



ASHOK LEYLAND

September 28, 2017

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

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001

Scrip Code : ASHOKLEY

Stock Symbol : 500477

Through : NEAPS

Through: BSE Listing Centre

Dear Sirs,

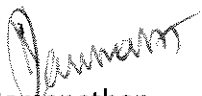
Sub: Intimation under Regulation 30(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Credit rating for Commercial Paper Issue.

Pursuant to Regulation 30(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find below the details of credit rating for Commercial Paper issue.

Name of the Agency	Type of Credit Rating	Amount	Rating	Rating Action
CARE Ratings Limited	Rating on Commercial Paper	Rs.1500 Crores (enhanced from Rs.600 Crores)	CARE A1+ (A One Plus)	Reaffirmed

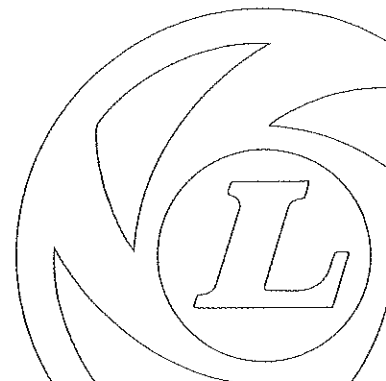
A copy of the report from the credit rating agency covering the rationale is enclosed for your information.

Yours faithfully,
for ASHOK LEYLAND LIMITED


N Ramanathan
Company Secretary
Encl.:a/a

ASHOK LEYLAND LIMITED

Registered Office: No.1, Sardar Patel Road, Guindy, Chennai 600 032, India.
t : +91.44.2220 6000 f : +91.44.2220 6001, e : reachus@ashokleyland.com,
CIN: L34101TN1948PLC000105, www.ashokleyland.com



Shri Gopal Mahadevan,
Chief Financial Officer,
Ashok Leyland Limited,
No.1, Sardar Patel Road, Guindy,
Chennai – 600 032.

September 28, 2017


Dear Sir,

Credit rating for Commercial paper issue

1. This is with reference to the rating of the commercial paper issue of Ashok Leyland Limited.
2. A write-up (Press Release) on the above ratings which was updated in our website is enclosed as **Annexure** for your reference.

Thanking you,

Yours faithfully,


[Vidhyashankar C]
Senior Manager

CARE Ratings Limited
(Formerly known as Credit Analysis & Research Limited)

Ashok Leyland Limited

September 19, 2017

Ratings

Instrument	Amount (Rs. crore)	Rating ¹	Rating Action
Commercial Paper (CP)	1500.00 (enhanced from Rs.600.00)	CARE A1+ (A One Plus)	Reaffirmed
Total	1500.00 (Rupees One Thousand Five Hundred Crore Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating assigned to the commercial paper issue of Ashok Leyland Limited (ALL) continue to draw strength from ALL being part of the Hinduja Group, ALL's long track record of operations with strong brand image & widening distribution network, its strong market position in the domestic M&HCV segment with leadership position in the passenger carrier segment, established presence in all sub-segments of the CV segment, comfortable capital structure and favourable long-term growth prospects of the domestic CV industry. The ratings take note of the acquisition of three joint ventures (JV) and merger of Hinduja Foundries Limited during FY17 (refers to the period April 01 to March 31).

The ratings also take note of the inherent cyclical nature of the automotive industry, ALL's exposure to group entities and increasing competition in the industry.

Going forward, sustainability of the increased volumes, extent of diversification of revenue in terms of geography & sub-segments and extent of support to group entities would be the key rating sensitivities.

Detailed description of the key rating drivers**Key Rating Strengths*****Flagship Company of the Hinduja Group, which has diversified presence across various industries***

The Hinduja group, established in Mumbai in 1918 has a global presence across more than 50 countries. The group has presence in various industries including Automotive, Banking & Finance, IT/ ITES and Energy & Chemicals. The Hinduja group acquired stake in ALL in 1987; since then ALL has grown to become one of the major companies of the Hinduja Group.

Well-qualified & diversified board of directors backed by an experienced management team

ALL's Board of Directors consists of a well-defined mix of independent directors and representatives from the Hinduja Group. The Board of Directors is backed by an experienced top management team.

Long track record of operations with strong brand image and distribution network

ALL has a long track record of operations of over 67 years. ALL has built a strong brand image over the years with a diversified product profile consisting of buses, trucks, light vehicles, defense vehicles, engines, gensets, etc, with a strong distribution network comprising of Dealer Outlets, Authorized Service Centers and Service and Support that Satisfies You (SASSY) units across the country.

Strong market position in domestic M&HCV segment with market leadership position in passenger carrier/ bus segment

ALL is one of the leading players in domestic M&HCV segment with strong market position through a variety of product offerings. The company remains a leader in the M&HCV-PC segment (majorly bus) and also maintains a substantial market share in the M&HCV-GC segment. The company had a market share of 31.3% in FY16 in M&HCV segment.

Significant Presence in LCV segment which provides diversification

In LCV category, ALL's LCV named 'Dost' has emerged as one of the leading product in the 2-3.5 Tonne category. Recently, ALL and NML have entered into an agreement where ALL has acquired 100% stake in three JVs, namely, Ashok Leyland Nissan Vehicles Limited (currently Ashok Leyland Vehicles Limited), Nissan Ashok Leyland Powertrain Limited (currently Ashley Powertrain Limited) and Nissan Ashok Leyland Technologies Limited (currently Ashok Leyland Technologies Limited) and the process of acquisition was completed during November 2016.

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

Improvement in financial position in FY16 and FY17

ALL's overall sales volume during FY16 witnessed a growth of 34% with M&HCV segment witnessing y-o-y growth of 41%. In addition, various cost control measures helped the company to improve profitability at the operating level thereby reporting a PBILDT margin of 11.82% in FY16. The company reported a PAT of Rs.722 crore on a total operating income of Rs.18,937 crore in FY16 (as per GAAP) and during FY17, PAT of ALL was Rs.1,232 crore on a total operating income of Rs.20,166 crore (as per Ind AS).

Key Rating Weaknesses

Exposure to group entities which are strategic in nature

In the past few years, ALL had invested in various associate companies and JVs, which are in similar line of business. The funding support from ALL is expected to continue to some of its group entities. Nevertheless, extent of support from ALL to its subsidiaries/group entities will be the key rating sensitivities.

Analytical approach:

Standalone

Applicable Criteria

Criteria on assigning Outlook to Credit Ratings

CARE's Policy on Default Recognition

Financial ratios – Non-Financial Sector

Rating Methodology-Manufacturing Companies

Criteria for Short Term Instruments

About the Company

Ashok Leyland Limited (ALL; CIN No: L34101TN1948PLC000105), Flagship Company of the Hinduja Group, is one of the largest commercial vehicle manufacturers in India. Currently, Hinduja Automotive Limited (HAL), fully owned by the Hinduja Group, holds 50.38% stake in ALL.

ALL is one of the largest manufacturers of Medium and Heavy Commercial Vehicles (M&HCV) and also has significant presence in the Light Commercial Vehicle (LCV) segment. ALL's product profile includes buses, trucks, engines and defense vehicles. ALL has seven manufacturing plants spread across India.

Brief Financials (Rs. crore)	FY16(A)*	FY17(A)#
Total operating income	18,937	20,166
PBILDT	2,239	2,296
PAT	722	1,232
Overall gearing (times)	0.64	0.37
Interest coverage (times)	8.31	14.78

* as per GAAP; # as per Ind AS

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Analyst Contact:

Name: Mr. Sudhakar P

Tel: 044 - 2850 1003

Email: p.sudhakar@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Commercial Paper	-	-	7 to 364 days	1500.00	CARE A1+

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Fund-based - LT/ ST- Working Capital Limits	LT/ST	900.00	CARE AA; Stable / CARE A1+	1)CARE AA; Stable / CARE A1+ (25-Apr-17)	1)CARE AA; Stable / CARE A1+ (06-Feb-17) 2)CARE AA- / CARE A1+ (11-May-16)	1)CARE AA- / CARE A1+ (21-Apr-15)	1)CARE A+ / CARE A1+ (23-Jun-14)
2.	Commercial Paper	ST	1500.00	CARE A1+	-	1)CARE A1+ (06-Feb-17) 2)CARE A1+ (11-May-16)	1)CARE A1+ (21-Apr-15)	1)CARE A1+ (23-Jun-14)
3.	Non-fund-based - LT/ ST- BG/LC	LT/ST	1200.00	CARE AA; Stable / CARE A1+	1)CARE AA; Stable / CARE A1+ (25-Apr-17)	1)CARE AA; Stable / CARE A1+ (06-Feb-17) 2)CARE AA- / CARE A1+ (11-May-16)	-	-
4.	Fund-based/Non-fund-based-LT/ST	LT/ST	500.00	CARE AA; Stable / CARE A1+	1)CARE AA; Stable / CARE A1+ (25-Apr-17)	-	-	-

CONTACT

Head Office Mumbai

Ms. Meenal Sikchi
 Cell: + 91 98190 09839
 E-mail: meenal.sikchi@careratings.com

Mr. Ankur Sachdeva
 Cell: + 91 98196 98985
 E-mail: ankur.sachdeva@careratings.com

Ms. Rashmi Narvankar
 Cell: + 91 99675 70636
 E-mail: rashmi.narvankar@careratings.com

Mr. Saikat Roy
 Cell: + 91 98209 98779
 E-mail: saikat.roy@careratings.com

CARE Ratings Limited**(Formerly known as Credit Analysis & Research Ltd.)**

Corporate Office: 4th Floor, Godrej Coliseum, Somalya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
 Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

AHMEDABAD

Mr. Deepak Prajapati
 32, Titanium, Prahaladnagar Corporate Road,
 Satellite, Ahmedabad - 380 015
 Cell: +91-9099028864
 Tel: +91-79-4026 5656
 E-mail: deepak.prajapati@careratings.com

JAIPUR

Mr. Nikhil Soni
 304, Pashupati Akshat Heights, Plot No. D-91,
 Madho Singh Road, Near Collectorate Circle,
 Bani Park, Jaipur - 302 016.
 Cell: +91 - 95490 33222
 Tel: +91-141-402 0213 / 14
 E-mail: nikhil.soni@careratings.com

BENGALURU

Mr. V Pradeep Kumar
 Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
 No. 30, M.G. Road, Bangalore - 560 001.
 Cell: +91 98407 54521
 Tel: +91-80-4115 0445, 4165 4529
 Email: pradeep.kumar@careratings.com

KOLKATA

Ms. Priti Agarwal
 3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
 10A, Shakespeare Sarani, Kolkata - 700 071.
 Cell: +91-98319 67110
 Tel: +91-33- 4018 1600
 E-mail: priti.agarwal@careratings.com

CHANDIGARH

Mr. Anand Jha
 SCF No. 54-55,
 First Floor, Phase 11,
 Sector 65, Mohali - 160062
 Chandigarh
 Cell: +91 99888 05650
 Tel: +91-172-5171 100 / 09
 Email: anand.jha@careratings.com

NEW DELHI

Ms. Swati Agrawal
 13th Floor, E-1 Block, Videocon Tower,
 Jhandewalan Extension, New Delhi - 110 055.
 Cell: +91-98117 45677
 Tel: +91-11-4533 3200
 E-mail: swati.agrawal@careratings.com

CHENNAI

Mr. V Pradeep Kumar
 Unit No. O-509/C, Spencer Plaza, 5th Floor,
 No. 769, Anna Salai, Chennai - 600 002.
 Cell: +91 98407 54521
 Tel: +91-44-2849 7812 / 0811
 Email: pradeep.kumar@careratings.com

PUNE

Mr. Pratim Banerjee
 9th Floor, Pride Kumar Senate,
 Plot No. 970, Bhamburda, Senapati Bapat Road,
 Shivaji Nagar, Pune - 411 015.
 Cell: +91-98361 07331
 Tel: +91-20- 4000 9000
 E-mail: pratim.banerjee@careratings.com

COIMBATORE

Mr. V Pradeep Kumar
 T-3, 3rd Floor, Manchester Square
 Pulliakulam Road, Coimbatore - 641 037.
 Tel: +91-422-4332399 / 4502399
 Email: pradeep.kumar@careratings.com

CIN - L67190MH1993PLC071691

HYDERABAD

Mr. Ramesh Bob
 401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
 Hyderabad - 500 029.
 Cell : + 91 90520 00521
 Tel: +91-40-4010 2030
 E-mail: ramesh.bob@careratings.com