Market
If an army marches on its stomach, a rapidly developing nation moves forward on transportation. The India story has been no different.

By any yardstick what follows is a unique distinction by itself in a stubbornly cyclical industry. Ashok Leyland has remained profitable from the first year of its inception – with an unbroken record of declaring dividends every year. In 2004/05, the company’s turnover exceeded Rs. 45 billion (US$ 1.02 billion) with exports accounting for 10% of total sales. Its strategy of business de-risking to counter the cyclical nature of the business is evident in the diversification of customer groups and products – the diesel engine sector, a significant share of the defence business and nearly half the share of India’s bus market – has been validated amply, specially in phases of the recession that hit the industry in dire straits. In the process, it has also reduced the geographical skew with the Northern region now contributing close to a quarter of the company’s vehicle sales.

For over five decades, Ashok Leyland has been at the forefront of change – and has moulded the nation’s commercial vehicle profile. It has introduced leading-edge technologies and product ideas that have become industry norms and benchmarks. Today, the road transport industry shoulders the responsibility of moving goods and people across this varied and vast subcontinent: its share of passenger transportation rose from 20% to 85% in five decades while share of freight grew from 11% to 70%.

India’s economic liberalisation programme, launched in the early 1990s, ushered in heady times. The dramatic improvement in road infrastructure and accelerated emission norms have necessitated that the Indian commercial vehicles industry make rapid strides in technology upgradation and vehicle performance.

With the ambitious quadrangle and cross-country roads linking the major metros, a shift in favour of higher tonnage vehicles and tractor-trailers can be seen. In both these high-end categories, Ashok Leyland has a pioneering presence and an early mover’s advantage.

Achievements
Today, more than 300,000 Ashok Leyland vehicles cross-country the country every day, performing critical roles in all sectors of the country’s economy. Customer-centric product and model configurations have only multiplied these roles. The company’s products are intrinsic to Indian lives. Ashok Leyland dominates in city passenger transportation with specialised high-capacity buses such as the double-decker and the vestibuled bus. For both these models, Ashok Leyland is the only Indian source.

The company has also, over the years, developed a host of special application vehicles that have taken the place of imported models. The fire fighters made by the company perform critical duty at India’s international airports. A pioneer in the design of defence vehicles, Ashok Leyland supplies a host of modern special purpose vehicles to India’s defence sector. This includes Stallion 4x4, which form the backbone of the Indian army’s logistics operations and are now being assembled within the defence sector through a technology transfer agreement. The Stallions left an indelible mark for reliability during the Kargil conflict. When India and Pakistan opened their common gate at Wagah, Ashok Leyland buses were the choice for this prestigious cross-border passenger service. For the recently resumed Srinagar - Muzaffarabad route too, Ashok Leyland buses have been chosen.

Through tie-ups with global technology leaders, supplemented by in-house R&D infrastructure and capabilities, Ashok Leyland has maintained its technological leadership. A pioneer in alternate fuels, Ashok Leyland made India’s first CNG-powered bus in 1997 and spearheaded the induction of CNG buses in the Indian capital. In 2002, Ashok Leyland entered another frontier technology: the Hybrid Electric Bus – developed in partnership with the government sector. Ashok Leyland is a QS 9000 company and in 1993 became the first Indian automotive vehicle manufacturer to have its entire vehicle manufacturing facilities ISO 14001 certified. Ashok Leyland is also spreading its ‘green mission’ amongst the vendor community through its ‘greening the supply chain’ programme.

Capitalising on growing global interest in Indian financial markets, the company successfully raised US$ 100 million (Rs. 4.4 billion) in low cost funds through the issue of Foreign Currency Convertible Notes (or Bonds) in April 2004. The funds support its on-going capacity expansion and technology upgradation.

History
The story 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 Raghunandan Saran, an industrialist, to enter automotive manufacturing. In 1948, Ashok Motors was set up for the assembly of Austin cars. The company’s destiny and name changed soon with equity participation from British Leyland. Ashok Leyland commenced manufacture of commercial vehicles in 1955.

Access to international technology enabled the company to set a tradition of being first with technology. Be it full air brakes, power steering or rear engine buses, Ashok Leyland pioneered all these concepts. Responding to the
country’s operating conditions, the company developed rugged, reliable vehicles with extra muscle. ‘Designing durable products that make economic sense to the customer, using appropriate technology’ became the design philosophy of the company.

In 1987, the principal overseas shareholding of the company was taken over by the trans-national Hinduja Group, along with IVECO, the European trucking giant. Ashok Leyland’s long-term plan to become a global player by benchmarking global standards of technology and quality was soon firmed up. Today, banks, financial institutions, mutual funds and private corporate bodies hold one-third of the company’s equity.

Product
From 18-seater mini-buses to 82-seater double-deckers, from 7.5 tonne haulage vehicles to 49 tonners, from numerous special application vehicles to diesel engines for industrial, marine and genset applications, Ashok Leyland offers a comprehensive range. Its vehicles carry everything from eggs to steel, from flowers to cars... indeed, if there’s anything that needs to be moved, there is an Ashok Leyland vehicle for it.

Its all-India market is serviced by six vehicle manufacturing facilities that coordinate decentralisation in aggregate manufacture with flexibility in vehicle assembly. Customer support is offered through 22 sales offices, a 135-strong dealer network and a nationwide chain of over 300 franchised service centres. Ashok Leyland’s genuine spare parts, branded Leyparts, are made available through over 1,000 outlets supported by sixteen warehouses. The company has trained 120,000 drivers for life on the road – and off it – at its Driver Training Centre in Namakkal, Tamil Nadu, arguably the most comprehensive in the country.

Promotion
The promotional slogans over the years reflect the evolution of the brand communication. In the initial years, the company claimed it was ‘Moving the wheels of progress.’ That slogan communicated both the functional significance of the role performed by the company’s products as well as the fulfilment of the national aspiration for self-reliance.

In 1990, anticipating globalisation, the focus shifted to beyond-the-shore ambitions, succinctly expressed in ‘Global Standards, Global Markets.’ The current theme of ‘Engineering your tomorrows’ is only a more precise articulation of the company’s tradition of technology leadership and customer-orientation. It finds delivery at two levels on the hard-core technology level, it is the sum total of the essential values of vehicle technology, namely safety, comfort, economy and ecology on the aspirational level: it denotes a warm and caring relationship with the “second person singular” – meaningful to each stakeholder in a unique way.

Children best exemplify the future and have been a regular idiom in the company’s communication. This also helped humanise technology. Given the company’s leadership in eco-friendly technologies, nature – another vulnerable element – has also been frequently featured while communicating the brand.

Brand Values
The two most visible – and recognised components of the brand are the dynamic ‘L’ logo and the name Ashok Leyland. The name has historical significance – and timeless meaning. Ashok, meaning happy, is the name of the company’s founder Raghunandan Saran’s son. The second part of the company’s name has come to cue the international aspect.

Brand Ashok Leyland is essentially an experiential brand; its values are felt in day-to-day life. It has layers of meanings, depending on the intimacy or remoteness of the relationship with it. To the customer, it conjures up images of a strong, sturdy, extremely dependable and caring brand. To the initiated, it is appropriate technology that makes economic sense. To its various stakeholders, it means more than just immediate economic sense – it means a lasting relationship based on trust.

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Recent Developments
In the past decade, in line with its customer-centric philosophy, the company greatly expanded its market infrastructure. Simultaneously, it has innovated customer support products that comprehensively engage customers, adding value and subtracting problems. A number of initiatives in the formative stages, aligned to the philosophy of emotionally ‘owning’ the customers’ business so as to offer total transport solutions.

Ashok Leyland has met the country’s accelerated emission regulations by indigenously developing Bharat Stage II and now, Bharat Stage III complaint engines. A recent technology acquisition is for the manufacture of the high-powered ‘J’ series engines from Hino Motors of Japan. It is a timely tie-up coinciding with the development of modern highways and the anticipated market need for higher-powered, higher-productivity vehicles in the higher-tonnage segments.

The company is readjusting a range of modern, fully built trucks and buses incorporating contemporary aggregates including the ‘J’ engine. Besides answering the evolving needs of the domestic market, the new range, code-named ‘NewGen’, will power the company’s global plans.

Under a new thrust on research and development, spend on R&D is being upped from the current 1.4% of turnover to create self-sufficiency in state-of-the-art infrastructure at the disposal of a multinational talent pool.

During 2004/05, the company’s production exceeded 54,000 vehicles. This all-time high volume was achieved by a 12,000 strong team, in contrast to a production of 43,000 by 16,000 employees not so long ago.