ASHOK LEYLAND

Aapki Jeet. Hamari Jeet.

70

SUSTAINABILITY REPORT

2017-18

HINDUJA GROUP
Our brand is more than just our logo and tagline. It is a PROMISE. For a promise to be believable and credible, it is necessary that the promise be backed by a strong belief. And our promise, Aapki Jeet. Hamari Jeet, is backed by our belief in the power of Mobility. The dictionary defines Mobility as “the ability to move”. But that is perhaps the most common use of the word in today’s world. Some go a step forward and use the word to describe an entire industry, one that we are a part of.

And yet, ‘mobility’ is so much more than a word, or even an industry. To farmers, mobility is what gets their produce to the market and makes them prosperous. To traders, their success is dependent on moving their goods across the seas. To a child on a swing, it is the movement of the swing that brings joy. To a baby, it is the mother’s rocking that brings it contentment.

When you think about it this way, ‘mobility’ is what makes the world go around. Indeed, mobility is everything in life. There is a far deeper meaning to these four words — Aapki Jeet. Hamari Jeet.

We believe that the social media is one of the key digital tools redefining the market in the recent times and helps us quickly connect with our key stakeholders and vice versa. Be it the Digital Market Place or Social Media, many trucks drivers, fleet owners, channel partners and people who show interest in our business have begun to connect with Ashok Leyland’s Digital Platforms.

At Ashok Leyland, the objective behind social media brand promotion is to communicate our brand philosophy of ‘Aapki Jeet. Hamari Jeet’ to all our stakeholders by posting content that lives the brand each day. Be it stakeholder testimonials or content that communicates the benefits of our products, we ensure that our core philosophy resonates in each of our efforts and our stakeholders see value in us. While we attract talent through LinkedIn, we collaborate with our stakeholders through Facebook and further engage with them on YouTube.

This medium has today helped us solidify our storefront by targeting our customers and end users at the click of a button.

In our social media debut, we have so far reached out to over 5 million people and still counting...
OUR VISION

To be in the

Global Top 10 in M&HCV Trucks
(>7.5T GVW)

&

Global Top 5 in M&HCV Buses
(8m and above)

in volume terms.

Urmul K. Desai
MANAGING DIRECTOR
Dear friends and colleagues,

I am delighted to present our 2nd Annual Sustainability Report, for the year 2017-18 prepared in accordance with the new Global Reporting Initiative (GRI) Standards.

At Ashok Leyland, sustainability is seamlessly integrated in our business strategy that promotes long-term health of our business, society and the environment. We have an enterprise management process, but viewed through the lens of sustainability, it has propelled us to address challenges such as climate change, water availability, GHG emissions and safety compliances across our value chain.

Judging from economic angles, in 2017-18, we kept the momentum of growth in revenues and profits. Going forward, we would focus on emission and safety conformance as well as connected and shared mobility solutions and alternate propulsion options. Our Corporate Social Responsibility (CSR) initiatives were further accelerated. Our Program “Road to School”, to improve quality of education in Government Schools in remote rural areas near our plants in Tamil Nadu started in 2015 and today covers more than 150 schools with nearly 20,000 children. The program was awarded as one of the Best CSR Practices in “Support & Improvement in Quality of Education” by CMO Asia. Our employees volunteer to engage in our CSR activities through our employee outreach programme. Our people agenda is also focused on providing a safe and fun working environment towards a fulfilling career and we were featured in ET Now as among India’s finest workplaces. On the environment front, we have made steady progress in enhancing energy and water efficiency in our manufacturing processes. We undertook rejuvenation of 7 lakes and planting of 70,000 saplings in our various manufacturing locations. During the last year, our manufacturing facility in Hosur II (Tamil Nadu) was awarded the coveted Deming award for implementation of Total Quality Management (TQM). We were also awarded “Truck of the Year” for our model 3718 Plus and Bus Safety Awards for Excellence in School Transport and Public Transport for “Sunshine” and “JanBus” respectively.

I hope our collective efforts would pave way for the socio-economic sustainability of our Enterprise. I would like to thank all our valued stakeholders who share our vision of sustainable growth for their support and commitment.

Dheeraj G Hinduja
Chairman
MESSAGE FROM
THE CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

Dear friends and colleagues,

It gives me immense pleasure to release our sustainability report for the financial year 2017-18. This report has been prepared in accordance with the new Global Reporting Initiative (GRI) Standards, and verified by an independent assurance provider. The report focuses on the sustainability objectives we have achieved in the year gone by, and also how we worked towards achieving them.

The fiscal year 2017-18 was an important year for Ashok Leyland, as it marked the beginning of the 70th year of our Company. And now as we reflect back on these years, we see an organization that has shown remarkable flexibility and adaptability during the journey of over the last seven decades. We have managed to meet changing customer requirements by offering relevant and innovative products and widely expanded our reach and network to service our customers better. As part of celebration to commemorate our platinum jubilee and as part our commitment towards community, we undertook several initiatives like planting of 70,000 saplings, rejuvenation of 7 lakes, and providing 70 scholarships to the children of our driver’s community.

Over the past seven decades, our people have shown an unwavering dedication to all our values outlined. The passion, expertise and determination of every employee is evident in the results of our sustainability performance targets. Across the goals set for health, safety, environment and community, we met or exceeded the majority of the benchmarks we set for ourselves. We have also made significant contributions to the society we live in. Our “Road to School” program was awarded as one of the Best CSR Practices in “Support & Improvement in Quality of Education” at the 7th Asia Best CSR Practices Awards 2017 by CMO Asia. Recognizing our contribution towards Total Quality Management, our Hosur-II plant won the prestigious Deming Prize, awarded by the Japanese Union of Scientists and Engineers (JUSE). We became the first commercial vehicle manufacturer to receive the Deming Prize in two consecutive years. Our Pantnagar plant had received the Deming prize in 2016.

With the implementation of GST in the last fiscal, we saw a significant shift in the demand for commercial vehicles. Our manufacturing and supply chain demonstrated great agility to effectively meet this demand and as a result we grew sales across all regions and segments, and sold more than 100 thousand trucks in our domestic market, for the first time in our history.

The global market for commercial vehicles is projected to reach 29.1 Million units by 2020, driven by economic growth and increasing commercial & industrial activity ensuring the rise in logistics. The Indian market is likely to continue to see an 8-10% growth driven by expansion in road infrastructure, construction and logistics. We are investing in building capacity and capability to continue our growth momentum.

As India’s largest Bus manufacturer, we laid the foundation of our 3rd bus assembling plant in the country, at Vijayawada in Andhra Pradesh. This will ensure our readiness towards implementation of the bus body code and to meet the rising demand for ready-to-use and fully-built buses. With a vision to transform public transportation by designing, developing, and marketing a breakthrough India-specific solution that can make our city buses emission-free, cost-effective and scalable, we unveiled a unique, world-class solution to market – Circuit-S bus, India’s First Swap Battery Bus, in partnership with Sun Mobility. The Circuit-S bus bagged the ‘Innovative Electric Vehicle of the Year’ award at the Inda Smart Grid Forum (ISGF) Innovation Awards ceremony 2018.

Our environmental strategy focuses on conservation of natural resources, prevention of pollution and reduction of waste. Our endeavor is to make sustainability a way of life where all business decisions are taken in consideration of their impact on the environment and society. In addition to the return on investment.

This report aims to showcase our key sustainability initiatives, share good practices for mutual learning, and identify areas of improvement. I will be delighted to receive your valuable feedback and suggestions.

Yours Sincerely

Vinod K. Dasari
CEO & the Managing Director

The Sustainability Report
2017–18

SUSTAINABILITY POLICY

We at Ashok Leyland are committed to environmental, social and economic performance in our business towards being a sustainable organization.

Towards this, we shall

- Fulfill the organization’s compliance obligations.
- Initiate actions to protect environment in all our activities, products and services through (a) efforts to reduce, reuse, recycle and reclaim vital resources (b) sustainable resource use and (c) protection of biodiversity in our future design and manufacturing activities.
- Adopt principles of extended producer responsibility through lifecycle perspective.
- Ensure addressing environmental, social, health and safety impacts of our products and services across our entire value chain.
- Continually improve environmental, social, health and safety performance by spreading awareness and training to all our stake holders.
- Be a preferred neighbour in our community through our proactive actions.

We will continuously propagate, our sustainability policy and our commitment to climate change mitigation, to all our stake holders viz., employees, suppliers, contractors, customers and our neighbours.

Managing Director

June 2016
ASHOK LEYLAND’S ENABLERS

Quantifying our performance across the value chain

<table>
<thead>
<tr>
<th>Research &amp; Development</th>
<th>Sourcing</th>
<th>Manufacturing</th>
<th>Sales</th>
<th>After Market</th>
<th>Recycling</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction of new technologies</td>
<td>New suppliers engaged</td>
<td>20% of renewable energy used</td>
<td>Dealer network</td>
<td>Happy customers</td>
<td>Initiate LCA study</td>
</tr>
<tr>
<td>New patents</td>
<td>Suppliers assessed/trained/awarded</td>
<td>2% increase in overall emissions</td>
<td></td>
<td></td>
<td>4% recycled materials consumed</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5% reduction in fresh water consumption</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Zero waste to landfill and incinerator</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2023 VISION

Our Sustainability framework – “SEE” – is our shared vision on how we can contribute towards creating social value and make a positive difference for the customers and communities we serve.

- Provide safe & healthy workplace
- Generate skilled workforce & enable the employability
- Enhance employee involvement and family engagement
- Retain critical talent
- Enhance employee skills & competencies
- Enhance gender diversity

- Improve quality
- Affordable cost
- Timely delivery

- Enhance energy efficiency & renewable sources
- Aspire to become water neutral
- Aspire to become carbon neutral organization
- Achieve “Zero Waste to Land Fill & Incinerator”
- Create favorable ambience for flora & fauna
- Reduce wood waste generation

AWARDS & ACCOLADES

Deming Award to Hosur II Plant

Brand Of The Decade 2018
Chosen by BARC Asia, ERTC Media and Herald Global

National Energy Management Award 2017 – CII
Hosur 1 awarded in the automobile sector

Manufacturing Today - Reinventing the Future
Ennore awarded in sustainability category

BML Munjal Awards for “Business Excellence through Learning and Development”
Awarded for being the best in country in L&D in manufacturing

Marketing Excellence in Automobiles (Commercial Vehicles) World Marketing Congress 2017

State Level Energy Conservation Award
Shandur unit awarded by Maharashtra Energy Development Agency

Ranks “ in Dealer Satisfaction survey in Commercial Vehicle Category

Best CSR Practices Awards 2017
Awarded by CMO Asia
Being accountable and transparent to our stakeholders is embedded in the DNA of our organisation. In this spirit, we are pleased to publish our second Sustainability Report. The content of the report covers our performance for the reporting period FY 2017-18 aligned to our philosophy ‘AAPKI JEET HAMARI JEET’. As disclosed in our earlier Sustainability Report, this year also we put forth our performance and initiatives across the economic, environmental and social pillars of sustainability.

As an early adopter to the changing frameworks, this year we transitioned from GRI G4 guidelines to GRI Standards and this report is developed ‘In accordance with Core’ criteria. The content of the report is developed considering our business, its impacts, and the expectations and interests of our key stakeholders. The quality of information provided in this report is in line with the reporting principles of GRI standards, to enable our readers to assess our performance reasonably. We have also mapped the sustainability report to the nine principles of the National Voluntary Guidelines on Social, Environmental and Economic (NVG-SEE) responsibilities of business in India issued by the Ministry of Corporate Affairs (MCA) and complies with regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 on “Business Responsibility Reporting”. The data reported on economic performance is based on audited financial statements by the Company’s auditors.

The report boundary covers the operations in India located at Hosur (Units 1, 2 and 3), Ennore, Bhandara, Alwar, Panipagar and Vellivoyal Chavadi (VVC) and our Corporate office. This year we have also included Hinduja Foundries under reporting boundary. As on March 31, 2018 we have 23 subsidiaries, 6 associate companies and 2 joint venture companies. We intend to initiate the sustainability performance evaluation of our subsidiaries, joint ventures and supply chain partners in future as we progress towards developing the systems for making qualitative and quantitative disclosures for the identified material topics. We believe inclusive and broader engagement with various stakeholders provides valuable feedback and inputs in identifying the focus areas or material topics for an organization. For the reporting period, we identified and prioritised our key stakeholders and established a two-way dialogue with them to identify our material topics which can have a significant impact on our business and stakeholders. Each material topic has been discussed under Disclosure on Management Approach (DMA) in appropriate sections of report. Key facts and figures regarding sustainability related data for sites within the reporting scope have been disclosed as per the topics identified in the relevant sections.

The report includes forward-looking statements based on certain assumptions and management plans. In the report, these statements have been identified by words such as ‘intend’, ‘anticipate’, ‘believe’, ‘expect’, ‘project’, ‘plan’, etc., as far as possible. Should they materialise, the achievement of the projections is subject to risks and uncertainties.

We engaged DNV GL Business Assurance India Private Limited for providing independent assurance on this report. This report has been assured as per ISAE 3000 (Revised) assurance standard and the statement provided by DNV GL Business Assurance India Private Limited is included in the report. They have verified the report for a select set of economic, environmental and social performance related key indicators. Information on earnings and financial data have been taken from consolidated financial statements presented in Company’s Annual Report FY 2017-18.

We welcome your suggestions and feedback on this report.

N Ramanathan
Company Secretary
secretarial@ashokleyland.com
Ashok Leyland, a flagship of the Hinduja Group of companies was founded in 1948 and headquartered in Chennai, India. We are a public limited automobile company having our footprints across the globe with predominance in India (refer our Annual Report FY 2017-18 for complete portfolio). With an employee base of 11835 and total revenue from operations INR 2,652,451 Lakhs, we are now the 2nd largest manufacturer of Commercial Vehicles (CV) in India and globally 4th largest manufacturer of buses and 12th largest manufacturer of trucks.

Company Ownership
Since our establishment seven decades ago, we have emerged as India’s leading player in the automotive industry and are one of the country’s most esteemed business groups. Our shares are listed on the Bombay Stock Exchange (BSE) (Script no. 500477) and also on the National Stock Exchange of India (NSE) (Script name: “ASHOKLEY”). Please refer to our Annual Report for the shareholding pattern of the Company.

Our Performance
We continue to steadily grow our sales and revenues across all our business divisions. M&HCV vehicle sales grew 15.8% to 331,425 units (235,178 in domestic and 96,247 in export markets), while LCV achieved record sales of 43,441 vehicles, with a growth of 37% over the previous year.

For more information about us (e.g. our evolution, joint ventures, subsidiaries, etc.) and our group, we request our readers to refer to our website at www.ashokleyland.com and our Annual Report FY 2017-18 at www.ashokleyland.com.
Government approval for manufacture of commercial vehicles

Birth of Ashok Motors in collaboration with Austin Motor Company, England

Ashok Motors becomes Ashok Leyland

India’s first double-decker arrives

1954

1967

1978

1980

1995

2002

2010

India’s first rear-engine bus – ‘Cheetah’ introduced

India’s first 13-ton truck – ‘Tusker’ introduced

India’s first driver training facility set up at Namakkal

India’s first 13-ton truck – ‘Tusker’ introduced

India’s first Hybrid Electric Vehicle

India’s first Euro 6 compliant truck launched

India’s first Euro 6 compliant truck launched

Another innovation in alternate fuel technology - Country’s first Hybrid Electric Vehicle

Country’s first Hybrid Electric Vehicle

Country’s first Hybrid CNG Plug-in Bus

Country’s first Hybrid CNG Plug-in Bus
Product Portfolio
At Ashok Leyland, we offer a wide range of products that serves diverse customers meeting their preferences and requirements. We ensure that our products are as per current market needs and promote safety of our customers. We are progressively promoting customer safety and improving fuel efficiency through best-in-class technologies and exploring new avenues in the field of alternative fuel. Our R&D team is geared towards innovating and manufacturing vehicles that are best suited for Indian market.

Our portfolio encompasses Buses, Trucks, Light Commercial Vehicles (LCVs), Defence Mobility Solutions and Power Solutions.

Buses
We manufacture a variety of buses ranging from 38 to 80 seater, to suit different needs of our users with the following applications:

- City application buses
- Sub-urban application buses
- Inter-city application buses
- School / Staff / Tourist application buses
- Special application buses

Trucks
Our truck range spans from 2.5T to 49T GVW that caters to over 70 diverse applications from construction & mining to distribution trucks to long haulage vehicles & tractor-trailers.

Medium & Heavy Commercial Vehicles (MHCVs)
Based on applications and GVW, our products serve the following segments.

- Distribution Trucks - ICV (Intermediate Commercial Vehicle) - 10 / 12 / 15 Tons
- Long Haul Trucks
- Haulage 4x2 - 16 Tons
- Multi-axle rigid trucks - 25 Tons / 31 Tons / 37 Tons
- Tractor (Articulated trucks) - 35 Tons / 40 Tons / 49 Tons
- Construction & Mining Tippers - 16 Tons / 25 Tons / 31 Tons / 37 Tons
- Special application trucks

Light Commercial Vehicles (LCVs)
Our light vehicles are employed in a variety of applications such as intra-city and last-mile transportation of vegetables, fruits, mineral water, groceries, cold-storage products, etc. Our first product ‘DOST’ was an award winning product and various products have been added since its release. Our latest addition to the DOST family is the Dost+ which comes with the Promise of MORE. It offers best-in-class features which add More Value and help customers earn More and Prosper.

Other LCVs include: PARTNER is a next generation LCV truck which not only offers superior mileage and overall performance but also offers enhanced driver comfort. It is designed and engineered for Tomorrow. It is powered by the advance ZD30 engine – ensuring the best of both worlds; Power & Fuel Efficiency. It takes safety and comfort for its young travelers to a whole new level with its ergonomically designed interiors and well planned safety features keeping Indian roads and driving conditions in mind. It is available in 27 to 31 seater configurations.

Defence Mobility Solutions
We pioneered the design, development and manufacture of specialised defense logistics vehicles for the Indian Armed Forces. We are the key supplier of logistics vehicles to the Indian Army (70,000 stallion vehicles) and one of the largest in the world. We have since expanded into specialist vehicles like Field Artillery Tractors, Missile Carriers, Bridge launchers, 6x6 and 8x8 high mobility vehicles, Armoured vehicles and Repowering of BMPs and Tanks.

Power Solution
Our Power Solution Business offers a wide range of engines & solutions for power generation, various earth moving & construction equipment, agricultural harvester combines and marine applications. The engine capacity ranges from 2 cylinder to 6 cylinder with displacement of 1.5 liters to 8 liters complying with the CPCB & CEV emission norms and are future ready. We continue to emphasize our focus on improving value proposition to customers through application based product packaging & service solutions through key equipment manufacturers, to improve customer satisfaction.

List of Memberships and Associations
We actively participate with the following associations that are working to formulate policies and regulations for improvement of the triple bottom line performance.

- Confederation of Indian Industry (CII)
- Society of Indian Automobile Manufacturers (SIAM)
- Indo-Japan Chamber of Commerce
- Madras Productivity Council
- Madras Chamber of Commerce
- Confederation of Indian Industry & ASSOCHAM

Through our long standing association with SIAM and CII and of late with FICCI and AISIOMAM we have extensively promoted many issues faced by auto industry specially on improvement of infrastructure on transportation & road safety across the country, issues pertaining to skill development and the aspects related to Electric Vehicles.
Governance practices at Ashok Leyland are aimed at regulating and guiding us in doing what is right for our stakeholders, underpinned by our values of integrity, transparency and ownership.

The governance structure of Ashok Leyland is led by the Board of Directors and Management. At Ashok Leyland, The Management is a high level Team that actively governs and participates in the daily supervision, planning and administrative processes. The composition of the Board of Directors of Ashok Leyland is governed by the relevant provisions of the Companies Act, 2013, the Rules made thereunder, and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 (SEBI Listing Regulation, 2015) relating to Corporate Governance. Our Board has an optimum combination of independent and non-independent directors.

The responsibilities of the Board include overseeing the functioning of the Company, monitoring legal, statutory compliance, internal controls and management of risks on the basis of information provided to it. The Board is also responsible for approving the strategic direction, plans and priorities for the Company, monitoring corporate performance against strategic business plans, including overseeing operating results on a regular basis.

The role of our Board of Directors is to deliver effective leadership and oversight to the Management so that it provides enduring sustainable value, is fully compliant with extant laws and regulations, and consistently functions in an ethical and efficient manner. These practices ensure that Ashok Leyland meets the organizational goals, while contributing to stability and equity in society. Ashok Leyland’s philosophy on Corporate Governance is about intellectual honesty whereby the governance is not just about encompassing regulatory and legal requirements but also strives to enhance stakeholders’ value as a whole. The Board of Directors and the management of Ashok Leyland are committed to the enhancement of shareholder value through:

- sound business decisions, prudent financial management and high standards of ethics throughout the organization
- ensuring transparency and professionalism in all decisions and transactions
- achieving excellence in governance by conforming to and exceeding wherever possible, the prevalent mandatory guidelines on Governance Appointment, Evaluation and Remuneration of the Board

The Nomination and Remuneration Committee of the Board reviews the structure, size, composition, diversity of the Board, evaluation of existing skills, outline gaps and provide the required recommendations to the Board.

During the year, the Board adopted a formal mechanism for evaluating the performance of its Committees, Independent Directors and Non-Independent Directors including Chairman of the Board. A controlled questionnaire was prepared after taking into consideration inter-alia the inputs received from the Directors. The questionnaire covered various aspects of the Board’s functioning such as strategic alignment and direction, engagement, composition and structure, ethical leadership, support to the Board, Committees evaluation and self-evaluation, etc.

Our compensation policy aims to attract, retain and motivate professionals in order to accomplish our strategic objectives and develop a strong performance culture in the competitive state-of-affairs in which we operate.
Committees of the Board
Our Board has constituted various committees with explicit charter to maintain effective focus on the issues and accelerate appropriate resolution of the same. The committees operate as authorized representatives of the Board as per the Charter and the actions are reviewed periodically. The Committees take decisions by circular resolutions when required, which are noted at their next meetings. The Board Committees include Audit Committee, Nomination and Remuneration Committee, Stakeholders’ Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee, Technology Committee and Investment Committee.

Audit Committee
Our Board has constituted an independent Audit Committee that adheres to Regulation 18 of SEBI Listing Regulations and Section 178 of the Companies Act, 2013 (Act) which acts as a link between the management, external and internal auditors and the Board of Directors of Ashok Leyland. The Committee is responsible for supervising the Company’s financial reporting process and providing guidance to the audit function. It is also accountable for monitoring the scope and ensuring the quality of internal and statutory audits.

Nomination and Remuneration Committee
Our Nomination and Remuneration Committee adheres to Regulation 19 of SEBI Listing Regulations and Section 178 of the Act. This committee is responsible for formulation of policies on remuneration and board diversity and for formulating criteria for evaluation of Directors and the Board.

Risk Management Committee
We have constituted a Stakeholders’ Relationship Committee that abides by Regulation 20 of SEBI Listing Regulations and Section 178 of the Act. The major function of this committee is to receive and redress the grievances of the security holders. It is also responsible for reviewing the manner and timelines of dealing with the complaint letters received from Stock Exchanges/SEBI/ Ministry of Corporate Affairs etc., and the responses thereto.

Corporate Social Responsibility Committee
We have constituted a Corporate Social Responsibility Committee which is in line with the provisions of Section 135 of the Act read with Companies (Corporate Social Responsibility) Rules, 2014.

Risk Management
Ashok Leyland being a company with an aspiration to pioneer in world-class technology, we have constituted the Technology Committee. The Technology Committee considers and approves key decisions with regard to product planning and choice of technology thereof, and help prepare the Company to be in step with or ahead of emerging global product and technology trends.

Technology Committee
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Corporate Social Responsibility Committee
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Audience Pattern as on 31st March 2018

<table>
<thead>
<tr>
<th>Category</th>
<th>Shares</th>
<th>Percentage</th>
<th>No. of Holders</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoters</td>
<td>1500660261</td>
<td>51.27</td>
<td>5</td>
<td>0.00</td>
</tr>
<tr>
<td>Resident Individuals / Assoc. Of Person</td>
<td>264877325</td>
<td>9.05</td>
<td>482988</td>
<td>97.77</td>
</tr>
<tr>
<td>SEBI / Unclaimed</td>
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<td>0.12</td>
<td>2</td>
<td>0.00</td>
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<tr>
<td>Clearing Members</td>
<td>6707414</td>
<td>0.23</td>
<td>341</td>
<td>0.07</td>
</tr>
<tr>
<td>Financial Institution/Insurance Co. / State Govt./Govt. Companies</td>
<td>106659527</td>
<td>3.64</td>
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<tr>
<td>Foreign Institutional Investors</td>
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<td>Foreign Portfolio Investors</td>
<td>73688161</td>
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<td>1.55</td>
</tr>
<tr>
<td>Foreign / Bank - Foreign / Foreign National</td>
<td>6302028</td>
<td>2.15</td>
<td>2228</td>
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<tr>
<td>Mutual Funds</td>
<td>191988809</td>
<td>6.55</td>
<td>138</td>
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<tr>
<td>Trusts</td>
<td>8929478</td>
<td>0.29</td>
<td>51</td>
<td>0.01</td>
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<tr>
<td>Banks</td>
<td>391813</td>
<td>0.01</td>
<td>31</td>
<td>0.01</td>
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<tr>
<td>Mutual Investment Fund</td>
<td>4847752</td>
<td>0.16</td>
<td>4</td>
<td>0.00</td>
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<tr>
<td>Others - GIC A/C</td>
<td>15081900</td>
<td>0.79</td>
<td>2</td>
<td>0.00</td>
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<tr>
<td>Grand Total</td>
<td>25277401</td>
<td>100.00</td>
<td>493984</td>
<td>100.00</td>
</tr>
</tbody>
</table>
and the circumstances under which the shareholders of the Company may or may not expect dividend and how the retained earnings shall be utilized, etc. 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.

Related Party Transactions Policy:
The objective of this Policy is to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and its Related Parties in accordance with applicable laws.

Corporate Social Responsibility (CSR) Policy:
The CSR policy outlines the activities to be undertaken by the company as determined by the CSR Committee and approved by the Board of Directors, excluding the activities which are undertaken in pursuance to normal course of business of the company.

Material Subsidiary Policy:
The Policy on Material Subsidiaries intends to ensure governance of material subsidiaries by complying with the Directorship requirements, review of financial statements, bringing to the attention of the Board about certain transactions or arrangements, rules regarding disinvestment of shares held by the Company and restrictions on selling or disposing or leasing of assets of such subsidiaries by the Company.

Archival Policy:
The policy on archiving of documents plays a vital role in completing the Information Management Life Cycle of the Company. The major purpose of this Policy is to establish a systematic basis for archiving which will result in cost-effective, efficient and reliable archive management within the organization.

Information Security:
Information and related technology are vital assets for your organization. At Ashok Leyland, we guard our information assets from threats, both internal and external, through the adoption of best practices in Information Security, and by building a culture of Information Security awareness. This has enabled us to minimize risks from cyberattacks and other security threats. We have adopted the ISO 27001 Information Security Standard for the Information Security Management System (ISMS) to protect critical information assets, and the company has successfully renewed the ISO 27001:2013 certification for the current year.

We have 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.

Policy on Disclosure of Material Events or Information:
The objective of this Policy is to determine the events and information which, in the opinion of the Board of Directors of the Company, are considered material and need to be disclosed to the Stock Exchanges within the time limit as prescribed in this policy, thereby ensuring a timely and balanced disclosure of all material events concerning the Company.

The e-training modules on our code of conduct is available on the Intranet. Our Board, management and employees have access to the same. Upon completion of the training, each one of our employees formally acknowledge their compliance with the Code on an annual basis.

We have in place forums to report any violations or suspected violations of the Code, and other organizational policies, or any other illegal or unethical behavior. Every reported case is taken seriously and investigated as appropriate. Employees can also ask questions related to business conduct and policies matters through a dedicated email address and through other avenues.
STAKEHOLDER ENGAGEMENT

We understand the fact that not all the stakeholders have a direct business engagement with us but they are significant in the broader sustainability context of our Company and the regions we operate in. Our stakeholders play an essential role in our continued success. Over the years we have developed and nurtured fruitful partnerships based on mutual trust and ethics with our stakeholders. We engage with a diverse set of stakeholders that include; Shareholders, Employees, Suppliers, Customers, Regulatory Bodies, Dealer and Service Provider and the Community to foster dialogue, build trust and thereby ensure business sustainability. Our stakeholder’s satisfaction - associated thereby ensure business sustainability. Our stakeholder’s satisfaction - associated with us directly or indirectly, is of top priority and we value their concerns.

We proactively engage with stakeholders formally and informally to share information, discuss the company’s sustainability priorities, programs and performance and determine opportunities to collaborate towards common goals. Stakeholders’ views, concerns and key expectations have been elemental in shaping this report and to calibrating our strategy going forward.

This process helps us identify stakeholder expectations and to design our sustainability strategy balancing the different stakeholder needs and expectations.

We are constantly expanding our proactive engagement with our stakeholder groups. Recognising that stakeholder engagement is an integral part of partnership building, we aim to institutionalise this structured approach through a formal process in the future.

Materiality Assessment

We have reviewed our earlier conducted materiality assessment to assess its relevance and adequacy to our current business scenario. Going forward, we aim to expand the materiality assessment to include the sustainable practices of our subsidiaries, so as to identify potential opportunities and create long-term benefits for the Company and stakeholders. We believe that the insights of our stakeholders will help us in prioritizing our strategy, policies and action plans in the areas triple bottom-line.

We adopted the following process for materiality assessment:

- A comprehensive list of material aspects was developed through an

<table>
<thead>
<tr>
<th>Stakeholder group</th>
<th>Mode of engagement</th>
<th>Frequency of engagement</th>
<th>Key expectations</th>
<th>Feedback assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>• Monthly and quarterly meet</td>
<td>Monthly, Quarterly, Annually and Need basis</td>
<td>• Future development</td>
<td>• Employee engagement Survey</td>
</tr>
<tr>
<td></td>
<td>• Personal review and visits</td>
<td></td>
<td>• Plant safety</td>
<td>• Annual appraisal</td>
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<td></td>
<td>• Surveys</td>
<td></td>
<td>• Skill management</td>
<td>• Chairman’s award</td>
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<td></td>
<td>• Trainings</td>
<td></td>
<td>• Employee safety</td>
<td>• MD’s townhall meetings</td>
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<td></td>
<td>• Annual day</td>
<td></td>
<td>• Knowledge management</td>
<td>Improvement competition</td>
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<td>• Events</td>
<td></td>
<td>• Fair Remuneration</td>
<td></td>
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<tr>
<td>Suppliers</td>
<td>• Suppliers meet</td>
<td>Monthly, Quarterly, Annually and Need basis</td>
<td>• Long term business commitments</td>
<td>• Vendor summit</td>
</tr>
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<td></td>
<td>• Tech days</td>
<td></td>
<td>• Economic scenario with respect to commercial vehicle industry</td>
<td>• Workshops</td>
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<td></td>
<td>• Mutual visits</td>
<td></td>
<td>• Scheduling</td>
<td>• Strategic supplier meet</td>
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<td></td>
<td>• Monthly meetings with leadership</td>
<td></td>
<td>• Honouring payment</td>
<td></td>
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<td></td>
<td>• Events</td>
<td></td>
<td>• Supplier Development</td>
<td></td>
</tr>
<tr>
<td>Customers (Institutional and Retail)</td>
<td>• Events</td>
<td>Need basis, Periodically</td>
<td>• Delivery, Technical Communication</td>
<td>• Customer satisfaction survey</td>
</tr>
<tr>
<td></td>
<td>• Survey</td>
<td></td>
<td>• Aftersales service</td>
<td></td>
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<tr>
<td></td>
<td>• Ashok Leyland initiatives</td>
<td></td>
<td>• Quality of Service</td>
<td></td>
</tr>
<tr>
<td>Government and Regulatory authorities</td>
<td>• One to one meetings</td>
<td>Periodically and Need basis</td>
<td>• Compliance</td>
<td>• Compliance Reports</td>
</tr>
<tr>
<td></td>
<td>• Events and conferences</td>
<td></td>
<td>• Tax Payment</td>
<td></td>
</tr>
<tr>
<td>Dealers and Service Providers</td>
<td>• Events</td>
<td>Weekly, Need basis, Annually</td>
<td>• Changing external environment</td>
<td>• Annual conference</td>
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<tr>
<td></td>
<td>• Dealer panel engagement</td>
<td></td>
<td>• Technological advancement</td>
<td>• Field visit</td>
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<tr>
<td></td>
<td>• Events</td>
<td></td>
<td>• Product-reliability</td>
<td></td>
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<tr>
<td>Community</td>
<td>• Community events</td>
<td>Periodically</td>
<td>• Skill Development</td>
<td>• Field visit</td>
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<tr>
<td></td>
<td>• Public hearing</td>
<td></td>
<td>• Community development</td>
<td>• Community survey and feedback</td>
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<td></td>
<td>• CSR activities</td>
<td></td>
<td>• Societal concerns</td>
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</tbody>
</table>
extensive research on current topics important for automotive sector, material topics reported by us earlier, material topics reported by global peers and the ones identified by GRI in its publication on sector specific material topics;

- We conducted the stakeholder engagement process by collecting the inputs through questionnaires and focused interactions;
- We also sought inputs from senior management on sustainability topics which are significant to our business;
- Following our discussions, the material issues were then reviewed and finalised by the sustainability core team.

This report reflects the material topics which have significant economic, environmental and social impact that can substantially influence the assessment and decisions of our stakeholders. In our current sustainability report we have disclosed on all the material topics.

<table>
<thead>
<tr>
<th>Material Topics</th>
<th>Where does the impact occur (Internal / External / Internal and External)</th>
<th>Coverage of the topic</th>
<th>Our involvement with the impact</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ECONOMIC</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business growth and profitability</td>
<td>Internal</td>
<td>Driving Value</td>
<td>Direct Impact</td>
</tr>
<tr>
<td>R&amp;D and innovation for fuel efficient products</td>
<td>Internal</td>
<td>Product Innovation</td>
<td>Direct Impact</td>
</tr>
<tr>
<td>Procurement - sourcing strategy and policy</td>
<td>Internal and external</td>
<td>Sustaining our Supply Chain</td>
<td>Direct Impact</td>
</tr>
<tr>
<td><strong>ENVIRONMENTAL</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy efficiency</td>
<td>Internal and external</td>
<td>Conserving Nature</td>
<td>Direct Impact</td>
</tr>
<tr>
<td>Water stewardship</td>
<td>Internal and external</td>
<td>Conserving Nature</td>
<td>Direct Impact</td>
</tr>
<tr>
<td>Air emissions (including GHG emissions)</td>
<td>Internal and external</td>
<td>Conserving Nature</td>
<td>Direct Impact</td>
</tr>
<tr>
<td>Biodiversity</td>
<td>Internal and external</td>
<td>Conserving Nature</td>
<td>Direct Impact</td>
</tr>
<tr>
<td>Waste management and effluents</td>
<td>Internal and external</td>
<td>Conserving Nature</td>
<td>Direct Impact</td>
</tr>
<tr>
<td>Resource optimization</td>
<td>Internal and external</td>
<td>Conserving Nature</td>
<td>Direct Impact</td>
</tr>
<tr>
<td><strong>SOCIAL</strong></td>
<td></td>
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<tr>
<td>Product life cycle (end of life management)</td>
<td>Internal</td>
<td>Product Innovation</td>
<td>Indirect Impact</td>
</tr>
<tr>
<td>Product safety and quality</td>
<td>Internal and external</td>
<td>Product Innovation</td>
<td>Direct Impact</td>
</tr>
<tr>
<td>Recruitment and talent retention</td>
<td>Internal</td>
<td>Calibrating Potential</td>
<td>Direct Impact</td>
</tr>
<tr>
<td>Human rights in supply chain</td>
<td>Internal and external</td>
<td>Sustaining our Supply Chain</td>
<td>Indirect Impact</td>
</tr>
<tr>
<td>Occupational health and safety</td>
<td>Internal</td>
<td>Calibrating Potential</td>
<td>Direct Impact</td>
</tr>
<tr>
<td>Customer relationships and satisfaction</td>
<td>Internal and external</td>
<td>Customer Delight</td>
<td>Direct Impact</td>
</tr>
<tr>
<td>Labour management relationship (Freedom of association &amp; collective bargaining)</td>
<td>Internal</td>
<td>Calibrating Potential</td>
<td>Direct Impact</td>
</tr>
<tr>
<td>Inclusive growth</td>
<td>Internal and external</td>
<td>Creating Opportunities, Transforming Lives</td>
<td>Indirect Impact</td>
</tr>
<tr>
<td>Supply chain sustainability</td>
<td>Internal and external</td>
<td>Sustaining our Supply Chain</td>
<td>Direct Impact</td>
</tr>
<tr>
<td>Training and education</td>
<td>Internal and external</td>
<td>Calibrating Potential</td>
<td>Direct Impact</td>
</tr>
<tr>
<td>Road safety</td>
<td>External</td>
<td>Creating Opportunities, Transforming Lives</td>
<td>Indirect Impact</td>
</tr>
<tr>
<td>Cyber Security</td>
<td>External</td>
<td>Customer Delight</td>
<td>Indirect Impact</td>
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<tr>
<td><strong>OVERALL</strong></td>
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<tr>
<td>Regulatory compliance</td>
<td>Internal and External</td>
<td>Conserving Nature, Calibrating Potential</td>
<td>Direct Impact</td>
</tr>
<tr>
<td>Grievance mechanism</td>
<td>Internal and external</td>
<td>Conserving Nature, Calibrating Potential, Creating Opportunities, Transforming Lives</td>
<td>Direct Impact</td>
</tr>
</tbody>
</table>

Community Engagement
Creating Opportunity, Transforming Lives

Community care is not just corporate responsibility for us. We have been transforming it into an ecosystem for ourselves that creates synergistic opportunities. While we are empowering the community by providing the right skills, knowledge and tools, they in turn become a very good external support system for our business. Today, many of the community members trained by us are our suppliers, workers, mechanics or into public services. Through our need based interventions, we aim to bring a positive change that works towards elimination of illiteracy and poverty, educating people to become capable and self-sufficient and elevating lifestyles and health standards.

We believe that we have a moral responsibility to make a positive contribution to the development of communities and regions where we operate. Our founders firmly believed that the rural communities could be lifted out of paucity through education, health care and stable, decent employment opportunities. Our CSR wing was established in 2015 with the vision of creating self-reliant communities that would be models for empowerment and sustainable development in rural areas. Our CSR wing closely works on the development of rural communities in five focus areas viz; Education, Health, Infrastructure and Road Safety. Apart from the programs grouped under our focus areas, we also undertake various other projects on a need basis. In this view, we conduct various programmes with innovative solutions to address socio-economic community issues. In order to leverage our social responsibility initiatives we have tried to increase our community volunteering in this reporting year.

The key approach of the Company is to develop scalable, sustainable and impactful social initiatives in a partnership manner.

Education

Education plays an important role in reform as it is fundamental to a nation’s growth and development. We are of the belief that education prepares children for better future prospects and enables them to participate actively in citizenship. Our educational interventions focus on providing quality education for all from children to adults. We have a holistic approach to education which includes providing coaching classes for students facing learning difficulties, career counselling and scholarships for students seeking higher education, along with vocational training to enable youth to be self-employed. We have collaborated with development partners from public and private sector to upgrade the educational infrastructure.

Road to School

One of our most widespread programmes is the Road to School programme started in the year 2015. Currently we have a total of 19,500 students enrolled under the programme covering 150 schools. The objective of this programme is to improve the access to quality education and health of students. We have implemented this programme across ten blocks surrounding our plants in Chennai, Hosur and Namakkal: (a) Purush, Minjur in Chennai, (b) Anchetty, Shoolagiri, Nachrapalamayam and Thaggatty in Hosur and (c) Namakkal, Mohuran, Ennampatty also conduct remedial support classes for differently abled students to ensure their learning levels are continuously improving.

We also ensure that the impacts of our programme are constantly improving by scheduling management review visits by senior officials to the schools. The officials interact with the children on various topics and cross check their learning levels, in addition to end-line assessments at the end of academic year. Following are the highlights of the key outcomes of the initiative:

- As part of the project implementation, overall learning improvement increased by 28% in Tamil and 32% in Mathematics covering all the areas of Hosur, Chennai and Namakkal, in comparison to the baseline assessments conducted in July, 2017.
- 130 children, who had previously dropped out from school, were brought back to attend routine classes in Hosur and Chennai.
- 76 Students of 8th standard have passed the National Merit cum Means Scholarship Exam in Hosur, Chennai and Namakkal areas, conducted by Ministry of HED. These students are eligible to receive scholarships at INR 500 per month from their 8th standard to 12th standard.
- 382 Prizes were won by our RTS School students on various competitions conducted by Tamil Nadu Govt.
- In Hosur, a surgery was facilitated for a student with a back tumor. Additionally, in specific cases ENT treatments, neurology treatments, dermatology treatments, cardiac check-ups, surgeries for tonsils/tonsillitis, cataract were conducted.
- Dental camps and dental treatment benefited 4300 students from the block areas surrounding Chennai.
- We also provided first aid kits to 70 Schools in Hosur and 36 schools in Chennai, prescription glasses to 4 surgeries were performed covering ENT and Ortho ailments.

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The Sustainability Report 2017–18

• In Chennai, 3 Schools buildings were painted and roof tiles were replaced in 2 schools.

This also ensured reduction in the water borne disease among the students which therefore also resulted in a decreased absenteeism rate.

We also conducted structured sports programme in 106 schools of Hosur and Chennai covering 14,500 children, in collaboration with SV EduSports Private Limited.

Driver Care
We at Ashok Leyland, believe in providing access to quality education and a myriad of opportunities to students. We have implemented a scholarship programme called ‘All the Best’ in association with the TVS dealer in Tamil Nadu.

The objective of the programme is to encourage the children’s children to pursue education. With our help, a total of 175 students were awarded scholarships to attend school and continue their education until graduation in the reporting year. We intend to award 175 scholarships every year.

The program has helped the children to attend school and continue their education and those who left education due to family constraints have given a fresh start to their education. This has improved the overall literacy rate of the areas we work in.

Infrastructure
Community Development Scheme
We have focused on improving rural infrastructure by renovating primary health centers, hospitals and schools, construction and repair of public buildings, drilling public bore wells, establishing bus shelters, putting up streetlights around our manufacturing facilities. The community identifies development priorities, discusses solutions to problems and helps to implement them. This empowers people to become the catalyst of change in their communities. As a result, it will take responsibility to fund, implement and maintain infrastructure, leading to long term development gain.

Health
We believe access to quality healthcare for all is one of the basic necessities. However, too many people still lack access to basic services such as clean drinking water and sanitation.

We have been working in collaboration with state health departments to provide quality, preventive healthcare service that are affordable for everyone. Our interventions to improve rural health care included conducting periodic health camps, renovation of health centers, establishing new sub centers, conducting cleanliness drives in the villages, organising municipal services and built toilets to improve cleanliness and sanitation in the villages.

We provide awareness on diseases like HIV/AIDS, tuberculosis, sexually transmitted infection and cancer via our project Arogya Health Centre. We have received appreciation, awards from Aaradhana social welfare. We are carrying out the activities in association with Hosur Jaycees charitable trust, a local NGO. In the reporting year, we conducted 39 medical camps covering 4798 beneficiaries in villages to screen patients for various diseases. We also organised over 850 Sessions on Health and Hygiene and over 20 community events on preventive health.

HIV Awareness and Nutrition Programme
Arogya Health Centre sponsored nutrition to HIV positive children under the age of 15 years. We recognise the challenges faced by people living with HIV/AIDS. Maintaining proper nutrition is vital to improve the immunity systems and help manage HIV symptoms and complications. We provide nutrition such as grains, pulses, ground nuts, jaggery and dates to children.

We also conduct HIV/AIDS awareness programmes to sensitize the community to prevent the spread of the disease and to empower people living with the disease to live with dignity and conduct Community Health Camps with free medicines. During the reporting year, 42,120 were benefitted out of the Community Health Camps. We also supported the World Aids Day programme in association with the Government and various NGOs. The programme has increased awareness of safe practices to prevent HIV infection, resulting in people being more careful, helped people become aware of the levels of care and treatment required by a HIV patient and has also helped the infected individuals understand how to live with HIV/AIDS and make a positive contribution towards society.

Road Safety Awareness
We conducted road safety awareness campaigns at three locations around the Alwar plant at Government ITI Rajgarh, Government Primary School Deran Ka Baas and Ashok Leyland circle. As a part of this campaign we engaged persons in road safety pledges, distributed informative pamphlets on the dangers of traffic and safe practices. We also presented safety awareness videos to inform participants of the safe behavior and choices in relation to road safety.

Environment
To promote environmental conservation, we have taken initiatives to protect natural resources and the environment by encouraging the practice of water conservation, improved living environment by adopting regular cleaning services, ecological waste management and modern sanitation. We have played a major role in water conservation by introducing lake rejuvenation projects that increased levels of ground water for irrigation. In addition to this, special efforts were made to control water pollution in lakes.

Lake Rejuvenation
Kumudepalli Lake Rejuvenation
With the objective of preserving the lake and surrounding areas from pollution and land encroachment, Ashok Leyland took up the challenge to make this area safe and beautiful for Community. We had taken up the rejuvenation of the lake in December 2017. Initially there were bushes along the roadside adjacent to the lake and the lake was used as a waste dumping and burning area. Weeds had blocked the water surface making the survival of the lake very difficult. Local government school children were also using the pathway to commute despite being unsafe, especially after sunset.

Within three months, the lake and its surrounding areas were transformed and was made an integral part of the local community and ecosystem. The vast expanse of 4.5 Hectares of land area-water with a storage capacity of 60,000 KL is now clean and self-sustaining. The lake stores water from the rains and PWD Irrigation Canal. It is used for irrigation, fishing and domestic purposes. In this water scarce area, survival of this lake is essential for the local population.

Now, with requisite government permissions, the lake is free of weed and domestic waste. It has been desilted and formation of the island is also complete. A cross-over bridge has been constructed and shore-side has been stone pitched. A new 400 metre pathway is now in place with three feet high steel fencing and physical barrier for safety of school children using lakeis catchway.

The rejuvenated Kumudepalli Lake in Hosur was handed over to the residents
Kattur Lake
Kattur lake is situated around 15kms from Minjur, located in the north of Chennai. The total lake area is approximately 350 acres with a holding capacity of 1 tmc. The locals faced challenges with regards to availability of water for their crop cultivation and other purposes because of the silt formation in the lake. Silt is the residue of plants and waste material including plastics. We undertook the work of desilting one portion of the lake on pilot basis to understand the impact it can create.

Our desilting work has increased the groundwater levels and has also helped the soil recover its fertility, leading to benefit the local farming community. The desilting process also helped increasing the holding capacity is improved by 60000 cubic feet. Desilting and deepening work also mitigates the chances of flooding as the carrying capacity of the water increases, the incidences of flood also reduce. We aim to quantify the impact in the next reporting cycle.

Hosur Lake salvages its lost glory after clean-up
SANJEEVI ANANDAN | DC KREISHAGIRI, MARCH 23
It is happy news for the residents in Kumudapalli village in Hosur of Krishnagiri district, as their lake has got a fresh lease of life thanks to the restoration work completed recently.

This lake, named after the village where that exists, has an extent of over six acres with a storage capacity of one tmc. Now, after the siltation of water has been removed, water received from the monsoon and rain water canals connected to the lake. Earlier, water could not be stored because the water body was filled with the soil and filth, leaving no space for the lake to retain the water received during the monsoon.

Other issues affecting it were the polluted water let into the lake, dumping of wastes and weeds that encroached the water surface, making survival of the lake impossible. It was also unsafe for children who used it as a pathway to reach the government school and back home.

Now, the lake has been given its glory due to the restoration works done by a private company as part of its corporate social responsibility (CSR) programmes for the year 2017.

The company has desilted, cleaned and restored the precious water body. A 400-meter pathway with three feet high metal fencing has been constructed by the company for the safety and protection for children strolling along.
Suppliers are an integral part of our business. They are the key drivers of the development, production and reliability of our vehicles, helping us to meet our customer’s expectations for the product availability, affordability and most importantly quality. In the similar way, we also realise that we play an equally important role in their business and that our success is a shared proposition.

Our supplier network works towards providing fast, flexible solutions across the manufacturing and supply chain spectrum and deliver user safe vehicles. We understand that with the diverse portfolio of our business, the accomplishment of our vision of sustainable development has to take into account the environmental and social impact within our supply chain. This helps us ensure the competitiveness through a balance between creation of long term social & environmental value and the economic viability of the businesses.

Our supplier on boarding process includes detailed audit wherein suppliers are rated based on the process and systems for their quality, cost, logistics, development and category specific capabilities such as sheet metal, casting, forging, etc to emerge as a potential supplier for Ashok Leyland. Our supplier selection includes following criteria:

<table>
<thead>
<tr>
<th>Product Development</th>
<th>Parts, Aggregates, Raw Materials</th>
<th>Manufacturing</th>
<th>Sales &amp; Distribution</th>
<th>After Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inhouse design of vehicle, aggregate and integration</td>
<td>94% of our suppliers are local</td>
<td>Manufacturing includes press, weld, paint, aggregate manufacture, assemble</td>
<td>Customer touch points across India</td>
<td>Service - dealers and Ashok Leyland authorized workshops</td>
</tr>
</tbody>
</table>

We are in the process to develop a Sustainable Procurement Framework in collaboration with our suppliers to ensure the delivery of high-quality and efficient vehicles to our end customers.

During the reporting period 75 suppliers were evaluated on the above criteria. As part of the annual supply chain audit process, 16 local suppliers considered to be among the most material, were audited in 2017-18. No existing negative impacts on society, including Human Rights violations, or on the environment were found during these audits. We believe in developing local markets and contributing in their economic growth and thus 98% by value of materials used in the manufacturing plants are sourced locally. Our future plans for our supply chain include eliminating and minimising usage of packaging material like wood, plastics and cartons.

Supplier Capability Recognition

To encourage collaboration and greater alignment between our suppliers and us we initiated ‘SupplierSamrat’. A program introduced to recognize the suppliers with high standards of process capability. The suppliers are assessed based on the following aspects:

1. problem solving capability
2. structured methodology and problem solving tools used

Supplier Engagement Initiatives

We believe that engaging with our suppliers helps in building trusting relationships with them and recognising our suppliers’ efforts help us in motivating them to improve their performance. Our various supply chain relationship initiatives are as below.

Supplier Relationship Management

At Ashok Leyland, we believe that recognizing our supplier's efforts help us in motivating them to improve their performance. Our various supply chain relationship initiatives include “A Panel & B Panel Meetings”, biannual “Strategic Partners Meet” and “Annual Supplier Summit”.

At Ashok Leyland, we ensure that payments to all our Micro, Small and Medium Enterprises (MSME) are done within the stipulated days as per the legal standards. During the year, there have been no instances of violation of any legal requirements and no penalty was imposed in regards to payments.

Supplier Capability Recognition

To encourage collaboration and greater alignment between our suppliers and us we initiated ‘SupplierSamrat’. A program introduced to recognize the suppliers with high standards of process capability. The suppliers are assessed based on the following aspects:

1. problem solving capability
2. structured methodology and problem solving tools used

Award Categories

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of Winning Suppliers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality Performance</td>
<td>4</td>
</tr>
<tr>
<td>Cost Competitiveness</td>
<td>2</td>
</tr>
<tr>
<td>Delivery performance</td>
<td>4</td>
</tr>
<tr>
<td>New Product development capability</td>
<td>2</td>
</tr>
<tr>
<td>Reliability</td>
<td>2</td>
</tr>
<tr>
<td>Business Alignment</td>
<td>8</td>
</tr>
<tr>
<td>After Market Support</td>
<td>2</td>
</tr>
<tr>
<td>Best Debutant</td>
<td>2</td>
</tr>
<tr>
<td>Supplier Samrat</td>
<td>7</td>
</tr>
</tbody>
</table>

Supplier Samrat

Key Highlights of the Program:

1. Pan India competition
2. 150+ suppliers participated
3. 12 REGIONAL SAMRAT winners
4. 1 NATIONAL SAMRAT winners & runner ups

The aim of “Spark Link” program is to improve supplier capability at rubber hose suppliers to prevent field issues.

The key focus of this program is to identify and implement mistake proofing facilities in supplier’s assembly line.

Suppliers of Ashok Leyland are at the forefront of innovation that is led by strategic decision making. We have a robust supply chain management, ensuring that we have the best in class components and systems that we can then incorporate into our vehicles to deliver world-class performance. Ashok Leyland has been a leader in the automotive industry in India and is committed to deliver the highest levels of quality to our customers.

Monthly review of action plan based on gap analysis of supplier capability by external experts is conducted, location-wise supplier cluster is formed and monthly review of a cluster at one supplier location is carried out to enable cross learning & horizontal deployment of good practices.

SUSTAINING OUR SUPPLY CHAIN

Environmental Management

Occupational & Health Safety

Labour Conditions

Legal Compliance

Process Capability

There is a threshold score for each of the aforementioned and an overall score to qualify as a potential supplier for Ashok Leyland.

SAFETY

At Ashok Leyland, safety is our top priority. We believe in providing a safe working environment for our employees and customers. We have implemented various safety measures to ensure the safety of our workforce.

Compliance

Legal

Environmental

Supplier Engagement Initiatives

Corporate Social Activities

At Ashok Leyland, we believe that engaging with our suppliers helps in building trusting relationships with them and recognising our suppliers’ efforts help us in motivating them to improve their performance. Our various supply chain relationship initiatives include “A Panel & B Panel Meetings”, biannual “Strategic Partners Meet” and “Annual Supplier Summit”.

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We aim to bring forth our suppliers under the sustainable development sphere. We are aware of the fact that the execution of a uniform sustainability principles or framework and the use of effective control processes will represent a special challenge in a diverse value chain we operate in. To address this challenge, we aim to launch an effective multilayered concept for checking on the contentment of our sustainability requirements in the procurement process.

The Sustainability Report

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These are senior management engagement programmes with Ashok Leyland’s strategic partners convened to discuss mutual business interests on a regular basis.

At our Annual Supplier Summit, each year, we honour our suppliers with Gold and Silver awards for the following categories:

- Quality Performance
- Cost Competitiveness
- Delivery performance
- New Product development capability
- Reliability
- Business Alignment
- After Market Support
- Best Debutant
- Supplier Samrat

What Next?

We aim to bring forth our suppliers under the sustainable development sphere. We are aware of the fact that the execution of a uniform sustainability principles or framework and the use of effective control processes will represent a special challenge in a diverse value chain we operate in. To address this challenge, we aim to launch an effective multilayered concept for checking on the contentment of our sustainability requirements in the procurement process.

The Sustainability Report

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The Indian automotive industry is relishing a leading position in being one of the key drivers of the Indian economy. A unique combination of opportunities and challenges characterise the industry. The industry has achieved and sustained the global excellence standards with its continued investments in infrastructure and new product development.

The sector experts believe that talent management and employee excellence will be the critical contributors in achieving this projected growth. Automotive industries require high-skilled employees especially in product innovation, operations and sales & marketing functions. Our opinion is aligned with the experts’ beliefs, our industry continues to face critical challenges with regards to human resource management. We have identified recruitment and talent / skill management as one of our material focus areas. We understand that the availability and retention of skilled manpower will be the single most critical factor which will determine our success in the sector in the years to come.

At Ashok Leyland, we firmly believe that our people strengthen us as an organization and make it remarkable, both in driving high level performance and in enhancing our reputation. We have not only sustained and grown for over seven decades, but have made substantial progress primarily because of our workforce that is highly motivated, determined and ably supported by a culture of excellence founded on values.

2018 will be marked as an important year for the entire Ashok Leyland family, as one of our associates from Bhandara unit was presented with the prestigious Prime Minister’s Shram Veer Award, an award instituted to recognize the outstanding contributions made by workmen as defined in the Industrial Dispute Act, 1947 in organizations both in public and private sector.

Our HR vision is “To build and sustain an agile, enabled, and empowered workforce with a global outlook, thereby leading AL from Good to Great”. We employ diverse people in our operations and a significant part of how we do business relates to how we attract new talent while retaining our existing employees. We have been practicing the principles of good corporate governance as we move towards transforming ourselves into a global major in the industry, we are internally realigning ourselves to be data centric in our decision making.

Much of this being data driven can be seen through our investment into analytics as a stand-alone function to help drive business outcome. Aligned to this strategy is also to provide consistent and seamless experience for all our employees when it comes to different HR touch points and this we wish to deliver through SAP SuccessFactors® internally christened as Anchor. Through this solution, we will usher in a new era of contemporary employee experience on all HR processes from hire to retire which will provide employees with a basket of features that are interactive and dynamic in nature.

We endeavor to adopt people oriented policies to meet the changing aspirations and needs of our employees. Employee’s expectations are considered in formulation of our various HR policies. All the HR policies are communicated to employees during induction; these are also available on our internal portal. Special sessions are organized whenever there is a major change in policy. We draw a large workforce with various qualifications, skill sets and capabilities to meet our wide range of workforce requirements. For us, ‘local’ denotes India operations.
Employees by age group

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;30 years</td>
<td>106</td>
</tr>
<tr>
<td>30-50 years</td>
<td>130</td>
</tr>
<tr>
<td>&gt;50 years</td>
<td>389</td>
</tr>
</tbody>
</table>

Employees by gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>615</td>
</tr>
<tr>
<td>Female</td>
<td>10</td>
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</tbody>
</table>

Employees by region

<table>
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<tr>
<th>Region</th>
<th>Numbers</th>
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</thead>
<tbody>
<tr>
<td>Local</td>
<td>624</td>
</tr>
<tr>
<td>Non-Local</td>
<td>1</td>
</tr>
</tbody>
</table>

Benefits provided to employees

We are determined to offer our employees with benefits and opportunities that contribute to their overall well-being. We have well-equipped Occupational Health Centre within our premises which cater to all the employees who enter the premises. Regular health checks are carried out for the permanent employees. Employees are provided with required personal protective equipment and transport facilities. We provide our full-time employees with benefits such as maternity leave, annual bonus, performance based reward, health care, life insurance, retirement provision and disability and invalidity coverage.

Parental Leave

All regular female employees of the Company are entitled to maternity leave of 26 weeks. The Company also provides maternity leave of 7 to 14 days to its male employees. The maternity benefits provided by us are in line with those mandated under the Maternity Benefit Act, 1961. The percentage of return to work after parental leave is a reflection of our provision of an outstanding career opportunity along with healthy work-life balance.

Parental Leave

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number</td>
<td>261</td>
</tr>
<tr>
<td>Male</td>
<td>513</td>
</tr>
</tbody>
</table>

Occupational Health and Safety

Safety being one of our core values we are committed to continuous improvement of our health and 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 health and safety policy which covers all the manufacturing, R&D, warehouse, distribution centers and office buildings across all our plants. Our health and safety policy is applicable throughout the company and we are constantly looking for ways to strengthen implementation of our safety related initiatives across all our manufacturing facilities.

Our occupational safety program takes an account of all measures for the prevention of work accidents, work-related illnesses and occupational diseases. The safety program consists of accident investigation, emergency response, ergonomics, hazard identification and assessment health and wellness, lock-out-tag-out and continual workplace inspections.

Our safety committee oversees the occupational health and safety performance of the organization. The Occupational Health and Safety committee includes equal representation from senior management and workers to monitor and improve the safety performance operating at organizational/regional level. The committee conducts monthly town halls aiming to discuss any concerns, observations, results of audits and also reviews and highlights our safety strategy.

We also conduct regular trainings on safety and adhere to a transparent communication on safety related incidents & accidents and their reporting, and key developments in the safety principles and management of safety risks. In order to make our employees active members in implementing workplace safety we frequently conduct toolbox talks, have discussion on shop floor safe working practices, conduct fire safety demonstrations and regular mock drills, reporting unsafe acts and reduction of work place stress.

Learning and Development

We understand that employees equipped with up to date knowledge and skills required for their jobs are critical for long term sustenance of the organization. All new recruits undergo extensive induction and orientation training sessions prior to their deployment. We make significant efforts on equipping our employees with the necessary skill upgrades required to facilitate their career progression and development and meet the company’s business requirement.

We launched our premium program HIRE (Harnessing Internal Recruitment Expertise) program which aimed towards achieving excellence in recruiting by building a pool of certified hiring managers with the idea that only such certified individuals would form the interview panel for all interviews going forward. Our partner in this journey was DDI (Development Dimensions International), world’s leading organization in Leadership Development who supported us in developing the curriculum for this program covering the middle and senior management of Ashok Leyland. It is a 2 days’ workshop with real time candidate interviewing experience based on research-backed methodology, and a sound, rigorous process for gathering and evaluating candidate data. We planned to cover 100 Executives in Phase 1 of the program this year and ended up covering 112 Executives across locations.

Learning the digital way

We use different platforms to disseminate the learning courses across the organization. In the view of bringing in a global standard of online learning, the online learning platform of SuccessFactors® which provides the employee to learn anytime– anywhere was implemented. Mandatory organizational programs which every executive has to undergo is hosted on the Learning Management System so that periodical dissemination of organizations Mission, Vision, Values and Culture can

Safety Performance (Excluding IFL)

<table>
<thead>
<tr>
<th>Parameters</th>
<th>FY 2015-16</th>
<th>FY 2016-17</th>
<th>FY 2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Injury Rate</td>
<td>5.36</td>
<td>3.85</td>
<td>3.01</td>
</tr>
<tr>
<td>Lost Rate</td>
<td>1.47</td>
<td>1.07</td>
<td>1.37</td>
</tr>
</tbody>
</table>

Attrition at Ashok Leyland

<table>
<thead>
<tr>
<th>Group</th>
<th>Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Management</td>
<td>4</td>
</tr>
<tr>
<td>Senior Management</td>
<td>20</td>
</tr>
<tr>
<td>Middle Management</td>
<td>84</td>
</tr>
<tr>
<td>Junior Management</td>
<td>205</td>
</tr>
<tr>
<td>Associates</td>
<td>312</td>
</tr>
</tbody>
</table>

Retention Rate (for FY 2016-17) 90%
take place and would help the employees to imbibe the AL Way. Courses on Information Security Awareness, Diversity and Inclusion, BS4 Readiness etc. was rolled out as part of Phase-1 implementation covering junior management to Senior management reaching out to 94% of unique learners through our digital learning initiative for the year. These courses can also be accessed using a mobile app enabling mobile learning to the employees. Courses for Business was launched for 500 Executives as a pilot launch and the courses have received a feedback of 4.4 /5. Base level signature leadership development and take them through a competency based signature leadership development initiative thereby infusing into leadership talent supply chain.

We have enlisted signature programs under 100 CEO plan:
• Business Leaders Program
• Emerging Leaders Program
• Young Talent Program

Business Leaders Program
To sustain the success of Ashok Leyland’s transformational journey to becoming an international mobility company that designs, builds and distributes commercial vehicles and power solutions”, the Business Leaders program is envisaged as a structured development journey to fine tune and further develop leadership skills of select key leaders.

fast trackers who are capable and ensures that they are motivated and developed through this structured intervention to take up mid and mid-senior leadership positions within Ashok Leyland. This form of mentoring and coaching of future leaders happens through organizational commitment to their planning, action planning and stretch projects, a management development program from a leading institute and various performance and competency enhancing inputs at critical inflection points.

The program framework includes Group Coaching (Behavioral Development), Functional excellence for Young Managers- Great Lakes Program, Lean Six Sigma projects and Online Learning and Certification in functional domain. And the competencies that are focused on comprises Self-awareness, Customer Centricity, Managing Differences, Collaborative working and Impactful Communication

Restructuring the competency framework
We understand that the competencies are the key enablers for leadership development and growth. In order to align with the organisation’s vision, we reviewed our current competency framework to remain relevant to the sector in which our organization operates. The competency model was conceived to define behaviors that are critical for building our performance culture and succeeding the AL Way. For this we also partnered with a third party. We worked on the existing Ashok Leyland Competency Model, Industry Trends Analysis, Hay Group’s Benchmark of successful behaviors and Hinduja Competency Model to revitalize our new competency framework as below.

As part of the rollout, 160+ leaders were covered through experiential workshop on leadership competency awareness. And more than 94% of the employees have been covered through workshops & e-learning modules.

"Our 100 CEO Plan
The objective of the 100 CEO plan is to build the leadership pool by identifying potential leaders across various segments and take them through a competency based signature leadership development program. This is envisaged as a 1 year intensive program to create 100 CEOs. YTP will be run as an intensive 1 year program for our young stars towards functional/ commercial vehicles and power solutions. YTP is an initiative that looks to engage, leverage and propel our young stars towards functional/ project excellence. YTP is a signature high potential program in line with MD’s vision of creating 100 CEOs. YTP will be run as an intensive 1 year program involving individual development through focused initiatives. YTP is an initiative that looks to engage, leverage and propel our young stars towards functional/ project excellence. YTP is a signature high potential program in line with MD’s vision of creating 100 CEOs. YTP will be run as an intensive 1 year program involving individual development, action planning and stretch projects, a management development program from a leading institute and various performance and competency enhancing inputs at critical inflection points.

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transformational journey to becoming

Business Leaders Program
• Young Talent Program
• Emerging Leaders Program

Business Leaders Program
• under 100 CEO plan: talent supply chain.

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region benefitted. Following are the features of this schemes:

• Selection and recruitment of rural unprivileged area students (minimum 15% female employee)
• Practical oriented 4 years diploma course module with NITT
• World Class training facilities like CNC
• Exposure to world class manufacturing facilities
• Considerable investment on training

Our Pantnagar plant has demonstrated the effectiveness of this scheme by involving the students trained as part of this program, to work on the assembly line operations.

We aim to enroll 161 individuals in this programme in the next financial year 2018-19, thereby improving the availability of employable talent.

Diversity and equal opportunity
All the appointments in our Company across all levels are made on the basis of our need, vacancies and merit of individuals, irrespective of gender, race, caste etc. For hiring workers (skilled, semi skilled, unskilled and apprentice), equal weightage is given to candidates from across the country. We ensure that all employees receive fair remuneration as part of their employment contract although there are differing employee benefits for permanent and temporary employees. We make all efforts to include employees from different ages, backgrounds and genders in its various committees and governing bodies. No substantiated or unresolved incidence of discrimination was reported in the reporting period.

Currently, women constitute 2.3% of our total employee strength. While we have undertaken a few initiatives to enhance diversity in our workforce, we are working towards strengthening this. Our maternity policy offers 26 weeks maternity leave and this was implemented prior to the mandate under the Maternity Benefit (amendment) act 2017.

ALCOB Crèche
A key initiative for creating an inclusive workplace, for the use of parents working at the corporate office. This crèche has been jointly developed and run in partnership with Amelio, a dedicated provider of childcare. This is designed to care for 52 children, in the age group of 6 months to 8 years. Apart from providing childcare services, we also ran several workshops for our executives and their children, like on parenting techniques for first time parents, child nutrition and dietary habits, creativity with play-doh for toddlers, etc.

Shristi
Shristi clubs were established across ALCOB/Units/VVC Zones, which were run by women executives with facilitation from HR. These clubs focus on career development and engagement, and events like development workshops, leadership talks, women’s sports events etc. were conducted. This culminated with a Women’s Week celebration from the 1st to 8th March across ALCOB/Units/VVC Zones where events like theatre workshops for development, external leadership talks, afforestation drives, sports competitions, Zumba and Yoga classes and musical evenings were conducted.

Grievance Mechanism
We have an effective mechanism to resolve any dispute that occurs at workplace. We have grievance redressal mechanism which explains the procedures on what has to be done to resolve a dispute. Our grievance redressal committee consisting of senior members from various functions and key leaders in resolving and addressing the issues. The recommendations and decisions taken by our grievance redressal committee are fair and inline with the established norms. The grievances are recorded and documented with the status of resolution.

People Red Book
“People Red Book” refers to our process of gathering grievances reported by employees (this includes workers, staff, supervisors as well as managers) regarding administration. A policy has been formulated taking the following into consideration:

• Employees are treated fairly at all times
• Complaints raised by employees are dealt with courtesy and on time
• Employees are fully informed of avenues to escalate their complaints/ grievance within the organisation and alternative remedy if they are not fully satisfied with the response to their complaints
• All complaints are dealt efficiently and fairly

Every HR/ ER/ Admin department or process as it may be called, appoints a people red book administrator. Administrator ensures the proper maintenance of the red book and is responsible for entering the complaints/ needs of employees who do not have red book access (in case of units only). Administrator coordinates with the leadership team on one hand and with the action takers and red book coordinators on the other hand. As per the classification of grievance/ need, the person responsible primarily resolves the grievance/ need. This will be according to directions provided by the department head/ process leader. There were no grievances on labour practices filed through formal grievance mechanisms during the reporting period.

POSH
This is a platform for raising workplace harassment issues, awareness of Prevention of Sexual Harassment Act (POSH) in employees and adherence to compliance. It consists of the members of ICC (Internal Compliance Committee) and HR Representative. The objective of this platform is to ensure a harassment free workplace for all employees of Ashok Leyland. There were no instances of sexual harassment during the reporting period.
The Sustainability Report 2017 –18

After

The Sustainability Report 2017 –18

use of energy, water and material and industry benchmarks. Future stern regulatory emission norms improvements and by introduction of vehicles is improved regularly by design efficiency of our existing and new equipment and optimal utilisation have been taken up such as retrofitting of big and small energy conservation for improving energy efficiency in our manufacturing operations.

innovation to improve their fuel efficiency change mitigation focuses on product life cycle. Our approach towards climate environment due to GHG emissions and industry. We are conscious of the impact business risks for the automobile Global climate change, are the key fluctuating fuel prices coupled with Stringent vehicular emission norms, resources.

water and availability of other natural resources. Stringent vehicular emission norms, fluctuating fuel prices coupled with Global climate change, are the key business risks for the automobile industry. 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.

We are continuously adopting measures for improving energy efficiency in our manufacturing processes. A number of big and small energy conservation and efficiency improvement projects have been taken up such as retrofitting of equipment and optimal utilisation of plant and equipment. The fuel efficiency of our existing and new vehicles is improved regularly by design improvement and by introduction of better technologies, considering the future stern regulatory emission norms and industry benchmarks. Towards resource optimisation, we have taken focused initiatives on efficient use of energy, water and material consumption, material substitutions and elimination of hazardous substances in the manufacturing processes and products. Waste management practices place emphasis on reducing waste generation through the process of recovery that includes refuse, reduce, recycle and reuse. When there is no alternative but to dispose the waste, the options of co-processing and co-incineration are adopted.

We have created green belts to retain the ecological value and biodiversity of the area. The green belt and farm ponds made our plants the ideal nesting spots for birds. At Ashok Leyland we strongly believe that our innovations should keep our habitat fit and maintain a consistent and high level of EMS performance.

Our business operations are regulated by various environmental regulations and guidelines imposed by regulatory bodies to ensure compliance we conduct frequent audits and strive to improve upon it.

Material Management

Materials form a major part of our operations that includes steel as primary material while cast iron, lubricants, paints, aluminium, copper, tyres and rubber as secondary material. We strive to conserve natural resources by minimising consumption and wastage. The materials whenever conceivable are either recycled and reused in house or procured from external suppliers.

Material conservation

As part of material conservation initiatives we introduced WAVE Battery carrier on CT37x9x1.4 models and B Platform inlet manifold process change from GDC Aluminium Casting to POC Aluminium Casting for H6 Engines. With the introduction of WAVE battery carrier, HR steel consumption reduced by 137 MT. Annually and reduction in plastics (Non – Metallic) by 9.6 MT. While with the B Platform inlet manifold process change we estimate a reduction in the Aluminium consumption by 27 MT. Overall material conservation through WAVE battery carrier and B Platform inlet manifold process change is summarized below.

Material Name | Unit | Quantity | Type of Material - Renewable/ Non-Renewable
--- | --- | --- | ---
Steel | MT | 353,497 | Non-renewable
Steel Scrap | MT | 54,147 | Non-renewable
Cast Iron Scrap | MT | 22,710 | Non-renewable
 Pig Iron Scrap | MT | 8,856 | Non-renewable
Ferrous Alloys | MT | 3,231 | Non-renewable
High Speed Diesel (HSD) | KT | 4,266 | Non-renewable
Compressed Natural Gas (CNG) | MT | 19 | Non-renewable
Diesel & Lubricants | MT | 25,673 | Non-renewable
Paint | MT | 1,664 | Non-renewable
Chemicals | MT | 3,091 | Non-renewable
Consumable Gas | MT | 911 | Non-renewable
Ozone Depleting Substance | MT | 4 | Non-renewable
Sand | MT | 100,372 | Non-renewable
Other Consumable | MT | 675 | Non-renewable
Copper | MT | 453 | Non-renewable
Castings and Forgings | MT | 8,372 | Non-renewable
Aluminium | MT | 2,413 | Non-renewable
Non Metallics | MT | 2,928 | Non-renewable
Batteries | MT | 9,018 | Non-renewable
Tyres & Tubes Numbers | 1,431,715 | Non-renewable
Wood | MT | 1020 | Renewable
Carton Box | MT | 47 | Renewable
Plastic (PVC, Polythene) | MT | 87 | Non-renewable
MS Pallets | MT | 47 | Non-renewable

In FY 2017-18, we consumed 353,497 MT of steel. Our key material consumption details are listed hereunder:

Semi Manufactured Goods

Wood | MT | 1020 | Renewable
Carton Box | MT | 47 | Renewable
Plastic (PVC, Polythene) | MT | 87 | Non-renewable
MS Pallets | MT | 47 | Non-renewable

Primary Material

Material Name | Unit | Quantity | Type of Material - Renewable/ Non-Renewable
--- | --- | --- | ---
Steel | MT | 353,497 | Non-renewable
Steel Scrap | MT | 54,147 | Non-renewable
Cast Iron Scrap | MT | 22,710 | Non-renewable
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Diesel & Lubricants | MT | 25,673 | Non-renewable
Paint | MT | 1,664 | Non-renewable
Chemicals | MT | 3,091 | Non-renewable
Consumable Gas | MT | 911 | Non-renewable
Ozone Depleting Substance | MT | 4 | Non-renewable
Sand | MT | 100,372 | Non-renewable
Other Consumable | MT | 675 | Non-renewable
Copper | MT | 453 | Non-renewable
Castings and Forgings | MT | 8,372 | Non-renewable
Aluminium | MT | 2,413 | Non-renewable
Non Metallics | MT | 2,928 | Non-renewable
Batteries | MT | 9,018 | Non-renewable
Tyres & Tubes Numbers | 1,431,715 | Non-renewable

Energy and Emission Management

Reducing the environmental footprint is the prime focus at Ashok Leyland. To achieve this goal, we have made our products more efficient and optimised our resources. All our innovations are aimed at reducing the GHG emissions, consumption of other critical resources. We are gradually increasing the percentage share of renewable energy sources in our operations.

Engine Recon

As part of material recycling initiative, we implemented ‘Engine Recon Activity’ wherein we collected the engines from the customers using core engine receipt and conducted performance testing in-house, post which we could reuse 40% parts upon material /NFD Checks. With this activity we are able to recycle 225 MT/Annum of material used in engines.

To optimise our material consumption we also utilize recycled materials in our processes.

<table>
<thead>
<tr>
<th>Material Consumed</th>
<th>Quantity (MT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Runner &amp; Riser</td>
<td>47,982</td>
</tr>
<tr>
<td>Foundry Rejection</td>
<td>6,754</td>
</tr>
<tr>
<td>Customer Rejection</td>
<td>3,603</td>
</tr>
<tr>
<td>Cast Iron from WC shop</td>
<td>2,193</td>
</tr>
<tr>
<td>Total</td>
<td>60,532</td>
</tr>
</tbody>
</table>

Steel Consumption and Intensity

In FY 2017-18, we consumed 353,497 MT of steel. Our key material consumption details are listed hereunder:

Material Name | Unit | Quantity | Type of Material - Renewable/ Non-Renewable
--- | --- | --- | ---
Steel | MT | 353,497 | Non-renewable
Steel Scrap | MT | 54,147 | Non-renewable
Cast Iron Scrap | MT | 22,710 | Non-renewable
 Pig Iron Scrap | MT | 8,856 | Non-renewable
Ferrous Alloys | MT | 3,231 | Non-renewable
High Speed Diesel (HSD) | KT | 4,266 | Non-renewable
Compressed Natural Gas (CNG) | MT | 19 | Non-renewable
Diesel & Lubricants | MT | 25,673 | Non-renewable
Paint | MT | 1,664 | Non-renewable
Chemicals | MT | 3,091 | Non-renewable
Consumable Gas | MT | 911 | Non-renewable
Ozone Depleting Substance | MT | 4 | Non-renewable
Sand | MT | 100,372 | Non-renewable
Other Consumable | MT | 675 | Non-renewable
Copper | MT | 453 | Non-renewable
Castings and Forgings | MT | 8,372 | Non-renewable
Aluminium | MT | 2,413 | Non-renewable
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Energy and Emission Management

Reducing the environmental footprint is the prime focus at Ashok Leyland. To achieve this goal, we have made our products more efficient and optimised our resources. All our innovations are aimed at reducing the GHG emissions, consumption of other critical resources. We are gradually increasing the percentage share of renewable energy sources in our operations.
Energy Regeneration at Hosur 1

The engine developed by Ashok Leyland is tested at the Engine R&D before finalizing it for the manufacturing. These developed engines are tested through Hydraulic dynamometers and eddy current dynamometers. To meet EURO IV emission norms engines are suitably developed by Ashok Leyland R&D team and new test beds are planned with latest technology, i.e. Transient Dynamometer. During engine testing, in absorption mode the frequency dependent dyno current is converted into alternating current with the frequency of the mains supply via voltage source converter and it’s feedback into the power supply system. Separate arrangements are made to capture import & export of Energy Consumption & Regeneration.

Regenerated power from these seven test beds was captured to be around 2.66 Lakh Kwh during FY2017-18 & utilised for test bed auxiliary equipment like water pumps, blowers, Air conditioning & lighting. This resulted in reduction in carbon emission by 218 tCO₂.

Our energy needs are met by a combination of renewable and non-renewable sources. Non-renewable sources include High Speed Diesel (HSD), Compressed Natural Gas (CNG), Liquidified Petroleum Gas (LPG), Heavy Fuel Oil (HFO), Propane, Dissolved Acetylene (DA) and Grid Electricity while renewable sources consist of Wind and Solar Energy. In FY 2017-18, our total direct energy consumption is 458,054 GJ and 830,543 GJ of indirect energy from grid electricity.

We constantly strive to reduce our energy consumption and adopted various initiatives to conserve our energy utilisation especially from conventional fuels. Through our various efforts, in FY 2017-18, we were able to conserve 57,138 GJ of the energy.

We have also significantly increased our renewable energy consumption by introducing energy production through solar along with wind. In FY 2017-18, we utilised 297,869 GJ of wind energy and 22,715 GJ of solar energy. In the reporting period our mix of renewable energy is 20% of the overall energy consumption.

Similarly, the continued usage of wind energy is around 19% of the total energy accounting to 298 lakh kwh in FY18. Our wind energy initiatives helped us cut down there by emission 24,436 tCO₂e.

Emissions

The adverse impact on the environment due to emissions is multidimensional. The indication of the impacts due to climate change caused by Green House Gas (GHG) emissions is already being witnessed in the changing rainfall patterns across the globe. We support the adoption of a global framework to address GHG challenges under which all major emitting countries are committed to emission reduction goals.

A GHG inventory covering our Scope 1 and Scope 2 emissions from our sites are maintained under the GEMBA initiative. The inventory is based on accuracy, relevance, completeness and consistency. We have quantified our emission according to the Green House Gas (GHG) Protocol.

Our direct (Scope 1), indirect (Scope 2) and other indirect emissions (Scope 3) our source of scope 1 emission in the process of manufacturing are from the

Energy Conservation Initiatives

- Combined loading of components in Heat Treatment Process at Bhadara has implemented various power saving projects with cumulative energy saving about 387,554 KWH/ annum. The component which are required to be processed with same cycle time and metallurgical properties are combined while loading in furnaces. For instance, Continuous gas Carburizing Furnace (CGCF - Carbon emission reduction -120 tCO₂e), High Temp Sealed Quenching Furnace (HSQF - Carbon emission reduction -52.427 tCO₂e) and Rotary Hearch Furnace (RHF - Carbon emission reduction -87.80 tCO₂e), all of these furnaces are respectively operated/ processed within the same cycle time with optimized loading of components in above furnaces to gain maximum power saving and thereby emissions reduction.

- Reduction of power consumption in Ennore plant – it is our constant endeavor to minimize our energy consumption and also other resource consumption. On analysis of the power consumption data, it was found that the chiller units and the Air Handling Unit (AHU) consumed maximum power. With systematic problem solving & data analysis techniques like Design of Experiments, Problem Solving team studied the causes, as part of lean six sigma projects. Consequently efficient chiller and error-proof systems like auto-cutout switches for the AHU were developed. This resulted in a 30% reduction of energy consumption.

- Energy saving through replacing conventional lights - our plants at Hosur 2 and Pantnagar and HFL have done a comprehensive replacement of conventional light fixtures. Their energy savings as a result of these LED replacements are presented below.

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Pantnagar</th>
<th>Hosur 2</th>
<th>HFL-SPU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy consumption conventional fittings</td>
<td>11414 Units / day</td>
<td>9371 Units / day</td>
<td>3158 Units / day</td>
</tr>
<tr>
<td>Energy consumption LED fittings</td>
<td>4799 Units / day</td>
<td>4359 Units / day</td>
<td>1184 Units / day</td>
</tr>
<tr>
<td>Savings in Energy per day</td>
<td>6615 Units / day</td>
<td>5012 Units / day</td>
<td>1974 Units / day</td>
</tr>
<tr>
<td>Cost savings per day</td>
<td>INR 36381 (@ 5.5/Unit)</td>
<td>INR 38096 (@ 7.6/Unit)</td>
<td>INR 12831 (@ 6.5/Unit)</td>
</tr>
<tr>
<td>For 300 days</td>
<td>INR 108.14 Lakh</td>
<td>INR 114.27 Lakh</td>
<td>INR 38.49 Lakh</td>
</tr>
</tbody>
</table>
The Sustainability Report 2017–18

183,651 tCO2 emissions were 32,218 tCO2e while grid electricity. In FY 2017-18, our scope reporting year were 215,869 tCO

Business Travel (Airline Travel).

and distribution, Waste generated in operations, Employee Commuting and distribution, Waste generated in

period we also initiated the process of reducing various GHG emissions. We have been able to reduce our scope 2 emissions from

Globally, water is a concern for an industry like ours. We are aware of the fact that over the past few years, access to water has become difficult and the problem is likely to increase in the coming years.

Rain Water Harvesting Pond at HFL

HFL identified a location within the campus and decided to have Rain Water Harvesting Pond at Bhandara.

Municipality Water

91726.96

50

Waste generated in operations

Waste water generation and recycling


A part of the removed earth work was used to construct the bund. And the remaining unused sand was used as filler material in the low lying areas of the plot. The pond capacity has been developed to store upto 14400 KL of rain water.

Bhandara KL 102254

HFL Ennore KL 102254

HFL SPU KL 18540

Total KL 177732

Yield 4800 sq.m, with a depth of 3m, creating a capacity of 14400 KL at a cost of INR 22 Lakhs. The work started in late September. Because of the various challenges that we faced. The area had abundant scrub and plants including ample quantity of black sand covering approximately 3 feet height, these were required to be cleared off the site. This was one of the major time consuming and tedious activity during the project implementation. A part of the removed earth work was used to construct the bund. And the remaining unused sand was used as filler material in the low lying areas of the plot. The pond capacity has been developed to store up to 14400 KL of rain water.

Water Conservation at Pantnagar

Our Pantnagar plant has adopted 3-R model for conserving the water. Some of the major actions implemented in the water conservation drive includes, installation of low flow aerators in place of conventional taps which helped us save approximately 23 KL of water every day. We also audited all our water lines and storage tanks to identify leakages and preventing the same, resulting in daily savings of 60KL of water. We have stopped consuming freshwater for landscaping purpose, we utilize harvested rain water apart from the treated water obtained from ETP and STP.

Our application of above and other projects resulted in saving 29373 KL of water in FY 2017-18.

Pond Rejuvenation at H2

Our H2 unit undertook the rejuvenation of their axe shop pond during Q1-Q2 of FY18, which helped us enhance the water holding capacity of pond by 20% from 40000KL to 52800KL per annum. The activities taken up during rejuvenation included desilting of pond, creation of second island in the middle of the pond for bird attraction & stay, apart from improving greenery around the pond by way of landscaping and planting of water dependent trees.

\[ \text{SCOPE 3 Emissions} \]

<table>
<thead>
<tr>
<th>Description of Scope 3 Categories</th>
<th>GHG Emission (tCO2eq)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upstream transportation and distribution</td>
<td>64,652</td>
</tr>
<tr>
<td>Downstream transportation and distribution</td>
<td>71,066</td>
</tr>
<tr>
<td>Waste generated in operations</td>
<td>1,147</td>
</tr>
<tr>
<td>Employee Commuting</td>
<td>17,763</td>
</tr>
<tr>
<td>Business Travel (Airline Travel)</td>
<td>2,728</td>
</tr>
</tbody>
</table>

Water Management

We largely depend on ground water to meet our water requirement. While water demand across various industrial sectors is on the rise, availability of water is a concern for an industry like ours. We are aware of the fact that over the past few years, access to water has become difficult and the problem is likely to increase in the coming years.

Zero Ground Water Consumption at Bhandara

Despite the increased water requirement due to plantation of 8093 saplings in FY 2016-17 and 10015 trees in FY 2017-18, the specific water consumption is reduced by 31% from 6.74 KL/HECU

Air Emissions

We regularly monitor the quality of ambient air as well as emissions from our process stacks. We have installed online emission monitoring systems in our plant. This includes monitoring of VOCs, PM, SO2 and NOx. Indoor air pollutants are also monitored regularly to ensure the compliance against the work place standard. The emission concentrations are well within the limits prescribed by the regulatory authorities.

Air Emissions

<table>
<thead>
<tr>
<th>Parameters</th>
<th>UoM</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Particulate Matter</td>
<td>MT</td>
<td>273</td>
</tr>
<tr>
<td>NOx</td>
<td>MT</td>
<td>375</td>
</tr>
<tr>
<td>SOx</td>
<td>MT</td>
<td>50</td>
</tr>
</tbody>
</table>

Ozone Depleting Substance

<table>
<thead>
<tr>
<th>Substances</th>
<th>UoM</th>
<th>Qty</th>
</tr>
</thead>
<tbody>
<tr>
<td>R22</td>
<td>Kg of CFC-11 eq</td>
<td>552</td>
</tr>
<tr>
<td>R40A</td>
<td>Kg of CFC-11 eq</td>
<td>43</td>
</tr>
<tr>
<td>R410A</td>
<td>Kg of CFC-11 eq</td>
<td>15</td>
</tr>
<tr>
<td>R407C</td>
<td>Kg of CFC-11 eq</td>
<td>86</td>
</tr>
<tr>
<td>R134A</td>
<td>Kg of CFC-11 eq</td>
<td>372</td>
</tr>
</tbody>
</table>

Water Emissions

In FY 2016-17 to 5.15 KL/HECU (in FY 2017-18) and fresh water consumption is reduced by 13% from 317.03 KL (in FY 2016-17) per day to 278.97 KL per day (In FY 2017-18). The Bhandara plant has undertaken various water conservation projects like piping drip irrigation pipe line, 1000 meter long pipeline extension for utilization of 100% STP water, replacement of conventional taps, installation of water meters and arresting underground water leakages, all of these for reducing the specific water consumption.

In FY 2017-18 we have withdrawn 152,76,50 KL of water which is higher than what was consumed in FY 2016-17 due to inclusion of HFL in our reporting boundary. The major source of water are tanks, river, bore wells, and the municipal supply. For our foundry division the specific water consumption is 2.01 KL/MT.

As groundwater is a major source for our operations, we have taken steps towards recharging it through rainwater harvesting. We have installed recharge wells, earthen check dams and farm ponds for recharging groundwater. Our overall capacity to harvest rainwater is 1,43,564 KL and we aim to increase overall capacity to harvest rainwater to 2,42,744 KL by 2025.

Due to increasing water requirements, the specific water consumption is on the rise, availability of water is a concern for an industry like ours. We are aware of the fact that over the past few years, access to water has become difficult and the problem is likely to increase in the coming years.

Rain Water Harvesting Pond at HFL

The team at HFL identified a location within the campus and decided to have an earthen pond covering an area of 4800 sq.m, with a depth of 3m, creating a capacity of 14400 KL at a cost of INR 22 Lakhs. The work started in late September. Because of the various challenges that we faced. The area had abundant scrub and plants including ample quantity of black sand covering approximately 3 feet height, these were required to be cleared off the site. This was one of the major time consuming and tedious activity during the project implementation. A part of the removed earth work was used to construct the bund. And the remaining unused sand was used as filler material in the low lying areas of the plot. The pond capacity has been developed to store up to 14400 KL of rain water.

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Water Emissions

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Biodiversity
We are committed to preserving and improving the biodiversity of the area we operate in and have integrated conservation of biodiversity into our environmental management systems and various community programs. Our manufacturing facilities have green areas measuring around 583.37 acres. In all our facilities, we have taken a number of steps to preserve the ecological value of the area and have created water bodies. These also function as ideal nesting spots for a variety of local and migratory birds.

Afforestation through school children
Miyawaki method of afforestation was initiated at Hosur units with the first ever dense forest creation at Hosur 1 during August 2016. The model forest created was in an area of around 400 square metres with about 1300 trees approximately. This plantation was further continued at Hosur 2 plant with further plantation of around 5000 sq ft of Mexican grass and around 34601 new saplings at various locations of the plant. The afforestation drive at plant level through Miyawaki method which added 8291 trees at Hosur 2 plant is over and above the mass plantation drive at Hosur 2 during FY 2017-18.

Ashok Leyland Nature Park
The Ashok Leyland Nature Park was conceptualized in October 2016, although formalized in 2017 at Ashok Leyland Technical Center in Northern Chennai. The project was oriented towards developing a wetland forest. The nature park was established with the help of Auroville Botanical Garden. This nature park serves both as a scientific experiment and as an inspirational example of what is possible for society in general. We have witnessed a diversified landscape emerging in this heavily industrialised area.

About 10,400 trees and shrubs have been planted, which are of 60 different species and a majority of which are native to the region. These plants have shown good adaptation to the local conditions, which are slightly saline due to their proximity to the coast. The forest area is providing a number of important ecological benefits including:
- Carbon sequestration – we estimate that 500 kg per tree or 100 kg per shrub after 40 years, would give a total of 130 tonnes per year for the trees and 26 tonnes for the shrubs. A total of 156 tonnes per annum.
- Habitat creation for many kinds of fauna – birds, insects (including important pollinators such as bees) and mammals
- Reintroduction of locally rare species such Salvadora persica, Solanum chinesis, Bauhinia racemosa, Ehenella pubescens and Rhinacanthus nasutus

In addition to the forest area, around 42,000 sq m of water bodies have also been created. These are designed to harvest the rain water of the campus. Currently we have added a storage capacity of over 80,000 cubic meters to the existing ponds. These waters bodies also act as a habitat for Fish, aquatic insects and water birds such as kingfishers, herons and coromans and a natural cooling agent for the local environment.

None of our manufacturing locations are located within the vicinity of any identified or notified biodiversity hotspots or protected water bodies, except the operations at Ennore. Our operations at Ennore do not cause any harm to the surrounding biodiversity and none of the IUCN red listed species are located and affected by our operations. With an endeavour to enrich the biodiversity around our operational areas, we aim to conduct a comprehensive biodiversity impact assessment study and develop a biodiversity management plan.

Waste Management
Our operations include processes such as pressing, fabrication & painting, assembling and testing of vehicles at our manufacturing sites. As a result of our operations, we generate a diverse range of waste which is classified as hazardous and non-hazardous. In the table below, we have shown the classification of waste as per the Ministério de Meio Ambiente (MMA) and the types of waste generated by Ashok Leyland,

### Non-Hazardous Waste

<table>
<thead>
<tr>
<th>Waste Category</th>
<th>UoM</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steel Castings, MS scrap</td>
<td>MT</td>
<td>25652</td>
</tr>
<tr>
<td>Alumnumium Scrap</td>
<td>MT</td>
<td>340</td>
</tr>
<tr>
<td>Scrap Tyres and Tubes</td>
<td>Nos</td>
<td>4743</td>
</tr>
<tr>
<td>Rubber Scrap</td>
<td>MT</td>
<td>100</td>
</tr>
<tr>
<td>Cable &amp; Electrical Scrap</td>
<td>MT</td>
<td>5492</td>
</tr>
<tr>
<td>Steel dust/ Shot blast dust/ grinding dust</td>
<td>MT</td>
<td>795</td>
</tr>
<tr>
<td>Cardboard/ Waste paper</td>
<td>MT</td>
<td>5174</td>
</tr>
<tr>
<td>Plastic Waste/ Used HDPE bags</td>
<td>MT</td>
<td>1095</td>
</tr>
<tr>
<td>Wood Waste</td>
<td>MT</td>
<td>4997</td>
</tr>
<tr>
<td>Waste sand</td>
<td>MT</td>
<td>116313</td>
</tr>
<tr>
<td>Others (food waste/ garden waste)</td>
<td>MT</td>
<td>441</td>
</tr>
</tbody>
</table>

### Hazardous Waste

<table>
<thead>
<tr>
<th>Waste Category</th>
<th>UoM</th>
<th>Quantity</th>
<th>Method of disposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sludge and filters contaminated with oil</td>
<td>MT</td>
<td>3</td>
<td>Recycle, Co-processing</td>
</tr>
<tr>
<td>Used / Spent oil</td>
<td>MT</td>
<td>449</td>
<td>Recycle</td>
</tr>
<tr>
<td>Wastes / Residues containing Oil - Oil Soaked Cotton Waste</td>
<td>MT</td>
<td>432</td>
<td>Landfill, Common Hazardous waste disposal site for incineration, Co-processing, Recycle, Reuse</td>
</tr>
<tr>
<td>Wastes / Residues containing Oil - Grinding sludge</td>
<td>MT</td>
<td>245</td>
<td>Recycle, Reuse</td>
</tr>
<tr>
<td>Alkal Residues</td>
<td>MT</td>
<td>2</td>
<td>Co-processing</td>
</tr>
<tr>
<td>Wastes and residues - Paint sludge</td>
<td>MT</td>
<td>444</td>
<td>Landfill, Recycle, Co-processing, Common Hazardous waste disposal site for incineration</td>
</tr>
<tr>
<td>Filter, Residues</td>
<td>MT</td>
<td>2</td>
<td>Landfill</td>
</tr>
<tr>
<td>Discarded containers / barrels / Liners contaminated with hazardous wastes / chemicals</td>
<td>MT</td>
<td>712</td>
<td>Landfill, Recycle, Co-processing</td>
</tr>
<tr>
<td>Spent ion exchange resin containing toxic metals</td>
<td>MT</td>
<td>3</td>
<td>Co-processing</td>
</tr>
<tr>
<td>Oil and Grease Skimming Residue</td>
<td>MT</td>
<td>35</td>
<td>Reuse, Co-processing</td>
</tr>
<tr>
<td>Filter and Filter Material</td>
<td>MT</td>
<td>100</td>
<td>Landfill</td>
</tr>
<tr>
<td>Chemical sludge from waste water treatment (ETP Sludge)</td>
<td>MT</td>
<td>167</td>
<td>Common Hazardous waste disposal site for incineration, Reuse, Co-processing, Landfill</td>
</tr>
<tr>
<td>Used Batteries</td>
<td>MT</td>
<td>334</td>
<td>Recycle</td>
</tr>
<tr>
<td>E-Waste</td>
<td>MT</td>
<td>36</td>
<td>Recycle</td>
</tr>
</tbody>
</table>
various process related activities, we generate solid and liquid waste of both hazardous and non-hazardous waste categories.

We understand that managing wastes from an industry like ours requires intensive use of environmentally sound technology for its handling and disposal. Waste minimization, waste recovery & reuse and scientific disposal of waste are the key approaches adopted by us for all type of wastes, whether hazardous or non-hazardous. We ensure that the methods of waste disposal adopted by us are environmentally sound and socially responsible while complying with the applicable rules and regulations. We abide by the newly formed Hazardous and Other Waste Management Rules, 2016 and have also collaborated with cement plants for co-processing of the hazardous waste generated.

We emphasise on reduction of waste at source, followed by recycling and final disposal in a responsible manner. We work towards achieving 'Zero Waste to landfill' and are committed to recycle and reuse waste through initiatives such as co-processing, stabilisation of ETP sludge etc. We also recycle non-hazardous waste such as packaging material and scrap.

We believe that effective waste management is essential for environmental protection and management and we are committed to reducing and effectively managing our waste.

Handling of Spills
We identify the potential risks of spillages in our operations as part of our EHS risk assessment and have taken up control measures such as provision of secondary containment, use of appropriate handling equipment and training of personnel on material handling. As part of our environmental management system, we monitor incidents of spillages. During the reporting period, there were no incidents of significant spills inside our plants.

Compliance
We are committed to complying fully with all applicable environmental laws and regulations that are imposed by Ministry of Environment and Forest & Climate Change (MoEFCC) and Central/ State Pollution Control Board. In FY 2017-18 no forms of non-monetary sanctions and monetary fines were levied upon us for any non-compliance with environmental laws and regulations.
We strongly believe that with the ever increasing demand for fuel efficiency in Ashok Leyland is the face of innovation in the commercial vehicle segment. Our research and development is a core competency today that spans our entire value chain, crossing multiple functional areas and is a symbol of our evolving new culture. Accordingly, innovation is demonstrated in a wide variety of ways — from technology advances in engineering processes and vehicle connectivity to process improvements in manufacturing capabilities coupled with effective waste disposal. Our pursuit of innovation on every front reflects not only the intense level of competition in today’s automotive industry, but also the role it plays in tackling intensely complex challenges in areas such as fuel efficiency and uninterrupted mobility. While our innovations are wide ranged, yet higher the point focus among all initiatives are around safety, environmental compatibility and higher customer satisfaction.

We have a strong R&D team working towards the research and development of exciting new products for our customers that is aided by modern CAD / CAE resources and world class facilities for engine and vehicle design, development and testing. Our customers want advanced yet affordable technologies that enhances safety, reduces fuel consumption and quality delivered through an exceptional service experience. Our innovation priorities are more focused and connected to meeting these needs than ever before.

Our product development center is a platform promoting a full range of development among all systems and vehicles; it consists of National Accreditation Board for Testing and Calibration Laboratories (NABL) accredited testing facilities with over 1000 full-time engineers employed. The center conducts various activities including experimental to design, technology and development of all aggregates including engines, chassis, gear box, axles etc., Noise Vibration and Harshness (NVH) related simulation studies; Crash simulation for truck cabins and bus body roll over studies; Computational Fluid Dynamics (CFD) simulation for external and internal fluid flow; Multibody dynamics for vehicle kinematic simulation; Finite Element Analysis for durability and Testing & Validation at component, vehicle and engine level.

While we innovate to compete in the dynamic market, meeting our customer requirements, we ensure that our vehicles are in compliance with all the local, regional and national laws and regulations with respect to vehicle emissions and fuel economy so as to have minimum environmental and social impacts. During the reporting period, there were no incidents of non-compliance with statutory requirements, and no monetary fines were imposed on us.

We at Ashok Leyland fully understand our customer’s varied needs, especially since most customers prefer to build their own cabin to customised requirements. Keeping in mind the Indian Driver’s needs, 45 cab is designed for higher ventilation, wider sleeper berth and spacious cabin with more storage inside cabin.

With improved new look, higher fit & finish, new interior trims, and new colour with attractive decal design is being offered to the customers at a minimal incremental cost. It is a non-tilt cab with all metal front fascia, larger windshields for all round visibility and standard round headlamps for ease of reparability & serviceability. All this makes it the most preferred cabin amongst vehicle segment offerings.

Circuit – 5

Ashok Leyland unveiled its first electric bus with swapable batteries-Circuit-5 at the Auto Expo 2018 powered by MobileS’s swapable Smart Battery. This innovation is a leading example of ‘Design in India’ and ‘Make in India’ and is a solution to India’s rising e-mobility needs and global demand for smarter solutions for public transport.

The steadfast customer focus of Ashok Leyland has raised the bar on comfort, aesthetics and strength, with the Circuit 5 platform. The international design of the cabin is infused with technology, aesthetics and a whole lot of thoughtful features. The highly modular cabin is tiltable.

For superior serviceability, it has the best-in-class tft angle, easily openable front grill and also lights under the cabin.

45 cab, which offers a mile high view, is an ideal vehicle encompassing features such as superior mileage, excellent pickup, higher payload, more cabin space, bigger tyres and extended warranty. An innovative vehicle that delivers 1475 kg payload (18% increase over DOST), superior fuel economy, low maintenance, comfort and safety and at a price delta of only 5% more is complete package for its demanding customers. DOST comes with a 680hp/170Nm, three cylinder 1.5-litre TDCi (Turbo Diesel Common Rail engine). It has a load body with a length of 2645mm, width 1620mm and side wall height 380 mm offering an optimum loading space to the customers for various applications.

**Use of Compressed Natural Gas**

The use of Compressed Natural Gas (CNG) as a transport fuel is a mature technology. The CO2 reduction potential of CNG powered vehicles is considerably higher than for gasoline and diesel powered vehicles. Our R&D team took efforts on developing fuel efficient vehicles leading to the launch of DOST CNG. The product is fuel efficient, long lasting and high load carrying small commercial vehicle. DOST CNG RFS comes with a load of 1215 kg at very low operating and maintenance cost. The vehicle has best-in-class cabin comfort and safety. It comes with a long range of 350 km per fill of CNG and thus helps the customer to travel longer distance with lesser refuelling needs.

**DOST**

Ashok Leyland entered the Light Commercial Vehicle space in 2011 with the launch of ‘DOST’ which with its superior fuel economy, cabin comfort and low maintenance helped several customers earn a livelihood. Given improvement in infrastructure and higher consumer spending, there was a need for a vehicle which could deliver more and that too at a reasonably price. This need led to the birth of the innovative DOST.

**3718 Plus**

The GVV categories of trucks are often a response to the economic growth of the country. Not long ago, 16 tonners were the mainstay of the industry, with no necessity for longer and bigger vehicles in the last few years, there have been many rapid changes, to which, Ashok Leyland has responded by introducing new vehicles, not just growing with the economy, but powering it as well. The 3718 Series was pioneered by Ashok Leyland and to continue with our legacy, we launched the 3718 Plus 10x2 truck last year.

This variant offers 10-12% higher fuel efficiency to the operators, thus reducing the carbon footprint, while offering a lower cost per ton to the transporters and customers. This vehicle is fitted with Michelin X-Guard Tyres uniquely designed to suit our trucks. Since each X Guard tyre is lighter by 15kg over the standard tyre, it not only improves the payload by 200kg but also improves the tyre life by over 10%. Additionally the vehicle is also equipped with unitised wheel bearings on all the wheels, compared to other competition models that offers regular taper roller wheel bearings. No greasing or regular replacements are required on the unitised bearings, which offer an assured life of 10 lakh kms.

3718 Plus also comes fitted with Ashok Leyland’s i-Sat telematics system, which not only helps the customers to track and trace their vehicles, but also monitors the health of the key vehicle aggregates.

New 45 Cab (MDV Trucks)

The customers have been continuously advocating higher safety standards for commercial vehicles, and FY 17 saw the introduction of ABS onto M&HCV trucks. Further, in line with our commitment to provide class leading safety, Ashok Leyland introduced the New 45G cabin in the M&HCV range. This cabin complies with the stringent frontal crash test standards as well as the upcoming Truck code regulation.

We at Ashok Leyland fully understand our customer’s varied needs, especially since most customers prefer to build their own cabin to customised requirements. Keeping in mind the Indian Driver’s needs, 45G cab is designed for higher ventilation, wider sleeper berth and spacious cabin with more storage inside cabin.

Circuit-5, India’s first Swappable Battery Bus is designed for Indian conditions, has seating capacity options ranging from 25-50 seats and runs on easily swappable, smart batteries that are small and one-fourth the weight of Batteries typically used. The Circuit-5 bus costs less, requires minimal maintenance owing to less moving parts, supports higher passenger pay load due to weight saved in the battery pack and most importantly, zero tailpipe emissions.

By separating the battery from the bus, for the first time, the largest cost of the bus is drastically reduced to bring costs closer to a traditional diesel bus. The bus is uniquely designed for Indian mass transport usage as the compact and light form factor of the battery allows for more passenger space and standing room. The swapable technology is compatible across a variety of bus platforms and works on the pay-per-use operating business model. This brings down the total cost of vehicle operations; both maintenance and energy.

**Captain Haulage Range**

With Captain, Multi axle platform, the most cost effective trucks & category was pioneered by Ashok Leyland in response to strong market trends across multiple long haul applications including market load, taxi, and containers. The built to order economy of the platform is amplified by the robustness, superior performance and international styling of Captain. It comes in 25T, 31T & 37T GVV with option of 180Hp & 230Hp.

**MiTR**

The MiTR is a modern and new age bus that has been ergonomically designed keeping passenger comfort as its core. The MiTR bus is powered by the advanced and proven ZD30 engine — ensuring the best of both worlds; Power & Fuel Efficiency and takes safety and comfort for its young travelers to a whole new level with its ergonomically designed interiors and well planned safety features keeping Indian roads and driving conditions in mind. It adheres to all the stringent bus body codes (AIS 052) and School Bus Code (AIS 063) and is 100% Rollover Compliant. MiTR makes the ride to school a comfortable, fun and safe one and adds business value to schools and bus operators.

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for better visibility. Inside, the factory-built sleeper cabin is shock-full of driver friendly features. Irrespective of the chosen trim – economy, standard and deluxe, the cabin boasts best-in-class ventilation from overhead vents and quarter vents and air conditioning where applicable.

The DIN bin slots support Ashok Leyland’s advanced telematics solutions to ensure uninterrupted connectivity with key stakeholders. Adjustable seats and telescopic, adjustable steering column and wheel enable drivers to choose the perfect position for every trip. The clear console improves driver productivity by presenting all relevant data in an accessible, responsive manner. Gauges like ‘distance to empty’, mileage meter, and the revolutionary ‘gearshift advisory system’ are high performance additions.

BSIV Implementation in Our Innovation
A strong push in Industries and Infrastructure development by the Government of India has led to a multidimensional improvement in the M&HCV TIV. However, the Commercial Vehicle Industry has witnessed the maximum number of new entrants. Our domestic experience strengthens our belief that economy, higher productivity & uptime continue to be the key buying factors in India rather than feature rich and premium vehicles as in western world.

The cost of ownership over the life cycle of the vehicles is of paramount importance to the Indian buyers, and thus, continuously improving reliability, without compromising on ownership costs, through innovative products are the key factors driving our growth. Ashok Leyland has the robust World class product planning methodology known as GEN-MOD (Genetic Modification), wherein, we involve all stakeholders (our customers, fleet drivers, local mechanics and load providers) prior to the start of designing of any new vehicular models. We capture their voice and rank it for taking performance targets. This CFT effort output goes as input for the designers. It is important to be able to filter our outliers in the brainstorming sessions, so that we can precisely design and deliver what customers need.

With this approach, we were able to tackle with ease the change in market landscape and introduced an innovative solution called iEGR for meeting the BSIV emission norms efficiently and economically.

Intelligent Exhaust Gas Recirculation (iEGR)
We introduced the revolutionary Intelligent Exhaust Gas Recirculation (iEGR) technology in April 2017 emerging as the only OEM in India to have achieved this. The iEGR technology contributes to easy use, better cost efficiency, more efficient fuel consumption, low emissions and minimal cost of implementation directly benefitting the customers, environment and the commercial market.

The extensive work carried out by our R&D team for 5 years on a better fuel efficient vehicles for Indian market led to the launch of iEGR technology - a groundbreaking Indian innovation. We are the only domestic manufacturer to implement this technology for products above 330HP.

iEGR is advanced in terms of flexibility and the ease of transitioning to higher emission norm compliance, but the affordability it offers when it comes to maintenance also makes it the smartest alternative for the commercial vehicle market.

Product Life Cycle
A key focus of our evolving sustainability strategy is to gain a better understanding of the end-of-life of our vehicles and the recyclability of the key components. While the end-of-life vehicle recycling is well-established in the US, Europe and Japan, it is at an emerging stage in India although the number of commercial vehicles have been increasing exponentially. We have been constantly working to understand the end-of-life of our vehicles through our R&D. We aim to take up the life cycle assessment study of our vehicles in the year ahead. We believe this will help us gain a holistic perspective on the overall environmental impact of our vehicles on the ecosystem we operate in.

Product Labeling and Marketing Communication
We have established procedures to provide guidelines for specifying recyclable and reusable materials and avoid usage of hazardous materials during component design stage itself. We discourage use of hazardous materials. However, presence of any such material is clearly indicated as lead in case of batteries. Each part of automobile is categorised based on metals (ferrous and nonferrous) and non-metals like plastics, rubber and other parts which are then classified as recyclable or not. Statutory warning is displayed on every battery for returning to the nearest dealer to ensure its safe disposal as per Battery (Management and Handling) Rules.

We strictly follow all the relevant codes and specifications with respect to labelling the products. Each of our product comes with a comprehensive service manual with complete information about the products’ usage, safety, operation and maintenance.

For our marketing communication advertisements, we adhere to Advertising Standards Council of India (ASCI) code and ensure transparent communication of our product services and quality. However, ASCI has passed an exparte order upholding an objection raised by a third party with regard to certain statements appearing in the website of Ashok Leyland. We have sought a review of the exparte order and have also pursued for a personal hearing. In the meantime, without any prejudice to our rights and remedies, we have modified the statements made in the website.
We constantly strive to understand our customers’ expectations and improve their comfort and safety features. With the increasingly complex customer requirements, our ability to respond precisely to the customer needs in every market is of utmost importance to us.

For this reason, we strengthened our corporate functions even more strongly in line with our business divisions, with this alignment, the responsibility for the key sales markets and major sales functions – including the After-Sales area and the development of the dealer networks – is anchored directly as one central function. The central function also deploys capacities in a targeted manner where required. At the same time, they are also better aligned to accommodate the market requirements from the business divisions. Customer satisfaction is therefore not a merely organizational measure for us but an important aspect through which we aim to underpin the customer orientation culture in the entire company.

Our initiatives are focused and structured around 3C – Customer, Channel and Company and falls under the umbrella of Leverage Analytics to drive Decisions (LEAD) and Practical Improvement in Sales and Marketing (PRISM).

**Our Umbrella Initiatives**

**PRISM**
- Engineering
- Sourcing
- Supply Chain
- Logistics
- Retail

**LEAD**
- Back-End
- Front-End
- Right mix of products at right prices
- Right part available at the right time
- Competitiveness
- Availability
- Pull

**Leverage Analytics to drive Decisions (LEAD):**

The LEAD initiative was driven to set a foundation for analytics in the year 2015-16. The main aim was to generate actionable insights from sales and service data that we accumulated to further augment them in our systems and processes. Our understanding of sales and after-sales scenarios are obtained by data capture, analysis, action links and delivery. These are supplemented by the technology enabled organizational models and interfaces enabled by lead. As part of the LEAD initiative, about 25 different initiatives have been rolled out, covering sales and markets assessment, service and warranty analytics, pricing and dealer financials.

**Practical Improvement in Sales and Marketing (PRISM):**

PRISM is our transformation program. These are directed towards our sales, strategy, processes, market share, and customer satisfaction and dealer profitability. Through this program, we manage a database of over 9 Lakh customers and it has generated 900,000 interactions per year and 120,000 transactions per year. This is accomplished through market mapping, sales funnels, enhanced workshop processes, discount management, customer database and beat planning.

**SPARK**

To reduce risks due to cyclical nature of vehicles business, it is necessary to increase our acyclical businesses such as spare parts multifold. SPARK initiative was started with this very idea i.e. to increase the spare parts business multifold in the coming 5 years. SPARK focuses on interventions at various elements of the value chain to ensure pull generation, increased availability and competitiveness in the market. SPARK focuses on bringing in product group focus by forming product triads consisting of representatives from Sourcing, Engineering and Spare parts departments.

**SPARKFlow**

SPARKFlow is an initiative that was started to ensure 95%+ availability at the front-end. SPARKFlow aims to adjust for increase in sales at the front-end with optimum inventory across the supply chain. Some of the initiatives under SPARKFlow include Norming, Network Design and Dynamic Buffer Management. The network has been revamped to tag the suppliers to one warehouse rather than multiple warehouses. The norming exercise determines the amount of inventory to be held at a part number level. Dynamic buffer management ensures that the norms adjust according to the demand patterns and thus prevent stock-outs and dead inventory. This enables Ashok Leyland to successfully migrate from a forecast-driven to a consumption driven Supply Chain.

**Leykart**

Leykart, a digital platform to sell spare parts directly to retailers and mechanics helps to:
- Create an extensive database linking part numbers to vehicles, chassis numbers etc. This will serve as a base for identification of the perfect replacement even if the part is brought in a broken state.
- Identify and ensure part availability in regions where the part is unavailable at the dealer end, thus reducing loss of sales.

**Mutual Improvement through Relationships (MTR)**

A multilevel loyalty program with a registered base of over 30,000 mechanics, eMITR encourages and incentivizes them to use original and genuine spare parts for repair and replacement, in a tamper-proof, hi-tech turn, QR code based redemption. Patrons of the scheme can redeem points as cash or gifts. Moreover, benefits like trainings, children’s scholarships and family health insurance ensure that the mechanics’ are better enriched from the association with Ashok Leyland.

**SparkFlow**

SparkFlow is an initiative that was started to ensure 95%+ availability at the front-end. SparkFlow aims to adjust for increase in sales at the front-end with optimum inventory across the supply chain. Som一部分的 initiatives under
3. At-site Support
We ensure that our customers get the required services at site especially who operate vehicles in remote location like mines, construction sites and big fleet sites. The at-site support improves the vehicle uptime and saves cost of transportation of vehicle to network initiatives like Workshop on Wheels (WoW). Service at Site to Satisfy You (SASEY) and Service at Site (SAS) van, are helping to improve at site support.

4. Service Mandi
ServiceMandi is a pioneering digital initiative which connects fleet owners (or managers) and drivers to certified workshops via a Mobile App (separate apps for the fleet owner, the truck driver, and workshops). ServiceMandi offers following value to different stakeholders.

a. Rating: The workshops listed on ServiceMandi will be rated on a 5-point scale based on the infrastructure, capability and facilities. Hence customers can choose from an ecosystem of rated & qualified mechanics.

b. Convenience: Based on the click of an app, the fleet owner and workshop can be connected even in unknown locations along with map-based navigational directions. Parts retailers are also mapped to the workshops.

c. Standardized Pricing: ServiceMandi has fixed the prices for the top 80 frequently performed service repairs (based on location and star-rating of the mechanic). This ensures reliable pricing for customers and prevents excessive charges by workshops.

d. Digital Payments: ServiceMandi provides customers with an option to pay for labor and parts through an online payment gateway which saves customers the hassle of carrying cash en-route on trips.

5. e-Diagnostics
e-Diagnostics is first-of-its-kind Bluetooth diagnostic device that can easily pinpoint the error code for customer’s vehicle by connecting the smartphone with their vehicle via Bluetooth. A handy troubleshooting list pops up to help the mechanic or the driver resolve the error in a simple step by step visual process.

6. i-Alert
i-Alert is a state-of-the-art telematics technology that lets customers track and trace their vehicles in real time. i-Alert’s live dashboard displays information regarding all the vital’s of their vehicle’s health in real time. Moreover, if their vehicle needs attention, i-Alert sends the alerts directly to their mobile. It provides information on vehicle performance, predicts service requirements, helps in planning maintenance schedules for quick and efficient service at service centers, and ensures faster turnaround times, thus helping vehicles stay on-road longer.

7. LEAD initiative in service
Data mining and leveraging the data for improving the efficiency and effectiveness of workshops and service delivery are done in a routine manner through LEAD programme.

a. Early warning system to spot product issues at an early stage and to provide a platform for stakeholders to conduct deeper investigations on the identified issue.

b. Service calling tool, the current focus of which is to make ‘schedule maintenance’ calling more effective by augmenting service revenue with priority customer calling and increasing customer satisfaction by increasing customer contacts.

Service revenue, AMC pricing, service 360, war room tracker and dashboard, vehicle parc tagging etc. are other after-market initiatives of the LEAD programme.

Other than the above initiatives, we have formed a centralised Key Account Management Cell (KAM Cell) which contacts the National KAM customer’s site in-charges across the country to help assist in day to day services & resolving maintenance issues for complete site support for service and spares and for special attention in network. We also have a dedicated complaint management system “Leyland Direct”, our 24x7 call centre that provides committed breakdown support. In addition to this, we have an e-mail id reachus@ashokleyland.com which is monitored by Corporate Communication team to enable our customers to reach us via e-mails.

Network Development
In facilitating our dealers to deliver high level of customer satisfaction, consistently, network development assists us in attaining a global reach for our services, sales and aftermarket support. Under this, we have various initiatives like Customer Satisfaction Surveys, Dealer profitability, Balance scorecard and MAUT.

1. Sales and Service Satisfaction Survey
Our M&HCV sales & service satisfaction survey is a bi-annual programme for both sales and service, covering customers of LCV and M&HCV range of vehicles. The study comprises a service satisfaction study and a sales satisfaction study and conducted through a third party. We use computer assisted telephonic interview (CATI) for data collection and analyse them based on the customer database provided by Ashok Leyland. Customers are contacted for the study through a close ended 15-20 minute questionnaire. For FY 2017-18, Q1 & Q3 were the two quarters covered in the programme. Total respondents combining both sales and services satisfaction surveys for Q1 & Q3 were 16000. Results of the study shows that overall sales satisfaction index has improved to 850 in FY 2017-18, up from 794 in FY 2016-17. We had set a target to increase the index from 794 in FY 2016-17 to 750 in FY 2017-18 and we are proud to achieve our target.

2. Customer Satisfaction
Customer Satisfaction Index (CSI) survey is also being conducted annually by independent agency to understand views and perception of customer about our products and services. This helps in improving service standards and fuse new technology into our products. Our CSI score in FY 2017-18 was 745 which has increased compared to last financial year.

Going beyond the expected has always been our motto. Our mobile service center is one such program where we provide services to our customer at their doorstep focusing mostly on remote geographies. We are pleased to say that during FY 2017-18, a total of 9337 SAS camps have been conducted at remote areas servicing 65966 vehicles which translates to 32% of the total vehicles attended.

Similarly, overall service satisfaction index has improved to 750 in FY 2017-18, up from 699 in FY 2016-17. We had set a target to increase the index from 699 in FY 2016-17 to 750 in FY 2017-18 and we are proud to achieve our target.

2. Dealer Profitability
The Ashok Leyland LEAD programme features dealer financial dashboards to recognise opportunities and drive operational improvements for the dealer and increase drive service absorption ratio. A dealer financials tunable profit and loss (P&L) is used to define the dealer memorandum of agreement (MoA) such that the dealer earns a reasonable return. This helps us understand the optimal levels of retention and set incentives for the dealer.

The dealer financials exercise comprises comprehensive dealer reviews with senior leadership at dealerships on sales, service, parts and financial performance. We also identify dealers to “support” in line with the “AAP KO JEET HAMARI JEET” philosophy as part of our Best Practices and Action Plan “IDEATE”.

"Winning thru Skill Enhancement" of the PRIDE scheme is an initiative that is aimed at upgrading the dealer sales team’s selling approach & capabilities.
3. MaxIT
MaxIT, a sales configurator tool, was developed to assist Dealer Sales Executives (DSEs) to suggest the right vehicle for right application. It helps customers to configure their own vehicle with the various options which we provide in our products.

The configurator was designed based on below sections,
1. Choose the model
2. Select the fully built options
3. Selection of service products
4. Pricing and Availability
5. Selection of Financial Assistance
6. Order Placement and tracking

The dealer sales executives are to select the application and few basic inputs like payload and loading pattern for trucks, and number of seats and fuel type for bus. Based on the business inputs, the configurator will suggest the vehicle models and provides fully built options based on customer requirements. In the offered vehicle model the customer can select a model preferred for his application and start configuring the features like tyre, Engine power, suspension, etc., and for bus, seating layout, door position, body type, etc.

For the selected model, the customer is taken through service products like Annual Maintenance Contract (AMC), Extended Warranty package (EWP) and Insurance options. The customer can then choose the service products suitable for the application and know the price immediately.

MAXIT allows us to measure the sales process adherence (sales quality), thereby improving vehicle sales planning, forecasting and operations planning. We can also start measuring wrong selling and stop providing warranty for the vehicles, or we can charge additional premium warranty charges where the model procured is not recommended for the intended application.

After 3-4 years, we can refine our vehicle offering portfolio by measuring the data collected in MAXIT, for example – the type of vehicles offered for a particular application, which is an intangible benefit to the organisation.

Monitoring the sales process adherence is done by two measures,
1. Model adherence
   Model level adherence is measured to understand whether the customers are getting the required model as per their selection of application. It is calculated as Model available in LEAD / Model available in SAEU.

2. V-part number adherence
   V or Vehicle part number adherence is measured to understand whether the customer configured vehicle with a certain specification is being sold.

Since every V part number is a unique configuration of features. So the customer configured vehicle will narrow down to select one V part number out of available list of V part numbers. The same is calculated as, V-part number configured in LEAD / V-part number available in SAEU document.

**Training**

We provide various training to our Dealers Sales staff, Service staff, mechanics and Drivers to enhance their skills and communication. Our training programme includes Product training, Selling skills training, Service Training, Driver Training on skill and safety and are imparted at various Service Training Centres, Driving Training Institutes using The Mobile Training facilities called Knowledge on Wheels (KNOW)

**Service Training**

We respect skill progression of our service team to satisfy our customers and our operational framework can support this endeavor at fast pace and effectively.

In this course, our service training programme is aimed to offer continuous improvement in skills for higher productivity, motivation and retention.

Service training is provided to all dealerships and Authorised Service Centres, new product and technology launch, during the ownership life time of vehicle and in case of frequent complaints.

A linear skill advancement package is rolled out at all our Service Training Centres which are located at Chennai, Namakkal, Nagpur Nashik, Bhavnagar, Panthaghar, Ludhiana, Alwar, Kolkata, Pune and Lucknow.

**Driver Training**

We recognize that continuous and adequate training and certification should be imparted to drivers to develop specific skills of rural youth towards making them employable. Also, a fresh cadre of high quality drivers are required to meet the demand of safety and drivers and inculcate road safety awareness among them to reduce accidents.

We offer various trainings to drivers, fleet owners, individuals etc. in our training centres that located in Khaityal, Buisi, Rajasmand, Baroda, Chhinhwada, Chhatta, Surin, Dharward, Telananka and Namakkal. These centres are run and managed by us and society employers.

**L0 Mandatory**

Introduction Training @ Dealer eLearning & OJT

- 1 month
- 1-2 months
- 6-12 months
- > 6 years

**L1 Mandatory**

Basic Maintenance @ STC

- 5 days

**L2 Specialisation**

General Aggregates O/M @ STC

- L1A - 5 days
- L1B - 5 days

Course Specific

- > 3 days

**L3 Mandatory**

Trouble shooting and Diagnostics @ STC

- 3 days

**Sales Training**

We provide sales training to dealer sales executives to enhance their knowledge and skills, thus improving productivity.

We offer structured sales training programmes, competency framework and assessment for Dealer Sales Executives (DSEs) that define knowledge and skill sets to help them to excel in their roles.

**Knowledge on Wheels (KNOW)**

The objective of our Knowledge on Wheels (KNOW) programme is to take the knowledge and skills to the doorstep of all users and service providers of Ashok Leyland products including customers, channel partners, Mitr Mechanic Garages (MMGs), local mechanics and technicians.

The program focuses on product familiarization, maintenance, trouble shooting, minor repairs and diagnostics with state of the art tools and equipment. Currently we have 67 KNOWs positioned across the country, covering each of our area offices. They travel with a set itinerary, monthly plan and provide training on the spot with a calendar for coverage of the identified target audience.

Each KNOW vehicle is assigned with dedicated expert trainer to deliver training as per the Standard Operating Procedure. This is achieved through experienced trainers / instructors, who ensure effective Knowledge and Skills

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since inception, we have trained over 10 Lakhs drivers offering customizable courses on fresher, refresher, hazardous goods transportation, fuel saving etc.

High Impact Project through Lean Six Sigma

1. Improved the Turn-Around-Time at Al Service Center

We fully recognize the fact that it is our responsibility to meet customer demands. It was found that, in some cases, the turn-around-time was significantly extended due to inefficient processes and procedures. To address this issue, we implemented a project focusing on Lean Six Sigma principles.

The project aimed to identify and eliminate waste, improve process efficiency, and enhance customer satisfaction. Through rigorous analysis and root cause identification, we were able to pinpoint areas for improvement.

Key initiatives included:
- Streamlining the vehicle repair流程
- Enhancing communication channels with customers
- Implementing just-in-time (JIT) inventory management
- Conducting regular training sessions for staff on Lean Six Sigma tools and techniques

As a result of these efforts, the turn-around-time for service repairs significantly reduced, leading to higher customer satisfaction and increased loyalty.

Transfer of Learnings:

In FY 2017-18, we have transferred over 50893 personnel on BS IV Module.

In FY 2018-19, the turnaround time has further reduced, indicating the sustained impact of the Lean Six Sigma project.

Customer Feedback:

Following the implementation of Lean Six Sigma practices, customer feedback has been overwhelmingly positive. Increased satisfaction and reduced wait times have contributed to enhanced loyalty and positive word-of-mouth recommendations.

Future Plans:

We continue to invest in training and development initiatives, ensuring that our service teams stay up-to-date with the latest industry standards and best practices. Our focus remains on delivering exceptional customer experiences and meeting their evolving needs.
cases, the service time exceeded the promised time. The project team conducted a quick time study and analyzed the factors for high lead time and variation in the processes. From the output of this study, team carried out manpower balancing and shifted the outlet timings & reduced Non-Value added process. This resulted in 70% improvement in the Turn-Around-Time & Customer Satisfaction.

2. Customer delight by improving the cabin Salt spray Hours

All our vehicles are liked by customers for their ruggedness. We found that in extremely corrosive conditions, cases of cabin rust could occur. In order to avoid this, the Salt Spray hours had to be increased by 300 hours. The project team ran a Design of Experiment and optimized the phosphate coating weight by studying and controlling the effect of dependent factors. This project ensured Customer Delight by providing Best-in-class salt spray resistance. Also, the team used their technical expertise backed by data analysis and helped save 6 Crores / Annum.

Customer Data Privacy

We ensure privacy of our customer data and for that we have established information security management systems in line with the international standard ISO 27001: 2005. The customer data is centrally controlled through our sales and service network. There were no complaints regarding breach of customer privacy or loss of customer data during the year.
We believe that the long term prospects for the commercial vehicle industry continue to be attractive. Despite the fluctuations in the domestic market we have been able to maintain our market leadership through various steps taken to insulate ourselves against the slowdown including new product launches, increase in the sales and increase in export. We are gearing up for the next growth phase through new initiatives and partnerships. The thrust will be to achieve a significant share in the international business in the total turnover.

Our economic policies are formulated based on various factors including geographies where we operate, market conditions, consumer preferences, our past performance, government regulations and our corporate governance ethics, amongst others. Internally, we have established robust business planning and risk management process with stringent controls. These processes help us to maintain operational stability and ensure regulatory compliance. We ensure reliable and effective financial reporting through integrated financial accounting systems with in-built controls. Our Board of Directors, through a board constituted Audit Committee, regularly reviews the audit mechanism. Our audit function is entrusted with responsibilities for ensuring and periodically reviewing and monitoring risks and regulatory compliance requirements. This makes internal controls and processes stronger and also serves as the basis for compliance with Clause 49 requirements mandated by the Securities and Exchange Board of India (SEBI).

We recognise that climate change poses market, physical, regulatory and other risks significant to the long term sustainability of our business. Poor monsoons have significant impact on our sales, especially in the rural market as well as on our supply chain operations located in water stressed regions. We consider climate change as an opportunity to develop environment friendly, fuel efficient products, which give us an edge over competitors.

In FY 2017-18, our net profit increased by 28% compared to the last reporting period. We also invested INR 4590 Millions in research and development showcasing an increase of 17.8% compared to the last financial year. We witnessed a significant growth in the volumes we sold and our domestic market shares accounted to 32.2% during the reporting period.

For FY 2017-18, the Board has recommended a dividend of INR 2.43 per share which is subject to the approval of the shareholders.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Economic Performance (in INR lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY 2015-16</td>
</tr>
<tr>
<td>Economic Value Generated</td>
<td>2,011,059.44</td>
</tr>
<tr>
<td>Economic value distributed</td>
<td>1,904,500.55</td>
</tr>
<tr>
<td>Operating costs</td>
<td>1,581,994.43</td>
</tr>
<tr>
<td>Community investments</td>
<td>369.05</td>
</tr>
<tr>
<td>Payments to Government</td>
<td>150,377.71</td>
</tr>
<tr>
<td>Employee wage and Benefits</td>
<td>138,506.28</td>
</tr>
<tr>
<td>Payments to providers of capital</td>
<td>33,253.08</td>
</tr>
<tr>
<td>Economic Value retained</td>
<td>106,558.85</td>
</tr>
</tbody>
</table>

FY 2016-17 figures have been regrouped wherever necessary.

Direct and Indirect Economic Impacts

While we generate direct economic value through our operations, products and services, we also contribute to significant indirect economic impacts which result in enhanced economic activity. Due to sturdiness, multi-functionality and low cost of ownership, our LCVs are the most preferred means of transport by the small scale traders and businessmen in the semi-urban and rural areas, helping support rural economies.

We indirectly create livelihoods by supporting local businesses and procuring goods and services from within the states where our manufacturing plants are located. As a result, we spent INR 1,501,230 Lakhs on local procurement of goods and supplies for our operations. We continue to adopt procurement practices that support local businesses and contribute to the local economy. Our sales and service network is persistently expanding, resulting in the economic value creation. This has also provided employment to people from economically weaker sections of society. In the FY 2017-18, we spent INR 1,566.79 Lakhs towards CSR programmes.
INDEPENDENT ASSURANCE STATEMENT

Scope and Approach
DNV GL Business Assurance India Private Limited ("DNV GL") has been commissioned by Ashok Leyland Limited (Corporate Identity Number L34101TN1994PLC000105, hereafter referred to as "Ashok Leyland" or "the Company") to undertake an independent, limited level of assurance of the Company's Sustainability Report 2017-18 in its printed format (the "Report") along with referenced information in its Annual Report, for the financial year ending 31st March 2018 based on International Standard on Assurance Engagements 3000 (ISAE 3000) Revised*. The management of Company is responsible for all information provided in the Report as well as the processes for collecting, analysing and disclosing the information presented in the Report. The intended user of this Assurance Statement is the management of the Company. Our assurance engagement was planned and carried out from March 2018 to July 2018.

We performed our work using DNV GL's assurance methodology VeriSustain™, which is based on our professional experience, and international assurance best practices including International Standard on Assurance Engagements 3000 (ISAE 3000) Revised and the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines.

The scope of our assurance was the verification of the qualitative and quantitative information on sustainability performance disclosed in the Report covering Economic, Environmental and Social performance of the activities undertaken by the Company over the Reporting period 1st April 2017 to 31st March 2018, and based on the Global Reporting Initiative (GRI) Sustainability Reporting Standards 2016 ('GRI Standards') and its 'Core' option of reporting. We evaluated the sustainability performance disclosures including reported data, using the GRI principles on 'Defining Report Content' and the 'Reliability' principle, together with the Company’s data protocols on how the data is measured, recorded and reported to arrive at our assurance opinion.

We understand that the reported financial data and information including Corporate Social Responsibility (CSR) expenditure are based on Company's Annual Report and Accounts dated 31st March 2018, which are subject to a separate independent audit process. The review of accuracy of the financial data taken from the Annual Report and Accounts is not within the scope of our work.

We planned and performed our work to obtain the evidence that we considered necessary to provide a basis for our assurance opinion. We are providing a limited level of assurance: no external stakeholders (except sampled CSR beneficiaries) were interviewed as part of this assurance engagement.

Responsibilities of the Directors of Company and of the Assurance Providers
The Directors of Ashok Leyland Limited have sole responsibility for the preparation of the Report. In performing our assurance work, our responsibility is to the management of the Company; however, this statement represents our independent opinion and is intended to inform stakeholders of the Company. DNV GL was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. This is the second year that we are providing assurance to the sustainability disclosures presented by Ashok Leyland.

DNV GL’s assurance engagements are based on the assumption that the data and information provided by the Company to us as part of our review have been provided in good faith and free from misstatements. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Basis of Our Opinion
A multi-disciplinary team of sustainability and assurance specialists performed work at Corporate office at Chennai and sample operational sites at Hosur. We undertook the following activities:

- Review of the current sustainability issues that could affect the Company and are of interest to identified stakeholders;
- Review of management approach to stakeholder engagement and recent outputs although we had no direct engagement with external stakeholders except during our review of sampled CSR activities;
- Review of information provided to us by the management team on its reporting and management processes relating to the GRI Principles for Defining Report Content;
- Interviews with selected Directors and senior managers responsible for management of sustainability issues and review of selected evidence to support issues discussed.

We were free to choose interviewees and interview those with overall responsibility for the programmes to deliver the Group Sustainability Objectives for medium and long term vision.

- Site visits were conducted at manufacturing locations at Panipat (Uttar Pradesh) and Hosur-1 (Tamil Nadu), CSR projects in Chennai (Tamil Nadu), and Research and Development (R&D) centre at Vellichiruvancherry in Chennai (Tamil Nadu) to review process and systems for preparing site level sustainability data and implementation of sustainability strategy including CSR activities undertaken by the Company. We were free to choose the sites we visited and they were selected on the basis of their materiality to the group for sustainability impacts;

- Offsite review of sustainability performance data for the manufacturing facilities at Panipat (Uttar Pradesh), Alwar (Rajasthan), Bhandara (Maharashtra), Hosur-2 (Tamil Nadu), CEP Press and Panel Shop (CPPS) and Ennore including Foundry Division (Tamil Nadu) and Corporate Office at Chennai (Tamil Nadu), and review of supporting evidence for key claims and data in the Report. Our verification processes were prioritised according to materiality and we based our prioritisation on the materiality of issues at a consolidated Corporate level;

- Review of the processes for gathering and consolidating the sustainability performance data and disclosures and for a sample, checking the data consolidation; and;

- An independent assessment of reporting against the GRI Standards: Core option of reporting.

During the assurance process, we did not come across limitations to the scope of the agreed assurance engagement except that the verification was limited to data and information disclosed for the reporting year 2017-18.

Opinion
On the basis of the work undertaken, nothing came to our attention to suggest that the Report, together with referenced information does not properly describe Ashok Leyland's adherence to the GRI Standards: Core option of reporting, including the GRI 102: General Disclosures 2016, GRI 103: Management Approach 2016 and the disclosures related to the following GRI Standards identified for reporting material impacts:

- GRI 101: Economic Performance 2016 – 201-1;
- GRI 204: Procurement Practices 2016 – 204-1;
- GRI 301: Materials 2016 – 301-1, 301-2;
- GRI 303: Water 2016 – 303-1, 303-3;
- GRI 304: Biodiversity 2016 – 304-1, 304-3;
- GRI 305: Emissions 2016 – 305-1, 305-2, 305-4, 305-6, 305-7;
- GRI 307: Environmental Compliance 2016 – 307-1;
- GRI 401: Employment 2016 – 401-4, 401-3;
- GRI 402: Labor/Management Relations 2016 – 402-1;
- GRI 403: Occupational Health and Safety 2016 – 403-2;
- GRI 404: Training and Education 2016 – 404-1;
- GRI 405: Diversity and Equal Opportunity 2016 – 405-1;

1 The VeriSustain protocol is available on www.dnvgl.com
* Assurance Engagements other than Audits or Reviews of Historical Financial Information.
Observations
Without affecting our assurance opinion, we also provide the following observations:

**Stakeholder Inclusiveness**
The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability.

The Company has identified shareholders, employees, suppliers, customers, regulatory bodies, dealers and service providers and the community as its key stakeholder groups. A stakeholder engagement process is in place for proactively engaging with stakeholders to identify their key challenges, concerns and expectations and responses to these are adequately brought out within the Report. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Stakeholder Inclusiveness.

**Materiality**
The process of determining the issues that are most relevant to an organization and its stakeholders.

The materiality determination process carried out in the previous reporting period was reviewed to evaluate its adequacy in the changed business scenario for the current reporting period. The process included inputs from key internal and external stakeholders such as shareholders, employees, customers, suppliers, governments, regulatory bodies, media and senior management of the Company, as well as issues considered important for the automotive sectors and global peers. In our opinion, the output of the process does not miss out any significant material issues and nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality.

**Responsiveness**
The extent to which an organization responds to stakeholder issues.

The Report adequately brings out policies, strategies, management systems and governance mechanisms that the Company has established to respond to topics identified as material and significant concerns of key stakeholder groups. It is suggested that the Company may, based on its strategic priorities, identify and articulate its long-term sustainability goals and targets for identified material topics in its future reports. Nothing has come to our attention to suggest that the responses related to identified material topics are not adequately represented in the Report.

**Reliability**
The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.

The Company has established a sustainability performance data collection and aggregation system based on the requirements set out in GRI Standards for identified material topics related to environmental, labour and social standards for its key manufacturing sites. During the sample verification, some data inaccuracies were identified and were found to be attributable to transcription, interpretation and aggregation errors, and these errors have been communicated and corrected. It is further suggested that the Company may establish internal audit and review mechanisms for its data management systems to further strengthen the processes of sustainability disclosures. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Reliability.

**Completeness**
How much of all the information that has been identified as material to the organisation and its stakeholders is reported.
## GLOSSARY

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>A/C</td>
<td>Account</td>
</tr>
<tr>
<td>AIDS</td>
<td>Acquired Immune Deficiency Syndrome</td>
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<tr>
<td>AL</td>
<td>Ashok Leyland</td>
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<tr>
<td>ALCDB</td>
<td>Ashok Leyland Corporate Building</td>
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<td>ALEA</td>
<td>Ashok Leyland Excellence Award</td>
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<tr>
<td>AMC</td>
<td>Annual Maintenance Contract</td>
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<tr>
<td>BRR</td>
<td>Business Responsibility Reporting</td>
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<td>BS</td>
<td>Bharat Stage</td>
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<tr>
<td>BSE</td>
<td>Bombay Stock Exchange</td>
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<tr>
<td>BTL</td>
<td>Below the line</td>
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<tr>
<td>CATI</td>
<td>Computer Assisted Telephone Interview</td>
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<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
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<tr>
<td>CFD</td>
<td>Computational Fluid Dynamics</td>
</tr>
<tr>
<td>CFM</td>
<td>Cubic Feet per Minute</td>
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<tr>
<td>CNC</td>
<td>Computer Numeric Control</td>
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<tr>
<td>CNS</td>
<td>Compressed Natural Gas</td>
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<tr>
<td>COSO ERM</td>
<td>Committee of Sponsoring Organisations of the Treadway Commission – Enterprise Risk Management</td>
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<tr>
<td>CPPS</td>
<td>Cab Press and Panel Shop</td>
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<tr>
<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<tr>
<td>CTC</td>
<td>Cost To Company</td>
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<tr>
<td>Cum</td>
<td>Cubic Meter</td>
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<tr>
<td>CV</td>
<td>Commercial Vehicle</td>
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<tr>
<td>DET</td>
<td>Diploma Engineer Trainee</td>
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<tr>
<td>DG</td>
<td>Diesel Generator</td>
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<tr>
<td>DMA</td>
<td>Disclosure on Management Approach</td>
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<tr>
<td>DNV GL</td>
<td>Det Norske Veritas (Norway) and Germanischer Lloyd</td>
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<tr>
<td>DSE</td>
<td>Dealer Sales Executive</td>
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<tr>
<td>DTI</td>
<td>Driver Training Institutes</td>
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<tr>
<td>EBITDA</td>
<td>Earnings before interest, tax, depreciation and amortisation</td>
</tr>
<tr>
<td>ECU</td>
<td>Equivalent Cabin Unit</td>
</tr>
<tr>
<td>ED</td>
<td>Electro Deposition</td>
</tr>
<tr>
<td>EGR</td>
<td>Exhaust Gas Recirculation</td>
</tr>
<tr>
<td>ELP</td>
<td>Emerging Leaders Program</td>
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<tr>
<td>ENT</td>
<td>Ear, Nose, Throat</td>
</tr>
<tr>
<td>ER</td>
<td>Employee Relations</td>
</tr>
<tr>
<td>ETP</td>
<td>Effluent Treatment Plant</td>
</tr>
<tr>
<td>EV</td>
<td>Electric Vehicles</td>
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<tr>
<td>EWP</td>
<td>Extended Warranty Package</td>
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<tr>
<td>FDSS</td>
<td>Fire Detection and Suppression System</td>
</tr>
<tr>
<td>GRI Standard</td>
<td>Disclosures Description</td>
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<td>-------------</td>
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<tr>
<td>102-1</td>
<td>Name of the organization</td>
</tr>
<tr>
<td>102-2</td>
<td>Activities, brands, products and services</td>
</tr>
<tr>
<td>102-3</td>
<td>Location of headquarters</td>
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<tr>
<td>102-4</td>
<td>Location of operations</td>
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<tr>
<td>102-5</td>
<td>Ownership and legal form</td>
</tr>
<tr>
<td>102-6</td>
<td>Markets served</td>
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<tr>
<td>102-7</td>
<td>Scale of the organization</td>
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<tr>
<td>102-8</td>
<td>Information on employees and other workers</td>
</tr>
<tr>
<td>102-9</td>
<td>Supply Chain</td>
</tr>
<tr>
<td>102-10</td>
<td>Significant changes to the organization and its supply chain</td>
</tr>
<tr>
<td>102-11</td>
<td>Precautionary principle or approach</td>
</tr>
<tr>
<td>102-12</td>
<td>External initiatives</td>
</tr>
<tr>
<td>102-13</td>
<td>Memberships of associations</td>
</tr>
</tbody>
</table>

**ETHICS AND INTEGRITY**

| 102-16 | Values, principles, standards and norms of behavior | 23-24 |

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