

V M V V SANGHA'S



**V M K S R VASTRAD ARTS SCIENCE
AND V S BELLIHAL COMMERCE COLLEGE
HUNGUND**

Project report entitled

**"A PROJECT REPORT ON ASHOK LEYLAND
LIMITED"**

UNDER GRADUATION OF BACHELOR OF COMMERCE

Submitted by

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B.Com-II Semester
Register Number U15IY22C0025**

Under the Guidance of

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Lecturer,
Department of commerce
2022-23**



DECLARATION

I declare that this project report entitled " **A PROJECT REPORT ON ASHOK LEYLAND LIMITED** " independent project carried out by me in partial fulfilment of the requirements for the award of the degree of Bachelor of Commerce by the **Rani Channamma University**. The project report has been prepared under the guidance of . **Mr. SHREESHAIL BOMMASAGAR** Co-ordinator Department of in Commerce, **Rani Channamma University, V M K S R VASTRAD ARTS SCIENCE & V S BELLIHAI COMMERCIAL COLLEGE HUNGUND.**

I have not submitted his project previously to this university or any other university for the award of any degree.

Date :

Place :HUNGUND



Mr. Ramesh Hunasihal

CERTIFICATE

This is to certify that **Mr. Ramesh Hunasihal** is a bonafide student of the Department of Commerce, bearing REG NO : U15IY22C0025 during the academic year 2022-23 has satisfactorily completed the project work entitled "**A PROJECT REPORT ON ASHOK LEYLAND LIMITED**" submitted in partial fulfillment of the requirements for the award of the Degree of Commerce by RANI CHANNAMMA UNIVERSITY under guidance and supervision by **Mr. SHREESHAIL BOMMASAGAR** And Prof. B A KANTHI Head of the Department in Commerce.



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This is to certify that the project work on " **A PROJECT REPORT ON ASHOK LEYLAND LIMITED** " has been carried out by **Mr. Ramesh Hunasihal B. Com II** semester under the guidance of **Mr. SHREESHAIL BOMMASAGAR** Co-ordinator, **Prof. B A KANTHI** Head of the Department in Commerce. towards the partial fulfilment of the requirements for the award of degree of department of Commerce by the **Rani Channamma University** during the year **2022-23**.

Date :
Place :HUNGUND


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Date :

Place : HUNGUND



Mr. Ramesh Hunasihal

INTRODUCTION

The automotive industry is wide range of companies and organizations involved in the design, development, manufacturing, marketing and selling of motor vehicles. It is one of the world's important economic sectors by revenue. According to the data of 2013, **India** ranks amongst the **6th** producers of automotive having a production unit of 38, 80,938.

Under the automobile industry there is segment for **Bus**. In Bus segment, Ashok Leyland continues to lead with over **50% Market share in M&HCV** (Medium& Heavy Commercial Vehicle).

Bus segment has a sub-segment - **School Bus**. This segment of **School Bus** comes under **ICV** which ranges in-between **9 Tonnage to 12 Tonnage**. It has a seating capacity of 28 – 50seater. Ashok Leyland is having **18% Market Share** in the **ICV** segment. **Tata motors** continues to be in lead in **ICV** segment with its **Starbus** with around **40% Market Share** followed by **Swaraj Mazda & Eicher**.

Ashok Leyland is having a **market Share of around 26% in Tamil Nadu**, where the annual sales of school buses in Krishnagiri district is about **14 to 18Nos** and they have to **achieve a target of 30Nos**.

Perception of customers, its research and analysis: The project aims to know the suitable requirement of seat variant with specification needed in **ICV** segment by Educational Institute'. Providing them the required specification at a nominal price, doing competitive analysis knowing the reasons for buying competitor's brands from the customers. The products need to be reaching to the consumer by giving them more profit than competitors, because it is the era of competition, consumer will go where they get more profit. So, useful suggestions can be made, which can attract consumers to boost the sales of **Lynx & Stag** school buses and augment the market reach to bridge the gap between competitors.

Chapter -1 The Company Profile

1.1 Company History:

The origin of Ashok Leyland can be traced to the urge for self-reliance, felt by independent India. Pandit Jawaharlal Nehru, India's first Prime Minister persuaded Mr. Raghunandan Saran, an industrialist, to enter automotive manufacture. In 1948, Ashok Motors was set up in what was then Madras, for the assembly of Austin Cars. The Company's destiny and name changed soon with equity participation by British Leyland and Ashok Leyland commenced manufacture of commercial vehicles in 1955.

Equity participation by British Leyland and Ashok Leyland commenced manufacture of commercial vehicles in 1955. Early products included the Leyland Comet bus chassis, which sold in large numbers to many operators, including Hyderabad Road Transport, Ahmedabad Municipality, Travancore State Transport, Bombay State Transport and Delhi Road Transport Authority. By 1963 the Comet was operated by every State Transport undertaking in India, and over 8,000 were in service. The Comet was soon joined in production by a version of the Leyland Tiger.

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In 1968 production of the Leyland Titan ceased in Britain, but was restarted by Ashok Leyland in India. The Titan PD3 chassis was modified, and a five speed heavy duty constant-mesh gearbox utilized, together with the Ashok Leyland version of the O.680 engine. The Ashok Leyland Titan was very successful, and continued in production for many years.

Ashok Leyland vehicles have built a reputation for reliability and ruggedness. The 500,000 vehicles being put on the roads have considerably eased the additional pressure placed on road transportation in independent India.

In the populous Indian metros, four out of the five State Transport Undertaking (STU) buses come from Ashok Leyland. Some of them like the double-decker and vestibule buses are unique models from Ashok Leyland, tailor-made for high-density routes.

In 1987, the overseas holding by Land Rover Leyland International Holdings Limited (LRLIH) was taken over by a joint venture between the Hinduja Group, the Non-Resident Indian transnational group and IVECO Fiat SpA, part of the Fiat Group and Europe's leading truck manufacturer.

In the journey towards global standards of quality, Ashok Leyland reached a major milestone in 1993 when it became the first in India's automobile history to win the ISO 9002 certification. The more comprehensive ISO 9001 certification came in 1994, QS 9000 in 1998 and ISO 14001 certification for all vehicle manufacturing units in

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2002. In 2006, Ashok Leyland became the first auto company in India to receive the TS16949 Corporate Certification.

Ashok Leyland is a technology leader in the commercial vehicles sector of India. Its annual turnover exceeds USD 1 billion. Selling close to around 83,000 medium and heavy vehicles each year, Ashok Leyland is India's largest exporter of medium and heavy duty trucks out of India.

It is also one of the largest Private Sector Employers in India - with about 12,000 employees working in 6 factories and offices spread over the length and breadth of India.

The company recently acquired Czech-based Avia's Truck Business Unit, since renamed Avia Ashok Leyland Motors s.r.o. This gives Ashok Leyland a foothold in the highly competitive European Truck market.

The Hinduja Group also recently bought out IVECO's indirect stake in Ashok Leyland for an undisclosed amount. Thus Ashok Leyland is now purely a Hinduja Group Company.

Ashok Leyland is currently headed by Mr R. Seshasayee. Under his leadership, the company has expanded from a purely India-centric company to a company with global focus.

Mr. Seshasayee was also the President of CII (Confederation of Indian Industry), the apex body representing Indian Industry for

Financial Analysis On Ashok Leyland

Since then Ashok Leyland has been a major presence in India's commercial vehicle industry with a **tradition of technological leadership**, achieved through tie-ups with international technology leaders and through vigorous in-house R&D.

Access to international technology enabled the Company to set a tradition to be first with technology. Be it full air brakes, power steering or rear engine busses, Ashok Leyland pioneered all these concepts. Responding to the operating conditions and practices in the country, the Company made its vehicles strong, over-engineering them with extra metallic muscles. "Designing durable products that make economic sense to the consumer, using appropriate technology", became the design philosophy of the Company, which in turn has moulded consumer attitudes and the brand personality.

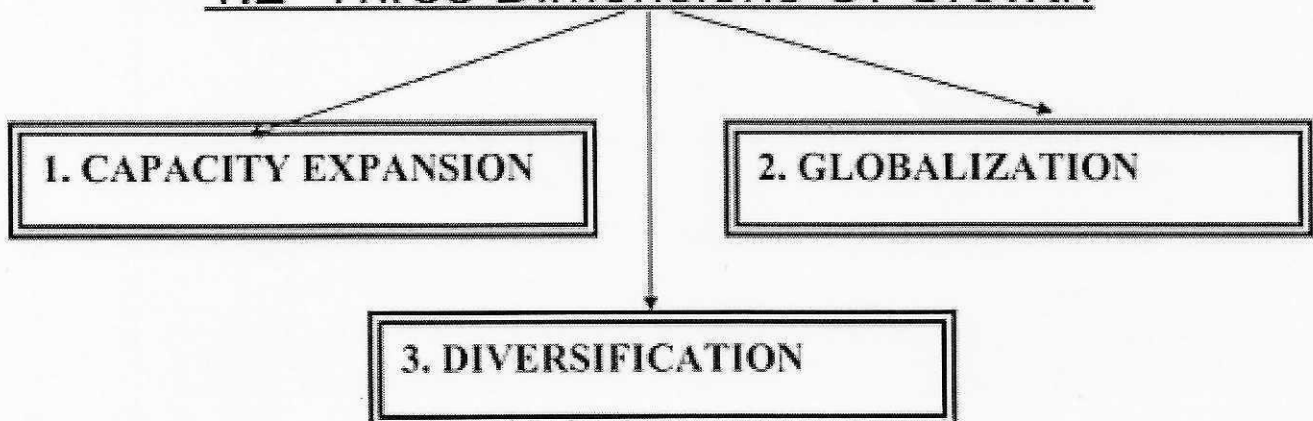
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The blueprint prepared for the future reflected the global ambitions of the company, captured in four words: Global Standards, Global Markets. This was at a time when liberalisation and globalisation were not yet in the air. Ashok Leyland embarked on a major product and process upgradation to match world-class standards of technology.

1.2 Three Dimensions Of Growth



CAPACITY EXPANSION :-

From under 30,000 vehicles in 2001-02, to over 83,000 vehicles in 2006-07, Ashok Leyland's operations have gained in size, supported by phased capacity expansion. One significant feature of this expansion phase has been that capacities have been added with incremental investments coupled with de-bottle necking and

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improved productivity and efficiencies.

Looking beyond the current slowdown and confident of growing with the industry, the company is on course to enhance production capacity from the present 84,000 vehicles : 50,000 vehicle \ capacity will be created in existing units this fiscal, with another 50,000 by 2010 at the green field Uttarakhand facility.

This expansion programme has been drawn up in line with the company's vision to consolidate presence in the domestic market. It also reflects the vision of the Hinduja Group for the Company – and the Group's total, unstinted support to actualize it.

GLOBALIZATION :-

Globalization breaks the traditional barriers of national boundaries and allows the most competitive value addition, thus rewarding and enhancing efficiencies. The first major step in that direction was the acquisition of the Truck Business Unit of AVIA, since renamed AVIA Ashok Leyland Motors (AALM). At the Ras Ai Khaimah bus assembly Unit, activities are scheduled to commence by the current financial year.

The strengths of the Company in terms of its close and longstanding business relationship with India's auto component sector have been channelized into the Component Business Group, for sourcing out of India, to Europe, the Middle East and the North American after market sector.

Even as we pursue global markets, the Company has been

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Benefiting through global sourcing . To gain from the significant cost Benefits in sourcing components and materials from China, an office has been set up in Shanghai.

DIVERSIFICATION :-

Ashok Leyland and its associate companies and businesses, collectively, Are seeking to broaden the scope of operations in their traditional Domains , increasingly occupying adjacent domains. The high potential of the automotive sector and opportunities from globalization converge to offer tremendous opportunities as never before.

1.3 Technology development

Nissan Ashok Leyland Technologies Pvt. Ltd., the technology development :

The company has recently announced a joint venture with Japanese auto giant Nissan (**Renault Nissan Group**) which will share a common manufacturing facility in Chennai, India. The shareholding structures of the three joint ventures are as under:

- Ashok Leyland Nissan Vehicles Pvt. Ltd., the vehicle manufacturing company will be owned 51% by Ashok Leyland and 49% by Nissan
- Nissan Ashok Leyland Powertrain Pvt. Ltd., the powertrain manufacturing company will be owned 51% by Nissan and 49% by Ashok Leyland
- Nissan Ashok Leyland Technologies Pvt. Ltd., the technology development company will be owned 50:50 by the two partners.

R&D

World-class Technology

To offer world-class technology that is relevant and affordable to the Indian customer is the philosophy that drives R&D at Ashok Leyland. Over the years, this philosophy has been translated time and again into products that seamlessly integrate international technology with local needs. "The role of R&D is central in fulfilling the company-wide commitment to total customer satisfaction" states Mr. R. Seshasayee, Managing Director, and adds that the increased infrastructural and financial support expresses the company's determination to become self-reliant in R&D.

Value to the Customer

The immediate R&D priorities are to pro-actively address safety and environmental issues, harness and adopt technologies that provide value to the customer in an atmosphere enabling creativity and innovation. Powering those who "engineer tomorrows" with an enabling infrastructure has been top priority for the company.

Test Tracks

But their R&D is not confined within walls. It extends to the test tracks as well. Rigorous tests are carried out under stringent simulated conditions that replicate the most treacherous landscapes.

Vehicle ruggedness and longevity are a prime customer concern, as they directly impact earnings. Ever conscious of this, Ashok Leyland makes extensive use of a modern CAD set-up, a comprehensive test track facility (where cobble-stones are calibrated and reset

Financial Analysis On Ashok Leyland periodically), accelerated fatigue testing rigs and rigorous durability testing facilities. Together they ensure that there is a constant improvement in the life and on-road performance of every make of Ashok Leyland vehicle to hit the roads. Safety, durability, through their R&D efforts.

Innovations

Ashok Leyland product development successes have come from a keen sense of anticipation and attentiveness. The company initiated research into alternative fuels well before legislative debate had even begun in the country. The result was the implementation of CNG technology ahead of the rest promising a breath of fresh air for polluted cities

1.4 ASHOK LEYLAND ALWAR

Alwar is a strategic town in Rajasthan midway between Delhi and Jaipur is located with national capital region. As a part of expansion programme alwar unit was added to the family of ASHOK LEYLAND & started its operation in 1982 & has completed its 25 years successfully. It is basically an assembly plant where the chassis is assembled.

Ashok Leyland, Alwar is world's largest CNG Vehicle producing plant; CNG is used as an alternate fuel to diesel and is very less polluting. The pollution of CNG vehicle is less than ever Euro-4 vehicle which is known for its lesser pollution vehicle.

The total covered area of Alwar plant is 352 acres and the fencing is done in around 161 acres of area. The plant comprises of 8 shops

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called shop-1, shop-2 & shop-5. the plant has three gates one is main gate, one for entering the goods carrier, third for the products going out of the plant for sale.

There is an administrative office one P & A department block, a medical centre, a canteen, a newspaper reading room library, a training centre & system department, regional sale office yard & construction is going on for new stores.

1.5 Certification and Awards obtained

ISO 9002: 1987	1993	Ennore & Hosur unit -1
ISO 9001: 1994	1994	Ennore, Hosur unit-1 & 2, Bhandara, Alwar & Corporate function
QS 9000: 1998	1998	Ennore, Hosur unit-1 & 2/CPPS, Bhandara, Alwar & Corporate function
ISO 9001: 2000	2003	Ennore, Hosur unit-1 & 2, Bhandara, Alwar & Corporate function

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ISO 14001: 1996	2001	Ennore
ISO 14001: 1996	2002	Ennore , Hosur unit-1 & 2 & CPPS
ISO 14001: 1996	2003	Ennore , Hosur unit -1 & 2 & CPPS , Alwar & Bhandara
BS 7799-2: 2002	2005	Information security management system for Ennore data center
ISO/ TS- 16949-2002	2006	Ennore, Hosur unit-1 & 2/ CPPS, Bhandara, Alwar & Corporate function

Chapter-2 Company Profile (contain)

2.1 Policies Of The Company

Quality policy

Ashok Leyland is committed to achieve customer satisfaction by anticipating and delivering superior value to the customer in relation to their own business through the products and services offered by the company and to comply with statutory requirement. Towards this the quality policy of Ashok Leyland is to make continuous improvements in the processes that constitute the quality management system to make them more robust ant to enhance their effectiveness and efficiency in achieving stated objective leading to:-

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- Superior products manufactured by the company as also services offered by the company.
- Maximum use of employee's potential to contribute to quality and environment, by progressive up gradation of their knowledge and skills as appropriate to their functions.
- Seamless involvement from vendors and dealers in the mission of the company to address customer changing needs and protection of the environment.
- It is mandatory on the part of every employee of Ashok Leyland to understand, implement and maintain the quality policy of the company and to implement the procedures incorporated in this manual and other associated quality system documents issued by the manufacturing units and corporate functional divisions on the basis of guidelines in this manual.

Environmental policy

Any type of activity that is performed or any type of product that is manufactured had an effect on the surrounding or environment.

At Ashok Leyland are committed to preserving the environmental through a comprehensive environmental policy and productive approach in planning and executing our manufacturing and service activities.

We are concerned about the earth our children will inherit that's why we make sure our vehicles consume less fuel and pollute less. This concern is reflected in the manufacturing systems, the various

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processes energy conservation measure and conscious greening indicate of the company.

A system is employed to control or minimize the adverse impact on the environment is environmental management system (EMS).

Objective of Ashok Leyland Environmental policy are:-

- To adhere to all applicable environment legislation and regulations
- To adopt pollution preventive techniques in design and manufacturing of our products.
- To conserve all such resources such as power, water, oil, gas, compressed air etc. & optimizes their usage through scientific methods.
- To provide a clean working environment to our employees, contractors and neighbors.
- Commit to comply with all relevant legal and other requirements.
- Continuously strive to minimize waste generation by all possible ways and to reuse and recycle the same through a time bound action plan
- Things done to protect the environment and achieve the goal of the policy:-
- Conserving natural resources like wood , coal , petroleum products
- Avoiding wastage water at plant area
- Switching off the idle engine, motors, pump & lights
- Avoiding spilling oil , grease, paints on the floor

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- Do not through oil into drain
- By planting many trees inside the company area
- Recently planting plants on 5 June 2008(world environment day)

Safety and Health Policy

Intension & commitment of the top management

Ashok Leyland affirms that all its employees irrespective of the rank need to be safe guarded against any person injuries or damage to the properties during working period. That the management recognises the principle that accident prevention contributes in the long run progress and development of the organisation.

Ashok Leyland is committed to:-

- Implementing all practical safety measures like safe working and environmental condition.
- Carrying out a systematic critical appraisal of all potential hazards involving personal, plant services and operating methods.
- Following strictly safety rules and regulations incorporated in the factories act and rules.
- Maintaining safe and healthy working environment at all working places conducive to the success of the management safety programs in the long run.
- Implementing safe and health education programmes for employee with specific emphasis on creating safety and health awareness.

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- Welcoming useful and constructive suggestions and ideas in regard to safety and health.

VISION

The vision of Ashok Leyland is to be among the top Indian corporation acknowledged nationally and internationally for:-

- Excellence in quality of its product
- Excellence in customer focus and service.

MISSION

Be a leader in the business of commercial vehicles excelling in technology quality value to customer fully supported by customer service of the highest order & meeting nationally and international environment and safety standards.

EMPLOYEES

We consider our employees as our most valuable assets and are committed to provide full encouragement and support to them to enhance their potential and contribution to the company businesses.

2.2 MISSION GEMBA

ENHANCING EMPLOYEES FOR WORLD CLASS GLOBALISED PERFORMANCE VISION:-

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Achieving leadership in the domestic commercial vehicle markets and a significant presence in the world markets and a significant presence in the world market by 2014 through transport solutions by enhancing the employ for their excellent work to promote them to do their best for the goal of organization.

It's a playful part of the company. It is totally based on the potential of the employee how can they do more, higher productivity can be generated and how efficiently their jobs do. If any employee renders his service for a new invention or a way by which the production, quality standards or any other standards can grow rapidly. Then the employee is awarded by senior officers or respective head of mission gemba.

The main emphasis is on the increase of the potential of the employee. Motivate them through learning's; self respect, honesty, hard work, etc... Have to become the essential part of an employee working in the organization

It creates a positive psychological effect in the mind of employee. If he perform just different job, respective with a aspect of development of the company, he is being awarded and the same employee works with a difference in the company with more advantageous style.

It gives a friendly and competitive environment which helps employee and the organization to achieve their ambitions.

GEMBA is a Japanese word which means "SHOP FLOOR". It provides quality assurance, fastest delivery and least cost to customers by

- Offering appropriate products and services.

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- Adopting lean manufacturing systems & practices through employee empowerment and participation.
- Bench marking products, process and people against best in the industry

In processing of this plan everyday all permanent workers, engineers, managers amount up on the GEMBA floor and discuss their problems and solutions with each other.

Every day for their improvement suggestion every guy is awarded marks according to the performance and after a period the highest scorer is awarded the GEMBA mission award.

2.3 5-S HOUSE KEEPING

- **SORT (SEIRI)**- Get rid of clutter
- **SET IN ORDER (SEITON)**- Organize the work area (Arrange necessary items in good order so that they can be easily picked for use.)A place for everything & everything in its place.
- **SHINE (SEISO)**- Clean the work area
- **STANDARDIZE (SEIKETSU)**- Use standard methods to keep Sort, Set In Order, and Shine to a condition .(Maintain high standards of housekeeping and workplace organization at all times.)
- **SUSTAIN (SHITSUKE)**- Maintain through empowerment, commitment, and discipline.(Train people to always follow good housekeeping disciplines.)

2.4 Products

1. Bus
2. Trucks
3. Engines
4. Defence & special vehicles

Bus:

- I –bus
- Viking BS I -city bus
- Viking BS II -city bus
- Viking BS III -city bus
- Cheetah BS-I
- Cheetah BS-II
- Panther
- 12 M
- Stag Mini
- Stag CNG
- 222 CNG
- Lynx
- Double Decker
- Vestibule
- Airport Tarmac Coach
- Olympian

Engines:

1. Engines ranging from 15KVA to 250KVA
2. Engines with power rating from 40PS to 200PS.
3. Engines with power rating from 58PS to 193PS
4. Diesel and Natural Gas gensets from 15KVA - 250KVA



LUXSMALL_BUS



LIGHT 4*4



HIPTHUMB

Trucks:

1. 4X2 Haulage Model
2. 4X2 & Multi Axle tippers
3. Multi Axle Vehicles
4. Tractors
5. Ecomet.

Defence & Special Vehicles: Largest provider of logistic vehicles to the Indian army.

Achievements

- Eight out of ten metro state transport buses in India are from Ashok Leyland. At 60 million passengers a day, Ashok Leyland buses carry more people than the entire Indian rail network.
- Ashok Leyland has a near 98.5% market share in the Marine Diesel Engines Markets in India.
- In 2002, all the vehicle-manufacturing units of Ashok Leyland were ISO 14001 certified with Environmental Management System.
- The company has six manufacturing locations in India:
 - Ennore, Chennai
 - Hosur, Tamilnadu (3 plants)
 - Alwar, Rajasthan
 - Bhandara, Maharashtra

The total covered space at these **six plants exceeds 450,000 sq m** and together employs over 11,500 personnel.

- Last Financial year (2006-2007) the company sold a record 83,101 vehicles which is an all time high considering the past sales history of Ashok Leyland.
- It is one of the leading Brands in India and most easily recognizable one.
- The company is setting up a new Plant in the North Indian state of Uttarakhand at Pant Nagar at an investment outlay of Rs. 1200 crores. This plant is expected to go on stream in the year 2008. The Plant will have a capacity to produce around 40,000 commercial vehicles and is expected to cater mainly to the North Indian market taking advantage of the excise duty and other tax concessions.
- The company has signed an agreement with Ras Al Khaimah Investment Authority (RAKIA) in UAE for setting up a new manufacturing base in the Middle East.
- The company also announced that it may set up a manufacturing base in South Africa.

2.5 Corporate philosophy, governance, social responsibility

Corporate philosophy

They believe that their impressive strides in the marketplace stem in equal parts from their proactive approach and their customers' unstinting support, earned the only way they know: by giving their customers the most appropriate transport solutions for each of their applications, and by backing them up with consultancy, finance, driver training and a responsive after-market network. They are conscious of the fact that vehicles are more than just a means of transporting people and goods; they understand that they have a deep and far-reaching impact on society, the national economy and the environment.

They have, therefore, always endeavoured to engineer products and systems that promote progress on all these fronts. They firmly believe that this honest approach will make the Ashok Leyland marquee the symbol of the very best in transportation, today and tomorrow.

The five AL values are:

International

Speedy

Value creator

Corporate Governance:

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
- by ensuring transparency and professionalism in all decisions and transactions and
- achieving excellence in Corporate Governance by conforming to, and exceeding wherever possible, the prevalent mandatory guidelines on Corporate Governance and by regularly reviewing the Board processes and the Management systems for further improvement

The company has adopted a Code of Conduct for the members of the Board and senior management, who have all affirmed in writing their adherence to this Code.

Ombudsman

Another significant step has been the appointment of an Ombudsman to deal with any references, complaints or grievances about the Company, its employees or its dealings.

If the suppliers, employees or customers have any suggestions on governance issues or grievances or complaints on Ashok Leyland's practices - inclusive of its executives in various functions - which they feel ought to be raised with the Ombudsman and not with the usual channels of business, they may do so.

It is advised that the regular business dealings should be through the usual business functional channels. The Ombudsman will not deal with them under normal circumstances.

The Ombudsman is Mr.T. AnanthaNarayanan, a former Executive

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Director of the Company, with an excellent understanding of Ashok Leyland as an organization and its functioning, having been with the company for nearly 30 years.

Corporate social responsibility

Ashok Leyland believes in providing every employee an opportunity to stretch beyond the call of routine work and to realise the spirit of its corporate mantra: "They can because they care." Employees are given an opportunity to volunteer for any one of its social initiatives. Their volunteers believe that amazing things can happen when people come together for a cause. They drive their outreach programmes and most of their CSR initiatives. As part of their CSR efforts, the Company also initiated "payroll contribution to a worthy cause" to help the marginalised and the vulnerable. Under this programme an employee contributes an amount of his/her salary to one of the five social organisations identified by the Company.

Their partners

In all their CSR efforts, they also partner with government agencies, local communities, NGOs and academic institutions to enhance their strengths and help us leverage their expertise, reach and resources.

Community outreach

- ❖ The Company is involved in the construction and renovation of community halls, government/private schools, drilling public bore wells, erecting bus shelters and putting up streetlights around its manufacturing units. These development initiatives are undertaken by a Community Development Scheme

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supported and managed by representatives from the Management and the Union.

- ❖ Their manufacturing units have conducted over hundred medical, blood donation and HIV awareness camps to benefit people residing in the neighbouring areas.
- ❖ Career guidance for high school students, skill development for unemployed youth and vocational training for women of self help groups around their manufacturing units have been organised with the help of specialists in the respective fields..
- ❖ Ashok Leyland imparts computer training to economically deprived students in Hosur at the Company's Management Development Centre. The selected students are put through a carefully designed 4-module session and certified on successful completion of the course. A batch of 25 students is selected every month and the programme aims to cover 300 students every year.
- ❖ Ashok Leyland operates 'Fun Bus' - offering a day's free outing for the economically and socially deprived children including children who are differently-abled, children from orphanages, corporation primary schools and other underprivileged groups based in Chennai.
- ❖ The Company helps the spouses of employees who show interest in forming self-help groups. It trains them in microcredit and a carefully selected micro-enterprise that can leverage the needs of the local markets.

Chapter -3

Financial analysis

- 3.1 Meaning of financial analysis
- 3.2 Aspect to be assessed in financial analysis
- 3.3 Methods Of Financial Analysis
- 3.4 Theoretical challenges faced by financial ratios

3.1 Meaning of Financial analysis :

It refers to an assessment of the viability, stability and profitability of a business, sub-business or project. It is performed by professionals who prepare reports using ratios that make use of information taken from financial statements and other reports. These reports are usually presented to top management as one of their bases in making business decisions. Based on these reports, management may:

- Continue or discontinue its main operation or part of its business;
- Make or purchase certain materials in the manufacture of its product;
- Acquire or rent/lease certain machineries and equipments in the production of its goods;
- Issue stocks or negotiate for a bank loan to increase its working capital.
- Make decisions regarding investing or lending capital
- other decisions that allow management to make an informed selection on various alternatives in the conduct of its business.

3.2 Aspect to be assessed in financial analysis

1. Profitability-

Its ability to earn income and sustain growth in both short-term and long-term. A company's degree of profitability is usually based on the income statement, which reports on the company's results of operations;

2. Solvency-

Its ability to pay its obligation to creditors and other third parties in the long-term;

3. Liquidity-

Its ability to maintain positive cash flow, while satisfying immediate obligations;.

4. Stability-

The firm's ability to remain in business in the long run, without having to sustain significant losses in the conduct of its business. Assessing

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a company's stability requires the use of both the income statement and the balance sheet, as well as other financial and non-financial indicators.

3.3 Methods Of Financial Analysis

Financial analysts often compare financial ratios (of solvency, profitability, growth...):

- **Past Performance**: Across historical time periods for the same firm (the last 5 years for example),
- **Future Performance**: Using historical figures and certain mathematical and statistical techniques, including present and future values, This extrapolation method is the main source of errors in financial analysis as past statistics can be poor predictors of future prospects.
- **Comparative Performance**: Comparison between similar firms.

3.4 Theoretical challenges faced by Financial ratios:

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- They say little about the firm's prospects in an absolute sense. Their insights about relative performance require a reference point from other time periods or similar firms.
- One ratio holds little meaning. As indicators, ratios can be logically interpreted in at least two ways. One can partially overcome this problem by combining several related ratios to paint a more comprehensive picture of the firm's performance.
- Seasonal factors may prevent year-end values from being representative. A ratio's values may be distorted as account balances change from the beginning to the end of an accounting period. Use average values for such accounts whenever possible.
- Financial ratios are no more objective than the accounting methods employed. Changes in accounting policies or choices can yield drastically different ratio values.
- They fail to account for exogenous factors like investor behavior that are not based upon economic fundamentals of the firm or the general economy (fundamental analysis) ^[1].

Chapter -5

Research Methodology

- 5.1 Research area
- 5.2 Research design
- 5.3 Type of Research
- 5.4 Data collection
- 5.5 Sampling

Research Methodology

Research Methodology is a way to systematically solve the research problem. It may be understood as a science of studying how research is done scientifically. When we talk of research methodology we not only talk of research methods but also consider the logic behind the methods we use in the context of the research study and why we are not using other methods so that research results are capable of being evaluated either by the researcher himself or by others.

5.1 Research Area :

Research area of my study is ASHOK LEYLAND LTD. More specifically my research area is to do financial analysis of this company. It includes sales, production, cost, profit, liquidity and solvency analysis of this company. To study its Corporate Social Responsibility and its concern towards environment and safety also formed a part of my research area.

5.2 Research Design :

Research design is an arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the purpose with economy in procedure. In fact, the research design is the conceptual structure within which research is conducted; it

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constitutes the blueprint for the collection, measurement and analysis of data. Once the research project is identified and defined clearly the next stage is to design the research. The research design provides a complete guideline for analysis the data. Decision regarding what, where, when, how much, by what means concerning an inquiry or a research study constitute a research design.

Research design is needed because the smooth sailing of the various research operations thereby making research as efficient as possible yielding maximal information with minimal expenditure of efforts, time and money.

5.3 Types of research :-

There are several types of researches, but very few are popular .

Those among the popular are :-

- Descriptive research
- Experimental research
- Exploratory research

My research is to be conducted mainly on exploratory study only. In exploratory research, the focus is on the discovery of ideas. An exploratory study is generally based on the secondary data that are readily available. Exploratory research has the goal of formulating problems more precisely, clarifying concepts, gathering explanations, gaining insights and eliminating impractical ideas.

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Indian medium and heavy commercial vehicle industry shrunk marginally during 2007-08 compared to 2006-07. The Company sold 76,045 vehicles in the Indian market during the fiscal 2007-08. The Company registered significant market share improvement in the bus segment but lost market share in the truck segment mainly due to production constraints arising out of supply chain bottlenecks. These have been addressed satisfactorily and the Company is on course to recover lost ground. The "New Gen" cabin, expected to be bulk produced in 2008-09, will further aid this exercise.

Overseas market

The Company sold 7,285 vehicles in the overseas markets during 2007-08 – representing an increase of approximately 21% over the previous year. The Company's foreign exchange exposure has increased manifold, through contracting External Commercial Borrowings of US\$ 315 mn. over the years.

The Company fully utilized its production capacity of 84,000 vehicles across the five existing manufacturing units. The development activities for the new facility at Uttarakhand have been progressing as scheduled. This unit, designed for an annual capacity of 50,000 vehicles, is expected to be functional before June 2010.

7.6 Environment and Safety

Beyond the socio-economic impact of their products, they are conscious of the environmental impact of their operations. As a responsible corporate citizen, they act on the belief that environment protection and enrichment are not just preferred responses but their basic responsibility and the right way to do business. Ashok Leyland's commitment is reflected in various initiatives at all stages, right from technology selection, design requirements and location identification leading up to the end use of their products. This objective has been continuously achieved through progressive benchmarking, prudent target setting and ongoing review. Environmental performance is measured across the six manufacturing units on a number of parameters:

- SO₂ levels , NO_x levels , SPM levels , TSS levels
- BOD values , COD values
- Water conservation , Energy conservation , Wood conservation
- Hazardous & non-hazardous waste disposal

SLUDGE DISPOSAL : A natural by-product of the painting process, sludge disposal has always been a problem faced by the auto industry. At Ashok Leyland, various actions have been initiated over the years towards 'safe storage' of sludge, ultimately leading to the construction of 'secured landfills' within the campus. Not resting with landfill as the alternative, Ashok Leyland engineers pursued other means of disposal too. Since paint had a high calorific value, its use as a fuel was explored. The effort yielded positive results. The Cement Division of Grasim Industries tried this as a supplement to coal for their cement kiln. Over a period of 18 months, with clearance

8.2 Limitations

- # This project is limited to one plant of Ashok Leyland alwar, which is based in Alwar (Rajasthan).
- # Some data was confidential and not disclosed as per the company's policy.
- # Time limitation was the major factor for the study.

There was less interaction during the training period with the higher staff or executives due to their work load

8.3 Conclusion

The Company's initiative to nurture future leaders is showing promising results. A number of initiatives put forward by the cross

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functional team of Young Executives (YEs) as part of their annual business plan are on their way to implementation.

After robust growth over the past few years, Indian economy witnessed a slowdown during 2007-08. GDP growth for 2007-08 as projected by the Government at 8.7% shows a deceleration from the high growth of 9.4%

and 9.6% , respectively , in the previous two years . With the economy modernizing , globalizing and growing rapidly , some degree of cyclical fluctuation is to be expected.

Since then Ashok Leyland has been a major presence in India's commercial vehicle industry with a tradition of technological leadership, achieved through tie-ups with international technology leaders and through vigorous in-house R&D.

In all their CSR efforts, they also partner with government agencies, local communities, NGOs and academic institutions to enhance their strengths and help us leverage their expertise, reach and resources.

Ashok Leyland's Corporate Social Responsibility (CSR) initiatives revolve around the welfare of their employees and their families, the driver community and those residing around their manufacturing units in Ennore (Tamil Nadu), Hosur (Tamil Nadu), Bhandara (Maharashtra) and Alwar (Rajasthan).

8.4 Suggestions