Limited	0.01	0.93	(0.06)	(0.21)	-	-	(0.05)	(0.21)
9	Ashok Leyland (Chile) S.A	(0.03)	(2.60)	(0.20)	(0.67)	-	-	(0.16)	(0.67)
10	Optare PLC UK and its subsidiaries	(0.80)	(62.34)	(41.06)	(138.23)	(1.49)	(1.28)	(33.03)	(139.51)
11	Ashok Leyland (UAE) LLC and its subsidiaries	0.02	1.85	0.13	0.43	1.38	1.18	0.38	1.61
12	Albonair GmbH and its subsidiary	0.04	3.29	(9.39)	(31.63)	2.65	2.27	(6.95)	(29.36)
13	Non controlling Interest in all subsidiaries	(14.21)	(1,107.08)	(36.57)	(123.13)	(102.46)	(87.81)	(49.94)	(210.94)
	Associates (Investment as per the equity method)								
	Indian								
14	Ashok Leyland Defence Systems Limited	0.20	15.56	0.32	1.08	-	-	0.26	1.08
15	Mangalam Retail Services Limited	0.00	0.04	-	-	-	-	-	-
	Foreign								
16	Lanka Ashok Leyland PLC	0.34	26.74	0.34	1.14	0.65	0.56	0.40	1.70
	Joint Ventures (Investment as per the equity method)								
	Indian								
17	Ashley Alteams India Limited	0.05	3.89	(2.74)	(9.22)	(0.14)	(0.12)	(2.21)	(9.34)
18	Ashok Leyland John Deere Construction Equipment Company Private Limited (under liquidation)	-	-	-	-	-	-	-	-
19	Hinduja Tech Limited	0.75	58.78	2.94	9.89	(0.89)	(0.76)	2.16	9.13
	Sub Total	**123.51**	**9,619.83**	**78.16**	**263.10**	**95.24**	**81.62**	**81.61**	**344.72**
	Add/(Less): Effect of intercompany adjustments / eliminations	(23.51)	(1,831.02)	21.84	73.57	4.76	4.08	18.39	77.65
	Total	**100.00**	**7,788.81**	**100.00**	**336.67**	**100.00**	**85.70**	**100.00**	**422.37**

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.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.2 INCOME TAXES RELATING TO CONTINUING OPERATIONS

3.2.1 Income tax recognised in profit or loss

		Year ended March 31, 2020	Year ended March 31, 2019
		₹ crores	₹ crores
Current tax			
In respect of the current year		194.73	526.04
In respect of prior years		(0.05)	(0.37)
	A	**194.68**	**525.67**
Deferred tax			
In respect of the current year		84.68	151.39
	B	**84.68**	**151.39**
Total income tax expense recognised in the Consolidated profit or loss	(A+B)	**279.36**	**677.06**

3.2.2 Income tax expense for the year reconciled to the accounting profit:

	Year ended March 31, 2020	Year ended March 31, 2019
Profit before tax	**739.16**	**2,871.66**
Applicable Income tax rate	34.944%	34.944%
Income tax expense	258.29	1,003.47
Effect of income / credit (reversals) that is exempt from taxation	(6.47)	(0.03)
Effect of exceptional items, benefits recognised upon amalgamation, disallowances and reversals (net)	125.95	(180.07)
Effect of exceptional items, disallowances and reversals (net)	(28.51)	(24.65)
Effect of previously unrecognised and unused tax losses	(5.97)	(16.05)
Effect of concessions and other allowances (including tax holiday and weighted deduction for research and development expenditure)	(117.65)	(232.87)
Effect of taxable / deductible temporary differences and tax holiday benefit relating to earlier years (net)	(1.01)	70.72
Effect of different tax rates of subsidiaries / branches operating in overseas jurisdictions	61.03	61.26
Effect of other adjustments	(6.25)	(4.35)
	279.41	**677.43**
Adjustments recognised in the current year in relation to the current tax of prior years	(0.05)	(0.37)
Income tax expense recognised in Consolidated profit or loss	**279.36**	**677.06**

3.2.3 Income tax recognised in other comprehensive income

Deferred tax:

		Year ended March 31, 2020	Year ended March 31, 2019
Arising on income and expenses recognised in other comprehensive income:			
Fair value remeasurement of hedging instruments entered into for cash flow hedges		(8.17)	0.08
Gain/(Loss) on fair valuation of loans (relating to financing activities)		33.26	121.20
Remeasurement of defined benefit obligation		(24.94)	(22.31)
	A	**0.15**	**98.97**
Arising on income and expenses reclassified from equity to profit or loss:			
Relating to cash flow hedges		(0.08)	(2.27)
	B	**(0.08)**	**(2.27)**
Total income tax recognised in other comprehensive income	(A+B)	**0.07**	**96.70**
Bifurcation of the income tax recognised in other comprehensive income into:			
Items that will not be reclassified to profit or loss		(24.94)	(22.31)
Items that will be reclassified to profit or loss		25.01	119.01
		0.07	**96.70**

3.2.4 Analysis of deferred tax asset / liabilities:

₹ crores

March 31, 2020	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in other Equity	Other adjustments	Unused tax credits - availed / (utilised)	Closing balance
Deferred tax assets (net)							
Property, plant, and equipment and Intangible Assets	(0.64)	(0.57)	-	-	-	-	(1.21)
Right-of-use Asset	-	(0.18)	-	0.17	-	-	(0.01)
Unused tax losses (including unabsorbed depreciation)	2.19	1.44	-	-	-	-	3.63
Expenditure allowed upon payments	0.65	0.27	-	-	-	-	0.92
Other temporary differences	8.10	(3.72)	-	-	-	-	4.38
	10.30	**(2.76)**	**-**	**0.17**	**-**	**-**	**7.71**
Deferred tax liabilities (net)							
Property, plant, and equipment and Intangible Assets	925.89	109.13	-	-	-	-	1,035.02
Right-of-use Asset	-	(1.42)	-	17.35	-	-	15.93
Lease Liability	-	4.92	-	(18.97)	-	-	(14.05)
Voluntary retirement scheme compensation	(6.35)	(4.50)	-	-	-	-	(10.85)
Expenditure allowed upon payments	(57.53)	(3.22)	(24.94)	-	-	-	(85.69)
Provision for impairment of financial assets and gain on fair valuation of loan relating to financing activities	(39.01)	23.64	33.26	-	-	-	17.89
Unused tax credit (MAT credit entitlement)	(512.64)	(61.86)	-	-	-	0.44	(574.06)
Cash flow hedges	0.08	-	(8.25)	-	-	-	(8.17)
Other temporary differences	(52.68)	15.23	-	-	-	-	(37.45)
	257.76	**81.92**	**0.07**	**(1.62)**	**-**	**0.44**	**338.57**

March 31, 2019	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in other Equity	Other adjustments	Unused tax credits - availed / (utilised)	Closing balance
Deferred tax assets (net)							
Property, plant, and equipment and Intangible Assets	(1.38)	0.74	-	-	-	-	(0.64)
Provision for impairment of financial assets and gain on fair valuation of loan relating to financing activities	139.05	(139.11)	-	-	0.06	-	-
Unused tax losses (including unabsorbed depreciation)	2.07	0.12	-	-	-	-	2.19
Expenditure allowed upon payments	1.61	(0.94)	(0.02)	-	-	-	0.65
Unused tax credit (MAT credit entitlement)	0.62	-	-	-	-	(0.62)	-
Other temporary differences	(0.19)	9.12	-	-	(0.83)	-	8.10
	141.78	**(130.07)**	**(0.02)**	**-**	**(0.77)**	**(0.62)**	**10.30**
Deferred tax liabilities (net)							
Property, plant, and equipment and Intangible Assets	723.12	202.77	-	-	-	-	925.89
Voluntary retirement scheme compensation	(13.31)	6.96	-	-	-	-	(6.35)
Expenditure allowed upon payments	(60.13)	24.93	(22.33)	-	-	-	(57.53)
Provision for impairment of financial assets relating to financing activities	-	(160.21)	121.20	-	-	-	(39.01)
Unused tax credit (MAT credit entitlement)	(353.90)	-	-	-	-	(158.74)	(512.64)
Cash flow hedges	2.27	-	(2.19)	-	-	-	0.08
Other temporary differences	0.46	(53.13)	-	-	(0.01)	-	(52.68)
	298.51	**21.32**	**96.68**	**-**	**(0.01)**	**(158.74)**	**257.76**

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.

3.2.5 Unrecognised deductible temporary differences, unused tax losses and unused tax credits

	As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
- Unused tax losses	1,423.93	1,038.21
- Unused capital losses	270.78	287.57
- Unabsorbed depreciation	4.24	1.88
	1,698.95	**1,327.66**

Notes:

1. These will expire in various years upto 2027-28, except unabsorbed depreciation and unused tax loss in jurisdiction where there is no time limit for expiry.
2. The above are gross amounts on which appropriate tax rates would apply.

3.3 RETIREMENT BENEFIT PLANS

3.3.1 Defined contribution plans

Payments to defined contribution plans i.e., Group's contribution to provident fund, superannuation fund, employee state insurance and other funds are determined under the relevant schemes and / or statute and charged to the Statement of Profit and Loss in the period of incurrence when the services are rendered by the employees. In case of group companies operating in foreign jurisdiction the payment is made as per the laws and regulations of local jurisdiction to the appropriate authority which is managing the funds / schemes.

The total expense recognised in consolidated profit or loss of ₹ 61.25 crores (2018-19: ₹ 42.42 crores) represents contribution paid/payable to these schemes by the Group at rates specified in the schemes.

3.3.2 Defined benefit plans

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at the time of retirement, separation, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Group accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation. The Group makes annual contributions to a funded gratuity scheme administered by the Life Insurance Corporation of India.

Eligible employees of the Group are entitled to receive benefits in respect of provident fund, a defined benefit plan, in which both employees and the Group make monthly contributions at a specified percentage of the covered employees' salary. The contributions are made to the provident fund and pension fund set up as irrevocable trusts by the Group. The interest rates declared and credited by trusts to the members have been higher than / equal to the statutory rate of interest declared by the Central Government.

Group's liability towards gratuity (funded), provident fund, other retirement benefits and compensated absences are actuarially determined at the end of each reporting period using the projected unit credit method as applicable.

These plans typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit.
Interest rate risk	A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

3.3 RETIREMENT BENEFIT PLANS (contd.)

Provident Fund Trust - Actuarial valuation

Group has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. The administered rates are determined annually predominantly considering the social rather than the economic factors and in most cases, the actual return earned by the Group has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by the Actuarial Society of India and based on the assumptions provided below:

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Provident Fund	As at March 31, 2020	As at March 31, 2019
	₹ crores	₹ crores
Discount rate	6.60%	7.64%
Remaining term to maturity of portfolio (years)	11.90	11.80
Expected guaranteed interest rate		
First year	8.50%	8.65%
Thereafter	8.50%	8.50%
Attrition rate	3.00%	3.00%

The amount included in the balance sheet arising from the Group's obligation in respect of its provident fund plan is as follows:

Provident Fund	As at March 31, 2020	As at March 31, 2019
	₹ crores	₹ crores
Plan asset at the end of the year	1,171.77	1,176.13
Present value of benefit obligation at the end of the year	1,222.57	1,160.34
Net (liability) arising from defined benefit obligation (funded)	**(50.80)**	**-**

There is no shortfall for the year ended March 31, 2019, accordingly no liability is recognised as on March 31, 2019. The Net liability is reflected in "Provision for employee benefits" under provisions [Refer Note 1.30]. The comparative information is not disclosed as this is the first year of detailed disclosure.

The amount recognised in total comprehensive income and the movement in fair value asset and present value obligation pertaining to year ended March 31, 2020 is as follows :

	Year ended March 31, 2020
	₹ crores
Amounts recognised in total comprehensive income in respect of these provident fund are as follows:	
Current service cost	61.95
Net interest expense / (income)	(0.69)
Components of provident fund recognised in profit or loss	**61.26**
Remeasurement on the net defined benefit liability comprising:	
Actuarial (gain)/loss arising from changes in financial assumptions	0.48
Actuarial (gain)/loss arising from experience adjustments	(14.55)
Actuarial (gain)/loss on plan assets	74.06
Adjustment relating to unrecognised actuarial gain of prior year	(8.99)
Components of provident fund recognised in other comprehensive income	**51.00**
Total	**112.26**

The current service cost and the net interest expense for the year are included in "contribution to provident and other funds" and "Salaries and wages" under employee benefits expense in profit or loss (Refer Note 2.3).

3.3 RETIREMENT BENEFIT PLANS (contd.)

3.3.2 Defined benefit plans (contd.)

Movements in the present value of the defined benefit obligation were as follows:

	Year ended March 31, 2020
	₹ crores
Opening defined benefit obligation	1,160.34
Adjustment relating to opening present value obligation	2.26
Employer Contribution	61.46
Employee Contribution	119.05
Value of Interest Rate Guarantee	0.49
Interest cost	87.53
Actuarial (gain)/loss arising from changes in financial assumptions	0.48
Actuarial (gain)/loss arising from experience adjustments	(14.55)
Benefits paid	(194.49)
Closing defined benefit obligation	**1,222.57**

Particulars	Year ended March 31, 2020
	₹ crores
Movements in the fair value of the plan assets were as follows:	
Expected guaranteed interest rate	
Opening fair value of plan assets	1,176.13
Adjustment relating to opening fair value of plan assets	(4.54)
Interest on plan assets	88.22
Actuarial gain/(loss) on plan assets	(74.06)
Contributions	180.51
Benefits paid	(194.49)
Closing fair value of plan assets	**1,171.77**

The Group funds the contribution to administered trusts, which manages the plan assets in accordance with provident fund norms.

Particulars	As at March 31, 2020	As at March 31, 2019
	₹ crores	₹ crores
Significant actuarial assumptions for the determination of the provident fund are discount rate and interest rate guarantee. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period.		
If the discount rate is 50 basis points higher / lower, the defined benefit obligation would:		
decrease by	0.24	0.15
increase by	0.25	0.16

The Group is sensitive to interest rate guarantee wherein, any increase or decrease in the interest rate by 25 basis points results in an increase in present value obligation by 1.3% or decrease in present value obligation by 0.4%.

3.3 RETIREMENT BENEFIT PLANS (contd.)

3.3.2 Defined benefit plans (contd.)

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
	₹ crores	₹ crores
Gratuity		
Discount rate	5.60% to 6.66%	7.00% to 7.65%
Expected rate of salary increase	4.00% to 10.00%	5.00% to 10.00%
Average Longevity at retirement age - past service	3.07 to 15.50	3.40 to 15.60
Average Longevity at retirement age - future service	5.59 to 18.85	5.59 to 18.00
Attrition rate	1.00% to 14.00%	1.00% to 15.00%
Compensated Absences		
Discount rate	5.60% to 6.66%	7.00% to 7.65%
Expected rate of salary increase	4.00% to 10.00%	5.00% to 10.00%
Attrition rate	1.00% to 14.00%	1.00% to 15.00%
Other defined benefit plans		
Discount rate	6.60%	7.64%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	₹ crores	₹ crores
Gratuity		
Current service cost	23.59	18.19
Net interest expense	0.13	0.98
Components of defined benefit costs recognised in Consolidated profit or loss (A)	**23.72**	**19.17**
Remeasurement on the net defined benefit liability comprising:		
Actuarial (gain)/loss arising from changes in demographic assumptions	(0.01)	(0.03)
Actuarial (gain)/loss arising from changes in financial assumptions	28.66	24.18
Actuarial (gain)/loss arising from experience adjustments	(9.49)	42.13
Actuarial (gain)/loss on plan assets	3.81	(2.61)
Components of defined benefit costs recognised in other comprehensive income (B)	**22.97**	**63.67**
Total (A+B)	**46.69**	**82.84**
Compensated Absences and other defined benefit plans		
Current service cost	16.86	13.71
Net interest expense	8.52	7.27
Actuarial (gain)/loss arising from changes in financial assumptions	10.18	6.85
Actuarial (gain)/loss arising from experience adjustments	(18.11)	(3.03)
Components of defined benefit costs recognised in Consolidated profit or loss	**17.45**	**24.80**

The current service cost and the net interest expense for the year are included in ''Contribution to provident and other funds'' and "Salaries and wages" under employee benefits expense' in Consolidated profit or loss [Refer Note 2.3].

3.3 RETIREMENT BENEFIT PLANS (contd.)

3.3.2 Defined benefit plans (contd.)

The amount included in the Consolidated balance sheet arising from the Group's obligation in respect of its defined benefit plans is as follows:

Gratuity	As at March 31, 2020	As at March 31, 2019
	₹ crores	₹ crores
Present value of defined benefit obligation	390.76	362.74
Fair value of plan assets	382.82	325.02
Net (liability) arising from defined benefit obligation	**(7.94)**	**(37.72)**
Funded	(7.11)	(37.28)
Unfunded	(0.83)	(0.44)
Net (liability) arising from defined benefit obligation	**(7.94)**	**(37.72)**
Compensated Absences and other defined benefit plans		
Present value of defined benefit obligation	122.92	112.61
Fair value of plan assets	-	-
Net liability arising from defined benefit obligation (unfunded)	**122.92**	**112.61**

Funded gratuity is reflected in 'Accrued gratuity' under other current liabilities, unfunded gratuity and Compensated absences is reflected in 'Others including post retirement benefits' under provisions. [Refer Notes 1.22, 1.29 and 1.30]

Movements in the present value of the defined benefit obligation in the current year were as follows:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	₹ crores	₹ crores
Gratuity		
Opening defined benefit obligation	362.74	297.59
Current service cost	23.59	18.19
Interest cost	26.20	21.36
Actuarial (gain)/loss arising from changes in demographic assumptions	(0.01)	(0.03)
Actuarial (gain)/loss arising from changes in financial assumptions	28.66	24.18
Actuarial (gain)/loss arising from experience adjustments	(9.49)	42.13
Benefits paid	(40.93)	(40.68)
Closing defined benefit obligation	**390.76**	**362.74**
Compensated Absences and other defined benefit plans		
Opening defined benefit obligation	112.61	95.94
Current service cost	16.86	13.71
Interest cost	8.52	7.27
Actuarial (gain)/loss arising from changes in financial assumptions	10.18	6.85
Actuarial (gain)/loss arising from experience adjustments	(18.11)	(3.03)
Benefits paid	(7.14)	(8.13)
Closing defined benefit obligation	**122.92**	**112.61**

3.3 RETIREMENT BENEFIT PLANS (contd.)

3.3.2 Defined benefit plans (contd.)

Movements in the fair value of plan assets were as follows:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	₹ crores	₹ crores
Gratuity		
Opening fair value of plan assets	325.02	228.65
Interest on plan assets	26.07	20.38
Remeasurements due to actual return on plan assets less interest on plan assets	(3.81)	2.61
Contributions	76.47	114.06
Benefits paid	(40.93)	(40.68)
Closing fair value of plan assets	**382.82**	**325.02**

The actual return on plan assets was ₹ 22.26 crores (2018-19: ₹ 22.99 crores).

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period, while holding all other assumptions constant.

Particulars	As at March 31, 2020	As at March 31, 2019
	₹ crores	₹ crores
Gratuity		
If the discount rate is 50 basis points higher / lower, the defined benefit obligation would:		
decrease by	14.85	12.33
increase by	14.15	12.77
If the expected salary increases / decreases by 50 basis points, the defined benefit obligation would:		
increase by	14.50	13.24
decrease by	15.32	12.87
Compensated Absences		
If the discount rate is 50 basis points higher / lower, the defined benefit obligation would:		
decrease by	5.28	4.58
increase by	5.66	4.94
If the expected salary increases / decreases by 50 basis points, the defined benefit obligation would:		
increase by	5.45	4.74
decrease by	5.11	4.52

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 ₹ 59.78 crores (March 2019: ₹ 49.35 crores) to the defined benefit plans (gratuity - funded) during the next financial year.

The average duration of the benefit obligation (gratuity) is 8.1 years (March 2019: 7.7 years).

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.4 EARNINGS PER SHARE

	Year ended March 31, 2020 ₹	Year ended March 31, 2019 ₹
Basic earnings per share	1.15	7.08
Diluted earnings per share	1.15	7.08
Face value per share	1.00	1.00

3.4.1 Basic and diluted earnings per share

	Year ended March 31, 2020 ₹ crores	Year ended March 31, 2019 ₹ crores
Profit for the year attributable to owners of the Parent Company	336.67	2,078.70

	Year ended March 31, 2020 Nos.	Year ended March 31, 2019 Nos.
Weighted average number of equity shares used in the calculation of basic earnings per share	2,935,527,276	2,934,677,218
Adjustments :		
Dilutive effect - Number of shares relating to employee stock options	-	128,491
Weighted average number of equity shares after adjustment for effect of dilution	2,935,527,276	2,934,805,709

3.5 SHARE BASED PAYMENTS

3.5.1 Details of employees stock option plan of the Group

The Group has Employees Stock Options Plan (ESOP) scheme granted to employees which has been approved by the shareholders of the Group. In accordance with the terms of the plan, eligible employees may be granted options to purchase equity shares of the Group if they are in service on exercise of the grant. Each employee share option converts into one equity share of the Group on exercise at the exercise price as per the scheme. The options carry neither rights to dividend nor voting rights. Options can be exercised at any time from the date of vesting to the date of their expiry.

The following share based payment arrangements were in existence during the current or prior year:

Option series	Number	Grant date	Expiry date	Exercise price ₹	Fair value at grant date ₹
ESOP 1 *	2,845,875	September 29, 2016	April 1, 2026	80.00	37.43
ESOP 2	7,454,000	January 25, 2017	March 31, 2024	1.00	80.04
ESOP 3 (Refer Note below)	2,000,000	July 19, 2017	July 19, 2027	83.50	57.42
ESOP 4 (Refer Note below)	1,000,000	November 13, 2018	November 13, 2028	109.00	55.47
ESOP 5 (Refer Note below)	13,100,000	March 20, 2019	March 20, 2030	91.40	40.19
ESOP 6 (Refer Note below)	7,010,000	February 11, 2020	February 11, 2031	82.90	38.58

* ESOP 1 lapsed as it failed to comply with vesting conditions.

Note:

Under ESOP 3, ESOP 4, ESOP 5 and ESOP 6 shares vest on varying dates within the expiry date mentioned above with an option life of 5 years after vesting.

3.5 SHARE BASED PAYMENTS (contd.)

3.5.2 Fair value of share options granted during the year

The weighted average fair value of the stock options granted during the financial year is ₹ 38.58 (2018-19: ₹ 41.27). 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 behavioral considerations. Expected volatility is based on the historical share price volatility.

Inputs into the model	2017-18	2018-19		2019-20
Particulars	ESOP 3	ESOP 4	ESOP 5	ESOP 6
Grant date share price	106.85	118.30	91.40	82.90
Exercise price	83.50	109.00	91.40	82.90
Expected volatility	37.70% to 42.90%	37.52% to 39.70%	37.40% to 40.48%	37.91% to 39.68%
Option life (Refer Note 3.5.1)	6 - 10 years	6 - 10 years	9 - 11 years	9 - 11 years
Dividend yield	1.46	2.05	2.66	2.07
Risk-free interest rate	6.44% to 6.66%	7.42% to 7.58%	7.19% to 7.29%	6.38% to 6.47%

3.5.3 Movements in share options during the year

Particulars	Year ended March 31, 2020 Numbers	Weighted average exercise price	Year ended March 31, 2019 Numbers	Weighted average exercise price
Opening at the beginning of the year	15,700,000	91.72	11,730,700	30.40
Granted during the year	7,010,000	82.90	14,100,000	92.65
Forfeited during the year	-	-	1,707,525	80.00
Exercised during the year	-	-	8,423,175	10.26
Balance at the end of the year	22,710,000	88.99	15,700,000	91.72

Weighted average share price on date of exercise of option ₹ Nil (2019: ₹ 139.44).

3.5.4 Share options vested but not exercised during the year

ESOP 3: 4,00,000 options and ESOP 4: 2,00,000 options (Year ended March 31, 2019 : Nil)

3.5.5 Share options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average exercise price of ₹ 88.99 (as at March 31, 2019: ₹ 91.72) and a weighted average remaining contractual life of 8.93 years (as at March 31, 2019: 9.5 years).

3.6 FINANCIAL INSTRUMENTS

3.6.1 Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group determines the amount of capital required on the basis of annual master planning and budgeting and five year's corporate plan for working capital, capital outlay and long-term product and strategic involvments. The funding requirements are met through equity, internal accruals and a combination of both long-term and short-term borrowings.

The Group monitors the capital structure on the basis of total debt to equity and maturity profile of the overall debt portfolio of the Group.

₹ crores

Particulars	March 31, 2020	March 31, 2019
Debt (long-term and short-term borrowings including current maturities)*	22,417.19	19,167.91
Total equity	8,895.89	9,820.64
Debt equity ratio	**2.52**	**1.95**
* includes borrowing in relation to financing activity	18,288.93	17,961.07

The Group is required to comply with certain covenants under the Facility Agreements executed for its borrowings, which is monitored for compliance.

3.6 FINANCIAL INSTRUMENTS (contd.)

3.6.2 Financial risk management

In course of its business, the Group is exposed to certain financial risks that could have significant influence on the Group's business and operational / financial performance. These include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Management reviews and approves risk management framework and policies for managing these risks and monitor suitable mitigating actions taken by the management to minimise potential adverse effects and achieve greater predictability to earnings.

In line with the overall risk management framework and policies, the treasury function provides services to the business, monitors and manages through an analysis of the exposures by degree and magnitude of risks.

The Group uses derivative financial instruments to hedge risk exposures in accordance with the Group's policies.

(A) Market risk

Market risk is the risk that changes in market prices, liquidity and other factors that could have an adverse effect on realisable fair values or future cash flows to the Group. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates as future specific market changes cannot be normally predicted with reasonable accuracy.

(1) Foreign currency risk management:

The Group undertakes transactions denominated in foreign currencies and thus it is exposed to exchange rate fluctuations. The Group actively manages its currency rate exposures, arising from transactions entered and denominated in foreign currencies, through a centralised treasury division and uses derivative instruments such as foreign currency forward contracts and currency swaps to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by Management.

The carrying amounts of Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

As on March 31, 2020 (all amounts are in equivalent ₹ crores):

	Liabilities			Assets			
Currency	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	Net overall exposure on the currency - net assets / (net liabilities)
USD	1,326.81	994.13	332.68	172.84	128.35	44.49	(288.19)
EUR	22.86	11.55	11.31	16.75	0.77	15.98	4.67
GBP	0.93	-	0.93	-	-	-	(0.93)
JPY	2.6	-	2.6	-	-	-	(2.6)
Others	65.39	-	65.39	201.56	-	201.56	136.17

As on March 31, 2019 (all amounts are in equivalent ₹ crores):

	Liabilities			Assets			
Currency	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	Net overall exposure on the currency - net assets / (net liabilities)
USD	816.56	230.72	585.84	242.93	135.78	107.15	(478.69)
EUR	9.61	9.28	0.33	3.38	-	3.38	3.05
GBP	2.97	0.53	2.44	-	-	-	(2.44)
JPY	3.02	1.24	1.78	-	-	-	(1.78)
Others	25.73	-	25.73	98.69	-	98.69	72.96

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.

3.6 FINANCIAL INSTRUMENTS (contd.)

Foreign currency sensitivity analysis:

Movement in the functional currencies of the various operations of the Group against major foreign currencies may impact the Group's revenues from its operations. Any weakening of the functional currency may impact the Group's 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 financial instruments and the impact on the other components of equity arises from foreign currency forward contracts designated as cash flow hedges.The following table details the Group's sensitivity movement in increase / decrease in foreign currency exposures (net):

₹ crores

	USD Impact	
	March 31, 2020	March 31, 2019
Profit or loss	5.76	9.57
Equity	5.76	10.14

	EUR Impact	
	March 31, 2020	March 31, 2019
Profit or loss	0.09	0.06
Equity	0.42	0.06

	GBP Impact	
	March 31, 2020	March 31, 2019
Profit or loss	0.02	0.05
Equity	0.02	0.09

	JPY Impact	
	March 31, 2020	March 31, 2019
Profit or loss	0.05	0.04
Equity	0.05	0.04

	Impact of other currencies	
	March 31, 2020	March 31, 2019
Profit or loss	2.72	1.46
Equity	2.72	1.46

The following table details the foreign currency forward contracts outstanding at the end of the reporting period:

in crores

March 31, 2020	Foreign currency		Notional value in ₹	Fair value assets (liabilities) in ₹ *	Maturity date	Hedge ratio	Weighted Average rate
Cash flow hedges:							
Sell EUR - Buy EUR	EUR	0.20	16.60	(0.58)	July 2020	1:1	EUR 1:INR 81.25
Fair value hedges:							
Buy USD	USD	3.14	237.47	9.34	April 2020 - Sep 2020	1:1	USD 1:INR 73.40
Sell USD	USD	1.70	128.33	(3.83)	April 2020 - Sep 2020	1:1	USD 1:INR 74.02
Sell EUR - Buy INR	EUR	0.01	0.77	(0.01)	April 2020	1:1	EUR 1:INR 82.24
Buy EUR - Sell INR	EUR	0.15	12.00	0.31	April 2020 - May 2020	1:1	EUR 1:INR 81.08

3.6 FINANCIAL INSTRUMENTS (contd.) **in crores**

March 31, 2019	Foreign currency		Notional value in ₹	Fair value assets (liabilities) in ₹ *	Maturity date	Hedge ratio	Weighted Average rate
Cash flow hedges:							
Buy USD	USD	0.41	28.57	(0.16)	May 2019 - Aug 2019	1:1	USD 1:INR 70.42
Sell USD - Buy GBP	GBP	0.02	2.05	(0.03)	May 2019	1:1	GBP 1:USD 1.335
Fair value hedges:							
Buy USD	USD	3.27	226.45	(4.67)	April 2019 - Oct 2019	1:1	USD 1:INR 71.39
Sell USD	USD	1.96	135.78	2.68	April 2019 - Sep 2019	1:1	USD 1:INR 71.00
Sell USD - Buy EUR	EUR	0.07	5.27	(0.11)	April 2019 - May 2019	1:1	EUR 1:USD 1.1475
Buy EUR - Sell INR	EUR	0.05	4.01	(0.14)	April 2019 - May 2019	1:1	EUR 1:INR 81.01
Sell USD - Buy GBP	GBP	0.01	0.53	(0.01)	April 2019 - May 2019	1:1	GBP 1:USD 1.3235
Buy JPY - Sell USD	JPY	1.98	1.24	(0.06)	April 2019 - May 2019	1:1	JPY 1:INR 0.6541

* included in the balance sheet under 'other financial assets' and 'other financial liabilities'. [Refer notes 1.15 and 1.27]

(2) Interest rate risk management:

The Group is exposed to interest rate risk pertaining to funds borrowed at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging 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, 2020	March 31, 2019
	₹ crores	₹ crores
Variable rate Borrowings	17,545.74	14,604.66
Fixed rate Borrowings *	4,596.11	4,462.58
	22,141.85	**19,067.24**

* includes variable rate borrowings subsequently converted to fixed rate borrowings through swap contracts

Of the above, Variable rate borrowings amounting to ₹ 16,653.36 crores (2019: ₹ 13,992.03 crores) and fixed rate borrowings amounting to ₹ 1,635.57 crores (2019: ₹ 3,969.05 crores) relates to financing activity.

Interest rate sensitivity analysis

(a) For business other than financing activities:

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming that the amount of the liability as at the end of the reporting period was outstanding for the whole year. Interest rate sensitivity is performed at 25 basis points, as these rates are used by the Management regularly in assessing the reasonable possible changes in the interest rates.

If interest rates had been 25 basis points higher / lower, the Group's profit for the year ended March 31, 2020 would decrease / increase by ₹ 2.23 crores (2018-19: decrease / increase by ₹ 1.74 crores). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

(b) For business relating to financing activities:

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The interest rate on variable rate borrowing ranges from 8.55% to 9.40%. 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, 2020 would decrease / increase by ₹ 32.90 crores (2018-19: decrease / increase by ₹ 29.23 crores). The corresponding impact on profit after tax and equity is ₹ 24.62 crores (2018-19: ₹ 19.01 crores). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

3.6 FINANCIAL INSTRUMENTS (contd.)

All the financial assets except housing loans are fixed rate instruments. In relation to housing loans the interest rate sensitivity analysis are provided below.

	March 31, 2020	March 31, 2019
	₹ crores	₹ crores
Increase / decrease of 100 basis points for Housing loans	14.16	8.07

(3) Foreign currency and interest rate sensitivity analysis for swap contracts:

The Group has taken foreign currency and interest rate swap (FCIRS) contracts for hedging its foreign currency and interest rate risks related to certain external commercial borrowings. This FCIRS contracts are composite contracts for both the foreign currency and interest rate risks and thus the mark-to-market value is determined for both the risks together. The mark-to-market gains/(loss) as at March 31, 2020 is ₹ 26.16 crores (March 31, 2019: ₹ 2.48 crores). If the foreign currency movement is 2% higher/ lower and interest rate movement is 200 basis points higher/ lower with all other variables remaining constant, the Group's profit for the year ended March 31, 2020 would approximately decrease/ increase by ₹ Nil (2018-2019: decrease/ increase by ₹ Nil).

(4) Equity price risk:

Equity price risk is related to the change in market reference price of the investments in quoted equity securities. The fair value of some of the Group's investments exposes the Group to equity price risks. In general, these securities are not held for trading purposes.

(B) Credit risk

(a) For business other than financing activities:

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee cover is taken. The Group's trade and other receivables, consists of a large number of customers, across geographies, hence the Group is not exposed to concentration risk.

The Group makes an allowance for doubtful debts using simplified approach for expected credit loss and on a case to case basis.

Age analysis of Trade receivables ₹ crores

Particulars	As at March 31, 2020			As at March 31, 2019		
	Gross	Allowance	Net	Gross	Allowance	Net
Not due	540.51	-	540.51	1,911.21	-	1,911.21
Due less than 6 months*	551.76	-	551.76	486.08	-	486.08
Due greater than 6 months*	510.22	105.75	404.47	393.03	73.00	320.03
Total	**1,602.49**	**105.75**	**1,496.74**	**2,790.32**	**73.00**	**2,717.32**

*includes dues from government organisation which are considered recoverable

Movement in Credit loss allowance - Trade receivable

	Year ended March 31, 2020	Year ended March 31, 2019
	₹ crores	₹ crores
Balance at the beginning of the year	73.00	61.47
Incremental credit loss allowance	32.75	11.53
Balance at the end of the year	**105.75**	**73.00**

Expected credit loss for other than trade receivables has been assessed and based on life-time expected credit loss, loss allowance provision has been made.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings.

3.6 FINANCIAL INSTRUMENTS (contd.)

(b) For business relating to financing activities:

The Group's concentrations of risk are managed by client/counterparty and industry sector. The following table shows the risk concentration by industry for the significant components of the financial assets. Receivables consist of a large number of customers, spread across diverse categories of products. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee cover is taken. The Group does not have a credit risk to an individual customer in excess of 5%.

₹ crores

Particulars	March 31, 2020		
	Financial services	Retail and wholesale	Total
Investments	630.57	-	630.57
Loans	2,025.46	17,822.85	19,848.31

Particulars	March 31, 2019		
	Financial services	Retail and wholesale	Total
Investments	1,186.22	-	1,186.22
Loans	1,550.20	17,861.41	19,411.61

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. The Group runs models for its key portfolios which incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's behaviour. Probability of Defaults (PD) are then adjusted for Ind AS 109 ECL calculations to incorporate forward looking information and the Ind AS 109 Stage classification of the exposure.

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12 month ECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are taken into account. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

The Group determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios.

The credit risk assessment is based on a standardised Loss Given Default (LGD) assessment framework that results in a certain LGD rate. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held. The Group segments its lending products into smaller homogeneous portfolios. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types) as well as borrower characteristics. Further recent data and forward-looking economic scenarios are used in order to determine the Ind AS 109 LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios.

Expected credit loss provision matrix for financing activities is as follows:

			March 31, 2020	March 31, 2019
Ageing (weighted average across various portfolios)	Staging	Provisions	Expected Credit Loss %	Expected Credit Loss %
0-60 days past due	Stage 1	12 month provision	0.26%	0.28%
60-90 days past due	Stage 2	Life time provision	0.27%	0.58%
More than 90 days past due	Stage 3	Life time provision	39.61%	36.23%

Grouping

As per Ind AS 109, the Group is required to group the portfolio based on the shared risk characteristics. The Group has assessed the risk and its impact on the various portfolios and has divided the portfolio into Two wheeler loans, Commercial vehicle loans, Loan against property, Construction equipments and Three wheeler loans.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.6 FINANCIAL INSTRUMENTS (contd.)

Expected credit loss for loans and investments relating to financing activity **₹ crores**

Particulars	March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Investments				
Estimated gross carrying amount at default	630.62	-	-	630.62
Expected probability of default	-	-	-	-
Expected credit losses	(0.05)	-	-	(0.05)
Carrying amount net of impairment provision	**630.57**	**-**	**-**	**630.57**
Loans				
Estimated gross carrying amount at default	15,096.75	3,499.03	2,156.60	20,752.38
Expected probability of default	0.22% to 1.25%	0.19% to 1.3%	100%	
Expected credit losses	(34.27)	(11.64)	(858.16)	(904.07)
Carrying amount net of impairment provision	**15,062.48**	**3,487.39**	**1,298.44**	**19,848.31**

Particulars	March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Investments				
Estimated gross carrying amount at default	1,186.22	-	-	1,186.22
Expected probability of default	-	-	-	-
Expected credit losses	-	-	-	-
Carrying amount net of impairment provision	**1,186.22**	**-**	**-**	**1,186.22**
Loans				
Estimated gross carrying amount at default	15,279.18	2,368.53	2,493.82	20,141.53
Expected probability of default	0.38 % to 2.24 %	0.49% to 5.56%	100%	
Expected credit losses	(34.91)	(14.51)	(680.50)	(729.92)
Carrying amount net of impairment provision	**15,244.27**	**2,354.02**	**1,813.32**	**19,411.61**

Movement in Credit loss allowance for loans and investments relating to financing activity

Particulars	Stage 1	Stage 2	Stage 3	Total
Balance as at April 1, 2018	52.39	14.04	403.23	469.66
Provision for the year	(23.59)	(0.50)	172.24	148.15
Assets originated or purchased	23.74	2.61	38.53	64.88
Change in the measurement from 12 month to life time expected losses and vice versa	(1.29)	-	164.57	163.28
ECL on fair valued assets - transferred to OCI	(16.34)	(1.64)	(28.48)	(46.46)
Write offs	-	-	(69.59)	(69.59)
Balance as at March 31, 2019	**34.91**	**14.51**	**680.50**	**729.92**
Provision for the year	(20.50)	(0.32)	170.44	149.62
Assets originated or purchased	20.37	(3.61)	10.19	26.95
Change in the measurement from 12 month to life time expected losses and vice versa	(4.93)	3.39	41.03	39.49
ECL on fair valued assets - transferred to OCI	4.53	(2.33)	(42.54)	(40.34)
Write offs	(0.11)	-	(1.46)	(1.57)
Balance as at March 31, 2020	**34.27**	**11.64**	**858.16**	**904.07**

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.6 FINANCIAL INSTRUMENTS (contd.)

Concentration of credit risk for financing activities

Carrying amount		Type of counter party	As at March 31, 2020	As at March 31, 2019
			₹ crores	₹ crores
Concentration by type of loan:				
-	Commercial and other vehicles	Retail	15,145.84	15,461.87
-	Loan against property	Retail	2,149.93	2,381.65
-	Housing loans	Retail	1,431.15	740.69
-	Term loans	Corporate	2,025.46	1,557.32
Total			**20,752.38**	**20,141.53**
In India			20,752.38	20,141.53
Outside India			-	-

In addition to the above the Group makes investments in pass through securities, debentures and funds, all of which are exposures to other financial institutions in India. The exposure to such parties as at March 31, 2020 and March 31, 2019 are ₹ 630.57 crores and ₹ 1,186.22 crores respectively.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure is the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables, margin money and other financial assets excluding equity investments.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings.

Changes in objectives, policies and processes for managing the risk for financing activities

There is no significant changes as compared to the previous year in the objectives, policies and processes followed by the Group for managing the risk.

Under Ind AS 109, all financial assets need to be assessed based on their cash flow characteristics and the business model in which they are held in order to determine their classification. On the basis of such assessment, in the previous year, the Group had classified and measured loan to customers at amortised cost. This was on the basis that the assignment transactions are generally insignificant and outliers in the context of transactions to meet capital adequacy norms on one-off basis cannot be considered to vitiate the business model.

As at April 1, 2018, the Group reassessed its business model and concluded that loan to customers excluding two wheeler, three wheeler and tractor loans, are not intended to be held for maturity. Accordingly, loan to customers originating after April 1, 2018 have been accounted at Fair Value Through Other Comprehensive Income ('FVTOCI').

(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, 2020	March 31, 2019
		₹ crores	₹ crores
Expiring within one year (bank overdraft and other facilities)			
-	Secured	6,700.46	2,078.39
-	Unsecured	1,077.11	835.96
Total		**7,777.57**	**2,914.35**

The Group also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

3.6 FINANCIAL INSTRUMENTS (contd.)

The table below summarises the maturity profile remaining contractual maturity period at the balance sheet date for its non-derivative financial liabilities based on the undiscounted cash flows.

₹ crores

March 31, 2020	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
Trade payables	2,834.60	-	-	2,834.60
Other financial liabilities	1,696.03	320.59	15.35	2,031.97
Borrowings	8,930.74	12,786.28	522.79	22,239.81
Lease Liability	43.80	99.72	85.59	229.11
	13,505.17	**13,206.59**	**623.73**	**27,335.49**

March 31, 2019	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
Trade payables	5,179.02	-	-	5,179.02
Other financial liabilities	1,990.56	140.86	0.04	2,131.46
Borrowings	6,158.26	11,704.03	1,305.62	19,167.91
	13,327.84	**11,844.89**	**1,305.66**	**26,478.39**

The table below summarises the maturity profile for its derivative financial liabilities based on the undiscounted contractual net cash inflows and outflows on derivative liabilities that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

₹ crores

March 31, 2020	Due in 1st year	Due in 2nd to 5th year	Carrying amount
Currency and interest rate swaps	6.37	16.44	22.81
Foreign exchange forward contracts	4.64	-	4.64
	11.01	**16.44**	**27.45**

March 31, 2019	Due in 1st year	Due in 2nd to 5th year	Carrying amount
Currency and interest rate swaps	-	-	-
Foreign exchange forward contracts	5.50	-	5.50
	5.50	**-**	**5.50**

3.6.3 Categories of Financial assets and liabilities:

	March 31, 2020	March 31, 2019
	₹ crores	₹ crores
Financial assets		
a. Measured at amortised cost:		
Investments	630.57	1,186.22
Cash and cash equivalents	2,188.24	1,767.39
Other bank balances	47.06	9.90
Trade receivables	1,496.74	2,717.32
Loans (net of allowance)	12,921.75	13,027.19
Others	1,631.78	814.04
b. Mandatorily measured at fair value through profit or loss (FVTPL)/ Other Comprehensive Income (OCI):		
Loans (net of allowance)	6,989.32	6,448.76
Derivatives designated as hedging instruments	58.83	3.00
Derivatives not designated as hedging instruments	-	2.48

3.6 FINANCIAL INSTRUMENTS (contd.)

3.6.3 Categories of Financial assets and liabilities: (contd.)

	March 31, 2020	March 31, 2019
	₹ crores	₹ crores
Financial liabilities		
a. Measured at amortised cost:		
Borrowings	22,237.67	19,167.91
Trade payables	2,834.60	5,179.02
Other financial liabilities	1,728.42	2,109.33
Lease Liability	179.52	-
b. Mandatorily measured at fair value through profit or loss (FVTPL) / Other Comprehensive Income (OCI):		
Derivative designated in hedge accounting relationships	27.45	5.50

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 Consolidated Financial Statements approximate their fair values:

₹ crores

	March 31, 2020		March 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets held at amortised cost:				
- Investments relating to financing activities	630.57	660.52	1,186.22	1,212.88
- Receivables relating to financing activities (net of allowance for loans)	12,858.99	13,514.79	12,962.85	13,595.65
- Other financial assets relating to financing activities	754.82	789.54	428.25	428.25
Financial liabilities				
Financial liabilities held at amortised cost:				
- Debentures (relating to financing and non financing activities)	2,041.25	2,125.09	3,213.39	3,220.78
- Term loans	15,640.30	16,284.67	-	-

₹ crores

	Fair value hierarchy as at March 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets				
- Investments relating to financing activities	80.00	224.66	355.86	660.52
- Receivables relating to financing activities	-	-	13,514.79	13,514.79
- Other financial assets relating to financing activities	-	789.54	-	789.54
Financial liabilities				
- Debentures (relating to financing and non financing activities)	-	2,125.09	-	2,125.09
- Term loans	-	16,284.67	-	16,284.67

3.6 FINANCIAL INSTRUMENTS (contd.) ₹ crores

	Fair value hierarchy as at March 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets				
- Investments relating to financing activities	100.00	457.99	654.89	1,212.88
- Receivables relating to financing activities	-	-	13,595.65	13,595.65
- Other financial assets relating to financing activities	-	428.25	-	428.25
Financial liabilities				
- Debentures	-	3,220.78	-	3,220.78

The fair values of the financial assets and financial liabilities included in the level 3 and level 2 category above have been determined in accordance with generally accepted pricing models with the most significant input being the estimated cash flows and the discount rate to compute the present value of the future expected cash flows.

(B) Financial assets and financial liabilities that are measured at fair value on a recurring basis as at the end of each reporting period:

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values for material financial assets and material financial liabilities have been determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	March 31, 2020	March 31, 2019		
Derivative instruments, i.e. forward foreign currency contracts,currency and interest rate swaps	Assets – ₹ 58.83 crores; and Liabilities – ₹ 27.45 crores	Assets – ₹ 5.48 crores; and Liabilities – ₹ 5.50 crores	Level 2	Discounted future cash flows which are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of the Group/ various counterparties. Further, in case of swap contracts, the future estimated cash flows also consider forward interest rates (from observable yield curves at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of the Group/ various counterparties.

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, 2020	March 31, 2019				
Investments in unquoted preference shares	Preference shares of: Hinduja Tech Limited - ₹ 22.45 crores Others - ₹ 6.37 crores	Preference shares of: Hinduja Tech Limited - ₹ 22.37 crores Others - ₹ 5.15 crores	Level 3	Income approach – in this approach, the discounted cash flow method used to capture the present value of the expected future economic benefits to be derived from the ownership of these preference shares	The significant inputs were: a) the estimated cash flows from the dividends on these preference shares and the redemption proceeds on maturity; and b) the discount rate to compute the present value of the future expected cash flows	A slight decrease in the estimated cash inflows in isolation would result in a significant decrease in the fair value. (Note 2)

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.6 FINANCIAL INSTRUMENTS (contd.)

₹ crores

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, 2020	March 31, 2019				
Loans relating to financing activities	₹ 6,989.32 crores	₹ 6,448.76 crores	Level 3	Income approach – in this approach, the discounted cash flow method used to capture the present value of the expected future economic benefits	The significant inputs were: a) the estimated cash flows, and b) the discount rate to compute the present value of the future expected cash flows	A slight decrease in the discount rate used would result in a significant increase in the fair value. (Note 5)
Investments in unquoted equity shares & Investment in special limited partnership	Equity shares of: Hinduja (Energy) Limited - ₹ 193.47 crores Others - ₹ 31.28 crores (Refer 1.3)	Equity shares of: Hinduja (Energy) Limited - ₹ 193.47 crores Others - ₹ 10.08 crores (Refer 1.3)	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these equity instruments	The significant inputs were: a) the estimated cash flows; and b) the discount rate to compute the present value of the future expected cash flows	A slight decrease in the estimated cash inflows in isolation would result in a significant decrease in the fair value. (Note 3)

Notes:

1. There were no transfers between Level 1, 2 and 3 during the year.
2. A 5% increase/ decrease in the WACC or discount rate used would decrease/ increase the fair value of the unquoted preference shares by ₹ 2.30 crores / ₹ 3.40 crores (as at March 31, 2019: ₹ 3.11 crores / ₹ 2.09 crores).
3. A 50 basis points increase/ decrease in the WACC or discount rate used would decrease/ increase the fair value of the unquoted equity instruments by ₹ 7.03 crores / ₹ 7.64 crores (as at March 31, 2019: ₹ 12.29 crores / ₹ 12.29 crores).
4. A 5% increase/ decrease in the revenue would increase/ decrease the fair value of the unquoted equity instruments by ₹ 20.52 crores / ₹ 20.48 crores (as at March 31, 2019: ₹ 61.64 crores / ₹ 61.64 crores).
5. A 100 basis points increase / decrease in the discount rate used would decrease / increase the fair value of loans relating to financing activities by ₹ 153.25 crores / ₹ 153.22 crores (as at March 31, 2019: ₹ 98.92 crores / ₹ 102.37 crores).
6. Gain / loss recognised in profit or loss included in other income (Refer Note 2.2) arising from fair value measurement of Level 3 financial assets is gain of ₹ 1.49 crores (2018-2019: gain of ₹ 1.91 crores).

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, 2020, the Group securitised loans with an aggregate carrying amount of ₹ 465.16 crores (2018-2019: ₹ Nil) to various special purpose vehicles (SPV) for cash proceeds of ₹ 465.16 crores (2018-2019: ₹ Nil). 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, 2020, the carrying amount of these loans that have been transferred but have not been derecognised amounted to ₹ 521.50 crores (as at March 31, 2019: ₹ 432.82 crores) and the carrying amount of the associated liability is ₹ 511.33 crores (as at March 31, 2019 ₹ 413.45 crores).

3.6 FINANCIAL INSTRUMENTS (contd.)

3.6.6 Collateral related disclosures for financing activities:

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.The main types of collateral obtained are, vehicles, loan portfolios and mortgaged properties based on the nature of loans. Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement. The Group advances loan to maximum extent of 70% of the value of the mortgaged properties and 100% in case of vehicles respectively.

3.7 REVENUE FROM CONTRACTS WITH CUSTOMERS

3.7.1 Disaggregated revenue information

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	₹ crores	₹ crores
Type of goods and service		
a) Sale of products		
- Commercial vehicles	15,280.32	26,244.38
- Engines and gensets	823.78	903.92
- Ferrous castings and patterns	396.43	522.19
- Spare parts and others	1,819.79	1,984.24
	18,320.32	**29,654.73**
b) Sale of services		
- Freight and Insurance	350.10	479.62
- Annual Maintenance Contracts (AMC)	227.87	173.35
- Manpower supply services	13.09	93.25
- Others (includes warranty services)	161.09	73.07
	752.15	**819.29**
c) Other operating revenues		
- Scrap sales	68.84	125.30
- Others	22.21	6.36
	91.05	**131.66**
Less: Rebates and discounts	460.69	423.81
Total revenue from contracts with customers	**18,702.83**	**30,181.87**
India	16,111.84	27,112.84
Outside India	2,590.99	3,069.03
Total revenue from contracts with customers	**18,702.83**	**30,181.87**

Timing of revenue recognition	Year ended March 31, 2020		Year ended March 31, 2019	
Particulars	At a point in time	Over a period of time	At a point in time	Over a period of time
- Sale of products and other operating income	18,389.16	-	29,780.03	-
- Sale of Services - Freight and Insurance	350.10	-	479.62	-
- Sale of Services - Manpower supply	13.09	-	93.25	-
- Sale of Services - AMC and Others (includes warranty services)	99.09	312.08	29.29	223.49
Less: Rebates and discounts	460.69	-	423.81	-
Total revenue from contracts with customers	**18,390.75**	**312.08**	**29,958.38**	**223.49**

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.7 REVENUE FROM CONTRACTS WITH CUSTOMERS (contd.)

3.7.2 Contract balances

Particulars	As at March 31, 2020	As at March 31, 2019
	₹ crores	₹ crores
Trade receivables (Refer notes 1.4 and 1.12)	1,496.74	2,717.32
Contract assets (Refer note 1.16)	10.71	12.76
Contract liabilities (Refer notes 1.23 and 1.28)	847.37	1,083.82

Contract assets are unbilled revenue earned from AMC and other services which are recognised upon completion of service. Upon billing as per the terms of the contract, the amounts recognised as contract assets are reclassified to trade receivables.

Contract liabilities include income received in advance arising due to allocation of transaction price towards freight and insurance services on shipments not yet delivered to customer and unexpired service warranties.

3.7.3 Revenue recognised in relation to contract liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
	₹ crores	₹ crores
Revenue recognised from contract liabilities at the beginning of the year	725.65	785.93
Revenue recognised from performance obligations satisfied in previous years	13.63	-

3.7.4 Reconciliation of revenue recognised in the statement of profit and loss with the contracted price

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	₹ crores	₹ crores
Contracted price	19,163.52	30,605.68
Adjustments		
Rebates and discounts	(460.69)	(423.81)
Revenue from contracts with customers	**18,702.83**	**30,181.87**

3.7.5 Unsatisfied or partially unsatisfied Performance obligation

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied), as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
	₹ crores	₹ crores
Within one year	699.15	630.11
More than one year	326.92	269.02
	1,026.07	**899.13**

The remaining performance obligations expected to be recognised in more than one year relate to the extended warranty and other obligation which is expected to be recognised over a period of 24 months to 48 months.

3.8 SEGMENT RELATED DISCLOSURES

The Group's operating segment is identified as business segment based on nature of products, risks, returns and the internal business reporting system as per Ind AS 108. The Group is engaged in the business of manufacturing of Commercial Vehicles and rendering Financial Services mainly relating to vehicle and housing financing.

		Year ended March 31, 2020	Year ended March 31, 2019
		₹ crores	₹ crores
i	**Segment Revenue**		
	Commercial vehicle	18,814.93	30,493.81
	Financial service	3,136.41	2,712.58
	Gross Revenue	**21,951.34**	**33,206.39**
	Less: Inter-segmental revenue	0.07	9.55
	Revenue from operations	**21,951.27**	**33,196.84**
ii	**Segment Results**		
	Commercial vehicle	337.83	2,373.44
	Financial service (after deducting interest expense on loan financing)	480.08	456.31
	Total Segment Profit before Interest and Tax	**817.91**	**2,829.75**
	Interest Expense	(136.19)	(100.18)
	Other Income	107.83	128.06
	Share of profit / (loss) of associates and joint ventures	2.89	11.28
	Exceptional items	(53.28)	2.75
	Profit before Tax	**739.16**	**2,871.66**
	Tax	279.36	677.06
	Profit after Tax (including share of profit / (loss) of associate and joint venture)	**459.80**	**2,194.60**
iii	**Segment Assets**		
	Commercial vehicle	15,916.72	17,693.37
	Financial service	22,210.14	21,428.54
	Total Segment Assets	**38,126.86**	**39,121.91**
iv	**Segment Liabilities**		
	Commercial vehicle	10,290.79	10,637.62
	Financial service	18,940.18	18,663.65
	Total Segment Liabilities	**29,230.97**	**29,301.27**
v	**Addition to Non-current asset**		
	Commercial vehicle	1,618.27	1,289.34
	Financial service	37.71	10.19
	Total Addition to Non-current asset	**1,655.98**	**1,299.53**

For the amount of investments in associates and joint ventures accounted for by the equity method refer Note 1.3

The Group's segment based on geography is given below:

₹ crores

Particulars		In India	Outside India	Total
Revenue from Operations				
	2020	**19,360.28**	**2,590.99**	**21,951.27**
	2019	30,127.81	3,069.03	33,196.84
Non Current Asset				
	2020	**7,659.79**	**453.99**	**8,113.78**
	2019	6,853.58	363.67	7,217.25

3.9 RELATED PARTY DISCLOSURE

a) List of parties where control exists

Holding company

Hinduja Automotive Limited, United Kingdom

Machen Holdings SA

(Holding Company of Hinduja Automotive Limited, United Kingdom)

Machen Development Corporation, Panama

(Holding Company of Machen Holdings SA)

Amas Holdings SA*

(Holding Company of Machen Development Corporation, Panama)

b) Other related parties

Fellow subsidiaries

Gulf Oil Lubricants India Limited

Hinduja Energy (India) Limited

Hinduja National Power Corporation Limited

DA Stuart India Private Limited

Hinduja Renewables Private Limited

IDL Explosives Limited

Gulf RAK Lube Oil (Ras Al Khaimah)

Gulf Oil Middle East Limited

Associates

Ashley Aviation Limited .... upto December 31, 2018

Ashok Leyland Defence Systems Limited

Lanka Ashok Leyland PLC

Mangalam Retail Services Limited

Joint Ventures

Ashley Alteams India Limited

Ashok Leyland John Deere Construction Equipment Company Private Limited (Along with Gulf Ashley Motor Limited) [under liquidation]

Hinduja Tech Limited

Entities where control exist

Ashok Leyland Educational Trust

Entities where significant influence exist

Ashok Leyland Employees Gratuity Fund

Ashok Leyland Superannuation Fund

Ashok Leyland Employees Ennore Provident Fund Trust

Ashok Leyland Senior Executives Provident Fund Trust

Ashok Leyland Employees Hosur Provident Fund Trust

Ashok Leyland Employees Bhandara Provident Fund Trust

Ashok Leyland Employees Alwar Provident Fund Trust

Ennore Foundries Limited Employees Provident Fund

Ennore Foundries Gratuity Fund

Ennore Foundries Employees Pension cum Insurance Fund

Ennore Foundries Senior Executives Superannuation Fund

Global TVS Employees Gratuity Fund

3.9 RELATED PARTY DISCLOSURE (contd.)

Key management personnel

Mr. Dheeraj G Hinduja, Chairman

Mr. Vinod K Dasari, Managing Director and CEO .... upto March 31, 2019

Mr. Vipin Sondhi, Managing Director and CEO .... from December 12, 2019

Mr. Gopal Mahadevan, Whole-time Director and Chief Financial Officer .... from May 24, 2019

Prof. Dr. Andreas H Biagosch

Dr. Andrew C Palmer

Mr. Jean Brunol

Mr. Jose Maria Alapont

Ms. Manisha Girotra

Mr. Sanjay K Asher

Mr. Saugata Gupta .... from November 8, 2019

Mr. D.J. Balaji Rao .... upto March 31, 2019

Mr. Sudhindar K Khanna .... upto April 5, 2019

Note:

Transaction with Rajalakshmi Wind Energy Limited (erstwhile Ashok Leyland Wind Energy Limited) has not been disclosed as being with associate since the Parent Company does not have significant influence over Rajalakshmi Wind Energy Limited, although the Parent Company holds 26% of the equity share capital of Rajalakshmi Wind Energy Limited.

* The Parent Company has intimated Estera trust (Isle of Man) Limited as significant beneficial owner pursuant to the Companies (Significant Beneficial Owners) Rules, 2018.

3.9 RELATED PARTY DISCLOSURE (contd.)

c) *Related Party Transactions - summary*

₹ crores

		Fellow Subsidiaries		Associates		Joint Ventures		Holding Company		Entities where control exist		Entities where significant influence exist		Key Management Personnel		Total	
	Transactions during the year ended March 31	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
1	Purchase of raw materials, components and traded goods (net of GST)	78.10	152.71	0.85	1.42	37.43	74.25	-	-	-	-	-	-	-	-	116.38	228.38
2	Sales and services (net of GST)	34.49	39.10	179.10	231.24	1.11	1.09	-	-	0.72	0.27	-	-	-	-	215.42	271.70
3	Other operating income	-	-	-	-	1.33	1.60	-	-	-	-	-	-	-	-	1.33	1.60
4	Other expenditure incurred / (recovered) (net)	6.60	0.54	(1.05)	(1.61)	42.58	48.41	3.50	3.74	(0.60)	(0.51)	-	-	-	-	51.03	50.57
5	Interest and other income	10.64	3.43	0.80	2.47	0.01	-	0.02	-	-	#	-	-	-	-	11.47	5.90
6	Interest expense	-	-	-	-	-	-	0.36	-	-	-	-	-	-	-	0.36	-
7	Sale of asset	-	-	-	1.69	-	-	-	-	-	-	-	-	-	-	-	1.69
8	Dividend payments	-	-	-	-	-	-	537.67	362.93	-	-	-	-	-	-	537.67	362.93
9	Remuneration to key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	11.09	26.78	11.09	26.78
10	Commission and sitting fees to key management personnel*	-	-	-	-	-	-	-	-	-	-	-	-	4.58	15.32	4.58	15.32
11	Investments in shares of	-	-	-	-	1.24	1.00	-	-	-	-	-	-	-	-	1.24	1.00
12	Loans / ICD given	375.00	190.00	-	-	-	-	42.52	-	-	-	-	-	-	-	417.52	190.00
13	Loans / ICD repaid	320.00	190.00	-	-	-	-	42.52	-	-	#	-	-	-	-	362.52	190.00
14	Borrowings taken	-	-	-	-	-	-	74.80	-	-	-	-	-	-	-	74.80	-
15	Borrowings repaid	-	-	-	-	-	-	51.43	-	-	-	-	-	-	-	51.43	-
16	Contribution to employee related trusts made during the year	-	-	-	-	-	-	-	-	-	-	244.23	288.62	-	-	244.23	288.62
17	Receipt of money after capital reduction (₹ 204.73 crores) of Joint Venture	-	-	-	-	-	34.79	-	-	-	-	-	-	-	-	-	34.79

* includes commission and sitting fees to independent directors aggregating to ₹ 3.42 crores (2019: ₹ 5.20 crores).

d) *Related Party Balances - summary*

	Balances as on March 31	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
1	Trade receivables	6.92	5.74	4.10	22.78	0.09	0.28	-	-	0.99	0.28	-	-	-	-	12.10	29.08
2	Other financial and non- financial assets	100.48	-	-	0.71	7.42	3.48	-	-	-	-	-	-	-	-	107.90	4.19
3	Loans	-	45.00	-	-	-	-	-	-	-	-	-	-	-	-	-	45.00
4	Borrowings	-	-	-	-	-	-	23.38	-	-	-	-	-	-	-	23.38	-
5	Trade and other payables	6.78	33.54	0.10	0.29	10.80	8.40	1.97	2.44	-	-	9.93	10.27	4.76	32.11	34.34	87.05
6	Financial guarantees	-	-	-	-	23.65	26.63	-	-	-	-	-	-	-	-	23.65	26.63

\# Amount is below rounding off norms adopted by the Group.
All the transactions are at arms length.

3.9 RELATED PARTY DISCLOSURE (contd.)

e) Significant Related Party Transactions ₹crores

	Transactions during the year ended March 31	2020	2019
1	**Purchase of raw materials,components and traded goods (net of GST)**		
	Gulf Oil Lubricants India Limited	69.77	141.99
	Ashley Alteams India Limited	37.43	73.94
2	**Sales and services (net of GST)**		
	Gulf Oil Lubricants India Limited	24.56	20.42
	Lanka Ashok Leyland PLC	176.03	224.35
3	**Other Operating Income**		
	Ashley Alteams India Limited	1.33	1.60
4	**Other expenditure incurred / (recovered) (net)**		
	Hinduja Automotive Limited, United Kingdom	3.50	3.74
	Ashok Leyland Defence Systems Limited	(0.92)	(1.14)
	Hinduja Tech Limited	42.63	48.41
5	**Interest and other income**		
	Ashley Aviation Limited	-	1.69
	Hinduja Energy (India) Limited	10.64	3.43
	Ashok Leyland Defence Systems Limited	0.80	0.78
6	**Dividend payment**		
	Hinduja Automotive Limited, United Kingdom	537.67	362.93
7	**Investment in shares of**		
	Ashley Alteams India Limited	1.24	1.00
8	**Sale of assets**		
	Ashok Leyland Defence Systems Limited	-	1.69
9	**Loan / ICD given**		
	Hinduja Energy (India) Limited	375.00	190.00
	Hinduja Automotive Limited, United Kingdom	42.52	-
10	**Loan / ICD repaid**		
	Hinduja Energy (India) Limited	320.00	190.00
	Hinduja Automotive Limited, United Kingdom	42.52	-
11	**Receipt of money after capital reduction from Joint Venture**		
	Ashok Leyland John Deere Construction Equipment Company Private Limited	-	34.79
12	**Borrowing taken**		
	Hinduja Automotive Limited, United Kingdom	74.80	-
13	**Borrowing repaid**		
	Hinduja Automotive Limited, United Kingdom	51.43	-
14	**Interest expense**		
	Hinduja Automotive Limited, United Kingdom	0.36	-
15	**Contribution to employee related trusts made during the year including loans and interest recovered**		
	Ashok Leyland Employees Ennore Provident Fund Trust	51.30	52.98
	Ashok Leyland Employees Hosur Provident Fund Trust	33.86	36.83
	Ashok Leyland Senior Executives Provident Fund Trust	45.72	46.54
	Ashok Leyland Employees Gratuity Fund	38.00	112.49
	Ashok Leyland Superannuation Fund	15.73	16.91
	Ennore Foundries Gratuity Fund	36.11	0.11

3.9 RELATED PARTY DISCLOSURE (contd.)

e) Significant Related Party Transactions (contd.)

₹ crores

	Transactions during the year ended March 31	2020	2019
16	**Commission and sitting fees to key management personnel**		
	Mr. Dheeraj G Hinduja	1.16	10.12
	Commission and sitting fees to independent directors in aggregate	3.42	5.20
17	**Remuneration to key management personnel***		
	Mr. Vipin Sondhi		
	Short term employee benefits	2.01	-
	Other long term employee benefits	0.21	-
	Share-based payment	0.94	-
	Mr. Gopal Mahadevan		
	Short term employee benefits	4.45	-
	Other long term employee benefits	0.12	-
	Share-based payment	3.36	-
	Mr. Vinod K Dasari		
	Short term employee benefits	-	20.97
	Other benefits paid #	-	5.81

other benefits paid includes gratuity and compensated absences paid during the year.

* Excludes contribution for gratuity and compensated absences as the incremental liability has been accounted for the Group as a whole.

3.10 LEASE ARRANGEMENTS

Group as lessee

Operating leases relate to leases of land and building with lease term ranging from 11 months to 15 years.

Payments recognised as an expense for non-cancellable lease

	Year ended March 31, 2019
	₹ crores
Rent	28.60
	28.60

Non-cancellable operating lease commitments

	As at March 31, 2019
	₹ crores
Not later than 1 year	20.82
Later than 1 year but not later than 5 years	61.01
Later than 5 years	61.53

The Ministry of Corporate Affairs (MCA), on March 30, 2019, notified Ind AS 116 "Leases" as part of the Companies (Indian Accounting Standards) Amendment Rules, 2018. The new standard is effective for accounting periods beginning on or after April 1, 2019.

On transition date, Group measured the lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application and measured the right-of-use asset as its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. Group had recognised the cumulative effect of initially applying this standard as an adjustment to the opening balance of retained earnings.

3.10 LEASE ARRANGEMENTS (contd.)

The Group has applied modified retrospective approach in adopting the new standard and accordingly, the previous year numbers are not restated. Thus, the balances of lease liability and right-of-use asset as at March 31, 2020 are not comparable with previous year. Similarly, the expenses for the year ended March 31, 2020 are not comparable with the expenses for the year ended March 31, 2019. The adoption of the standard did not have any material impact on the financial statements of the Group.

Maturity Analysis (Remaining Contractual Maturities) for lease payments is as follows:

	Particulars	As at March 31, 2020
		₹ crores
(a)	Not later than 1 year	43.80
(b)	Later than 1 year but not later than 5 years	99.72
(c)	Later than 5 years	85.59
		229.11

Group has applied following practical expedients for the purpose of lease on initial recognition :

1. Single discount rate has been applied for leases with same characteristics.
2. Non - lease component which are difficult to be separate from the lease components are taken as the part of lease calculation.
3. Contracts not part of lease in Ind AS 17 has not been taken for computation as a part of Ind AS 116.
4. Short term leases i.e., leases having lease term of 12 months or less has been ignored for the purpose of calculation of right-of-use asset.

The difference between lease liability as on April 1, 2019 as per Ind AS 116 'Leases' and discounted value of cash flows under operating lease arrangements recorded as of March 31, 2019 under Ind AS 17 'Leases' is mainly on account of the following:

1. Decrease in cash flows arising out of exemption granted and opted by the Group under Ind AS 116 'Leases" in case of short term leases i.e., leases which have a tenure of 12 months or less.
2. Increase in cash flows arising out of determination of lease period by the Group having taken into consideration reasonable certainty in not cancelling the lease as stipulated by Ind AS 116 'Leases' as against inclusion of cash flows under operating lease arrangements only for non- cancellable period of lease as required under Ind AS 17 'Leases'.

Expenses for the year ended March 31, 2020 includes lease expense classified as Short term lease of ₹ 41.07 crores, low value leases of ₹ 0.34 crores and variable lease payments aggregating to ₹ 12.98 crores which are not required to be recognised as per partical expedient under Ind AS 116 'Leases' mentioned above.

3.11 CONTINGENT LIABILITIES

			As at March 31, 2020	As at March 31, 2019
			₹ crores	₹ crores
a)	Claims against the Group not acknowledged as debts (net)			
	i)	Sales tax / VAT	275.44	273.90
	ii)	Excise duty	8.19	60.82
	iii)	Service Tax	62.46	66.83
	iv)	Customs Duty	0.43	0.43
	v)	Others	105.86	85.10
	These have been disputed by the Group on account of issues of applicability and classification.			
b)	Corporate guarantees given to others for loans taken by a joint venture company		23.65	26.63
c)	Share of contingent liabilities of joint ventures and associates		0.20	2.13

Notes:

1. Future cash outflows in respect of the above are determinable only on receipt of judgement / decisions pending with various forums / authorities.
2. The Group (entities operating in India) evaluated the impact of the recent Supreme Court Judgment in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 and the Management believes that further clarity is required on this matter for the time period prior to March 31, 2019. However, it is not likely to have a significant impact and accordingly, no provision has been made in these Consolidated Financial Statements.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.12 COMMITMENTS

		As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
a)	Capital commitments (net of advances) not provided for	318.56	343.82
	[including ₹ 33.93 crores (March 2019: ₹ 0.94 crores) in respect of intangible assets]		
b)	Uncalled liability on partly paid shares / investments #	-	-
c)	Share of commitments of joint ventures	0.03	1.40
d)	Other commitments	-	-
	Lock-in commitment in shareholders agreement [Refer Note 1.3]		

The outflow in respect of the above is not practicable to ascertain in view of the uncertainties involved.

Amount is below rounding off norms adopted by the Group.

3.13 DETAILS OF BORROWINGS:

I Non-current borrowings:

	As at March 31, 2020				As at March 31, 2019		
	Non Current ₹ crores	Current Maturities ₹ crores	Total ₹ crores	Particulars of Redemption / Repayment	Non Current ₹ crores	Current Maturities ₹ crores	Total ₹ crores
a. Secured Borrowings:							
i. Debenture Series							
7.10% p.a. to 9.60% p.a. (March 2019 : 7.10% p.a. to 9.60% p.a.) Secured redeemable non-convertible debentures Sub 1	54.37	347.95	402.32	Redemption period is 3 to 5 years	1,385.41	100.14	1,485.55
BR SBI + 0.35% (March 2019 : BR SBI +0.35%) Sub 1"(BR SBI - Base Rate of State Bank of India)"	129.98	268.07	398.05	Redemption period is 3 to 5 years	448.76	-	448.76
	184.35	**616.02**	**800.37**		**1,834.17**	**100.14**	**1,934.31**
ii. Term loans:							
TL 2 - Sub 8	68.06	-	68.06	Bullet repayment after 3 years from disbursement	103.67	-	103.67
TL 1 - Sub 1	10,592.25	5,048.04	15,640.29	Repayable in varying installments in 3 to 9 years	9,529.18	3,558.45	13,087.63
TL 11*	-	-	-	Repayable in 16 quarterly equal installments after a moratorium of 3 years from the date of first draw down	-	56.25	56.25
TL 2 - Sub 3	-	-	-	Repayable during FY 2019-20	-	18.10	18.10
TL 12	500.00	-	500.00	Repayable in 5 equal installments after a moratorium of 3 years from the date of first draw down	-	-	-
	11,160.31	**5,048.04**	**16,208.35**		**9,632.85**	**3,632.80**	**13,265.65**

*Fully prepaid on April 4, 2019

3.13 DETAILS OF BORROWINGS: (contd.):

Non-current borrowings: (contd.)

1. TL 12 - Term loan was secured by way of first charge on the plant and machinery of a manufacturing unit of the Parent Company located at Pantnagar to the extent of ₹ 500 crores.

   TL 11 is secured by the following:

   a. A first *pari passu* mortgage and charge in favor of lenders, in a form satisfactory to the lenders, on the entire LCV division's immovable properties including leasehold land in Tamil Nadu, present and future.

   b. A first *pari passu* charge by way of hypothecation in favor of the lenders, in a form satisfactory to the lenders, of all the LCV division's movables including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable fixed assets, present and future located at Hosur plant.
2. 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.
3. Term loans availed by a subsidiary from various banks (TL 1 Sub 1) are secured by hypothecation of designated assets on loan to customers and future receivables therefrom, and investments in pass through certificates and debentures of the subsidiary.
4. Term loan availed by a subsidiary from a bank (TL 2 - Sub 3) are secured by corporate guarantee given by Parent Company.
5. Term loans availed by a subsidiary (TL 2 - Sub 8) are secured by a first charge on *pari-passu* basis on all moveable assets.

	As at March 31, 2020				As at March 31, 2019		
	Non Current ₹ crores	Current Maturities ₹ crores	Total ₹ crores	Particulars of Redemption / Repayment	Non Current ₹ crores	Current Maturities ₹ crores	Total ₹ crores
iii. ECB loans :							
ECB 14 **	-	-	-	Repayable by April 24, 2019	-	10.01	10.01
	-	**-**	**-**		**-**	**10.01**	**10.01**

** Fully repaid on April 24, 2019

ECB 14 availed by parent company is secured by a first-*pari passu* charge over the current and future movable property, plant & equipment of the LCV division amounting to Nil (2018-19 : ₹ 54.65 crores).

	As at March 31, 2020				As at March 31, 2019		
	Non Current ₹ crores	Current Maturities ₹ crores	Total ₹ crores	Particulars of Redemption / Repayment	Non Current ₹ crores	Current Maturities ₹ crores	Total ₹ crores
iv. Other loans:							
SIPCOT Soft Loan	31.18	-	31.18	Repayable by August 1, 2025	31.18	-	31.18
	31.18	**-**	**31.18**		**31.18**	**-**	**31.18**

Other loans (SIPCOT Soft Loan) availed by the Parent Company are secured by way of *pari-passu* first charge on current and future property, plant and equipment of the LCV division of the Parent Company.

	As at March 31, 2020				As at March 31, 2019		
	Non Current ₹ crores	Current Maturities ₹ crores	Total ₹ crores	Particulars of Redemption / Repayment	Non Current ₹ crores	Current Maturities ₹ crores	Total ₹ crores
b. Unsecured Borrowings:							
i. ECB loans:							
ECB 16	151.33	-	151.33	3 equal instalments on February 28, 2023, February 28, 2024, and February 28, 2025	-	-	-
ECB 15	605.32	-	605.32	3 equal instalments on September 23, 2022, September 23, 2023, and September 23, 2024.	-	-	-
ECB 13	-	50.44	50.44	3 equal instalments on September 10, 2020, 2019, 2018	46.10	46.10	92.20
ECB 12	-	151.33	151.33	June 26, 2020 - ₹ 138.31 crores and June 26, 2019, 2018 - ₹ 103.73 crores each	138.31	103.73	242.04
	756.65	**201.77**	**958.42**		**184.41**	**149.83**	**334.24**
ii. Debenture series:							
9.20% p.a. to 12.40% p.a. - Subordinated redeemable non-convertible debentures - Sub 1	1,035.18	205.70	1,240.88	Redeemable over a period of 5 to 7 years	1,169.23	109.85	1,279.08
	1,035.18	**205.70**	**1,240.88**		**1,169.23**	**109.85**	**1,279.08**

3.13 DETAILS OF BORROWINGS: (contd.):

Non-current borrowings: (contd.)

	As at March 31, 2020				As at March 31, 2019		
	Non Current ₹ crores	Current Maturities ₹ crores	Total ₹ crores	Particulars of Redemption / Repayment	Non Current ₹ crores	Current Maturities ₹ crores	Total ₹ crores
iii. Interest free sales tax loans:							
Programme II	66.41	16.53	82.94	Varying amounts repayable on a periodical basis ending on June 2028	82.94	18.47	101.41
	66.41	**16.53**	**82.94**		**82.94**	**18.47**	**101.41**
iv. Other subordinated loans:							
10.21% p.a. - Subordinated loans - Sub 1	75.00	-	75.00	Redeemable over a period of 5 to 6 years	75.00	-	75.00
	75.00	**-**	**75.00**		**75.00**	**-**	**75.00**

The above debentures, term loans, external commercial borrowings and loans from others carry varying rates of interest with the maximum rate of interest going upto 12.40% p.a. (as at March 31, 2019: 12.40% p.a.).

II Current borrowings:

	As at March 31, 2020 ₹ crores	Particulars of Redemption/ Repayment	As at March 31, 2019 ₹ crores
a. Secured borrowings			
- STL 1 Sub 1	532.39	Repayable on demand	455.64
- STL 20	842.00	Repayable on various dates on June 2020 and September 2020	-
- STL 2 Sub 3	-	Repayable on demand	176.50
- STL 1 Sub 6	-	Repayable on demand	25.00
- STL 2 Sub 6	-	Repayable on demand	17.68
- STL 3 Sub 6	11.00	Repayable on demand	31.00
- STL 1 Sub 7	-	Repayable on demand	3.17
- STL 2 Sub 5	116.47	Repayable within a year	78.10
- STL 1 Sub 8	64.48	Repayable on demand	52.14
- STL 1 Sub 9	0.07	Repayable on demand	-
	1,566.41		**839.23**

1. STL 1 Sub 1 relating to a subsidiary are cash credit facilities and working capital demand loans from banks which are secured by way of a *pari passu* charge on the receivables due to the subsidiary other than those that are specifically charged to the lenders of the subsidiary.
2. STL 20 relates to working capital demand loan taken by Parent Company from banks are secured by way of hypothecation of the whole stocks of Raw Materials, Semi Finished and Finished goods, Stores and Spares not related to Plant and Machinery (Consumable stores and spares), Bills Receivable, Book Debts and all other movables both present and future now lying or stored about the factories, premises and godowns situated at Ennore, Ambattur - Chennai, Hosur - Tamilnadu, Alwar - Rajasthan, Bhandara - Maharastara, Pantnagar - Uttarakhand and other Regional Offices and depots to the extent of ₹ 900 crore.
3. STL 1 Sub 6 relating to a subsidiary is a packing credit facility, STL 2 Sub 6 cash credit facility and STL 3 Sub 6 is a working capital demand loan which is secured by present and future stock of vehicles, related book debts and all other movable assets of the subsidiary.
4. STL 1 Sub 7 relating to a subsidiary are secured by way of a charge on immovable and moveable properties (including plant and machinery, spares, tools, finished and semi finished goods, raw materials and book debts) of both the present and future of the subsidiary.
5. STL 1 Sub 8 relating to a subsidiary are secured by way of a charge on moveable properties of the subsidiary.
6. STL 2 Sub 5 relating to a subsidiary is in the nature of an overdraft facility which is secured by corporate guarantee given by the Parent Company.
7. STL 1 Sub 9 relating to a subsidiary is in the nature of a working capital facility which is secured against inventories and trade receivables of the subsidiary.
8. STL 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.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.13 DETAILS OF BORROWINGS: (contd.):

II Current borrowings: (contd.)

	As at March 31, 2020 ₹ crores	Particulars of Redemption/ Repayment	As at March 31, 2019 ₹ crores
b. Unsecured borrowings			
- STL 19	825.00	Repayable on various dates on June 2020, September 2020, and December 2020	-
- STL 18	-	August 21, 2019	100.00
- STL 1 Sub 1	-	Repayable over a tenor of 60-90 days	1,129.41
- STL 1 Sub 8	41.71	Repayable on demand	69.11
- STL 2 Sub 3	230.01	Repayable on various dates upto April 2020	176.50
- STL 4 Sub 3	65.45	Repayable on various dates upto May 2020	-
- STL 5 Sub 3	28.05	Repayable on April 2020	-
- STL 6 Sub 3	18.70	Repayable on September 2020	-
- Loan from related party	23.38	Repayable on June 2020	-
- Bills discounted	15.03	Repayable on various dates on April 2020	-
- Buyers Credit	28.94	Repayable on various dates on April 2020	-
	1,276.27		**1,475.02**

The above loans carry varying rates of interest with the maximum rate of interest going upto 10.50% p.a. (as at March 31, 2019: 9.95% p.a.).

The carrying value of the above borrowings (as reflected in Notes 1.20, 1.25 and 1.27) are measured at amortised cost using effective interest method while the above borrowings represents principal amount outstanding.

III Net debt reconciliation:

	As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
1. Cash and cash equivalents	2,188.24	1,767.39
2. Liquid investments	-	-
3. Current borrowings	(2,842.68)	(2,137.75)
4. Non-current borrowings	(19,404.50)	(17,034.97)
5. Derivative Asset / (Liability)	26.16	2.48
6. Lease Liability	(179.52)	-
Net debt	**(20,212.30)**	**(17,402.85)**

3.13 DETAILS OF BORROWINGS: (contd.):

II Current borrowings: (contd.)

₹ crores

Particulars	Other assets		Liabilities from financing activities				
	Cash and Bank Overdraft	Liquid investments	Non-current borrowings	Current borrowings	Derivative Asset / (Liability)	Lease Liability	Total
Net debt as at March 31, 2019	1,218.04	3,155.16	(13,887.89)	(1,919.20)	(25.35)	-	(11,459.24)
Cash flows (net)	544.12	(3,202.45)	(3,120.61)	(216.30)	30.45	-	(5,964.79)
Pursuant to business combination	0.37	0.40	-	(2.25)	-	-	(1.48)
Foreign exchange adjustments	4.86	-	(41.99)	-	0.01	-	(37.12)
Profit / (loss) on sale of liquid investments (net)	-	46.89	-	-	-	-	46.89
Interest expense	-	-	(34.07)	(84.37)	-	-	(118.44)
Interest paid	-	-	49.59	84.37	-	-	133.96
Other non-cash movements							
- Fair value adjustments	-	-	-	-	(2.63)	-	(2.63)
Net debt as at March 31, 2019	**1,767.39**	**-**	**(17,034.97)**	**(2,137.75)**	**2.48**	**-**	**(17,402.85)**
Recognised on adoption of Ind As 116	-	-	-	-	-	(206.82)	(206.82)
Cash flows (net)	419.36	(16.80)	(2,302.46)	(701.98)	(2.49)	35.69	(2,568.68)
Acquisition - finance leases	-	-	-	-		-	-
Pursuant to business combination	-	-	-	-	-	-	-
Foreign exchange adjustments	1.49	-	(52.94)	(2.95)	0.01	-	(54.39)
Profit / (loss) on sale of liquid investments (net)	-	16.80	-	-	-	-	16.80
Interest expense	-	-	(58.99)	(112.24)	-	(9.38)	(180.61)
Interest paid	-	-	44.86	112.24	-	-	157.10
Other non-cash movements							
- Addition / Deletion (Net) relating to lease liability	-	-	-	-	-	0.99	0.99
- Fair value adjustments	-	-	-	-	26.16	-	26.16
Net debt as at March 31, 2020	**2,188.24**	**-**	**(19,404.50)**	**(2,842.68)**	**26.16**	**(179.52)**	**(20,212.30)**

Notes:

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 CONSOLIDATED FINANCIAL STATEMENTS

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, 2020	As at March 31, 2019
Hinduja Leyland Finance Limited and its subsidiary	Relating to financing activities	Chennai - India	67.19%	61.84%
Global TVS Bus Body Builders Limited	Relating to commercial vehicle	Madurai - India	66.67%	66.67%
Gulf Ashley Motor Limited	Trading in commercial vehicle	Chennai - India	93.15%	92.98%
Optare PLC and its subsidiaries	Manufacturing of commercial vehicle	United Kingdom	99.24%	99.11%
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	84.84%	82.38%
Ashok Leyland (UAE) LLC and its subsidiaries	Manufacturing of commercial vehicle	UAE	100.00%	100.00%
Albonair (India) Private Limited	Relating to commercial vehicle	India	100.00%	100.00%
Albonair GmbH and its subsidiary	Relating to commercial vehicle	Germany	100.00%	100.00%
Ashley Aviation Limited (from January 1, 2019)	Relating to air chartering services	India	100.00%	100.00%

Ownership interest includes joint holding and beneficial interest.

B) Composition of the Group:

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries As at March 31, 2020	As at March 31, 2019
Manufacturing of commercial vehicle	UAE	1	1
Trading in commercial vehicle	Russia*	1	1
Trading in commercial vehicle	Ivory Coast*	1	1
Trading in commercial vehicle	Nigeria	1	1
Trading in commercial vehicle	Chile	1	1
Relating to commercial vehicle	India	1	1
Relating to commercial vehicle	Germany	1	1
Relating to commercial vehicle	China*	1	1
Relating to air chartering services	India	1	1

* wholly owned step down subsidiaries

Also refer 3.1

Principal activity	Place of incorporation and operation	Number of non wholly-owned subsidiaries** As at March 31, 2020	As at March 31, 2019
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 6 step down subsidiaries

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.14 INFORMATION RELATING TO SUBSIDIARIES (contd.)

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, 2020	March 31, 2019	March 31, 2020 ₹ crores	March 31, 2019 ₹ crores	March 31, 2020 ₹ crores	March 31, 2019 ₹ crores
Hinduja Leyland Finance Limited and its subsidiary	Chennai - India	32.81%	38.16%	212.42	200.67	1,089.89	1,055.08
Individually immaterial subsidiaries with non-controlling interests				(1.48)	1.67	17.19	19.99
				210.94	**202.34**	**1,107.08**	**1,075.07**

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intra-group eliminations.

	As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
Hinduja Leyland Finance Limited and its subsidiary		
Current assets	9,182.16	7,589.18
Non-current assets	13,079.84	13,839.36
Total assets	**22,262.00**	**21,428.54**
Current liabilities	6,844.80	5,959.83
Non-current liabilities	12,095.38	12,703.82
Total liabilities	**18,940.18**	**18,663.65**
Equity attributable to owners of the Company	2,231.93	1,709.81
Non-controlling interests	1,089.89	1,055.08

	Year ended March 31, 2020 ₹ crores	Year ended March 31, 2019 ₹ crores
Revenue	3,136.41	2,712.58
Expenses (including tax)	2,809.94	2,413.23
Profit for the year	**326.47**	**299.35**
Profit attributable to owners of the Company	201.86	185.11
Profit attributable to the non-controlling interests	124.61	114.24
Profit for the year	**326.47**	**299.35**
Other Comprehensive Income attributable to owners of the Company	142.24	140.04
Other Comprehensive Income attributable to the non-controlling interests	87.81	86.43
Other Comprehensive Income for the year	**230.05**	**226.47**
Total Comprehensive Income attributable to owners of the Company	344.10	325.15
Total Comprehensive Income attributable to the non-controlling interests	212.42	200.67
Total Comprehensive Income for the year	**556.52**	**525.82**
Dividends paid to non-controlling interests	-	-
Net cash inflow / (outflow) from operating activities	1,821.15	(2,946.69)
Net cash inflow / (outflow) from investing activities	514.94	(297.92)
Net cash (outflow) / inflow from financing activities	(1,746.94)	3,356.16
Net cash inflow	**589.15**	**111.55**

3.14 INFORMATION RELATING TO SUBSIDIARIES (contd.)

D) Goodwill

	As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
Gross Goodwill at the beginning of the year	1,515.79	1,507.97
Add: Recognised during the year	-	7.82
Gross Goodwill at the end of the year	**1,515.79**	**1,515.79**
Opening accumulated impairment	400.23	400.23
Add: Impairment during the year	-	-
Closing accumulated impairment	**400.23**	**400.23**
Carrying amount of Goodwill	**1,115.56**	**1,115.56**

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, 2020 ₹ crores	As at March 31, 2019 ₹ crores
Hinduja Leyland Finance Limited and its subsidiary	426.47	426.47
Light commercial vehicle division of parent company	449.90	449.90
Albonair GmbH and its subsidiary	208.94	208.94
Others	30.25	30.25
	1,115.56	**1,115.56**

Cash-generating units to which goodwill is allocated are tested for impairment annually at each reporting date, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to that unit. The Group has used pre tax discount rate ranging from 9.3% to 30% and terminal growth rate ranging from Nil to 4% for the purpose of impairment testing based on the next five years projected cash flows. The Group believes that any reasonable further change in the key assumptions on which recoverable amount is based, would not cause the carrying amount to exceed its recoverable amount.

Also Refer Notes 1B.4 and 1C.

3.15 INFORMATION RELATING TO ASSOCIATES

Details of material associates

There are no associates which are individually material and thus, only aggregate information of associates that are not individually material is given below:

	Year ended March 31, 2020 ₹ crores	Year ended March 31, 2019 ₹ crores
Aggregate information of associates that are not individually material		
The Group's share of profit / (loss)	2.22	1.86
The Group's share of other comprehensive income / (loss)	0.56	(2.14)
The Group's share of total comprehensive income / (loss)	**2.78**	**(0.28)**

	As at March 31, 2020 ₹ crores	As at March 31, 2019 ₹ crores
Aggregate carrying amount of the Group's interests in these associates	42.34	40.47

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.16 INFORMATION RELATING TO JOINT VENTURES

Details of material joint ventures

There are no joint ventures which are individually material and thus, only aggregate information of joint ventures that are not individually material is given below:

	Year ended March 31, 2020	Year ended March 31, 2019
	₹ crores	₹ crores
Aggregate information of joint ventures that are not individually material		
The Group's share of profit / (loss)	0.67	9.42
The Group's share of other comprehensive income / (loss)	(0.88)	(0.15)
The Group's share of total comprehensive income / (loss)	**(0.21)**	**9.27**

	As at March 31, 2020	As at March 31, 2019
	₹ crores	₹ crores
Aggregate carrying amount of the Group's interests in these joint ventures	62.67	61.64

3.17 The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of information available with the Group. The amount of principal and interest outstanding is given below:

Particulars		March 31, 2020	March 31, 2019
		₹ crores	₹ crores
i)	Principal amount paid after appointed date during the year	4.82	4.44
ii)	Amount of interest due and payable for the delayed payment of Principal amount	0.02	0.08
iii)	Principal amount remaining unpaid as at year end (over due)	0.59	0.06
iv)	Principal amount remaining unpaid as at year end (not due)	12.35	13.73
v)	Interest due and payable on principal amount unpaid as at the year end	0.01	0.01
vi)	Total amount of interest accrued and unpaid as at year end	0.13	0.31
vii)	Further interest remaining due and payable for earlier years	0.10	0.22

3.18 Accounting for Long Term Foreign Currency Monetary Items

The Group has elected the option under Ind AS 101 'First-time Adoption of Indian Accounting Standards' and has continued the policy adopted for accounting of exchange differences arising from translation of long term foreign currency monetary items recognised in the consolidated financial statements upto March 31, 2016. Accordingly, exchange difference on translation or settlement of long term foreign currency monetary items at rates different from those at which they were initially recorded or as at April 1, 2007, insofar as it relates to acquisition of depreciable assets are adjusted to the cost of the assets. In other cases, such exchange differences, arising effective April 1, 2011, are accumulated in "Foreign Currency Monetary Item Translation Difference" and amortized by recognition as income or expense in each year over the balance term till settlement occurs but not beyond March 31, 2020.

Accordingly,

a) Foreign exchange loss relating to acquisition of depreciable assets, capitalised during the year ended March 31, 2020 aggregated ₹ 6.04 crores [year ended March 31, 2019: ₹ 22.66 crores].

b) Amortized net exchange difference in respect of long term monetary items relating to other than acquisition of depreciable assets,charged to the statement of profit and loss for the year ended March 31, 2020 is ₹ 24.75 crores [year ended March 31, 2019: ₹ 13.90 crores].

c) The un-amortised net exchange difference in respect of long term monetary items relating to other than acquisition of depreciable assets, is ₹ Nil as at March 31, 2020 [March 31, 2019: loss of ₹ 8.16 crores]. These amounts are reflected as part of the "Other Equity".

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.19 The Group has taken due care in concluding on accounting judgements and estimates; viz., in relation to recoverability of receivables, assessment of impairment of goodwill and intangibles, investments and inventory, based on the internal and external information available to date, while preparing the Group's consolidated financial statements as of and for the year ended March 31, 2020. The Group continues to monitor the impact of COVID-19 on the operations and take appropriate actions as and when required. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID-19 situation evolves in India and globally.

Relating to financing activities of the Group:

The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020 and May 22, 2020 and in accordance therewith, the subsidiary has proposed a moratorium of three months on the payment of all principal instalments and/ or interest to all eligible borrowers classified as standard, even if overdue as on February 29, 2020, excluding the collections made/already made in the month of March 2020, as per the RBI guidelines and approval by Board of directors of the subsidiary involved in financing activities.

3.20 The figures for the previous year have been reclassified/ regrouped wherever necessary for better understanding and comparability.

For PRICE WATERHOUSE & CO CHARTERED ACCOUNTANTS LLP
Firm Registration Number : 304026E/E-300009
Chartered Accountants

A.J. Shaikh
Partner
Membership Number : 203637
Bengaluru

For and on behalf of the Board of Directors

Dheeraj G Hinduja
Chairman
DIN : 00133410
London

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

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

N Ramanathan
Company Secretary

June 25, 2020, Chennai

FINANCIAL HIGHLIGHTS 2019-2020

Statement pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013, read with rule 5 of Companies (Accounts) Rules, 2014 in the prescribed Form AOC-1 relating to subsidiary companies.

PART "A": SUBSIDIARIES

(Statement pursuant to Section 129 (3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014)

₹ crores

S. No.	Subsidiary	Acquired on	Country of Incorporation	Reporting Period	Reporting Currency	Share Capital (including Share application money pending allotment)	Other Equity	Total Liabilities	Total Assets	Investments (except in case of investments in Subsidiaries)	Turnover	Profit / (Loss) before taxation	Tax Expenses / (Credit)	Profit / (Loss) after taxation	Other Compr. Income	Total Compr. Income	Proposed dividend-equity	% of Shareholding
1	Hinduja Leyland Finance Limited and its subsidiary	April 1, 2013	India	Apr - Mar	INR	469.75	2,852.07	18,940.18	22,262.00	630.57	3,136.41	480.08	153.61	326.47	230.05	556.52	-	67.19%
2	Global TVS Bus Body Builders Limited	December 10, 2013	India	Apr - Mar	INR	9.90	30.50	17.09	57.49	-	91.73	(0.37)	(0.12)	(0.25)	0.03	(0.22)	-	66.67%
3	Gulf Ashley Motors Limited	April 1, 2013	India	Apr - Mar	INR	29.70	(4.26)	27.31	52.75	-	483.78	(8.08)	(1.01)	(7.07)	0.15	(6.92)	-	93.15%
4	Optare PLC and its subsidiaries	April 1, 2013	UK	Apr - Mar	GBP	675.01	(737.35)	555.49	493.15	-	336.22	(138.23)	-	(138.23)	(1.28)	(139.51)	-	99.24%
5	Ashley Aviation Limited	January 1, 2019	India	Apr - Mar	INR	13.34	(18.47)	16.37	11.24	-	7.88	(3.52)	-	(3.52)	0.02	(3.50)	-	100.00%
6	Ashok Leyland (Nigeria) Limited	April 1, 2013	Nigeria	Apr - Mar	NGN	0.36	0.57	5.28	6.21	-	1.38	(0.20)	0.01	(0.21)	-	(0.21)	-	100.00%
7	Ashok Leyland (Chile) SA	April 1, 2013	Chile	Apr - Mar	CLP	3.76	(6.36)	2.86	0.26	-	-	(0.67)	-	(0.67)	-	(0.67)	-	100.00%
8	HLF Services Limited	April 1, 2013	India	Apr - Mar	INR	0.05	5.74	65.17	70.96	-	113.27	1.89	0.48	1.41	(0.04)	1.37	-	84.84%
9	Ashok Leyland (UAE) LLC and its subsidiaries	April 1, 2015	UAE	Apr - Mar	AED	96.52	(94.67)	381.56	383.41	-	770.10	(0.67)	(1.10)	0.43	1.18	1.61	-	100.00%
10	Albonair (India) Private Limited	April 1, 2013	India	Apr - Mar	INR	45.00	(16.54)	8.81	37.27	-	12.60	(2.91)	-	(2.91)	-	(2.91)	-	100.00%
11	Albonair GmbH, Germany and its subsidiary	April 1, 2013	Germany	Apr - Mar	EUR	368.08	(364.79)	279.06	282.35	-	357.08	(31.63)	-	(31.63)	2.27	(29.36)	-	100.00%

Note:

Exchange rate used in case of foreign subsidiaires, associates and joint ventures are given below:

CURRENCY	EUR	GBP	CLP	USD	NGN	AED	LKR
Closing Rate	82.77	93.50	0.09	75.67	0.21	20.60	0.40
Average Rate	78.77	90.13	0.10	70.90	0.23	19.30	0.40

Statement pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013, read with rule 5 of Companies (Accounts) Rules, 2014 in the prescribed Form AOC-1 relating to subsidiary companies.

PART "B": ASSOCIATES AND JOINT VENTURES

(Statement pursuant to Section 129 (3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014)

₹ crores

Sl. No.	Name of Associate / Joint Venture	Latest Audited Balance Sheet date	Shares held by the Parent Company on the year end			Significant influence	Reason for not consolidating	Networth	Total comprehensive income for the year	
			No.	Investment Held	Holding %				Considered in Consolidation	Not considered in Consolidation
	(A) Associates									
1	Ashok Leyland Defence Systems Limited	31-Mar-20	5,027,567	5.03	48.49%	Voting Power	Not Applicable	18.98	1.08	1.14
2	Lanka Ashok Leyland PLC	31-Mar-20	1,008,332	0.57	27.85%	Voting Power	Not Applicable	134.62	1.70	2.38
3	Mangalam Retail Services Limited	31-Mar-20	37,470	0.04	37.48%	Voting Power	Not Applicable	0.10	##	##
	(B) Joint Ventures									
1	Ashley Alteams India Limited	31-Mar-20	73,447,693	73.44	50.00%	Voting Power	Not Applicable	7.78	(9.34)	(9.34)
2	Hinduja Tech Limited	31-Mar-20	95,440,000	97.37	62.00%	Voting Power	Not Applicable	55.67	9.13	5.78
3	Ashok Leyland John Deere Construction Equipment Company Private Limited# (under liquidation)	31-Jul-18	1,727,270	1.73	50.00%	Voting Power	Not Applicable	8.04	-	0.17

The Company along with its subsidiary Gulf Ashley Motor Limited holds 50% interest.

amount is below rounding off norms adopted by the Group.

For PRICE WATERHOUSE & CO CHARTERED ACCOUNTANTS LLP
Firm Registration Number : 304026E/E-300009
Chartered Accountants

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Partner
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For and on behalf of the Board of Directors

Dheeraj G Hinduja
Chairman
DIN : 00133410
London

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

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

N Ramanathan
Company Secretary

June 25, 2020, Chennai

Aapki Jeet. Hamari Jeet.

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HINDUJA GROUP