



**ASHOK LEYLAND**

**May 25, 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,

**Subject: Outcome of Board meeting**

**a) Recommendation of Dividend**

The Board of Directors of the Company at the meeting held today have recommended for the approval of the shareholders a dividend of Rs.1.56/- per equity share of Re.1/- each for the financial year ended March 31, 2017. The dividend, if declared, shall be paid before August 14, 2017.

A copy of the dividend distribution policy is enclosed and the same is available at [www.ashokleyland.com](http://www.ashokleyland.com).

**b) Annual General Meeting and Closure of Register of Members**

The sixty eighth Annual General Meeting of the shareholders of the Company is scheduled to be held on Friday, July 21, 2017 and the Register of Members will be closed from Thursday, July 13, 2017 to Friday, July 21, 2017 (both days inclusive) for the purpose of determining the Members eligible to receive the dividend, if declared by the shareholders at the ensuing AGM.

We request you to take the above on record.

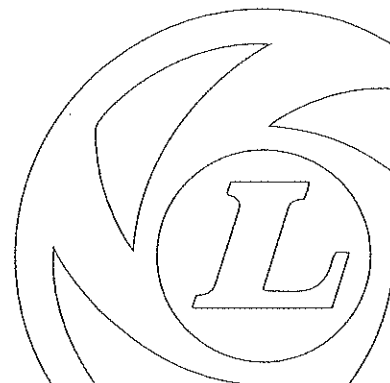
Thanking you,

Yours truly,  
for ASHOK LEYLAND LIMITED

N Ramanathan  
Company Secretary

**ASHOK LEYLAND LIMITED**

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**HINDUJA GROUP**



## **ASHOK LEYLAND**

### **Dividend Distribution Policy**

#### **Introduction**

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

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

#### **Objective**

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

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

#### **Definitions**

- (i) **“Act”** means the Companies Act, 2013 and Rules made thereunder, including any statutory amendment(s) or modification(s) thereof for the time being in force.
- (ii) **“Dividend”** includes final and interim dividend.

- (iii) **“Dividend Payout ratio”** means a fraction of net income a company pays to its shareholders as dividend.
- (iv) **“Market capitalisation”** means the aggregate value of the company based on its current market price and the total number of outstanding shares of the company.
- (v) **“Paid-up Share Capital”** means such aggregate amount of money credited as paid-up as is equivalent to the amount received as paid-up in respect of shares issued and also includes any amount credited as paid-up in respect of shares of the company, but does not include any other amount received in respect of such shares, by whatever name called.
- (vi) **“Regulations”** shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, from time to time and as notified by the Securities and Exchange Board of India.

#### **Declaration and payment of Dividend**

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

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

#### **Parameters for declaration of dividend**

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

##### **(i) Financial parameters**

- (a) Availability of profits;
- (b) Financial feasibility of the Company;
- (c) Favorable Debt Equity ratio;
- (d) Debt interest coverage ratio;
- (e) Liquidity position;
- (f) Business expansions, acquisitions, etc.;

- (g) Favorable state of the capital markets;
- (h) Profit growth.

**(ii) External Factors**

- (a) Shareholders' expectations;
- (b) Uncertain or recessionary economic and business conditions;
- (c) Restrictions imposed under the Act with regard to declaration of dividend;
- (d) Sectorial performance;
- (e) Future uncertainties and industrial downturn;
- (f) Government policy;
- (g) Clientele effect;
- (h) Risk effect.

**(iii) Internal Factors**

- (a) Growth rate of past earnings;
- (b) Growth rate of predicted profits;
- (c) Expansion and modernisation of existing business;
- (d) Investment in research and development;
- (e) Working capital requirements;
- (f) Mergers and Acquisitions;
- (g) Investments in subsidiaries/Joint ventures/associates;
- (h) Buyback options;
- (i) Approach adopted - residual, stability or hybrid.

**(iv) Utilisation of retained earnings**

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

- (a) Acquisition/Diversification of business;
- (b) Long term strategic plan;
- (c) High cost of debt;
- (d) Market or product development/expansion plan;
- (e) Increase in production capacity;
- (f) Modernisation Plan;
- (g) Replacement of Capital intensive assets.

**(v) Classes of Shares**

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

**Publication of Policy**

This Policy, as approved by the Board, shall be disclosed in the Annual Report and on the website of the Company at [www.ashokleyland.com](http://www.ashokleyland.com).

**Amendment**

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

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