ASHOK LEYLAND

# ANNUAL REPORT 2011-2012

READY AND REVVING

HINDUJA GROUP

The direction is clear. The planning is done. Our preparations have infused us with new confidence. It is time now to take on the challenges, grab the opportunities to surge ahead. And we will.

Ashok Leyland is on a new start line. Eager to take off into a promising future. And roar into a new growth phase. That is what we have been preparing for. Now, we are ready.

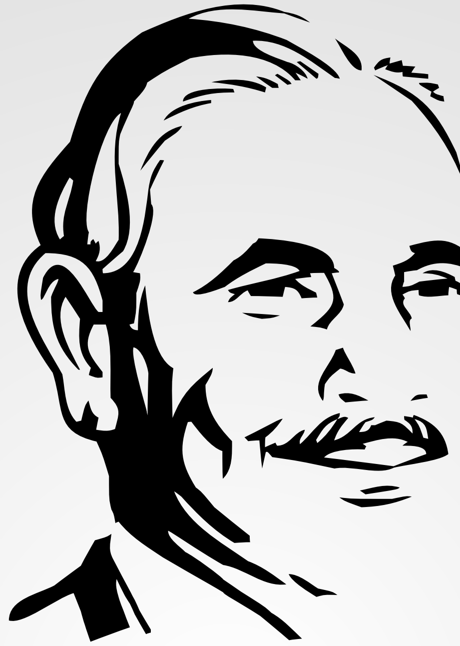

# Forward-looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to fully appreciate our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, contain forward-looking statements that set our anticipated results based on the Management's plan and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'project', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot, of course, guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.


Contents



**Parmanand Deepchand Hinduja**

(1901-1971)

Founder, The Hinduja Group

**“My dharma (duty) is to work so that I can give”**

## GUIDING PRINCIPLES

Work to Give

Word is a Bond

Act Local Think Global

Partnership for Growth

Advance Fearlessly

# LETTER TO SHAREHOLDERS

Dear Shareholder,

I am happy to report that in 2011-12 Ashok Leyland continued to maintain its growth strides. Your Company posted an overall sale of 101,990 vehicles, an 8.4% increase over the previous year. This was possible due to a robust 24.7% growth in exports to 12,852 vehicles and the runaway success of the award winning 'Dost' in the light truck segment.

The aggregate sales turnover was Rs. 12,841.99 Cr. in 2011-12 compared to Rs. 11,177.11 Cr. in the previous fiscal reflecting a rise of 14.9%. Net Profit, however, was lower by 10.3% at Rs. 565.98 Cr., due to higher interest and depreciation for the investments made by your Company to secure its future.

The domestic market witnessed a number of developments that had an impact on the sales performance of your Company. Compared to the previous year, the light truck segment grew by 30% in which 'Dost' was present only in the later part of the year. The medium & heavy duty segment volume increased by 8% but within that the growth in the intermediate vehicle segment was pronounced at about 21%, a growing range for your Company that will get further traction in the current year. Moreover, your Company's traditionally strong south market was depressed, falling nearly 17%. All things considered, the resultant market share, although recouped in the last quarter indicated a modest dip on a full year basis in the medium & heavy duty segment domestically.

However, Spare parts, Power Solutions and Defence businesses could sustain their positions all supporting the core business of your Company.

## Continuing consolidation

2011-12 was a year of continuing consolidation for your Company. The key challenge was to concurrently lay emphasis on the short term actions to restore the market position and the long term initiatives aimed to grow. As you are aware, your Company is pursuing the Vision to be, in volume terms, among the Top 10 truck manufacturers and Top 5 bus players globally. In that journey 2011-12 marked a series of actions by your Company that bolsters the confidence of realising our goals.

Last year, recessionary trends were witnessed in the US and EU and some positive trends in the BRIC countries. The GDP growth in India was moderated to 6%. There were some pockets of prosperity seen in Africa and Latin America posting good growth. Views differ on how long this global trend of uncertain outlook would continue but your Company is prudently building a measure of flexibility into its plans to meet any eventuality but at the same time is not diluting its product-market capability build up to be a global player.

I am happy to share with you some important milestones that your Company reached last year in the pursuit of its Vision.

*Range extension* To seize the opportunities afforded by product range extension, your Company in partnership with Nissan Motor Company, launched the first light truck 'Dost', with a payload of 1.25 Tonne carefully positioned to be a segment splitter. It is indeed a remarkable achievement that in less than six months of launch the product could gain a market share of 29% in its category in the six markets it has been fielded and has also been recognised as 'LCV Cargo Carrier of the Year'. There is a continuing strong pull in the market for 'Dost'.

To maintain the momentum, two further new-generation LCV platforms, the STiLE a multi-functional van and the PARTNER a 6-Tonne truck were also unveiled at Auto Expo 2012, New Delhi signalling the products to follow in the near future.

*New products* Your Company raised the curtain on some very innovative, modern transport solutions last year developed to meet exacting customer requirements. The JanBus is the world's first single step, front engine, full flat floor bus and equipped with features to address the needs of passengers and operators alike. In trucks, the U-3723 in a 10x4 configuration was showcased in response to customers' requirements for stronger, more robust and more fuel efficient rigid trucks with higher tonnage. Both these products are expected to hit the market in the current year.

*Spreading global footprint* Your Company enhanced its shareholding to 75.1% in Optare plc. U.K taking a decisive step in the global bus strategy and is expected to accelerate the process of positioning modern and competitive integral buses in both domestic and overseas markets.

Your Company's performance in the international markets was noteworthy with the highest volumes ever recorded in its history. Beyond the performance in traditional SAARC markets, a significant share of growth came from Africa and the CIS - the new markets that your Company had forayed into recently.

*Market actions* Your Company initiated actions for significant expansion of the network last year which has now over 400 full service points all over India. Under the aegis of the loyalty programme MITR, the number of locations of 'Leyparts' availability increased to over 20,000. The spread and growth of the network has been rapid across the country in a manner aligning with the strategy to become a stronger pan-India player.

To address the shortage of skilled drivers in the face of significant growth in volume and technology of vehicles, your Company has undertaken steps in the area of driver training, development and the overall well-being of the driver community. Apart from two Driver Training Institutes (DTIs) that are already operational at Namakkal (Tamil Nadu) and Burari (near Delhi), three more are ready to go on stream in the current year at Chindwara (Madhya Pradesh), Rajasmand (Rajasthan) and Khaital (Haryana). Further two more in Karnataka and Odisha are under construction. Over 500,000 drivers have been trained at these institutes so far on safe driving practices and physical fitness. As part of the on-going welfare measures, nearly 500 deserving wards of drivers have benefited from scholarships under your Company's 'All the Best' scheme. It is heartening to note that recognition and appreciation for these DTIs has been received from the Office of the President of India.

I am happy to inform that your Company will soon be spearheading a nationwide programme for enhancing the quality of life of the truck drivers in appreciation and recognition of the vital role they play for our industry and the economy.

*Business expansion* An area of renewed focus for your Company was the Defence business. Building on the strength of 70,000 Stallion vehicles in use, as the Indian Army's largest supplier of logistics vehicles, your Company is expanding on the Stallion range with the 6x6 and 8x8 versions. These were on show at the recently held DEFEXPO 2012 at New Delhi. Development action is continuing for specialist vehicles in the tactical and armoured space in strategic partnership with globally renowned Krauss Maffei Wegmann (KMW), Germany and Panhard General Defense, France.

*R & D thrust* The R&D spend for the year was Rs. 349 Cr. constituting about 3% of our turnover and an increase of almost 20% over last year demonstrating your Company's unwavering commitment for Product Development. Apart from strengthening the current product portfolio, the thrust was towards competency development for the future through facilities and people.

*Maximising capacities* Focussed efforts were undertaken by your Company to achieve maximum capacity and benchmark productivity standards at the manufacturing plants. Over 40,000 vehicles have been manufactured at the Pantnagar world-class facility in less than 2 years since its inauguration which is, indeed, a remarkable achievement. The Ras Al Khaimah bus plant which is ramping up steadily is a key contributor in your Company's exports performance in Africa and the Middle-East.

*New business* Your Company's Joint Venture with John Deere also came to fruition during the year with the launch of the first product the 435 Backhoe Loader under the 'Leyland Deere' brand. The initial market reaction is highly encouraging. Development actions continued for the wheel loaders and excavators that are expected to be launched soon.

*Building the Brand* Your Company has signed on the iconic Indian cricket captain, M S Dhoni as Brand Ambassador and to be the new face of your Company. You will agree, Dhoni certainly befits Ashok Leyland Brand's key attributes of reliability, passion and performance. His association is expected to lend immense support to the many marketing initiatives your Company has launched for growth.

*Corporate Social Responsibility* Your Company continued to integrate Corporate Social Responsibility into their strategies and actions. It has been the constant endeavor of your Company to produce vehicles that pollute less, establish eco-sensitive manufacturing systems and institute energy conservation and greening initiatives. The manufacturing units engage themselves in various community development activities. Employee volunteerism for social causes is encouraged and recognised. The high point last year was the instant flood of donations from employees for the victims of a cyclone that hit the State of Tamil Nadu.

The Hosur Unit was awarded the CII Environmental Best Practices Award for a project that was rated as an 'Innovative Environmental Project' and a Gold Award at the Greentech Environment Award 2011 for outstanding achievement in environment management. That 40,000 trees were planted in the Pantnagar plant by the time the Unit produced 40,000 vehicles bears testimony to the abiding interest your Company has to sustain a Green environment.

**2012-13 - Ready and revving**

Continuing to build on the strengths and ever endeavouring to be customer-centric, your Company is confident to address the opportunities that the new financial year offers and overcome the challenges. In the unfolding market evolution in our country and elsewhere, we see technological convergence, rising customer demands and fierce competition. We are well prepared to satisfy these demands. As you know, your Company has always placed primacy on technological leadership for growth and I believe it will continue to stand them in good stead.

2012-13 will see the launch of a series of new products from your Company based on the in-house developed state-of-the-art 'Neptune' range of engines and a modern contemporary next generation cabin. Judging by the quality of efforts and commitment to the Vision and the outcomes so far, I truly believe your Company as a whole is ready and revving to ride on to the next wave of growth.

As we gear ourselves to meet the challenges of the coming year, I gratefully acknowledge the confidence and faith reposed by you in the Board and the Management of your Company. It has been an exciting year and I would like to commend the grit and determination of all the employees of Ashok Leyland for a creditable performance. I seek their continued efforts in the future. I would also like to place on record my appreciation for the support and loyalty of our extended family of customers, dealers and suppliers and look forward to their continuing association in our journey ahead.

Thanking you,

Yours sincerely,

**Dheeraj G. Hinduja**
Chairman

# Ready to move new ventures to a higher gear and avail of profitable opportunities

It was a year that saw Joint Ventures fructify.

The Light Commercial Vehicle market in India has been growing phenomenally thanks to increased urbanisation, organised retailing, improved rural connectivity and enhanced rural demand. With opportunities beckoning, we entered the SCV space in partnership with Nissan Motor Company with 'Dost'. This 2.5 Tonne small truck embodies our attempt to deliver Japanese technology at Indian cost and is pitched to address the growing expectations of today's LCV customer. Increased payload at 1.25 Tonnes, improved fuel efficiency, class-leading performance, comfort and safety, 'Dost' has it all at a very competitive cost of ownership. Within six months of launch in six markets, it has garnered almost one-third share of market in its segment and has been adjudged the

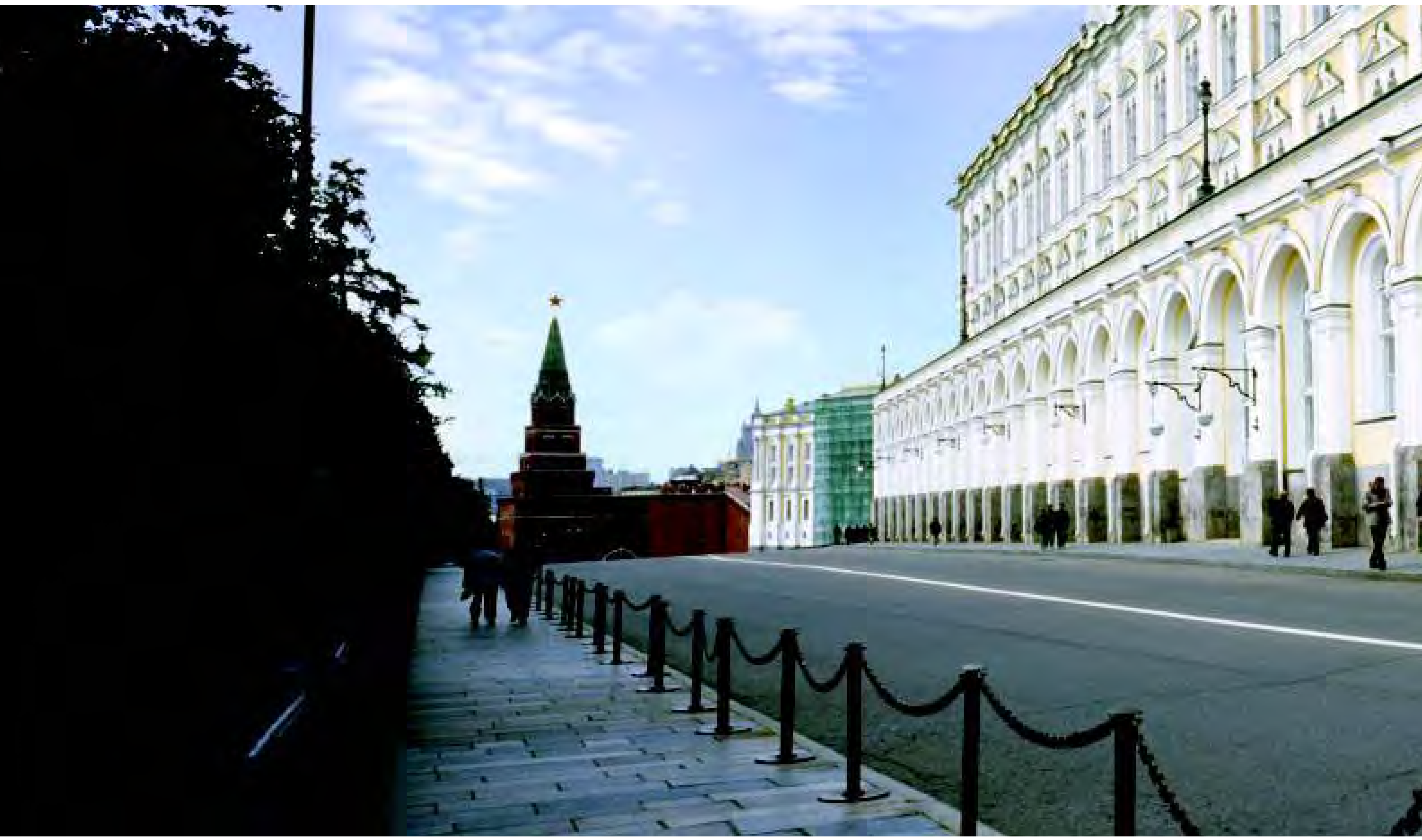


'LCV Cargo Carrier of the Year'. Everyone loves a DOST!

The aggressively growing construction equipment space was another profitable adjacency to consider, stretching our expertise in the construction business through our range of tippers. This Joint Venture brought together the considerable strength and technological prowess of John Deere with our local knowledge and expertise. The result: the launch of the first product, the 435 Backhoe Loader (BHL) under the new brand 'Leyland Deere' that symbolises the coming together of two strong partners. A triumph of collaborative development, the 435 BHL has been specially engineered to suit the needs of Indian operators in unique Indian operating conditions. It has already started to lift loads ... of the opportunities kind!

## Ready to go beyond and spread our

# global footprint



In pursuit of our goal for globalisation, we consolidated in international markets where we are strong, entered new ones and acquired a company to boot!

Increasing our stake in Optare plc was a significant step in our global bus strategy. This strategic partnership opens the doors for the adoption of the latest in bus technology to make buses that are comparable to the best in the world. We can, on the one hand, address new markets, and on the other, offer new top-of-the-line solutions to existing markets riding on Optare's proven experience that also embraces hybrid and electric vehicles.

Our International Operations blazed a new trail: consolidating our gains in some markets while at the same time, making significant inroads into new, untapped markets of potential. We continued to hold our own in our hitherto strong SAARC markets like Sri Lanka and


Bangladesh; our performance in the Middle East was impressive too. Interestingly, a lion's share of our sales last year came from outside these strong markets, particularly from Africa, where our sales have crossed the 1,000 mark and from CIS.

Our buses continue to give wheels to the Bus Rapid Transit System in Lagos which is now running in high gear while many more foreign roads see our buses like those in Vietnam, Turkey, Ukraine, Egypt, Peru and Singapore.

We spread our footprint with the opening of new offices in Nairobi, Kenya and Lagos, Nigeria and inaugurated a new dealership in Algeria.

Going forward, our sights are now trained on the ASEAN, Latin American and Russian markets.

# Ready to give more with ramped up manufacturing capacity

One imperative for our success is to build adequate capacities because when opportunity knocks, we have to be ready with precisely the products the markets are seeking. We have installed capacity of 150,000 vehicles per annum from across our seven manufacturing plants. While up-gradations and streamlining of processes was on in full swing across all our plants, we paid special attention to two of the youngest of our facilities - those in Pantnagar, Uttarakhand and Ras Al Khaimah, United Arab Emirates.

We are happy to share that our Pantnagar plant achieved peak capacity in record time. In fact, in March 2012, the plant rolled out 4,001 vehicles – the highest in a month in its short history. This is our largest plant and has the capacity to manufacture our entire range of products, trucks and buses.

Pantnagar has another claim to fame: the innovative

BLESSING scheme, launched a couple of years ago, through which the youth of Uttarakhand get an opportunity to earn while they learn and ultimately can aspire for executive positions in the Company, is continuing its successful run with over 800 enrolments. The plant also has the country's first on-site girls' hostel.

Apart from rolling out 40,000 vehicles since inauguration in March 2010, the Unit has planted 40,000 trees, making a strong green statement.

Our plant in Ras Al Khaimah in the UAE also reached peak capacity by starting to roll out 4 buses a day of international quality. This plant is crucial for the continued impressive showing of our International Operations as vehicles from this plant feed the Middle-East and African markets, where we are very active.

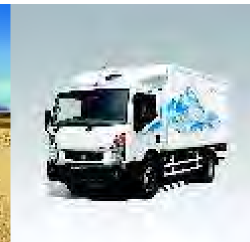
# Ready with innovative solutions to meet specific customer needs


Our business concept is to put the customer at the center of our universe and do everything possible to improve his profitability. The result of our understanding of our customers' requirements is the array of new product concepts that we are ready to go to market with.

Leading the pack is the **JAN BUS**, the world's first single-entry, front engine, fully flat floor bus, an answer to the demand for efficient, reliable, comfortable and affordable city travel. On the truck side, we have the U-3723H (10x2), that will plug a real need for stronger, more robust, higher capacity rigid trucks. With both load availability and load aggregation increasing, this 37-Tonner should make a big difference in the market.

**DOST** is, as our latest LCV product, a tough act to follow






and therefore we have carefully thought of the next in line. There will be **STILE**: a modern Multi-Functional Vehicle (MFV) which will usher in a new class of vehicles for the Indian customer. The other will be **PARTNER**: a new 6-tonne platform, to fill the gap at the higher end of the LCV spectrum; a platform that was successfully launched globally by Nissan Motor Company recently.

We are expanding our range of Defence vehicles with the up-gradation and expansion of the proven and tested **Stallion** range of logistics solutions and the introduction of a heavier range christened **'Super Stallion'**. We are also in the process of developing a range of tactical and armoured vehicles in strategic partnership with globally renowned names like Krauss Maffei Wegmann, Germany and Panhard General Defense, France like the Light Tactical Vehicle.

# Ready with a network and services to re-define reach and care

Customers are key to our success; our profitability depends on theirs and hence we have endeavored to continuously raise the bar in terms of customer engagement and satisfaction.

To bolster our customers' confidence in us and our products, it was imperative for us to be there when he needed us. Therefore, we plotted all the major highways in the country and set up touch points at every 75 kms to live up to our **TATKAAL** promise. This is a programme that was first launched by us by which we assure a customer that we will reach him within 4 hours on any major highway in the country and restore his vehicle within 48 hours. We realise that the customer suffers every minute that the vehicle is off the road. What's more, we walk the talk and have offered a penalty in case of any delay from our side.

If service is crucial to the performance of our vehicles, so also is the ready and easy availability of our spares. **Leyparts,** the genuine Ashok Leyland spare parts, are


available across the length and breadth of the country through a network of touch points that has touched 20,000.

Our presence in the market place has increased significantly pan-India with more than 400 full-service outlets dotting the country. Our network has grown by over 15% last year with the addition of 60 new outlets. Our Driver Training Institutes (DTI) continue to equip drivers for a better life both on and off the road. At a time when the industry is suffering the lack of skilled commercial vehicle drivers, our DTIs are proving to be invaluable: in fact, even the President's drivers have been trained at our institute in Burari.

We want to deliver vehicles to our customers that are factory-fresh! So, we have started to literally carry our vehicles to our customers on trailers. So when the customer receives his order, the vehicle is spotless, dent-free with the odometer reading '0'!

Ready to scale new
heights with
# people and brand

'For inspiring trust among your people, for instilling pride, for creating an environment that promotes camaraderie...' Some of the reasons why we were selected as one among 'India's Best Places to Work For' by a joint study by Great Places to Work Institute and The Economic Times in 2011. Mission GEMBA, our home-grown movement for attitudinal transformation was also picked as a 'unique company initiative'. This was due recognition for some innovative peoples' initiatives that were launched: the BLESSING scheme, a 'knowledge academy' for associates to scale up and migrate to contributing/participating in decision making and enhance career growth and a robust programme to groom tomorrow's leaders. Programmes were also conducted to keep the employee force motivated, involved and live Brand Ashok Leyland.

To build our brand, the most significant step we took was to sign on the iconic, Indian cricket captain, M. S. Dhoni as Brand Ambassador who will be the new face of the Company to lead and lend traction to several of our marketing initiatives. We believe we found in him a person who befitted the values of our brand very well: solidly grounded and a true son of the soil like us; someone who was as passionate, straight-thinking and a leader as us; someone who would be recognized across the country to help us in our efforts to be a stronger pan-India brand. The new brand ambassador, the new brand campaign and the host of related activities are all aimed to get us relevant mind space that will translate into enhanced market presence.

# BOARD OF DIRECTORS

• (Standing left to right) Y M Kale - Alternate Director, Jorma Antero Halonen, Jean Brunol, Sanjay K Asher, Anil Harish and A K Das

- (Sitting left to right) D J Balaji Rao, Dr V Sumantran - Non Executive Vice Chairman, Dheeraj G Hinduja -Chairman, R Seshasayee - Executive Vice Chairman, Vinod K Dasari - Managing Director and F Sahami
- (Not in the picture) Shardul S Shroff

| | |
|---|---|
| CHAIRMAN EMERITUS | R J Shahaney |
| CHIEF FINANCIAL OFFICER | K Sridharan |
| EXECUTIVE DIRECTOR AND COMPANY SECRETARY | A R Chandrasekharan |
| EXECUTIVE DIRECTORS | Anup Bhat<br>Anuj Kathuria<br>A K Jain<br>C G Belsare<br>Nitin Seth<br>P G Nilsson<br>R R G Menon<br>Sam Burman<br>Rajive Saharia<br>Shekhar Arora<br>B Venkat Subramaniam |
| AUDITORS | M S Krishnaswami & Rajan<br>Deloitte Haskins & Sells |
| COST AUDITORS | Geeyes & Co. |
| BANKERS | Bank of America<br>Bank of Baroda<br>Canara Bank<br>Central Bank of India<br>Citibank N.A.<br>Credit Agricole Corporate and Investment Bank<br>Deutsche Bank A.G.<br>HDFC Bank Ltd<br>ICICI Bank Ltd<br>IDBI Bank Ltd<br>Indian Bank<br>Punjab National Bank<br>Standard Chartered Bank<br>State Bank of India<br>State Bank of Patiala<br>The Bank of Tokyo - Mitsubishi UFJ Ltd<br>The Hongkong and Shanghai Banking Corporation Ltd<br>The Royal Bank of Scotland N.V.<br>Vijaya Bank |
| REGISTERED OFFICE | 1, Sardar Patel Road, Guindy, Chennai 600 032 |
| PLANTS | Chennai (Ennore & Ambattur) and Hosur, Tamil Nadu;<br>Bhandara, Maharashtra; Alwar, Rajasthan;<br>Pantnagar, Uttarakhand |
| WEBSITE | www.ashokleyland.com |

# FINANCIALS

# A HISTORICAL PERSPECTIVE

₹ Lakhs

| | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11[#] | 2011-12[#] |
|---|---|---|---|---|---|---|---|---|---|---|
| **Sales Volume** | | | | | | | | | | |
| Vehicles (numbers) | 36,444 | 48,654 | 54,740 | 61,655 | 83,094 | 83,307 | 54,431 | 63,926 | 94,106 | **1,01,990** |
| Engines (numbers) | 5,924 | 5,085 | 6,254 | 7,171 | 8,202 | 11,757 | 21,447 | 19,050 | 17,377 | **16,170** |
| Spare parts and others | 47,710 | 44,680 | 54,600 | 78,380 | 54,684 | 79,124 | 79,969 | 88,506 | 1,06,194 | **1,71,748** |
| **Revenue (Gross sales)** | 3,07,400 | 3,92,730 | 4,81,080 | 6,05,310 | 8,30,472 | 8,94,715 | 6,66,664 | 7,87,260 | 12,15,300 | **13,65,847** |
| **Profit before tax** | 17,010 | 28,646 | 35,501 | 45,230 | 60,451 | 63,815 | 20,845 | 54,477 | 80,180 | **68,998** |
| **Profit after tax** | 12,021 | 19,358 | 27,141 | 32,732 | 44,129 | 46,931 | 19,000 | 42,367 | 63,130 | **56,598** |
| **Assets** | | | | | | | | | | |
| Net Tangible, Intangible assets incl CWIP | 93,980 | 92,110 | 97,900 | 1,08,470 | 1,54,452 | 2,05,479 | 4,39,741 | 4,81,103 | 4,99,176 | **5,46,172** |
| Investments | 15,758 | 14,660 | 22,919 | 36,818 | 22,109 | 60,990 | 26,356 | 32,615 | 1,23,000 | **1,53,448** |
| Net current assets | 74,812 | 63,100 | 99,161 | 82,392 | 94,183 | 60,332 | 1,02,867 | 1,17,893 | 83,897 | **79,497** |
| **Total** | **1,84,550** | **1,69,870** | **2,19,980** | **2,27,680** | **2,70,744** | **3,26,801** | **5,68,964** | **6,31,611** | **7,06,073** | **7,79,117** |
| **Financed by** | | | | | | | | | | |
| Shareholder's funds- Capital | 11,890 | 11,890 | 11,890 | 12,220 | 13,239 | 13,303 | 13,303 | 13,303 | 13,303 | **26,607** |
| - Reserves | 84,060 | 90,050 | 1,02,960 | 1,28,300 | 1,73,775 | 1,99,366 | 3,33,118 | 3,53,055 | 3,82,562 | **3,93,225** |
| Loan funds | 71,750 | 49,900 | 88,040 | 69,190 | 64,040 | 88,750 | 1,95,815 | 2,20,389 | 256,826 | **3,09,790** |
| Deferred liability | - | - | - | - | - | - | - | 7,655 | 8,993 | **43** |
| Deferred tax liability - Net | 16,850 | 18,030 | 17,090 | 17,970 | 19,690 | 25,382 | 26,344 | 38,454 | 44,389 | **49,037** |
| Foreign currency translation difference account - Net | - | - | - | - | - | - | 384 | (1,245) | - | **415** |
| **Total** | **1,84,550** | **1,69,870** | **2,19,980** | **2,27,680** | **2,70,744** | **3,26,801** | **5,68,964** | **6,31,611** | **7,06,073** | **7,79,117** |
| **Basic Earnings Per Share (Rs.)** | 1.01 | 1.63 | 2.28 | 2.74 | 3.38 | 3.53 | 1.43 | 3.18 | 2.37* | **2.13*** |
| **Dividend per share (Rs.) (Face value Re. 1 each)** | 0.50 | 0.75 | 1.00 | 1.20 | 1.50 | 1.50 | 1.00 | 1.50 | 2.00 | **1.00*** |
| **Employees (numbers)** | 11,860 | 12,007 | 12,178 | 11,845 | 12,125 | 13,304 | 11,938 | 13,662 | 15,812 | **15,734** |

*[*] Post Bonus Issue*

*[#] Figures for 2010-11 and 2011-12 have been reclassified in erstwhile Schedule VI format to enable comparison over years.*

# DIRECTORS' REPORT

## Part I - Performance / Operations

The Directors have pleasure in presenting the Annual Report of the Company, together with the audited Financial Statements, for the year ended March 31, 2012.

**FINANCIAL RESULTS**

(₹ lakhs)

| | 2011-2012 | 2010-2011 |
|---|---|---|
| **Profit before tax** | **68,997.66** | 80,179.93 |
| Less: Provision for taxation | **12,400.00** | 17,050.00 |
| **Profit after tax** | **56,597.66** | 63,129.93 |
| Balance profit from last year | **75,118.52** | 57,744.98 |
| Transfer: | | |
| a) From Debenture redemption reserve to Statement of Profit and Loss | **3,750.00** | 416.66 |
| b) From Statement of Profit and Loss to Debenture redemption reserve | **(3,750.00)** | (5,250.00) |
| c) From Statement of Profit and Loss to General reserve | **(10,000.00)** | (10,000.00) |
| **Profits available for appropriation** | **1,21,716.18** | 1,06,041.57 |
| | | |
| Appropriations: | | |
| Proposed dividend | **26,606.77** | 26,606.77 |
| Corporate dividend tax thereon | **4,316.28** | 4,316.28 |
| Balance profit carried to balance sheet | **90,793.13** | 75,118.52 |
| Earnings Per Share (Face value Re.1/-) | | |
| – Basic and Diluted (in Rs.) [ Post Bonus] | **2.13** | 2.37 |

**Dividend**

The Directors recommened a dividend of 100% (Re.1/- per equity share) for the year ended March 31, 2012.

**Company Performance**

The year under review witnessed a lot of challenges with growing competition and changes in customers preference. Despite the challenges posed, the Company achieved a sale volume of 101,990 vehicles – highest recorded in any year so far. This was aided by the launch of 'Dost', the first variant in the Light Commercial Vehicles (LCV) category, during the year. Overall, the performance in Exports, Power, Solutions Business and Spares have also been encouraging.

Highlights of performance are discussed in detail in the Management Discussion and Analysis Report attached as **Annexure-D** to this Report.

**Research and development, technology absorption, energy conservation etc.**

Your Company continued to focus on Research and Development activities with specific reference to green initiatives, fuel efficiency, enhancement of comforts and development of new generation engines.

Expenditure incurred by way of capital and revenue on these activities are shown separately.

The particulars prescribed by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules,1988 relating to Conservation of Energy, Technology Absorption and Foreign Exchange are furnished vide **Annexure - A** to this Report.

**Long Term Borrowings:**

**Secured Non-Convertible Debentures**

During the year, your Company issued Secured Non-convertible Debentures Series AL 16 to the tune of Rs.15,000 lakhs repayable at the end of 3rd, 4th and 5th year from the date of issue and fully redeemed Secured Non-Convertible Debentures Series AL 12 of Rs. 15,000 lakhs.

**External Commercial Borrowings (ECBs)**

Your Company contracted ECBs to the tune of Japanese Yen equivalent to USD 150 Mn during 2011-12 from banks for an average tenor of 5 years (door to door of 6 years) on unsecured basis and drew Japanese Yen equivalent to USD 90 Mn during 2011-12. The balance of USD 60 Mn would be drawn in the ensuing financial year. The funds drawn under ECBs were utilized to fund the capital expenditure programmes of your Company as per extant RBI guidelines and as per the terms of the loan.

Your Company repaid ECB loan instalments that fell due to the tune of USD 36.66 Mn during 2011-12.

**Strategic Alliances**

**Optare plc, U.K.**

In line with the vision of being among the top 5 bus manufacturers globally, significant stakes were acquired by your Company together with it's investment arms in Optare plc, a leading bus manufacturer in U.K. thereby opening large opportunities for growth and development based on synergy and integration with the Company's bus business.

## Part II - Corporate matters

**Share Capital - Issue of Bonus Shares**

With the approval of the shareholders, your Company issued 133,03,38,317 Equity Shares of Re.1/- each, fully paid-up, as Bonus Shares, in the ratio of 1 (One) Bonus Share for every existing 1 (One) Ordinary Share of Re.1/- each held on August 3, 2011, (being the Record Date fixed for the purpose) by capitalisation of Securities Premium Account. The Bonus Shares were allotted on August 4, 2011.

Consequently, the Issued and Subscribed Share Capital of your Company, as on March 31, 2012, stands increased to Rs. 266,08,81,309/- divided into 266,08,81,309 Ordinary Shares of Re. 1/- each and Rs. 266,06,76,634 divided into 266,06,76,634 Ordinary Shares of Re. 1/- each respectively.

**Human Resources**

Human Resource Development is a critical organizational priority and considered as an imperative to growth.

All the strategic HR initiatives are moving forward at a quick clip. Talent Acquisition, Management and Development initiatives are progressing in an integrated manner.

One of the flagship HR initiatives, the 3-Tier Leadership Development Programme was rolled out to ensure early identification of talent and provide them opportunities to learn, contribute and grow. This initiative would continuously seed the internal leadership pipeline.

During the year, rationalization of people processes such as IT enabled PMS, Job Evaluation and Compensation restructuring have been taken up to drive meritocracy, transparency and mutuality to reinforce your Company as a high performing organization.

The capability enhancement efforts of the organization extend to shopfloor transformation. Shopfloor initiatives such as MISSION GEMBA, BLESSING PLAN and KNOWLEDGE ACADEMY have been recognized as best industry practices.

Attrition rate of 10.9 % was the second lowest in the industry, an indicator of happy, engaged employees.

Your Company was successful in achieving planned labour productivity levels and the Company at all seven manufacturing units maintained cordial and healthy industrial relations.

**Corporate Governance**

Your Company is fully compliant with the Corporate Governance guidelines, as laid out in Clause 49 of the Listing Agreement. All the Directors (and also the members of the Senior Management – of the rank of General Managers and above) have confirmed in writing their compliance with and adherence to the Code of Conduct adopted by the Company. The details of the Code of Conduct are furnished in **Annexure-B** to this Report. The Executive Vice Chairman has issued certificate of compliance to the Code of Conduct, as required by SEBI guidelines.

Many of the Corporate Governance Voluntary Guidelines 2009 issued by Ministry of Corporate Affairs are being followed by your Company.

The Statutory Auditors of the Company have examined the requirements of Corporate Governance with reference to Clause 49 of the Listing Agreement, and have certified the compliance, as required under SEBI guidelines. The certificate is reproduced as **Annexure - C** to this Report.

The Directors' Responsibility Statement as required under Section 217(2AA) of the Companies Act, 1956 is furnished in **Annexure - E** to this Report.

The information required under Section 217(2A) of the Companies Act, 1956 and the Rules thereunder, in respect of employees is provided in the **Annexure-F** forming part of this Report.

The MD / CFO certification as required under the SEBI guidelines is attached - as **Annexure - G** to this Report.

Related Party disclosures/transactions are detailed in Note 3.5 of the Notes to the Financial Statements.

**Directors**

Mr Shardul S Shroff, Mr A K Das and Mr F Sahami, Directors, retire at the forthcoming Annual General Meeting and are eligible for re-appointment. Necessary resolutions are being placed before the shareholders for approval.

**Cost Auditors**

The Government has stipulated Cost Audit of the Company's records in respect of motor vehicles as well as engineering industries (diesel engines). M/s Geeyes & Co., (Regn. No.00044). Cost Auditors have carried out these audits. Their findings have been satisfactory. The Audit Committee of the Board has recommended their re-appointment for the year 2012-13.

Cost Audit Reports for the financial year 2010-11 were filed on September 23, 2011 (due date - September 30, 2011).

**Auditors**

M/s M S Krishnaswami & Rajan, Chartered Accountants and M/s Deloitte Haskins & Sells, Chartered Accountants, retire at the close of this Annual General Meeting and are eligible for re-appointment. The Company has received confirmation from both the firms that their appointment will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. The Audit Committee of the Board has recommended their re-appointment for the year 2012-13. The necessary resolution is being placed before the shareholders for approval.

**Acknowledgement**

The Directors wish to express their appreciation of the continued co-operation of the Central Government and State Governments, bankers, financial institutions, customers, dealers and suppliers and also the valuable assistance and advice received from the joint venture partners, the major shareholders Hinduja Automotive Limited, the Hinduja Group and all the stakeholders. The Directors also wish to thank all the employees for their contribution, support and continued co-operation throughout the year.

On behalf of the Board of Directors

Chennai — Dheeraj G Hinduja
May 14, 2012 — Chairman

# ANNEXURE A TO DIRECTORS' REPORT

## PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

**(A) CONSERVATION OF ENERGY**

All manufacturing plants have implemented various initiatives for the conservation of energy.

About 4.8 Mn electrical units have been saved leading to significant savings in energy costs during 2011-12. This was possible by the high degree of awareness and involvement of employees through MISSION GEMBA Cost Management Initiative.

Energy savings recommendations given by PCRA through their audits at all manufacturing plants are progressively under implementation.

**Some key initiatives were:**

- Use of wind power: about 69% of total savings in cost was through wind power.
- Maintenance of Power factor throughout the year through optimum use of capacitor banks.
- Use of solar energy initiated.
- Use of natural lighting and ventilation.
- Use of Indian Energy Exchange (IEX) power has resulted in savings of Rs. 299 Lakhs.

**Awards and recognition :**

- Bhandara Unit received 1st prize in 'State Level Energy Conservation and Management' organised by the Maharashtra Energy Development Agency (MEDA), Government of Maharashtra.
- Alwar unit received the Energy Excellence Award, First Prize in the Automobile sector given by the Honorable Chief Minister of Rajasthan.
- Hosur Unit-1 bagged the prestigious 'Golden Peacock Award 2011 for Climate Security' in the Automobile category. This Award was in recognition of the Company's contribution to Environment Management complemented with sustainability initiatives.

**B) TECHNOLOGY ABSORPTION**

**1. Specific areas in which R&D was carried out by the Company**

**Engines**

- Production readiness of 'N' series engines with better fuel efficiency.
- Production readiness and launch of the P15 engine for the joint venture with Nissan.
- Technology readiness to meet emerging Bharat Stage V and VI emission norms.

**Vehicle models**

- Introduction of a new Light Commercial Vehicle (LCV) Dost for increased payload and fuel performance compared to competition, in joint venture with Nissan.
- Launch of several U-Truck tractor and tipper models and variants, building upon the successful introduction of the platform in 2010-11.
- Launch of Rear Engine Semi Low Floor (RESLF) Buses with Automated Manual Transmission (AMT) for improved driver productivity and fuel performance.
- Introduction of Eagle model LHD (Left Hand Drive) buses in Russia.
- Launch of the Stallion Mark IV BS III, Stallion 4x4 Light Recovery Vehicle and Stallion 4x2 Fire Fighter for the Indian Army.

**2. Benefits derived as a result of R&D:**

- Market introduction of new engine families with improved performance and fuel economy compared to competition, package protected for Euro-6 emission standards.
- New vehicle introductions in LCV segment and export markets, thereby delivering incremental volumes.
- New vehicles launched with superior price-performance value propositions.
- Improved market penetration of new platforms and models creating critical momentum for further growth.

**3. Future plan of action:**

- Introduction of the world's first front engine, single step entry, fully flat low floor bus, the Jan Bus (displayed at Auto Expo 2012).
- New range of Intermediate Commercial Vehicle trucks with higher payload, better performance and completely new styling.
- New 5-axle haulage vehicle off the U-Truck platform, with liftable/self-steer pusher lift axle, for improved payload carrying capacity and superior price-performance point.
- Next Generation of medium duty truck platform and cab with all-new styling under development.

**4) Expenditure on R&D**

| | ₹. Lakhs |
|---|---|
| | 2011-12 |
| Capital | 13,808.27 |
| Revenue (excluding depreciation) | 22,502.23 |
| Less: Amount received by R&D Facilities | 807.50 |
| **Total** | **35,503.00** |
| Total R&D Expenditure as a% of total turnover | 2.59% |

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

Details of earnings accrued and expenditure incurred in foreign currency are given in Note 3.2 of the Financial Statements. Your Company continues to strive to improve its earnings from exports.

# ANNEXURE - B TO DIRECTORS' REPORT
# REPORT ON CORPORATE GOVERNANCE

Your Company is committed to good Corporate Governance, based on an effective independent Board, separation of supervisory role from the executive management and the constitution of Committees to oversee critical areas.

## 1. Philosophy on Corporate Governance

Ashok Leyland's Corporate Governance philosophy encompasses not only regulatory and legal requirements but also strives to enhance shareholders' value through

- good strategic direction
- sound business decisions
- prudent financial management
- high standards of ethics throughout the organization
- ensuring transparency and professionalism in all decision making processes relating to transactions of the Company and
- achieving excellence in Corporate Governance through:
  - conforming to the prevalent mandatory stipulations/guidelines on Corporate Governance
  - regular review of the Board processes and the management systems for further improvement
  - following Voluntary Guidelines 2009 issued by the Ministry of Corporate Affairs

Your Company has adopted a Code of Conduct for members of the Board and senior management. The Code aims at ensuring consistent standards of conduct and ethical business practices across the Company. Your Company has received confirmations from all concerned regarding their adherence to the said Code.

Pursuant to Clause 49 of the Listing Agreement, a confirmation from the Executive Vice Chairman of the Company regarding compliance with the Code by all members of the Board and senior management is given on Page 37 of the Annual Report. The full text of the Code is furnished at the end of this Report, and is also displayed on the Company's website www.ashokleyland.com.

Your Company has adopted a Code of Conduct for Prevention of Insider Trading as per SEBI (Prohibition of Insider Trading) Regulations, 1992. All the Directors, employees at senior management level and other specified employees who could have access to the unpublished price sensitive information of the Company are governed by the Code. During the year under review, there has been due compliance with SEBI (Prohibition of Insider Trading) Regulations, 1992.

## 2. Board of Directors

Your Company has a broad-based Board comprising 50% Non-Executive Independent Directors.

**a) Composition:** As at March 31, 2012, the strength of the Board was 12 members with Mr. Dheeraj G Hinduja as Non-Executive Chairman. The composition of the Board is as follows:

| | Name | % to the total number of Directors |
|---|---|---|
| i) | Non-Executive Independent Directors | |
| | Mr. Anil Harish | 50.00 |
| | Mr. D J Balaji Rao | |
| | Mr. Jean Brunol | |
| | Mr. Jorma Antero Halonen (from 19.05.2011) | |
| | Mr. Sanjay K Asher | |
| | Mr. Shardul S Shroff | |
| ii) | Other Non-Executive Directors | |
| | Mr. Dheeraj G Hinduja Chairman | 33.33 |
| | (Alternate: Mr. Y M Kale) | |
| | Mr. A K Das | |
| | Mr. F Sahami | |
| | Dr. V Sumantran Non-Execeutive Vice Chairman | |
| iii) | Executive Directors | |
| | Mr. R Seshasayee Executive Vice Chairman | 16.67 |
| | Mr. Vinod K Dasari Managing Director | |

None of the above Directors are related to each other.

Board appointments are made by the issue of formal letters of appointment.

**b) Attendance at Board Meetings and previous Annual General Meeting (AGM) and details of memberships of Directors in other Boards and Board Committees**

| Name of Director | No. of Board meetings attended during the year 2011-12 | Whether attended last A.G.M. held on July 19, 2011 | No. of Directorship in other Public Companies registered under Companies Act (#) | | No. of Committee position in other Public Companies registered under Companies Act (**) | |
|---|---|---|---|---|---|---|
| | | | as Member | as Chairman | as Member | as Chairman |
| Mr. Dheeraj G Hinduja | 8 | Yes | 7 | - | 2 | - |
| Mr. Anil Harish | 4 | Yes | 13 | - | 9 | 3 |
| Mr. D J Balaji Rao | 5 | Yes | 9 | 1 | 8 | 4 |
| Mr. A K Das | 7 | No | 9 | 2 | 2 | - |
| Mr. Jean Brunol | 4 | No | 1 | - | - | - |
| Mr. Jorma Antero Halonen | 5 | Yes | 1 | - | - | - |
| Mr. F Sahami | 6 | Yes | 1 | - | 1 | - |
| Mr. Sanjay K Asher | 3 | No | 14 | - | 8 | 3 |
| Mr. Shardul S Shroff | 2 | No | 6 | - | 2 | - |
| Dr. V Sumantran | 8 | Yes | 8 | 3 | 3 | 1 |
| Mr. R Seshasayee | 8 | Yes | 14 | 5 | 5 | 2 |
| Mr. Vinod K Dasari | 8 | Yes | 5 | 2 | - | - |
| **Alternate Director** | | | | | | |
| Mr. Y M Kale | Nil | Not applicable | 2 | - | 1 | 1 |

(#) Excludes Alternate Directorships

(**) Represents memberships in Audit Committee and Shareholders/Investors Grievance Committee of Public Companies governed by the Companies Act, 1956

'Public Companies' excludes Foreign Companies

Video conferencing facilities are also used to facilitate Directors not present at location where the meeting is held, to participate in the meetings

# ANNEXURE - B TO DIRECTORS' REPORT
# REPORT ON CORPORATE GOVERNANCE

During the year under review, none of the Directors of the Company was a member of more than 10 specified Committees or Chairman of more than 5 such Committees in companies in which he was a Director.

Details of Directors seeking re-appointment at the ensuing Annual General Meeting have been furnished in the Notice convening the meeting of the Shareholders.

Non-Executive Directors are entitled to a Sitting Fee of Rs.20,000/- for attending each of the Board/Committee Meeting(s).

Pursuant to the approval of the shareholders at the 62nd Annual General Meeting of the Company held on July 19, 2011, Commission is payable for the financial year 2011-12 to the Non-Executive Directors at a rate not exceeding 1% of the Net Profits of the Company computed in accordance with the provisions of Section 198 and 309 of the Companies Act, 1956. The amount of commission payable to each Director is decided by the Board of Directors on the following criteria.

- Number of Board meetings attended
- Role and responsibility as Chairman / Member of the Board
- Role and responsibility as Chairman / Member of the Committee(s)
- Overall contribution and role outside the meetings

The details of shares held by the Directors of the Company are furnished below:

| Name of the Director | No. of equity shares held |
|---|---|
| Mr. R Seshasayee | 22,472 |
| Mr. Vinod K Dasari | 60,000 |

Your Company does not have any outstanding instruments for conversion into shares.

Board Meetings held during the year 2011-12

| Date of Meeting | Total no. of Directors | No. of Directors present |
|---|---|---|
| May 19, 2011 | 12 | 10 |
| June 15, 2011 | 12 | 7 |
| July 19, 2011 | 12 | 8 |
| November 3, 2011 | 12 | 10 |
| December 19, 2011 | 12 | 6 |
| December 20, 2011 | 12 | 7 |
| February 1, 2012 | 12 | 11 |
| March 14 & 15, 2012 | 12 | 9 |

The time gap between any two meetings did not exceed four months.

The last Annual General Meeting was held on July 19, 2011.

**Secretarial Standards**

The Institute of Company Secretaries of India (ICSI) has published Standards on secretarial practices relating to meetings of the Board / Committees, General Meetings, Dividends, etc. The Secretarial and the operating practices of the Company are in line with the above Secretarial Standards. Information required as per Annexure-I to Clause 49 of the Listing Agreement with Stock Exchanges is provided to the Board at every meeting.

## 3. Audit Committee

The Audit Committee of the Company has been in existence from July 1987.

**a) Terms of Reference**

The Audit Committee is responsible for overseeing the Company's financial reporting process by providing direction to audit function and monitors the scope and quality of internal and statutory audits.

The Head of Internal Audit function reports to the Audit Committee. The Committee acts as a link between the management, external and internal auditors and the Board of Directors of the Company.

Before submission to the Board for approval, the Committee reviews the quarterly/half yearly/annual financial statements with reference to changes, if any, in accounting policies and reasons for the same, major accounting entries involving estimates based on exercise of judgment by management, adjustments if any arising out of audit findings, disclosure of related party transactions, compliance with listing and legal requirements relating to Financial Statements, qualifications, if any, in the draft audit report and above all adequacy of internal control systems.

The Committee holds discussion with external auditors before the audit commences regarding the nature and scope of audit and post audit discussion to ascertain any area of concern. It also reviews the Company's financial and risk management policies especially enterprise level risks.

The Committee also looks into the matters as are specifically referred to it by the Board of Directors besides looking into the mandatory requirements of Clause 49 of the Listing requirement and provisions of Section 292A of the Companies Act, 1956.

**b) Composition, Names of Members and Chairman**

The Audit Committee consists of Mr. Anil Harish, Independent Director as Chairman, Mr. D J Balaji Rao, Mr. Sanjay K Asher, Independent Directors as Members and Mr. F Sahami, a Non-independent Director as Member.

All the members of the Audit Committee have expertise in financial and general management.

Mr. Anil Harish is a Partner of a renowned firm of Advocates, specialized in Corporate Laws and Taxation matters, Real Estate, International Investments, etc. He is an Associate Vice President of the Society of Indian Law Firms and was a member of the Managing Committee of the Income-tax Appellate Tribunal, Bar Association and Managing Council of the Chamber of Income Tax Consultants.

Mr. D J Balaji Rao had been the Deputy Managing Director of the then ICICI Ltd., (now ICICI Bank Ltd.) and Managing Director of the Infrastructure Development Finance Company Ltd.

Mr. F Sahami had been a senior partner in a leading firm of Chartered Accountants.

Mr. Sanjay K Asher, a Commerce and a Law Graduate and a Fellow member of the Institute of Chartered Accountants of India has been a Practising Advocate since 1989 with M/s Crawford Bayley & Co., which is a leading law firm. Mr. Sanjay Asher is a leading authority in Mergers & Acquisitions, legal and tax related matters.

**c) Meetings and Attendance**

Audit Committee Meetings held during the year 2011-12 and attendance details.

| Date of Meeting | No. of members present |
|---|---|
| May 19, 2011 | 3 |
| July 18, 2011 | 3 |
| November 3, 2011 | 3 |
| February 1, 2012 | 4 |

- Mr. A R Chandrasekharan, Executive Director and Company Secretary is the Secretary to the Committee.
- The Managing Director, the Chief Financial Officer and Head – Internal Audit attended all the meetings of the Committee as invitees.
- The Statutory Auditors of the Company and the Cost Auditors were invited to attend the meetings of the Audit Committee.

## 4. Nomination and Compensation Committee

a) The Nomination and Compensation Committee consists of Independent Directors viz., Mr. D J Balaji Rao, as the Chairman of the Committee, Mr. Anil Harish, as member and Non-Independent Directors viz., Mr. A K Das and Mr. Dheeraj G Hinduja as the other members.

Mr. A R Chandrasekharan, Executive Director and Company Secretary is the Secretary to the Committee.

**The terms of reference of this Committee are:**

- Search for, evaluate, shortlist and recommend the incumbent for the position of Managing Director and Wholetime Directors and their engagement terms.
- Evaluate and approve for appointment candidates recommended by Managing Director for positions of Executive Directors and above.
- Design and administer processes for evaluating the effectiveness [i.e., Performance Management System] of Managing Director, Wholetime Directors and senior management.
- Review the succession plan for critical positions and suggest actions.

b) Nomination and Compensation Committee Meetings held during the year 2011-12 and attendance details.

| Date of Meeting | No. of members present |
|---|---|
| May 19, 2011 | 3 |
| July 18, 2011 | 3 |
| November 3, 2011 | 4 |
| March 15, 2012 | 3 |

**c) The Remuneration Policy of the Company is summarized as follows:**

The remuneration is governed by the external competitive environment, track record, potential, individual performance, Company's performance and industry standards. Remuneration of the Executive Vice Chairman and the Managing Director is recommended by Nomination and Compensation Committee and is subject to the approval of the Board of Directors and shareholders and consists of fixed and variable components and are in line with Company's Policy and Rules as applicable to senior management personnel. The variable component includes commission linked to individual performance.

No sitting fee is payable to the Executive Vice Chairman and the Managing Director.

For Non-Executive Directors, in addition to a sitting fee of Rs. 20,000/- for each meeting attended, all Directors are also reimbursed actual travel costs and incidental expenses incurred for attending such meetings or in connection with the Company's business. There are no pecuniary relationship or transactions between any of the Non-executive Directors and the Company.

The Non-Executive Directors are also entitled to a commission not exceeding 1% of the net profits of the Company as approved by the shareholders.

**d) The details of remuneration paid/payable to the Directors for the year 2011-12 are:**

**i) Non-executive Directors - Sitting Fees:** (excluding reimbursement of travel and other expenses incurred for the Company's business)

| | ₹ | | ₹ |
|---|---|---|---|
| Mr. Dheeraj G Hinduja | 3,20,000 | Mr. F Sahami | 2,00,000 |
| Mr. Anil Harish | 1,80,000 | Mr. Sanjay K Asher | 1,40,000 |
| Mr. D J Balaji Rao | 3,40,000 | Mr. Shardul S Shroff | 40,000 |
| Mr. A K Das | 2,00,000 | Dr. V Sumantran | 3,40,000 |
| Mr. Jean Brunol | 2,00,000 | | |
| Mr. Jorma Antero Halonen | 1,00,000 | | |

**ii) Commission**

| | | | |
|---|---|---|---|
| Mr. Anil Harish | 11,10,000 | Mr. F Sahami | 11,00,000 |
| Mr. D J Balaji Rao | 12,09,000 | Mr. Sanjay K Asher | 7,05,000 |
| Mr. A K Das | 10,00,000 | Mr. Shardul S Shroff | 1,50,000 |
| Mr. Jean Brunol | 23,50,000 | Dr. V Sumantran | 180,00,000 |
| Mr. Jorma Antero Halonen | 31,00,000 | | |

**iii) Executive Directors**

| | Mr. R Seshasayee<br>Executive Vice Chairman<br>(₹) | Mr. Vinod K Dasari<br>Managing Director<br>(₹) |
|---|---|---|
| a) Fixed Component | | |
| (i) Salary | 64,20,000 | 57,60,000 |
| (ii) Special Allowance | 64,20,000 | 57,60,000 |
| (iii) Perquisites & Other Allowance (**) | 82,16,853 | 33,74,919 |
| b) Variable Component | | |
| - Commission | 81,00,000 | 72,90,000 |
| c) Contribution to Provident Fund and Superannuation Fund | 29,48,400 | 26,48,700 |
| **Total** | **3,21,05,253** | **2,48,33,619** |

(**) Certain perquisites are valued as per the Income Tax Rules.

# ANNEXURE - B TO DIRECTORS' REPORT
# REPORT ON CORPORATE GOVERNANCE

Mr. R Seshasayee and Mr. Vinod K Dasari are under contract of employment with the Company for 2 years and 3 years respectively from April 1, 2011 stipulating 3 months' notice period from either side. They are also entitled to a non-compete and non-solicitation fee of 50% of the last drawn salary for a period of 12 months after the term of the contract.

The Company has no Employee Stock Options Scheme in force at present.

## 5. Shareholders/Investors Grievance Committee

a) The Shareholders/Investors Grievance Committee was constituted in 2000. The Committee consists of Mr. Sanjay K Asher, Independent Director, as Chairman, Mr. D J Balaji Rao, Independent Director as a member and Mr. R Seshasayee, Executive Vice Chairman as a member.

b) This Committee approves issue of new share certificates and looks into investor complaints/ grievances on a periodical basis.

c) The Committee also reviews the performance of the Company's Registrar & Transfer Agent (R&TA) and their system of dealing with and responding to correspondence from all categories of shareholders. The manner and timeliness of dealing with complaint letters received from Stock Exchanges/ SEBI/ Ministry of Corporate Affairs etc., and the responses thereto are reviewed by this Committee.

d) Based on the delegated powers of the Board of Directors, Executive Vice Chairman / Managing Director approves the share transfers/ transmissions on a regular basis and the same is reported at the next meeting of the Committee, normally held every quarter.

e) Mr. A R Chandrasekharan, Executive Director and Company Secretary is the Secretary to the Committee and is also the Compliance Officer appointed for the compliance of capital market related laws.

f) Meetings and Attendance during the year 2011-12:

| Date of Meeting | No. of members present |
|---|---|
| May 19, 2011 | 3 |
| July 19, 2011 | 2 |
| November 3, 2011 | 2 |
| February 1, 2012 | 3 |

During the year, 2,796 complaint/correspondence letters were received from investors (including 27 letters from SEBI / Stock Exchanges/ MCA and 2,769 letters were received on routine matters); all these were dealt with satisfactorily. The very few letters, which occasionally remained pending beyond the normal time limits were cases of inadequate documentation or clarifications being awaited, which have since been resolved. 5 unresolved complaints as at March 31, 2012 have since been resolved by April 9, 2012.

g) As on March 31, 2012, there were no share transfers pending.

## 6) General body meetings

a) Details of location and time of holding the last three AGMs.

| Year | Location | Date & Time |
|---|---|---|
| 62nd AGM - 2011 | The Music Academy Madras 168 TTK Road, Royapettah, Chennai 600 014 | July 19, 2011 2.45 p.m. |
| 61st AGM – 2010 | Tamil Isai Sangam, Rajah Annamalai Mandram, 5, Esplanade Road, Chennai 600 108 | July 27, 2010 2.45 p.m. |
| 60th AGM - 2009 | Kamaraj Memorial Hall, 492 Anna Salai, Teynampet, Chennai 600 006 | July 28, 2009 10.30 a.m. |

The Chairman of the Audit Committee was present at all the above AGMs.

No EGM was held in the last three years.

b) No Special Resolutions were placed before the shareholders requiring approval through Postal Ballot.

## 7. Disclosures

There have been no materially significant related party transactions with the Company's Promoters, Directors, the Management, their Subsidiaries or relatives which may have potential conflict with the interests of the Company. The necessary disclosures regarding the transactions with Related Parties are given in the Notes to the Financial

Statements for the year 2011-12.

There have been no instances of non-compliance by the Company on any matters relating to the capital markets, nor have any penalty/strictures been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on such matters during the last three years. The Company had no subsidiary company as on March 31, 2012.

## 8. Means of Communication

a) Investor mailer is being sent since 2001 as an enclosure to the half-yearly results and the same is available on the Company's website www.ashokleyland.com

b) The quarterly results have been published in one leading national (English) business newspaper and in one vernacular (Tamil) newspaper. The quarterly results are also displayed on the Company's website www.ashokleyland.com

c) The Company's website also displays several other details / information of interest to various stakeholders, including press releases.

d) A Management Discussion and Analysis Report is being presented as a part of the Annual Report.

e) **Green Initiative :** Pursuant to 'Green Initiative' proposed by Ministry of Corporate Affairs (MCA) vide its Circular dated 21/4/2011, in response to the suggestions made by many shareholders in the past and to contribute towards improved environment, the Company has already taken action for sending communication / Annual Report and other documents through electronic mode to shareholders. It is hoped that with wide acceptance of the Green Initiative by the shareholders, the Company would be able to successfully implement the same, thereby contributing its mite to a greener environment.

## 9. General shareholder information

| | | |
|---|---|---|
| a. | 63rd Annual General Meeting | |
| | - Day, Date and Time | Tuesday, July 24, 2012 – 2.45 p.m. |
| | - Venue | The Music Academy Madras, 168 TTK Road, Royapettah, Chennai 600 014 |
| b. | Financial Calendar | |
| | Annual General Meeting | July 24, 2012 |
| | Unaudited results for the quarter ending June 30, 2012 | July 24, 2012 |
| | Unaudited results for the quarter/half-year ending September 30, 2012 | 2nd week of November 2012 |
| | Unaudited results for the quarter ending December 31, 2012 | 4th week of January 2013 |
| | Audited Results for the year ending March 31, 2013 | Before end of May 2013 |
| c. | Book Closure Date | From July 14, 2012 to July 24, 2012 (both days inclusive) |
| d. | Dividend payment date | Commencing July 25, 2012 – to be completed on or before July 31, 2012 |
| e. | a) Listing of Equity Shares | Madras Stock Exchange Ltd.<br>BSE Ltd.<br>National Stock Exchange of India Ltd. |

| | | |
|---|---|---|
| b) | Listing of Global Depository Receipts (GDRs) | London Stock Exchange |
| c) | Listing of privately placed Debentures | National Stock Exchange of India Ltd. |

The Listing Fees have been paid upto date, to all the Stock Exchanges

| | | | |
|---|---|---|---|
| f. | Stock Code | | |
| a) | Trading Symbol at | Madras Stock Exchange Ltd. | ALL |
| | | BSE Ltd. | |
| | | - Physical | 477 |
| | | - Demat | 500477 |
| | | National Stock Exchange of India Ltd | ASHOKLEY |
| b) | Demat ISIN Numbers in NSDL & CDSL | Equity Shares | INE208A01029 |
| c) | Demat ISIN Numbers in NSDL & CDSL - privately placed Debentures | | |
| | - Ashok Leyland 8.20% 2013 Series - AL 13 | | INE208A07281 |
| | - Ashok Leyland 8.20% 2014 Series - AL 14 | | INE208A07299 |
| | - Ashok Leyland 8.20% 2015 Series - AL 15 | | INE208A07307 |
| | - Ashok Leyland 10.25% 2016 Series - AL 16 | | INE208A07315 |

g. Stock Market Data

| Month | BSE Ltd. | | | | National Stock Exchange Ltd. | | | |
|---|---|---|---|---|---|---|---|---|
| | Share Price | | Sensex Points | | Share Price | | S&P CNX Nifty Points | |
| | High (Rs.) | Low (Rs.) | High | Low | High (Rs.) | Low (Rs.) | High | Low |
| Apr 2011 | 59.80 | 52.50 | 19811.14 | 18976.19 | 60.65 | 51.50 | 5944.45 | 5693.25 |
| May 2011 | 53.25 | 45.00 | 19253.87 | 17786.13 | 53.10 | 45.75 | 5775.25 | 5328.70 |
| Jun 2011 | 55.65 | 45.35 | 18873.39 | 17314.38 | 53.00 | 45.30 | 5657.90 | 5195.90 |
| July 2011 | 53.30 | 47.90 | 19131.70 | 18131.86 | 53.50 | 47.75 | 5740.40 | 5453.95 |
| Aug 2011 | 52.40 | 22.75 | 18440.07 | 15765.53 | 52.45 | 22.80 | 5551.90 | 4720.00 |
| Sep 2011 | 27.90 | 24.35 | 17211.80 | 15801.01 | 27.90 | 24.25 | 5169.25 | 4758.85 |
| Oct 2011 | 27.35 | 23.20 | 17908.13 | 15745.43 | 27.45 | 23.75 | 5399.70 | 4728.30 |
| Nov 2011 | 29.90 | 24.20 | 17702.26 | 15478.69 | 28.85 | 24.10 | 5326.45 | 4639.10 |
| Dec 2011 | 27.05 | 20.05 | 17003.71 | 15135.86 | 27.05 | 20.00 | 5099.25 | 4531.15 |
| Jan 2012 | 27.90 | 22.10 | 17258.97 | 15358.02 | 28.00 | 22.05 | 5217.00 | 4588.05 |
| Feb 2012 | 30.50 | 25.60 | 18523.78 | 17061.55 | 30.60 | 25.05 | 5629.95 | 5159.00 |
| Mar 2012 | 30.40 | 26.90 | 18040.69 | 16920.61 | 30.50 | 26.90 | 5499.40 | 5135.95 |

Note: 1:1 bonus shares issued in August 2011

h. Share Price performance in comparison to broad based indices – BSE Sensex and NSE Nifty Share Price Movement (BSE and NSE) - See Table on Page 33 and Chart on Page 96.

i. Registrar and Transfer Agents

M/s Integrated Enterprises (India) Ltd., 2nd Floor, Kences Towers, 1 Ramakrishna Street, North Usman Road, T. Nagar, Chennai 600 017 deal with all aspects of investor servicing relating to shares in both physical and demat form.

j Share Transfer System

The authority relating to transfer of shares and allied work relating to servicing of investors has been delegated by the Board to the Shareholders/ Investors Grievance Committee which consists of Mr. Sanjay K Asher (Chairman), Mr. D J Balaji Rao and Mr. R Seshasayee.

In order to further improve and speed up investor servicing, the Board has authorized Executive Vice Chairman / Managing Director to approve all routine transfers, transmissions, etc., of shares. Such approval is being given by the Executive Vice Chairman / Managing Director at frequent intervals (27 times during 2011-12). Transfers, transmissions, etc., were generally approved within 15 days; requests for dematerialization were confirmed within 7 days (as against the norm of 15 days). In addition, the Committee met four times during the year 2011-12 for approving transfers, transmissions, issue of duplicate shares etc., and reviewing investor grievances.

k. Unclaimed Shares

32,52,771 shares were lying outstanding as Unclaimed shares at the beginning of the year pertaining to 3,250 shareholders;

211 shareholders approached the Company for transfer of 2,28,960 shares from the Unclaimed shares during the year and the same were effected;

30,23,811 shares were lying as unclaimed pertaining to 3,039 shareholders as on March 31, 2012.

The Company has sent a final reminder by Speed Post to such of the shareholders whose shares are lying unclaimed. As per SEBI directive, outstanding unclaimed shares are pooled into a Suspense Account and the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

l. (i) Distribution of Shareholding as on March 31, 2012

| No. of Shares | Shareholders | | No. of shares | |
|---|---|---|---|---|
| | Number | % | Number | % |
| Upto 50 | 44,423 | 15.49 | 11,37,343 | 0.04 |
| 51-100 | 38,163 | 13.31 | 35,37,947 | 0.13 |
| 101-200 | 59,023 | 20.59 | 1,10,89,201 | 0.42 |
| 201-500 | 52,568 | 18.34 | 2,01,20,575 | 0.76 |
| 501-1000 | 42,278 | 14.75 | 3,55,07,529 | 1.33 |
| 1001-2000 | 24,928 | 8.69 | 4,17,45,184 | 1.57 |
| 2001-5000 | 17,245 | 6.02 | 5,77,91,298 | 2.17 |
| 5001-10000 | 5,265 | 1.84 | 3,83,28,996 | 1.44 |
| 10001 & above | 2,793 | 0.97 | 245,14,18,561 | 92.14 |
| **Total** | **2,86,686** | **100.00** | **266,06,76,634** | **100.00** |

No. of shares

Physical - 3,32,45,244

Electronic Mode

NSDL - 257,63,65,737

CDSL - 5,10,65,653

(ii) Pattern of Shareholding as on March 31, 2012

| Sl No. | Category | No. of Holders | No. of Shares | % |
|---|---|---|---|---|
| 1 | Promoter - Hinduja Automotive Ltd. (Includes 32,92,00,140 shares in GDR Form) | 1 | 135,64,37,564 | 50.98 |
| 2 | Residents (Individuals / Clearing Members) | 2,81,351 | 28,34,68,033 | 10.65 |
| 3 | Financial Institutions/Insurance Co. / State Govt./Govt. Companies/UTI | 33 | 33,98,45,655 | 12.77 |
| 4 | Foreign Institutional Investors | 162 | 43,15,44,297 | 16.22 |
| 5 | Non-Resident Indians/ OCB / Corporate Bodies - Foreign / Bank - Foreign / Foreign Nationals | 3,374 | 2,47,17,625 | 0.93 |
| 6 | Corporate Bodies | 1,673 | 14,38,52,253 | 5.41 |
| 7 | Mutual Funds | 29 | 5,12,79,778 | 1.93 |
| 8 | Trusts | 22 | 5,60,069 | 0.02 |
| 9 | Banks | 39 | 7,53,860 | 0.03 |
| 10 | Others - GDR | 2 | 2,82,17,500 | 1.06 |
| | **TOTAL** | **2,86,686** | **266,06,76,634** | **100.00** |

m. Dematerialisation of shares and Liquidity

Shares of the Company can be held and traded in electronic form. As stipulated by SEBI, the shares of the Company are accepted in the Stock Exchanges for delivery only in dematerialized form.

Status of Dematerialization of Shares - as on March 31, 2012

| | Physical | | Demat | | Total | |
|---|---|---|---|---|---|---|
| Holders | No. of Shares | % to paid-up capital | No. of Shares (**) | % to paid-up capital | No. of Shares (**) | % to paid-up capital |
| Hinduja Automotive Limited (**) | -- | -- | 135,64,37,564 | 50.98 | 135,64,37,564 | 50.98 |
| Others | 3,32,45,244 (***) | 1.25 | 127,09,93,826 | 47.77 | 130,42,39,070 | 49.02 |

** including in GDR Form

*** held by 17,090 holders

Your Company confirms that the entire Promoter's holdings were converted into electronic form and the same is in line with the directives issued by SEBI.

Shares of the Company are regularly traded in the Bombay and National Stock Exchanges, and hence have good liquidity.

# ANNEXURE - B TO DIRECTORS' REPORT
# REPORT ON CORPORATE GOVERNANCE

n. Outstanding GDR/ Warrants and Convertible Notes, Conversion date and likely impact on the equity

No GDR is outstanding as on March 31, 2012 having an impact on equity.

o. Plant Locations

| | | |
|---|---|---|
| **Ennore**<br>Kathivakkam High Road<br>Ennore<br>Chennai 600 057<br>Tamil Nadu | **Hosur – Unit I**<br>175 Hosur Indl. Complex<br>Hosur 635 126<br>Tamil Nadu | **Hosur – Unit II**<br>77 Electronic Complex<br>Perandapalli Village<br>Hosur 635 109<br>Tamil Nadu |
| **Hosur – Unit IIA**<br>Cab Panel Press Shop<br>SIPCOT Industrial Complex<br>Mornapalli village<br>Hosur 635 109<br>Tamil Nadu | **Bhandara**<br>Plot No.1 MIDC Industrial Area<br>Village Gadegaon,<br>Sakoli Taluk,<br>Bhandara 441 904<br>Maharashtra | **Alwar**<br>Plot No.SPL 298<br>Matsya Indl. Area<br>Alwar 301 030<br>Rajasthan |
| **Ambattur**<br>3A/A&2 North Phase<br>Sidco Industrial Estate<br>Ambattur<br>Chennai 600 098 Tamil Nadu | **Pantnagar**<br>Plot No.1, Sector XII, II E,<br>Pantnagar - 263 153<br>Uttarakhand | **Technical Centre**<br>Vellivoyalchavadi<br>Via Manali New Town<br>Chennai 600 103<br>Tamil Nadu |

p.

| | | |
|---|---|---|
| Address for Correspondence<br>To contact R&TA for all matters relating to Shares, Dividends, Annual Reports | M/s Integrated Enterprises (India) Limited<br>2nd Floor, Kences Towers<br>1, Ramakrishna Street<br>North Usman Road<br>T. Nagar, Chennai 600 017 | Tel : 91-44 – 2814 0801 / 03<br>Fax : 91-44 – 28142479<br>e-mail : corpserv@integratedindia.in |
| For any other general matters or in case of any difficulties/ grievances | Secretarial Department<br>Ashok Leyland Limited<br>No.1 Sardar Patel Road<br>Guindy, Chennai 600 032 | Tel. : 91-44-2220 6000<br>Fax : 91-44-2230 4410<br>e-mail : secretarial@ashokleyland.com<br>corpserv@integratedindia.in |
| Website address | www.ashokleyland.com | |
| Email ID of Investor Grievances Section | secretarial@ashokleyland.com | |
| Name of the Compliance Officer | A R Chandrasekharan<br>Executive Director &<br>Company Secretary | |

# ANNEXURE - B TO DIRECTORS' REPORT
# REPORT ON CORPORATE GOVERNANCE

**Non mandatory requirements**

1. Non-Executive Chairman

   The Company maintains the office of the Non-Executive Chairman and reimburses expenses incurred in the performance of his duties.

2. Nomination and Compensation Committee

   The Company has constituted a Nomination and Compensation Committee; full details are furnished under Item 4 of this Report.

3. Shareholder Rights

   The statements of quarterly and half yearly results are being published in the Press. The Company has been mailing half-yearly reports to shareholders from October 2001, along with a letter from the Managing Director highlighting significant events.

4. Postal Ballot

   The Company has had no occasion to use the postal ballot during the year.

5. Whistle Blower Policy

   The Company does not have a Whistle Blower Policy, but has an Ombudsman.

**Code of Conduct**

Members of the Board and the Senior Management, shall

a) Always act in the best interests of the Company and its stakeholders.

b) Adopt the highest standards of personal ethics, integrity, confidentiality and discipline in dealing with all matters relating to the Company.

c) Apply themselves diligently and objectively in discharging their responsibilities and contribute to the conduct of the business and the progress of the Company, and not be associated simultaneously with competing organisations either as a Director or in any managerial or advisory capacity, without the prior approval of the Board.

d) Always adhere and conform to the various statutory and mandatory regulations/guidelines applicable to the operations of the Company, avoiding violations or non-conformities.

e) Not derive personal benefit or undue advantages (financial or otherwise) by virtue of their position or relationship with the Company, and for this purpose

   i) shall adopt total transparency in their dealings with the Company

   ii) shall disclose full details of any direct or indirect personal interests in dealings/transactions with the Company.

   iii) shall not be party to transactions or decisions involving conflict between their personal interest and the Company's interest.

f) Conduct themselves and their activities outside the Company in such a manner as not to adversely affect the image or reputation of the Company.

g) Inform the Company immediately if there is any personal development (relating to his/her business/professional activities) which could be incompatible with the level and stature of his position and responsibility with the Company.

h) Bring to the attention of the Board, Chairman or the Managing Director as appropriate, any information or development either within the Company (relating to its employees or other stakeholders) or external, which could impact the Company's operations, and which in the normal course may not have come to the knowledge of the Board/Chairman or Managing Director.

i) Always abide by the above Code of Conduct, and be accountable to the Board for their actions/violations/defaults.

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**Code of Conduct for the Senior Management**

This is to confirm that for the financial year ended March 31, 2012 all members of the Senior Management have affirmed in writing their adherence to the Code of Conduct adopted by the Company.

May 14, 2012 — **R Seshasayee**
Chennai — Executive Vice Chairman

# ANNEXURE - C TO DIRECTORS' REPORT
# AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENTS

**To the Members of Ashok Leyland Limited**

1. We have examined the compliance with the conditions of Corporate Governance by **Ashok Leyland Limited** (the Company) for the year ended March 31, 2012 as stipulated in clause 49 of the listing agreements of the said Company with the stock exchanges in India, with the relevant records and documents maintained by the Company and furnished to us and the report on Corporate Governance as approved by the Board of Directors.

2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to procedures and implementation thereof, adopted by the Company for ensuring the said compliance. It is neither an audit nor is this certificate an expression of opinion on the financial statements of the Company.

3. Based on the aforesaid examination and according to the information and explanations given to us, we certify that the Company has complied with the said conditions of Corporate Governance as stipulated in the above mentioned listing agreements.

4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M.S. KRISHNASWAMI & RAJAN
*Chartered Accountants*
Registration No: 01554S

M.K. RAJAN
*Partner*
Membership No.4059

For DELOITTE HASKINS & SELLS
*Chartered Accountants*
Registration No: 117366W

R. LAXMINARAYAN
*Partner*
Membership No. 33023

May 14, 2012
Chennai

# ANNEXURE-D TO DIRECTORS' REPORT
# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## A. Market trends

### Indian economy

During 2011-12, the Indian economy slowed down substantially compared to the previous year. Overall GDP growth rate dropped from a high of 8.1% in 2010-11 to 6.9% in the first 3 quarters of the year. Advance GDP estimates peg the number to be in the range of 6.8% to 7% for FY 2011-12. High inflation, rising interest rates, spiralling oil prices and dampened business sentiments contributed to the slowdown. Wholesale price index eventually declined to 6.9% levels in March and April 2012, which, among other factors, triggered one of the first rate cuts by RBI in many months. While a few more rate cuts are expected at suitable junctures in the current fiscal, RBI still pegs overall GDP growth at 7.3% for FY 2012-13 and range-bound inflation levels at around 6.5% till March 2013. In the previous fiscal, consumption was partly supported by a booming rural economy, thanks to schemes such as NREGS which saw a rise in the sale of 2-wheelers and other similar products. Further, a reasonably good performance in agriculture (growth at about 3%) bolstered the GDP to some extent.

However, this was dampened by poor industrial growth, with Year-to-date IIP growth rate of only 3.5%, compared to 8.1% in the same period previous fiscal. Specifically, the manufacturing growth rate slowed from 8.7% to 3.7%. Mining experienced contraction due to interventions by executive and judiciary bodies which had an impact on growth. The mining sector, consequently shrank by 2.9% in Q2 FY12 and 3.1% in Q3 FY12 (Year-on-Year) as opposed to a growth of 7.3% and 6.1% in the corresponding quarters of FY 2010-11. Slowdown was apparent in construction as well (1.2% in Q1 FY12, compared to 8.4% in the same quarter last year). However, this sector has shown some promise in Q3, with growth rising to 7.2%. This was largely driven by government thrust in infrastructure (particularly roads).

IIP growth rate has improved in January and February 2012. Manufacturing inched back to +4% levels, and mining also showed the first positive signs of growth in about 8 months, though on a low base.

The prevalent governance slowdown remains an area of concern. Fiscal Deficit has continued to expand and is estimated to cross 5.9% of GDP by analysts, contrary to budget estimates of 4.6%. Continually high oil prices, the possibility of having to import coal at higher-than-estimated rates to meet the rising power gap and the continuing subsidy burdens do not augur well for the public accounts next year as well.

### Commercial Vehicle industry

As was predicted last year, the Commercial Vehicle (CV) industry grew well, albeit at a slower pace compared to the previous year, having recovered to higher base volumes. The industry also saw a substantial amount of competitive activity.

The industry recorded 18% growth during 2011-12 to post its highest ever volumes of 8,09,532 units. Medium and Heavy Commercial Vehicles (M&HCV) grew by 8%, posting volumes of 3,48,701, again recording highest ever sales. Light Commercial Vehicles (LCV) posted a growth of 27.4% and reached volumes of 4,60,831 units. The contribution of M&HCV declined to about 43% of the overall CV segment, compared to 47% in the previous year.

The LCV segment continued to grow steadily. It has, in fact, been one of the strongest growing segments in the entire automobile space. In fact, the Small Commercial Vehicle segment [trucks less than 3.5 tonnes Gross Vehicle Weight (GVW)] within LCVs, which accounts for over 3/4$^{th}$ of the LCV market, is driving growth on the back of strong demand for transportation of consumer goods within cities and replacement demand from upper-end three wheelers.

Reflecting the uncertain economic scenario, multi-axle rigid trucks with capacities greater than 25 tonnes have reported a sales drop of 2% over the previous year. These are used to transport a wide range of goods, such as agricultural produce, cement, other materials used in construction and industrial goods. This drop was due to overall slowdown in industrial, mining and construction activity, and the resultant caution among transporters. It was also in part due to the shift to rigid vehicles with higher capacity (8X2), to achieve greater operating efficiencies. Conversely, sales of intermediate commercial trucks, in the 10-12 tonne capacity range, registered a growth rate of 21% during 2011-12. Sale of Tippers also grew by 37%, due to substantial fleet replacements as well as the boost given to infrastructure in the second half of the fiscal by the Government.

Also notable was the slowdown in the Southern Indian market. This was due to elections in Tamil Nadu, blanket mining ban in Karnataka and continued political uncertainty in Andhra Pradesh. Total Industry Volumes in multi-axle vehicles reduced by almost 17% in the first 3 quarters before recovering somewhat in the fourth quarter. Overall, volumes grew by 5%, lower than the national average of 8%.

2011-12 was a watershed year for Indian exports, with the highest ever number of vehicles being exported worldwide from India (92,663 nos.). Exports of LCVs registered a substantial growth of 41%, while M&HCVs registered 2.4% growth over the previous year.

The Total Industry Volumes (TIV) registered in 2010-11 and 2011-12 are provided below:

| | DOMESTIC | | | EXPORTS | | |
|---|---|---|---|---|---|---|
| | **2011-12** | 2010-11 | Change (%) | **2011-12** | 2010-11 | Change (%) |
| M&HCV Passenger | **49,392** | 47,938 | 3 | **9,312** | 10,179 | (9) |
| M&HCV Truck | **2,99,309** | 2,75,121 | 9 | **18,605** | 18,170 | 2 |
| LCV Passenger | **49,371** | 44,816 | 10 | **5,056** | 3,627 | 39 |
| LCV Truck | **4,11,460** | 3,17,030 | 30 | **59,690** | 42,067 | 41 |
| **TIV** | **8,09,532** | 6,84,905 | 18 | **92,663** | 74,043 | 25 |

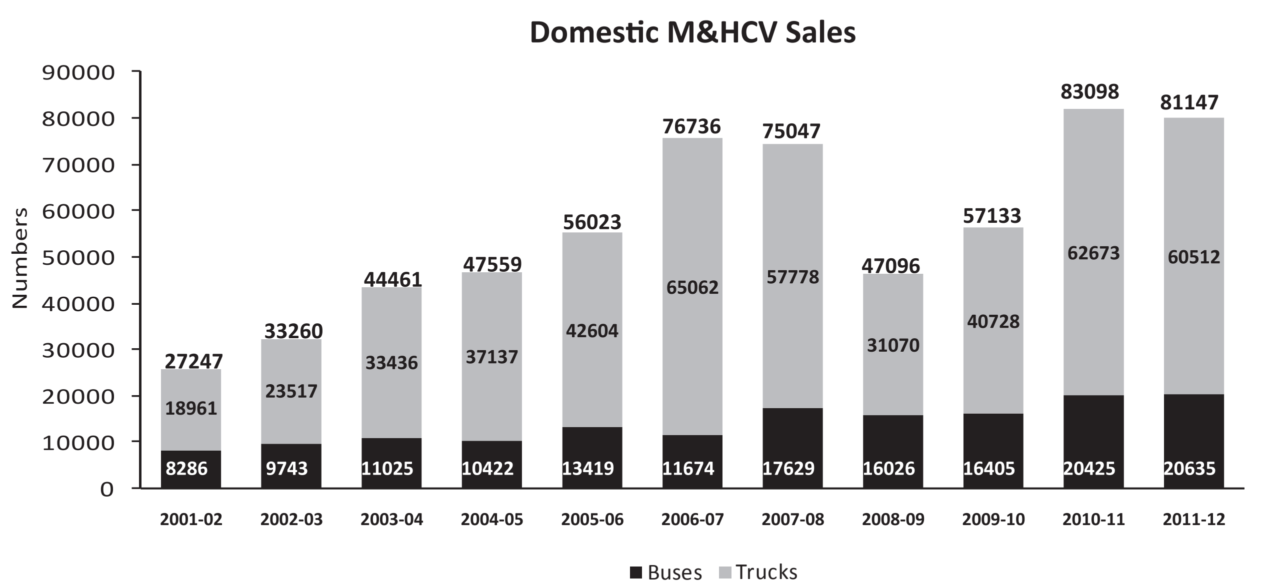
The tepid economic environment, as well as the high base, is bound to have an impact on Total Industry Volume (TIV) in the coming fiscal. Several industry analysts have projected growth rates at 3-8%. SIAM has projected an annual growth rate of 5-7% for medium & heavy duty vehicles and about 14-16% for light commercial vehicles.

## B. Ashok Leyland - 2011-12 in brief

### Medium and heavy commercial vehicles

Ashok Leyland delivered mixed results in 2011-12. Your Company registered its highest ever sales of 94,397 vehicles, with a marginal growth of 0.3% compared to the previous year.

In the domestic market, the Company sold 81,147 M&HCVs, 2% less than the previous year. These include 20,635 M&HCV buses and 60,512 M&HCV trucks, 1% more and 3.5% less respectively, compared to the previous year. The Company lost 2.4% market share in the Indian Medium and Heavy CV market during FY 2011-12.



# ANNEXURE-D TO DIRECTORS' REPORT
# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Sales of Multi-Axle Vehicles, the largest segment in trucks, contracted by 13% in Southern India. On the other hand, the Intermediate Commercial Vehicles (ICV) goods segment grew nationwide by nearly 21% and Ashok Leyland did gain market share in ICV goods, a fast-growing segment in which your Company has a nascent presence. To sum up, contraction of Ashok Leyland's strongholds, and rapid growth of segments where the Company has limited presence resulted in a mixed outcome in the domestic market.

Your Company demonstrated substantial growth in exports, clocking 12,852 vehicles in 2011-12, 25% growth compared to the previous year. Besides the performance in the SAARC markets, your Company benefited through strategic expansion into several new geographies. Sales in the Middle East grew substantially, despite the overall uncertainty in the region, bolstered by the Company's capability to locally manufacture buses at Ras-al-Khaimah. Besides this, your Company entered several nations in the Commonwealth of Independent States and Africa, offering a wide range of bus and truck products. Your Company's performance in the Russian and CIS markets has been very heartening. The Russian market was penetrated with the sales of AVIA trucks and bus chassis and the launch of Midi buses in collaboration with a local bus body builder of repute. A similar strategy was adopted in the Ukraine, by entering that market in partnership with local bus body builders. Your Company seeks to make significant inroads into both these markets going forward.

The Power Solutions Business earned revenues of Rs. 349 Cr. in the year 2011-12, which is comparable to the earnings of the previous year.

A healthy 20% growth was achieved in the Spare Parts Business in 2011-12, with an all-time high turnover of Rs. 852 crores, reflecting an increasing use of genuine parts in the service considered necessary as the technical complexity of the product increases. The Defence business continued to hold steady, with sales of 370 vehicles and 2,981 kits. Overall, the turnover from the Spare Parts Business, kits, traded products and components etc. stood at Rs. 1,717 crores.

In FY 2011-12, your Company produced 95,559 vehicles, 0.2% growth compared to the previous year. Your Company's recently commissioned plant in Pantnagar, a state-of-the-art production facility in the northern state of Uttarakhand, continued to ramp up manufacturing capacity and reached production rate of over 4,000 units per month in March 2012.

Your Company also expanded its dealer network substantially in areas where hitherto it had only limited coverage. Full service outlets grew to over 400 and for the first time, the number of outlets in the North exceeded the number in the South.

To address the challenges faced in the domestic market, your Company applied substantial product development and marketing effort, targeted at the fastest growing segments and regions. This resulted in promising growth in the quarter 4th of the previous fiscal. Your Company has also lined up several ground-breaking products for core segments in the upcoming fiscal. Three such new products were displayed at the Auto Expo 2012 held in Jan'12 in Delhi: the Jan Bus, 10x4 Multi-axle truck and the 8m ICV bus named 'Solo', all of which will be launched shortly.

While the Jan Bus is the world's first single step, front engine, fully flat floor bus, the 10x2 will be a pioneering product for the Indian CV industry. The 10x2 MAV represents a significant product introduction into the largest truck segment, indicating further movement towards higher tonnage vehicles. The launch of Solo is further evidence of your Company's capability to bring world-class passenger transport products to the growing Indian market.

Your Company's continued investments in Research and Development through 2011-12 will also result in several launches in the next fiscal. The New Generation Cab and the Neptune Engine programmes will see market introductions. ICV, the fastest growing segment in the M&HCV range, will see the Company come up with a brand new product with inputs from AVIA Ashok Leyland Motors s.r.o in the Czech Republic.

Your Company has continued to invest in efficient IT systems to support its strategies and one important step in this regard has been through the SAP system to achieve full integration across the Company.

In a scenario of blurring lines of product differentiations, it is the strength of the brand that will prove vital and well mindful of this, your Company took several important steps to build brand Ashok Leyland. Firstly, your Company's brand promise was re-articulated as '**It's all about You**', the '**You**' standing for the customer who was at the centre of all activities and every effort was made to improve his profitability. To lead and give traction to the many marketing initiatives, some launched and others soon to be, all aimed at enhancing customer experience and thereby market share, your Company signed on the iconic Indian cricket captain, M. S. Dhoni as its Brand Ambassador. Apart from befitting the values of the Company very well, he will be at the forefront of the efforts of your Company to be a stronger global brand.

Apart from Brand, the other identified focus areas for development were Quality, People, Innovation and Efficiency. Your Company has taken on challenging targets on each of these areas and has kicked off a host of ambitious banner projects.

In summary, your Company has prepared well for the challenging economic scenario expected in future, as well as the upcoming competition in the M & HCV space.

**Light Commercial Vehicles**

Taking advantage of the proliferation of the hub-and-spoke model and the strong demand originating from the rural segment, the Company entered the Light Commercial Vehicle segment with the launch of 'Dost' last year.

The product has been well accepted by customers, with 7,593 vehicles having been sold in the last fiscal. Within 6 months of launch, 'Dost' is already the second highest selling model in the 2-3.5T GVW segment and has achieved a pan India market share of 16.6%. This is despite 'Dost' having been launched in only six States (Tamilnadu, Kerala, Karnataka, Andhra Pradesh, Maharashtra and Gujarat). 'Dost' is being sold through an all-new dedicated distribution network. The product continues to enjoy tremendous pull, particularly for its high end variants that offer more features, such as power steering, air conditioning, etc.

Your Company is aggressively ramping up production at its Hosur facility to meet the rising demand for 'Dost'. The dealer network will also be expanded, and the product launched in additional states this fiscal.

Further variants of 'Dost' are in the pipeline. In addition, your Company also displayed 2 new platforms in the Auto Expo 2012 – the 'Partner' 6T truck and the 'Stile' Multi-Purpose Vehicle – both of which will be launched over the next 2 years.

**Hinduja Leyland Finance Ltd.**

The Non-banking Finance Company (NBFC), Hinduja Leyland Finance Limited (HLFL) promoted by Ashok Leyland, commenced their operations in March 2010. HLFL now has operations in 440 locations with employee strength of 1199 (increased from 588 in the year 2010).

In 2011-12, HLFL continued to grow rapidly. The company made a disbursement of Rs.2,107 Cr., a rise of over 70% from the previous year, across a wide range of segments, including Medium and Heavy Commercial Vehicles, Light Commercial Vehicles and 3-wheelers.

**Ashok Leyland John Deere Construction Equipment Company Private Ltd.**

The 50:50 Joint Venture with John Deere Construction & Forestry Company, USA, successfully launched its first product, the 435 Backhoe Loader in November 2011. The JV Company sold 221 units in 4 months in the current fiscal. The JV Company's product has been well accepted by customers due to its superior positioning compared to its competitors. The development of the distribution system is in high gear, starting with the Southern market. 18 dealership nodes have already been rolled out and another 27 planned in the coming year. New service benchmarks are being set with 100% achievement of completing running repairs on the same day and 100% parts availability within 24 hours. The JV Company is planning to launch the Wheel Loader in the year 2012-13.

**Automotive Infotronics Ltd.**

This 50:50 Joint Venture with Continental AG aims to become an innovation centre for delivering automotive infotronics solutions at value price points. The JV showcased its capability and products like the Telematics OBU (On-Board Unit) at the Continental booth at Auto Expo 2012 in Delhi to fleet operators, IT/BPO personnel transporters, etc. The company is working with several OEMs for both OEM and aftermarket solutions.

**Albonair GmbH**

Albonair GmbH, Germany was established with a vision of being a complete SCR solution provider for reducing automotive emissions. The company is actively marketing its products to global automotive and construction equipment OEMs and progressing on business discussions with various global OEMs. With increase in demand due to stricter emission norms, Albonair is expanding its production base in Germany and in India. In Germany, Albonair received the quality certificate ISO 14001 (environmental audit).

# ANNEXURE-D TO DIRECTORS' REPORT
# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

**Ashok Leyland Defence Systems Ltd. (ALDS)**

ALDS, a newly formed associate company, will provide increased focus to address the opportunities in the Indian and overseas defence markets. ALDS participated in DEFEXPO'12 and the vehicles on display were well received by customers. ALDS exhibited a Light Tactical Vehicle on the new COLT platform. The company is in discussions for technical collaboration with various producers of equipment in the world.

**Ashley Alteams India Ltd. (AAIL)**

The 50:50 JV partnership between Ashok Leyland and Alteams OY, Finland aims to be a world-class aluminium die-casting manufacturer and become a 'partner of choice' for their customers by providing innovative product solutions. AAIL has set up an Electroplating facility which is now ready and under evaluation. The Surface Coating Facility was inaugurated in August 2011. TS 16949, ISO 9001 and ISO 14001 Surveillance Audits have been successfully completed.

**AVIA Ashok Leyland Motors s.r.o (AALM)**

AVIA Ashok Leyland Motors s.r.o in Prague, has been producing trucks in the total weight class of 6.5 to 12 tonnes. In 2011, the Letňany manufacturing plant produced 600 trucks for the markets of Europe, the United States, and Asia. The company recorded a growth of 34% during this year. This increase was primarily attributable to recovery in Eastern Europe, the expansion into the Commonwealth of Independent States and the Middle East. Avia is expanding the market reach further to Latin America and the USA.

**Defiance Technologies Ltd.**

Defiance Technologies Ltd. is a leading provider of Engineering, ERP and IT services to global customers leveraging the Global Delivery Model. Headquartered at Chennai, India, Defiance has world-class development centres at Chennai and Bangalore in India, and state-of-the-art testing facilities at Troy and Westland, Michigan. Apart from serving many global MNCs in India and abroad, the Company is also pursuing many significant opportunities from leading companies including multi-country, multi-lingual Web Content Management System migration.

**C. Risk Management**

Though the Indian Commercial Vehicle market continues to grow, reduction in load availability due to industrial slowdown, increase in interest rates and fuel price increases could dampen demand. Your Company is addressing this through continued thrust on international markets, and on non-cyclical businesses such as spares, defence and engines. Further, your Company's entry into the relatively less volatile LCV business will further de-risk the business. The Company is also continually optimising fixed costs as well as working capital, to stay protected in case of a downturn.

In case of surge in demand, your Company has adequate capacity to manufacture the vehicles and engines required for the business. Further, your Company is reviewing the production plan at regular intervals and has the ability to add modules of capacity at short cycle times to meet demand increases.

To mitigate any risks due to material cost increase, your Company continues to work on material cost optimization through deep dives, value engineering and alternate sourcing to sustain profitability to the extent feasible.

Legislation would continue to put pressure on improving the technology resulting in higher investment and product cost. To address this issue, your Company's associate company Albonair is working on a competitive emission treatment system. In addition, your Company has proactively launched programmes with its strategic partners to develop powertrains to meet upcoming emissions norms such as Euro 5. Your Company has also ensured that all its upcoming products meet all norms expected in the near future, such as the bus body code, safety norms for trucks and upcoming requirements for on-board diagnostics.

To capture, measure and address strategic as well as operational risks, your Company has created an Enterprise Risk Management function. This function has completed the first round of risk assessment and has prepared a dashboard to track movement on these risks. Actions have been identified for risk mitigation and incorporated into your Company's operating plans. Going forward, quantified risk metrics will be tracked by your Company's Risk management function and the Audit Committee and actions taken based on the same.

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

**D. Internal Control Systems and their Adequacy:**

Given the nature of business and size of operations, the Company's internal control system has been designed to provide for:

- Accurate recording of transactions with internal checks and prompt reporting
- Adherence to applicable Accounting Standards and Policies
- Compliance with applicable statutes, policies and management policies and procedures
- Effective use of resources and safeguarding of assets

The internal control system provides for well documented policies / guidelines, authorisations and approval procedures. The Company, through its own Corporate Internal Audit Department, carries out periodic audits at all locations and functions based on the plan approved by the Audit Committee and bring out any deviation to internal control procedures. The observations arising out of audit are periodically reviewed and compliance ensured. The summary of the Internal Audit observations and status of the implementation is submitted to the Audit Committee of the Board of Directors. The status of implementation of the recommendations is reviewed by the Committee on a regular basis and concerns, if any, are reported to the Board.

**Information Security and IPR protection initiatives**

Ashok Leyland, among the first auto majors in India to be certified under BS7799 in 2005, strategically decided to expand the scope in a modular manner to critical areas, particularly handling IPR and / or sensitive information. Your Company migrated to ISO 27001 during 2006 and expanded the scope to Business Continuity & Disaster Recovery site in 2010. The said centres were recertified under ISO 27001 in 2011 for another 3 years, subject to yearly surveillance audit.

Continuing this strategy, your Company is planning to extend the scope of the certification to the Corporate Office in 2012-13.

**E. Financial Review**

**Summary of Profit and Loss Account is given below.**

Rs.Cr

| | 2011-12 | 2010-11 | Inc/ (Dec) % |
|---|---|---|---|
| INCOME | | | |
| Sales (net of excise duty) | **12,841.99** | 11,177.11 | 14.90 |
| Other Income | **40.35** | 44.45 | (9.23) |
| **Total** | **12,882.34** | 11,221.56 | 14.80 |
| EXPENDITURE | | | |
| Material cost | **9,461.84** | 8,172.65 | 15.77 |
| Employee expenses | **1,020.39** | 959.72 | 6.32 |
| Other expenses | **1,103.66** | 831.04 | 32.80 |
| Depreciation | **352.81** | 267.43 | 31.93 |
| Financial expenses | **255.25** | 188.92 | 35.11 |
| **Total** | **12,193.96** | 10,419.76 | 17.03 |
| Profit before exceptional items | **688.38** | 801.80 | (14.15) |
| Exceptional item - Profit on disposal of Non-Current investments - Net | **1.60** | | |
| Profit before tax | **689.98** | 801.80 | (13.95) |
| Tax provision - Current | **77.52** | 111.15 | (30.26) |
| - Deferred | **46.48** | 59.35 | (21.68) |
| Profit after tax | **565.98** | 631.30 | (10.35) |
| Basic Earnings Per Share (Rs.) | **2.13** | 2.37 | (10.35) |

**Revenues:**

Your Company's revenues came through the following streams of business activities:

- **Vehicles:** Income from vehicles was at Rs.10,961 Cr., a growth of 12% over the previous year level of Rs.9,779 Cr. The increase in revenue was attributable mainly to a 0.3% growth in vehicle sale volumes in 2011-12 and impact of pricing actions taken during these two years. Considering the increase in cost of inputs and operations, your Company revised the prices on four occasions to register an average increase of Rs.54,500/- per vehicle.
- **Engines:** Revenue from engines increased to Rs.318 Cr., a 3% increase over the previous year level of Rs.309 Cr., mainly due to pricing action taken in 2011-12 despite drop in volume by 8%.

## ANNEXURE-D TO DIRECTORS' REPORT

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

- **Spare Parts and others:** Income from spare parts including sale of kits to Vehicle Factory, Jabalpur increased to Rs.1,341 Cr., an increase of 41% over the previous year level of Rs.950 Cr.
- **Revenue from services and other operating income:** These have increased to Rs.221 Cr. against Rs.139 Cr. in the previous year, registering a growth of 59% mainly due to LCV contract manufacturing revenue of Rs.26 Cr., higher export incentives due to increased exports sales in 2011-12 by Rs.24 Cr. and higher scrap sales and others to the tune of Rs.32 Cr. in 2011-12.
- **Other income:** Other income was lower by Rs.4 Cr., mainly due to lower interest receipts.

**Costs:**

- **Material Cost:** Although cost pressure on all commodities, except rubber, appeared to subside in first quarter of 2011-12, these gained momentum northwards for the rest of the three quarters leading to a weighted average increase of about 2%, eventually forcing the Company to take pricing actions at appropriate times.
- **Staff Costs:** Employee expenses went up significantly in 2011-12 primarily due to increase in executive strength.
- **Other expenses** were higher by 33% primarily due to higher activity levels at the manufacturing unit at Pantnagar and higher incurrence in power, and fuel consumption to cope with higher power cuts / tariff increases and higher selling overheads and higher R&D expenditure.
- **Depreciations** for the year increased to Rs.353 Cr. compared to Rs. 267 Cr. in the previous year primarily due to full year impact of last year additions.
- **Finance costs** increased to Rs.255 Cr. during the year from Rs.189 Cr., in the previous year. To part fund the capital expenditure and investment requirements, your Company borrowed Rs.550 Cr. during the year. Interest cost on the fresh loans together with the full year impact of the loans availed by the end of 2010-11 resulted in higher finance costs. In addition, significant increase in working capital during April 2011 to March 2012, led to more short term borrowing which also contributed to higher interest costs. Corporate treasury is active in the money markets to manage the day-to-day investible surplus funds and also to raise short term debts as and when required.

**Capital Employed**

Total capital employed by your Company increased by 12% from Rs.10,593 Cr. to Rs.11,916 Cr., mainly due to acquisitions, investments in joint ventures, facility creation and higher finished vehicle inventory.

Total shareholders' funds as at March 31, 2012 stood at Rs.4,208 Cr. of which equity capital accounted for Rs.266 Cr., compared to previous year's total shareholders' funds of Rs. 3,963 Cr.

Summary of the Balance Sheet is given below.

Rs.Cr

| | **31.03.2012** | 31.03.2011 | **Inc/ (Dec) %** |
|---|---|---|---|
| **SOURCES OF FUNDS** | | | |
| Shareholders' funds | **4,208.17** | 3,962.96 | 6.19 |
| Non-Current liabilities | **2,863.87** | 2,870.48 | (0.23) |
| Current liabilities | **4,843.70** | 3,759.87 | 28.83 |
| **Total** | **11,915.75** | **10,593.31** | **12.48** |
| **APPLICATION OF FUNDS** | | | |
| Non-Current assets | | | |
| - Fixed assets | **5,461.72** | 4,991.76 | 9.41 |
| - Others | **2,150.15** | 1,617.79 | 32.91 |
| Current assets | **4,303.89** | 3,983.77 | 8.04 |
| **Total** | **11,915.75** | **10,593.31** | **12.48** |

**Capital Expenditure and Investments**

During the year, your Company incurred Rs 599 Cr. towards capital expenditure, mainly towards development of additional infrastructure and other facilities at Pantnagar for setting up integrated manufacturing facilities as well as for development of manufacturing facilities for LCV at Hosur under joint venture with Nissan Motors, Japan. Your Company also incurred capital expenditure towards implementing a new ERP system. The rest of the capital expenditure was towards capacity optimisation programmes in existing plants.

During the year, your Company along with the investment arms have increased their stake to 75.1% (from earlier 26%) in Optare plc UK. Your Company also made investments in Joint ventures (JV) for Light Commercial Vehicles (JV with Nissan) and for Construction Equipment (JV with John Deere).

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Net Current Assets as at March 31, 2012 was Rs. 4,304 Cr. compared with previous year level of Rs.3,984 Cr. Short term loans and advances increased by Rs.393 Cr. Inventories increased to Rs.2,231 Cr. as at March 31, 2012 compared to Rs.2,209 Cr. as at March 31, 2011 mainly due to increase in finished vehicles and production inventory. Trade Receivables increased to Rs.1,230 Cr. as at 31st March 2012 from Rs.1,164 Cr. as on 31st March 2011 mainly due to higher level of sales to defence establishment (Vehicle Factory, Jabalpur) and dues from State Transport Undertakings.

**Liquidity**

Your Company continued with the 'Cash and Carry' system of sales during the year which has been effective since May 2009. This has enabled your Company to better manage the increased liquidity requirements. During the year, your Company raised ECB loan of USD 150 Million and placed NCDs to the tune of Rs.150 Cr. to pre-pay high cost NCDs which are secured by a first *pari passu* charge created on select immovable properties and movable assets. These funds were utilized for capital expenditure and investments. Your Company manages its liquidity through constant monitoring of cash flows and surplus funds, if any, are invested, mainly in units of mutual funds and in bank deposits.

**Profitability**

Your Company profitability improved gradually during the year as a result of higher volumes in the core business, better product mix and increased benefits because of increased volumes from Pantnagar manufacturing facility. Your Company managed to recover major portion of material cost increases sanctioned to the suppliers through pricing, thus improving margins. Your Company managed the commodity price based cost increases during the year through savings from various cost reduction programmes.

Presently, your Company's debts have been rated by CRISIL and ICRA.

The rating agencies have reaffirmed your Company's ratings with a stable outlook:

| Agency | Long Term | Short Term Loan |
|---|---|---|
| CRISIL | AA- (stable outlook) | P1+ (reaffirmed) |
| ICRA | AA- (stable outlook) | A1+ (reaffirmed) |

**Results of Operations**

Your Company generated an after tax cash profit from operations of Rs.1,095 Cr. After meeting to the working capital requirements, your Company registered a net cash inflow of Rs.1,117 Cr. from its operations.

Cash outflow for acquisition of assets and investing activities for 2011-12 amounted to Rs.1,058 Cr. as against outflow of Rs.918 Cr. in 2010-11. Fresh loans for Rs.550 Cr. were raised to fund these activities.

Profit before tax and exceptional items was Rs.688 Cr. Your Company sold a portion of its holdings in Avia Ashok Leyland Motors s.r.o, Hinduja Leyland Finance Limited and Defiance Technologies Limited and booked a net profit of Rs.1.60 Cr. which is recognised as an exceptional item in the Statement of Profit and Loss.

After providing for taxes at Rs.124 Cr. including deferred tax, Profit after tax for the current year is Rs.566 Cr. The earnings per share decreased by 10% from Rs.2.37 in 2010-11 to Rs.2.13 in the year under review.

**Dividend**

The Directors have recommended 100% dividend for the year 2011-12, equivalent to Re.1 per share.

**CASH FLOW STATEMENT**

Rs.Cr

| | 2011-12 | 2010-11 |
|---|---|---|
| Profit from operations after tax | **1,095.22** | 1,082.80 |
| (Inc) / Dec in Net working Capital | **21.84** | (491.42) |
| Net cash flow from operating activities | **1,117.06** | 591.38 |
| Payment for acquisition of assets - net | **(690.63)** | (350.09) |
| Cash out flow for investing activities | **(366.89)** | (567.63) |
| Cash flow from financing activities | **(210.87)** | (13.64) |
| Net cash inflow / (outlfow) | **(151.33)** | (339.98) |

**The Year Ahead**

Despite the anticipated strong head winds in the economic environment that could impact the demand for commercial vehicles, the market is expected to see reasonable growth in Intermediate and Light Commercial Vehicles.

Your Company will focus to further consolidate its operations in 2012-13. The successful launch of 'Dost' and the Backhoe loader through Joint Ventures in 2011-12 has expanded the range of product offerings. The Pantnagar plant will be ramping up to full capacity. The launch of new models in the tractor and tipper segments in the second half of 2011-12 will keep your Company in good stead to meet the demand requirements of next year.

# ANNEXURE-E TO DIRECTORS' REPORT
# DIRECTORS' RESPONSIBILITY STATEMENT
# AS PER SECTION 217(2AA) OF THE COMPANIES ACT, 1956

**Responsibility in relation to financial statements**

The financial statements have been prepared in conformity, in all material respects, with the Generally Accepted Accounting Principles in India and the Accounting Standards prescribed by the Institute of Chartered Accountants of India in a consistent manner and supported by reasonable and prudent judgements and estimates. The Directors believe that the financial statements reflect true and fair view of the financial position as on 31.3.2012 and of the results of operations for the year ended 31.3.2012.

The financial statements have been audited by M/s M.S. Krishnaswami & Rajan and M/s Deloitte Haskins & Sells in accordance with generally accepted auditing standards, which include an assessment of the systems of internal controls and tests of transactions to the extent considered necessary by them to support their opinion.

**Going Concern**

In the opinion of the Directors, the Company will be in a position to carry on its existing commercial vehicles/ engines business and accordingly it is considered appropriate to prepare the financial statements on the basis of going concern.

**Maintenance of accounting records, Internal controls and compliances**

Your Company has taken proper and sufficient care for the maintenance of adequate accounting records as required by various Statutes.

Directors have overall responsibility for the Company's internal control system, which is designed to provide a reasonable assurance for safeguarding of assets, reliability of financial records and for preventing and detecting fraud and other irregularities.

The system of internal control is monitored by the internal audit function, which encompasses the examination and evaluation of the adequacy and effectiveness of the system of internal control and quality of performance in carrying out assigned responsibilities. Internal Audit Department interacts with all levels of management and the Statutory Auditors, and reports significant issues to the Audit Committee of the Board.

The Audit Committee supervises the financial reporting process through the review of accounting and reporting practices, financial and accounting controls and financial statements. The Audit Committee also periodically interacts with Internal and Statutory Auditors to ensure quality and veracity of your Company's Financial Statements.

Internal Auditors, the Audit Committee and Statutory Auditors have full and free access to all the information and records as considered necessary to carry out their responsibilities. All the issues raised by them have been suitably acted upon and followed up.

Proper systems are in place to ensure compliance of all laws applicable to the Company.

# ANNEXURE-G TO DIRECTORS' REPORT
# CERTIFICATION BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER TO THE BOARD

We, Vinod K Dasari, Managing Director and K Sridharan, Chief Financial Officer of Ashok Leyland Limited, certify that:

1. We have reviewed the financial statements for the year and that to the best of our knowledge and belief:

    a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

    b) these statements present a true and fair view of the state of affairs of the Company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing Generally Accepted Accounting Principles including Accounting Standards, applicable laws and regulations.

2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

3. We accept overall responsibility for establishing and monitoring the Company's internal control system for financial reporting and evaluating its effectiveness. Internal Audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal Audit works with all levels of management and Statutory Auditors, and reports significant issues to the Audit Committee of the Board. The Statutory Auditors and Audit Committee are appraised of any corrective action taken or proposed to be taken with regard to significant deficiencies and material weaknesses.

4. We have indicated to the Auditors and to the Audit Committee:

    a) significant changes in internal control over financial reporting during the year;

    b) significant changes in accounting policies during the year;

    c) instances of significant fraud of which we have become aware of and which involve management or other employees who have significant role in the Company's internal control system over financial reporting. However, there was no such instance.

| | | |
|---|---|---|
| May 14, 2012 | Vinod K Dasari | K Sridharan |
| Chennai | *Managing Director* | *Chief Financial Officer* |

# AUDITORS' REPORT TO THE MEMBERS OF ASHOK LEYLAND LIMITED

1. We have audited the attached Balance Sheet of **ASHOK LEYLAND LIMITED** ("the Company") as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, both annexed thereto, (collectively referred to as the financial statements), signed by us under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing and assurance standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:

   a. we have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

   b. in our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books.

   c. the financial statements dealt with by this report are in agreement with the books of account.

   d. in our opinion, the aforesaid financial statements comply in all material respects with the applicable Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 (the Act).

   e. in our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements read with the Statement on Significant Accounting Policies and Notes to the Financial Statements, give the information required by the Act, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India:

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;

      (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

      (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5. On the basis of written representations received from the Directors as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the Directors is prima facie disqualified as on March 31, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For M.S. KRISHNASWAMI & RAJAN
Chartered Accountants
Registration No. 01554S

M.K. RAJAN
Partner
Membership No.4059

May 14, 2012
Chennai

For DELOITTE HASKINS & SELLS
Chartered Accountants
Registration No. 117366W

R. LAXMINARAYAN
Partner
Membership No.33023

# ANNEXURE TO THE AUDITORS' REPORT

**Referred to in paragraph 3 of our report of even date on the accounts for the year ended March 31, 2012 of Ashok Leyland Limited.**

As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Government of India in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we report that:

1. (i) the Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.

   (ii) the fixed assets are being physically verified under a phased programme of verification, which, in our opinion, is reasonable having regard to the nature and value of its assets. However, no material discrepancies have been noticed on such verification.

   (iii) the Company has not disposed off substantial part of its fixed assets during the year.

2. (i) inventories have been physically verified during the year by the management at reasonable intervals.

   (ii) the procedures of physical verification of the inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

   (iii) the Company is maintaining proper records of its inventories and no material discrepancies were noticed on physical verification.

3. the Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act.

4. there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and services. Further, on the basis of our examination of the books and records of the Company, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

5. a) in our opinion and to the best of our knowledge and belief, the particulars of contracts or arrangements referred to Section 301 that needed to be entered into the register, maintained under the said section have been so entered.

   b) where each of such transactions is in excess of Rs 5 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.

6. the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 1975 apply.

7. the Company has an internal audit system commensurate with its size and nature of its business.

8. we have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

9. (i) the Company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities during the year.

   (ii) no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at the balance sheet date for a period of more than six months from the date they became payable.

   (iii) there are no dues of income tax, wealth-tax and customs duty which have not been deposited on account of any dispute. Details of dues towards sales tax, excise duty, service tax and cess that

# ANNEXURE TO THE AUDITORS' REPORT

**Referred to in paragraph 3 of our report of even date on the accounts for the year ended March 31, 2012 of Ashok Leyland Limited.**

have not been deposited on account of dispute are as stated below:

₹ Lakhs

| Nature of dues | Dues | Period to which the amount relates | Forum where the dispute is pending | Amount stayed not included in dues |
|---|---|---|---|---|
| Sales Tax | 2,224.33 | Various periods from 1993-2010 | Appellate Deputy / Additional Commis-sioner | 2,846.88 |
| | 35.84 | Various periods from 1987-2007 | Tribunal | 204.30 |
| | - | Various periods from 1986-2001 | High Court | 49.09 |
| Excise Duty, and cess thereon | 26.78 | Various periods from 2008-2011 | Commis-sioner of Central Excise (Ap-peals) | - |
| | 1,415.09 | | Tribunal (CESTAT) | 4.88 |
| Service tax and cess thereon | 51.62 | Various periods from 2009-2011 | Tribunal (CESTAT) | - |
| | - | Various periods from 2006-2009 | Tribunal (CESTAT) | 230.31 |
| Income Tax | - | 2005-06 and 2007-2008 | Commis-sioner of Income Tax (Appeals) | 8,045.47 |

10. the Company does not have any accumulated losses as at March 31, 2012 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

11. the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders during the year.

12. the Company has maintained adequate documents and records where it has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. the provisions of any special statute applicable to a chit fund, nidhi or mutual benefit fund / societies are not applicable to the Company.

14. the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provisions of Clause 4(xiv) of the CARO are not applicable to the Company.

15. the terms and conditions of guarantees given during the year by the Company, for loans taken by others from banks or financial institutions, are not prima facie prejudicial to the interest of the Company.

16. the term loans availed by the Company were prima facie, applied for the purpose for which they were obtained.

17. on an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used for long-term investment.

18. the Company has not made any preferential allotment of shares during the year to any party.

19. the Company has created securities / charges in respect of debentures issued and outstanding.

20. the Company has not raised any money by public issues during the year.

21. considering the size and nature of the Company's operations, no fraud of material significance on or by the Company has been noticed or reported during the year.

For M.S. KRISHNASWAMI & RAJAN
Chartered Accountants
Registration No. 01554S

M.K. RAJAN
Partner
Membership No.4059

May 14, 2012
Chennai

For DELOITTE HASKINS & SELLS
Chartered Accountants
Registration No. 117366W

R. LAXMINARAYAN
Partner
Membership No.33023

# BALANCE SHEET AS AT MARCH 31, 2012

| Particulars | Note No. | As at March 31, 2012 | | As at March 31, 2011 |
|---|---|---|---|---|
| | | ₹ Lakhs | ₹ Lakhs | ₹ Lakhs |
| **EQUITY AND LIABILITIES** | | | | |
| **Shareholders' funds** | | | | |
| Share capital | 1.1 | 26,606.80 | | 13,303.42 |
| Reserves and surplus | 1.2 | 394,210.55 | | 382,992.79 |
| | | | 420,817.35 | 396,296.21 |
| **Non-current liabilities** | | | | |
| Long-term borrowings | 1.3 | 229,335.11 | | 234,812.83 |
| Deferred tax liabilities (Net) | 1.4 | 49,036.69 | | 44,388.69 |
| Other long term liabilities | 1.5 | 359.03 | | - |
| Long-term provisions | 1.6 | 7,656.30 | | 7,846.35 |
| | | | 286,387.13 | 287,047.87 |
| **Current liabilities** | | | | |
| Short-term borrowings | 1.7 | 10,175.00 | | - |
| Trade payables | 1.8 | 277,246.10 | | 230,850.67 |
| Other current liabilities | 1.9 | 154,911.69 | | 103,442.24 |
| Short-term provisions | 1.10 | 42,037.44 | | 41,694.46 |
| | | | 484,370.23 | 375,987.37 |
| **TOTAL** | | | **1,191,574.71** | **1,059,331.45** |
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Fixed assets | | | | |
| Tangible assets | 1.11 | 456,571.25 | | 434,438.04 |
| Intangible assets | 1.12 | 34,778.16 | | 28,941.13 |
| Capital work-in-progress | 1.11 | 43,519.06 | | 20,070.09 |
| Intangible assets under development | 1.12 | 11,303.03 | | 15,726.52 |
| | | 546,171.50 | | 499,175.78 |
| Non-current investments | 1.13 | 153,447.89 | | 122,999.68 |
| Long-term loans and advances | 1.14 | 60,823.95 | | 38,463.03 |
| Other non-current assets | 1.15 | 742.74 | | 315.79 |
| | | | 761,186.08 | 660,954.28 |
| **Current assets** | | | | |
| Inventories | 1.16 | 223,062.52 | | 220,890.34 |
| Trade receivables | 1.17 | 123,024.79 | | 116,449.82 |
| Cash and cash equivalents | 1.18 | 3,255.58 | | 17,952.72 |
| Short-term loans and advances | 1.19 | 72,709.06 | | 33,439.42 |
| Other current assets | 1.20 | 8,336.68 | | 9,644.87 |
| | | | 430,388.63 | 398,377.17 |
| **TOTAL** | | | **1,191,574.71** | **1,059,331.45** |

Statement on Significant Accounting Policies and Notes to the Financial Statements are an integral part of this Balance Sheet.

For and on behalf of the Board

K.SRIDHARAN
*Chief Financial Officer*

A.R. CHANDRASEKHARAN
*Executive Director & Company Secretary*

DHEERAJ G HINDUJA
*Chairman*

R SESHASAYEE
*Executive Vice Chairman*

VINOD K DASARI
*Managing Director*

This is the Balance Sheet referred to in our Report of even date.

For M.S. KRISHNASWAMI & RAJAN
*Chartered Accountants*

M.K. RAJAN
*Partner*

For DELOITTE HASKINS & SELLS
*Chartered Accountants*

R.LAXMINARAYAN
*Partner*

May 14, 2012
Chennai

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

| Particulars | Note No. | Year Ended March 31, 2012 | | Year Ended March 31, 2011 |
|---|---|---|---|---|
| | | ₹ Lakhs | ₹ Lakhs | ₹ Lakhs |
| **Income** | | | | |
| Revenue from operations | 2.1 | 1,365,847.17 | | 1,215,300.39 |
| Less: Excise Duty | | 81,647.85 | | 97,589.78 |
| Revenue from operations (Net) | | 1,284,199.32 | | 1,117,710.61 |
| Other income | 2.2 | 4,035.03 | | 4,445.14 |
| **Total Revenue** | | | **1,288,234.35** | **1,122,155.75** |
| | | | | |
| **Expenses** | | | | |
| Cost of materials consumed | 2.3 | 912,148.33 | | 806,450.03 |
| Purchases of Stock-in-Trade - Traded goods | 2.4 | 50,737.37 | | 27,336.97 |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | 2.5 | (16,701.30) | | (16,522.40) |
| | | 946,184.40 | | 817,264.60 |
| Employee benefits expenses | 2.6 | 102,039.42 | | 95,971.63 |
| Finance costs | 2.7 | 25,525.32 | | 18,892.34 |
| Depreciation and amortization expenses | 2.8 | 35,281.32 | | 26,743.10 |
| Other expenses | 2.9 | 110,366.01 | | 83,104.15 |
| **Total Expenses** | | | **1,219,396.47** | **1,041,975.82** |
| | | | | |
| Profit before exceptional items and tax | | | 68,837.88 | 80,179.93 |
| **Exceptional items** | | | | |
| Profit on disposal of non-current investments - net | 2.10 | | 159.78 | - |
| **Profit before tax** | | | **68,997.66** | **80,179.93** |
| **Tax expense** | | | | |
| Current tax (Refer Note 3.13 to the Financial Statements) | | 7,752.00 | | 11,115.00 |
| Deferred tax | | 4,648.00 | | 5,935.00 |
| | | | 12,400.00 | 17,050.00 |
| **Profit for the year from continuing operations** | | | **56,597.66** | **63,129.93** |
| Earnings per equity share (Face value Re.1) - Basic and Diluted (in Rs.)<br>[Refer Note 3.3 to the Financial Statements] | | | **2.13** | 2.37 |
| Statement on Significant Accounting Policies and Notes to the Financial Statements are an integral part of this Statement of Profit and Loss. | | | | |

For and on behalf of the Board

K.SRIDHARAN
*Chief Financial Officer*

A.R. CHANDRASEKHARAN
*Executive Director & Company Secretary*

DHEERAJ G HINDUJA
*Chairman*

R SESHASAYEE
*Executive Vice Chairman*

VINOD K DASARI
*Managing Director*

This is the Statement of Profit and Loss referred to in our Report of even date.

For M.S. KRISHNASWAMI & RAJAN
*Chartered Accountants*

M.K. RAJAN
*Partner*

For DELOITTE HASKINS & SELLS
*Chartered Accountants*

R.LAXMINARAYAN
*Partner*

May 14, 2012
Chennai

# CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

| | | 2012 | 2011 |
|---|---|---|---|
| | | ₹ Lakhs | ₹ Lakhs |
| **Cash flow from operating activities** | | | |
| **Profit before tax** | | **68,997.66** | **80,179.93** |
| Adjustments for : | | | |
| Depreciation, amortisation and impairment - net of capitalisation | | 35,281.32 | 26,743.10 |
| Other amortisations - charge / (writeback) | | (569.83) | 1,068.02 |
| Foreign exchange (gains) / losses | | 1,072.60 | 458.41 |
| Loss / (Profit) on disposal of tangible assets | | (348.03) | (188.50) |
| Loss / (Profit) on sale of non current investment | | (159.78) | - |
| Provision for diminution in value of non current investments | | 26.55 | - |
| Interest expense - net of capitalisation | | 22,509.33 | 17,536.75 |
| Interest income | | (1,382.33) | (2,101.04) |
| Dividend income | | (906.06) | (390.32) |
| **Operating profit before working capital changes** | | **124,521.43** | **123,306.35** |
| Adjustments for changes in : | | | |
| Trade Payables | | 41,342.89 | 23,172.41 |
| Long term Provisions | | (190.35) | 1,144.84 |
| Short term Provisions | | (1,481.01) | 5,170.74 |
| Other current liabilities | | 2,770.39 | 7,157.70 |
| Trade receivables | | (5,919.42) | (16,060.95) |
| Inventories | | (2,172.18) | (57,066.35) |
| Long term advances | | (1,766.73) | (6.47) |
| Short term advances | | (31,834.99) | (12,625.28) |
| Other current assets | | 1,422.87 | - |
| Other non current assets | | 12.10 | (28.30) |
| **Cash generated from operations** | | **126,705.00** | **74,164.69** |
| Income tax paid | | (14,998.63) | (15,026.42) |
| **Net cash flow from operating activities** | [A] | **111,706.37** | **59,138.27** |
| **Cash flow from investing activities** | | | |
| Payments for acquisition of assets | | (69,783.90) | (35,260.26) |
| Proceeds on sale of fixed assets | | 720.74 | 250.83 |
| Proceeds from sale of non current investments | | 25,114.30 | 137.08 |

# CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

| | | 2012 | 2011 |
|---|---|---|---|
| | | ₹ Lakhs | ₹ Lakhs |
| Purchase of non current investments | | (55,429.27) | (90,516.49) |
| Interest received | | 775.98 | 1,002.70 |
| Dividend received | | 906.06 | 390.32 |
| Changes in Advances (Net) | | (8,055.94) | 32,222.91 |
| **Net cash flow used in investing activities** | [B] | **(105,752.03)** | **(91,772.91)** |
| **Cash flow from financing activities** | | | |
| Proceeds from long term borrowings | | 57,731.54 | 46,000.00 |
| Repayments of long term borrowings | | (34,878.46) | (8,601.12) |
| Proceeds from short term borrowings | | 117,832.98 | - |
| Repayments of short term borrowings | | (108,291.85) | - |
| Debenture / Loan raising expenses paid | | (896.44) | (69.28) |
| Interest paid - Net | | (21,661.97) | (15,423.86) |
| Dividend paid and tax thereon | | (30,923.05) | (23,269.36) |
| **Net cash flow from financing activities** | [C] | **(21,087.25)** | **(1,363.62)** |
| **Net cash inflow / (outflow)** | [A+B+C] | **(15,132.91)** | **(33,998.26)** |
| **Opening cash and cash equivalents** | | **17,537.27** | **51,535.53** |
| **Closing cash and cash equivalents** | | **2,404.36** | **17,537.27** |
| **Net increase / (decrease) in cash and cash equivalents** | | **(15,132.92)** | **(33,998.26)** |
| **Notes to the cash flow statement** | | | |
| Components of cash and cash equivalents: | | | |
| Cash and bank balances, cash credit excluding those relating to unclaimed dividend | | 2,746.31 | 17,551.91 |
| Unrealised foreign exchange (gains) / losses - net | | (341.95) | (14.64) |
| | | **2,404.36** | **17,537.27** |

For and on behalf of the Board

K.SRIDHARAN
*Chief Financial Officer*

A.R. CHANDRASEKHARAN
*Executive Director & Company Secretary*

DHEERAJ G HINDUJA
*Chairman*

R SESHASAYEE
*Executive Vice Chairman*

VINOD K DASARI
*Managing Director*

This is the Cash Flow Statement referred to in our Report of even date.

For M.S. KRISHNASWAMI & RAJAN
*Chartered Accountants*

M.K. RAJAN
*Partner*

For DELOITTE HASKINS & SELLS
*Chartered Accountants*

R.LAXMINARAYAN
*Partner*

May 14, 2012
Chennai

# STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

## 1. Accounting convention

1.1 Financial statements are prepared in accordance with the generally accepted accounting principles including accounting standards in India under historical cost convention except so far as they relate to revaluation of certain land and buildings.

1.2 All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has determined its operating cycle as twelve months for the purpose of current - non current classification of assets and liabilities.

1.3 Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of the financial statements, disclosure of contingent liabilities and reported amounts of revenues and expenses for the year. Estimates are based on historical experience, where applicable and other assumptions that management believes are reasonable under the circumstances. Actual results could vary from these estimates and any such differences are dealt with in the period in which the results are known/ materialize.

## 2. Fixed assets and depreciation / amortisation

2.1 Cost of all civil works (including electrification and fittings) is capitalised with the exception of alterations and modifications of a capital nature to existing structures where the cost of such alteration or modification is Rs 1,00,000 and below. Other fixed assets, including intangible assets and assets given on lease, where the cost exceeds Rs. 10,000 and the estimated useful life is two years or more, is capitalised. Cost of initial spares and tools is capitalised along with the respective assets. Cost of fixed assets is net of eligible credits under CENVAT / VAT Scheme. Expenditure directly related and incidental to construction / acquisition of tangible / intangible assets are capitalised upto the date the assets are ready for their intended use. Interest and other related costs, including amortised cost of borrowings attributable only to major projects are capitalised as part of the cost of the respective assets. Exchange differences are capitalised to the extent dealt with in para 5.2 below.

2.2 Assets are depreciated / amortised, as below, on straight line basis:

a) Leasehold land over the period of lease

b) Leasehold land and buildings subject to revaluation, is calculated on the respective revalued amounts, over the balance useful life as determined by the valuers in the case of buildings and as per (a) above in the case of land;

c) Buildings, plant and machinery (except assets subject to impairment) and other assets, including assets given on lease and assets in leased premises / customer premises, over their estimated useful lives or lives derived from the rates prescribed in Schedule XIV to the Companies Act, 1956, whichever is lower and in the case of intangible assets, over their estimated useful life;

d) Assets subject to impairment, on the asset's revised carrying amount, over its remaining useful life.

2.3 Depreciation / amortisation is provided on a pro-rata basis from the month the assets are put to use during the financial year. In respect of assets sold or disposed off during the year, depreciation / amortisation is provided till the month of sale or disposal of the assets.

## 3. Investments

Non-current investments are stated at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investment, if any. Current investments are valued at lower of cost and fair value.

## 4. Inventories

4.1 Inventories are valued at lower of cost and net realisable value; cost being ascertained on the following basis:

- Stores, spares, consumable tools, raw materials and components and work-in-progress: On monthly moving weighted average basis.

# STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

- In respect of works-made components, cost includes applicable production overheads.
- Finished / trading goods: under absorption costing method.

4.2 Cost includes taxes and duties and is net of eligible credits under CENVAT / VAT Schemes.

4.3 Cost of patterns and dies is amortised equally over five years.

4.4 Surplus / obsolete / slow moving inventories are adequately provided for.

## 5. Foreign currency transactions and derivatives

5.1 Foreign currency transactions are recorded at the rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currency are translated at closing rate. Exchange differences arising on settlement or translation of monetary items other than those mentioned in para 5.2 below are recognized as income or expense in the Statement of Profit and Loss.

5.2 Exchange differences on translation or settlement of long term foreign currency monetary items (i.e. whose term of settlement exceeds twelve months from date of its origination) at rates different from those at which they were initially recorded or reported in the previous financial statements, in so far as it relates to acquisition of depreciable assets are adjusted to the cost of the assets. In other cases, these are accumulated in “Foreign currency monetary item translation difference account” and amortised by recognition as income or expense in each period over the balance term of such items till settlement occurs but not beyond March 31, 2020.

5.3 Gains and losses on certain forward contracts designated as effective Cash flow hedges are recognised in the Hedge Reserve Account till the underlying forecasted transaction occurs.

5.4 Gains and losses on all other derivatives (including forward contracts not designated as Cash flow hedge) are recognised in the Statement of Profit and Loss. Premium or discount on forward contracts is amortized over the life of the contract.

5.5 Investments in equity capital of companies registered outside India are carried in the Balance Sheet at the rates prevailing on the date of the transaction.

5.6 Income / expenditure of overseas branches are recognized at the average rate prevailing during the month in which transaction occurred.

## 6. Amortisation of deferred expenditure

Expenditure incurred on raising loans is amortised over the period of such borrowings. Premium paid on prepayment of any borrowing is amortised over the unexpired period thereof or sixty months, whichever is less. Expenditure incurred on issue of debentures is adjusted against Securities Premium Account.

## 7. Segment Reporting

The Company’s primary segment is identified as business segment based on nature of product, risks, returns and the internal business reporting system and secondary segment is identified based on geographical location of the customers. As per Accounting Standard – 17, the Company is principally engaged in a single business segment viz. Commercial vehicles and related components.

## 8. Revenue recognition

8.1 Revenue from sale of products is recognised on despatch or appropriation of goods in accordance with the terms of sale and is inclusive of excise duty. Revenue arising due to price escalation claim is recognised in the period when such claim is made in accordance with terms of sale.

8.2 Revenue from services is recognised in accordance with the specific terms of contract on performance.

8.3 Other operating revenues comprise of income from ancillary activities incidental to the operations of the Company and is recognised when the right to receive the income is established as per the terms of the contract.

# STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

## 9. Leases

9.1 Leases in which the Company transfers substantially all the risks and rewards of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the net investment in the lease. After the initial recognition, the Company apportions lease rentals between principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognized in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc., are recognized immediately in the Statement of Profit and Loss.

9.2 Leases in which the Company does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the Statement of Profit and Loss on a straight line basis over the lease terms. Costs, including depreciation, are recognized as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs etc. are recognized immediately in the Statement of Profit and Loss.

## 10. Government grants

Grants in the form of capital/investment subsidy are treated as Capital reserve. Export incentives and incentives in the nature of subsidies given by the Government are reckoned in revenue in the year of eligibility.

## 11. Research and Development Costs

Expenditure on the design and production of prototypes is charged to revenue as incurred. Product development costs, including knowhow developed / acquired, incurred on new vehicle/ engine platforms, variants on existing platforms and aggregates are recognised as Intangible assets and amortised.

## 12. Employee benefits

12.1 Short term employee benefit obligations are estimated and provided for.

12.2 Post-employment benefits and other long term employee benefits

- Defined contribution plans:

  Company's contribution to provident fund, superannuation fund, employee state insurance and other funds are determined under the relevant schemes and / or statute and charged to revenue.

- Defined benefit plans and compensated absences:

  Company's liability towards gratuity, other retirement benefits and compensated absences are actuarially determined at each balance sheet date using the projected unit credit method. Actuarial gains and losses are recognised in revenue.

## 13. Product warranties

Provision for product warranties is made for contractual obligations in accordance with the policy in force and is estimated for the unexpired period.

## 14. Deferred tax

Deferred tax is recognised on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversing in one or more subsequent periods.

Deferred tax asset pertaining to unabsorbed depreciation and carry forward of losses are recognised only to the extent there is a virtual certainty of its realisation.

# NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

| | | As at March 31, 2012 | As at March 31, 2011 |
|---|---|---|---|
| **1.1 CAPITAL** | | ₹ Lakhs | ₹ Lakhs |
| **Authorised** | | | |
| | 300,00,00,000 (2011 : 200,00,00,000) Equity shares of Re.1 (2011: Re.1) each | **30,000.00** | **20,000.00** |
| **Issued** | | | |
| a) | 201,45,66,829 (2011: 100,73,85,752) Equity shares | 20,145.67 | 10,073.86 |
| b) | 64,63,14,480 (2011: 32,31,57,240) Equity shares issued through Global depository receipts | 6,463.14 | 3,231.57 |
| | | **26,608.81** | **13,305.43** |
| **Subscribed and fully paid up** | | | |
| a) | 201,43,62,154 (2011: 100,71,81,077) Equity shares | 20,143.62 | 10,071.81 |
| b) | 64,63,14,480 (2011: 32,31,57,240) Equity shares issued through Global depository receipts | 6,463.14 | 3,231.57 |
| | | 26,606.76 | 13,303.38 |
| | Add: Forfeited shares (amount originally paid up in respect of 760 shares) | 0.04 | 0.04 |
| | | **26,606.80** | **13,303.42** |

| **Notes:** | 2012 | 2011 |
|---|---|---|
| 1. Reconciliation of number of Equity shares subscribed | | |
| Balance as at the beginning of the year | 133,03,38,317 | 133,03,38,317 |
| Add: Shares issued and allotted as bonus shares during the year in the ratio of 1:1 [ Refer Note 1.2 (b) to the Financial Statements] * | 133,03,38,317 | - |
| **Balance as at the end of the year** | **266,06,76,634** | **133,03,38,317** |

* Represents the number of shares issued as Bonus shares during last five years

2. Shares held by the Holding Company

   Hinduja Automotive Limited, the holding Company, holds 102,72,37,424 (2011: 51,36,18,712) Equity shares and 54,86,669 (2011: 54,86,669) Global Depository Receipts (GDRs) equivalent to 32,92,00,140 (2011: 16,46,00,070) equity shares of Re. 1 (2011: Re.1) each aggregating to 50.98% of the total share capital.

3. Shareholders other than the Holding Company holding more than 5% of the total share capital

   Life Insurance Corporation of India holds 25,93,11,056 (2011: 12,59,14,895) Equity shares of Re.1 each aggregating to 9.75% (2011: 9.46%).

4. Pursuant to the issue of bonus shares in the ratio of 1:1 during the year, the entitlement of GDR holders to the underlying Equity shares in the Company has increased proportionately.

5. Rights, preferences and restrictions in respect of equity shares and GDRs issued by the Company

   a) The Equity shareholders are entitled to receive dividends as and when declared; a right to vote in proportion to holding etc. and their rights, preferences and restrictions are governed by / in terms of their issue under the provisions of the Companies Act, 1956.

   b) The rights, preferences and restrictions of the GDR holders are governed by the terms of their issue, and the provisions of the Companies Act 1956. Each GDR holder is entitled to receive 60 equity shares [ 2011: 30 equity shares ] of Re. 1 each, per GDR, and their voting rights can be exercised through the Depository.

# NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

| | | As at March 31, 2012 | | As at March 31, 2011 |
|---|---|---|---|---|
| **1.2** | **RESERVES AND SURPLUS** | ₹ Lakhs | ₹ Lakhs | ₹ Lakhs |
| **a)** | **Capital Reserve as at the beginning and end of the year** | | **89.50** | **89.50** |
| **b)** | **Securities Premium Account** | | | |
| | Balance as at the beginning of the year | 89,033.66 | | 89,033.66 |
| | Less: Utilisation towards issue of fully paid bonus shares during the year | 13,303.38 | | - |
| | Expenses incurred on issue of Debentures [Refer Note 3.16 to the Financial Statements] | 125.74 | | - |
| | Balance as at the end of the year | | **75,604.54** | **89,033.66** |
| **c)** | **Debenture Redemption Reserve** | | | |
| | Balance as at the beginning of the year | 9,000.00 | | 4,166.66 |
| | Add: Transferred from Statement of Profit and Loss | 3,750.00 | | 5,250.00 |
| | Less: Transferred to Statement of Profit and Loss | 3,750.00 | | 416.66 |
| | Balance as at the end of the year | | **9,000.00** | **9,000.00** |
| **d)** | **Revaluation Reserve** | | | |
| | Balance as at the beginning of the year | 130,627.60 | | 133,317.40 |
| | Less: Transferred to Statement of Profit and Loss [Refer Note 3.2.9 (b) to the Financial Statements] | 1,577.46 | | 2,685.06 |
| | Transferred to General reserve on sale of assets | 88.15 | | - |
| | Reversal occasioned on extinguishment of assets | 131.38 | | 4.74 |
| | Add: Transferred from Amortisation Reserve [Refer Note 3.2.9 (c) to the Financial Statements] | 2,505.09 | | - |
| | Balance as at the end of the year | | **131,335.70** | **130,627.60** |
| **e)** | **General Reserve** | | | |
| | Balance as at the beginning of the year | 79,253.33 | | 69,253.33 |
| | Add: Transferred from Statement of Profit and Loss | 10,000.00 | | 10,000.00 |
| | Transferred from Revaluation reserve on sale of assets | 88.15 | | - |
| | Balance as at the end of the year | | **89,341.48** | **79,253.33** |
| **f)** | **Hedge Reserve** (Refer Note 3.9.2 to the Financial Statements) | | | |
| | Balance as at the beginning of the year | (129.82) | | (33.14) |
| | Add: Unrealised gains / (losses) on cash flow hedges-net | (1,823.98) | | (96.68) |
| | Balance as at the end of the year | | **(1,953.80)** | **(129.82)** |
| **g)** | **Surplus - balance in Statement of Profit and Loss** | | | |
| | Balance as at the beginning of the year | 75,118.52 | | 57,744.98 |
| | Add: Current year profit | 56,597.66 | | 63,129.93 |
| | Transferred from Debenture Redemption Reserve | 3,750.00 | | 416.66 |
| | Less: Transferred to General Reserve | 10,000.00 | | 10,000.00 |
| | Transferred to Debenture Redemption Reserve | 3,750.00 | | 5,250.00 |
| | Proposed Dividend [Re. 1.00 per share (2011: Rs. 2 per share)] | 26,606.77 | | 26,606.77 |
| | Corporate dividend tax thereon | 4,316.28 | | 4,316.28 |
| | Balance as at the end of the year | | **90,793.13** | **75,118.52** |
| | | | **394,210.55** | **382,992.79** |

# NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

| | As at March 31, 2012 | As at March 31, 2011 |
|---|---|---|
| **1.3 NON-CURRENT LIABILITIES - LONG TERM BORROWINGS** | ₹ Lakhs | ₹ Lakhs |
| **a) Secured Borrowings** | | |
| i. Debentures | 36,000.00 | 33,000.00 |
| ii. Term Loan from banks | 60,000.00 | 78,333.33 |
| **b) Unsecured Borrowings** | | |
| i. Long term monetary item in foreign currency - External Commercial Borrowings from banks | 125,491.67 | 113,717.25 |
| ii. Other loans and advances | | |
| Interest free sales tax loans | 6,692.17 | 8,060.54 |
| Loans from a Financial institution | 1,151.27 | 1,701.71 |
| | **229,335.11** | **234,812.83** |

Security and terms of repayment in respect of the above borrowings are covered in Note 3.14 to the Financial Statements.

| | | |
|---|---|---|
| **1.4 NON-CURRENT - DEFERRED TAX LIABILITIES (NET)** | | |
| **a) Deferred tax liability due to** | | |
| i. Depreciation / Research and development expenditure | 51,033.03 | 46,500.63 |
| ii. Other timing differences | 593.58 | 230.61 |
| **b) Deferred tax asset arising out of** | | |
| i. Voluntary retirement scheme compensation | (31.36) | (78.83) |
| ii. Provision for Leave encashment | (2,064.64) | (1,950.53) |
| iii. Other timing differences | (493.92) | (313.19) |
| | **49,036.69** | **44,388.69** |
| **1.5 NON CURRENT LIABILITIES - OTHER LONG TERM LIABILITIES** | | |
| Foreign currency monetary item translation difference - net [ Refer Note 3.9.1 to the Financial Statements ] | 359.03 | - |
| | **359.03** | **-** |
| **1.6 NON-CURRENT LIABILITIES - LONG-TERM PROVISIONS** | | |
| **a) Provision for Employee Benefits** | | |
| i. Compensated absences | 5,165.73 | 5,004.91 |
| ii. Post retirement benefits | 377.30 | 412.86 |
| iii. Post retirement medical benefits | 150.19 | 128.20 |
| **b) Provision for Product warranties** | 1,963.08 | 2,300.38 |
| | **7,656.30** | **7,846.35** |

Movement in respect of provision: Addition / (withdrawal) made for the year - Product warranties - Rs. (337.30) lakhs, (2011: Rs. 127.05 lakhs)

# NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

| | As at March 31, 2012 | As at March 31, 2011 |
|---|---|---|
| **1.7 CURRENT LIABILITIES - SHORT TERM BORROWINGS** | ₹ Lakhs | ₹ Lakhs |
| **Unsecured Borrowings - from Banks** | | |
| Short term loans (STL) | | |
| (i) STL - 1 | 5,087.50 | - |
| (ii) STL - 2 | 5,087.50 | |
| | **10,175.00** | - |
| Terms of repayment in respect of the above - Refer Note 3.15 to the Financial Statements | | |
| **1.8 CURRENT LIABILITIES - TRADE PAYABLES** | | |
| **Trade payables - including acceptances** | | |
| i. Micro, Small and Medium enterprises [Refer Note 3.11 to the Financial Statements] | 14,525.47 | 17,782.39 |
| ii. Other Trade Payables | 262,720.63 | 213,068.28 |
| | **277,246.10** | **230,850.67** |
| **1.9 CURRENT LIABILITIES - OTHER CURRENT LIABILITIES** | | |
| a) Current maturities of Long term debts | 70,279.22 | 22,013.65 |
| b) Interest accrued but not due on borrowings | 4,422.17 | 4,120.25 |
| c) Income received in advance | 34.01 | 21.49 |
| d) Unclaimed dividends | 509.27 | 400.81 |
| e) Foreign currency monetary item translation difference - net [ Refer Note 3.9.1 to the Financial Statements ] | 56.24 | - |
| f) Other payables | 79,567.71 | 67,893.37 |
| g) Deferred Liability | 43.07 | 8,992.67 |
| | **154,911.69** | **103,442.24** |

**Notes:**

1. Details of security and terms of repayment in respect of the current maturities of long term debts: [Refer Note 3.14 to the Financial Statements]

| | | |
|---|---|---|
| 2. Other payables include: | | |
| - Contribution payable to Gratuity Fund | 2,002.48 | 2,085.39 |
| - Foreign exchange (gain) / loss on Marked-to-Market basis - net | 2,948.75 | 214.66 |
| - Employee benefits | 13,319.81 | 15,935.51 |
| - Capital creditors | 13,563.16 | 10,292.04 |
| - Advance from customers | 17,843.73 | 10,599.63 |

# NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

| | As at March 31, 2012 | As at March 31, 2011 |
|---|---|---|
| **1.10 CURRENT LIABILITIES - SHORT-TERM PROVISIONS** | ₹ Lakhs | ₹ Lakhs |
| **a) Provision for employee benefits** | | |
| i. Compensated absences | 1,197.79 | 1,006.90 |
| ii. Post retirement benefits | 86.52 | 68.49 |
| iii. Post retirement medical benefits | 51.35 | 28.72 |
| **b) Others** | | |
| i. Proposed dividend | 26,606.77 | 26,606.77 |
| ii. Corporate dividend tax on proposed dividend | 4,316.28 | 4,316.28 |
| iii. Product warranties | 9,778.73 | 9,667.30 |
| | **42,037.44** | **41,694.46** |

Movement in respect of provision
Provision / (withdrawal) made for the year
- Product warranties - Rs. 11.43 lakhs (2011: Rs. 3,746.07 lakhs)

### 1.11 NON-CURRENT ASSETS - TANGIBLE ASSETS AND CAPITAL WORK IN PROGRESS

₹ Lakhs

| DESCRIPTION | GROSS BLOCK (COST / VALUATION) | | | | DEPRECIATION / AMORTISATION / IMPAIRMENT | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 01.04.2011 | Additions | Disposals | 31.03.2012 | Upto 31.03.2011 | Charge during the year | Disposals / Adjustments | Upto 31.03.2012 | 31.03.2012 | 31.03.2011 |
| Land | | | | | | | | | | |
| - Freehold land | 76,757.82 | 63.88 | - | 76,821.70 | - | - | - | - | 76,821.70 | 76,757.82 |
| - Leasehold land | 40,052.72 | 1,477.06 | - | 41,529.78 | 4,748.21 | 510.26 | 3,420.00 | 1,838.47 | 39,691.31 | 35,304.51 |
| - Leasehold land given on lease | 126.41 | - | - | 126.41 | 41.08 | 8.26 | 32.59 | 16.75 | 109.66 | 85.33 |
| Buildings | 122,382.21 | 12,002.72 | 328.97 | 134,055.96 | 17,567.44 | 4,118.59 | 53.94 | 21,632.09 | 112,423.87 | 104,814.77 |
| Building given on lease | 805.60 | 322.34 | - | 1,127.94 | 57.39 | 18.84 | - | 76.23 | 1,051.71 | 748.21 |
| Plant and equipment | 351,792.71 | 29,913.24 | 4,666.99 | 377,038.96 | 150,447.81 | 22,137.11 | 4,457.57 | 168,127.35 | 208,911.61 | 201,344.90 |
| Furniture and fittings | 5,512.88 | 1,469.91 | 38.04 | 6,944.75 | 2,709.29 | 837.02 | 36.35 | 3,509.96 | 3,434.79 | 2,803.59 |
| Furniture and fittings given on lease | 58.58 | 36.29 | - | 94.87 | 25.86 | 9.65 | - | 35.51 | 59.36 | 32.72 |
| Vehicles and aircraft | 14,297.72 | 765.90 | 229.57 | 14,834.05 | 5,155.05 | 963.65 | 188.86 | 5,929.84 | 8,904.21 | 9,142.67 |
| Office Equipment | 15,436.61 | 3,664.21 | 371.01 | 18,729.81 | 12,051.64 | 1,896.15 | 370.48 | 13,577.31 | 5,152.50 | 3,384.97 |
| Office Equipment given on lease | 44.20 | - | - | 44.20 | 25.65 | 8.02 | - | 33.67 | 10.53 | 18.55 |
| **TOTAL** | **627,267.46** | **49,715.55** | **5,634.58** | **671,348.43** | **192,829.42** | **30,507.55** | **8,559.79** | **214,777.18** | **456,571.25** | **434,438.04** |
| **Less:** Transfer from Revaluation Reserve pertaining to Building | | | | | | 1,243.18 | | | | |
| Amount considered as Rent [Refer Note 2.9 to the Financial Statements] | | | | | | 518.52 | | | | |
| **TOTAL** | | | | | | **28,745.85** | | | | |
| **Previous year** | 585,361.07 | 43,085.44 | 1,179.05 | 627,267.46 | 165,953.09 | 24,721.75 | (2,154.58) | 192,829.42 | 434,438.04 | |
| **Capital Work-in-Progress** | | | | | | | | | 43,519.06 | 20,070.09 |

1. Buildings include service installations of gross value Rs. 12,171.40 lakhs (2011: Rs. 10,582.38 lakhs)
2. Land and Buildings (other than those given on lease and installations) have been revalued as at March 31, 2009 after considering depreciation / amortisation upto that date as per external valuer's report, on the governing principles of current cost. The amount of increase on the revaluation done on March 31, 2009 was Rs. 1,36,486.44 lakhs and the revalued amount substituted for historical cost of the fixed assets as at that date was Rs. 2,03,737.92 lakhs
3. A portion of the buildings in Bhandara revalued at Rs. 950 lakhs is on a land, the title for which is yet to be transferred to the Company.
4. Cost of Buildings as at March 31, 2012 includes:
   a) Rs.3.42 lakhs (2011: Rs.3.42 lakhs) being cost of shares in Housing Co-operative Society representing ownership rights in residential flats and furniture and fittings thereat.
   b) Rs.132.38 lakhs (2011: Rs.132.38 lakhs) representing cost of residential flats including undivided interest in land.
5. Additions to tangible assets include exchange (gain) / loss aggregating to Rs. 20,958.42 lakhs (2011: Rs. (923.98) lakhs) capitalised as under:
   - Land Rs. 1,396.41 lakhs (2011: Rs.(86.46) lakhs), Building Rs. 2,004.77 lakhs (2011: Rs. (86.07) lakhs), Plant and equipment Rs. 9,778.54 lakhs (2011: Rs. (540.45) lakhs), Furniture and fittings Rs. 420.79 lakhs (2011: Rs. (16.50) lakhs), Vehicles and aircraft Rs. 218.24 lakhs (2011: Rs. 29.09 lakhs), Office equipment Rs. 468.82 lakhs (2011: Rs. (20.61) lakhs), Capital Work in progress Rs. 6,670.85 lakhs (2011: Rs. (144.80) lakhs).

**1.12 NON-CURRENT ASSETS - INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT**

₹ Lakhs

| DESCRIPTION | GROSS BLOCK (COST / VALUATION) | | | | DEPRECIATION / AMORTISATION / IMPAIRMENT | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 01.04.2011 | Additions | Disposals | 31.03.2012 | Upto 31.03.2011 | Charge during the year | Disposals / Adjustments | Upto 31.03.2012 | 31.03.2012 | 31.03.2011 |
| Computer software | | | | | | | | | | |
| - Developed | 2,446.84 | 6,178.48 | - | 8,625.32 | 2,446.83 | 106.22 | - | 2,553.05 | 6,072.27 | 0.01 |
| - Acquired | 7,337.34 | 1,948.24 | - | 9,285.58 | 4,549.37 | 1,354.98 | - | 5,904.35 | 3,381.23 | 2,787.97 |
| Others | | | | | | | | | | |
| Technical knowhow | | | | | | | | | | |
| - Developed | 21,050.13 | 3,199.31 | - | 24`,249.44 | 292.42 | 3,736.27 | - | 4,028.69 | 20,220.75 | 20,757.71 |
| - Acquired | 11,087.10 | 1,046.47 | - | 12,133.57 | 5,691.66 | 1,338.00 | - | 7,029.66 | 5,103.91 | 5,395.44 |
| | | | | | | | | | | |
| **TOTAL** | **41,921.41** | **12,372.50** | **-** | **54,293.91** | **12,980.28** | **6,535.47** | **-** | **19,515.75** | **34,778.16** | **28,941.13** |
| | | | | | | | | | | |
| **Previous Year** | 16,502.30 | 25,419.11 | - | 41,921.41 | 10,958.93 | 2,021.35 | - | 12,980.28 | 28,941.13 | |
| | | | | | | | | | | |
| **Intangible assets under development** | | | | | | | | | 11,303.03 | 15,726.52 |

Additions to fixed assets and capital work in progress include:

a) Borrowing cost of the year capitalised for software developed Rs. 78.30 lakhs (2011: NIL) and intangible assets under development Rs. 78.49 lakhs (2011: Rs. 175.34 lakhs)

b) Other expenses capitalised Rs. 2,283.49 lakhs (2011: Rs.2,178.10 lakhs)

c) Exchange (gain) / loss aggregating to Rs. 276.55 lakhs (2011: Rs. (13.72) lakhs) capitalised as under :
Software Rs. 229.04 lakhs (2011: Rs. (8.11) lakhs), Technical Knowhow Rs. 47.51 lakhs (2011: Rs. (5.61) lakhs)

# NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 1.13 NON-CURRENT ASSETS - NON-CURRENT INVESTMENTS

| DESCRIPTION | As at March 31, 2012 | | | As at March 31, 2011 | |
|---|---|---|---|---|---|
| | ₹ Lakhs | Nos | ₹ Lakhs | Nos | ₹ Lakhs |
| **A) Trade Investments** | | | | | |
| **I) Investment in Equity Instruments** | | | | | |
| **1) Fellow Subsidiary** | | | | | |
| **Equity Shares of Rs. 10 each** | | | | | |
| Hinduja Foundries Limited # | | 54,05,793 | 2,421.26 | 54,05,793 | 2,421.26 |
| **2) Associates** | | | | | |
| **a) Equity Shares of Rs. 10 each** | | | | | |
| i) Albonair (India) Private Limited | | 40,00,000 | 400.00 | 40,00,000 | 400.00 |
| ii) Ashley Bio-Fuels Limited | | - | - | 7,520,014 | 752.00 |
| iii) Ashok Leyland Defence Systems Limited | | 17,567 | 1.76 | 17,567 | 1.76 |
| iv) Automotive Coaches and Components Limited | | 51,70,664 | 488.27 | 51,70,664 | 488.27 |
| v) Defiance Technologies Limited | | 2,34,10,000 | 2,341.00 | 3,13,61,619 | 3,136.16 |
| vi) Irizar - TVS Limited | | 33,00,000 | 367.50 | 33,00,000 | 367.50 |
| vii) Hinduja Leyland Finance Limited | | - | - | 10,92,00,000 | 10,920.00 |
| **b) Equity Shares of Rs.100 each** | | | | | |
| i) Ashley Transport Services Limited | | - | - | 6,00,000 | 600.00 |
| ii) Gulf Ashley Motor Limited | | 5,79,190 | 579.19 | 5,79,190 | 579.19 |
| **c) Equity shares of Srilankan Rs. 10 each** | | | | | |
| i) Lanka Ashok Leyland Limited | | 10,08,332 | 57.46 | 10,08,332 | 57.46 |
| **d) Equity shares of UAE Dirhams of 1000 each** | | | | | |
| i) Ashok Leyland (UAE) LLC | | 9,400 | 1,168.52 | 9,400 | 1,168.52 |
| **e) Equity Shares of US Dollars 0.01 each** | | | | | |
| i) Defiance Testing and Engineering Services Inc. USA | | 49 | 691.15 | 49 | 691.15 |
| **f) Equity Shares** | | | | | |
| i) Optare plc UK [ Refer Note 3 Below ] | | | | | |
| - Ordinary shares of British Pence 0.1 each (2011: British Pence 1 each) | | 56,63,44,583 | 5,842.79 | 19,55,57,828 | 5,025.24 |
| - Deferred shares of British Pence 0.9 each (2011: NIL) | | 19,55,57,828 | - | - | - |
| **g) Equity shares of Euro 1 each** | | | | | |
| i) Albonair GmbH | | 96,12,000 | 5,963.18 | 96,12,000 | 5,963.18 |
| **h) Equity shares of GBP 1 each** | | | | | |
| i) Ashok Leyland (UK) Limited | | 100 | 0.08 | - | - |

# NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

| DESCRIPTION | As at March 31, 2012 | | | As at March 31, 2011 | |
|---|---|---|---|---|---|
| | ₹ Lakhs | Nos | ₹ Lakhs | Nos | ₹ Lakhs |
| **3) Joint Ventures** | | | | | |
| **Equity Shares of Rs. 10 each** | | | | | |
| i) Ashley Alteams India Limited | | 4,00,00,000 | 4,000.00 | 3,50,00,000 | 3,500.00 |
| ii) Ashok Leyland John Deere Construction Equipment Company Private Limited | | 6,08,68,150 | 6,086.82 | 4,23,68,150 | 4,236.82 |
| iii) Ashok Leyland Nissan Vehicles Limited | | 20,70,61,500 | 20,706.15 | 16,88,41,500 | 16,884.15 |
| iv) Automotive Infotronics Limited | | 1,57,51,762 | 1,575.18 | 1,57,51,762 | 1,575.18 |
| v) Nissan Ashok Leyland Powertrain Limited | | 7,35,40,705 | 7,354.07 | 5,44,30,705 | 5,443.07 |
| vi) Nissan Ashok Leyland Technologies Limited | | 2,55,04,000 | 2,550.40 | 2,55,04,000 | 2,550.40 |
| **4) Others** | | | | | |
| **a) Equity Shares of Rs. 10 each** | | | | | |
| i) Ashley Bio-Fuels Limited (cost Rs.140) | | 14 | | - | - |
| ii) Hinduja Leyland Finance Limited | | 5,70,00,000 | 5,700.00 | - | - |
| **b) Equity Shares of Rs.100 each** | | | | | |
| i) Ashley Transport Services Limited | | 7 | 0.01 | - | - |
| **II) Investment in Preference Shares** | | | | | |
| **Fellow Subsidiary** | | | | | |
| **6% Cumulative Non-Convertible Redeemable Preference shares of Rs. 100 each** | | | | | |
| i) Hinduja Foundries Limited | | 25,00,000 | 2,166.67 | 25,00,000 | 2,166.67 |
| **III) Investment in Ownership Interest** | | | | | |
| **Ownership interest in share capital in Czech koruna** | | | | | |
| i) Avia Ashok Leyland Motors s.r.o. - as an Associate upto March 19, 2012 | | - | - | 48.33% | 13,068.48 |
| ii) Avia Ashok Leyland Motors s.r.o. - from March 20, 2012 | | 2.00% | 639.18 | - | - |
| **Total - Trade Investments** | | | **71,100.64** | | **81,996.46** |
| Less: Provision for diminution in value towards | | | | | |
| i) Avia Ashok Leyland Motors s.r.o. | 626.53 | | | | - |
| ii) Ashley Bio-Fuels Limited (Fully provided - Rs. 140) | | | | | - |
| iii) Ashley Transport Services Limited (Fully provided - Rs. 700) | 0.01 | | | | 600.00 |
| **Aggregate provision for diminution in value of Trade Investments** | | | **626.54** | | **600.00** |
| **Total - Trade Investments - Net (A)** | | | **70,474.10** | | **81,396.46** |

# NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

| DESCRIPTION | | As at March 31, 2012 | | As at March 31, 2011 | |
|---|---|---|---|---|---|
| | | Nos | Rs. Lakhs | Nos | Rs. Lakhs |
| **B) Other Investments** | | | | | |
| **I) Investment in Equity Shares** | | | | | |
| **1) Associates** | | | | | |
| **Equity Shares of Rs. 10 each** | | | | | |
| i) Ashley Airways Limited (under liquidation) | | 14,70,000 | 14.70 | 14,70,000 | 14.70 |
| ii) Ashley Holdings Limited | | 31,98,77,500 | 31,987.75 | 14,35,37,500 | 14,353.75 |
| iii) Ashley Investments Limited | | 32,26,57,500 | 32,265.75 | 14,45,77,500 | 14,457.75 |
| iv) Ashok Leyland Project Services Limited | | 34,42,400 | 344.24 | 34,42,400 | 344.24 |
| v) Mangalam Retail Services Limited | | 24,980 | 2.50 | 24,980 | 2.50 |
| **2) Others** | | | | | |
| **a) Equity shares of Rs. 10 each** | | | | | |
| i) Chennai Willingdon Corporate Foundation (Cost Rs.900) | | 100 | | 100 | |
| ii) Hinduja Global Solutions Limited # | | 2,029 | 4.05 | 2,029 | 4.05 |
| iii) Hinduja Ventures Limited # | | 2,029 | 4.06 | 2,029 | 4.06 |
| iv) ICICI Bank Limited # | | 24,231 | 10.52 | 24,231 | 10.52 |
| v) IndusInd Bank Limited # | | 2,01,13,923 | 15,138.90 | 1,80,25,923 | 9,210.33 |
| **b) Equity shares of Rs. 100 each partly paid-up** | | | | | |
| i) Adyar Property Holding Co. Limited (Rs. 65 paid up) | | 400 | 0.26 | 400 | 0.26 |
| **II) Investment in Preference Shares** | | | | | |
| **Associates** | | | | | |
| **2 % Non-Cumulative Non-Convertible Redeemable Preference shares of Rs. 10 each** | | | | | |
| i) Ashley Holdings Limited | | 1,50,00,000 | 1,500.00 | 1,50,00,000 | 1,500.00 |
| ii) Ashley Investments Limited | | 1,50,00,000 | 1,500.00 | 1,50,00,000 | 1,500.00 |
| **III) Investment in Government Securities** | | | | | |
| National Savings Certificate of the face value of Rs. 0.50 lakh | | | 0.50 | | 0.50 |
| **IV) Investment in Debentures or Bonds** | | | | | |
| **Non-convertible redeemable bonds of Rs. 10 Lakhs each** | | | | | |
| ICICI Bank Limited # | | 20 | 200.56 | 20 | 200.56 |
| **Total - Other Investments** | **(B)** | | **82,973.79** | | **41,603.22** |
| **Grand Total** | **(A + B)** | | **1,53,447.89** | | **1,22,999.68** |

# NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

| | | As at March 31, 2012 | As at March 31, 2011 |
|---|---|---|---|
| **Note:** | | ₹ Lakhs | ₹ Lakhs |
| 1. Investments are fully paid-up unless otherwise stated. | | | |
| 2. Quoted Investments (#) | - Cost | 17,779.35 | 11,850.78 |
| | - Market value | 68,152.25 | 52,413.46 |
| Unquoted Investments | - Others (Cost) | 1,36,295.08 | 1,11,748.90 |

3. Investment in Optare plc, UK.

   In lieu of 19,55,57,828 Ordinary Shares in Optare plc of face value of British Pence 1 each, the Company was allotted an equal number of New Ordinary Shares with face value of British Pence 0.1 each and Deferred Shares with face value of British Pence 0.9 each pursuant to a restructuring exercise by Optare plc. The value of shares received has been recorded at lower of cost and fair value.

4. The shares in the following companies can be disposed off / encumbered only with the consent of banks / financial institutions who have given loans to these companies :

   a) Ashley Alteams India Limited

   b) Automotive Coaches and Components Limited

   c) Hinduja Foundries Limited

**1.14 NON-CURRENT ASSETS - LONG-TERM LOANS AND ADVANCES**

| | | | |
|---|---|---|---|
| **a) Capital Advances** | | | |
| i. Unsecured, considered good | | 14,212.16 | 2,467.73 |
| ii. Unsecured, considered doubtful | | 1.00 | 1.00 |
| Less: Provision | | 1.00 | 1.00 |
| | **A** | **14,212.16** | **2,467.73** |
| **b) Security Deposits - Unsecured, considered good** | **B** | **1,347.58** | **1,041.08** |
| **c) Loans and advances to Related Parties** [Refer Note 3.5 to the Financial Statements] | | | |
| - Unsecured, considered good | | | |
| i. Long term monetary assets in foreign currency | | 9,784.31 | 12,497.10 |
| ii. Others | | 232.49 | 747.49 |
| **d) Balances with customs, port trust, central excise etc.** | | | |
| Unsecured, considered doubtful | | 1,428.06 | 1,428.06 |
| Less: Provision | | 1,428.06 | 1,428.06 |
| | **C** | **-** | **-** |
| **e) Other Loans and Advances - Unsecured, considered good** | | | |
| i. Material advance | | 38.20 | 255.29 |
| ii. Employee advances | | 851.90 | 632.74 |
| iii. Sales tax paid under protest | | 2,382.01 | 2,382.01 |
| iv. Advance Income tax (net) | | 3,040.54 | 1,907.13 |
| v. MAT Credit entitlement | | 22,572.94 | 16,294.94 |
| vi. Share Capital advance | | 5,000.00 | - |
| vii. Other advances | | 1,361.82 | 237.52 |
| | **D** | **35,247.41** | **21,709.63** |
| **Total** | **(A + B + C + D)** | **60,823.95** | **38,463.03** |
| Of the above, Due from Directors / Officers | | 0.11 | 0.16 |

# NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

| | As at March 31, 2012 | | As at March 31, 2011 |
|---|---|---|---|
| **1.15 OTHER NON-CURRENT ASSETS** | ₹ Lakhs | ₹ Lakhs | ₹ Lakhs |
| a) Long term trade receivables<br>- Unsecured considered good | | 12.13 | 24.23 |
| b) Unamortised debenture / loan issue expenses | | 730.61 | 291.56 |
| **Total** | | **742.74** | **315.79** |

**1.16 CURRENT ASSETS - INVENTORIES**

| | | | |
|---|---|---|---|
| (a) Raw materials and Components (including patterns and dies) | | 78,988.15 | 94,841.45 |
| (b) Work-in -progress | | 17,229.95 | 26,282.03 |
| (c) Finished goods | | 100,557.62 | 77,816.21 |
| (d) Trading goods | | | |
| (i) Engines | 210.16 | | 248.25 |
| (ii) Light Commercial Vehicles | 40.62 | | - |
| (iii) Spare parts and auto components (including works made) | 16,262.42 | | 12,451.49 |
| | | 16,513.20 | 12,699.74 |
| (e) Stores, spares and consumable tools | | 9,773.60 | 9,250.91 |
| | | **223,062.52** | **220,890.34** |
| Goods in transit included under the above heads are as below: | | | |
| (a) Raw Materials and components | | 9,266.97 | 7,638.48 |
| (b) Trading goods | | | |
| (i) Engines | | 169.88 | 159.29 |
| (ii) Light Commercial Vehicles | | 40.62 | - |
| (iii) Spare parts and auto components (including works made) | | 535.32 | 27.41 |
| (c) Stores, spares and consumable tools | | 14.67 | - |

**1.17 CURRENT ASSETS - TRADE RECEIVABLES**

| | | |
|---|---|---|
| Trade Receivables - Unsecured | | |
| (i) Considered good | 123,024.79 | 116,449.82 |
| (ii) Considered doubtful | 39.47 | 63.01 |
| | 123,064.26 | 116,512.83 |
| Less: Provision | 39.47 | 63.01 |
| | **123,024.79** | **116,449.82** |
| Age analysis of trade receivables | | |
| Outstanding for more than six months from the date they are due | 24,812.84 | 19,468.29 |
| Others | 98,211.95 | 96,981.53 |
| **Total** | **123,024.79** | **116,449.82** |

# NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

| | As at March 31, 2012 | As at March 31, 2011 |
|---|---|---|
| **1.18 CURRENT ASSETS - CASH AND CASH EQUIVALENTS** | ₹ Lakhs | ₹ Lakhs |
| a) Cash and cash equivalents | | |
| Balances with Banks in Current account | 2,723.32 | 17,337.40 |
| b) Cheques, drafts on hand | 0.55 | 182.02 |
| c) Cash and stamps on hand | 22.44 | 32.49 |
| d) Other bank balances | | |
| - Earmarked accounts * | 509.27 | 400.81 |
| **Total** | **3,255.58** | **17,952.72** |
| * Earmarked accounts represent balances in the unclaimed dividend accounts. | | |

**1.19 CURRENT ASSETS - SHORT-TERM LOANS AND ADVANCES**

| | | |
|---|---|---|
| Unsecured, Considered Good | | |
| (a) Loans and advances to related parties [Refer Note 3.5 to the Financial Statements] | | |
| (i) Current portion of Long term monetary assets in foreign currency | 9,728.47 | 1,822.82 |
| (ii) Others | 6,061.57 | 3,023.94 |
| (b) Others | | |
| (i) Security deposit | 112.25 | 136.64 |
| (ii) Payroll advance | 1,576.18 | 1,716.88 |
| (iii) Material advances | 11,154.29 | 5,978.18 |
| (iv) Balances with customs, port trust, central excise etc. | 8,125.00 | 5,298.67 |
| (c) Other receivables | 35,951.30 | 15,462.29 |
| **Total** | **72,709.06** | **33,439.42** |
| Of the above | | |
| 1. Due from Directors / Officers | 0.05 | 0.44 |
| 2. Other receivables include | | |
| - Sales tax | 2,799.39 | 353.09 |
| - Prepaid expenses | 3,456.99 | 3,061.66 |
| - VAT credit | 19,037.35 | 7,509.79 |
| - Entry tax | 1,824.41 | 1,338.71 |
| - Service tax | 944.75 | 114.74 |

# NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

| 1.20 CURRENT ASSETS - OTHER CURRENT ASSETS | As at March 31, 2012 ₹ Lakhs | As at March 31, 2011 ₹ Lakhs |
|---|---|---|
| a) Interest accrued : | | |
| - Loans and advance to Related Parties [Refer Note 3.5 to the Financial Statements] | 688.84 | 837.53 |
| - Others | 48.38 | 41.09 |
| b) Export incentive receivables | 7,344.89 | 8,626.36 |
| c) Current portion of unamortised debenture / loan raising expenses | 254.57 | 139.89 |
| | **8,336.68** | **9,644.87** |

| 2.1 REVENUE FROM OPERATIONS | | Year ended March 31, 2012 | Year ended March 31, 2011 |
|---|---|---|---|
| **a) Sale of products** | | | |
| - Commercial Vehicles | | 1,184,618.44 | 1,083,647.88 |
| - Engines and Gensets | | 34,921.00 | 35,581.46 |
| - Spare parts and others | | 171,748.00 | 106,134.72 |
| | **(A)** | **1,391,287.44** | **1,225,364.06** |
| **b) Revenue from services** | **(B)** | **2,125.84** | 2,031.72 |
| **c) Other operating revenues** | | | |
| - Contract manufacturing | | 2,637.88 | 1.52 |
| - Export Incentives | | 8,945.23 | 6,520.81 |
| - Scrap sales | | 7,255.54 | 5,147.39 |
| - Others | | 1,156.01 | 212.48 |
| | **(C)** | **19,994.66** | **11,882.20** |
| | **(A+B+C)** | **1,413,407.94** | **1,239,277.98** |
| Less: Commission, rebate and discounts | | 47,560.77 | 23,977.59 |
| | | **1,365,847.17** | **1,215,300.39** |

# NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

| | | Year ended March 31, 2012 | | Year ended March 31, 2011 |
|---|---|---|---|---|
| **2.2** | **OTHER INCOME** | ₹ Lakhs | ₹ Lakhs | ₹ Lakhs |
| | **a) Interest income from** | | | |
| | i. Non-Current investments | 14.94 | | 14.90 |
| | ii. Others, including bills discounting | 1,367.39 | | 2,086.14 |
| | | | 1,382.33 | 2,101.04 |
| | **b) Dividend income from** | | | |
| | i. Current investments | 392.30 | | 439.55 |
| | ii. Non-Current investments | 513.76 | | 390.32 |
| | | | 906.06 | 829.87 |
| | **c) Profit on disposal of Current investments - Net** | | - | 1.60 |
| | **d) Other non-operating income** | | | |
| | i. Cash discount earned | 444.92 | | 440.06 |
| | ii. Profit on sale of fixed assets - Net | 348.03 | | 188.50 |
| | iii. Others | 953.69 | | 884.07 |
| | | | 1,746.64 | 1,512.63 |
| | | | **4,035.03** | **4,445.14** |

| | | | |
|---|---|---|---|
| **2.3** | **COST OF MATERIALS CONSUMED** | | |
| | a) Forgings and castings | 65,312.66 | 69,337.36 |
| | b) Plates, sheets, bars, steel tubes and angles | 27,489.44 | 21,781.93 |
| | c) Tyres, tubes and flaps | 91,672.53 | 85,853.97 |
| | d) Finished and other items | 727,899.33 | 629,704.71 |
| | | 912,373.96 | 806,677.97 |
| | Less: Issues capitalised | 225.63 | 227.94 |
| | | **912,148.33** | **806,450.03** |
| | Of the above | | |
| | 1. Imported items - amount | 61,957.30 | 56,822.54 |
| | - percentage | 6.79% | 7.04% |
| | 2. Indigenous items - amount | 850,416.66 | 749,855.43 |
| | - percentage | 93.21% | 92.96% |

| | | | |
|---|---|---|---|
| **2.4** | **PURCHASES OF STOCK-IN-TRADE - TRADED GOODS** | | |
| | a) Traded engines | 1,570.10 | 1,592.58 |
| | b) Light Commercial Vehicles | 15,658.63 | - |
| | c) Spare parts and Auto components | 33,508.64 | 25,744.39 |
| | | **50,737.37** | **27,336.97** |

# NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

| | Year ended March 31, 2012 | Year ended March 31, 2011 |
|---|---|---|
| **2.5 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE** | ₹ Lakhs | ₹ Lakhs |
| a) Changes in Inventories | | |
| - Work-in-progress | 9,052.08 | 8,374.23 |
| - Finished / Trading goods | (26,554.85) | (25,927.83) |
| **Net change** | **(17,502.77)** | **(17,553.60)** |
| b) Movement in Excise duty content in stocks | | |
| - Paid | 82,449.32 | 98,620.98 |
| - Recovered | (81,647.85) | (97,589.78) |
| **Net movement** | **801.47** | **1,031.20** |
| **Net** | **(16,701.30)** | **(16,522.40)** |
| **2.6 EMPLOYEE BENEFITS EXPENSE** | | |
| a) Salaries, wages and bonus | 80,464.95 | 77,135.86 |
| b) Contribution to provident, gratuity and other funds | 8,744.45 | 8,506.07 |
| c) Welfare expenses | 14,409.87 | 11,818.08 |
| | 103,619.27 | 97,460.01 |
| Less: Employee expenses capitalised | 1,579.85 | 1,488.38 |
| | **102,039.42** | **95,971.63** |
| **2.7 FINANCE COSTS** | | |
| a) Interest | 22,437.89 | 17,712.09 |
| b) Other borrowing costs * | 3,244.22 | 1,355.59 |
| | 25,682.11 | 19,067.68 |
| Less: Interest cost capitalised | 156.79 | 175.34 |
| | **25,525.32** | **18,892.34** |
| * Other borrowing costs include amortisation of: | | |
| - Loan raising / debenture issues expenses | 216.97 | 155.26 |
| - Premium on forward contracts | 1,081.46 | - |

# NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

| | | Year ended March 31, 2012 | Year ended March 31, 2011 |
|---|---|---|---|
| **2.8 DEPRECIATION / IMPAIRMENT** | | ₹ Lakhs | ₹ Lakhs |
| **A) Tangible assets** | | | |
| (a) Buildings | | 4,118.59 | 3,861.16 |
| (b) Plant and machinery | | 22,137.11 | 19,161.46 |
| (c) Furniture and fittings | | 837.02 | 619.94 |
| (d) Office equipment | | 1,896.15 | 1,416.99 |
| (e) Vehicles and aircrafts | | 963.65 | 802.97 |
| (f) Assets given on lease | | | |
| - Buildings | | 18.84 | 15.03 |
| - Furniture and fittings | | 9.65 | 14.55 |
| - Office equipment | | 8.02 | - |
| **Total on Tangible assets** | **(A)** | **29,989.03** | **25,892.10** |
| **B) Intangible assets** | | | |
| (a) Computer software | | | |
| - Developed | | 106.22 | 5.69 |
| - Acquired | | 1,354.98 | 879.61 |
| (b) Technical knowhow | | | |
| - Developed | | 3,736.27 | 292.42 |
| - Acquired | | 1,338.00 | 843.63 |
| **Total on Intangible assets** | **(B)** | **6,535.47** | **2,021.35** |
| **C) Less: Transfer from Revaluation Reserve** [Refer note 3.2.9 (b) to the Financial Statements] | **(C)** | **1,243.18** | **1,170.35** |
| **Total** | **(A + B - C)** | **35,281.32** | **26,743.10** |
| **Note:** | | | |
| Impairment charge included in the above | | | |
| - In Plant and machinery | | 200.27 | 333.44 |
| - In Office equipment | | - | 0.26 |

| | | Year ended March 31, 2012 | Year ended March 31, 2011 |
|---|---|---|---|
| **2.9** | **OTHER EXPENSES** | ₹ Lakhs | ₹ Lakhs |
| | (a) Consumption of stores and tools | 7,108.62 | 6,602.55 |
| | (b) Power and fuel | 7,674.55 | 6,518.51 |
| | (c) Rent | 1,377.98 | 2,028.74 |
| | (d) Repairs and maintenance | | |
| | - Buildings | 2,783.76 | 1,765.94 |
| | - Plant and machinery | 9,967.27 | 8,603.59 |
| | (e) Insurance | 748.90 | 650.25 |
| | (f) Rates and taxes, excluding taxes on income | 680.06 | 527.02 |
| | (g) Selling and administration expenses - net | 33,836.94 | 22,707.14 |
| | (h) Service and product warranties | 16,482.15 | 15,173.63 |
| | (i) Packing and forwarding charges | 23,221.23 | 14,399.15 |
| | (j) Research and development | 6,943.65 | 4,757.35 |
| | (k) Diminution in value of investments | 26.54 | - |
| | (l) Bad and doubtful debts / advances provided / written-off (Net of recovery) | 218.00 | 60.01 |
| | | 111,069.65 | 83,793.88 |
| | Less: Expenses capitalised | 703.64 | 689.73 |
| | | **110,366.01** | **83,104.15** |
| 1. | Rent: | | |
| | (a) includes amortisation of cost / value of leasehold assets Rs. 518.52 lakhs (2011: Rs.1,922.76 lakhs) as reduced by transfer of Rs. 334.28 lakhs (2011: 1,514.71 lakhs) from Revaluation reserve. [ Refer Note 3.2.9 (b) ] | 184.24 | 408.06 |
| | (b) is after write back of Rs. 946.03 lakhs pertaining to earlier years. [ Refer Note 3.2.9 (c) ] | | |
| 2. | Selling and administration expenses include: | | |
| | - Directors' sitting fees | 20.60 | 19.20 |
| | - Commission to Non-Wholetime Directors | 287.24 | - |
| **2.10** | **EXCEPTIONAL ITEMS:** | | |
| | **a) Profit on sale of Non-Current Investments** | | |
| | - Hinduja Leyland Finance Limited | 14,440.00 | - |
| | - Defiance Technologies Limited | 1,576.00 | - |
| | | 16,016.00 | - |
| | **b) (Loss) on sale of Non-Current Investments** | | |
| | - AVIA Ashok Leyland Motors s.r.o | (14,513.63) | - |
| | - Ashley Bio-Fuels Limited | (749.74) | - |
| | - Ashley Transport Services Limited | (592.85) | - |
| | | (15,856.22) | - |
| | **Profit on disposal of Non-Current Investments - net** | **159.78** | **-** |

# NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

| | | | | 2012 | | 2011 |
|---|---|---|---|---|---|---|
| **3.1** | **Information regarding Imports (c.i.f)** | | | **₹ Lakhs** | | **₹ Lakhs** |
| | a) | Raw materials | | 44,039.02 | | 44,459.36 |
| | b) | Trading goods and others | | 2,151.80 | | 1,634.65 |
| | c) | Spares and tools | | 1,568.08 | | 1,006.79 |
| | d) | Capital items | | 17,256.37 | | 9,241.35 |
| | | | | **65,015.27** | | **56,342.15** |
| **3.2.** | **Foreign currency transactions and other financial information** | | | | | |
| 3.2.1 | Expenditure incurred in foreign currency | | | | | |
| | a) | Royalty | | 245.00 | | 141.08 |
| | b) | Technical knowhow | | 720.14 | | 2,452.74 |
| | c) | Professional and consultation fees | | 654.38 | | 1,145.46 |
| | d) | Interest and commitment charges | | 7,986.79 | | 6,189.83 |
| | e) | Commission on sales | | 15,434.60 | | 12,059.78 |
| | f) | Research and development | | 1,488.93 | | 550.83 |
| | g) | Travel | | 485.99 | | 448.71 |
| | h) | Other expenses | | | | |
| | | - Freight charges | 2,914.63 | | 2,056.03 | |
| | | - Product warranty | 851.85 | | 514.58 | |
| | | - Others | 1,979.30 | | 760.85 | |
| | | | | 5,745.78 | | 3,331.46 |
| | | | | **32,761.61** | | **26,319.89** |
| 3.2.2 | Dividend remitted in foreign currency * | | | | | |
| | a) | Number of non-resident shareholders | 1 | | 1 | |
| | b) | Number of shares on which dividend was remitted | 44,11,66,680 | | 44,11,66,680 | |
| | c) | Dividend remitted during the year relating to the previous year | | 8,823.33 | | 6,617.50 |
| | | * Dividend paid to other Non-Resident shareholders is in Indian Rupee. | | | | |
| 3.2.3 | Earnings in foreign currency | | | | | |
| | a) | Export of goods - FOB value | | 154,035.97 | | 110,909.12 |
| | b) | Royalty, know-how, professional and consultation fees | | 1,122.48 | | - |
| | c) | Interest and dividend | | 903.82 | | 880.49 |
| | d) | Others [Includes freight, insurance and commission earned] | | 8,533.10 | | 5,866.93 |
| | | | | **164,595.37** | | **117,656.54** |

| | | | 2012 | 2011 |
|---|---|---|---|---|
| | | | ₹ Lakhs | ₹ Lakhs |
| 3.2.4 | Auditors' remuneration | | | |
| | Included under Selling and administration expenses - net [ Refer Note - 2.9 to the Financial Statements] | | | |
| | a) | For financial audit | 50.00 | 50.00 |
| | b) | For cost audit | 2.00 | 2.00 |
| | c) | For taxation matters | 8.50 | 8.50 |
| | d) | For Company law matters | 0.50 | 0.50 |
| | e) | For other services - review of accounts, certification work, etc. | 46.60 | 31.33 |
| | f) | For reimbursement of expenses | 2.59 | 7.76 |
| 3.2.5 | Total Research and development costs charged to the Statement of Profit and Loss [including amount shown under Note 2.9 to the Financial Statements] | | 28,198.34 | 20,489.68 |
| 3.2.6 | Impact of exchange (gain) / loss for the year in the Statement of Profit and Loss due to: | | | |
| | a) | Translation / Settlement | 1,660.07 | 581.55 |
| | b) | Amortisation of exchange differences | 168.88 | 122.76 |
| | c) | Depreciation on exchange differences capitalised | 1,377.33 | 269.41 |
| 3.2.7 | Contingent liabilities | | | |
| | a) | Claims against the Company not acknowledged as debts (net) - Sales tax | 3,114.08 | 3,194.78 |
| | | - Others | 2,865.19 | 2,722.75 |
| | b) | Guarantees | 47,593.90 | 37,925.49 |
| | c) | Bills discounted | - | 243.90 |
| | | The outflow in respect of the above is not practicable to ascertain in view of the uncertainties involved. | | |
| 3.2.8 | a) | Capital commitments (net of advances) not provided for [including Rs.1,892.08 Lakhs (2011:Rs 220.96 Lakhs) in respect of Intangible assets] | 45,018.73 | 44,089.98 |
| | b) | Uncalled Liability on Partly paid shares / investments | 0.14 | 0.14 |
| 3.2.9 | **a)** | **Useful life of Tangible and Intangible Assets** | **Useful life (yrs)** | **Useful life (yrs)** |
| | | **(1) Useful life lower than that derived from the rates specified in Schedule XIV to the Companies Act, 1956** | | |
| | | a) Buildings - Revalued buildings are depreciated over the balance useful life as determined by the valuers. | | |
| | | b) Non-factory service installations | | |
| | | (i) In Customer premises | 12 | 12 |
| | | (ii) Lease improvements | 3 | 3 |

| | 2012 | 2011 |
|---|---|---|
| | ₹ Lakhs | ₹ Lakhs |
| c) Plant and machinery | | |
| (i) Assets subject to impairment - revised carrying amount over its remaining useful life | | |
| (ii) Windmills | 12 | 12 |
| d) Furniture and fittings | 8 | 8 |
| | 2012 | 2011 |
| | Useful life (yrs) | Useful life (yrs) |
| e) Furniture and fittings - lease improvements | 3 | 3 |
| f) Office equipment | 8 | 8 |
| g) Office equipment - Data processing system | 5 | 5 |
| h) Vehicles | | |
| (i) Cars and motorcycles | 3 | 3 |
| (ii) Trucks and buses | 5 | 5 |
| **(2) Useful life not prescribed in Schedule XIV to the Companies Act, 1956** | | |
| Intangible assets | | |
| a) Computer software | | |
| (i) Developed | 5 / 10 | 5 |
| (ii) Acquired | 5 | 5 |
| b) Technical knowhow | | |
| (i) Developed | 6 | 6 |
| (ii) Acquired | 5 / 6 | 5 / 6 |

b) Depreciation for the year computed on assets revalued as on March 31, 2009 over the balance useful life on straight line method includes a net charge of Rs.1,577.46 lakhs (2011: Rs. 2,685.06 lakhs) [Rs.1,243.18 lakhs (2011: Rs.1,170.35 lakhs) in Note 2.8 to the Financial Statements and Rs.334.28 lakhs (2011: Rs.1,514.71 lakhs) in Note 2.9 to the Financial Statements respectively] being the excess over the depreciation computed by the method followed by the Company prior to revaluation/period of lease in respect of leasehold land and the same has been transferred from Revaluation Reserve to the Statement of Profit and Loss.

c) The Company has, during the year, modified the method of amortization of value of leasehold land from "lower of 40 years and the period of lease", to "the period of lease", so as to provide a more appropriate presentation of the working results and financial position. The impact of the said modification is a write back of excess amortisation of Rs.946.03 lakhs pertaining to earlier years. Had the earlier method been followed, the amortisation charge for the year would be higher by Rs.223.82 lakhs. Further since the leasehold land had been revalued in 2009, appropriate reinstatement to Revaluation Reserve by Rs.2,505.09 lakhs has been made with corresponding reduction in accumulated amortisation amount to adjust the excess transfer in earlier years.

| 3.3. | Earnings Per Share | | 2012 | 2011 |
|---|---|---|---|---|
| | Profit after taxation as per Statement of Profit and Loss (in Rs. lakhs) | (A) | 56,597.66 | 63,129.93 |
| | Weighted average number of equity shares outstanding (Post Bonus) | (B) | 2,660,676,634 | 2,660,676,634 |
| | Basic and Diluted earnings per share (Face value Re. 1) (in Rs.) | (A/B) | 2.13 | 2.37 |

**3.4. Segment information**

The Company's primary segment is identified as business segment based on nature of products, risks, returns and the internal business reporting system and secondary segment is identified based on the geographical location of the customers as per Accounting Standard 17. The Company is principally engaged in a single business segment viz., commercial vehicles and related components.

The "Geographical segment" has been considered for disclosure as secondary segment.

₹ Lakhs

| Particulars | Year | In India | Outside India | Unallocated | Total |
|---|---|---|---|---|---|
| **Revenue from external customers** | **2012** | 1,216,271.35 | 149,575.82 | - | **1,365,847.17** |
| | 2011 | 1,108,569.50 | 106,730.89 | - | 1,215,300.39 |
| **Segment assets** | **2012** | 905,651.28 | 42,688.73 | 243,234.70 | **1,191,574.71** |
| | 2011 | 856,399.26 | 16,527.29 | 186,404.90 | 1,059,331.45 |
| **Capital expenditure during the year** | **2012** | 67,179.44 | 53.38 | 13,880.71 | **81,113.53** |
| | 2011 | 44,150.46 | - | 4,003.73 | 48,154.19 |

a) Revenue from external customers comprises of income from sale of products, services and other operating revenues. [ Refer Note 2.1 to the Financial Statements ]

b) Carrying amount of Segment assets comprises of non - current assets and current assets identified to the respective segments. However Segment assets in India also include certain common assets used to generate revenue in both segments but not feasible of allocation.

c) Unallocated assets and capital expenditure includes current and non current assets other than considered in (b) above.

d) Capital expenditure during the year represents net additions to Tangible and Intangible assets and movement in Capital work in progress.

**3.5. Related party disclosure**

**a) List of parties where control exists**

*Holding Company*

Hinduja Automotive Limited, United Kingdom

Machen Holdings SA

(Holding Company of Hinduja Automotive Limited, United Kingdom)

Machen Development Corporation, Panama

(Holding Company of Machen Holdings SA)

Amas Holdings SA

(Holding Company of Machen Development Corporation, Panama)

**b) Other related parties**

*Fellow subsidiaries*

Hinduja Foundries Limited
Hinduja Auto Components Limited
Hinduja Automotive (UK) Limited

*Associates*

Albonair GmbH, Germany
Albonair India Private Limited
Ashley Airways Limited (under liquidation)
Ashley Bio-Fuels Limited ........ [ upto March 1, 2012 ]
Ashley Holdings Limited
Ashley Investments Limited
Ashley Transport Services Limited ........ [ upto March 19, 2012 ]
Ashok Leyland Defence Systems Limited
Ashok Leyland (UAE) LLC, Ras Al Khaimah, UAE
Ashok Leyland (UK) Limited ........ [ from November 01, 2011 ]
Automotive Coaches and Components Limited
Avia Ashok Leyland Motors s.r.o, Czech Republic ........ [ upto March 19, 2012 ]
Defiance Technologies Limited
Defiance Testing and Engineering Services Inc. USA
Gulf Ashley Motor Limited
Hinduja Leyland Finance Limited ........ [ upto March 19, 2012 ]
Irizar TVS Limited
Lanka Ashok Leyland Limited, Sri Lanka
Mangalam Retail Services Limited
Optare plc, UK

*Joint Ventures*

Ashley Alteams India Limited
Automotive Infotronics Limited
Ashok Leyland John Deere Construction Equipment Company Private Limited
Ashok Leyland Nissan Vehicles Limited
Nissan Ashok Leyland Powertrain Limited
Nissan Ashok Leyland Technologies Limited

*Key management personnel*

Mr. R Seshasayee, Executive Vice Chairman
Mr. Vinod K Dasari, Managing Director

## 3.5 Related Party disclosure …. Continued

### c) Related Party Transactions - summary

₹ Lakhs

| | | Fellow Subsidiary* | | Associates | | Joint Ventures | | Holding Company | | Key Management Personnel | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | **2012** | 2011 |
| | **Transactions during the year ended March 31** | | | | | | | | | | | | |
| 1 | Purchase of raw materials and components ( net of CENVAT / VAT ) | 23,269.23 | 22,452.38 | 20,991.61 | 16,993.71 | 21,396.04 | 2,842.45 | - | - | - | - | **65,656.88** | 42,288.54 |
| 2 | Sales and Services ( net of excise duties ) | 10.45 | - | 114,224.43 | 68,108.49 | 1,859.59 | 246.22 | - | - | - | - | **116,094.47** | 68,354.71 |
| 3 | Other Operating Income | 1,068.92 | 541.54 | - | - | 3,281.02 | - | - | - | - | - | **4,349.94** | 541.54 |
| 4 | Other expenditure incurred / (recovered) | 23.95 | 880.89 | 2,338.19 | (652.85) | 279.23 | (447.12) | 139.71 | 52.66 | - | - | **2,781.08** | (166.42) |
| 5 | Advance / Current accounts - Net increase / (decrease ) | - | (0.15) | (513.02) | 2,322.97 | 20.87 | - | - | - | - | - | **(492.15)** | 2,322.82 |
| 6 | Interest and other income | - | 0.80 | 976.13 | 922.58 | 57.64 | 436.01 | - | - | - | - | **1,033.77** | 1,359.39 |
| 7 | Interest expense | - | - | 97.11 | 104.32 | - | - | - | - | - | - | **97.11** | 104.32 |
| 8 | Sale of assets | - | - | - | - | 11.60 | - | - | - | - | - | **11.60** | - |
| 9 | Purchase of Assets | - | 843.00 | 72.28 | 1,445.62 | - | - | - | - | - | - | **72.28** | 2,288.62 |
| 10 | Dividend income | - | - | 134.19 | 76.92 | - | - | - | - | - | - | **134.19** | 76.92 |
| 11 | Dividend payments # | - | - | - | - | - | - | 8,823.33 | 6,617.50 | 0.82 | 0.62 | **8,824.15** | 6,618.12 |
| 12 | Remuneration to key management personnel | - | - | - | - | - | - | - | - | 569.39 | 388.84 | **569.39** | 388.84 |
| 13 | Guarantees given | - | 8,919.00 | 10,205.70 | - | - | 1,930.78 | - | - | - | - | **10,205.70** | 10,849.78 |
| 14 | Acquisition of investments | - | 990.67 | 41,417.69 | 66,691.56 | 8,083.00 | 20,788.29 | - | - | - | - | **49,500.69** | 88,470.52 |
| 15 | Disposal of investments | - | - | 24,202.52 | 132.30 | - | - | - | - | - | - | **24,202.52** | 132.30 |
| 16 | Advance given for share capital | - | - | - | 393.06 | - | - | - | - | - | - | **-** | 393.06 |
| 17 | Loans given | - | - | 22,621.12 | 6,594.77 | - | - | - | - | - | - | **22,621.12** | 6,594.77 |
| 18 | Loans repaid | - | - | 15,783.94 | 35,260.81 | - | - | - | - | - | - | **15,783.94** | 35,260.81 |
| | **Balances as on March 31** | | | | | | | | | | | | |
| 1 | Debtors | 11.98 | 1.01 | 24,559.08 | 7,732.02 | 1,775.25 | 21.11 | - | - | - | - | **26,346.31** | 7,754.14 |
| 2 | Loans and advances (including interest accrued) ** | 2,375.92 | 180.19 | 23,405.34 | 16,115.07 | 711.21 | 174.35 | - | 2,065.61 | 0.16 | 0.60 | **26,492.63** | 18,535.82 |
| 3 | Advance for Share Capital ** | - | - | 3.06 | 393.06 | - | - | - | - | - | - | **3.06** | 393.06 |
| 4 | Creditors for materials and expenses | 1,022.64 | 2,150.76 | 2,997.93 | 2,192.92 | 4,182.87 | 424.20 | 97.52 | 40.74 | 176.99 | 177.89 | **8,477.95** | 4,986.51 |
| 5 | Deferred Liability (including interest accrued) | - | - | - | 9,013.04 | - | - | - | - | - | - | **-** | 9,013.04 |
| 6 | Financial guarantees | | - | - | - | - | - | - | - | - | - | **-** | - |
| | - for working capital (maximum limit USD 2 million) | - | - | 991.53 | 5.15 | - | - | - | - | - | - | **991.53** | 5.15 |
| | - others | 6,783.33 | 8,919.00 | 14,284.17 | 24,189.40 | 2,714.70 | 2,535.30 | - | - | - | - | **23,782.20** | 35,643.70 |

* relates to Hinduja Foundries Limited

\# relates to Hinduja Automotive Limited

** Refer Notes 1.14, 1.19 and 1.20 to the Financial Statements

**d) Significant Related Party Transactions**

₹ Lakhs

| | | Category | 2012 | 2011 |
|---|---|---|---|---|
| **1** | **Purchase of raw materials and components ( net of CENVAT / VAT)** | | | |
| i) | Automotive Coaches and Components Limited | Associate | 6,814.78 | 8,516.09 |
| ii) | Irizar TVS Limited | Associate | 12,994.67 | 8,143.28 |
| iii) | Ashley Alteams India Limited | Joint Venture | 3,445.39 | 2,402.69 |
| iv) | Ashok Leyland Nissan Vehicles Limited | Joint Venture | 17,420.63 | - |
| **2** | **Sales and Services (net of taxes)** | | | |
| i) | Ashok Leyland (UAE) LLC | Associate | 16,057.21 | 10,150.40 |
| ii) | Gulf Ashley Motor Limited | Associate | 21,156.28 | 14,814.21 |
| iii) | Lanka Ashok Leyland Limited | Associate | 73,095.20 | 39,464.72 |
| iv) | Ashok Leyland Nissan Vehicles Limited | Joint Venture | 705.13 | 9.12 |
| v) | Ashok Leyland John Deere Construction Equipment Company Private Limited | Joint Venture | 499.02 | - |
| vi) | Ashley Alteams India Limited | Joint Venture | 232.83 | 0.45 |
| vii) | Nissan Ashok Leyland Technologies Limited | Joint Venture | 323.27 | 112.09 |
| **3** | **Other Operating Income** | | | |
| i) | Ashok Leyland Nissan Vehicles Limited | Joint Venture | 2,516.24 | - |
| ii) | Nissan Ashok Leyland Powertrain Limited | Joint Venture | 764.78 | - |
| **4** | **Other Expenditure incurred / (recovered)** | | | |
| i) | Hinduja Automotive Limited | Holding Company | 139.71 | 52.66 |
| ii) | Defiance Technologies Limited | Associate | 1,174.49 | 1,100.64 |
| iii) | Defiance Testing and Engineering Services Inc. | Associate | 640.54 | - |
| iv) | Ashok Leyland John Deere Construction Equipment Company Private Limited | Joint Venture | (40.90) | (0.04) |
| v) | Ashok Leyland Nissan Vehicles Limited | Joint Venture | 318.57 | (243.69) |
| **5** | **Advance/Current account - Net increase / ( decrease )** | | | |
| i) | Automotive Coaches and Components Limited | Associate | (499.72) | 1,050.31 |
| ii) | Ashok Leyland Nissan Vehicles Limited | Joint Venture | 20.87 | - |
| **6** | **Interest and other income** | | | |
| i) | Avia Ashok Leyland Motors s.r.o. | Associate | 113.52 | 314.66 |
| ii) | Albonair GmbH | Associate | 107.10 | 68.03 |
| iii) | Automotive Coaches and Components Limited | Associate | 142.51 | 53.64 |
| iv) | Defiance Testing and Engineering Services Inc. | Associate | 457.91 | 395.81 |
| v) | Nissan Ashok Leyland Technologies Limited | Joint Venture | 57.41 | 281.35 |

₹ Lakhs

| | | | Category | 2012 | 2011 |
|---|---|---|---|---|---|
| **7** | **Interest expense** | | | | |
| | i) | Avia Ashok Leyland Motors s.r.o. | Associate | 97.11 | 104.32 |
| **8** | **Dividend income** | | | | |
| | i) | Lanka Ashok Leyland Limited | Associate | 134.19 | 62.40 |
| **9** | **Acquisition of Investments** | | | | |
| | i) | Ashley Holdings Limited | Associate | 17,634.00 | 13,883.00 |
| | ii) | Ashley Investments Limited | Associate | 17,808.00 | 14,000.00 |
| | iii) | Avia Ashok Leyland Motors s.r.o. | Associate | 2,377.23 | 13,066.96 |
| | iv) | Hinduja Leyland Finance Limited | Associate | 2,000.00 | 10,200.00 |
| | v) | Optare plc, UK | Associate | 817.54 | 5,025.24 |
| | vi) | Ashok Leyland Nissan Vehicles Limited | Joint Venture | 3,822.00 | 13,283.70 |
| | vii) | Nissan Ashok Leyland Powertrain Limited | Joint Venture | 1,911.00 | 4,116.67 |
| | viii) | Ashok Leyland John Deere Construction Equipment Company Private Limited | Joint Venture | 1,850.00 | 1,312.74 |
| **10** | **Disposal of Investments** | | | | |
| | i) | Ashley Holdings Limited | Associate | 11,801.27 | - |
| | ii) | Ashley Investments Limited | Associate | 11,801.27 | - |
| | iii) | Gulf Ashley Motor Limited | Associate | 599.99 | - |
| **11** | **Loans given by the Company** | | | | |
| | i) | Albonair GmbH | Associate | 4,835.70 | 885.74 |
| | ii) | Avia Ashok Leyland Motors s.r.o. | Associate | 9,140.18 | 5,709.02 |
| | iii) | Optare plc, UK | Associate | 3,759.24 | - |
| **12** | **Loans repaid to the Company** | | | | |
| | i) | Avia Ashok Leyland Motors s.r.o. | Associate | 11,793.72 | 27,078.74 |
| | ii) | Ashok Leyland (UAE) LLC | Associate | 2,453.63 | - |
| **13** | **Purchase of asset** | | | | |
| | i) | Avia Ashok Leyland Motors s.r.o. | Associate | 72.28 | 1,337.81 |
| **14** | **Sale of asset** | | | | |
| | i) | Automotive Infotronics Limited | Joint Venture | 11.60 | - |
| **15** | **Guarantees given** | | | | |
| | i) | Optare plc, UK | Associate | 9,696.95 | - |
| **16** | **Remuneration to key management personnel** | | | | |
| | i) | Mr. R Seshasayee | Executive Vice Chairman | 321.05 | 284.73 |
| | ii) | Mr. Vinod K Dasari | Managing Director | 248.34 | 104.11 |

**e. Details of Advances in the nature of Loans (excluding interest accrued) to Associate companies**

₹ Lakhs

| Name of the Associate | 2012 | | 2011 | |
|---|---|---|---|---|
| | Outstanding amount | Maximum loan outstanding during the year | Outstanding amount | Maximum loan outstanding during the year |
| Associates | | | | |
| Albonair GmbH | 5,005.23 | 5,005.23 | - | 7,235.10 |
| Ashok Leyland (UAE) LLC | 4,524.03 | 6,815.59 | 4,524.62 | 4,709.56 |
| Automotive Coaches and Components Limited | 1,200.00 | 1,500.00 | 1,380.85 | 1,380.85 |
| AVIA Ashok Leyland Motors s.r.o | - | 10,735.96 | 3,774.97 | 30,740.28 |
| Defiance Technologies Limited | 923.00 | 923.00 | - | 28.23 |
| Defiance Testing and Engineering Services Inc. | 7,376.88 | 7,700.23 | 6,020.33 | 6,353.78 |
| Irizar TVS Limited | 95.00 | 95.00 | 95.00 | 95.00 |
| Optare plc | 2,606.64 | 2,606.64 | - | - |

**3.6 Disclosures in respect of Joint Ventures**

**a) List of joint ventures**

| Sl No. | Name of the Joint Venture | Name of the Business | Proportion of ownership interest | Country of residence / Incorporation |
|---|---|---|---|---|
| 1 | Ashok Leyland Nissan Vehicles Limited | Manufacture of Light Commercial Vehicles (LCV) | 49.05% | India |
| 2 | Nissan Ashok Leyland Powertrain Limited | Manufacture of engines for Light Commercial Vehicles | 48.68% | India |
| 3 | Nissan Ashok Leyland Technologies Limited | Development of related automotive technology | 49.00% | India |
| 4 | Ashok Leyland John Deere Construction Equipment Company Private Limited | Manufacture of construction equipment | 50.00% | India |
| 5 | Ashley Alteams India Limited | Manufacture of aluminum high pressure die castings | 50.00% | India |
| 6 | Automotive Infotronics Limited | Design, development and adoption of digital electronics products for transportation sector | 50.00% | India |

**b) Financial interest in jointly controlled entities**

₹ Lakhs

| Sl No | Name of the Joint Venture | Current status of Operations and Financials | Year | Company's share of | | | |
|---|---|---|---|---|---|---|---|
| | | | | Assets | Liabilities | Income | Expenses |
| | | | | As at March 31 | | For the year ended March 31 | |
| 1 | Ashok Leyland Nissan Vehicles Limited | Commenced commercial production | 2012 | 32,760.28 | 35,839.64 | 11,352.79 | 13,058.67 |
| | | | 2011 | 16,001.97 | 17,375.73 | 205.35 | 312.59 |
| 2 | Nissan Ashok Leyland Powertrain Limited | Commenced commercial production | 2012 | 8,852.51 | 9,555.45 | 3,093.66 | 3,555.01 |
| | | | 2011 | 5,547.83 | 5,788.88 | 117.11 | 147.49 |
| 3 | Nissan Ashok Leyland Technologies Limited | Commenced commercial operation | 2012 | 5,347.33 | 11,232.99 | 1,722.73 | 3,305.95 |
| | | | 2011 | 2,670.51 | 6,972.96 | 11.51 | 1,029.27 |

# NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

₹ Lakhs

| Sl No | Name of the Joint Venture | Current status of Operations and Financials | Year | Company's share of Assets | Company's share of Liabilities | Company's share of Income | Company's share of Expenses |
|---|---|---|---|---|---|---|---|
| | | | | As at March 31 | | For the year ended March 31 | |
| 4 | Ashok Leyland John Deere Construction Equipment Company Private Limited | Commenced commercial production | 2012 | 10,211.70 | 7,566.57 | 2,005.56 | 4,930.70 |
| | | | 2011 | 7,222.23 | 3,501.96 | 9.37 | 463.89 |
| 5 | Ashley Alteams India Limited | Second year of operation | 2012 | 9,815.61 | 9,048.35 | 6,066.86 | 7,137.01 |
| | | | 2011 | 9,353.94 | 8,024.28 | 4,700.34 | 5,773.04 |
| 6 | Automotive Infotronics Limited | Operating Company | 2012 | 870.65 | 345.91 | 293.03 | 576.42 |
| | | | 2011 | 1,028.27 | 220.59 | 276.10 | 54.22 |

**Notes :**

i) Contingent liabilities, incurred in relation to interest in joint ventures as on March 31, 2012 is Rs. Nil (2011: Rs Nil).

ii) Share in contingent liabilities of joint ventures themselves for which the Company is contingently liable as at March 31, 2012 Rs. 1,654.88 lakhs (2011 : Rs. 357.68 lakhs).

iii) Capital commitments in relation to interests in joint ventures as on March 31, 2012 Rs.Nil (2011: Rs Nil).

iv) Share in Capital commitments of joint ventures themselves as on March 31, 2012: Rs. 16,027.54 lakhs (2011: Rs. 2,342.20 lakhs).

v) The information furnished above with regard to the year 2012 is based on unaudited figures made available to the Company.

vi) Figures given above under expenses are excluding taxes.

**3.7** The Company has given on finance lease, certain vehicles. The lease is for a fixed period and is terminable with the consent of both the parties. There are no exceptional / restrictive covenants in the lease agreement.

Other financial information relating to the above lease are as under:

In. Lakhs

| | Particulars | 2012 | 2011 |
|---|---|---|---|
| a) | Total of minimum lease payments | | |
| | - Receivable not later than 1 year | 805.68 | - |
| | - Receivable later than 1 year and not later than 5 years | 1,271.30 | - |
| | - Receivable later than 5 years | - | - |
| b) | Unearned Finance income | 440.90 | - |
| c) | Present value of minimum lease payments | | |
| | - Receivable not later than 1 year | 680.04 | - |
| | - Receivable later than 1 year and not later than 5 years | 847.74 | - |
| | - Receivable later than 5 years | - | - |
| d) | Unguaranteed residual value | - | - |
| e) | Accumulated provision for uncollectible minimum lease payments receivable | - | - |
| f) | Contingent rents recognised in Statement of Profit and Loss during the year | - | - |

### 3.8 Derivatives

The Company uses derivative financial instruments such as forward contracts, currency swap to hedge certain currency exposures, present and anticipated, denominated mostly in US dollars, EURO, Japanese YEN and Great Britain Pounds. Generally such contracts are taken for exposures materialising in the next twelve months. The Company actively manages its currency / interest rate exposures through a centralized treasury division and uses derivatives to mitigate the risk from such exposures. The use of derivative instruments is subject to limits and regular monitoring by appropriate levels of management. The limits and monitoring systems are periodically reviewed by management and the Board. The market risk on derivatives is mitigated by changes in the valuation of underlying assets, liabilities or transactions, as derivatives are used only for risk management.

The information on derivative instrument is as follows:

**A) Derivative instruments outstanding:**

In. Million

| Details | Details | Currency | Amount in foreign currency | |
|---|---|---|---|---|
| | | | 2012 | 2011 |
| Foreign Exchange Contracts | | | | |
| - USD / INR | Sold | $ | 138.10 | 43.13 |
| - USD / INR | Bought | $ | 116.55 | 46.79 |
| - EUR / USD | Bought | € | 2.08 | 1.50 |
| - GBP / USD | Bought | £ | - | 0.50 |
| - EURO / USD | Sold | € | 1.00 | 1.50 |
| - USD / JPY | Sold | $ | 2.17 | 2.02 |
| | | | | |
| Currency Swaps | | | | |
| - USD / JPY | Bought | $ | 320.00 | 250.00 |

Refer Item no.5.4 in significant accounting policies for the accounting treatment of such derivatives

**B) Foreign currency exposures not hedged by a derivative instrument**

| Details | Currency | Amount (Foreign currency in Mio) | | Amount ₹ Lakhs | |
|---|---|---|---|---|---|
| | | 2012 | 2011 | 2012 | 2011 |
| Amount receivable on account of sale of goods, loans, deposits, etc. | $ | 116.70 | 182.88 | 59,370.46 | 81,554.91 |
| | € | 7.46 | - | 5,062.38 | - |
| | £ | 3.22 | - | 2,621.89 | - |
| Amount payable on account of purchase of goods, loans, interest etc. | $ | 371.73 | 332.45 | 189,115.75 | 148,255.60 |
| | € | 10.86 | 10.67 | 7,370.43 | 6,764.51 |
| | ¥ | 1,242.62 | 374.11 | 7,699.58 | 2,013.60 |
| | £ | 3.28 | 0.53 | 2,672.66 | 382.38 |
| | CHF | 0.02 | - | 11.33 | - |

**3.9 Accounting for long term monetary items in foreign currency, forward contracts and Advances designated as cash flow hedge**

3.9.1 Exchange difference in Long term monetary items in foreign currency

Exchange difference on translation or settlement of long term foreign currency monetary items at rates different from those at which they were initially recorded or April 1, 2007, in so far as it relates to acquisition of depreciable assets are adjusted to the cost of the assets. In other cases, such exchange differences are accumulated in “Foreign currency monetary item translation difference account” and amortised by recognition as income or expense in each year over the balance term till settlement occurs but not beyond March 31, 2020 (notified earlier as March 31, 2011).

Ministry of Corporate Affairs, Government of India, has issued Notification No.G.S.R 913 (E) dated December 29, 2011, amending the Companies (Accounting Standard) Rules, 2006 in respect of the exchange differences arising (effective from April 1, 2011) on reporting of long-term foreign currency monetary items, by extending the time period for the amortization of the said differences from “upto March 31, 2011” to “upto March 31, 2020”. The unamortised net exchange difference on account of the above is a gain of Rs 415.25 lakhs as at March 31, 2012 (March 31, 2011: Nil)

The impact of adopting the above said Notifications on the results for the year is a net cumulative higher charge of Rs 351.95 lakhs for the year ended March 31, 2012.

3.9.2 Forward contracts and Advances designated as cash flow hedges

The Company had adopted the principles of Accounting Standard 30 – Financial instruments: Recognition and measurement, issued by the Institute of Chartered Accountants of India, with effect from April 1, 2008, in respect of forward contracts for firm commitments and highly probable forecast transactions meeting necessary criteria for designation as “Cash flow hedges”. The gains and losses on effective Cash flow hedges are recognized in Hedge Reserve Account till the underlying forecast transaction occurs.

### 3.10 Employee benefits

### a) Defined benefit plans - As per Actuarial valuation as at March 31, 2012

₹ lakhs

| | Gratuity | | | | | Compensated absences | | | | | Other defined benefit plans | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2011 | 2010 | 2009 | 2008 | 2012 | 2011 | 2010 | 2009 | 2008 | 2012 | 2011 | 2010 | 2009 | 2008 |
| **A) Expense recognised in the Statement of Profit and Loss for the year ended March 31** | | | | | | | | | | | | | | | |
| Current service cost | 933.84 | 847.73 | 795.50 | 848.89 | 848.16 | 667.11 | 639.56 | 525.76 | 508.88 | 575.36 | 67.28 | 63.83 | 56.32 | 60.71 | 105.75 |
| Interest cost | 1,478.53 | 1,327.97 | 1,227.16 | 1,101.91 | 935.21 | 456.94 | 369.02 | 366.54 | 406.56 | 365.81 | 46.81 | 39.48 | 40.92 | 48.51 | 55.49 |
| Expected return on plan assets | (1,634.00) | (1,494.17) | (1,406.11) | (1,062.60) | (855.96) | - | - | - | - | - | - | - | - | - | - |
| Net actuarial (gain) / loss recognised during the year | (338.85) | 1,420.88 | 110.53 | (144.49) | 63.93 | (172.12) | 719.78 | (758.60) | (717.43) | 140.28 | 26.75 | 111.02 | (18.17) | (80.40) | (64.19) |
| Total expense | 439.51 | 2,102.41 | 727.08 | 743.72 | 991.34 | 951.93 | 1,728.36 | 133.70 | 198.01 | 1,081.45 | 140.84 | 214.33 | 79.07 | 28.82 | 97.04 |
| **B) Actual return on plan assets** | | | | | | | | | | | | | | | |
| Expected return on plan assets | 1,634.00 | 1,494.17 | 1,406.11 | 1,062.60 | 855.96 | - | - | - | - | - | - | - | - | - | - |
| Actuarial gain/ (loss) on plan assets | - | - | - | 223.03 | 275.30 | - | - | - | - | - | - | - | - | - | - |
| Actual return on plan assets | 1,634.00 | 1,494.17 | 1,406.11 | 1,285.63 | 1,131.26 | - | - | - | - | - | - | - | - | - | - |
| **C) Net Asset/ (Liability) recognised in the Balance Sheet** | | | | | | | | | | | | | | | |
| Present value of the obligation | 18,832.18 | 18,481.57 | 16,599.62 | 15,339.50 | 14,237.66 | 6,363.52 | 6,011.81 | 4,942.07 | 4,966.00 | 5,396.09 | 672.76 | 638.26 | 563.16 | 607.11 | 715.29 |
| Fair value of plan assets | 18,463.69 | 16,466.18 | 15,877.10 | 14,595.78 | 13,253.22 | - | - | - | - | - | - | - | - | - | - |
| Funded status [ surplus/ (deficit)] | (368.48) | (2,015.39) | (722.52) | (743.72) | (984.44) | (6,363.52) | (6,011.81) | (4,942.07) | (4,966.00) | (5,396.09) | (672.76) | (638.26) | (563.16) | (607.11) | (715.29) |
| Net Asset/ (Liability) recognised in the Balance Sheet | (368.48) | (2,015.39) | (718.53) | (743.72) | (984.44) | (6,363.52) | (6,011.81) | (4,942.07) | (4,966.00) | (5,396.09) | (672.76) | (638.26) | (563.16) | (607.11) | (715.29) |
| **D) Change in Present value of the Obligation during the year** | | | | | | | | | | | | | | | |
| Present value of obligation as at beginning of the year | 18,481.57 | 16,599.62 | 15,339.50 | 14,237.66 | 12,823.80 | 6,011.81 | 4,942.07 | 4,966.00 | 5,396.09 | 4,822.60 | 638.26 | 563.16 | 607.11 | 715.29 | 768.92 |
| Current service cost | 933.84 | 847.73 | 795.50 | 848.89 | 848.16 | 667.11 | 639.56 | 525.76 | 508.88 | 575.36 | 67.28 | 63.83 | 56.32 | 60.71 | 105.75 |
| Interest cost | 1,478.53 | 1,327.97 | 1,227.16 | 1,101.91 | 935.21 | 456.94 | 369.02 | 366.54 | 406.56 | 365.81 | 46.81 | 39.48 | 40.92 | 48.51 | 55.49 |
| Benefits paid | 1,722.91 | 1,714.63 | 873.08 | 927.50 | 708.74 | 600.22 | 658.62 | 157.63 | 628.10 | 507.96 | 106.44 | 139.23 | 123.02 | 137.00 | 150.67 |
| Actuarial (gain) / loss on obligation | (338.85) | 1,420.88 | 110.53 | 78.54 | 339.23 | (172.12) | 719.78 | (758.60) | (717.43) | 140.28 | 26.75 | 111.02 | (18.17) | (80.40) | (64.19) |
| Present value of obligation as at end of the year | 18,832.18 | 18,481.57 | 16,599.62 | 15,339.50 | 14,237.66 | 6,363.52 | 6,011.81 | 4,942.07 | 4,966.00 | 5,396.09 | 672.76 | 638.26 | 563.16 | 607.11 | 715.29 |

# NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

₹ lakhs

| | Gratuity | | | | | Compensated absences | | | | | Other defined benefit plans | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2011 | 2010 | 2009 | 2008 | 2012 | 2011 | 2010 | 2009 | 2008 | 2012 | 2011 | 2010 | 2009 | 2008 |
| **E) Change in Assets during the year** | | | | | | | | | | | | | | | |
| Fair value of plan assets as at beginning of the year | 16,466.18 | 15,877.10 | 14,595.56 | 13,253.45 | 10,703.48 | - | - | - | - | - | - | - | - | - | - |
| Expected return on plan assets | 1,634.00 | 1,494.18 | 1,406.11 | 1,062.60 | 855.96 | - | - | - | - | - | - | - | - | - | - |
| Contributions | 2,086.42 | 809.53 | 748.51 | 983.98 | 2,127.45 | 600.22 | 658.62 | 157.63 | - | - | 106.44 | 139.23 | 123.02 | - | - |
| Benefits paid | 1,722.91 | 1,714.63 | 873.08 | 927.50 | 708.74 | (600.22) | (658.62) | (157.63) | - | - | (106.44) | (139.23) | (123.02) | - | - |
| Actuarial gain / (loss) on plan assets | - | - | - | 223.03 | 275.30 | - | - | - | - | - | - | - | - | - | - |
| Fair value of plan assets as at end of the year | 18,463.69 | 16,466.18 | 15,877.10 | 14,595.56 | 13,253.45 | - | - | - | - | - | - | - | - | - | - |
| **F) Experience adjustments in** | | | | | | | | | | | | | | | |
| Plan liabilities - loss / (gain) | (338.85) | 1,420.88 | 110.53 | 78.54 | 339.23 | (628.16) | 719.78 | (181.28) | (717.43) | 140.28 | (6.89) | 111.02 | (3.73) | (95.57) | (64.19) |
| Plan assets - (loss) / gain | - | - | - | 223.03 | 275.30 | - | - | - | - | - | - | - | - | - | - |
| **G) Major categories of plan assets as a percentage of total plan** | **100% Qualifying insurance policy** | | | | | **Unfunded** | | | | | **Unfunded** | | | | |
| **H) Actuarial Assumptions** | 2012 | 2011 | 2010 | 2009 | 2008 | | | | | | | | | | |
| Discount rate | 8.0% | 8.0% | 8.0% | 8.0% | 8.0% | | | | | | | | | | |
| Salary escalation | 4.25% | 4.0% | 5.1% | 5.7% | 6.3% | | | | | | | | | | |
| Expected rate of return on plan assets | 8.0% | 8.0% | 8.0% | 8.0% | 8.0% | | | | | | | | | | |

The estimates of future salary increases have reckoned inflation, seniority, promotion and other relevant factors.

b) Gratuity is administered through Group gratuity scheme with Life Insurance Corporation of India. The expected return on plan assets is based on market expectation at the beginning of the year, for the returns over the entire life of the related obligation.

c) During the year, the Company has recognised the following amounts in the Statement of Profit and Loss in Note 2.6 to the Financial Statements

- Salaries and wages include compensated absences Rs. 951.93 lakhs (2011: Rs. 1,728.36 lakhs).
- Contribution to provident, gratuity and other funds include Provident fund and family pension Rs. 4,175.98 lakhs (2011: Rs.4,111.61 lakhs), super annuation Rs. 1,263.40 lakhs (2011: Rs.1,175.93 lakhs), gratuity Rs. 2,002.48 lakhs (2011: Rs. 2,085.39 lakhs) and other funds Rs. 1,279.50 lakhs (2011: Rs. 1,088.14 lakhs).
- Welfare expenses include contribution to employee state insurance plan Rs. 76.28 lakhs (2011: Rs. 76.02 lakhs), retirement benefits is a reversal of provision of Rs. 22.09 lakhs (2011: a charge of Rs. 139.27 lakhs) and other defined employee benefits Rs. 100.39 lakhs (2011: Rs. 74.85 lakhs).

**3.11** The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. The amount of principal and interest outstanding during 2011 - 12 is given below:

₹ lakhs

| | Particulars | 2012 | 2011 |
|---|---|---|---|
| i) | Principal Amount paid after appointed date during the year | 5,095.20 | - |
| ii) | Amount of interest due and payable for the delayed payment of Principal amount | 33.97 | - |
| iii) | Principal amount remaining unpaid as at year end | 715.35 | - |
| iv) | Interest due and payable on principal amount unpaid at the year end | 28.27 | - |
| v) | Total amount of interest accrued and unpaid as at year end | 62.24 | - |

**3.12** Details of expenditure incurred on in-house Research and Development (R & D) facilities approved by Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India under Section 35 (2AB) of Income Tax Act, 1961.

₹ lakhs

| **Particulars** | **Included in Notes to the Financial Statements** | **2012** | **2011** |
|---|---|---|---|
| (i) Capital expenditure | | | |
| (a) Land | 1.11 and 1.12 | 71.63 | 113.95 |
| (b) Buildings | | 1,777.23 | 962.54 |
| | | 1,848.86 | 1,076.49 |
| (c) Capital equipments | | 13,808.27 | 12,056.03 |
| (ii) Revenue expenditure (net) | | | |
| (a) Salaries/Wages | 2.6 | 10,867.35 | 9,607.22 |
| (b) Material/Consumables/Spares | 2.3 | 7,469.88 | 4,907.52 |
| (c) Utilities | 2.9 | 514.44 | 389.62 |
| (d) Other expenditure directly related to R&D | 2.9 | 3,650.56 | 3,698.81 |
| (e) Total revenue expenditure (Total of (ii) (a) to (ii) (d)) | | 22,502.23 | 18,603.17 |
| **(iii) Total R&D expenditure on approved R & D facilities (Total of (i) (c) and (ii) (e))** | | **36,310.50** | **30,659.20** |
| (iv) Less: Amount received by R & D facilities | 2.1 and 2.9 | 807.50 | 473.56 |
| **(v) Net amount of R & D expenditure (iii) - (iv)** | | **35,503.00** | **30,185.64** |

₹ Lakhs

| **3.13** Net Current tax expense for the year comprises of: | 2012 | 2011 |
|---|---|---|
| Minimum Alternate Tax | 14,030.00 | 15,970.90 |
| Less: MAT Credit Entitlement | 6,278.00 | 4,855.90 |
| **Current Tax** | **7,752.00** | **11,115.00** |

**3.14 Details of Long Term Borrowings:**

₹ Lakhs

| | March 31, 2012 | | | | March 31, 2011 | | |
|---|---|---|---|---|---|---|---|
| | Non Current | Current maturities | Total | Particulars of Redemption / Repayment | Non Current | Current maturities | Total |
| **a. Secured Loans:** | | | | | | | |
| i. Debenture Series | | | | | | | |
| 10.25% AL 16 | 15,000.00 | - | 15,000.00 | Rs. 6,000 lakhs on October 14, 2016 and Rs. 4,500 lakhs each on October 14, 2015 and 2014 | - | - | - |
| 8.20% AL 15 | 7,000.00 | - | 7,000.00 | July 22, 2015 | 7,000.00 | - | 7,000.00 |
| 8.20% AL 14 | 7,000.00 | - | 7,000.00 | July 22, 2014 | 7,000.00 | - | 7,000.00 |
| 8.20% AL 13 | 7,000.00 | - | 7,000.00 | July 22, 2013 | 7,000.00 | - | 7,000.00 |
| 11.50% AL 12 | - | - | - | October 31, 2015, 2014, 2013, 2012 and 2011 | 12,000.00 | 3,000.00 | 15,000.00 |
| | **36,000.00** | **-** | **36,000.00** | | **33,000.00** | **3,000.00** | **36,000.00** |
| ii. Term Loans: | | | | | | | |
| TL - 1 | 10,000.00 | - | 10,000.00 | 3 equal instalments on February 5, 2016, February 16, 2015, February 17 2014. | 10,000.00 | - | 10,000.00 |
| TL - 2 | 15,000.00 | - | 15,000.00 | 3 equal instalments on June 1, 2015, 2014, 2013 | 15,000.00 | - | 15,000.00 |
| TL - 3 | 13,333.33 | 6,666.67 | 20,000.00 | 3 equal instalments on March 22, 2015, 2014, 2013 | 20,000.00 | - | 20,000.00 |
| TL - 4 | 10,000.00 | 5,000.00 | 15,000.00 | 3 equal instalments on November 30, 2014, 2013, 2012 | 15,000.00 | - | 15,000.00 |
| TL - 5 | 10,000.00 | 5,000.00 | 15,000.00 | 3 equal instalments on November 30, 2014, 2013, 2012 | 15,000.00 | - | 15,000.00 |
| TL - 6 | 1,666.67 | 1,666.67 | 3,333.34 | 3 equal instalments on September 4, 2013, 2012, 2011 | 3,333.33 | 1,666.67 | 5,000.00 |
| | **60,000.00** | **18,333.34** | **78,333.34** | | **78,333.33** | **1,666.67** | **80,000.00** |

Debentures and term loans from banks aggregating Rs. 114,333.34 lakhs (2011: Rs.116,000.00 lakhs) are secured by a first charge on pari-passu basis on all assets of the Company excluding certain immovable properties (residential buildings) and movable fixed assets (such as aircraft and windmill) of the Company.

₹ Lakhs

| | March 31, 2012 | | | | March 31, 2011 | | |
|---|---|---|---|---|---|---|---|
| | Non Current | Current maturities | Total | Particulars of Repayment | Non Current | Current maturities | Total |
| iii. Secured External commercial borrowing : | | | | | | | |
| SECB - 1 | - | - | - | 4 instalments on January 11, 2012, July 11, 2011, December 29, 2011 and June 29, 2011 | - | 2,229.75 | 2,229.75 |

External commercial borrowing from bank aggregating to NIL (2011: Rs. 2,229.75 lakhs) is secured by a first charge on the Aircraft of the Company.

| | Non Current | Current maturities | Total | Particulars of Repayment | Non Current | Current maturities | Total |
|---|---|---|---|---|---|---|---|
| **b. Unsecured Loans:** | | | | | | | |
| i. ECB Loans | | | | | | | |
| ECB - 1 | 7,631.25 | - | 7,631.25 | 3 equal instalments on June 9, 2018, 2017, 2016 | - | - | - |
| ECB - 2 | 12,718.75 | - | 12,718.75 | 3 equal instalments on October 24, 2017, 2016, 2015 | - | - | - |
| ECB - 3 | 25,437.50 | - | 25,437.50 | September 20, 2017 - Rs. 10,683.75 lakhs, 2016 - Rs. 9,666.25 lakhs, 2015 and 2014 - Rs. 2,543.75 lakhs each | - | - | - |
| ECB - 4 | 67,833.33 | 33,916.67 | 101,750.00 | 3 equal instalments on June 30, 2014, 2013, 2012 | 89,190.00 | - | 89,190.00 |
| ECB - 5 | 1,695.83 | 1,695.83 | 3,391.66 | 3 equal instalments on August 24, 2013, 2012 and 2011 | 2,973.00 | 1,486.50 | 4,459.50 |
| ECB - 6 | 4,239.59 | 4,239.58 | 8,479.17 | 3 equal instalments on July 10, 2013, 2012 and 2011 | 7,432.50 | 3,716.25 | 11,148.75 |
| ECB - 7 | 4,239.59 | 4,239.58 | 8,479.17 | 3 equal instalments on June 18, 2013, 2012 and 2011 | 7,432.50 | 3,716.25 | 11,148.75 |
| ECB - 8 | 1,695.83 | 1,695.83 | 3,391.66 | 3 equal instalments on May 10, 2013, 2012 and 2011 | 2,973.00 | 1,486.50 | 4,459.50 |
| ECB - 9 | - | 4,239.58 | 4,239.58 | 2 equal instalments on March 2, 2013 and 2012 | 3,716.25 | 3,716.25 | 7,432.50 |
| | **125,491.67** | **50,027.07** | **175,518.74** | | **113,717.25** | **14,121.75** | **127,839.00** |

₹ Lakhs

| | | March 31, 2012 | | | | March 31, 2011 | | |
|---|---|---|---|---|---|---|---|---|
| | | Non Current | Current maturities | Total | Particulars of Repayment | Non Current | Current maturities | Total |
| ii. | Interest free sales tax loans | | | | | | | |
| | Programme I | 1,435.77 | 1,181.74 | 2,617.51 | Varying amounts repayable on a monthly basis ending on April 2014 | 2,617.51 | 367.98 | 2,985.49 |
| | Programme II | 5,256.40 | 186.63 | 5,443.03 | Varying amounts repayable on a monthly basis ending on October 2020 | 5,443.03 | 260.06 | 5,703.09 |
| | Programme III | - | - | - | | - | 59.94 | 59.94 |
| | | **6,692.17** | **1,368.37** | **8,060.54** | | **8,060.54** | **687.98** | **8,748.52** |
| iii. | Loan from Financial institution | 1,151.27 | 550.44 | 1,701.71 | Two instalments every three months as detailed below: | 1,701.71 | 307.50 | 2,009.21 |

| No. of instalments | Instalment Amount (₹ Lakhs) | Period |
|---|---|---|
| 16 | 95.63 | November 30, 2012 to October 31, 2014 |
| 8 | 78.43 | November 30, 2011 to October 31, 2012 |
| 13 | 46.78 | April 30, 2010 to October 31, 2011 |

[The above Term loans and External Commercial Borrowings carry varying rates of interest with the maximum rate of interest going upto 10.75% per annum. The weighted average rate of interest of these loans are at around 6% per annum.]

# NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

**3.15 Details of Short Term Borrowings (unsecured)**

| | March 31, 2012 Amount ₹ Lakhs | Particulars of Repayment | March 31, 2011 Amount ₹ Lakhs |
|---|---|---|---|
| **Short Term Loans** | | | |
| - STL 1 | 5,087.50 | April 18, 2012 | - |
| - STL 2 | 5,087.50 | May 22, 2012 | - |
| | **10,175.00** | | **-** |

**3.16** The Company has during the year changed its Accounting Policy to adjust expenditure on issue of debentures against balance in Securities Premium account instead of amortising the same over the period of the borrowing hitherto followed. The impact of the said change on the results for the year is a lower charge of Rs. 23.30 lakhs in the Statement of Profit and Loss.

**3.17** During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its Financial Statements. Accordingly, the Company has reclassified / regrouped/ amended the previous year figures in accordance with the requirements applicable in the current year.

Signatures to the Statement of Significant Accounting Policies and Notes to the Financial Statements.

K. SRIDHARAN
*Chief Financial Officer*

For and on behalf of the Board

A.R.CHANDRASEKHARAN
*Executive Director & Company Secretary*

DHEERAJ G HINDUJA
*Chairman*

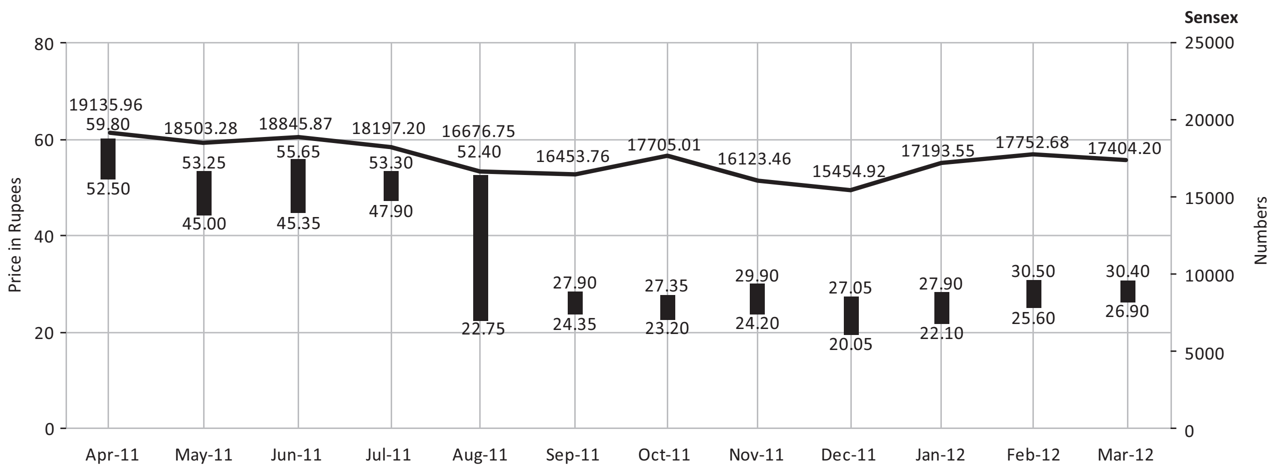
R SESHASAYEE
*Executive Vice Chairman*

VINOD K DASARI
*Managing Director*

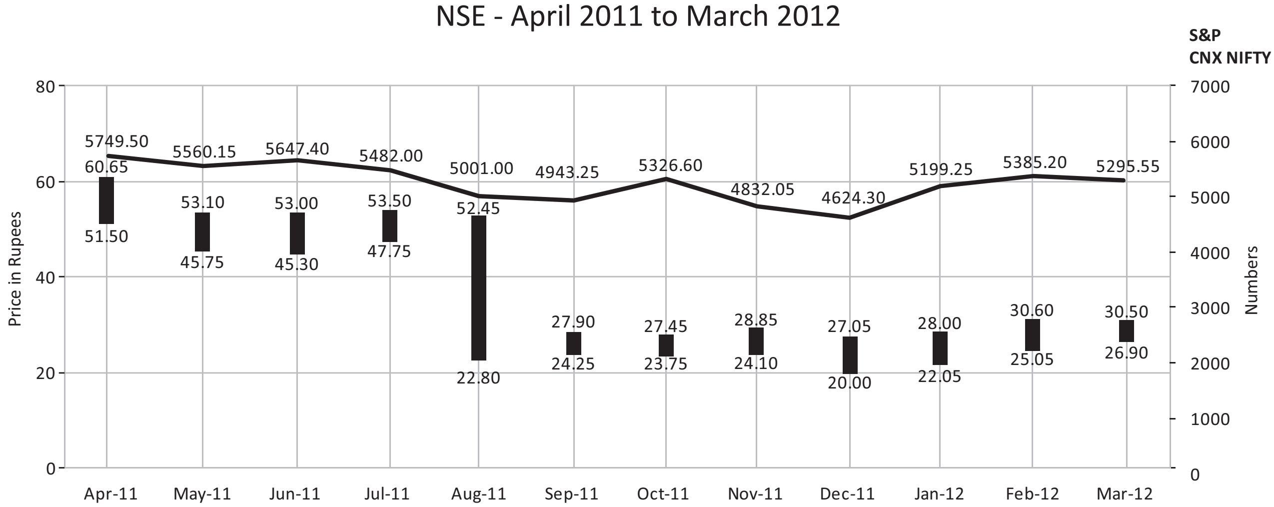
May 14, 2012
Chennai

# SHARE PRICE MOVEMENT*

## BSE - April 2011 to March 2012

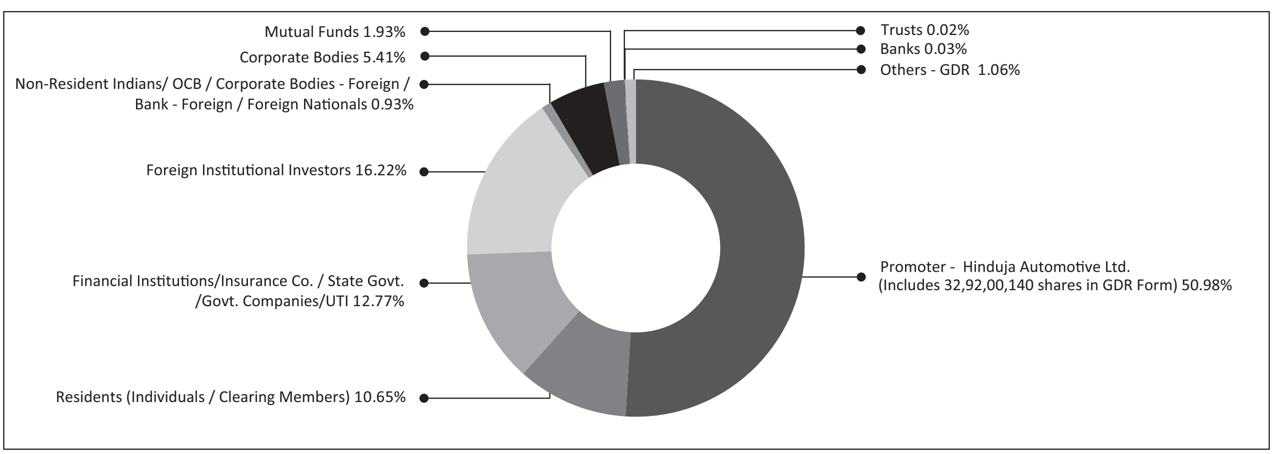



## NSE - April 2011 to March 2012




*1:1 bonus shares issued in August 2011

## SHAREHOLDING PATTERN AS ON MARCH 31 , 2012



# ANNEXURE-F TO DIRECTORS' REPORT

**Information as per Section 217(2A)(b)(ii) read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March 2012**

| Sl.No. | Name | Age Years | Designation | Date of Commencement of Employment | Remuneration Received / Receivable Rs. | Qualification | Total Experience (Years) | Particulars of Previous Employment |
|---|---|---|---|---|---|---|---|---|
| 1 | ABRAHAM T T * | 61 | Special Director - Corporate Communications | 15.11.91 | 4,153,668 | B.Sc, M.A, D.M.M, D.B.M. | 40 | Manager - PR & Publicity MICO Ltd. |
| 2 | ADHINATHAN K | 51 | General Manager - Network Development & Customer Care(LCV) | 03.11.08 | 7,752,930 | B.Sc., B.Tech | 28 | Vice President, Carnation Auto India (P) Ltd |
| 3 | AKBAR KHAN A | 56 | General Manager - Personnel & Administration | 06.05.85 | 7,064,427 | MA, LLB, M. Sc (Psycology) | 35 | Dy Mgr, Travancore Titanium Products Ltd |
| 4 | ALOK SARAOGI | 41 | Head - Branding & Marketing Communications | 21.06.10 | 6,653,801 | B.Com, MMS. | 17 | Vice President-Brands, Futurebrands Ltd. |
| 5 | AMROLIA J N | 64 | Executive Director - Construction and Allied Business | 16.05.80 | 18,049,599 | BA(Hons), M.A.(P.M.& L.W.) | 41 | Selection & Training Manager, Brooke Bond India Ltd, |
| 6 | ANUJ KATHURIA | 44 | Executive Director - Sourcing and Supply Chain | 06.04.10 | 12,872,401 | B.Tech., PGDBM | 20 | General Manager, Tata Motors |
| 7 | ANUP BHAT | 55 | Executive Director - Manufacturing | 14.06.00 | 16,769,091 | B.Tech | 33 | Divisional GM, Eicher Royal Enfield Motors |
| 8 | Dr ARAVIND S BHARADWAJ | 47 | Executive Director | 01.10.02 | 17,859,941 | B.E. M.S. Ph.D, MBA | 26 | Advisor, TVS Motor Co. |
| 9 | ASHIM KUMAR GANGOPADHYAY * | 52 | Special Director Internal Audit | 01.04.10 | 6,514,021 | B.Com, CA | 26 | Vice President - Audit - ACME Telepower Ltd |
| 10 | AVINASH KUMAR JAIN | 52 | Executive Director - Project Planning | 13.04.06 | 15,549,330 | B.Tech., DBM, MMS | 31 | Director-Operations, Piaggio Vehicles P Ltd |
| 11 | BADRINATHAN R | 54 | General Manager - Project Planning | 22.10.81 | 6,526,871 | BE | 30 | - |
| 12 | BALASUBRAMANIAN S * | 64 | Executive Director - Projects | 01.01.73 | 19,733,540 | B.E., Dip.in SQC & OR, MBA | 43 | - |
| 13 | BELSARE C G | 53 | Executive Director - Power Solutions Business | 01.08.06 | 9,798,924 | BE | 31 | Own Consultancy |
| 14 | BHIMASENA RAU H | 52 | Resident Director - International Operations | 01.03.04 | 11,365,470 | BE, MBA | 20 | GM, Al Aquili Group, Dubai |
| 15 | CHANDRAMOHAN P G | 55 | Special Director - Pricing & Product Cost Engineering | 16.11.81 | 9,489,382 | BE, MBA | 30 | - |
| 16 | CHANDRASEKAR S * | 59 | General Manager - Systems | 18.09.81 | 3,969,964 | B.Com., ACMA | 40 | Systems Analyst, Kudremukh Iron Ore Ltd |
| 17 | CHANDRASEKAR T * | 59 | Deputy General Manager- Finance - HQ Marketing | 01.08.78 | 7,074,648 | B.Com., ACMA | 33 | - |
| 18 | CHANDRASEKHARAN A R | 59 | Executive Director & Company Secretary | 17.04.06 | 15,987,284 | B.Com(Hons), ACA, ACS, LLB, CAIIB | 38 | President, Orchid Chemicals & Pharmaceuticals Ltd |
| 19 | CHOPRA A K | 53 | General Manager - Alwar | 10.02.83 | 7,082,806 | BE | 29 | - |
| 20 | FELIX RADIZI | 37 | Head - Defence Exports | 01.12.09 | 13,589,374 | BSc , PGD , MSc | 16 | Executive Manager-Sales, MAN Ferrostaal AG, Germany |
| 21 | GUPTA ALOK KUMAR | 52 | Head - Pantnagar Plant, Uttarkhand | 18.04.86 | 6,035,560 | BE (Metal), Dip in Prodn. Mgt. | 31 | Senior Metallurgist, Lakshmi Precision Engg. |
| 22 | GUPTA S K | 58 | Deputy General Manager - Finance, Bhandara | 01.02.94 | 6,307,650 | MA. ACMA | 32 | Sr.Cost Officer- RBBA SPG& WVG. MILLS |

| Sl.No. | Name | Age Years | Designation | Date of Commencement of Employment | Remuneration Received / Receivable Rs. | Qualification | Total Experience (Years) | Particulars of Previous Employment |
|---|---|---|---|---|---|---|---|---|
| 23 | GURPREET SINGH * | 51 | Deputy General Manager - Field Service - North | 17.05.10 | 1,590,398 | B.Sc. MBA | 24 | - |
| 24 | HARIHAR P | 50 | Plant Director - Hosur | 01.08.05 | 8,448,949 | B.Sc. (Engg.), DBM | 26 | Director-Sourcing, GE Power Controls |
| 25 | JAYARAM KRISHNAN | 53 | Head - Telematics Business Unit | 13.10.08 | 7,231,255 | B.Tech, PDGM | 28 | Director & CEO - American Megatrends India Ltd, Chennai |
| 26 | JAYENDRA PARIKH | 58 | Executive Director - Advanced Engg and Mission Summit | 01.10.09 | 16,457,051 | BE , MS | 31 | Staff Researcher-R&D, General Motors, USA |
| 27 | JEYAGOPU E | 58 | Head - Service & Reliability | 13.10.79 | 7,093,773 | B.Sc., DMIT | 31 | - |
| 28 | KARTHICK A | 45 | Program Manager - Next Generation Cab | 30.06.07 | 6,024,447 | B.Tech. | 22 | Director - Tech. IRIS Mfg. Ltd. |
| 29 | KARTHIK J | 36 | General Manager - Business Planning and Product Planning & Programs | 30.12.09 | 6,752,450 | B.Tech. MS PGDBA | 13 | Engagement Manager - McKinsey & Company |
| 30 | KRISHNAN S | 44 | Special Director, Product Development | 06.12.07 | 6,564,068 | B.Sc., B.Tech., ME, MBA | 22 | AGM (Engines), Tata Motors |
| 31 | KUMAR V S * | 59 | Deputy General Manager - Exports | 01.10.76 | 2,066,391 | BE ,DIIT,PGDBA, PGDFTG, MBA | 35 | - |
| 32 | LADDE M N | 59 | Deputy General Manager - Personnel & Administration | 11.08.90 | 6,562,642 | BE ,DIP TD (ISTD) | 35 | Director of Technical Education- Maharashtra - Asst. Lecturer |
| 33 | LOBO A | 57 | Special Director - Exports | 21.08.80 | 8,679,229 | BE | 31 | - |
| 34 | MAHADEVAN V * | 63 | Plant Director | 01.01.74 | 6,770,080 | BE | 38 | MD- Hinduja Foundries Ltd. |
| 35 | MAHESH CHANDRA GAUTAM | 59 | Deputy General Mananger - Defence & Special Vehicles- North | 18.05.89 | 6,523,944 | B.Sc. DAE | 33 | Jr.Supervisor, M/S. Eicher Tractors |
| 36 | MENON RRG | 57 | Executive Director - Value Engineering & Global Sourcing | 09.08.80 | 14,427,858 | B.Tech. | 31 | - |
| 37 | (Late)MURALI S * | 54 | Special Director - Central Quality | 10.10.81 | 6,364,306 | BE (Hons) | 30 | - |
| 38 | MURALITHARAN N | 54 | Special Director - Engine Research & Development | 09.02.07 | 7,209,919 | BE (Hons), MBA | 30 | Sr GM-R&D, Indian Pistons |
| 39 | MUTHUKUMAR T | 55 | General Manager - Defence & Special Vehicles | 29.01.83 | 6,726,737 | B.Sc., B.Tech. | 29 | - |
| 40 | NAGESH PRAKASH K | 55 | General Manager - Total Quality Management | 16.10.81 | 6,189,070 | BE, MS | 30 | - |
| 41 | NAIR M K R * | 65 | General Manager - Special Projects | 01.10.72 | 11,311,840 | B.Sc.(Engg.) , DIM | 42 | - |
| 42 | NARESH GUPTA | 61 | General Manager - Global Sourcing | 13.12.06 | 8,114,577 | B.Tech, MA (Mgt Science) | 35 | Country Head, Continental Engines Ltd |
| 43 | NITIN SETH | 44 | Executive Director - LCV & Defence | 01.12.10 | 11,738,832 | B.E.(BITS),MMS | 21 | Head - Sales & Marketing, Car Group, Tata Motors Ltd. |
| 44 | PER GUSTAV RAGNAR NILSSON | 56 | Executive Director - International Operations | 01.07.10 | 12,412,303 | B.Sc.(Pol.Sc)., B.Sc.(Soc. Sc), Doctorial Studies in Business Admn | 26 | CEO-MAN CIS, Moscow, Russia |
| 45 | PRAKASH C | 58 | General Manager - Product Development | 01.03.78 | 6,467,055 | B.E., M.Tech. | 34 | Research Asst. IIT Madras |

| Sl.No. | Name | Age Years | Designation | Date of Commencement of Employment | Remuneration Received / Receivable Rs. | Qualification | Total Experience (Years) | Particulars of Previous Employment |
|---|---|---|---|---|---|---|---|---|
| 46 | PRASANN DESHPANDE | 58 | General Manager - Engine R&D | 03.01.00 | 6,681,728 | M.Tech.-IIT Madras | 33 | Manager Design TEXMACO |
| 47 | PURSHOTAM HINDUJA CAPT | 48 | Pilot, Aircraft Division, Mumbai | 05.09.07 | 6,205,800 | Aircraft Pilot's Licence | 23 | - |
| 48 | RAJAN P | 59 | Deputy General Manager - Planning | 16.09.81 | 6,875,931 | BE | 32 | Assistant Production Engineer, TAFE |
| 49 | RAJENDRA KUMAR K * | 48 | General Manager - Strategic Sourcing | 03.07.06 | 2,523,474 | BE, PGDBA | 26 | GM - Strategic Sourcing Royal Enfield Motors |
| 50 | RAJESH S | 52 | General Manager - Bus Vertical | 20.10.83 | 6,302,377 | BE | 28 | - |
| 51 | RAJIVE SAHARIA | 53 | Executive Director - Marketing | 02.06.07 | 14,619,523 | BE (Hons) | 30 | President, Brose India Automotive Systems P Ltd |
| 52 | RAJU S * | 61 | Deputy General Manager - Strategic Sourcing | 14.02.79 | 3,078,285 | BE | 38 | Prod.Engineer- Suri & Nayar Ltd.Bangalore |
| 53 | RAJU S K * | 65 | Special Director - Product Development | 19.04.78 | 5,631,068 | ME | 40 | Senior Development Engineer, TELCO |
| 54 | RAKESH JAIN | 51 | General Manager - Network Development & Customer Connect | 10.10.85 | 6,028,891 | B.Sc.B.Tech.PGDBM | 26 | - |
| 55 | RAMESH V | 54 | Special Director - Product Development | 28.02.83 | 6,782,046 | B.Tech. | 29 | - |
| 56 | RAMKUMAR K | 47 | Special Director - Corporate Treasury | 07.03.96 | 7,178,265 | M.Com, ACMA, ACS | 24 | Manager-Finance, MAC Industries |
| 57 | RANGANATHAN P K * | 54 | Special Director - Internal Audit | 13.11.85 | 6,436,701 | B.Com, ACA, ACMA | 29 | Sr.Asst. M/s.S Viswanathan -Chartered Accountants. |
| 58 | RANGANATHAN T R | 54 | General Manager - Hosur 1 | 19.01.83 | 6,722,898 | BE, MBA, CPME, VLFM | 29 | - |
| 59 | RAO R N * | 58 | Special Director - Sales & Marketing | 30.09.93 | 15,822,209 | B.E. MMM | 35 | Sales Engineer , Lucas TVS Ltd |
| 60 | RAVICHANDRAN K | 54 | General Manager - Strategic Sourcing | 23.10.81 | 6,467,370 | BE | 30 | - |
| 61 | RAVICHANDRAN V S | 56 | General Manager - Long Haulage Vertical | 12.09.79 | 6,307,549 | BE | 32 | - |
| 62 | SAM BURMAN * | 56 | Chief Technology Officer | 07.03.12 | 781,374 | Grad. in Mech Engg. | 35 | Senior VP - Medium & Heavy Truck IVECO, Italy |
| 63 | SASIKARAN G | 54 | General Manager - Personnel & Administration | 10.07.03 | 6,050,897 | B.A. MA.MSW | 31 | DGM - P & A- Hindustan Aeronautics. |
| 64 | Dr. SATHYA PRASAD M | 43 | General Manager - Advanced Engineering | 18.11.04 | 6,560,800 | BE, MS, Phd. | 21 | Lead CAE Specialist, Dana Corporation USA |
| 65 | SEETHARAMAN P | 57 | General Manager - Export Finance | 04.02.81 | 6,381,549 | B.Com. ACMA | 36 | Accounts Asst. Indian Organic Chemicals Ltd |
| 66 | SESHASAYEE R | 64 | Executive Vice Chairman | 21.01.76 | 33,695,473 | B.Com., A.C.A. | 41 | Manager - Accounts, Hindustan Lever Ltd. |
| 67 | SHAHANEY R J * | 81 | Chairman Emeritus | 06.03.82 | 7,764,882 | B.SC.(Engg), ACGI | 56 | Chairman, Ashok Leyland Project Services Ltd |
| 68 | SHEKAR ARORA | 59 | Executive Director - Human Resources | 02.01.81 | 15,506,640 | B.A., MSW | 35 | Personnel Officer, Oswal Steel |
| 69 | SIVANESAN RAMACHANDRAN* | 51 | Special Director - Central Quality | 31.08.11 | 4,220,762 | BSc, B.Tech, DIM | 27 | Vice President Quality- Fiat India Automotive Ltd. |
| 70 | SIVARAMAN L | 50 | Program Manager - ICV Trucks | 15.10.07 | 6,364,350 | BE, PGDBA | 27 | Joint GM - L&T -e - Engg. Solutions |
| 71 | SOUNDARARAJAN G | 63 | General Manager - Special Projects | 01.03.74 | 11,679,681 | B.E. DIM | 37 | - |
| 72 | SRIDHARAN BALAJI K | 56 | Plant Director - Ennore | 21.10.79 | 6,866,108 | BE | 32 | - |

| Sl.No. | Name | Age Years | Designation | Date of Commencement of Employment | Remuneration Received / Receivable Rs. | Qualification | Total Experience (Years) | Particulars of Previous Employment |
|---|---|---|---|---|---|---|---|---|
| 73 | SRIDHARAN K | 58 | Chief Financial Officer | 06.03.82 | 19,404,496 | B.Com., ACA | 35 | Sr.System Analyst, Tata Consultancy Services, Mumbai |
| 74 | SRIKANT SRINIVASAN | 55 | Special Director - Human Resources | 26.03.82 | 9,602,010 | B.Com. , MA (Pers Mgt) | 33 | Personnel Officer, ACC Ltd. |
| 75 | SUNDARAM PARTHASARATHY | 59 | Special Director - Business Planning | 01.10.78 | 9,507,929 | B.E., M.S.(U.S.A) | 33 | - |
| 76 | SURENDRANATH M | 52 | General Manager - Trucks (Mining & Construction) | 14.10.84 | 6,362,167 | BE,MBA | 27 | - |
| 77 | TIWARI S D | 54 | General Manager - Bhandara | 27.01.83 | 7,130,646 | BE | 29 | - |
| 78 | UDAYASHANKAR B M * | 62 | Executive Director - Manufacturing | 01.07.74 | 22,159,274 | B.E. | 41 | - |
| 79 | Ms USHA SOMAN | 58 | General Manager - Training & Development | 09.12.96 | 6,439,085 | B.Sc. MBA | 34 | Sr. Executive - CHRM, National Dairy Development Board |
| 80 | VENKAT SUBRAMANIAM B | 50 | Executive Director - Product Planning and Programs | 01.08.03 | 9,017,268 | B.Tech. PGDBM | 25 | GM - Sales , TVS Motor Co. |
| 81 | VENKATARAMAN S | 54 | General Manager - Legal | 22.11.04 | 6,666,656 | B.Com., BL | 28 | Sr Manager-Legal, Tata Teleservices Ltd |
| 82 | Dr VENKATARAMAN SRINIVAS | 42 | Special Director - Product Development | 25.01.10 | 7,283,337 | B.Tech.MS,Phd. MBA | 15 | Program Manager - Ford Motor Company USA |
| 83 | VENKATARAMAN T | 52 | General Manager - Spares & Service | 01.04.10 | 6,815,898 | BE, MS | 29 | Vice President,Sales, Mkg. Suhail Bahwan Automobiles,Oman |
| 84 | VENKATARAMANI N * | 61 | General Manager - Projects | 30.11.79 | 2,916,464 | BE | 37 | Jr Executive, Dalal Consultants & Engineers |
| 85 | VENKATESH NATARAJAN | 49 | Special Director - Information Technology | 15.03.00 | 7,214,812 | BE, ME (Mgt), M.Tech, PGD in Computer | 26 | ERP Consultant, Continental Information |
| 86 | VIJAYAKUMAR UNNI V K | 58 | General Manager - Project Planning | 29.03.79 | 8,985,688 | BE | 36 | Engineer, ACC Vickers Babcock Ltd |
| 87 | VINOD K DASARI | 45 | Managing Director | 01.04.05 | 25,192,479 | BS (Engg), MEM , MBA , | 23 | JMD, Cummins India Ltd. |
| 88 | VISWANATHAN G | 58 | General Manager - Product Development | 26.05.78 | 8,548,470 | BE, MS | 33 | - |

* Part of the year as employee

1. Gross remuneration shown above is subject to tax and comprises of Salaries, Annual Performance Pay, Allowances, Medical benefits, Leave Travel Assistance as applicable in accordance with the Company's rules, Commission, Company's Contribution to Provident Fund and Superannuation Fund and certain perquisites evaluated as per Income-Tax rules. In addition to the above, the employees are entitled to Gratuity.
2. All appointments are contractual.
3. None of the employees is a relative of any Director of the Company.

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HINDUJA GROUP