



ASHOK LEYLAND

Aapki Jeet. Hamari Jeet.



SUSTAINABILITY REPORT



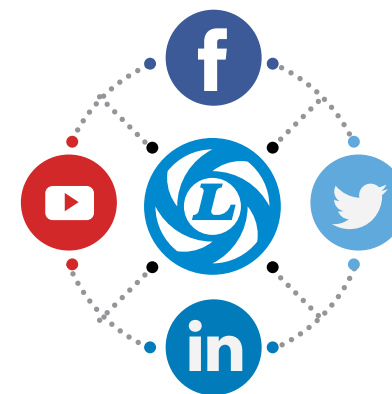
2017-18



HINDUJA GROUP



AAPKI JEET HAMARI JEET



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.


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LETTER FROM THE CHAIRMAN



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

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.

Vinod K. Dasari

Managing Director

June 2016

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 India 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

Vinod K Dasari
CEO & the Managing Director

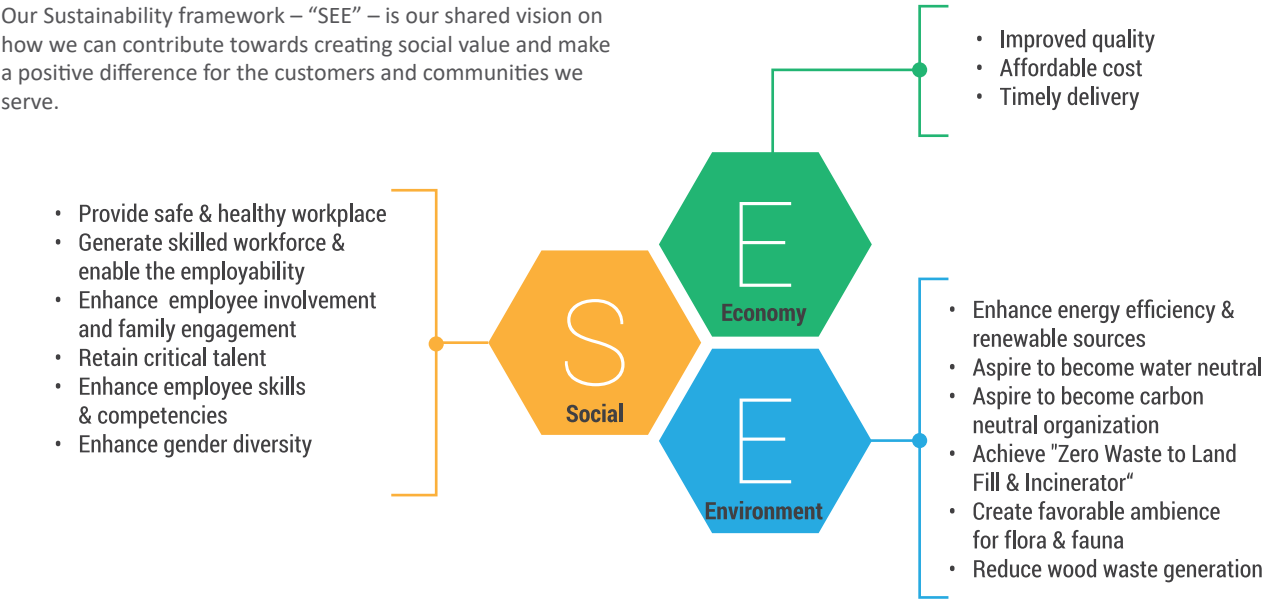
ASHOK LEYLAND'S ENABLERS

Quantifying our performance across the value chain

| Research & Development | Sourcing | Manufacturing | Sales | After Market | Recycling |
|----------------------------------|------------------------------------|---|-----------------|---------------------|--------------------------------|
| Introduction of new technologies | New suppliers engaged | 20% of renewable energy used | Dealer network | Service after sales | Initiate LCA study |
| New patents | Suppliers assessed/trained/awarded | 2% increase in overall emissions | Happy customers | Driver Training | 4% Recycled materials consumed |
| | | 5% reduction in fresh water consumption | | | |
| | | Zero waste to landfill and incinerator | | | |

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.



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

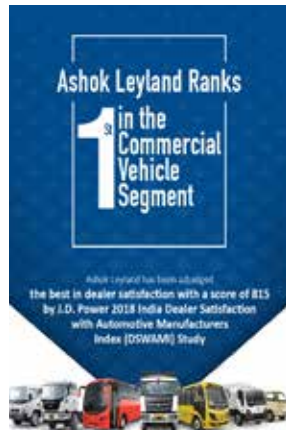
Marketing Excellence in Automobiles (Commercial Vehicles) World Marketing Congress 2017

Best CSR Practices Awards 2017

Awarded by CMO Asia

Ranks 1st in Dealer Satisfaction survey in Commercial Vehicle Category

Adjudged the best with a score of 815 by J.D.Power 2018 DSWAMI study



State Level Energy Conservation Award

Bhandara unit awarded by Maharashtra Energy Development Agency



02

About the Report

ABOUT THE REPORT

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, Pantnagar 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 organisation. 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



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Organisational Profile

ORGANISATIONAL PROFILE

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

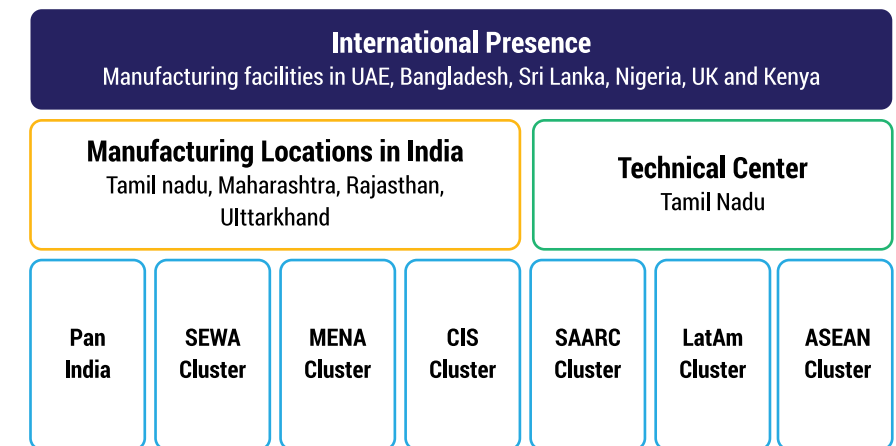
Since our establishment seven decades ago, we have emerged as India's leading player in the automotive industry and are one of the country's most esteemed business groups. Our shares are listed on the Bombay Stock Exchange (BSE) (Script no. 500477) and also on the National Stock Exchange of India (NSE) (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 131,432 units (116,534 in domestic and 14,898 in export markets), while LCV achieved record sales of 43,441 vehicles, with a growth of 37% over the previous year.

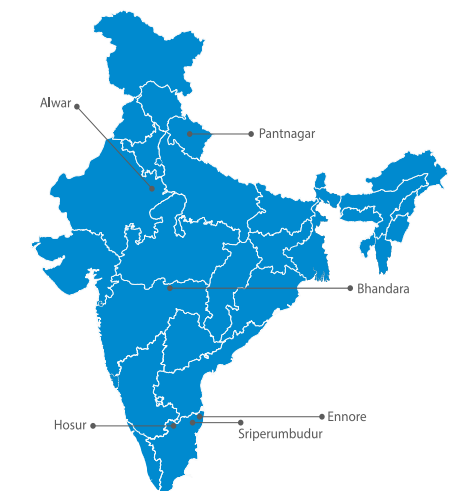
For more information about us (e.g. our evolution, joint ventures, subsidiaries, etc.) and our group, we request our readers to refer to our website at www.ashokleyland.com and our Annual Report FY 2017-18 at www.ashokleyland.com.

Our Geographical Presence

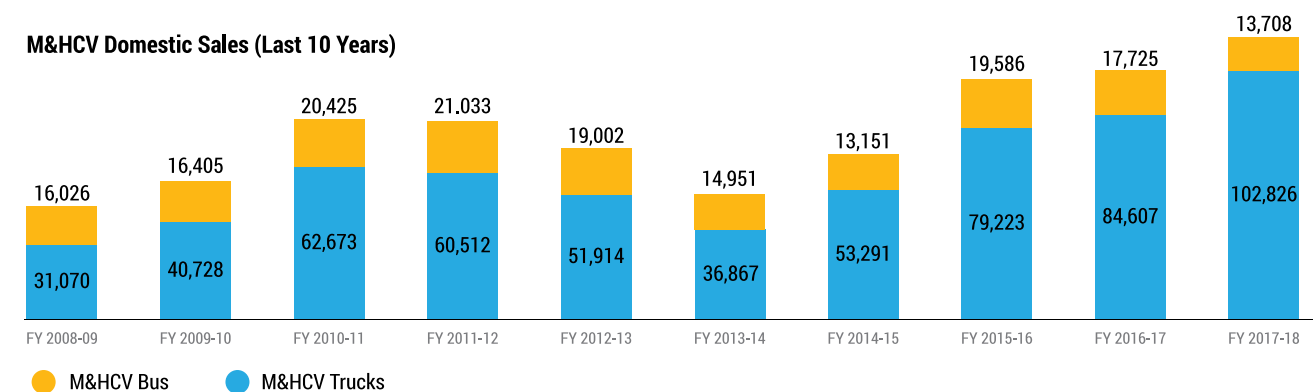


| Location | Operation |
|--|--|
| Ennore, Tamil Nadu | Buses, Trucks, Engines, Axles etc. |
| Hosur, Tamil Nadu | Trucks, Special Vehicles, Power Units, Press Panels, Engines, Cabs and FSM |
| Pantnagar, Uttarakhand | Buses, Trucks, Engines, Cabs and FSM |
| Alwar, Rajasthan | Bus Manufacturing |
| Bhandara, Maharashtra | Gearbox |
| Foundries Division, Ennore and Sriperumbudur, Tamil Nadu | Castings for automobiles and tractors to industrial engines, construction equipment and power generation equipment |

Our Manufacturing Locations in India



M&HCV Domestic Sales (Last 10 Years)



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

1948



Government approval
for manufacture of
commercial vehicles

1954



Ashok Motors
becomes Ashok
Leyland

1955



India's first
rear-engine bus –
'Cheetah' introduced

1978



India's first driver
training facility set up
at Namakkal

India's first 13-ton
truck – 'Tusker'
introduced

1995



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

2002



India's first
double-decker arrives

1980

India's first Hybrid
CNG Plug-in Bus

2010

India's first Euro 6
compliant truck
launched





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 18 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

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 provides 10% higher mileage than competitor products and is designed to

provide utmost comfort and safety to drivers during the long run. The Partner ensures each ride is a comfortable one and a Profitable one. The Partner Truck has won the LCV Cargo Carrier of the year 2018 at the Apollo CV Magazine Awards 2018.

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. 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

Through our long standing association with SIAM and CII and of late with FICCI and ASSOCHAM 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.

04

Corporate Governance

CORPORATE GOVERNANCE

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:

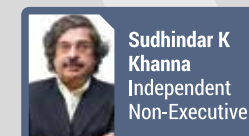
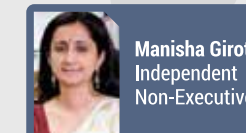
- sound business decisions, prudent financial management and high standards of ethics throughout the organization
- ensuring transparency and professionalism in all decisions and transactions
- achieving excellence in governance by conforming to and exceeding wherever possible, the prevalent

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.



Organisational Structure



Committees of the Board

Our Board has instituted 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

We have constituted an independent Audit Committee that adheres to Regulation 18 of SEBI Listing Regulations and Section 177 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.

Stakeholder’s Relationship 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.

Risk Management Committee

A Risk Management Committee has been formed to assist the Board and Audit Committee in their responsibilities of overseeing Company’s risk management policies and processes (including processes for

monitoring and mitigating such risks) and the Company’s exposure to unmitigated risks.

Investment Committee

The Investment Committee considers and recommends long term strategic goals in the areas of manufacturing and product strategy.

Technology Committee

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 be ahead of emerging global product and technology trends.

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.

Shareholding Pattern as on 31st March 2018

| Category | Shares | Percentage | No. of Holders | Percentage |
|--|------------|------------|----------------|------------|
| Promoters | 1500660261 | 51.27 | 5 | 0.00 |
| Resident Individuals / Asso. Of Person | 264877325 | 9.05 | 482988 | 97.77 |
| IEPF Authority / Unclaimed Securities Suspense Account | 3439128 | 0.12 | 2 | 0.00 |
| Clearing Members | 6707414 | 0.23 | 341 | 0.07 |
| Financial Institutions/Insurance Co. / State Govt./Govt. Companies | 106659927 | 3.64 | 14 | 0.00 |
| Foreign Institutional Investors | 3692334 | 0.13 | 10 | 0.00 |
| Foreign Portfolio Investors | 736288161 | 25.15 | 493 | 0.10 |
| NRI / OCB / Corporate Bodies - Foreign / Bank - Foreign / Foreign National | 13288818 | 0.45 | 7678 | 1.55 |
| Corporate Bodies / Limited Liability Partnership | 63022028 | 2.15 | 2228 | 0.45 |
| Mutual Funds | 191598809 | 6.55 | 138 | 0.03 |
| Trusts | 8629478 | 0.29 | 51 | 0.01 |
| Banks | 391813 | 0.01 | 31 | 0.01 |
| Alternate Investment Fund | 4847105 | 0.17 | 3 | 0.00 |
| Others - GDR A/C | 23001500 | 0.79 | 2 | 0.00 |
| Grand Total | 2927104101 | 100.00 | 493984 | 100.00 |

Risk Management

At Ashok Leyland, we have an inclusive, well integrated and standardised Enterprise Risk Management (ERM) framework across the organisation encompassing all the business units and functions. The risk management process enables business to identify and proactively address risk and opportunities, assessing them in terms of likelihood and potential impact, determining our response strategy, and monitoring them on regular basis. The ERM framework at Ashok Leyland embodies the principles of COSO ERM framework & ISO 31000:2009 standard that encourages a sound risk culture and facilitate informed decision making.

The ERM is overseen by the Board of Directors, through the Risk Management Committee (RMC) which is responsible to ensure that the Company has an appropriate and effective ERM framework. The RMC apprises the Board on a periodic basis on the effectiveness of the ERM framework, the enterprise risks faced by the Company and how these are managed. It also reviews the Company’s risk appetite statement on an annual basis. The Steering Committee, consisting core business vertical heads, is responsible for the risk management process including risk identification, impact assessment, effective implementation of risk mitigation plan and risk reporting. The steering committee, chaired by CEO & MD, reviews on a quarterly basis, the enterprise risks which are tabled at the RMC.

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

The Company also received an award for “Best Risk Management Framework and Systems - Automotive” at the 4th edition of India Risk Management Awards, presented by CNBC-TV18 and ICICI Lombard in January 2018.

Internal Control System

Given the nature of our business and size of operations, we have designed a suitable internal control system to ensure:

- Recording of transactions are accurate, complete and properly authorized
- Adherence to Accounting standards and compliance to applicable statutes, Company policies and procedures
- Effective usage of resources and safeguarding of assets

Our Internal Financial Control Framework is developed in line with the specific requirements as laid out under Section 134(5)(e) of the Companies Act, 2013 and adopts the COSO (Committee of Sponsoring Organizations of the Treadway Commission) Internal control framework 2013.

Internal Audit, through its own independent and multi-disciplinary team carries out risk based Internal audit reviews, in line with the annual risk based Internal Audit plan as approved by the Audit Committee of the Board. The Internal Audit function reviews compliance vis-à-vis the established design of the Internal control, as also the efficiency and effectiveness of operations. Significant deficiencies in Internal control identified if any, are reviewed periodically, and tracked for closure.

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

Business Conduct and Ethics

Ashok Leyland’s Code of Conduct outlines the Company’s expectations from the members of the Board, senior management and employee behavior in areas that include conflict of interest, fair dealings, gifts, legal compliance, and confidentiality. The code of conduct, along with company policies are regularly reviewed and updated. Any actual

or potential violation of the Code of Conduct would be a matter of concern for the Company. The code unambiguously lays down the general principles and standards that govern the actions of the Company and its employees, laying emphasis on adoption of highest standards of personal ethics, integrity, confidentiality and discipline in dealing with matters relating to the Company. At the Company level we have implemented various policies to ensure good governance and workplace commitments.

Remuneration policy:

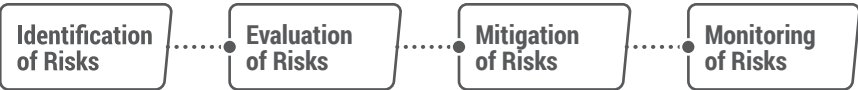
The objective of the Remuneration Policy is to attract, motivate and retain qualified and expert individuals that the organization needs in order to achieve its strategic and operational objectives, whilst acknowledging the societal context around remuneration and recognizing the interests of its stakeholders.

Whistle Blower Policy:

To enable our Directors and Employees to report to the management, instances of unethical behavior, actual or suspected fraud, transgression of legal or regulatory requirements or violation of the Company’s Code of Conduct, we have established an avenue called “Vigil Mechanism/ Whistle Blower Policy”. It is a channel to reinforce a robust implementation of the Company’s Code of Conduct and policies. It has been formulated with the aim to provide a mechanism for the Directors and Employees of the Company to approach the Chairman of the Audit Committee, as the case may be. If an investigation leads the Chairman of the Audit committee to conclude that an unethical or improper activity has been committed, the Chairman will recommend to the management of the Company to take such disciplinary or corrective action as deemed fit. A quarterly report with number of complaints received under this policy and their outcome is placed before the Audit Committee and the Board. We hereby affirm that no Director / Employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the reporting year.

Dividend Distribution Policy:

The objective of the policy is to specify the external and internal factors including financial parameters that shall be considered while declaring dividend



and the circumstances under which the shareholders of the Company may or may not expect dividend and how the retained earnings shall be 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 organisation. At Ashok Leyland, we guard our Information assets from threats, both internal and external, through the adoption of best practices in Information Security, and by building a culture of Information Security awareness. This has enabled us to minimise 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

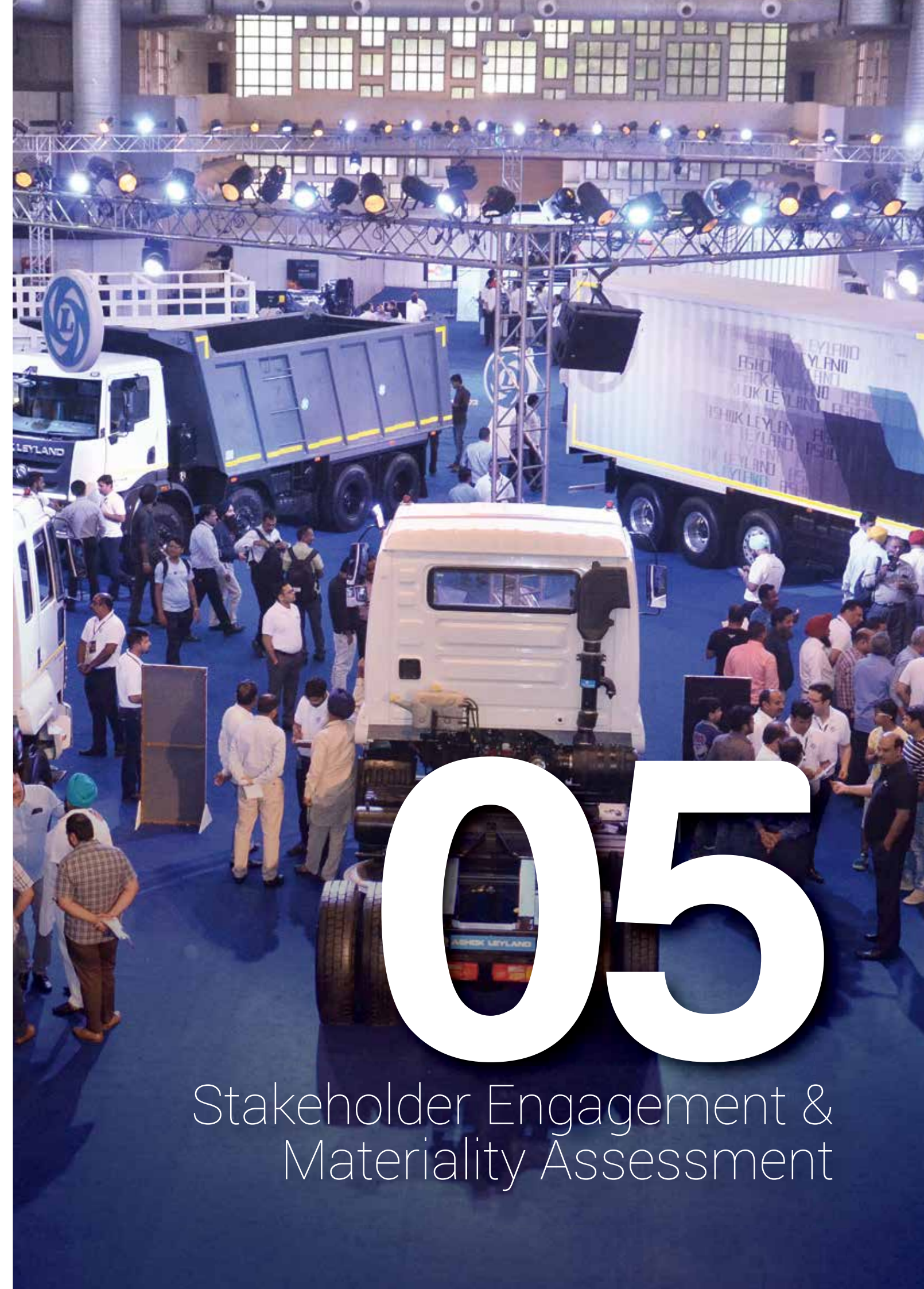
planning, implementation, review and improvement of the Information Security processes across the organisation to protect the Confidentiality, Integrity and Availability of critical and sensitive information.

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.

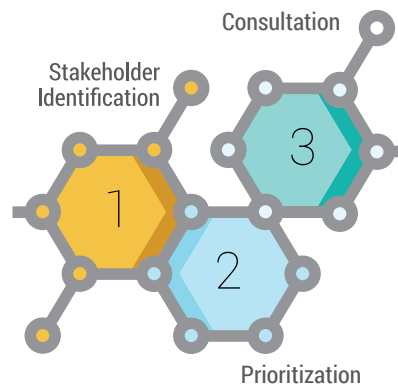


Stakeholder Engagement & Materiality Assessment

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 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

| Stakeholder group | Mode of engagement | Frequency of engagement | Key expectations | Feedback assessment |
|---------------------------------------|--|---|--|---|
| Employees | <ul style="list-style-type: none"> Monthly and quarterly meet Personal review and visits Surveys Trainings Annual day Events | Monthly, Quarterly, Annually and Need Basis | <ul style="list-style-type: none"> Future development Plant safety Skill management Employee safety Knowledge management Fair Remuneration Employee volunteering for CSR activities | <ul style="list-style-type: none"> Employee engagement Survey Annual appraisal Chairman's award MD's townhall meetings Improvement competition |
| Suppliers | <ul style="list-style-type: none"> Suppliers meet Tech days Mutual visits Monthly meetings with leadership Events | Monthly, Quarterly, Annually and Need basis | <ul style="list-style-type: none"> Long term business commitments Economic scenario with respect to commercial vehicle industry Scheduling Honouring payment Supplier Development | <ul style="list-style-type: none"> Vendor summit Workshops Strategic supplier meet |
| Customers (Institutional and Retail) | <ul style="list-style-type: none"> Events Survey Ashok Leyland initiatives | Need basis, Periodically | <ul style="list-style-type: none"> Delivery, Technical Communication Aftersales service Quality of service | <ul style="list-style-type: none"> Customer satisfaction survey |
| Government and Regulatory authorities | <ul style="list-style-type: none"> One to one meetings Events and conferences | Periodically and Need basis | <ul style="list-style-type: none"> Compliance Tax Payment | <ul style="list-style-type: none"> Compliance Reports |
| Dealers and Service Providers | <ul style="list-style-type: none"> Events Dealer panel engagement | Weekly, Need basis, Annually | <ul style="list-style-type: none"> Changing external environment Technological advancement Product reliability Skill Development | <ul style="list-style-type: none"> Annual conference Field visit |
| Community | <ul style="list-style-type: none"> Community events Public hearing CSR activities | Periodically | <ul style="list-style-type: none"> Community development Societal concerns CSR activities | <ul style="list-style-type: none"> Field visit Community survey and feedback |



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

- 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.

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

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.



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, workmen, mechanics or into public services. Through our need based interventions, we aim to bring 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 systems play 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



Chairman and President HR and CSR visit to school

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) Puzhal, Minjur in Chennai, (b) Anchetty, Shoolagiri, Natrampalayam and Thaggatty in Hosur and (c) Namakkal, Mohanur, Erumappatty

and Paramathy in Namakkal. We continue to maintain our successful partnership with Learning Links Foundation (LLF) to conduct various academic, co-curricular and extra-curricular activities.

We focus on providing holistic education to students by engaging in fun ways of learning. We believe that holistic education provides well-balanced paths for children to be prepared to face challenges along with continuous academic progress. We organise sport activities and competitions, science fairs, arts and crafts, rhymes recitation, storytelling, spelling bee, poster making, math competitions and motivational talks for the children in an effort to imbibe the culture of all-round learning. We

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



CEO & MD with school children

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.
- 190 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 HRD. These students are eligible to receive scholarships at INR 500 per month from their 9th standard to 12th standard.
- 382 Prizes were won by our RTS School students on various competitions conducted by Tamil Nadu Govt.

We also undertook medical check-ups of all the students from 45 schools and wellness sessions for students and community. Some of the highlights of the wellness programme have been listed below:

- Health check-ups were conducted for 4600 Students from 45 Schools in Namakkal.
- In Hosur, 25 cases were referred to Hospitals for various treatments and

4 surgeries were performed covering ENT and Ortho ailments.

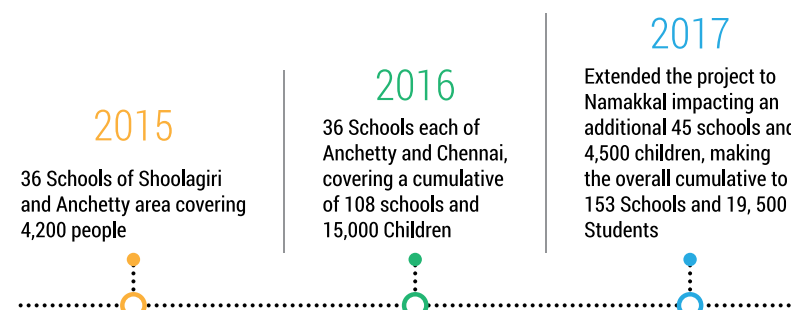
- In Chennai, a surgery was facilitated for a student with a back tumor. Additionally, in specific cases ENT treatments, neurology treatment, dermatology treatments, cardiac check-ups, surgeries for tonsillitis, cataract were conducted.
- Dental camps and dental treatment benefited 4300 students from the block areas surrounding Chennai.
- We also provided first aid kits to 70 Schools in Hosur and 36 schools in Chennai, prescription glasses to
- Community Awareness Programmes covering Dengue, Road Safety, Cancer and Tobacco were conducted in 7 Villages covering around 1,200 people.
- To further improve the hygiene levels of the children and to provide them good water facilities, following infrastructure facilities were provided in the schools.
- In Hosur, water facilities provided in 22 schools, 17 toilets were renovated, other 50 infrastructure projects covering leaky roof



students on a need basis and installed RO Water Plants in 33 Schools in Chennai.

- To improve the health conditions and avoid mal-nutrition among the students, we have started providing break-fast from July 2017 in Hosur and Chennai areas benefitting about 15,000 children.

- Apart from providing health services we also sensitized the children and the community about health issues in collaboration with the Hosur and Ennore Factory Medical Team and District Child Protection Officer. The awareness sessions were conducted on the following topics; personal hygiene, benefits of drinking good water, menstrual hygiene, good touch / bad touch and dental care.



replacements, compound wall construction, formation of roads etc., were completed, 22 schools kitchens were whitewashed.

- 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 drivers' children to pursue education. With our help, a total of 175 students were awarded scholarships to enable uninterrupted continuation of 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.

Development of water harvesting structures has helped to conserve water, prevent soil erosion and raise ground water levels. Improved infrastructure in school has created a better environment for education in rural schools.

Empowering Women

Empowering women through skills and smart economics is vital to end poverty and boost shared prosperity. We are continuously working to promote skill training among women through our CSR intervention. The initiative is implemented in association with two NGOs: Seva Rural Development Society (SRDS) and Marialaya. SRDS and Marialaya provide tailoring and embroidery courses for six and three month's durations which help women to earn their livelihood. Through this initiative we have been able to make a significant difference in the lives of 138 women. We ensure smooth functioning of the project and support NGOs in the implementation by facilitating the payment of the rent of the machines, maintenance charges and salary for teaching staff.



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, reaching out to 42,250 individuals. 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 immune 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 sensitise 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 NGO's. 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 lakeside pathway.

The rejuvenated Kumudepalli Lake in Hosur was handed over to the residents



District collector & AL's Top management team handing over the rejuvenated lake to the public

SUSTAINING OUR SUPPLY CHAIN

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 realize 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.

Environmental Management

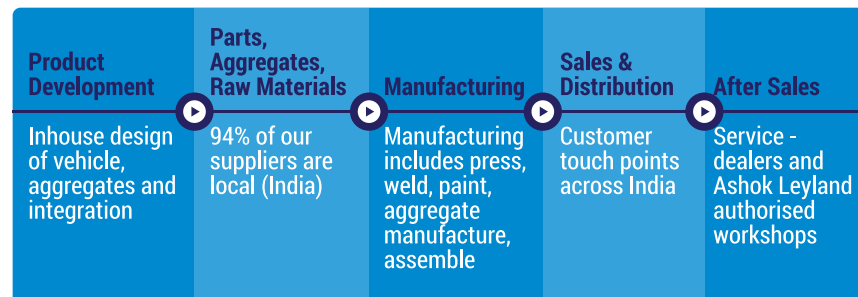
Occupational Health & Safety

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.



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.

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 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.

Capability Enhancement Programmes

To reduce the losses and increase the strength thereby eventually optimizing our production process we initiated four

different programmes for suppliers of various raw materials such as rubber, harness wires, metal sheet and forging and machinery.

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:

- problem solving capability
- structured methodology and problem solving tools used



SUPPLIER SAMRAT

Key Highlights of the Program:

- Pan India competition
- 150+ suppliers participated
- 12 REGIONAL SAMRAT winners
- 2 NATIONAL SAMRAT winners & runner ups

Supplier Relationship Management

At Ashok Leyland, we believe that recognising 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"- These are senior management engagement programmes with Ashok Leyland's strategic partners convened to



Heat Wave 2.0 is a focused initiative launched to 40 suppliers to reduce metallurgical issues in forging & bar machining parts.

Under this program suppliers undergo an in-depth training on heat treatment processes, also an infrastructural gap analysis at Tier I suppliers is conducted by external experts.



The aim of "Spark Link" is to enhance the process capability of wiring harness to reduce field issues.

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



"Rein Hose" program is to improve supplier capability at rubber hose suppliers to prevent field issues.

A gap analysis and identification of focus areas for suppliers is carried out along with control on raw material sourcing and suppliers.



"Sheet Metal Supplier Cluster" was launched to 28 suppliers with an objective to improve supplier capability through cross learning & horizontal deployment of good practices among suppliers. Under this program suppliers undergo training on QC fundamentals.

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.

| Award Categories | Number of Winning Suppliers |
|------------------------------------|-----------------------------|
| Quality Performance | 4 |
| Cost Competitiveness | 2 |
| Delivery performance | 4 |
| New Product development capability | 2 |
| Reliability | 2 |
| Business Alignment | 8 |
| After Market Support | 2 |
| Best Debutant | 2 |
| Supplier Samrat | 2 |

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:

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.

| New Suppliers Review | Continuous Review of Suppliers | Internal Evaluation |
|--|---|--|
| Considering the risk of procuring from high-risk countries or suppliers belonging to material groups, prior to their on-boarding we intend to be assured of their compliance to sustainability and compliance standards. | To ascertain possible sustainability risks in our supply chain, we plan to conduct a risk analysis of our suppliers according to their operational geography and product group. | We aim to evaluate our suppliers on the on-boarding metrics and sustainability parameters on a continuous basis. |
| The status of their compliance will be obtained either in the form of a database check, or by requesting the suppliers to make a self-assessment. | This analysis will facilitate in identifying suppliers who are subject to an increased risk and to derive a remedial action plan. | We plan to initiate this in the next fiscal year 2018-19 and have set a goal to cover over 300 suppliers. |



08

People Management

CALIBRATING POTENTIAL

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 characterize 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 over the years and lay strong emphasis

on transparency, equal opportunity and non-discrimination while dealing with our workforce.

We continue to update our strategies in alignment with our vision and undertake several initiatives for talent acquisition and management. We continuously strive to adopt the best industry practices for employee welfare and safety at work.

Employment

An inspirational work environment is where exceptional talent thrives. Our work environment is infused with innovation, learning and achievement. We ensure to maintain a motivating work environment to retain our talented workforce. We comply with the statutory and regulatory norms in payment of wages and benefits as per State Government at all entry levels. Our entry level wages are fixed as per the minimum wages fixed by the State Government. We also adhere to the labour laws regarding collective bargaining fixed by the Government of India. In FY 2017-18, 100% associates were covered under the collective bargaining process. We follow a mandated procedure as per the Industrial Disputes Act of 21 days of notice period regarding any operational change.

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.



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.

Employee workforce at Ashok

| Our workforce as on 31st March | |
|--------------------------------|---------|
| Employee Category | Numbers |
| Management Executives | 5869 |
| Management Trainee | 474 |
| Management Consultants | 28 |
| Workmen - Permanent | 5966 |
| Workmen - Temporary | 18977 |
| Full Time Apprentices/ Trainee | 3166 |
| NEEM & BTC | 396 |

| Employees by age group | Numbers |
|------------------------|---------|
| <30 years | 17951 |
| 30-50 years | 13807 |
| >50 years | 3118 |

| Employees by gender | Numbers |
|---------------------|---------|
| Male | 34021 |
| Female | 855 |

New Hires at Ashok Leyland

| Employee Category | Numbers |
|-------------------|---------|
| Top Management | 1 |
| Senior Management | 10 |
| Middle Management | 79 |
| Junior Management | 270 |

| Employees by age group | Numbers |
|------------------------|---------|
| <30 years | 151 |
| 30-50 years | 201 |
| >50 years | 8 |

| Employees by gender | Numbers |
|---------------------|---------|
| Male | 339 |
| Female | 21 |

| Employees by region | Numbers |
|---------------------|---------|
| Local | 360 |
| Non-Local | 0 |

Attrition at Ashok Leyland

| Employee Category | Numbers |
|-------------------|---------|
| Top Management | 4 |
| Senior Management | 20 |
| Middle Management | 84 |
| Junior Management | 205 |
| Associates | 312 |

| Employees by age group | Numbers |
|------------------------|---------|
| <30 years | 106 |
| 30-50 years | 130 |
| >50 years | 389 |

| Employees by gender | Numbers |
|---------------------|---------|
| Male | 615 |
| Female | 10 |

| Employees by region | Numbers |
|---------------------|---------|
| Local | 624 |
| Non-Local | 1 |

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 paternity 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

| Parental leave | Female | Male |
|---|--------|------|
| Total number of employees entitled for parental leave | 261 | 5153 |
| Total number of employees who availed the parental leave | 18 | 235 |
| Total number of employees who returned to work in the reporting period after parental leave ended | 18 | 235 |
| Total number of employees who returned to work after parental leave ended that were still employed 12 months after their return to work | 9 | 163 |
| Retention Rate (for FY 2016-17) | 90% | |

of our provision of an outstanding career opportunity along with healthy work-life balance.

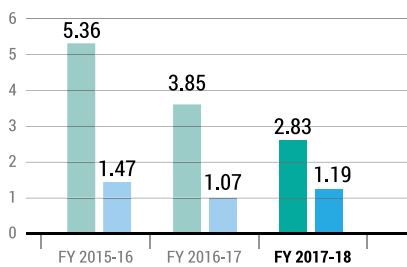
Occupational Health and Safety

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,

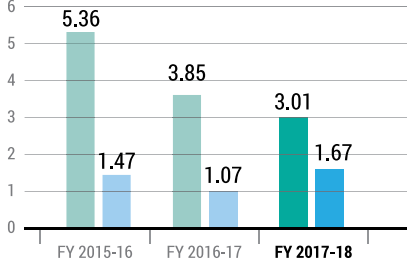


| Safety Parameters | Employees | |
|-----------------------|-----------|---------|
| | Male | Female |
| Injuries | 1273 | 6 |
| Lost days | 708 | 1 |
| Total Manhours Worked | 82852278 | 2169067 |
| Injury Rate | 3.01 | |
| Lost day Rate | 1.67 | |

Safety Performance (Excluding HFL)



Safety Performance (Including HFL)



- Injury Rate
- Lost Day Rate

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 risk 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.

Our employee's continued commitment to safety is demonstrated when their efforts are externally recognised. Our electrical maintenance associate from Ennore plant was awarded with certificate of appreciation at Tamilaga Arasin Uyarnta Uzhaipalar Virudhu, organised by Directorate of Industrial Safety & Health for contributing to improvements in safety, work environment and productivity.

Our aim is to reach and sustain ZERO injuries. There were no fatalities in the reporting period.

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.



HIRE (Harnessing Internal Recruitment Expertise) program

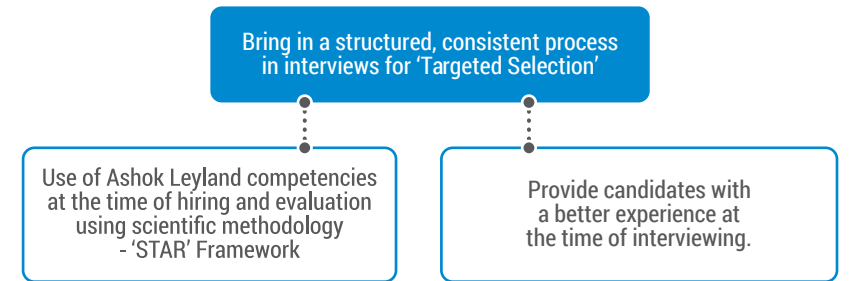
We launched our premium program HIRE aimed towards achieving excellence in

| Training Manhours for the FY 2017-18 | |
|--|----------------|
| Employee Category-Wise Breakup | Training Hours |
| Executives (including those on the payrolls of Ashok Leyland and contract) | 87613.1 |
| Associates | 53003.3 |
| Trainees | 2588.5 |
| NEEM | 200.0 |
| Gender-wise Breakup | Training Hours |
| Male | 138712.9 |
| Female | 4692.0 |

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 used 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

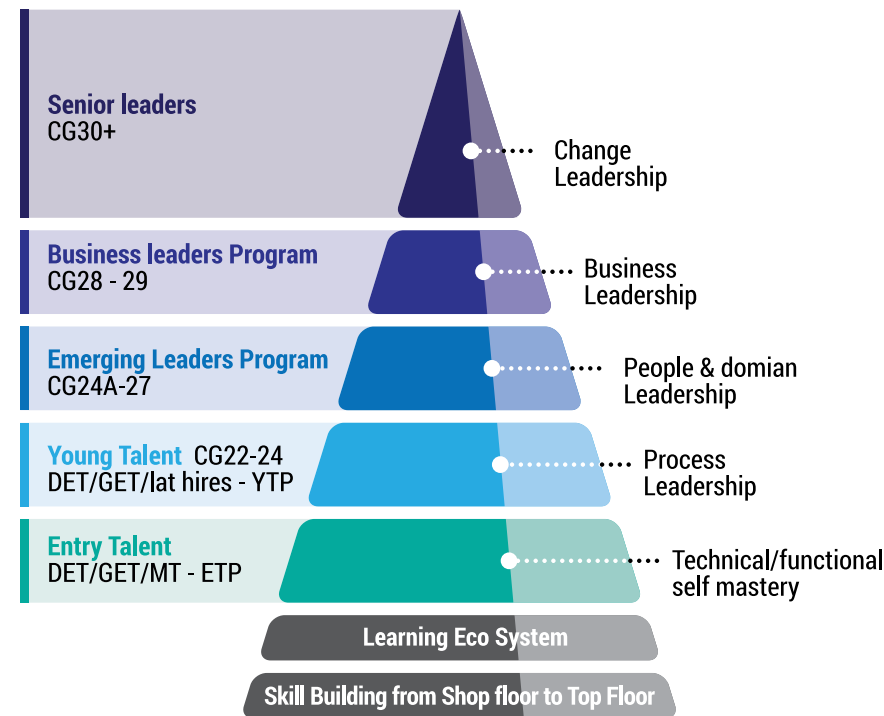


take place and would help the employees to imbibe the AL Way.

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. Coursera for Business was launched for 500 Executives as a pilot launch and the courses have received a feedback of 4.4 /5.

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



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.

Identification of leaders - The incumbents are selected by the MD and the Leadership Team basis their potential and performance

24 Leaders are covered



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

development that includes sending them to specialized training programs and making them attend targeted workshops. These prospective leaders get all the encouragement and strategies to groom them into senior level positions. Leadership development is a two-way process that is symbiotic with both the organization and the candidate showing interest in mutual success. Executives selected for ELP sign-up with the organization for a period of one year and experience accelerated leadership development through focused initiatives.

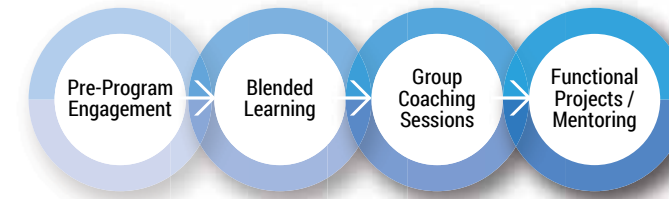
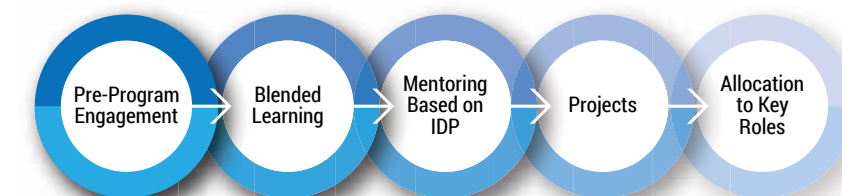
Young Talent Program

Young Talent Program (YTP) 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



Emerging Leaders Program

Emerging Leadership Program (ELP) entails nurturing, encouraging, incubating, and mentoring prospective leaders. ELP identifies potential leaders or



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

The program is open to high performing and high potential employees in junior grades and cements our overall talent development framework by adding to our leadership pipeline for leading the initiatives / high business impact projects.

Women Leadership Program

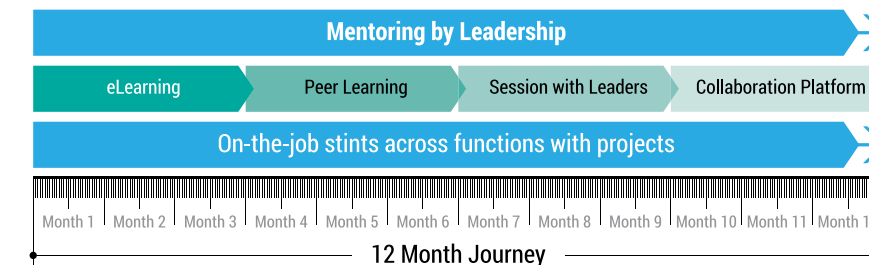
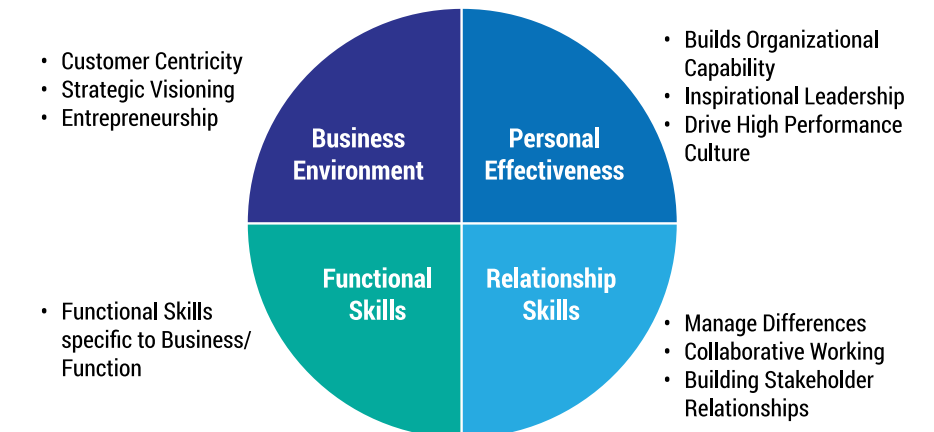
The primary objective of our Women Leadership Program is to initiate a step towards building diversity & inclusion of gender in the leadership pool by identifying women leaders. The selected women leaders undergo a robust

orientation for a period of 12 months post which they will be placed in business facing roles. The orientation would be across various functions/Business, PD, Manufacturing, Sales, Aftermarket, Sourcing etc.

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,

COMPETENCY FRAMEWORK



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 high 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 module.

Blessing Scheme

In line with AL-Pantnagar vision of “Creating Employability”, BLESSING SCHEME (Ashirwaad Yojana) has been started in collaboration with Government of Uttarakhand and Training Partner NTTF. The objective of this scheme is to create more employable talent in Uttarakhand state. During the reporting period 145 young individuals of this



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 NTTF
- World Class training facilities like CNC training, Auto CAD, metrology lab etc
- 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 5th 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 in to 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 work place 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.



Environment

CONSERVING NATURE

The evolving risk landscape according to the World Economic Forum (WEF) Report on Global Risks 2018, indicates a wide range of environmental risks such as extreme weather events, natural disasters, man-made environmental disasters, water crises, failure of climate change mitigation and adaptation, etc. The challenges related to environment especially due to climate change are complex, long-term and inter-related, especially in terms of its impact on 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 improvements 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



Mr. Vinod K Dasari (CEO&MD) planting 10,000th sapling at Bhandara plant.

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 for the future. We believe environment protection is a key component of our sustainability journey which is driven by our Environmental Management System. Our 6 manufacturing sites are certified to the Environmental Management System standard ISO14001. Our company wide EMS standards are designed to ensure that all our manufacturing plants achieve 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, aluminum, copper, tyres and rubber as secondary material. We strive to conserve natural resources by minimising consumption and wastage. The materials wherever conceivable are either recycled and reused in-house or procured from external supplier.

Material conservation

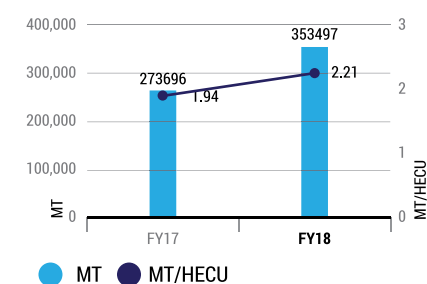
As part of material conservation initiatives we introduced VAVE Battery carrier on CT37xxH LA Models and B Platform Inlet manifold process change from GDC Aluminium Casting to PDC Aluminium Casting for H6 Engines. With the introduction of VAVE battery carrier, HR steel consumption reduced by 197 MT. 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 VAVE battery carrier and B Platform Inlet manifold process change is summarized below.

| AI Plant | FY18 Produced with z Battery carrier | HR Steel Reduction per vehicle | Plastic Reduction per vehicle | Total HR Steel Reduction | Total Plastic Reduction |
|--------------------|--------------------------------------|--------------------------------|-------------------------------|--------------------------|-------------------------|
| Ennore | 864 Vehicles | 18.5 Kg | 0.9 Kg | 16 MT | 0.8 MT |
| Hosur II | 4378 Vehicles | 18.5 Kg | 0.9 Kg | 81 MT | 3.9 MT |
| Alwar | 274 Vehicles | 18.5 Kg | 0.9 Kg | 5 MT | 0.2 MT |
| PNR | 5138 vehicles | 18.5 Kg | 0.9 Kg | 95 MT | 4.6 MT |
| Grand Total | 46596 | | | 197 MT | 9.6 MT |

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 |
|--------------------------------|---------|-----------|---|
| Primary Material | | | |
| 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 |
| Associated Material | | | |
| High Speed Diesel (HSD) | KL | 4,266 | Non-renewable |
| Compressed Natural Gas (CNG) | MT | 19 | Non-renewable |
| Oil & Lubricants | MT | 25,673 | Non-renewable |
| Paint | MT | 1,664 | Non-renewable |
| Chemicals | MT | 3,091 | Non-renewable |
| Consumable Gas | MT | 911 | Renewable and Non-renewable |
| Ozone Depleting Substance | MT | 3 | - |
| Sand | MT | 100,372 | - |
| Other Consumable | MT | 675 | - |
| Semi Manufactured Goods | | | |
| Copper | MT | 453 | Non-renewable |
| Castings and Forgings | MT | 8,372 | Non-renewable |
| Alumunium | 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 |
| Packaging Material | | | |
| Wood | MT | 1020 | Renewable |
| Carton Box | MT | 238 | Renewable |
| Plastic (PVC, Polythene) | MT | 87 | Non-renewable |
| MS Pallets | MT | 47 | Non-renewable |

Steel Consumption and Intensity



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 /NDT 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

| Material Consumed | Quantity (MT) |
|-------------------------|---------------|
| Runner & Riser | 47,982 |
| Foundry Rejection | 6,754 |
| Customer Rejection | 3,603 |
| Cast Iron from M/C shop | 2,193 |
| Total | 60,532 |

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 our 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

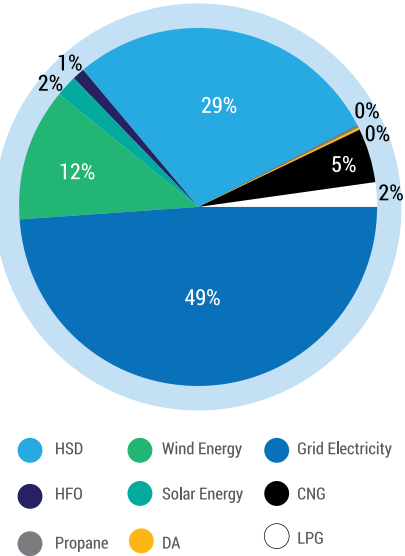


technology, i.e. Transient Dynamometer. During engine testing, in absorption mode the frequency dependent dyno current is converted into alternating current with the frequency of the mains supply via voltage source converter and it's feedback into the power supply system. Separate arrangements are made to capture import & export of Energy Consumption & Regeneration.

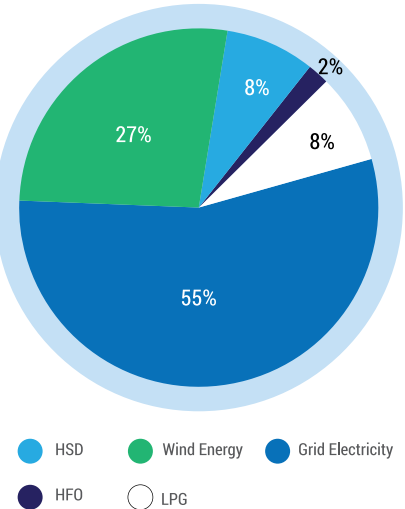
Regenerated power from these seven test beds was captured to be around 2.66 Lakh Kwh during FY2017-18 & utilized for test bed auxiliary equipment like water pumps, blowers, Air conditioning & lighting. This resulted in reduction in carbon emission by 218 tCO₂ e.

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), Liquefied 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

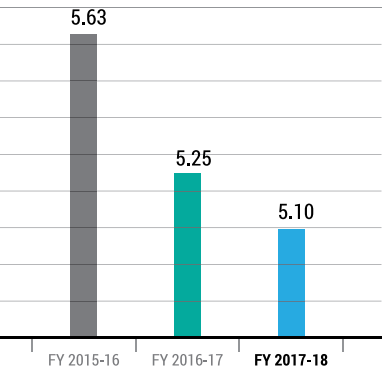
Energy Composition (Excluding HFL)



Energy Composition for HFL



Energy Intensity from Non-renewable sources (excluding HFL) GJ/HECU



| Non Renewable Energy Consumption | |
|----------------------------------|------------------|
| Energy Source | Consumption (GJ) |
| High Speed Diesel (HSD) | 324,547 |
| Heavy Fuel Oil (HFO) | 9,979 |
| Compressed Natural Gas (CNG) | 44,502 |
| Liquefied Petroleum Gas (LPG) | 69,002 |
| Propane | 9,733 |
| Dissolved Acetylene (DA) | 291 |

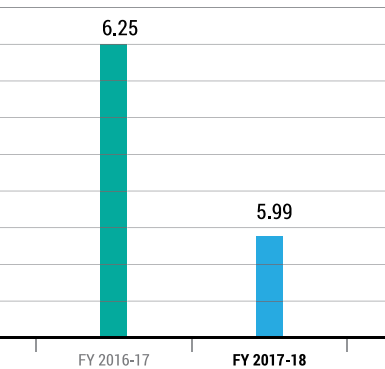
| Indirect Energy Consumption | |
|-----------------------------|---------|
| Grid Electricity | 830,543 |

| Renewable Energy Consumption | |
|------------------------------|------------------|
| Energy Source | Consumption (GJ) |
| Wind Energy | 297,869 |
| Solar Energy | 22,715 |

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.

Overall Energy Intensity (without HFL) GJ/HECU



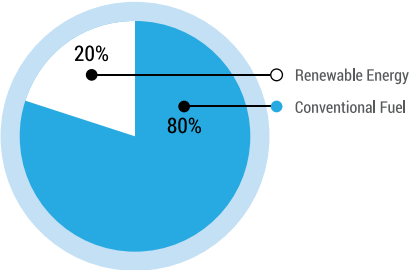
Renewable energy implementation

Our first year solar energy generation from 5.14 MW solar rooftop plant is 64.92 Lakh kwh during FY18 & which is 4% of total energy requirement from seven manufacturing units. This initiative has helped us in significant operating cost savings, while also making an impressive reduction in emissions by 5,323 tCO₂ e.

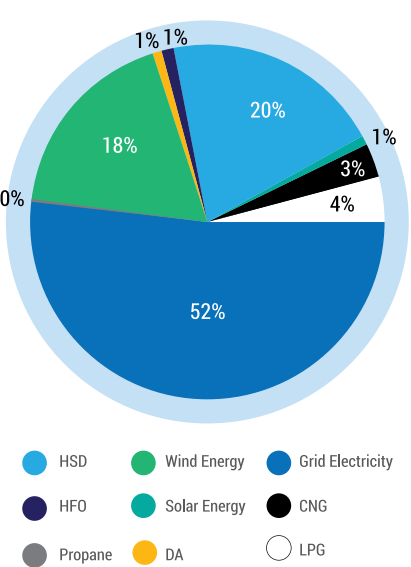


Similarly, the continued usage of wind energy is around 19% of the total energy accounting to 298 lakh kwh in FY18. Our wind energy initiatives helped us cut down there by emission 24,436 tCO₂ e.

Energy Composition



Energy Composition



Energy Conservation Initiatives

- Combined loading of components in Heat Treatment Process at Bhandara 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 therebythe emissions

- 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-cutoff 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.



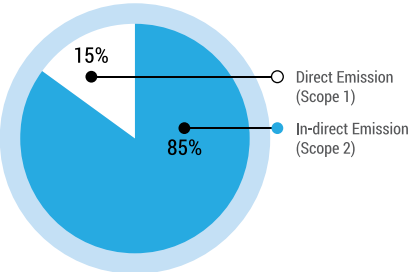
Emissions

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.

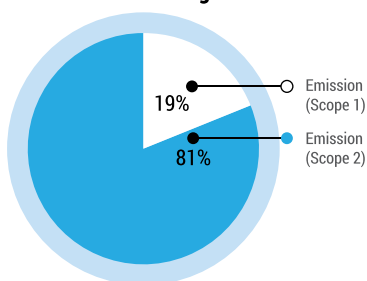
Our direct (Scope 1), indirect (Scope 2) and other indirect emissions (Scope 3)
Our source of scope 1 emission in the process of manufacturing are from the

Direct & Indirect Emission

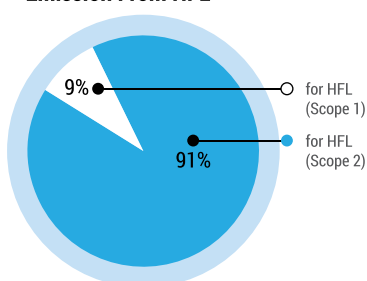


| Calculation Parameters | Pantnagar | Hosur 2 | HFL-SPU |
|--|-------------------------|------------------------|------------------------|
| Energy consumption conventional fittings | 11414 Units / day | 9371 Units / day | 3158 Units / day |
| Energy consumption LED fittings | 4799 Units / day | 4359 Units / day | 1184 Units / day |
| Savings in Energy per day | 6615 Units / day | 5012 Units / day | 1974 Units / day |
| Cost savings per day | INR 36381 (@ 5.5 /Unit) | INR 38090 (@ 7.6/Unit) | INR 12831 (@ 6.5/Unit) |
| For 300 days | INR 109.14 Lakhs | INR 114.27 Lakhs | INR 38.49 Lakhs |

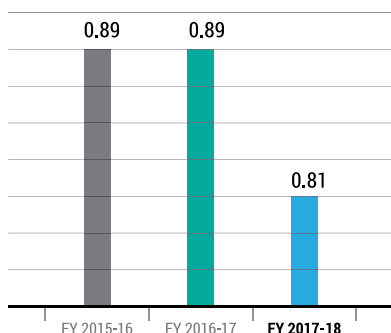
Emission Excluding HFL



Emission From HFL



Emission Intensity (Excluding HFL) tCO2e/HECU



consumption of fuels like HSD, CNG and LPG while indirect emission are from grid electricity. In FY 2017-18, our scope 1 emissions were 32,218 tCO₂e while we recorded our scope 2 emissions of 183,651 tCO₂e. During the reporting period we also initiated the process of quantifying our scope 3 emissions from sources like upstream transportation and distribution, downstream transportation and distribution, Waste generated in operations, Employee Commuting and Business Travel (Airline Travel). Our overall GHG emission for the reporting year were 215,869 tCO₂e which is higher than the previous year. The overall emission intensity for our processes excluding HFL for the FY 2017-18 is 0.81 tCO₂e/ HECU. While the overall emission intensity for HFL stands at 0.88 tCO₂e/ MT.

| SCOPE 3 Emissions | |
|--|-----------------------|
| Description of Scope 3 Categories | GHG Emission (tCO2eq) |
| Upstream transportation and distribution | 64,652 |
| Downstream transportation and distribution | 71,066 |
| Waste generated in operations | 1,147 |
| Employee Commuting | 17,763 |
| Business Travel (Airline Travel) | 2,728 |

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 | | |
|--------------------|-----|----------|
| Parameters | UoM | Quantity |
| Particulate Matter | MT | 273 |
| NOx | MT | 375 |
| SOx | MT | 50 |

| Ozone Depleting Substance | UoM | Qty |
|---------------------------|-----------------|-----|
| R22 | Kg of CFC-11 eq | 552 |
| R 404A | Kg of CFC-11 eq | 43 |
| R 410A | Kg of CFC-11 eq | 15 |
| R 407C | Kg of CFC-11 eq | 86 |
| R 134A | Kg of CFC-11 eq | 372 |

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

(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 providing 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 tankers, 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 the capacity in near future. We are committed to reduce our fresh water consumption and achieve self-sufficiency.

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



| Water Withdrawal 2017-18 | | | | | | |
|--------------------------|-----------|--------------------|--------------|----------------|--------------------------|--|
| Locations | UoM | Municipality Water | Tanker Water | Ground Water | Purchased Drinking Water | Rainwater Collected and stored (water consumed from RWH tanks) |
| ALCOB | KL | 1222 | 9570 | | 336.72 | 394 |
| Alwar | KL | 4601 | | 16425 | | |
| Bhandara | KL | 101447 | | | | |
| CPPS | KL | | 2068 | 24827 | | |
| Ennore | KL | | | 307387 | | |
| Hosur 1 | KL | | | 170598 | | 905.5 |
| Hosur 2 | KL | | | 236004 | | |
| Pantnagar | KL | | | 370731 | | |
| VVC | KL | 51922 | 32967 | | | |
| HFL Ennore | KL | | | 102254 | | |
| HFL SPU | KL | 18540 | | 75451 | | |
| Total | KL | 177732 | 44605 | 1303677 | 336.72 | 1299.5 |

Waste water generation and recycling

| Locations | Waste Water Generated (KL) | Total Water Recycled or Reused (KL) |
|--------------|----------------------------|-------------------------------------|
| ALCOB | 11184 | 9618 |
| Alwar | 12655 | 10770 |
| Bhandara | 24532 | 23809.93 |
| CPPS | 9626.7 | 9355 |
| Ennore | 266946.44 | 248344.32 |
| Hosur 1 | 66869 | 63259 |
| Hosur 2 | 170788.6 | 137298.94 |
| Pantnagar | 116163 | 111272 |
| VVC | 26930 | 25005 |
| HFL Ennore | 82896 | 1113 |
| HFL SPU | 31313 | 27495 |
| Total | 819903.74 | 667340.19 |

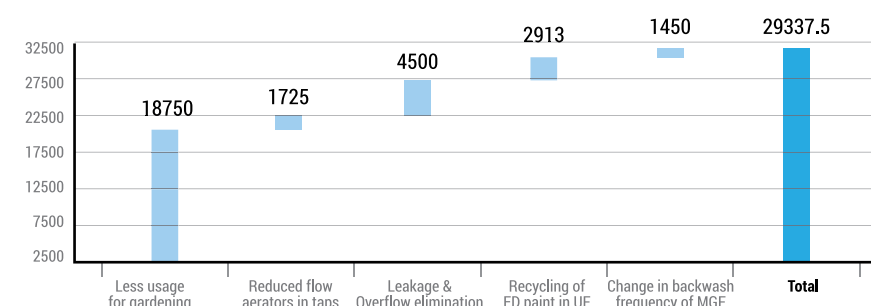
4800 sq.m, with a depth of 3m. creating a capacity of 14400 KL at a cost of INR 22 Lakhs. The work started in late September. Because of the various challenges that we faced. The area had abundant scrubs and plants including ample quantity of black sand covering approximately 3 feet height, these were 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 upto 14400 KL of rain water.

In FY 2017-18, 819903.74 KL of wastewater was discharged from our processes across our manufacturing units, of which 81.4% of waste water was recycled. The treated water is then either utilised in manufacturing process or for gardening domestic purpose.

Water Conservation at Pantnagar

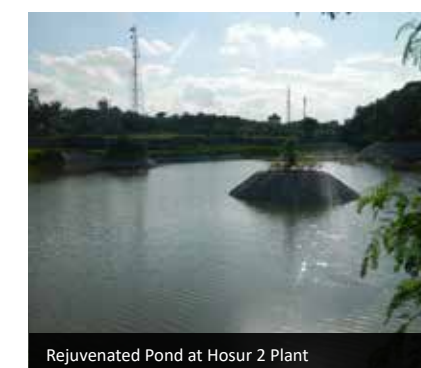
Our Pantnagar plant has adopted 3-R model for conserving the water. Some of the major actions implemented in the water conservation drive includes, installation of low flow aerators in place of conventional taps which helped us save approximately 23 KL of water every day. We also audited all our water 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 implementation of above and other projects resulted in saving 29337 KL of water in FY 2017-18.



Pond Rejuvenation at H2

Our Hosur-2 unit undertook the rejuvenation of their axle shop pond during Q1-Q2 of FY18, which helped us enhance the water holding capacity of pond by 20% from 44000KL 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.



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.



Guests at our plant

Afforestation through school children

Miyawaki method of afforestation was initiated at Hosur units with the first ever dense forest creation at Hosur1 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 Hosur2 plant with yet another plantation of around 1334 saplings in about 400 square metre area which was the first miyawaki forest at Hosur2 plant.

The miyawaki forest created at Hosur 2 was named as ‘ecoforest’. The Hosur2 plant wished to sensitise school children



School children getting hands on sapling plantation training

on this new afforestation initiative and hence invited school children of local schools and created yet another Miyawaki forest in about 370 square metre area, comprising 1072 sapling of 47 varieties at Hosur2 plant. School children of Ashok Leyland School and other schools were involved in the process of creating this new generation forest and on the day of plantation, the Hosur 2 plant named this forest as “Nextgen Forest” denoting the same planted by



Our manufacturing head Mr.Harihar (SVP-Mfg&PP) planting 50,000th sapling at Hosur 2 plant.

school children.

We foster over one lakh trees and saplings within our campuses. We have planted 89104 saplings across our sites in FY 2017-18. We ensure that these saplings receive appropriate inputs for growth and put in efforts for achieving high survival rates. This year we achieved 96% survival rate for the saplings planted.

Enhancing the green cover at Hosur 2

The median between admin building and Learning Centre has been improved by planting Fox tail palms and Mexican grass



Aerial view of “Nature Park” at VVC



Our senior most associate at Ennore plant Mr.Soosairaj planting 70,000th sapling

to provide a lush green look for anyone who walks towards the shop floors. The overall plant greenery has improved with further plantation of around 50000 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 Hosur2 plant is over and above the mass plantation drive at Hosur2 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*, *Salacia chinensis*, *Bauhinia racemosa*, *Ehretia 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 cormorants and a natural cooling agent for the local environment.

This park is an admirable example where an ecosystem has been built to promote green cover, water conservation, while providing habitat for all kinds of flora and fauna.

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 does 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.

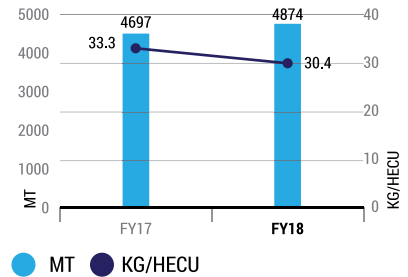
| Non Hazardous Waste | | |
|--|-----|----------|
| Waste Category | UoM | Quantity |
| Steel castings, MS scrap | MT | 25463 |
| Alumunium Scrap | MT | 340 |
| Scrap Tyres and Tubes | Nos | 4743 |
| Rubber Scrap | MT | 100 |
| Cable & Electrical Scrap | MT | 5452 |
| Steel dust/ Shot blast dust/ grinding dust | MT | 759 |
| Cardboard/ Waste paper | MT | 5174 |
| Plastic Waste/ Used HDPE bags | MT | 1095 |
| Wood Waste | MT | 4997 |
| Waste sand | MT | 116313 |
| Others (food waste/ garden waste) | MT | 441 |

| Hazardous Waste | | | |
|--|-----|----------|--|
| Waste Category | UoM | Quantity | Method of disposal |
| Sludge and filters contaminated with oil | MT | 3 | Recycle, Co-processing |
| Used / Spent oil | MT | 449 | Recycle |
| Wastes / Residues containing Oil - Oil Soaked Cotton Waste | MT | 432 | Landfill, Common Hazardous waste disposal site for incineration, Co-processing, Recycle, Reuse |
| Wastes / Residues containing Oil - Grinding sludge | MT | 245 | Recycle, Reuse |
| Alkali Residues | MT | 2 | Co-processing |
| Wastes and residues - Paint sludge | MT | 444 | Landfill, Recycle, Reuse, Co-processing, Common Hazardous waste disposal site for incineration |
| Filter, Residues | MT | 2 | Landfill |
| Discarded containers / barrels / Liners contaminated with hazardous wastes / chemicals | MT | 712 | Landfill, Reuse, Recycle |
| Spent ion exchange resin containing toxic metals | MT | 3 | Co-processing |
| Oil and Grease Skimming Residue | MT | 35 | Reuse, Co-processing |
| Filter and Filter Material | MT | 100 | Landfill |
| Chemical sludge from waste water treatment (ETP Sludge) | MT | 167 | Common Hazardous waste disposal site for incineration, Reuse, Recycle, Co-processing, Landfill |
| Used Batteries | MT | 134 | Recycle |
| E-Waste | MT | 36 | Recycle |

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

Wood waste generation and Intensity



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.

10

Product Responsibility

PRODUCT INNOVATION

We strongly believe that with the ever changing dynamic market we function 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 the three-point focus among all initiatives are around safety, environmental compatibility and higher customer satisfaction.

We have a strong R&D team working towards design and development of exciting new products for our customers that is aided by modern CAD / CAE resources and state-of-art facilities for engine and vehicle design, development and testing.

Our customers want advanced yet affordable technologies that enhances safety, reduces emissions, and enable them connecting with the world around. All this, without any compromise on vehicle performance 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 but not limited to, design 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.

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 RFS. The product is fuel efficient, long ranging & high load carrying small commercial vehicle. DOST CNG RFS carries 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 320 km per fill of CNG and thus helps the customer to travel longer distance with lesser refueling 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 reasonable price. This need led to the birth of the Innovative DOST+.



DOST+ 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 60hp/170Nm, three cylinder 1.5-litre TDCR (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.

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. 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 adheres to all the stringent bus body codes (AIS 052) and School Bus Body 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.

Partner

The Partner is the next generation LCV which not only offers superior mileage



and overall performance but also offers enhanced driver comfort. It is designed and engineered for Tomorrow. It offers bigger cabin space, fatigue free control operations and excellent visibility. The seat are designed to provide a make shift bed for driver to take rest during long travel. Partner is available in both 4 tyre and 6 tyre variants. It offers 6 to 7.2-tonne GVW options and is powered by the advanced ZD30 engine - 118hp/320Nm, four cylinder 3-litre CRDI (Common Rail Direct Injection) engine in both BS3 and BS4 variants. Partner comes with various load body options with Load body length of 10ft, 11ft and 14 ft. Partner offers an excellent comfy ride, particularly for a very long haulage because of its front suspension which is Parabolic, over slung suspension and semi elliptic spring, over slung suspension at the rear with hydraulic double acting shock absorbers for both front and rear suspensions. The Partner ensures each ride is a comfortable one and a Profitable one. Moreover the Partner Truck has won the LCV Cargo Carrier of the year 2018 at the Apollo CV Magazine Awards 2018.

3718 Plus

The GVW 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 larger vehicles. However in the last few years, there have been many rapid changes, to which, Ashok Leyland has responded with industry-defining 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 15Kgs 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 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 10Lakh kms.

3718 Plus also comes fitted with Ashok Leyland's i-Alert 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 G45 Cabin (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 G45 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, G45 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 white 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 value segment offerings.

Circuit – S

Ashok Leyland unveiled its first electric bus with swappable batteries-Circuit-S at the Auto Expo 2018 powered by Sun Mobility's swappable 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.



Circuit- S, 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 that of Batteries typically used. The Circuit-S bus costs lesser, requires minimal maintenance owing to lesser 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 upfront 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 swappable 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, tankers, and containers. The built-in economy of the platform is amplified by the robustness, superior performance and international styling of Captain. It comes in 25T, 31T & 37T GVW with option of 180Hp & 230Hp.



The steadfast customer focus of Ashok Leyland has raised the bar on comfort, aesthetics and strength, with the Captain 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 tilt angle, easily openable front grill and also lights under the cabin

for better visibility. Inside, the factory-built sleeper cabin is chock-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 multi-dimensional 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 brain storming 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 benefiting 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 130HP.

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.



Customer Satisfaction

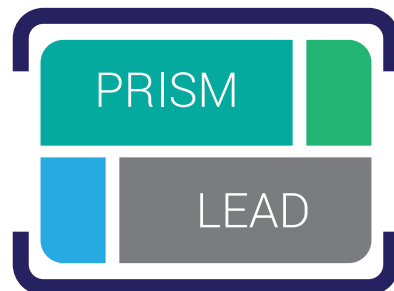
CUSTOMER DELIGHT

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 stronger 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 functional 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 an 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



Practical Improvement in Sales and Marketing (PRISM):

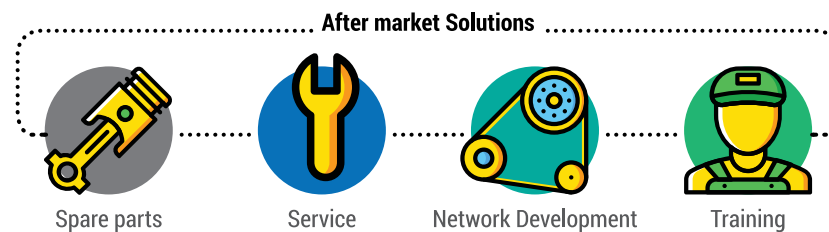
PRISM is our transformation program. These are directed towards our sales, strategy, processes, market share, and customer satisfaction and dealer profitability. Through this program, we manage a database of over 9 Lakh customers and it has generated

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.

Leverage Analytics to drive Decisions (LEAD):

The LEAD initiative was driven to set a foundation for data analytics, in the year 2015-16. The main aim was to generate

customers via our 2 brands: LEYPARTS® and VALUEPARTS. Timely availability of the right parts at the front-end plays a major role in complementing our truck and bus business volumes. These parts are ready-to-fit and economized for the long term. We also make a wide range of repair kits available to our customers. We have refined warehouses at Alwar, Hosur and Bhandara to support the sale of parts and through our Spare Parts business, we are able to support 7.64 Lakh vehicles across the globe. The initiatives we have



actionable insights from sales and service data that we accumulate and to further augment them in our systems and processes. Our understanding of sales and after-sales scenarios is 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.

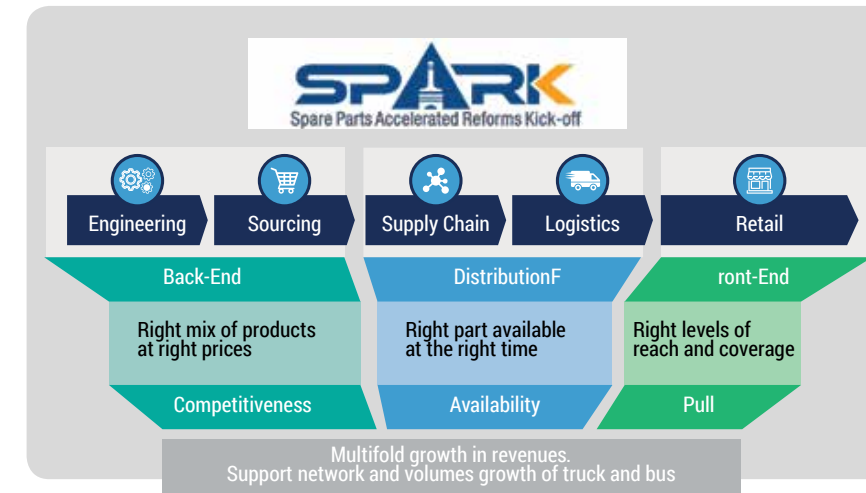
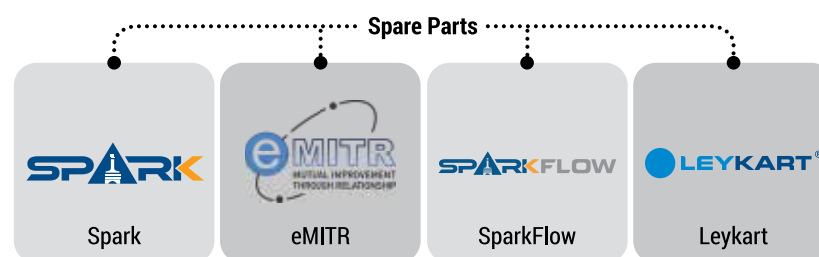
Spare parts

Our aftermarket comprises a vast network of dealers, distributors and part retailers. Through this network, we continuously strive to ensure that genuine parts are available to all our

under spare parts are SPARK, eMITR, SparkFlow and Leykart.

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 focused on interventions at various elements of the value chain to ensure pull generation, increased availability and competitiveness in the market. SPARK focused on bringing in product group focus by forming product triads consisting of representatives from Sourcing, Engineering and Spare parts departments.



Mutual Improvement through Relationships (MITR)

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. 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.

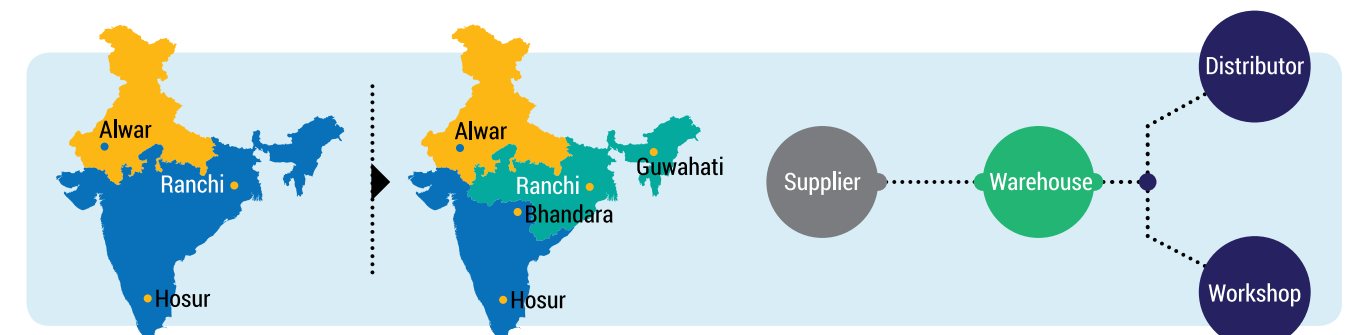
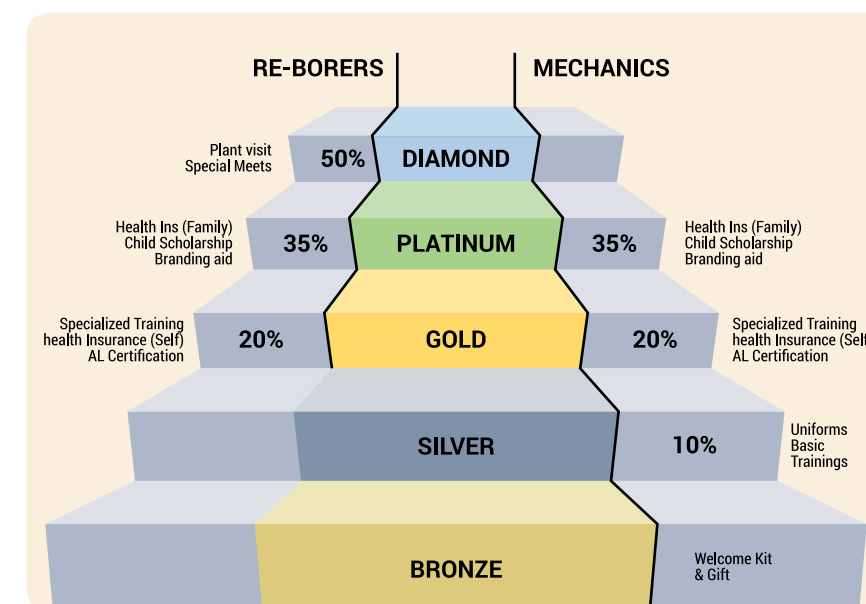
Leykart

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

Key USP of LeyKart

- Exact Parts Search (based on 'S-BOM')
- Location based inventory checks
- Complete range of parts offered via AL/Dealer
- Anytime, anywhere availability of parts



- Fulfil the orders through the dealers or AL warehouses wherever the part is available. This, coupled with SparkFlow and other Spark initiatives bridge all necessary gaps to ensure 100% availability at the front-end.

Service Support Solution

We believe in providing reliable service support services to our customers through various medium – site service, workshops, genuine spare parts and skilled mechanics.

1. PRISM Process in Service

PRISM helps offering uniform experience for the customers across the country in all our authorized network. PRISM process has made significant changes over the past few years and provides clarity to all the stakeholders in workshops and helps improving all the service deliveries. Upfront diagnosis by technical advisors has improved identification of vehicle issues, and helped provide an accurate cost and time estimate to customers. Through telemarketing initiatives, leading to increased customer footfalls into workshops and augmented customer profitability, we have also institutionalised service marketing.

PRISM process has facilitated us to meet the top customer requirement from a workshop like faster Turn Around Time (TAT) of the vehicle, improved quality of attention and accurate cost and time estimates. PRISM has also increased the adherence to processes at front office, inside workplace and post service and providing better service experience to customers.

PRISM process enables us to interact regularly with internal stakeholders on the exceptions of each service delivery, identifying the root cause for the discrepancy and take corrective action. In FY 2017-18, we reported a 10% increase over 2016-17 in Vehicle turn round time adherence and about 4% drop in repeat complaints reported across the nation.

2. EasE-Pay

EasE-Pay, an online payment gateway to provide facility to customers to pay their bills for service online from anywhere around the globe. This assist the customer to electronically settle the payment for any en-route service and also minimize the

driver to carry cash. This also decreases the wait time at our workshops for payment.

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 (SASSY) 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 workshop).

ServiceMandi offers following value to different stakeholders.

- 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.
- 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.
- 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.
- 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.

The App has 10 language options and can be downloaded to any android smart phone from google Play Store.Dedicated customer care centre supports customers and workshops in 10 languages

5. e-Diagnostics

e-Diagnostics is first-of-its-kind Bluetooth diagnostic device that can easily pinpoint the error code for customers’ 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 vitals 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 turnarounds, 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 all the service deliveries are done in a routine manner through LEAD programme.

- Early warning system to spot product issue trends early and to provide a platform for stakeholders to conduct deeper investigations on the identified issue.
- 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 increase customer satisfaction by increasing customer connects.

Service revenue, AMC pricing, service 360, war room tracker and dashboard, vehicle parc tagging etc. are other aftermarket 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 at-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 sales, services and aftermarket support. Under this, we have various initiatives like Customer Satisfaction Surveys, Dealer profitability, Balance scorecard and MaxIT.

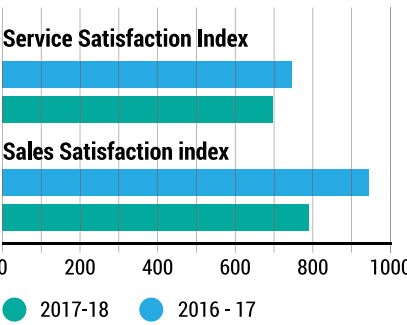
Network Development Initiative



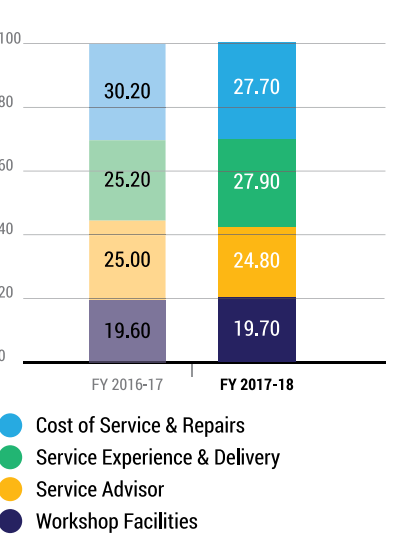
1. Sales and Service Satisfaction Survey

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 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 and 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 850 in FY 2017-18 and we are proud to achieve our target.



M&HCV Service Satisfaction Study



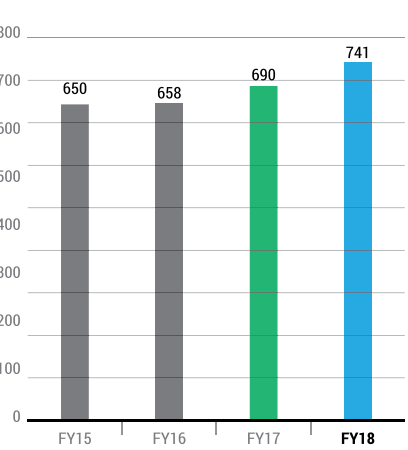
Similarly, overall service satisfaction index has improved to 750 in FY 2017-18, up from 699 in FY 2016-17. We had set a target to increase the index from 699 in FY 2016-17 to 750 in FY 2017-18 and we are proud to achieve our target.

2.Customer Satisfaction

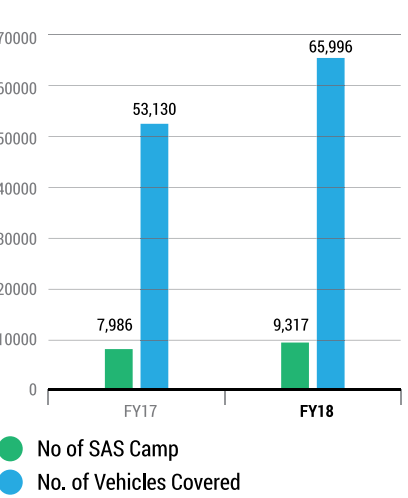
Customer Satisfaction Index (CSI) survey is also being conducted annually by independent agency to understand views and perception of customer about our products and services. This helps in improving service standards and fuse new technology into our products. Our CSI score in FY 2017-18 was 741 which has increased compared to last financial year.

Going beyond the expected has always been our motto. Our mobile service center is one such program wherein 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 9317 SAS camps have been conducted at remote areas servicing 65996 vehicles which translates to 12% of the total vehicles attended.

Customer Satisfaction Index



SAS Camp



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 features 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 KI JEET HAMARI JEET” philosophy as part of our best Practices and Action Plan “IDEATE”.

“Winning thru Skill Enhancement” of the PRISM programme is our initiative that is aimed at upgrading the dealer sales team’s selling approach & capabilities

to help them deal with evolving market landscape & competitive intensity. The objectives of the programme are to drive Dealer Sales Executives (DSEs) for solution selling and customer life time value, building competencies to adapt to changing selling model and enhancing sales process implementation. The programme has led to a positive impact on core sales metrics in terms of increased DSE productivity, sales process implementation and hence profitability.

Clearly articulated processes & tools in place have led to bettered alignment and understanding of training needs, mechanisms to track & measure effectiveness and continuous Plan-Do-Check-Act (PDCA) and an overall increased motivation/ engagement of the sales force.

Our service training programme, where we develop eLearning modules that act as an interactive diagnostic tool for technical advisors, is another network initiative. We also conduct a Dealer Financial Analysis which gives a unique insight into the financial performance of dealers in an outlet. Balance scorecard Model was developed as part of PRISM to measure and reward the compliance to PRISM processes that would impact the Dealer Financials directly. All metrics for the model are directly taken from the systems using Business Analytics tools.

3. MaxIT

MaxIT, a sales configurator tool, was developed to assist Dealer Sales Executives (DSE) 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 business 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.

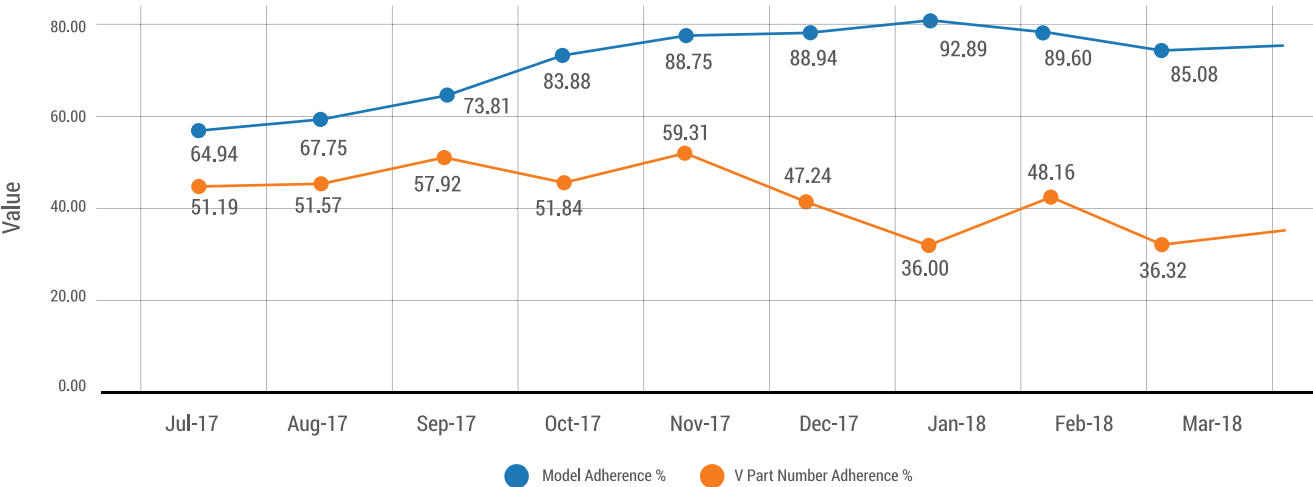
After 3-4 years, we can refine our vehicle offering portfolio by measuring the data collected in MAXIT, for example – the type of vehicles offered for a particular application; which is an intangible benefit to the organisation.

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 SALE.

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 SALE document.

Monthly Sales



Training

We provide various trainings 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 and 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, during 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 Nasik, Bhubneshwar, Pantnagar, Ludhiana, Alwar, Kolkata, Pune and Lucknow.

Driver Training

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

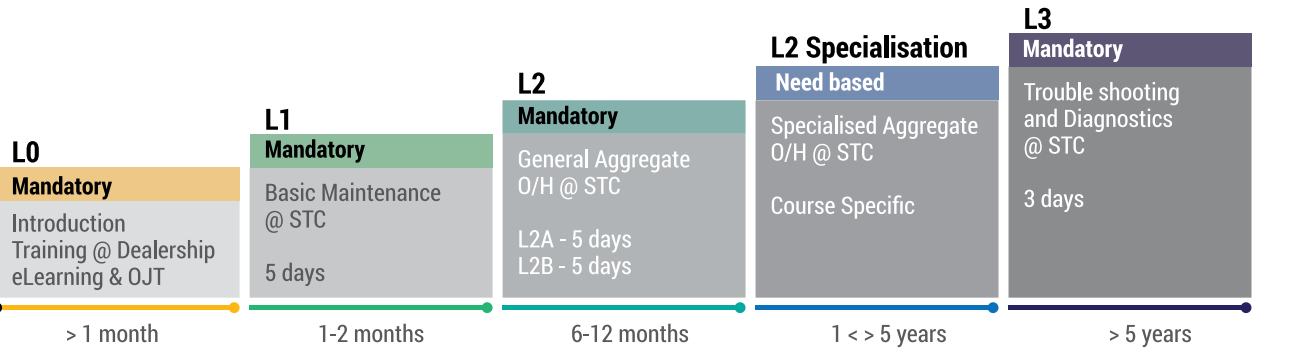
We offer various trainings to drivers, fleet owners, individuals etc. in our training centres that located in Khaital, Burari, Rajsamand, Baroda, Chhindwara, Chhatia, Sircilla, Dharwad, Yelahanka and Namakkal. These centres are run and managed by us and society employees.

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

| Location | Fresher Training | Refresher Training | Total |
|------------|------------------|--------------------|---------|
| Burari | 3,236 | 70,686 | 73,922 |
| Khaital | 2,886 | 29,921 | 32,807 |
| Chhatia | 2,100 | 371 | 2,471 |
| Namakkal | 848 | 28,746 | 29,594 |
| Chhindwara | 1,189 | 868 | 2,057 |
| Railmagra | 708 | 1,293 | 2,001 |
| Dharwad | 38 | 38,093 | 38,131 |
| Bangalore | - | 29,046 | 29,046 |
| Baroda | - | 3,149 | 3,149 |
| Overall | 11,005 | 202,173 | 213,178 |



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.

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

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,

transfer. In FY 2017-18 we have trained over 50893 personnel on BS IV Module.

High Impact Project through Lean Six Sigma

1.Improving 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 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.



12

Economic Performance

DRIVING VALUE

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.

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

| Particulars | Economic Performance (in INR lakhs) | | |
|-----------------------------------|-------------------------------------|-------------------|-------------------|
| | FY 2015-16 | FY 2016-17 | FY 2017-18 |
| Economic Value Generated | 2,011,059.44 | 2,158,941.34 | 2,671,427.66 |
| Economic value distributed | 1,904,500.55 | 2,054,759.72 | 2,570,262.39 |
| Operating costs | 1,581,994.43 | 1,697,426.51 | 2,227,591.89 |
| Community investments | 369.05 | 833.54 | 1,566.79 |
| Payments to Government | 150,377.71 | 168,176.99 | 104,681.66 |
| Employee wage and Benefits | 138,506.28 | 148,005.14 | 181,192.24 |
| Payments to providers of capital | 33,253.08 | 40,317.54 | 55,229.81 |
| Economic Value retained | 106,558.89 | 104,181.62 | 101,165.27 |

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

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.

ASSURANCE STATEMENT

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 L34101TN1948PLC000105, 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^{TM1}, 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.

¹ The VeriSustain protocol is available on www.dnvgi.com

* Assurance Engagements other than Audits or Reviews of Historical Financial Information.

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 interviewed 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 Pantnagar (Uttarakhand) and Hosur-1 (Tamil Nadu), CSR projects in Chennai (Tamil Nadu), and Research and Development (R&D) centre at Vellivoyalchavadi 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 Pantnagar (Uttarakhand), Alwar (Rajasthan), Bhandara (Maharashtra), Hosur-2 (Tamil Nadu), Cab 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 201: Economic Performance 2016 – 201-1;
- GRI 204: Procurement Practices 2016 – 204-1;
- GRI 301: Materials 2016 – 301-1, 301-2;
- GRI 302: Energy 2016 – 302-1, 302-3, 302-4;
- 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 306: Effluents and Waste 2016 – 306-1, 306-2;
- GRI 307: Environmental Compliance 2016 – 307-1;
- GRI 401: Employment 2016 – 401-1, 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;

- GRI 406: Non-discrimination 2016 – 406-1;
- GRI 407: Freedom of Association and Collective Bargaining 2016 – 407-1;
- GRI 413: Local Communities 2016 – 413-1;
- GRI 416: Customer Health and Safety 2016 – 416-1;
- GRI 417: Marketing and Labelling 2016 – 417-3;
- GRI 418: Customer Privacy 2016 – 418-1.

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.

The Report has fairly brought out Ashok Leyland's Economic, Environmental and Social performance during the reporting year 2017-18 related to its identified reporting boundaries and material topics through appropriate GRI Standards based on its materiality determination exercise. During our interaction with the senior management team, it was expressed that the Company is committed towards progressively expanding its reporting boundary to include the sustainability impacts of subsidiaries and other entities in its consolidated financial statement in future reporting periods. Nothing has come to our attention to suggest that the Report does not meet the Principle of Completeness.

Neutrality

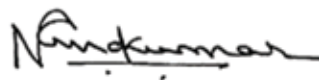
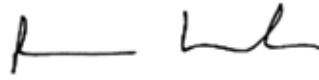
The extent to which a report provides a balanced account of an organization's performance, delivered in a neutral tone.

The disclosures related to sustainability performance and issues are generally presented in a neutral tone in terms of content and presentation, and brings out key concerns and challenges faced during the period. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.

DNV GL's Competence and Independence

DNV GL is a global provider of sustainability services, with qualified environmental and social assurance specialists working in over 100 countries. DNV GL states its independence and impartiality with regard to this assurance engagement. We were not involved in the preparation of any statements or data included in the Report, with the exception of this Assurance Statement. We maintain complete impartiality toward any people interviewed.

For and on behalf of DNV GL Business Assurance India Private Limited

| | |
|---|--|
|  Vadakepathth Nandkumar Lead Verifier Head – Regional Sustainability Operations – and Middle East DNV GL – Business Assurance India Private Limited. |  Prasun Kundu Assurance Reviewer DNV GL – Business Assurance India Private Limited. |
|---|--|

Bengaluru, India, 11th July 2018

DNV GL Business Assurance India Private Limited is part of DNV GL – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance.
www.dnvgl.com

GLOSSARY

| | | | |
|------------|--|----------------|---|
| A/C..... | Account | COSO ERM | Committee of Sponsoring Organisations of the Treadway Commission – Enterprise Risk Management |
| AIDS..... | Acquired Immune Deficiency Syndrome | CPPS..... | Cab Press and Panel Shop |
| AL..... | Ashok Leyland | CSR | Corporate Social Responsibility |
| ALCOB..... | Ashok Leyland Corporate Building | CTC | Cost To Company |
| ALEA | Ashok Leyland Excellence Award | Cum | Cubic Meter |
| AMC..... | Annual Maintenance Contract | CV | Commercial Vehicle |
| ASCI | Advertising Standards Council of India | DET | Diploma Engineer Trainee |
| ATL..... | Above the line | DG..... | Diesel Generator |
| BRR | Business Responsibility Reporting | DMA | Disclosure on Management Approach |
| BS..... | Bharat Stage | DNV GL..... | Det Norske Veritas (Norway) and Germanischer Lloyd |
| BSE..... | Bombay Stock Exchange | DSE | Dealer Sales Executive |
| BTL..... | Below the line | DTI | Driver Training Institutes |
| CATI..... | Computer Assisted Telephone Interview | EBITDA..... | Earnings before interest, tax, depreciation and amortisation |
| CEO | Chief Executive Officer | ECU | Equivalent Cabin Unit |
| CFD | Computational Fluid Dynamics | ED | Electro Deposition |
| CFM | Cubic Feet per Minute | EGR | Exhaust Gas Recirculation |
| CNC..... | Computer Numeric Control | ELP | Emerging Leaders Program |
| CNG | Compressed Natural Gas | ENT | Ear, Nose, Throat |
| | | ER | Employee Relations |
| | | ETP..... | Effluent Treatment Plant |
| | | EV | Electric Vehicles |
| | | EWP | Extended Warranty Package |
| | | FDSS..... | Fire Detection and Suppression System |

| | | | | | |
|------------|---|---------------|---|--------------------------|---|
| FES | Fire Equipment Services | kWh | Kilowatt-hour | P&L | Profit and Loss |
| FTE | Full Time Equipment | KYC..... | Know Your Customer | PD | Product Development |
| FY..... | Financial Year | L&D..... | Learning & Development | PDCA..... | Plan, Do, Check, Act |
| GAIL | Gas (India) Limited | LCV..... | Light Commercial Vehicle | PM | Particulate Matter |
| GDR | Global Depository Receipt | LEAD | Leverage Analytics to drive Decisions | POSH..... | Prevention of Sexual Harassment |
| GET | Graduate Engineer Trainee | LED..... | Light Emitting Diode | PPE..... | Personal Protective Equipment |
| GHG | Green House Gases | LLF | Learning Links Foundation | PRISM | Practical Improvement in Sales and Marketing |
| GIGO | Garbage In, Garbage Out | LPG | Liquefied Petroleum Gas | PVC | Polyvinyl Chloride |
| GJ..... | Giga Joules | LPM | Liter Per Minute | R&D | Research & Development |
| GMP..... | General Management Program | LPP..... | Linear Performance Pricing | RACE | Rapid Average Cost Estimation |
| GRI | Global Reporting Initiative | LSPV..... | Load Sensing Proportional Valve | RLNG..... | Regasified Liquid Natural Gas |
| GVW | Gross Vehicle Weight | M&HCV..... | Medium & Heavy Commercial Vehicle | RMC..... | Risk Management Committee |
| GWP | Global Warming Potential | MBA..... | Master of Business Administration | RO | Reverse Osmosis |
| HEA..... | Hinduja Excellence Award | MD..... | Managing Director | SAP SF..... | SAP Success Factors |
| HECU..... | Hybrid Equivalent Common Unit | MITR | Mutual Improvement Through Relationships | SAS..... | Service At Site |
| HIV | Human Immunodeficiency Virus | MoA..... | Memorandum of Agreement | SASSY | Service At Site to Satisfy You |
| HoD..... | Head of Department | MoEFCC | Ministry of Environment and Forest & Climate Change | SCR | Selective Catalytic Reduction |
| HP | Horse Power | MSME | Micro, Small and Medium Enterprises | SEBI..... | Securities Exchange Board of India |
| HPSV | High Pressure Sodium Vapour | MT | Metric Ton | SOx | Sulphur Oxides |
| HR | Human Resources | MWh..... | Megawatt hour | SPARK | Spare Parts Accelerated Reforms Kick-off |
| HSD..... | High Speed Deisel | NAAQS..... | National Ambient Air Quality Standards | SRDS | Seva Rural Development Society |
| Hz..... | Hertz | NABL..... | National Accreditation Board for Testing and Calibration Laboratories | STP | Sewage Treatment Plant |
| ICC | Internal Compliance Committee | NED..... | Non-Executive Director | TAT | Turn Around Time |
| ICVs..... | Intermediate Commercial Vehicles | NGO | Non-Governmental Organisation | tCO ₂ e | Tonne CO ₂ Equivalent |
| IDP | Individual Development Plan | NOx..... | Nitrogen Oxide | TDS | Total Dissolved Solids |
| iEGR | intelligent Exhaust Gas Recirculation | NRI | Non-Residential Indian | UK | United Kingdom |
| INR | Indian Rupees | NSE | National Stock Exchange | US | United States |
| ISAE..... | International Standard on Assurance Engagements | NTTF | Nettur Technical Training Foundation | UTI | Unit Trust of India |
| ISMS..... | Information Security Management System | NVG-SEE | National Voluntary Guidelines on Social, Environmental and Economic | VFD..... | Variable Frequency Drive |
| ISO | International Organisation of Standardisation | NVH | Noise Vibration and Harshness | VOCs | Volatile Organic Compounds |
| IT..... | Information Technology | OCB..... | Overseas Corporate Bodies | VP | Vice President |
| ITI..... | Industrial Training Institute | ODS..... | Ozone Depleting Substances | VTS..... | Vehicle Tracking System |
| IUCN | International Union for Conservation of Nature | OEM..... | Original Equipment Manufacturer | VVC..... | Vellivoyal Chavadi |
| KAM..... | Key Account Manager cell | OTL | On the line | WOW | Workshop On Wheels |
| kg..... | Kilogram | | | YMMD | You Made My Day |
| KLD | Kilo Litre per Day | | | YTP..... | Young Talent Program |
| KLD | Kilo Liters per Day | | | ZBC | Zero Based Costing |
| Km | Kilometer | | | ZD30 | a 3-litre (2953 cc), inline four cylinder, diesel engine that replaced the Nissan QD engine |
| kmpl..... | kilo meter per liter | | | ZLDP..... | Zero Liquid Discharge Plant |
| KNOW..... | Knowledge on Wheels | | | | |
| KRA..... | Key Result Areas | | | | |
| kW | Kilo Watt | | | | |

GRI CONTENT INDEX

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| GRI Standard | Disclosures Description | Page Number |
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Notes

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Notes

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ASHOK LEYLAND

Aapki Jeet. Hamari Jeet.

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HINDUJA GROUP