



ASHOK LEYLAND

ASHOK LEYLAND LIMITED

Registered Office : No. 1, Sardar Patel Road, Guindy, Chennai - 600 032

T: + 91 44 2220 6000 F: +91 44 2220 6001

CIN: L34101TN1948PLC000105

Website address: www.ashokleyland.com E- mail: reachus@ashokleyland.com

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Sixty Fifth Annual General Meeting of Ashok Leyland Limited will be held at **Image Auditorium, 3 Thandavarayan Street, MRC Nagar, Raja Annamalai Puram, Chennai 600 028**, at 10.30 a.m. on Saturday, July 26, 2014 to transact the following businesses:

Ordinary Business

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended March 31, 2014, the Balance Sheet as at that date and the Report of Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. Dheeraj G Hinduja (DIN: 00133410) who retires by rotation in terms of Article 106 of the Articles of Association of the Company and who, being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration. In this connection, to consider and if thought fit, to pass the following as an Ordinary Resolution:

"RESOLVED that Messrs. M.S. Krishnaswami & Rajan (Registration No.01554S), and Messrs. Deloitte Haskins & Sells LLP (Registration No.117366W/ W-100018), Chartered Accountants, be and are hereby appointed as Joint Statutory Auditors of the Company to hold such office until the conclusion of the next Annual General Meeting and that the Board of Directors be and are hereby authorized to fix such remuneration as may be determined by the Audit Committee in consultation with the Auditors, and that such remuneration as may be agreed upon between the Auditors and the Board of Directors".

Special Business

4. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable and related provisions of the Companies Act, 2013, read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s)

or re-enactment thereof for the time being in force), Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Dr. Andreas H Biagosch (DIN:06570499), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for 5 consecutive years for a term upto July 25, 2019."

5. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable and related provisions of the Companies Act, 2013, read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. Anil Harish (DIN: 00001685), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for 5 consecutive years for a term upto July 25, 2019."

6. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable and related provisions of the Companies Act, 2013, read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. D J Balaji Rao (DIN: 00025254), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for 5 consecutive years for a term upto July 25, 2019."

7. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable and related provisions of the Companies Act, 2013, read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. Jean Brunol (DIN: 03044965), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for 5 consecutive years for a term upto July 25, 2019.”

8. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable and related provisions of the Companies Act, 2013, read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. Sanjay K Asher (DIN: 00008221), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for 5 consecutive years for a term upto July 25, 2019.”

9. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable and related provisions of the Companies Act, 2013, read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. Shardul S Shroff (DIN: 00009379), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for 5 consecutive years for a term upto July 25, 2019.”

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED that in accordance with the provisions of Sections 198, 269, 309, 310 & 311 read with Schedule XIII, and other relevant and applicable provisions, if any, of the Companies Act, 1956 read with relevant and applicable provisions of Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and subject to any other approval as may be required, approval of the Company be and is hereby accorded for the appointment of Mr. Vinod K. Dasari (DIN:00345657) as the Managing Director of the Company with effect from April 1, 2014 for a period of three years on the following terms and conditions:

A. FIXED COMPENSATION

Basic Salary, Perquisites, Allowances and retiral benefits - ₹ 2,85,00,000/- per annum (Rupees two crore eighty five lakhs only).

The annual increments will be decided and approved by the Nomination and Compensation Committee and the Board of Directors based on his and the Company's performance.

B. COMMISSION

Commission based on the Company's performance and contributions made by the Managing Director as may be decided by the Nomination and Compensation Committee and the Board of Directors.

C. PERQUISITES AND ALLOWANCES

- (i) In addition to the above, Mr. Vinod K. Dasari, Managing Director shall also be entitled to Company maintained furnished house, situated at Boat Club Road, Chennai 600028.
- (ii) Other perquisites: In addition to the above, Mr. Vinod K. Dasari, Managing Director will be eligible for perquisites as per Company Policy in force, as applicable to senior management.
- (iii) For the purpose of calculating the perquisites and allowances, these shall be evaluated as per the Income Tax Rules, wherever applicable. In the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost incurred by the Company in providing such perquisites and allowances. Adequate communication facilities at residence shall not be included in the computation of perquisites.

D. OVERALL REMUNERATION

The aggregate remuneration as specified above (including salary, commission, perquisites and allowances etc.) or paid additionally in accordance with the Rules of the Company in any financial year, which the Board in its absolute discretion pay to the Managing Director from time to time, shall not exceed the limits as prescribed under Sections 198,

309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956/ Section 196, 197 read with Schedule V of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force).

E. MINIMUM REMUNERATION

In the event of inadequate profits/business loss, in any Financial Year during the tenure of Mr. Vinod K. Dasari as the Managing Director of the Company, he shall be entitled to receive and be paid the remuneration mentioned above, excluding commission, as minimum remuneration, subject to the approval of the shareholders and the Central Government or any other statutory authority as may be required.

RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board of Directors and/ or the Nomination and Compensation Committee be and is hereby authorised to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient, usual and proper in the best interest of the Company.

11. (a) To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED that in supersession of the Ordinary Resolution passed at the Annual General Meeting held on July 19, 2011 and pursuant to the provisions of Section 180(1) (c) of the Companies Act 2013, the Rules made thereunder and its related and applicable provisions if any, or any other law for the time being in force (including any statutory modification or amendment thereto or re-enactment thereof) and in terms of Articles of Association of the Company, the Company hereby accords its consent to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may constitute for this purpose) of the Company for borrowing any sum or sums of money from time to time whether in Indian rupees or foreign currency (including External Commercial Borrowings in foreign denominated currencies from any foreign source / countries as prescribed by guidelines, if any in this respect) from any one or more Company’s bankers and /or from any one or more persons, firms, Bodies Corporate, Financial Institutions, Banks or other acceptable source whether by way of advances, deposits, loans, debentures, bonds or other securities whether convertible into equity/preference shares and/ or securities with or without detachable warrants with a right exercisable by the warrant holder(s) to convert or subscribe for equity/preference shares to, Bank(s), Financial or other Institution(s), Mutual Fund(s), non-resident Indians, Foreign Institutional Investors or any other person(s), Body(ies) Corporate, etc., whether shareholder of

the Company or not, whether unsecured or secured and on such terms and conditions as the Board may deem fit, any sum or sums of monies which together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company’s Bankers in the ordinary course of business) will or may exceed the aggregate paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided such excess amount so borrowed by the Board shall not at any time exceed the limit of ₹ 8000 Crore (Rupees Eight Thousand crore only).”

RESOLVED FURTHER that for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such acts, deeds and things as it may in its absolute discretion deem fit, necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient.”

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolutions are hereby approved ratified and confirmed in all respects”.

- (b) To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED that in supersession of the Ordinary Resolution passed at the Annual General Meeting held on July 19, 2011 and pursuant to the provisions of section 180(1)(a) of the Companies Act 2013, the Rules made thereunder and all other applicable provisions if any, or any other law for the time being in force (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force) and in terms of Articles of Association of the Company, the Board of Directors of the Company (hereinafter called “the Board”, which term shall be deemed to include any other Committee of the Board, which the Board may have constituted or hereinafter constitute for the time being, to exercise its powers conferred on the Board of Directors by this resolution, or any person(s) authorised by the Board or its Committee for such purpose) be and is hereby authorised to create such charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, or the whole, or substantially the whole, of the undertaking or undertakings of the Company, and with such ranking as to priority and for such time and on such terms and in such manner as the Board may think fit, in favour of lenders, agents, trustees and other agencies to secure the borrowings of the

Company availed/to be availed by way of loan(s) (in foreign currency and/or Indian rupee) and /or working capital facilities and/or Securities issued/ to be issued by the Company, from time to time, up to an aggregate of paid-up capital of the Company, its free reserves and an additional amount of ₹8000 Crore, together with interests, compound/additional interest, commitment charges, costs expenses and all other monies payable by the Company to the concerned lenders.

RESOLVED FURTHER that the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any Director(s) or any other Officer(s) of the Company to give effect to the above resolution.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such acts, deeds and things as it may in its absolute discretion deem fit, necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to above resolutions.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolutions are hereby approved ratified and confirmed in all respects.”

- (C) To consider and if thought fit, to pass, with or without modification(s), the following resolution as Special Resolution:

RESOLVED that pursuant to the provisions of Sections 42, 71 and its related and applicable provisions if any of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the provisions of the Articles of Association of the Company, approval of the members be and is hereby accorded to authorize the Board of Directors of the Company to offer or invite subscriptions for secured / unsecured redeemable non-convertible debentures, in one or more series / tranches, aggregating upto ₹ 2000 Crore (Rupees two thousand crore only) on private placement basis, on such terms and conditions as the Board of Directors of the Company may from time to time determine and consider proper and most beneficial to the Company including as to when the said Debentures be issued, the consideration for the issue, utilization of the issue proceeds, redemption of the same and all other matters connected with or incidental thereto;

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolutions are hereby approved ratified and confirmed in all respects”.

12. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“**RESOLVED** that pursuant to the provisions of Section 14 and any other related and applicable provisions of the Companies Act, 2013, read with Rules made thereunder, the Articles of Association of the Company be and is hereby amended by deleting the existing Article 98 and substituting with the following new Article 98:

98. Remuneration of Directors

“Every Non-Executive and Independent Director of the Company shall be paid remuneration by way of Sitting fee for attending each Meeting of the Board or any Committee of the Board thereof, an amount which may be decided by the Board as may be amended from time to time subject to the overall ceiling limit provided under Section 197 of Companies Act, 2013 and any other applicable provisions read with Rule 4 of (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended and applicable from time to time.

The Directors shall also be paid all travelling and other expenses incurred by them in attending and returning from Meeting of the Board of Directors or of any Committee thereof or in connection with the business of the Company”.

13. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

RESOLVED that pursuant to the provisions of Section 62 and its related and applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder (including any amendment thereto or statutory modification(s) or re-enactment(s) thereof for the time being in force), the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time (“SEBI Regulations”) and the provisions of the Foreign Exchange Management Act, 1999, and Foreign Exchange Management (Transfer or Issue of Security

by a Person Resident Outside India) Regulations, 2000, as amended from time to time, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, as amended, and such other statutes, notifications, clarifications, circulars, Rules and regulations as may be applicable and relevant, as amended from time to time and issued by the Government of India ("**GOI**"), the Reserve Bank of India ("**RBI**"), the Foreign Investment Promotion Board ("**FIPB**"), the Securities and Exchange Board of India ("**SEBI**"), the stock exchanges where the equity shares of the Company ("**equity shares**") are listed ("**Stock Exchanges**") and any other appropriate authorities, institutions or bodies, as may be applicable in accordance with the enabling provisions of the Memorandum and Articles of Association of the Company and the listing agreements entered into by the Company with each of the Stock Exchanges ("**Listing Agreements**"), and subject to such approvals, consents, permissions and sanctions, if any, of the GOI, RBI, FIPB, SEBI, Stock Exchanges and any other appropriate authorities, institutions or bodies, as may be necessary and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission, and/or sanction, the consent of the shareholders be and is hereby accorded to permit the Board of Directors (hereinafter referred to as the "**Board**" which shall be deemed to include any Committee thereof, constituted or to be constituted to exercise its powers) in its absolute discretion, to create, offer, issue and allot from time to time, in one or more tranches, in the course of one or more domestic and/or international offerings in one or more foreign markets or domestic markets to one or more eligible investors, whether or not they are members of the Company or are residents or non-residents of India, including but not limited to Qualified Institutional Buyers ("**QIBs**") as defined under the SEBI Regulations through a Qualified Institutional Placement ("**QIP**") within the meaning of Chapter VIII of the SEBI Regulations of equity shares, non-convertible debt instruments along with warrants and convertible securities other than warrants, or by way of an issuance of equity shares or American Depositary Receipts ("**ADRs**") or Global Depositary Receipts ("**GDRs**") or Foreign Currency Convertible Bonds ("**FCCBs**"), whether or not to be listed on any Stock Exchange in India or overseas, to eligible investors including Foreign Institutions, Corporate Bodies, Mutual Funds, Banks, Insurance Companies, Pension Funds or individuals (including the Promoters or any persons or companies associated with the Promoters), whether Rupee denominated or denominated in any foreign currency (such securities, "**Specified Securities**"), up to 2,000 lakh equity shares face value of Re. 1/- constituting 7.5% of the issued equity Share capital of the Company at such price or prices, at market price(s) or at a permissible discount or premium to market price(s) in terms of applicable regulations to be determined by

the Board at the time of issue, at its absolute discretion without requiring any further approval or consent from the shareholders of the Company and subject to the applicable regulations/guidelines in force.

RESOLVED FURTHER that in the event of a QIP or issuance of ADRs/GDRs/FCCBs as abovementioned, the relevant date for determining the price of the Specified Securities to be allotted, if any, shall mean, in case of allotment of equity shares, the date of the meeting in which the Board or a Committee thereof decides to open the proposed issue and in case of allotment of convertible securities, either the date of the meeting in which the Board or a committee thereof decides to open the issue of such convertible securities or the date on which the holders of such convertible securities become entitled to apply for the equity shares, as provided under applicable law, or such other time as may be prescribed by applicable law from time to time.

RESOLVED FURTHER THAT in the event of a QIP, in terms of Chapter VIII of the SEBI Regulations, in accordance with Regulation 86(1) (a) of the SEBI Regulations, a minimum of 10% of the Specified Securities shall be allotted to Mutual Funds and if the Mutual Funds do not subscribe to the said minimum percentage or part thereof, such minimum portion or part thereof, may be allotted to other QIBs, and that no allotment shall be made directly or indirectly to any QIB who is a promoter or any person related to promoters of the Company.

RESOLVED FURTHER THAT in case of a QIP, in terms of the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, the Board may at its absolute discretion issue equity shares (including upon conversion of the Securities) at a discount of not more than five per cent or such other discount as may be permitted under applicable regulations to the 'floor price' as determined in terms of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009."

RESOLVED FURTHER THAT the issue of Specified Securities shall be subject to the following terms and conditions:

- (i) The equity shares that may be issued and allotted directly or on conversion of other convertible or exchangeable securities issued as aforesaid shall rank pari passu with the then existing equity shares of the Company in all respects including dividend;
- (ii) The number and/or conversion price in relation to equity shares that may be issued and allotted on conversion of other convertible securities that may be issued as aforesaid shall be appropriately adjusted for corporate actions such as Bonus Issue, Rights Issue, Stock Split and Consolidation of Share Capital, Merger, De-merger, Transfer of Undertaking, Sale of Division or any Such Capital or Corporate Restructuring;

- (iii) In the event of a QIP as aforesaid, the allotment of the Specified Securities shall be completed within twelve months of the date of the passing of this resolution under Section 62 of the Companies Act, 2013;
- (iv) In case Specified Securities other than equity shares are issued pursuant to a QIP as aforesaid, such securities shall be converted into equity shares within sixty months from the date of allotment; and
- (v) In the event of a QIP as aforesaid, no subsequent QIP shall be made until the expiry of six months from the date of the prior QIP approved by way of this Special Resolution.

RESOLVED FURTHER THAT the Board/Committee be and is hereby authorised to do such acts, deeds and matters as may be necessary and also to delegate all or any of the powers conferred on it by or under this Resolution to any Committee of the Board or to any Director of the Company or to any other officer(s) or employee(s) of the Company or any professional as it may consider appropriate in order to give effect to this Resolution."

14. Remuneration of Cost Auditor:

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"**RESOLVED** that pursuant to the provisions of Section 148 and its related and applicable provisions of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of ₹ 5,00,000 (Rupees five lakh only) plus reimbursement of reasonable out-of-pocket expenses actually incurred for the Financial Year ending March 31, 2015 as approved by the Board of Directors of the Company, to be paid to M/s Geeyes & Co, Cost Accountants, for the conduct of Cost Audit of the cost records of the Company, be and is hereby ratified and confirmed.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board

Registered Office:
No. 1, Sardar Patel Road
Guindy, Chennai 600 032
May 22, 2014

N Ramanathan
Company Secretary

NOTES:

1. The Register of Members and the Share Transfer books of the Company will remain closed from July 22, 2014 to July 26, 2014 (both days inclusive) for annual closing.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT ONE OR**

MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights.

THE PROXY FORM SHOULD BE LODGED WITH THE COMPANY AT LEAST 48 HOURS BEFORE THE SCHEDULED COMMENCEMENT OF THE MEETING.

Revenue Stamp should be affixed on the Proxy Form. Forms which are not stamped are liable to be considered invalid. It is advisable that the Proxy holder's signature may also be furnished in the Proxy Form, for identification purposes.

3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of details relating to Special Businesses is furnished below.
4. Members may please bring the Admission Slip duly filled in and hand over the same at the entrance of the Meeting Hall.
5. Members, who hold shares in dematerialised form, are requested to quote Depository account number (Client ID No.) for recording of attendance at the meeting.
6. Consequent to the amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividends remaining unclaimed for a period of seven years is to be transferred to the Investor Education and Protection Fund. Accordingly, the dividend declared for all the Financial Years ended March 31, 2006 has been transferred to Investor Education and Protection Fund. The amount so transferred cannot be claimed either from the Company or from the Fund.

Members who have not encashed the dividend warrants for the Financial Year ended 2006-2007 and/or any subsequent years are requested to write to the Company giving the necessary details.

Details of dividend declared for the Financial Years from 2006-2007 onwards are given below:

Financial year	Declared on	Dividend	Amount of dividend per share (face value: ₹1/- per share) ₹ P.
2006-2007	21.03.2007	150% (*)	1.50
2007-2008	30.07.2008	150%	1.50
2008-2009	28.07.2009	100%	1.00
2009-2010	27.07.2010	150%	1.50
2010-2011	19.07.2011	200%	2.00
2011-2012	24.07.2012	100%	1.00
2012-2013	16.07.2013	60%	0.60

(*) Interim Dividend. No final dividend declared.

7. Pursuant to Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amount lying with companies) Rules, 2012, the Company shall provide/host the required details of unclaimed amounts referred to under Section 205C(2) of the Companies Act, 1956 on its website and also Ministry of Corporate Affairs(MCA) website in the relevant form every year. For the Financial Year ended March 31, 2013, the above information shall be filed within the statutory time.
8. Electronic copy of the Notice of the 65th Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 65th Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
9. Members may also note that the Notice of the 65th Annual General Meeting and the Annual Report for 2013-14 will also be available on the Company's website www.ashokleyland.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Chennai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: secretarial@ashokleyland.com.
10. Voting through electronic means:
 - I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, read with Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote at the 65th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL):

The instructions for e-voting are as under:

 - A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)]:
 - (i) Open email and open PDF file viz; "Ashok Leyland e-Voting. pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
 - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - (iii) Click on Shareholder – Login
 - (iv) Type user ID and password as initial password/ PIN noted in step (i) above. Click Login.
 - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vi) Home page of e-voting opens. Click on e-voting: Active Voting Cycles.
 - (vii) Select "EVEN" of Ashok Leyland Limited.
 - (viii) Now you are ready for e-voting as Cast Vote page opens.
 - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (x) Upon confirmation, the message "Vote cast successfully" will be displayed
 - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote
 - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer through e-mail to scrutiniserbc@gmail.com with a copy marked to corpserv@integratedindia.in
 - B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/ Depository Participant(s) or requesting physical copy] :
 - (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM :
**EVEN (E-Voting Event Number) USER ID
PASSWORD/PIN**
 - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

- II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of www.evoting.nsdl.com
- III. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.
- IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- V. The e-voting period commences on July 19, 2014 (09:00 A.M.) and ends on July 21, 2014 (05:30 P.M.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of June 20, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- VI. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of June 20, 2014.
- VII. Ms. B. Chandra, Practicing Company Secretary (Membership No. ACS:20879) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- VIII. The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- IX. The Results shall be declared on or after the AGM of the Company. The Results declared along with Scrutinizer's Report shall be placed on the Company's website www.ashokleyland.com and the website of NSDL within two(2) days of passing the resolution at the AGM of the Company and communicated to the Stock Exchanges.
11. Brief notes on the background and the functional expertise of the Director proposed for re-appointment is furnished below, along with details of companies in which he is a Director and the Board Committees of which he is a member:

Mr. Dheeraj G Hinduja, aged 43 years, is an Honors Graduate from University College, London, and an MBA from Imperial College, University of London with specialization in Project Management. He has been

actively involved in business from 1994, and has been associated in India and abroad with the development of several infrastructure projects. He has been a Director of the Company from 1996. Presently, he is the Chairman of the Board. He is also a Member of the Nomination and Compensation Committee of the Board.

Details of other Directorships/Committee Memberships held by him:

DIRECTORSHIP	COMMITTEE MEMBERSHIP
CHAIRMAN	
Defiance Technologies Limited	Remuneration Committee
Co- CHAIRMAN	
Hinduja Foundries Limited	Remuneration Committee Investment Committee
Hinduja Automotive Limited, U. K	
DIRECTOR	
Hinduja National Power Corporation Limited	Remuneration Committee
Hinduja Leyland Finance Ltd	
Ashok Leyland Nissan Vehicles Limited	
Nissan Ashok Leyland Powertrain Limited	
Nissan Ashok Leyland Technologies Limited	

Mr. Dheeraj G Hinduja does not hold any shares in his individual capacity in the Company, as per declaration given by him.

Mr. Dheeraj G Hinduja, being the Promoter of the Company, is not related to any other Director on the Board of the Company.

12. Corporate Members / FIIs / Financial Institutions intending to send their authorised representatives to attend the Annual General Meeting are requested to send a duly certified copy of the Board resolution / such other documents authorizing their representatives to attend and vote at the Annual General Meeting well in advance.
13. The Annual Report 2013-14 of the Company circulated to the Members of the Company, will be made available on the Company's website at www.ashokleyland.com and also on the website of the respective Stock Exchanges at www.bseindia.com and www.nseindia.com.
14. Nomination Form

Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company as permitted under Section 72 of the Companies Act, 2013 read with Rules made thereunder are requested to send the prescribed Form SH.13 to the Corporate / Registered Office of the Company. The

Form SH.13 for the purpose would be available on the Company's website for download.

15. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

Item No. 4

Dr. Andreas H Biagosch is an Independent Director of the Company who joined the Board in May 2013.

Dr. Andreas H Biagosch, aged 59 years, retired from McKinsey & Company in July 2012 after serving 28 years with the Firm. He was a member of McKinsey's Executive Board for 12 years, serving in different roles such as chairing the Client Committee, chairing the Professional Standards Committee, and leading all of McKinsey's industry practices worldwide. He was also a member of all of the Firm's personnel committees.

The Board based on the experience/expertise declared by Dr. Andreas H Biagosch, is of the opinion that Dr. Andreas H Biagosch has the requisite qualification to act as an Independent Director of the Company.

In terms of Sections 149,150, 152 and its related and applicable provisions of the Companies Act, 2013, read with the Rules made thereunder, Dr. Andreas H Biagosch being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director of the Company for a term of 5 consecutive years upto July 25, 2019. A notice has been received from a member proposing Dr. Andreas H Biagosch as a candidate for the office of Director of the Company.

Dr. Andreas H Biagosch has given declaration under Section 149 (7) of the Companies Act, 2013 that he fulfills the conditions specified in Section 149 (6) of the Companies Act, 2013 read with Rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter of appointment of Dr. Andreas H Biagosch as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The members are further requested to note that Dr. Andreas H Biagosch has given declaration that he is not disqualified to become a Director under the Companies Act, 2013 and his consent to hold office as Director.

The Board deliberated and decided that owing to his rich and varied experience, his association would be of immense benefit to the Company and it is desirable to avail services of Dr. Andreas H Biagosch as an Independent Director. Accordingly, the Board recommends the resolution for the

appointment of Dr. Andreas H Biagosch as an Independent Director, for the approval by the shareholders of the Company.

Dr. Andreas H Biagosch does not hold by himself or for any other person on a beneficial basis, any shares in the Company as per declaration given by him. Details of other Directorships/Committee Memberships held by him:

DIRECTORSHIP	COMMITTEE MEMBERSHIP
DIRECTOR	
Impacting I GmbH & Co KG	NIL
Aixtron SE	
Lurssen GmbH & Co KG	

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in this resolution except Dr. Andreas H Biagosch.

Items No: 5

Mr. Anil Harish is an Independent Director of the Company who joined the Board in October 2009. Mr. Anil Harish is a member of Nomination and Compensation Committee, Risk Management Committee and Chairman of Audit Committee.

Mr. Anil Harish, B.A.,LL.B and LL.M. (Miami, USA), aged 60 years, has over three decades of experience. He is a Partner of M/s D M Harish & Co., Mumbai, a renowned firm of Advocates specialized in Real Estate, International Investments, Corporate Law and Taxation matters etc. He was the Executive Vice President of the Society of Indian Law Firms (SILF) and was a member of the Management Committee of the Income Tax Appellate Tribunal Bar Association and Managing Council of the Chamber of Income Tax Consultants. An authority on various topics related to real estate, taxation and collaboration, he has addressed various seminars, at both national as well as international levels

The Board based on the experience/expertise declared by Mr. Anil Harish, is of the opinion that Mr. Anil Harish has the requisite qualification to act as an Independent Director of the Company.

In terms of Sections 149,150, 152 and its related and applicable provisions of the Companies Act, 2013, read with the Rules made thereunder, Mr. Anil Harish being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director of the Company for a term of 5 consecutive years upto July 25, 2019. A notice has been received from a member proposing Mr. Anil Harish as a candidate for the office of Director of the Company.

Mr. Anil Harish has given declaration under Section 149 (7) of the Companies Act, 2013 that he fulfills the conditions specified in Section 149 (6) of the Companies Act, 2013 read with Rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter of appointment

of Mr. Anil Harish as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The members are further requested to note that Mr. Anil Harish has given declaration that he is not disqualified to become a Director under the Companies Act, 2013 and his consent to hold office as Director.

The Board deliberated and decided that owing to his rich and varied experience, his association would be of immense benefit to the Company and it is desirable to avail services of Mr. Anil Harish as an Independent Director. Accordingly, the Board recommends the resolution for the appointment of Mr. Anil Harish as an Independent Director, for the approval by the shareholders of the Company.

Mr. Anil Harish does not hold by himself or for any other person on a beneficial basis, any shares in the Company as per declaration given by him. Details of other Directorships/Committee Memberships held by him:

DIRECTORSHIP	COMMITTEE MEMBERSHIP
DIRECTOR	
Advani Hotels & Resorts (India) Ltd	Remuneration Committee
Ador Welding Limited	Audit Committee (C)
Future Consumer Enterprise Limited (formerly known as Future Venture India Ltd)	Audit Committee
Future Retail Limited	Remuneration Committee Corporate Governance Committee
Hotel Leelaventure Limited	Audit Committee Committee of Directors for Issue of Shares
Hinduja Global Solutions Limited	Audit Committee(C) Compensation Committee(C)
Hinduja Ventures Limited	Audit Committee (C)
Hinduja Leyland Finance Limited	
Mukta Arts Limited	
Mahindra Lifespace Developers Limited	Audit Committee
Obero Realty Limited	Audit Committee
Unitech Limited	Audit Committee
Valecha Engineering Limited	Audit Committee
Astoria Maritime Private Limited	
Cenmar Maritime Agencies (India) Pvt. Limited	
Freight Connection (India) Pvt. Limited	

Helpyourngo(India) Pvt. Limited	
Modril Properties (India) Pvt. Limited	
Oasis Preprint Services Pvt. Ltd	
Trans Atlantic Consultants Pvt. Limited	

(C)- Chairman

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in this resolution except Mr. Anil Harish.

Item No. 6

Mr. D J Balaji Rao is an Independent Director of the Company who joined the Board in March 2002. Mr. D J Balaji Rao is a member of Audit Committee, Shareholders/Investors Grievance Committee, Risk Management Committee and Chairman of Nomination and Compensation Committee.

Mr. D J Balaji Rao, aged 75 years is a former Deputy Managing Director of ICICI Limited. He is a qualified Mechanical and Industrial Engineer, and pursued his career in engineering for about 8 years before joining ICICI Limited in 1970. After wide ranging responsibilities in different locations, he reached the position of Deputy Managing Director of ICICI Limited and subsequently took over as Managing Director of SCICI Limited in 1996. He retired as the Managing Director of Infrastructure Development Finance Company Limited in the year 2000. He was a Director on the Company's Board for 7 years from 1989 to 1996 and has been a Director since July 2000.

The Board based on the experience/expertise declared by Mr. D J Balaji Rao, is of the opinion that Mr. D J Balaji Rao has the requisite qualification to act as an Independent Director of the Company.

In terms of Sections 149,150, 152 and its related and applicable provisions of the Companies Act, 2013, read with the Rules made thereunder, Mr. D J Balaji Rao being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director of the Company for a term of 5 consecutive years upto July 25, 2019. A notice has been received from a member proposing Mr. D J Balaji Rao as a candidate for the office of Director of the Company.

Mr. D J Balaji Rao has given declaration under Section 149 (7) of the Companies Act, 2013 that he fulfills the conditions specified in Section 149 (6) of the Companies Act, 2013 read with Rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter of appointment of Mr. D J Balaji Rao as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The members are further requested to note that Mr. D J Balaji Rao has given declaration that he is not disqualified to

become a Director under the Companies Act, 2013 and his consent to hold office as Director.

The Board deliberated and decided that owing to his rich and varied experience, his association would be of immense benefit to the Company and it is desirable to avail services of Mr. D J Balaji Rao as an Independent Director. Accordingly, the Board recommends the resolution for the appointment of Mr. D J Balaji Rao as an Independent Director, for the approval by the shareholders of the Company.

Mr. D J Balaji Rao does not hold by himself or for any other person on a beneficial basis, any shares in the Company as per declaration given by him. Details of other Directorships/ Committee Memberships held by him:

DIRECTORSHIP	COMMITTEE MEMBERSHIP
CHAIRMAN	
3M India Limited., Bangalore	Shareholder Grievances Committee (C) Audit Committee
DIRECTOR	
Bajaj Holding & Investments Limited., Pune	Remuneration Committee
Graphite India Limited., Kolkata	
Hinduja Foundries Limited., Chennai	Audit Committee (C)
JSW Energy Limited., Mumbai	Audit Committee Remuneration Committee ESOP Committee
Bajaj Auto limited	Shareholder Grievances Committee (C) Audit Committee. Remuneration Committee (C)
Bajaj Finserv Limited., Pune	Audit Committee Remuneration Committee
CMI- FPE Limited., Mumbai	Audit Committee (C) Remuneration Committee
Bajaj Finance Limited	

(C)- Chairman

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in this resolution except Mr. D J Balaji Rao.

Item No. 7

Mr. Jean Brunol is an Independent Director of the Company who joined the Board in October 2010. Mr. Jean Brunol is a member of Investment Committee and Technology Committee.

Mr. Jean Brunol, aged 62 years, is a Graduate of the Ecole Normale Supérieure de Saint Cloud, holding the highest General Physics' degree in France (Agrégation) and a State Doctorate in Optics and Image Processing. He also holds a Master's in Business Administration from Research Center for Executive Managing Director (CRC). Mr. Jean Brunol was a Senior Vice President Business & Operations Strategy, Member of Federal Mogul Strategy Board, Federal Mogul Corporation in charge of worldwide Business and Operations Strategy as well as International Operations. Based in Paris and in Detroit he managed the restructuring of Federal Mogul Operations in Europe, development of the Company in Asia Pacific as well as South America, Mergers and Acquisitions of the corporation and Global advanced Technology reengineering. He was previously Senior Vice President Business Strategy and International Operations at IVECO a leading Commercial Vehicle Manufacturers and based in Italy. Prior to his appointment in the Company, he was the CEO of the World Leader of high technology batteries SAFT.

The Board based on the experience/expertise declared by Mr. Jean Brunol, is of the opinion that Mr. Jean Brunol has the requisite qualification to act as an Independent Director of the Company.

In terms of Sections 149,150, 152 and its related and applicable provisions of the Companies Act, 2013, read with the Rules made thereunder, Mr. Jean Brunol being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director of the Company for a term of 5 consecutive years upto July 25, 2019. A notice has been received from a member proposing Mr. Jean Brunol as a candidate for the office of Director of the Company.

Mr. Jean Brunol has given declaration under Section 149 (7) of the Companies Act, 2013 that he fulfills the conditions specified in Section 149 (6) of the Companies Act, 2013 read with Rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter of appointment of Mr. Jean Brunol as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The members are further requested to note that Mr. Jean Brunol has given declaration that he is not disqualified to become a Director under the Companies Act, 2013 and his consent to hold office as Director.

The Board deliberated and decided that owing to his rich and varied experience, his association would be of immense benefit to the Company and it is desirable to avail services of Mr. Jean Brunol as an Independent Director. Accordingly, the Board recommends the resolution for the appointment of Mr. Jean Brunol as an Independent Director, for the approval by the shareholders of the Company.

Mr. Jean Brunol does not hold by himself or for any other person on a beneficial basis, any shares in the Company as per declaration given by him. Details of other Directorships/ Committee Memberships held by him:

DIRECTORSHIP	COMMITTEE MEMBERSHIP
DIRECTOR	
Hinduja Foundries Limited	Investment Committee
Shiloh Industries	Audit Committee Compensation Committee
Houghton International Inc., USA	Compensation Committee

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in this resolution except Mr. Jean Brunol.

Item No. 8

Mr. Sanjay K Asher is an Independent Director of the Company who joined the Board in December 2010. Mr. Sanjay K Asher is a member of Audit Committee and Chairman of Shareholders/ Investors Grievance Committee.

Mr. Sanjay K Asher, aged 50 years, is a Commerce and a Law Graduate from the Bombay University. He is also a Fellow member of the Institute of Chartered Accountants of India. He has been a Practising Advocate since 1989 with M/s Crawford Bayley & Co., which is a leading law firm. He was admitted as a Solicitor in the year 1993 and is presently a Partner of M/s Crawford Bayley & Co. He was an invitee to the Committee formed by the Government of India, Department of Disinvestment for the purposes of standardising the transaction documents in relation to privatisation of the public sector enterprises of the Government of India. He is also a member of the committee in respect of Indo-US Financial Institutions Reforms and Expansion Projects - Capital Markets for the purpose of development of securities law bar and the securities law course in India.

The Board based on the experience/expertise declared by Mr. Sanjay K Asher, is of the opinion that Mr. Sanjay K Asher has the requisite qualification to act as an Independent Director of the Company.

In terms of Sections 149,150, 152 and its related and applicable provisions of the Companies Act, 2013, read with the Rules made thereunder, Mr. Sanjay K Asher being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director of the Company for a term of 5 consecutive years upto July 25, 2019. A notice has been received from a member proposing Mr. Sanjay K Asher as a candidate for the office of Director of the Company.

Mr. Sanjay K Asher has given declaration under Section 149 (7) of the Companies Act, 2013 that he fulfills the conditions specified in Section 149 (6) of the Companies Act, 2013 read with Rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter of appointment of Mr. Sanjay K Asher as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of

the Company during normal business hours on any working day.

The members are further requested to note that Mr. Sanjay K Asher has given declaration that he is not disqualified to become a Director under the Companies Act, 2013 and his consent to hold office as Director.

The Board deliberated and decided that owing to his rich and varied experience, his association would be of immense benefit to the Company and it is desirable to avail services of Mr. Sanjay K Asher as an Independent Director. Accordingly, the Board recommends the resolution for the appointment of Mr. Sanjay K Asher as an Independent Director, for the approval by the shareholders of the Company.

Mr. Sanjay K Asher does not hold by himself or for any other person on a beneficial basis, any shares in the Company as per declaration given by him. Details of other Directorships/ Committee Memberships held by him:

DIRECTORSHIP	COMMITTEE MEMBERSHIP
DIRECTOR	
A L Movers Private Limited	
A L Records Management Private Ltd.	
Allied Pickfords India Private Ltd.	
ArjoHuntleigh Healthcare India Pvt. Ltd.	
Bajaj Allianz Life Insurance Company Limited	
Bajaj Allianz General Insurance Company Limited	
Balakrishna Industries Ltd.	
Diamant Boart Marketing Pvt. Ltd.	
Enam Infrastructure Trusteeship Services Private Ltd.	
Finolex Cables Limited	Audit Committee Share Transfer and Investor Grievance Committee Remuneration Committee
Finolex Industries Limited	Remuneration Committee
Finolex Plasson Industries Private Limited	
Indian Cookery Private Ltd.	
Innoventive Industries Limited	
Kryfs Power Components Limited	
Mandhana Industries Limited	Audit Committee Remuneration Committee

Master Voss International Project Pvt. Ltd.	
Morgan Stanley Investment Management Private Ltd.	
Narendra Plastic Private Limited	
NV Advisory Services Private Ltd.	
Orbit Electricals Private Ltd.	
Oerlikon Textile India Private Limited	
Repro India Limited	Audit Committee Remuneration Committee (C)
Sanghvi Movers Ltd.	
Sharp India Limited	Audit Committee Share Transfer and Investor Grievance Committee (C) Remuneration Committee
Shree Renuka Sugars Limited	Audit Committee (C) Share Transfer and Investor Grievance Committee (C) Remuneration Committee
Siporex India Private Limited	
Sudarshan Chemicals Industries Limited	
Team Relocations India Private Limited	
Tribhovandas Bhimji Zaveri Limited	Remuneration Committee
ValueQb Consulting Private Limited	
Varun Maritime Pvt. Ltd	
Varun Global Pvt. Ltd.	
Varun Resources Pvt. Ltd	
Arch Protection Chemical Pvt. Ltd.	
Kineco Kaman Composites – India Pvt. Ltd.	
Lonza India Pvt. Ltd.	
ALTERNATE DIRECTOR	
Hoganas India Private Ltd.	
J.B Chemicals and Pharmaceuticals Ltd.	

Pallazzio Hotels and Leisure Limited	
Vamona Developers Private Limited	
Classic Mall Development Company Private Limited	
Gangetic Hotels Private Limited	
Offbeat Developers Private Limited.	
Indore Treasure Island Private Limited	
AKME Rhine River Projects Private Limited	
Alliance Hospitality Services Private Limited	
Turning Point Estates Private Limited	
Surya Treasure Island Private Limited	
Jabalpur Treasure Island Private Limited	
Raipur Treasure Island Private Limited	

(C)- Chairman

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in this resolution except Mr. Sanjay K Asher.

Item No. 9

Mr. Shardul S Shroff is an Independent Director of the Company who joined the Board in October 2006.

Mr Shardul S Shroff, B.Com Hons., LLB, aged 58 years, has been a practising lawyer from 1980 with Amarchand & Mangaldas & Suresh A Shroff, one of the leading and large multidisciplinary Law Firms in the country. He has vast experience in the areas of Corporate Advisory, Joint Ventures, Project Finance, Corporate and Structured Finance, Insurance, Telecom, Mergers & Acquisitions, Disinvestments and a large body of corporate advisory work across sectors. He has worked very closely on important economic legislations as a member of several high-powered committees appointed by the Government of India.

The Board based on the experience/expertise declared by Mr. Shardul S Shroff, is of the opinion that Mr. Shardul S Shroff has the requisite qualification to act as an Independent Director of the Company.

In terms of Sections 149,150, 152 and its related and applicable provisions of the Companies Act, 2013, read with the Rules made thereunder, Mr. Shardul S Shroff being eligible and offering himself for appointment, is proposed to be

appointed as an Independent Director of the Company for a term of 5 consecutive years upto July 25, 2019. A notice has been received from a member proposing Mr. Shardul S Shroff as a candidate for the office of Director of the Company.

Mr. Shardul S Shroff has given declaration under Section 149 (7) of the Companies Act, 2013 that he fulfills the conditions specified in Section 149 (6) of the Companies Act, 2013 read with Rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter of appointment of Mr. Shardul S Shroff as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The members are further requested to note that Mr. Shardul S Shroff has given declaration that he is not disqualified to become a Director under the Companies Act, 2013 and his consent to hold office as Director.

The Board deliberated and decided that owing to his rich and varied experience, his association would be of immense benefit to the Company and it is desirable to avail services of Mr. Shardul S Shroff as an Independent Director. Accordingly, the Board recommends the resolution for the appointment of Mr. Shardul S Shroff as an Independent Director, for the approval by the shareholders of the Company.

Mr. Shardul S Shroff does not hold by himself or for any other person on a beneficial basis, any shares in the Company as per declaration given by him. Details of other Directorships/ Committee Memberships held by him:

DIRECTORSHIP	COMMITTEE MEMBERSHIP
DIRECTOR	
Infrastructure Development Finance Company Limited	Audit Committee Risk Committee Compensation Committee Investor Grievance Committee
Jindal Power Limited	
Hindustan Media Ventures Limited	Audit Committee
Jubliant Life Sciences Limited (formerly known as Jubilant Organosys Limited)	Corporate Governance Committee Nomination Committee
Visa Power Limited	Remuneration Committee
Amarchand Towers Property Holdings Private Limited	
Amarchand Mangaldas Properties Private Limited	
PSNSS Properties Pvt Limited	
Baghbaan Properties (P) Limited	

First Commercial Services India Private Limited	
UVAC Centre (India) Private Limited	
First Universal Virtual International Arbitration Centre Private Limited	
First Full Services Private Limited	

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in this resolution except Mr. Shardul S Shroff.

Item No. 10

Mr. Vinod K. Dasari, aged 47 years, is a Graduate Engineer from University of Louisville, USA, and has acquired a Masters Degree in Business Administration from J.L. Kellogg School of Management, USA and a Masters Degree in Engineering Management from McCormick School of Engineering, USA. He has to his credit more than 22 years of rich experience in different capacities in India and USA.

Mr. Vinod K. Dasari is the President of The Automotive Research Association of India (ARAI) for the year 2013-14 and also the Vice – President of Society of Indian Automobile Manufacturers (SIAM) for the years 2013 - 15.

Mr. Vinod K. Dasari was appointed as the Chief Operating Officer of the Company in the year 2005 and became a Whole – time Director in the year 2008. In recognition of his contribution as well as to derive benefit from his rich and varied experience, Mr. Vinod K. Dasari was appointed as the Managing Director of the Company with effect from April 1, 2011 for a period of 3 years. The term of office of Mr. Vinod K. Dasari expired on March 31, 2014.

Under his dynamic leadership, the Company witnessed newer products, latest technology in Commercial Vehicles and an award in the year 2013-14 for “BOSS” as the “Best CV” of the year. Considering his contribution towards the Company, the Nomination and Compensation Committee and the Board of Directors unanimously approved his appointment for a period of 3 years at their respective Meetings held on March 13, 2014.

The approval of the members is being sought for the appointment of Mr. Vinod K. Dasari as the Managing Director and the remuneration payable to him for a period of 3 years effective from April 1, 2014. The terms and conditions mentioned in the resolutions have already been communicated/circulated to the members through an Abstract within the stipulated time as required under Section 302 of the Companies Act, 1956.

Further the members are requested to note that the Appointment of Mr. Vinod K. Dasari is in compliance with Section 196, 197, the Rules made thereunder read with Schedule V of the Companies Act, 2013 and other relevant and applicable provisions if any of the Companies Act, 2013

Mr Vinod K. Dasari holds 2,60,000 shares in the Company, as per details furnished by him. Details of other Directorships/ Committee Memberships held by him:

DIRECTORSHIP	COMMITTEE MEMBERSHIP
CHAIRMAN	
Ashok Leyland UAE LLC	
Irizar TVS Limited	
Ashok Leyland Defence Systems Limited	
Ashok Leyland John Deere Construction Equipment Company Private Limited	
DIRECTOR	
Lanka Ashok Leyland PLC	
Ashok Leyland Nissan Vehicles Limited	Audit Committee Remuneration Committee
Nissan Ashok Leyland Powertrain Limited	Audit Committee Remuneration Committee
Nissan Ashok Leyland Technologies Limited	Audit Committee Remuneration Committee

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in this resolution except Mr. Vinod K. Dasari.

Item No. 11 (a) & (b)

In order to meet the requirements of Section 293 (1) (d) and 293 (1) (a) of the Companies Act, 1956 the shareholders had, in the Annual General Meeting held on July 19, 2011, authorized the Company to borrow sums in excess of paid capital and free reserves of the Company subject to a ceiling of ₹ 8000 Cr. (other than temporary borrowings).

Section 180 of the Companies Act, 2013 (notified on September 12, 2013) mandates that the aforementioned powers of the Board shall be exercised only through Special Resolution passed in the meeting of shareholders as compared to the requirement of ordinary resolution under the previous Act.

Consequently, the Board recommends to the shareholders to pass a special resolution under Section 180(1)(c) and Section 180(1)(a) of the Companies Act, 2013, without altering the borrowing limits already approved by way of general resolution earlier.

The Company has planned to go in for issuance of new Non-Convertible Debentures / Term Loans / External Commercial Borrowings / Perpetual Bonds from Banks / Financial Institutions / Mutual Funds as lenders / trustees up to an amount not exceeding ₹ 1500 Cr during the financial year 2014-15. The above Non-Convertible Debentures / Term Loans / External Commercial Borrowings / Perpetual Bonds to be contracted during the Financial Year 2014-15 are to be secured by mortgage / charge of the immovable / movable properties of the Company, present and future. Such mortgaging by the Company of its immovable and movable properties in favour of lenders / trustees may tantamount to disposal. Accordingly, the proposed resolution is placed before the shareholders for their approval.

The Company has sought for an increase of Working Capital Limits up to ₹ 2,400 Cr (comprising of ₹ 1200 Cr in respect of fund based limits and ₹ 1200 Cr in respect of non-fund based limits) from State Bank of India and its Consortium of Banks. The above Working Capital Limits are to be secured by a first charge by the Board of Directors by way of hypothecation and/pledge of the borrower's current assets, namely stocks and spares not relating to plant and machinery (consumable stores & spares), Bills receivable & Book Debts and all other movables both present and future excluding such movables, and second charge on the immovable / movable properties of the Company, present and future, as may be permitted by banks from time to time. Such creation of charge by way of hypothecation and pledge of the borrower's current assets, namely stocks and spares not relating to plant and machinery (consumable stores & spares), Bills receivable & Book Debts and all other movables (not specifically offered / charged to any other credit facility) both present and future excluding such movables and the immovable / movable properties of the Company, as may be permitted by banks from time to time, to or in favour of State Bank of India and the Consortium of Banks may tantamount to disposal. Accordingly, the proposed resolution is placed before the shareholders for their approval.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in this resolution.

Item No. 11 (c)

The members attention is invited to the fact that in terms of Section 42 of the Companies Act 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, sub-rule (2) states that in case of an offer or invitation to subscribe for non-convertible debentures on private placement basis to not more than 200 persons, the Company shall obtain one time approval of its shareholders by means of a Special Resolution once in a year for all the offers or invitations for such debentures during the said year.

In order to augment long term resources for financing, *inter alia*, the ongoing capital expenditure and for general corporate purposes, the Company may offer or invite subscription for secured / unsecured redeemable non-convertible debentures in one or more series / tranches on private placement basis for an amount not exceeding ₹ 2000 Crore at an interest rate that will be determined by the prevailing money market conditions at the time of borrowing.

The Members to note that the above borrowing of ₹ 2000 Crore is within the overall borrowing as mentioned in Item No. 11 (a).

Accordingly, consent of the members is sought for passing an enabling Special Resolution as set out in this item. This resolution enables the Board of Directors of the Company to offer or invite subscription for non-convertible debentures, as may be required by the Company, from time to time for a year from the conclusion of this Annual General Meeting.

None of the Directors and Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested, financial or otherwise, in this resolution.

Item No. 12

The Companies Act, 2013 has enhanced the overall limit of sitting fee payable to Non- Executive and Independent Directors for each of the Board or Committees thereof attended by them. Consequently it is proposed to alter the existing Article 98 of the Articles of Association of the Company (which provides maximum limit payable as per the erstwhile Companies Act) in tune with the Companies Act, 2013.

The members are requested to further note that the Board be authorised to decide on the sitting fee payable for the Board/ Committee meetings based on the importance/time spent/ frequency of meetings required. However, the overall ceiling prescribed by the Companies Act, 2013 and the relevant Rules made thereunder will not be exceeded.

In terms of Section 14 of the Companies Act, 2013 and Rules made thereunder, a Special Resolution has been passed seeking the approval of the members for alteration of Article 98 of the Articles of Association.

A copy of the Memorandum and Articles of Association of the Company together with the proposed alterations would be available for inspection by the members at the Registered Office of the Company during 10: 00 A.M to 3:00 P.M, excluding Saturday, upto and including the date of the Annual General Meeting.

Except Mr. Dheeraj G Hinduja, Mr. R Seshasayee, Mr. Vinod K. Dasari and Key Managerial Personnel of the Company and their relatives, other Directors are deemed to be concerned or interested, financial or otherwise, in this resolution.

Item No. 13

The management has proposed to issue equity shares or non-convertible debentures with warrants or any other securities which are convertible or exchangeable for equity shares at a later date ("**Specified Securities**") to eligible investors including Qualified Institutional Buyers, Foreign Institutions, Foreign Investors, Non-Residents, Corporate Bodies, Mutual Funds, Banks, Insurance Companies, Pension Funds or other eligible investors whether or not members of the Company (including the Promoters), in terms of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as may be amended from time to time ("**SEBI Regulations**") or other applicable law.

The Specified Securities shall be issued at a price, being not less than the price calculated in accordance with Chapter VIII of SEBI Regulations or other applicable law, and the 'Relevant Date' in this regard shall be ; in case of allotment of equity shares, the date of the meeting in which the Board or a committee thereof, decides to open the proposed issue and in case of allotment of convertible securities, either the date of the meeting in which the Board or a committee thereof decides to open the issue of such convertible securities or the date on which the holders of such convertible securities become entitled to apply for the equity shares, as provided under Chapter VIII of the SEBI Regulations or such other time as may be prescribed by the SEBI Regulations or other applicable law from time to time, as may be determined by the Board.

The abovementioned offering of Specified Securities is being considered for funding capital expenditure by the Company, long-term working capital requirements, investment in Joint Ventures, Associate Companies (including Overseas Companies), expansion of the existing business, development of infrastructure for future growth and other approved corporate purposes.

The detailed terms and conditions for the abovementioned issue will be determined by the Board or a committee thereof, in consultation with the advisers, lead managers and such other authority(ies) as may be required to be consulted by the Company considering the prevailing market conditions and other relevant factors.

The Board recommends for consent of the shareholders by passing an enabling Special Resolution pursuant to the provisions of Section 62 and other applicable provisions of the Companies Act, 2013 and in terms of the provisions of the listing agreements executed by the Company with the Stock Exchanges where the equity shares of the Company are listed.

The Board believes that the proposed offering if made will be in the interest of the Company and therefore recommends this Special Resolution for your approval.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in this resolution.

Item No. 14

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. Geeyes & Co for ₹ 5,00,000/- plus reimbursement of reasonable out-of-pocket expenses actually incurred, as Cost Auditor to conduct the audit of the cost records of the Company for the Financial Year ending March 31, 2015.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 14 of the Notice for ratification of the remuneration payable to the Cost Auditors for the Financial Year ending March 31, 2015.

None of the Directors and Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested, financial or otherwise, in this resolution.

Annual Report containing Directors' Report and Audited Financial Statements (both standalone and consolidated) are being sent by Book Post/ E- mail.

By Order of the Board

Registered Office:
No. 1, Sardar Patel Road
Guindy, Chennai 600 032

N Ramanathan
Company Secretary

May 22, 2014

*"In the midst of Chaos,
there is always opportunity"*

Sun Tzu, The Art of War



ANNUAL REPORT 2013 - 2014



The Art of War

Sun Tzu was a general in ancient China whose propensity for military success made him an enduring legend. To hand down the wisdom he had gained from his years of battle he wrote a book, 'The Art of War'. This has become the seminal work on the incredible power of strategy and incisive tactical thought.

Sun Tzu's 'Art of War' has immortal lessons for all facets of life. For Ashok Leyland the past year was akin to fighting multiple battles at the same time. This annual report chronicles the battles we fought and lessons we learnt along the way, making us that much stronger to face challenges in the future.

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 realized, 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.

Annual Report 2013-14

BOARD OF DIRECTORS	Dheeraj G Hinduja, Chairman (Alternate : Y M Kale) R. Seshasayee, Non-Executive Vice Chairman Dr. Andreas H Biagosch Anil Harish D.J. Balaji Rao A.K. Das Jean Brunol Sanjay K Asher F. Sahami Shardul S Shroff Vinod K. Dasari, Managing Director
CHAIRMAN EMERITUS	R. J. Shahaney
CHIEF FINANCIAL OFFICER	Gopal Mahadevan
COMPANY SECRETARY	N. Ramanathan
EXECUTIVE DIRECTORS	Anup Bhat Anuj Kathuria N. V. Balachandar C. G. Belsare Nitin Seth Rajive Saharia B. Venkat Subramaniam
AUDITORS	M. S. Krishnaswami & Rajan Deloitte Haskins & Sells LLP
COST AUDITORS	Geeyes & Co.
DEBENTURE TRUSTEE	SBICAP Trustee Company Limited
BANKERS	Bank of America Bank of Baroda Canara Bank Central Bank of India Citi Bank N. A. Credit Agricole Corporate And Investment Bank Deutsche Bank A. G. HDFC Bank Ltd ICICI Bank Ltd IDBI Bank Indian Bank Punjab National Bank Standard Chartered Bank State Bank of India State Bank of Patiala The Bank of Tokyo - Mitsubishi UFJ Ltd The Hong Kong and Shanghai Banking Corporation Ltd The Royal Bank of Scotland N. V. Vijaya Bank
REGISTERED OFFICE	1, Sardar Patel Road, Guindy, Chennai 600 032
PLANTS	Chennai (Ennore) and Hosur, Tamil Nadu; Bhandara, Maharashtra; Alwar, Rajasthan; Pant Nagar, Uttarakhand
WEBSITE	www.ashokleyland.com

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The Admission Slip/Proxy Form and AGM Notice are being sent by registered post / e-mail separately

A HISTORICAL PERSPECTIVE OF THE COMPANY

₹ Lakhs

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Sales Volume										
Vehicles (numbers)	54,740	61,655	83,094	83,307	54,431	63,926	94,106	101,990	114,611	89,337
Engines (numbers)	6,254	7,171	8,202	11,757	21,447	19,050	17,377	16,170	21,757	17,441
Spare parts and others	54,600	78,380	54,684	79,124	79,969	88,506	106,194	155,400	181,458	121,257
Revenue (Gross sales)	481,080	605,310	830,472	894,715	666,664	787,260	1,215,300	1,372,081	1,329,856	1,056,085
Profit before tax	35,501	45,230	60,451	63,815	20,845	54,477	80,180	68,998	47,071	(9,122)
Profit after tax	27,141	32,732	44,129	46,931	19,000	42,367	63,130	56,598	43,371	2,938
Assets										
Fixed assets	97,900	108,470	154,452	205,479	439,741	481,103	499,176	546,171	597,081	584,139
Non-Current Investments	22,919	36,818	22,109	60,990	26,356	32,615	123,000	153,448	233,763	240,531
Long term loans and advances	3,161	5,690	17,021	13,550	10,020	20,145	38,463	60,824	49,934	67,277
Other non-current assets	1,482	420	2,330	2,076	823	363	316	743	1,203	3,309
Non-Current Assets	125,462	151,398	195,912	282,095	476,940	534,226	660,955	761,186	881,981	895,256
Current Investments	-	-	-	-	-	-	-	-	-	38,438
Inventories	56,808	90,256	107,032	122,391	133,001	163,824	220,890	223,063	189,602	118,870
Trade Receivables	45,876	42,434	52,288	37,583	95,797	102,206	116,450	123,076	141,941	129,901
Cash and Bank balances	79,668	60,288	43,494	45,137	8,808	51,892	17,953	3,256	1,394	1,169
Short Term loans and Advances	30,213	24,573	49,937	68,864	68,934	75,901	33,439	72,657	87,134	80,071
Other current assets	452	310	112	154	146	155	9,644	8,337	7,618	17,095
Current assets	213,017	217,861	252,863	274,129	306,686	393,978	398,376	430,389	427,689	385,544
Total	338,479	369,259	448,775	556,224	783,626	928,204	1,059,331	1,191,575	1,309,670	1,280,800
Financed by										
Share capital	11,893	12,216	13,239	13,303	13,303	13,303	13,303	26,607	26,607	26,607
Reserves and surplus	104,894	129,029	176,218	201,595	334,470	352,327	382,993	394,626	418,903	418,182
Shareholders funds	116,787	141,245	189,457	214,898	347,773	365,630	396,296	421,233	445,510	444,789
Long term borrowings	76,528	60,641	46,152	70,632	185,826	211,819	234,813	229,335	273,784	329,650
Deferred tax liability - Net	17,084	17,969	19,693	25,382	26,344	38,454	44,389	49,037	52,737	40,677
Long-term provisions and Liabilities	6,197	7,113	8,860	9,286	9,410	11,421	7,846	7,656	8,029	7,024
Non-current liabilities	99,809	85,723	74,705	105,300	221,580	261,694	287,048	286,028	334,550	377,351
Short-term borrowings	138	69	14,328	-	-	-	-	10,175	76,698	58,741
Trade payables	86,189	104,595	143,368	173,511	177,129	233,168	230,851	257,097	248,537	221,415
Other current liabilities	21,305	18,578	25,354	37,278	19,746	42,264	103,442	175,005	173,507	169,691
Short-term provisions	14,251	19,049	1,563	25,237	17,398	25,448	41,694	42,037	30,868	8,813
Current liabilities	121,883	142,291	184,613	236,026	214,273	300,880	375,987	484,314	529,610	458,660
Total	338,479	369,259	448,775	556,224	783,626	928,204	1,059,331	1,191,575	1,309,670	1,280,800
Basic Earnings Per Share (₹)	2.28	2.74	3.38	3.53	1.43	3.18	2.37*	2.13*	1.63*	0.11*
Dividend per share (₹) (Face value ₹ 1 each)*	1.00	1.20	1.50	1.50	1.00	1.50	2.00	1.00	0.60	-
Employees (numbers)	12,178	11,845	12,125	13,304	11,938	13,662	15,812	15,734	14,668	11,552

*Post Bonus Issue

Note: Though Figures for the periods prior to 2010-11 have been reclassified / rearranged / regrouped, wherever material, as per Revised Schedule - VI to the Companies Act, 1956 it may not be strictly comparable with figures for Financial year 2011-12 and Financial year 2013-14.

DIRECTOR'S REPORT

Part I - Performance / Operations

The Directors hereby present the Annual Report of the Company, together with the audited Financial Statements, for the year ended March 31, 2014.

FINANCIAL RESULTS

(₹ lakhs)

	2013-14	2012-13
Profit/(Loss) before tax	(9121.89)	47,070.67
Less: Tax Expense	(12,060.00)	3,700.00
Profit after tax	2,938.11	43,370.67
Balance profit from last year	1,104,86.65	90,793.13
Transfers:		
a) From Debenture Redemption Reserve to Statement of Profit and Loss	1,750.00	–
b) From Statement of Profit and Loss to General reserve	(4.77)*	(5,000.00)
Profit available for appropriation	1,15,169.99	1,29,163.80
Appropriations:		
Proposed dividend	–	15,964.06
Corporate dividend tax thereon	–	2,713.09
Balance profit carried to balance sheet	1,15,169.99	110,486.65
Earnings per Share (Face value ₹ 1/-)		
– Basic and Diluted (in ₹)	0.11	1.63

* Pursuant to Amalgamation (Refer Note 3.16 c to the Financial Statements)

Company Performance

The year under review saw a continued slowdown in the Indian economy with a consequent adverse impact on the commercial vehicle industry. Whilst the overall commercial vehicle volumes declined by 20.2% over previous year, the Medium & Heavy Commercial Vehicle (M&HCV) segment had a steeper decline of 25.3%. Your Company maintained its market share in the declining TIV scenario, at 26.1% in the M&HCV segment – facilitated by sustained focus on meeting customer requirements, carefully planned network expansion and new product launches.

In the Light Commercial Vehicle (LCV) segment, 'DOST' model suffered decline in sales volume due to aggressive discounting and unsustainable finance schemes offered by the competition. However, Your Company continued its penetration in this segment with introduction of new models, such as Partner, Mitra and Stile. While improved power availability and tight financial liquidity affected the demand in Power Solutions Business (PSB), the Spare Parts demand was affected by lower utilization of fleets. M&HCV export volumes remained flat compared to last year, despite a drop of nearly 50% in the Sri Lankan market.

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

Dividend

The Directors have not recommended any dividend for the FY 2013-14.

Research and Development, technology absorption and energy conservation.

Your Company continues to focus on Research and Development activities with specific reference to emission conformance, fuel efficiency, vehicular performance and enhancement of safety, aesthetics and ride comfort. Further

development of the engine range and cabin is also a key result area. Expenditure incurred by way of capital and revenue on these activities is 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, Foreign Exchange are furnished in **Annexure - A** to this Report.

Long Term Borrowings:

Secured Non-Convertible Debentures

During the year, Your Company issued Secured Non-Convertible Debentures to the tune of ₹ 300 Cr (NCD Series AL 21 to the extent of ₹150 Cr for a tenor of 3 years and NCD Series AL 22 to the extent of ₹ 150 Cr for a tenor of 5 years). During the year, NCD Series AL 13 placed in Jul'10 with UBS AG to the extent of ₹ 70 Cr at an interest rate of 8.20%, was fully redeemed in Jul'13.

Rupee Term Loans

Your Company availed a Secured Rupee Term Loan to the tune of ₹ 500 Cr during FY 2013-14 from a Bank for a tenor of five years, repayable in equal instalments from the end of second year.

Debentures / Term Loans were utilized to fund long term working capital purposes, capex, general corporate purposes and loan repayments.

External Commercial Borrowings (ECBs)

Your Company contracted ECBs in Japanese Yen, equivalent to USD 65 Mn, during FY 2012-13 from Banks for an average tenor of 5.6 years (Door to door of 7 years) on unsecured basis and was drawn in FY 2013-14. The funds drawn under ECBs were utilized to fund capital expenditure program of the Company and other approved end uses as per extant RBI guidelines and the terms of the loan.

Your Company repaid ECB loan instalments that fell due, equivalent to USD 90 Mn during FY 2013-14.

Part II - Corporate matters

Human Resources

Your Company continues to place high value on Human Resources as one of the corner stones for achieving the organisational vision. In line with this, the Chairman's Award has been instituted as the highest form of recognition for individuals and teams that have significantly contributed towards Your Company's long term profitable growth. The individuals and the teams were assessed by an eminent jury and the best achievements were recognised and honoured.

Your Company's initiative for developing internal leadership pipeline, the "Emerging Leaders Programme", has got off to a good start and the identified talent are going through a structured development process.

Your Company has promoted purposive Industry-Institute collaborative initiatives creating a talent pool for industry with contemporary knowledge and skills.

Shop floor engagement initiatives such as "Blessing", Knowledge Academy and career development for associates are continuing to get focussed attention, thus driving a collaborative work culture.

Your Company has effectively responded to business challenges through manpower engagement strategies involving cross functional teams, aimed at expanding the market and customer reach, Revenue Maximization initiative (R-Max), aimed at training and deploying resources from Manufacturing to Field Sales, has been a significant milestone in this direction. IMPROVE, a Total Employee Involvement initiative, has made huge strides in terms of increasing employee participation, richness of actionable suggestions/ideas and has blossomed into a company-wide innovation programme. Cross-functional teams across the organisation participate with enthusiasm and

DIRECTOR'S REPORT

involvement, in contributing their ideas and take ownership for implementation, which have led to significant improvements in product/process/quality/cost thus contributing to bottom line. It has become a vibrant and sustainable movement, celebrating team achievements, tapping into creative impulses of our employees. 15th edition of IMPROVE witnessed 11,000 innovative ideas, with participation of about 45% of employees, leading to bottom line impact of ₹ 264 lakhs in one-time savings and ₹ 518 lakhs in recurring savings.

Your Company sustained harmonious and healthy industrial relations in all manufacturing plants. Long term settlements with focus on improved productivity and flexibility in engagement of resources have been successfully completed and are getting implemented. The total number of employees on the rolls of the Company is 11552.

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 Managing Director has given a certificate of compliance with the Code of Conduct, as required by SEBI guidelines.

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, is provided in Annexure forming part of the Report. In terms of Section 219(1)(b)(iv) of the Act, the report and financial statements are being sent to the shareholders excluding the aforesaid Annexure. Any shareholder interested in obtaining copy of the same may write to the Company Secretary.

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

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

Consolidated Financial Statement

In accordance with the Accounting Standard (AS) - 21 on Consolidated Financial Statements read with AS - 23 on Accounting for Investments in Associates and AS - 27 on Financial Reporting of Interests in Joint Ventures, the audited Consolidated Financial Statement is provided in the Annual Report.

Subsidiaries

Pursuant to the provisions of section 212(8) of the Companies Act, 1956 (Act) read with General Circular no 8 of 2014 issued in No. 1/19/2013-CL-V & its General Circular No. 2/2011 dated February 8, 2011 issued by the Ministry of Corporate Affairs vide, has granted a general exemption subject to certain conditions to holding companies from complying with the provisions of Section 212 of the Act, which requires the attaching of Balance Sheet, Profit & Loss Account and other documents of its subsidiary companies to its Balance Sheet. Accordingly, the said documents are not being included in this Annual Report. The main financial summaries of the subsidiary companies are provided under the section 'Subsidiary

companies: Financial Highlights for FY 2013-14' (Page No. 118) in the Annual Report. The Company will make available the said annual accounts and related detailed information of the subsidiary companies upon the request by any member of the company or its subsidiary companies. These accounts will also be kept open for inspection by any member at the Head Office of the Company and the subsidiary companies.

Directors

During the year, Mr. Jorma Antero Halonen and Dr. V. Sumantran stepped down from the Board. The Board wishes to place on record its appreciation for the valuable contributions made by them to the Board and the Company, during their tenure.

Mr. Dheeraj G Hinduja, Director, retires by rotation at the forthcoming Annual General Meeting, and being eligible offers himself for re-appointment.

In terms of Sections 149, 150, 152, other applicable and related provisions of the Companies Act, 2013 read with Rules made thereunder, retirement by rotation shall not apply to Independent Directors. In order to comply with the statutory requirements, your Independent Directors, Dr. Andreas H Biagosch, Mr. Anil Harish, Mr. D. J. Balaji Rao, Mr. Jean Brunol, Mr. Sanjay K. Asher and Mr. Shardul S. Shroff are being recommended for appointment for a term upto five consecutive years i.e. upto July 25, 2019, on a non-rotational basis.

Details of the proposals of appointment or re-appointment as applicable are mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 in the Notice to the 65th Annual General Meeting. 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 2014-15.

Cost Audit Reports for the FY 2012-13 were filed on September 23, 2013 (due date – September 30, 2013).

Auditors

M/s M S Krishnaswami & Rajan, Chartered Accountants and M/s Deloitte Haskins & Sells LLP, 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 141(3) (g) of the Companies Act, 2013. The Audit Committee of the Board has recommended their re-appointment for the year 2014-15. The necessary resolution is being placed before the shareholders for approval.

Acknowledgment

The Directors wish to express their appreciation of the continued co-operation of the Central 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 shareholders. The Directors also wish to thank all the employees for their contribution, support and hard work through the year.

On behalf of the Board of Directors

Chennai
May 22, 2014

Dheeraj G Hinduja
Chairman

ANNEXURE A TO DIRECTORS' REPORT

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

(A) CONSERVATION OF ENERGY

- All manufacturing plants continue their efforts in conserving energy.
- About 14.67 Mn electrical units (41% additional savings realized from FY-12-13 onwards) have been saved leading to significant savings in energy costs in FY-13-14. This was possible by the high degree of awareness, intensive focus on more energy saving avenues through Mission Gemba Cost Management and Go Green initiatives.
- Besides, phenomenal savings were realized by the recurring benefits of energy savings projects like Maintaining Productivity & PCRA recommendations to the tune of ₹ 4.02 Crore during 2013-14 spread across all Units.

Significant Initiatives

- Use of windpower resulted in savings of ₹ 22.39 crore.
- Use of Indian Energy Exchange (IEX) resulted in savings of ₹ 2.01 Crore.
- Introduction of Bio Mass Energy resulted in savings of ₹ 0.84 Crore.
- Power factor was maintained throughout the year through optimum use of capacitor banks.
- Plant Power load was optimized to meet the demand.
- Peak Hour demand was reduced.

Awards and recognition

- Alwar Plant has bagged "Golden Peacock Award" for Environment Management from Hon'able Minister of Petroleum & Natural Gas Mr. Veerappa Moily.
- Alwar & Bhandara Plants got the Aspirant – merit Certificate for Green Manufacturing Excellence Award from Frost & Sullivan.
- Hosur 2 won merit award from Ministry of Power, India conducted by BEE (National Energy Conservation Awards 2013).
- Hosur 2 also secured "Gold" in the Environment Award 2013 conducted by Greentech Foundation.

B) TECHNOLOGY ABSORPTION

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

Engines & Aggregates

- Development of CPCB-II and Euro IV compliant "Neptune" Series of Engines.
- Development of cost effective SCR after-treatment system to meet BS-IV emission norms.
- Development of mid-range Euro V CNG engine.
- Development of a 3-Cylinder CNG engine for LCV application.
- Indigenization of 9 Speed Gearbox for M&HCV vehicles.

- Development of Automated Manual Transmission for ICV range of vehicles.

Vehicle models

- Launch of 'CAPTAIN' series of Tipper vehicles in M&HCV segment.
- Launch of two variants of 'BOSS' vehicles in ICV segment.
- Launch of CNG and other variants of DOST.
- Production readiness for the JanBus.
- Development of several U-Truck tractor and tipper models and variants for specialized applications.
- Launch of vehicles with OBD-II systems.

2. Benefits derived as a result of R&D

- Market introduction of new engine families with improved performance and fuel economy to competition.
- New vehicle introductions in LCV segment and export markets, thereby delivering incremental volumes.
- New vehicles launched with superior price-performance value proposition.
- Improved market penetration of new platforms and models creating critical momentum for further growth.
- More than 10 provisional patents filed during 2013-14 culminating to 95 patents.

3. Future plan of action

- Introduction of new variants in 'CAPTAIN' Platform including Tractors and Haulage.
- Introduction of new variants in 'BOSS' Platform for export applications.
- Introduction of vehicles based on Neptune Engine.

4) Expenditure on R&D

	₹ Lakhs 2013-14
Capital	7,032.65
Revenue (excluding depreciation)	19,208.45
Less: Amount received by R&D Facilities	617.19
Total	25,623.91
Total R & D Expenditure as a % of total turnover	2.43%

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Details of earnings accrued and expenditure incurred in foreign currency are given in Notes 3.21 to 3.23 of the Financial Statements. The 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

Your Company'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 organisation
- 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.

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 Managing Director of the Company regarding compliance with the Code by all members of the Board and senior management is given on Page 18 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, designated employees at senior management level 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% as Independent Directors.

- a) **Composition:** As at March 31, 2014, 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	
	Mr. D. J. Balaji Rao	
	Mr. Jean Brunol	50.00
	Mr. Sanjay K Asher	
	Mr. Shardul S Shroff	
	Dr. Andreas H Biagosch (*)	
ii) Other Non-Executive Directors		
	Mr. Dheeraj G Hinduja - Chairman	
	Mr. A. K. Das	
	Mr. F. Sahami	
	Mr. R. Seshasayee – Non-Executive Vice Chairman	41.67
	Dr. V. Sumantran – Non-Executive Vice Chairman(#)	
	Mr. Y. M. Kale, Alternate Director to Mr Dheeraj G Hinduja	
iii) Executive Director		
	Mr. Vinod K. Dasari- Managing Director	8.33

None of the above Directors are related to each other.

- (*) Dr. Andreas H. Biagosch - Appointed as Additional Director - Board Meeting held on May 10, 2013.
- (#) Dr. V. Sumantran resigned as a Director as at the close of business hours on March 31, 2014.

ANNEXURE B TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

b) Attendance at Board Meetings and last 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 2013-14	Whether attended last AGM held on July 16, 2013	No. of Directorships in other Public Companies registered under Companies Act, 1956 (#)		No. of Committee position in other Public Companies registered under Companies Act, 1956 (**)	
			as Member	as Chairman	as Member	as Chairman
Mr. Dheeraj G. Hinduja	6	Yes	6	1	Nil	Nil
Mr. R. Seshasayee	5	Yes	3	5	1	2
Dr. Andreas H. Biagosch	6	Yes	Nil	Nil	Nil	Nil
Mr. Anil Harish	6	Yes	13	Nil	6	3
Mr. D. J. Balaji Rao	6	Yes	8	1	4	4
Mr. A. K. Das	4	Yes	5	2	1	Nil
Mr. Jean Brunol	5	Yes	1	Nil	Nil	Nil
Mr. Jorma Antero Halonen(\$)	Nil	No	N/A (resigned on July 7, 2013)			
Mr. F. Sahami	6	Yes	Nil	Nil	Nil	Nil
Mr. Sanjay K. Asher	5	Yes	14	Nil	5	3
Mr. Shardul S. Shroff	1	Yes	6	Nil	3	Nil
Dr. V. Sumantran	5	No	N/A (resigned on March 31, 2014)			
Mr. Vinod K. Dasari	6	Yes	4	1	3	Nil
Alternate Director						
Mr. Y. M. Kale	Nil	No	2	Nil	1	1

(§) The Board of Directors at their meeting held on July 16, 2013 approved the resignation of Mr. Jorma Antero Halonen.

(#) 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 were also provided to facilitate Directors who were not able to be present physically at the location where the meeting is held to enable them to participate in the meeting.

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 ₹ 20,000 /- for attending to each of the Board/Committee Meeting(s).

No Commission is payable to the Non-Executive Directors for the FY 2013-14 due to inadequate profits as calculated under Sections 349/350 of the Companies Act, 1956.

The details of shares held by the Directors of the Company as on 31/03/2014 are furnished below:-

Name of the Director	No. of equity shares held
Mr. R. Seshasayee	22472
Mr. Vinod K. Dasari	160000

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

ANNEXURE B TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

Board Meetings held during the year 2013-14

Date of Meeting	Total no. of Directors	No. of Directors present
May 10, 2013	13	11
July 16, 2013	12	11
November 6, 2013	12	10
November 19, 2013	12	9
January 21, 2014	12	10
March 12 and March 13, 2014	12	10

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

The last Annual General Meeting was held on July 16, 2013.

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 monitor 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 Agreement 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.

c) Meetings and Attendance

Audit Committee Meetings held during the year 2013-14 and attendance details

Date of Meeting	Total No. of Members	No. of Members present
May 9, 2013	4	4
July 16, 2013	4	4
November 6, 2013	4	3
November 19, 2013	4	3
January 21, 2014	4	4

- Mr. S. Venkatasubramanian, Company Secretary was the Secretary to the Committee upto June 30, 2013.

With effect from July 1, 2013, Mr. N. Ramanathan, Company Secretary is the Secretary to the Committee

- The Managing Director, Chief Financial Officer and Head – Legal, Secretarial and Audit attend 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. Risk Management Committee

The Risk Management Committee was formed on March 13, 2014 with Mr. R. Seshasayee as Chairman of the Committee, Mr. D. J. Balaji Rao and Mr. Anil Harish being other members.

Mr. P. K. Ranganathan, Head – Legal, Secretarial and Audit will be the convenor of the Committee.

Mr. N. Ramanathan, Company Secretary will be the Secretary to the Committee.

The specific responsibilities of the Committee are:

- Ensure that the Company has an appropriate and effective Enterprise Risk Management System with appropriate policies and processes.
- Review and recommend changes to the Enterprise Risk Management System and / or associated frameworks, processes and practices of the Company.
- Review the adequacy of the Company's resources to perform its risk management responsibilities.
- Discharge any other responsibilities or duties delegated to the Committee by the Board from time to time.

5. Nomination and Compensation Committee

- The Nomination and Compensation Committee consists of Independent Directors viz., Mr. D. J. Balaji

ANNEXURE B TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

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.

The Terms of Reference of this Committee are:

- Search for, evaluate, shortlist and recommend the incumbent for the position of Managing Director and Whole-time Directors and their engagement terms.
 - Evaluate and approve for appointment of 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, Whole Time Directors and senior management.
 - Review the succession plan for critical positions and suggest actions.
- b) The Remuneration Policy of the Company is summarized as follows:
The remuneration is governed by the external competitive environment; track record, potential,

- d) The details of remuneration paid/payable to the Directors for the year 2013-14 are:

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

	₹		₹
Mr. Dheeraj G Hinduja (**)	100,000	Mr. F. Sahami	220,000
Dr. Andreas H Biagosch	120,000	Mr. Sanjay K Asher	220,000
Mr. Anil Harish	300,000	Mr. Shardul S Shroff	20,000
Mr. D. J. Balaji Rao	380,000	Dr. V. Sumantran (**)	80,000
Mr. A. K. Das	160,000	Mr. R. Seshasayee (**)	140,000
Mr. Jean Brunol	240,000		

() Sitting Fees Waiver:**

Based on the advice received from Mr. Dheeraj G Hinduja, Mr. R. Seshasayee and Dr. V. Sumantran for waiver of Sitting Fee payable to them, the Board of Directors at the meeting held on November 6, 2013, approved waiver of their sitting fee for Board and Committees as relevant until further notice from them.

- (ii) Executive Director:

	Mr Vinod K. Dasari, Managing Director (₹)
a) Fixed Component	
(i) Salary	69,72,000
(ii) Special Allowance	61,60,770
(iii) Perquisites & Other Allowance (**)	62,33,381
b) Variable Component	
- Commission	Nil
c) Contribution to Provident Fund and Superannuation Fund	18,82,440
Total	2,12,48,591#

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

The remuneration paid to Mr. Vinod K. Dasari, Managing Director is subject to approval of Central Government (Ministry of Corporate Affairs, New Delhi). The Company has made relevant application to the Central Government and the approval is awaited.

Mr Vinod K. Dasari is under contract of employment with the Company.

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

6. Shareholders/Investors Grievance Committee

- a) The Shareholders/Investors Grievance Committee

individual performance, Company's performance and industry standards. Remuneration of the Managing Director is recommended by Nomination and Compensation Committee and is subject to the approval of the Board of Directors and shareholders.

For Non-Executive Directors, in addition to a sitting fee 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 relationships or transactions between any of the Non-Executive Directors and the Company.

- c) Nomination and Compensation Committee Meetings held during the year 2013-14 and attendance details:

Date of Meeting	Total No. of Members	No. of Members present
1) May 9, 2013	4	4
2) November 05, 2013	4	4
3) January 20, 2014	4	4
4) March 13, 2014	4	4

was constituted in 2000. The Committee now consists of Mr. Sanjay K. Asher, as Chairman, Mr. D. J. Balaji Rao and Mr. R. Seshasayee are other members.

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

ANNEXURE B TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

- 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) Mr. S. Venkatasubramanian, Company Secretary was the Secretary to the Committee and was also the Compliance Officer appointed for the compliance of Capital Market related laws till June 30, 2013.

With effect from July 1, 2013 Mr. N. Ramanathan, Company Secretary is the Secretary to the Committee and is also the Compliance Officer appointed for the compliance of Capital Market related laws.

- e) Meetings and Attendance during the year 2013-14:

Date of Meeting	Total No. of Members	No. of Members present
May 10, 2013	3	3
July 16, 2013	3	3
November 6, 2013	3	2
January 21, 2014	3	3

During the year, 2,047 complaints/correspondence letters were received from investors (including 23 letters from Stock Exchanges/SEBI SCORES/ MCA and 2,024 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. Five (5) unresolved complaints as at March 31, 2014 have since been resolved by April 5, 2014.

- f) Nature of Correspondence/Complaints

Subject Matter of Correspondence	Pending as on 31.03.2013	Letters Received	Letters replied / completed	Pending as on 31.03.2014
Non-receipt of Share Certificates	-	35	35	-
Non-receipt of Debenture Redemption	-	14	13	1
Non-receipt of Dividend/Interest	2	196	198	-
Non-receipt of Annual Report	-	121	121	-
Revalidation of Dividend	-	551	550	1
Issue of Duplicate Share Certificates	-	35	35	-
Loss of share certificate	-	53	53	-
Issue of Duplicate Dividend	-	214	213	1
Procedure for Transmission	-	111	109	2
Change of Address / Bank Mandate	-	417	417	-
Other Correspondence / Unclaimed shares	1	300	301	-
Total	3	2047	2045	5

- g) As on March 31, 2014, there were Nil share transfers pending.

7) General Body Meetings

- a) Details of location and time of holding the last three AGM

Year	Location	Date & Time
64 th AGM – 2013	The Music Academy Madras, 168 TTK Road, Royapettah, Chennai 600 014	July 16, 2013 2.45 p.m.
63 rd AGM – 2012	The Music Academy Madras, 168 TTK Road, Royapettah, Chennai 600 014	July 24, 2012 2.45 p.m.
62 nd AGM – 2011	The Music Academy Madras, 168 TTK Road, Royapettah, Chennai 600 014	July 19, 2011 2.45 p.m.

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

No EGM was held in the last three years.

- b) Postal Ballot

In connection with the payment of minimum remuneration to Mr. Vinod K. Dasari, Managing Director for the financial year 2013-14 due to inadequate profits, a Special Resolution seeking approval of the shareholders' through Postal Ballot was conducted.

Ms. B. Chandra, Practising Company Secretary was appointed as the Scrutinizer to conduct the Postal Ballot process.

ANNEXURE B TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

The results of postal ballot were informed to Stock Exchanges and the same is re-produced below :

Promoter/Public	No. of shares held (1)	No. of votes polled (2)	% of Votes polled on outstanding shares (3)=[(2)/(1)*100]	No. of Votes in favour (4)	No. of Votes against (5)	% of Votes in favour on votes polled (6)= [(4)/(2)]*100	% of Votes in favour on votes polled (7)= [(5)/(2)]*100
Promoter and Promoter group	1417223081	1417223081	100.00	1417223081	0	100.00	0.00
Public – Institutional holders	690111909	214602015	31.10	57703287	156898728	26.89	73.11
Public - others	553341644	31857042	5.76	29464823	2392219	92.49	7.51
Total	2660676634	1663682138	62.53	1504391191	159290947	90.43	9.57

Out of the Net Valid Votes:

- Total Votes polled in Favour of ('For') the Resolution were 90.43%.
- Total Votes polled 'Against' the Resolution were 9.57%.

The Special Resolution as set out in the Notice dated January 21, 2014 was approved by the Members with the requisite majority.

The Company has since made an application to the Central Government (Ministry of Corporate Affairs, New Delhi) to seek their approval for paying the minimum remuneration (as approved by the shareholders) to Mr. Vinod K. Dasari for the FY 2013-14. The approval is awaited.

8. Disclosures

There have been no materially significant related party transactions with the Company's Promoters, Directors, and 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 Annual Accounts for the year 2013-14.

There have been no instances of non-compliance by the Company on any matters related 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.

Consequent to the merger of Ashley Holdings Limited (AHL), Ashley Investments Limited (AIL) and Ashok Leyland Project Services Limited (ALPS) with Ashley Services Limited (ASL), ASL had become a wholly owned subsidiary

of the Company with effective date of merger being August 19, 2013 and Appointed Date being April 1, 2013.

The Hon'ble High Court of Judicature at Madras through its Order dated March 21, 2014 sanctioned the Scheme of Amalgamation of M/s. Ashley Services Limited with Ashok Leyland Limited with effective date as March 27, 2014 being the date of filing the Court Order with the Registrar of Companies, Chennai. Consequent to the filing, the Scheme has become effective on March 27, 2014 with Appointed Date being July 1, 2013.

9. Means of Communication

- 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.
- The Company's website also displays several other details / information of interest to various Stakeholders, including press releases.
- A Management Discussion and Analysis Report is being presented as a part of the Annual Report.
- Green Initiative:** As part of Green initiative, the Company sent request to shareholders on August 23, 2013 and September 25, 2013 and sought their concurrence to send all communications to them by electronic mail. The Company is committed to good and faster communication to all shareholders and in this regard the Company will take the support of the Depository Participants and Registrar & Share Transfer Agents to ensure that the shareholders receive communication in a fast and effective way.

ANNEXURE B TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

10) General shareholder information

a. 65th Annual General Meeting	
Day, Date and Time	Saturday, July 26, 2014, 10.30 a.m.
Venue	IMAGE Auditorium, 3 Thandavarayan Street, MRC Nagar, Raja Annamalaipuram, Chennai 600028
b. Financial Calendar	
Annual General Meeting	July 26, 2014
Unaudited results for the quarter ending June 30, 2014	July 25, 2014
Unaudited results for the quarter/half-year ending September 30, 2014	1 st week of November 2014
Unaudited results for the quarter ending December 31, 2014	1 st week of February 2015
Audited Results for the year ending March 31, 2015	Before end of May 2015
c. Book Closure Date	
From July 22, 2014 to July 26, 2014 (both days inclusive).	
d. (i) Listing of Equity Shares	
Madras Stock Exchange Limited	
BSE Limited	
National Stock Exchange of India Limited	
(ii) Listing of Global Depository Receipts (GDRs)	
London Stock Exchange	
(iii) Listing of privately placed Debentures	
National Stock Exchange of India Limited	

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

e. Stock Code		
a) Trading Symbol at	Madras Stock Exchange Ltd	ALL
	BSE Limited	
	(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% 2014(Sr-AL14)	INE208A07299	
Ashok Leyland 8.20% 2015(Sr-AL15)	INE208A07307	
Ashok Leyland 10.25% 2016(Sr-AL16)	INE208A07315	
Ashok Leyland 10.10% 2015(Sr-AL17)	INE208A07323	
Ashok Leyland 10.20% 2017(Sr-AL18)	INE208A07331	
Ashok Leyland 10.05% 2015(Sr-AL19)	INE208A07349	
Ashok Leyland 10.15% 2017(Sr-AL20)	INE208A07356	
Ashok Leyland 9.45% 2016(Sr-AL21)	INE208A07372	
Ashok Leyland 9.60% 2018(Sr-AL22)	INE208A07364	
f. Details of Debenture Trustee		
Name of the Debenture Trustee and Contact Details	SBICAP Trustee Company Limited, 8 Khetan Bhavan, 5 th Floor, 198 J Tata Road, Churchgate, Mumbai 400 020 Tel: 022 4302 5555 Fax: +91 022 4302 5500 Website: www.sbicaptrustee.com	

ANNEXURE B TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

g. Stock Market Data

Month	BSE Limited				National Stock Exchange of India Limited			
	Share Price		Sensex Points		Share Price		CNX Nifty Points	
	High (₹)	Low (₹)	High	Low	High (₹)	Low (₹)	High	Low
April 2013	23.20	21.60	19622.68	18144.22	23.25	21.55	5962.30	5477.20
May 2013	24.55	21.90	20443.62	19451.26	24.60	22.00	6229.45	5910.95
June 2013	24.10	19.70	19860.19	18467.16	24.15	19.65	6011.00	5566.25
July 2013	20.75	12.85	20351.06	19126.82	20.80	12.80	6093.35	5675.75
Aug 2013	13.74	11.82	19569.20	17448.71	13.75	11.75	5808.50	5118.85
Sep 2013	15.45	11.87	20739.69	18166.17	15.45	11.85	6142.50	5318.90
Oct 2013	17.45	14.65	21205.44	19264.72	17.45	14.65	6309.05	5700.95
Nov 2013	18.85	15.00	21321.53	20137.67	18.90	14.95	6342.95	5972.45
Dec 2013	17.55	15.50	21483.74	20568.70	17.55	15.40	6415.25	6129.95
Jan 2014	19.20	15.80	21409.66	20343.78	19.15	15.75	6358.30	6027.25
Feb 2014	16.55	14.90	21140.51	19963.12	16.60	14.85	6282.70	5933.30
Mar 2014	24.00	15.40	22467.21	20920.98	24.35	15.35	6730.05	6212.25

h. Share Price performance in comparison to broad based indices – BSE Sensex and NSE Nifty Share Price Movement (BSE and NSE) - See Table above and Chart on Page 119.

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 Non-Executive Vice Chairman/ Managing Director to approve all routine transfers, transmissions, etc., of shares. Such approval is being given by the Non-Executive Vice Chairman / Managing Director at frequent intervals (52 times during 2013-14). 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 2013-14 for reviewing investor grievances.

k. Unclaimed Shares

2739451 number of shares were lying outstanding as Unclaimed shares at the beginning of the year pertaining to 2,805 shareholders;

168 shareholders approached the Company for transfer of 241060 number of shares from the Unclaimed shares during the year and the same was effected;

2498391 number of shares are still lying as unclaimed pertaining to 2,637 shareholders as on March 31, 2014.

As per SEBI directive, outstanding unclaimed shares has been transferred to Unclaimed Securities Suspense Account and that 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, 2014

No. of Shares	Shareholders		No. of shares	
	Number	%	Number	%
Upto 50	49014	15.86	1202029	0.05
51-100	41419	13.40	3855494	0.14
101-200	55867	18.07	10401536	0.39
201-500	59414	19.22	22927539	0.86
501-1000	46215	14.95	39038395	1.47
1001-2000	27666	8.95	45425570	1.71
2001-5000	19690	6.37	66007687	2.48
5001-10000	6167	2.00	45224685	1.70
10001 & above	3662	1.18	2426593699	91.20
Total	309114	100.00	2660676634	100.00

ANNEXURE B TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

No. of shares

Physical - 27719599

Electronic Mode

NSDL - 2484487556

CDSL - 148469479

(ii) Pattern of Shareholding as on March 31, 2014

Sl No.	Category	No. of Holders	No. of Shares	%
1	Promoter - Hinduja Automotive Ltd. (Includes 329200140 shares in GDR Form)	2	1433847039	53.89
2	Residents (Individuals / Clearing Members)	303354	327110520	12.30
3	Financial Institutions/Insurance Co. / State Govt./Govt. Companies/UTI	25	317044346	11.92
4	Foreign Institutional Investors	140	338504037	12.72
5	Non-Resident Indians/ OCB / Corporate Bodies - Foreign / Bank - Foreign / Foreign Nationals	3830	17696460	0.67
6	Corporate Bodies/ Limited Liability Partnership	1675	165872859	6.23
7	Mutual Funds	33	36313176	1.36
8	Trusts	23	889573	0.03
9	Banks	30	353124	0.01
10	Others - GDR	2	23045500	0.87
TOTAL		309114	2660676634	100.00

m. Dematerialization 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 dematerialization form.

Status of dematerialization of Shares - as on March 31, 2014

	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 (**)	-	-	1433847039	53.89	1433847039	53.89
Others	27719599 (***)	1.04	1199109996	45.07	1226829595	46.11

** including in GDR Form

*** held by 14798 holders

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

Equity Share of the Company is regularly traded in the BSE Limited and National Stock of India Limited, and hence have good liquidity.

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

No GDR is outstanding as on March 31, 2014 having an impact on equity.

ANNEXURE B TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

o. Plant Locations

Ennore

Kathivakkam High Road
Ennore
Chennai 600 057
Tamil Nadu

Hosur – Unit I

175 Hosur Indl. Complex
Hosur 635 126
Tamil Nadu

Hosur – Unit II

77 Electronic Complex
Perandapalli Village
Hosur 635 109
Tamil Nadu

Hosur – Unit IIA

Cab Panel Press Shop
SIPCOT Industrial Complex
Mornapalli village
Hosur 635 109
Tamil Nadu

Bhandara

Plot No.1 MIDC Industrial Area
Village Gadegaon,
Sakoli Taluk, Bhandara 441 904
Maharashtra

Alwar

Plot No.SPL 298
Matsya Indl. Area
Alwar 301 030
Rajasthan

Technical Centre

Vellivoyalchavadi
Via Manali New Town
Chennai 600 103
Tamil Nadu

Pant Nagar

Plot No.1, Sector XII
II E, Pant Nagar,
Pin -263 153
Uttarakhand

p. Address for Correspondence

To contact R&TA for all matters
relating to Shares, Dividends, Annual
Reports

M/s Integrated Enterprises
(India) Limited
2nd Floor, Kences Towers
1, Ramakrishna Street
North Usman Road
T.Nagar, Chennai 600 017

Tel : 91-44 – 2814 0801 / 03
Fax : 91-44 – 28142479
e-mail:corpserv@integratedindia.in

For any other general matters or in
case of difficulties / grievances

Secretarial Department
Ashok Leyland Limited
No.1 Sardar Patel Road
Guindy, Chennai 600 032

Tel. : 91-44-2220 6000
Fax : 91-44-2230 4410
e-mail : secretarial@ashokleyland.com
corpserv@integratedindia.in

Website address

www.ashokleyland.com

Email ID of Investor Grievances
Section

secretarial@ashokleyland.com

Name of the Compliance Officer

N. Ramanathan
Company Secretary

Non mandatory requirements

1. Chairman

The Company maintains the office of the 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 5 of this Report.

3. Shareholder Rights

The statements of quarterly and half yearly results are being published in the Press. The Company also communicates key corporate decisions through Stock Exchanges and also uploads in its website to enable shareholders to review and download the same for their records.

4. Whistle Blower Policy

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

ANNEXURE B TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

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 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 / her 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 shall be accountable to the Board for their actions/violations/defaults.

Code of Conduct for the Senior Management

This is to confirm that for the financial year ended March 31, 2014 all members of the Senior Management have affirmed in writing their adherence to the Code of Conduct adopted by the Company.

May 22, 2014
Chennai

Vinod K. Dasari
Managing Director

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, 2014 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.S. Murali

Partner
Membership No.26453

May 22, 2014
Chennai

For **Deloitte Haskins & Sells LLP**

Chartered Accountants
Registration No: 117366W/ W-100018

A. Siddharth

Partner
Membership No. 31467

ANNEXURE D TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. Market trends

Economy – India

In 2013, the global economy grew by 2.1% (as estimated by the United Nations) driven by growth (albeit slow) in emerging economies, continued growth in the US and revival of the European Union in the latter half of 2013.

The Indian economy grew at 4.7% in FY 13-14, the second successive year of sub-5% growth. Despite 4.6% growth in agriculture (as against 1.4% growth in the previous year), contraction in the industrial sector, particularly in manufacturing (0.2% contraction as estimated by Central Statistical Office, against 1.1% growth in the previous year) and mining (1.9% de-growth on top of a 2.2% contraction in the previous year) significantly impacted growth. Continued slowdown in demand, drop in manufacturing sector performance, slow pace of infrastructure growth and lack of timely implementation of adept policy measures contributed to this slowdown.

According to IMF, the global economy is expected to grow at 3.6% in 2014 and 3.9% in 2015. Emerging economies are expected to grow faster due to improvement in living standards and infrastructure growth. Overall numbers indicate that the global slowdown has bottomed out and 2014 appears to be better than 2013 for most global economies.

Most market analysts expect India's GDP growth to be between 5.5% and 5.7% for FY 14-15, assuming a normal monsoon. Project clearances by the Cabinet Committee on Investment, resumption of iron ore mining in Karnataka and Goa due to settlement of legal issues and the possible expansion of coal mining are expected to revive industrial growth to ~4.1%. The Country is also witnessing positive consumer confidence post-general election results.

However, economists also point out some risks, viz. stiff pressure by RBI to keep policy rates high, possible impact of El Nino in Agriculture sector, uncertainty over the setting of minimum support prices for agricultural commodities and administered prices of fuel, fertilizer and electricity that could dampen the GDP growth rate.

Long-term prospects for the Indian economy, however, continue to remain bright, given favourable demographics and the directional commitment towards liberalization.

Commercial vehicle industry

Continued economic slowdown in India has severely affected the domestic commercial vehicle industry. The industry is currently going through one of its longest down cycles in recent periods. Having declined by 2% in 2012-13, the market experienced a much sharper (20.2%) drop in volumes in 2013-14.

Medium and Heavy Commercial Vehicles (M&HCV) were most severely impacted, with a drop of 25% in 2013-14, on top of a 23% drop in volumes in 2012-13. While Light Commercial Vehicles (LCV) had grown 14% in 2012-13, this segment also slowed down by 17.6% in 2013-14. Exports of Commercial Vehicles in 2013-14 decreased marginally by 3.7%, and stood at 77,056 vehicles.

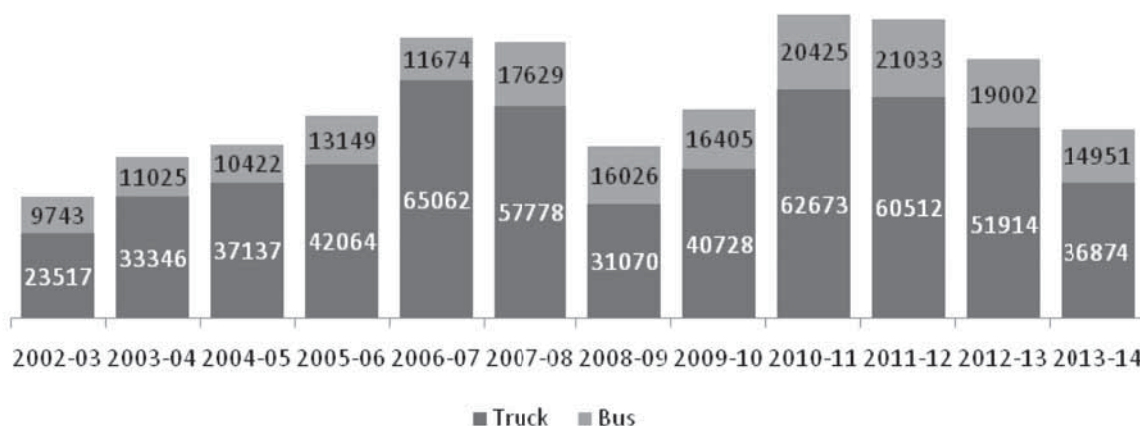
The table below provides statistics of domestic and exports sales performance by segment

Segment	Domestic			Exports		
	2013-14	2012-13	Change (%)	2013-14	2012-13	Change (%)
M&HCV Buses	38,709	46,913	-17.49%	7,104	7,562	-6.06%
M&HCV Trucks	161,918	221,776	-26.99%	16,709	11,962	39.68%
M&HCV Total	200,627	268,689	-25.33%	23,813	19,524	21.97%
LCV Buses	42,799	47,827	-10.51%	2,254	3,057	-26.27%
LCV Trucks	389,312	476,695	-18.33%	50,989	57,446	-11.24%
LCV Total	432,111	524,522	-17.62%	53,243	60,503	-12.00%
CV Total	632,738	793,211	-20.23%	77,056	80,027	-3.71%

With expected revival in the industrial and mining sectors, the CV industry is likely to show some recovery in the second half of FY 2014-15. For the year 2014-15, Society of Indian Automobile Manufacturers (SIAM) has projected growth rates of 5 - 7% for M&HCVs and 4 - 7% for LCVs.

B. Ashok Leyland – The year (2013-14) in brief

In a continually declining market and amidst increasing competition by new entrants, Your Company maintained its market share in the domestic Medium and Heavy Commercial Vehicles (M&HCV) market in 2013-14. Your Company sold 51,825 M&HCVs in the domestic market, which included 14,951 M&HCV buses and 36,874 M&HCV Trucks. The 27% drop in volumes is directly attributable to the steep drop in total industry volume.



ANNEXURE D TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

M&HCV export volumes remained flat compared to the previous year despite a drastic drop in the Sri Lankan market. Your Company exported 8,517 vehicles in 2013-14, 3% lower than the previous year.

Your Company has been investing heavily in M&HCV product development to meet evolving customer expectations. In line with this, it has successfully launched the BOSS Intermediate Commercial Vehicle (ICV) in the domestic market in September 2013. BOSS has enabled Your Company to achieve ~15% market share in the ICV (>7.5T-16T GVW) segment, a significant improvement considering that Your Company had negligible market share in this segment a few years ago. Your Company also launched the CAPTAIN series of next - generation heavy commercial vehicles (>16T GVW) in January 2014. The CAPTAIN features an indigenously designed, factory-made cab that meets international standards in ergonomics, design and performance

Your Company placed significant thrust in expanding its presence across all geographies. ~200 touch points for M&HCV were added in 2013-14 alone. Network presence in North East has been nearly doubled. Your Company is also upgrading its dealerships to serve its customers more efficiently and has deployed low cost service formats to expand its presence.

Your Company also launched a transformational process in sales and marketing. Under this process, substantial focus is being given to improve customer satisfaction, through targeted initiatives across all major hubs. To drive customer centricity and build granular accountability, Your Company has modified its organization structure to business verticals supported by functional horizontals. This will enable better customer life cycle management and enhancement of service levels.

In 2013-14, Your Company completed its second full year of participation in the Light Commercial Vehicle (LCV) segment. In a tough market situation, Your Company's flagship product in this segment, DOST, held on strongly and sold close to 29,000 vehicles due to its superior product performance, despite new product launches and excessive discounting by competitors. Your Company's joint venture with Nissan Motors continues to go strong, creating value for our customers through contemporary, superior products. This year, Your Company, in partnership with Nissan, launched the STiLE van, Partner truck and MiTR bus, thus addressing all major segments in Light Commercial Vehicles. To support this portfolio, Your Company has built an exclusive LCV centric network with over 300 touch-points. It has also started exporting LCVs to SAARC and African markets.

Power Solutions Business earned revenues of ₹ 417.8 Crore in FY 2013-14, 13.6% lower than the previous year. Improved power availability, tight liquidity, lack of clarity from Government on transition from CPCB I to CPCB II and slowdown in projects due to low economic activity had a negative impact on overall demand.

Revenues from the Spare Parts Business declined 22%, due to lower utilization of transport fleets. Your Company seized this opportunity to streamline the supply chain and rationalise channel partners' inventory. In 2013-14, Spare Parts Business registered revenue of ₹ 787.7 Crore.

The Defence business was impacted by production and budget constraints in the government, resulting in sales of 1,589 kits (as against 2,463 kits in FY 12-13) and 342 vehicles (as against 252 vehicles in 2012-13).

Your Company remains committed to build capabilities in its five identified building blocks – quality, people, brand, innovation and efficiency. Your Company has taken on challenging targets in each of these areas and has kicked-off several initiatives to achieve them.

In summary, Your Company converted one of the worst economic crises in Indian history into an opportunity by focusing on transforming the Company into 'an agile' player geared up for sustained growth. This was possible only due to tremendous effort invested by each and every stakeholder in the Company.

C. Risk Management

During the year, Your Company has continued to witness drastic drop in demand for commercial vehicles (especially trucks) within India, mainly due to continued economic slowdown. The management has taken sufficient measures to mitigate this risk by enhancing network availability, particularly in the North, North Eastern and Eastern parts of the country. Also, efforts to develop alternate international markets other than SAARC, have started yielding significant results during the year.

Your Company's efforts to reduce the risk due to high costs of debt through measures such as the Working Capital Management and Capex Controls, were successful. These measures have enabled the Company to achieve substantial reduction in working capital, thereby reducing the risk of high interest cost. They have also reduced the Company's operating costs.

In case of surge in demand, Your Company has adequate installed capacity to manufacture the vehicles and engines required for improving the business volumes. Further, by virtue of well- established practices of reviewing the production plan at regular intervals, Your Company has achieved flexibility to add modules of capacity at short cycle times to meet the demands from the market. Equally, the Company has worked to mitigate the risk of material cost increase through sustained measures such as value engineering and vendor engagement initiatives, which have enabled the Company to sustain profitability levels to the extent possible.

Impending legislation of emission norms will continue to put pressure on improving the technology level resulting in higher investment and product cost. To address this specific risk, Your Company has proactively launched programs to develop BS IV vehicles that are required by the current non-BS IV markets in India where BS IV is expected in the near future. Other expected legislative norms like bus body code, safety norms for trucks and so on are addressed through upcoming products in full measure by the Company. Finally, Your Company is continually developing and launching new and improved products to stay ahead of competition.

Your Company has an established Enterprise Risk Management function that engages with all the functions for risk assessment, ensures that the risk mitigation plans are in place and validates the risk mitigation status regularly. Action plans are incorporated into the corporate plans of Your Company.

The Audit Committee reviews Risk Management processes and the key mitigation plans focused to mitigate the Enterprise Risks on a quarterly basis and report by the ERM function is discussed by the Audit Committee in this connection. Recently a Risk Management Committee has been formed by the Board to oversee the ERM function and assess the quality of risk management process existing in the Company.

ANNEXURE D TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

D. Internal Control Systems and their Adequacy

Given the nature of business and size of operations, Your 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, authorizations and approval procedures. The Internal Audit Department of Your Company has carried out periodic audits at all locations and functions, based on the plan approved by the Audit Committee and continuously improve Internal Control Procedures. The observations arising out of the audit are periodically reviewed and compliance ensured. The summary of the Internal Audit observations and status of implementation are 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.

E. Information Security and IPR protection initiatives

Ashok Leyland, among the first auto majors in India to be certified under BS7799 in 2005 (for its Data Centre at Ennore), 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. Subsequently, Your Company expanded the scope of certification to cover the entire corporate office building at Guindy and one end point (Regional office at Bangalore). The ISO 27001 certificate is valid till June 2014. The Company is planning to expand the scope of certification to other critical locations in a phased manner.

F. Financial Review

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

	2013-14	2012-13	Inc/(Dec) %
INCOME			
Sales (net of excise duty)	9,943.43	12,481.20	(20.3)
Other income	66.52	62.35	6.7
Total	10,009.95	12,543.55	(20.2)
EXPENDITURE			
Material Costs	7,602.59	9,123.13	(16.7)
Employee benefits expense	999.67	1,075.51	(7.1)
Other expenses	1,174.60	1,406.09	(16.5)
Depreciation and amortization expense	377.04	380.78	(1.0)
Finance cost	452.93	376.89	20.2
Total	10,606.83	12,362.40	(14.2)
Profit before exceptional items	(596.88)	181.15	(429.5)
Exceptional items	505.66	289.56	74.6
Profit before tax	(91.22)	470.71	(119.4)
Tax expense:			

₹ Cr.

	2013-14	2012-13	Inc/(Dec) %
Current tax	-	-	
Deferred tax	(120.60)	37.00	(425.9)
Profit after tax	29.38	433.71	(93.2)
Basic Earnings per Share (₹)	0.11	1.63	(93.2)

Revenues:

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

- **Vehicles:** Income from vehicles was at ₹ 7,309 Crore, a drop of 23% over the previous year level of ₹ 9,503 Crore. The decrease in revenue was attributable mainly to a 24% drop in M&HCV sale volumes in 2013-14. Considering the higher level of discounts relevant to the market situation, Your Company revised the prices on four occasions to register an average increase of ₹ 68,000/- per vehicle.
- **Engines:** Revenue from engines decreased to ₹ 359 Crore, a 11% decrease over the previous year level of ₹ 403 Crore, reflecting decrease in sale volumes.
- **Spare Parts and others:** Income from spare parts including sale of kits to Vehicle Factory, Jabalpur was at ₹ 954 Crore, a decrease of 23% over the previous year level of ₹ 1,244 Crore.
- **Other operating income:** Other operating income decreased to ₹ 208 Crore from ₹ 278 Crore in previous year, registering a drop of 25%. This is due to decrease in contract manufacturing revenue from ₹ 118 Crore in previous year to ₹ 94 Crore in current year.
- **Revenue from services** dropped from ₹ 138 Crore in previous year to ₹ 102 Crore in current year mainly due to decrease in revenue from annual maintenance contracts.
- **Revenue from trading operations** went up during the year to ₹ 1,011 Crore from ₹ 915 Crore in previous year primarily due to the sale of LCV JV vehicles.

Costs:

- **Material Cost:** Your Company could manage without major cost increases during the year. However during last quarter, pressure for cost increases was witnessed for steel and proprietary items. However, Your Company has managed to concede this to the minimum as well as to offset these increases through various other cost reduction measures.
- **Staff Costs:** Employee expenses went down by 7% in 2013-14 primarily due to reduction in executive strength and lower number of working days. Your Company could contain the manpower costs in spite of wage increases at various factories covering Bhandara, Hosur 1, 2 & 3 & Ennore.
- **Other expenses** could be contained lower by 16.5% over last year primarily due to various cost reduction initiatives undertaken during the year.
- **Depreciation** for the year is at ₹ 377 Crore which is marginally lower than ₹ 381 Crore in last year.
- **Finance cost** increased to ₹ 453 Crore during the year from ₹ 377 Crore, in the previous year. To part fund the term loan repayments and investment requirements, Your Company borrowed ₹ 1,175 Crore (NCD ₹ 300 Crore, Term Loans ₹ 500 Crore and balance ECB loans) during the year. Interest cost on the fresh loans together with the full year

ANNEXURE D TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

impact of the loans availed by the end of 2012-13 resulted in higher finance charges.

• Capital Employed

Total capital employed by Your Company decreased by 2% from ₹ 13,097 Crore to ₹ 12,808 Crore reflecting the drop in activity levels.

Total shareholders' funds as at March 31, 2014 stood at ₹ 4,448 Crore of which equity capital accounted for ₹ 266 Crore, compared to previous year's total shareholders' funds of ₹ 4,455 Crore.

Summary of Balance Sheet is given below:

	31.03.2014	31.03.2013	Inc/(Dec) %
SOURCES OF FUNDS			
Shareholders' Funds	4,447.88	4,455.10	(0.2)
Non - current liabilities	3,773.51	3,345.50	12.8
Current liabilities	4,586.60	5,296.10	(13.4)
Total	12,807.99	13,096.70	(2.2)
APPLICATION OF FUNDS			
Fixed Assets	5,841.39	5,970.81	(2.2)
Investments	2,405.31	2,337.63	2.9
Loans & other Non - Current Assets	705.85	511.37	38.0
Current Assets	3,855.44	4,276.89	(9.9)
Total	12,807.99	13,096.70	(2.2)

Capital Expenditure and Investments

During the year, Your Company incurred ₹ 160 Crore towards capital expenditure, predominantly towards sustenance of existing capacity, product development activities and improvement in post production storage facilities. Further, exchange difference of ₹ 226 Crore has been capitalized during the year. This is on account of the weakening of the INR against US \$ during the year.

In total, investments have gone up by ₹ 452 Crore during the year. Out of this amount, ₹ 189 Crore is on account of merger with Ashley Services Limited. Balance ₹ 333 Crore is invested in Joint Venture / Associates. The above is offset by reduction of ₹ 60 Crore on account of sale of IBL shares and a diminution provision of ₹ 10 Crore.

Current Assets as at March 31, 2014 was ₹ 3,855 Crore compares with previous year level of ₹ 4,277 Crore. Short term loans and advances decreased by ₹ 71 Crore. Inventories decreased by ₹ 707 Crore to ₹ 1,189 Crore as at March 31, 2014 compared to ₹ 1,896 Crore as at March 31, 2013 mainly due to decrease in production and finished vehicle inventories. Trade Receivables decreased by ₹ 120 Crore to ₹ 1,299 Crore as at March 31, 2014 from ₹ 1,419 Crore as on March 31, 2013.

Liquidity

Your Company continued with the "Cash and Carry" system of sales during the year. This has enabled Your Company to better manage the increased liquidity requirements. During the year, Your Company raised an unsecured ECB loan of USD 65 Mn,

raised a term loan of ₹ 500 Crore and placed NCDs to the tune of ₹ 300 Crore. The term loans and NCDs are secured by a first pari passu charge on select immovable properties and movable assets. These funds were utilized for repayment of long term loans and investments described earlier. Your Company manages its liquidity through rigorous weekly monitoring of cash flows.

Profitability

Your Company's profitability remained subdued due to lower volumes for second consecutive financial year. The general economic slowdown adversely impacted the volumes. In spite of lower volumes, Your Company produced 20,058 vehicles from Pantnagar, achieving proportionately increased benefits on account of exemptions from levy of excise duty and income tax. However, this benefit could not be sustained consequent to the reduction of excise duty by 4% from Feb' 14. Your Company could bring down reduction in both manpower cost and other expenditure primarily due to internal measures taken to drive down the costs.

Presently, Your Company's debts have been rated by ICRA. Details are as follows:

Agency	Long Term Loan	Short Term Loan
ICRA	A+ (stable outlook)	A1+

During the year, Your Company has serviced all its debt obligations on time.

Results of Operations

Your Company generated an after tax profits from operations of ₹ 186 Crore in 2013-14 which was lower than ₹ 777 Crore generated last year. With a reduction in working capital, Your Company registered a net cash inflow of ₹ 556 Crore from its operations against ₹ 728 Crore generated last year.

Cash outflow for acquisition of assets and investing activities for 2013-14 dropped to ₹ 717 Crore as against outflow of ₹ 1,579 Crore in 2012-13. Fresh loans for ₹ 1,200 Crore were raised to meet long term loan repayments and investment activities. Further, Your Company has also disposed off some of its non-core assets and investments during the year which has resulted in reduced cash outflow. During 2013-14, Your Company realised ₹ 607 Crore by way of sale of immoveable properties and long term investments as against ₹ 415 Crore last year.

Loss before tax and exceptional items stood at ₹ 597 Crore.

After reckoning a deferred tax asset of ₹ 121 Crore, Profit after tax for the current year stood at ₹ 29 Crore. The earning per share decreased by 93% from ₹ 1.63 in 2012-13 to ₹ 0.11 in the year under review.

From the fiscal year ended March 31, 2014, Your Company has consolidated its 13 subsidiaries on line by line basis and five Joint Ventures on a proportionate consolidation basis and have also taken into consideration the share of profits / losses of its four associates. In doing so, three of the subsidiaries viz., Avia Ashok Leyland Motors Limited s.r.o, Albonair GmbH and Albonair India Pvt. Ltd. India have been excluded from the consolidation as these entities are "held for sale" viz., these entities are kept for sale within next 12 months.

Your Company wanted to merge its investment arms, and as the first step these entities viz., Ashley Holdings Limited, Ashley Investments Limited and Ashok Leyland Project Services Limited were merged into one of the group operating entities viz., Ashley Services Limited. The appointed date of the merger

ANNEXURE D TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

was from 1st April 2013 and it was approved by the Honourable High court of Madras on 15th July 2013. In a subsequent development, Ashley Services Limited, which became a Wholly Owned Subsidiary of Your Company was merged with the Company itself. The appointed date for this merger was July 1, 2013 for which the approval from Honourable High Court of Madras was received on 25th March 2014.

Dividend

The Directors have not recommended any dividend for the year 2013-14.

Cash flow statement

	₹ Cr	
	31.03.2014	31.03.2013
Profit from Operations after tax	186.38	776.82
(Inc) / Dec in Net working capital	416.80	(48.52)
VRS compensation paid - exceptional	(46.75)	-
Net cash flow from operating activities	556.43	728.30
Payment for acquisition of assets - net	(207.06)	(643.84)
Cash out flow for investing activities	(510.07)	(935.13)
Proceeds from sale of immovable properties & long term investments	606.99	414.65
Cash flow from financing activities	(448.64)	416.98
Net cash inflow / (outflow)	(2.35)	(19.04)

The Year Ahead/Outlook

Most of the analysts have forecasted that the CV industry will start reviving from second half of 2014-15 due to the implementation of key projects cleared by the previous government as well as due to the new growth friendly policies expected to be announced by the new Government. Many of the emerging economies are also expected to come out of economic slowdown in 2014-15, therefore, the growth in exports are expected to be significant compared to 2013-14. The Company also obtained a sizeable order from various large STUs through JnNURM 2 program.

Your Company is also developing new product variants to launch in domestic and select export markets across the segment this year to reinforce market share in domestic market and increase export sales.

The transformational sales and marketing process will enable the Company to penetrate new markets and face fierce competition actions in the years to come.

Lastly, Your Company is also actively focusing key initiatives as a fall back measure in case of the downturn prevails in 2014-15.

In summary, Your Company has poised to achieve a significant growth with adequate capacity, superior products, right processes and large talent pool to capitalize on the market revival.

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 at March 31, 2014 and of the results of the operations for the year ended March 31, 2014.

The financial statements have been audited by M/s M. S. Krishnaswami & Rajan and M/s Deloitte Haskins & Sells LLP 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 a 'going concern' basis.

Maintenance of accounting records, Internal controls and compliances

The 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, the Statutory Auditors, and reports significant issues to the Audit Committee of the Board.

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

The Statutory Auditors, the Internal Auditors and the Audit Committee 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 F TO DIRECTORS' REPORT

CERTIFICATION BY MANAGING DIRECTOR

AND CHIEF FINANCIAL OFFICER TO THE BOARD

We, Vinod K. Dasari, Managing Director and Gopal Mahadevan, 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 22, 2014
Chennai

Vinod K. Dasari
Managing Director

Gopal Mahadevan
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ASHOK LEYLAND LIMITED

Report on the Financial Statements

1. We have audited the accompanying Financial Statements of **Ashok Leyland Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

For M.S. Krishnaswami & Rajan

Chartered Accountants
Registration No. 015545

M.S. Murali

Partner
Membership No. 26453

May 22, 2014
Chennai

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
 - (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by Section 227(3) of the Act, we report that:
 - (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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
 - (e) on the basis of written representations received from the directors as on March 31, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For Deloitte Haskins & Sells LLP

Chartered Accountants
Firm's Registration No. 117366W/W-100018

A. Siddharth

Partner
Membership No. 31467

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 7 under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date

In our opinion and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, the nature of the Company's business/ activities/ results during the year are such that clauses (vi), (xiii), (xiv), (xviii), and (xx) of paragraph 4 of the Order are not applicable to the Company. Further, in respect of other clauses, on the basis of such checks as we considered appropriate, we report that:

1. In respect of its fixed assets:
 - (i) the Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - (ii) the fixed assets were physically verified by the Management during the year under a phased programme of verification, which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals having regard to the size of the Company, nature and value of its assets. According to the information and explanations given to us, no material discrepancies have been noticed during the year on such verification.
 - (iii) the fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
2. In respect of its inventories:
 - (i) the inventories have been physically verified during the year by the Management at reasonable intervals.
 - (ii) in our opinion and according to the information and explanations given to us, 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) in our opinion and according to the information and explanations given to us, the Company is generally maintaining proper records of its inventories and no material discrepancies were noticed on physical verification.
3. On the basis of our examination of the books of account, 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. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventories and fixed assets, for payment of expenses 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. In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - a) the particulars of contracts or arrangements referred to in Section 301 of the Act 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 ₹ 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. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
7. 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 of India under Section 209(1)(d) of the Act and are of the opinion that, *prima facie*, the prescribed accounts and 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.
8. According to the information and explanations given to us and the books of account examined by us, in respect of statutory dues:
 - (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) there were no undisputed amounts payable in respect of such statutory dues outstanding as at March 31, 2014 for a period of more than six months from the date they became payable.
 - (iii) there are no dues of wealth-tax and customs duty which have not been deposited on account of any dispute. Details of dues towards income tax, sales tax, service tax, excise duty and cess that have not been deposited as at March 31, 2014 on account of disputes are as stated below:

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 7 under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date

₹ in lakhs

Nature of dues	Disputed dues	Period to which the amount relates	Forum where the dispute is pending	Amount stayed out of disputed dues
Income Tax	7,390.63	Assessment years 2005-06, 2006-07 and 2008-09	Appellate authority - upto Commissioner level	7,390.63
Sales Tax	20,968.78	Various periods from 1993 – 2014	Appellate authority - upto Commissioner level	3,742.05
	268.69	Various periods from 1987 – 2013	Appellate authority - Tribunal	232.85
	49.09	Various periods from 1986 - 2001	High Court	49.09
Excise Duty and cess thereon	5.0	Various periods from 2008 - 2010	Appellate authority - upto Commissioner level	-
	1,246.75		Appellate authority - Tribunal	1,219.27
Service tax and cess thereon	230.31	Various periods from 2006 - 2009	Appellate authority – Tribunal	230.31

9. The Company does not have any accumulated losses as at March 31, 2014 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
10. In our opinion, the Company has not defaulted in repayment of dues to any financial institutions, banks or debenture holders during the year.
11. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
12. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions, are not, *prima facie*, prejudicial to the interest of the Company.
13. In our opinion and according to the information and explanations given to us, the term loans availed by the Company were, *prima facie*, applied for the purpose for which they were obtained.
14. In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised during the year on short-term basis have, *prima facie*, not been used for long-term investment.
15. According to the information and explanations given to us, during the period covered by our audit report, the Company has created securities / charges in respect of debentures issued.
16. To the best of our knowledge and belief, and according to the information and explanations given to us, and 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. 015545

M.S. Murali
Partner
Membership No. 26453

May 22, 2014
Chennai

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration No. 117366W/W-100018

A. Siddharth
Partner
Membership No. 31467

BALANCE SHEET AS AT MARCH 31, 2014

Particulars		As at March 31, 2014	As at March 31, 2013
	Note No.	₹ Lakhs	₹ Lakhs
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1.1	26,606.80	26,606.80
Reserves and surplus	1.2	418,181.63	418,903.66
			444,788.43
			445,510.46
Non-current liabilities			
Long-term borrowings	1.3	329,650.51	273,784.18
Deferred tax liabilities (Net)	1.4	40,676.69	52,736.69
Other long-term liabilities	1.5	237.12	177.85
Long-term provisions	1.6	6,786.62	7,851.26
			377,350.94
			334,549.98
Current liabilities			
Short-term borrowings	1.7	58,740.81	76,698.25
Trade payables	1.8	221,415.37	248,536.85
Other current liabilities	1.9	169,691.35	173,506.34
Short-term provisions	1.10	8,812.67	30,868.33
			458,660.20
			529,609.77
TOTAL		1,280,799.57	1,309,670.21
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	1.11	522,192.70	491,843.42
Intangible assets	1.12	43,794.02	36,344.86
Capital work-in-progress	1.11	15,513.03	56,261.83
Intangible assets under development	1.12	2,639.69	12,630.91
		584,139.44	597,081.02
Non-current investments	1.13	240,531.11	233,763.19
Long-term loans and advances	1.14	67,276.53	49,933.41
Other non-current assets	1.15	3,308.99	1,203.21
			895,256.07
			881,980.83
Current assets			
Current investments	1.16	38,437.48	-
Inventories	1.17	118,870.31	189,602.08
Trade receivables	1.18	129,901.05	141,941.13
Cash and bank balances	1.19	1,169.06	1,394.24
Short-term loans and advances	1.20	80,071.10	87,134.18
Other current assets	1.21	17,094.50	7,617.75
			385,543.50
			427,689.38
TOTAL		1,280,799.57	1,309,670.21

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

Gopal Mahadevan
Chief Financial Officer

For and on behalf of the Board

N. Ramanathan
Company Secretary

Dheeraj G Hinduja
Chairman
DIN : 00133410

Vinod K. Dasari
Managing Director
DIN : 00345657

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

For M.S. Krishnaswami & Rajan
Chartered Accountants

For Deloitte Haskins & Sells LLP
Chartered Accountants

M. S. Murali
Partner

A. Siddharth
Partner

May 22, 2014
Chennai

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

Particulars		Year Ended March 31, 2014	Year Ended March 31, 2013
	Note No.	₹ Lakhs	₹ Lakhs
Income			
Revenue from operations	2.1	1,056,084.53	1,329,855.89
Less: Excise Duty		61,741.86	81,735.89
Revenue from operations (Net)		994,342.67	1,248,120.00
Other income	2.2	6,652.07	6,235.15
Total Revenue		1,000,994.74	1,254,355.15
Expenses			
Cost of materials consumed	2.3	590,969.47	753,941.64
Purchases of Stock-in-Trade - Traded goods	2.4	126,902.76	131,173.94
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	2.5	42,387.10	27,197.69
		760,259.33	912,313.27
Employee benefits expense	2.6	99,967.23	107,551.34
Finance costs	2.7	45,292.48	37,688.57
Depreciation and amortization expense	2.8	37,703.60	38,078.35
Other expenses	2.9	117,459.88	140,608.56
Total Expenses		1,060,682.52	1,236,240.09
Profit / (Loss) before exceptional items and tax		(59,687.78)	18,115.06
Exceptional items	2.10	50,565.89	28,955.61
Profit / (Loss) before tax		(9,121.89)	47,070.67
Tax expense:			
Current tax (Refer Note 3.13 to the Financial Statements)		-	-
Deferred tax		(12,060.00)	3,700.00
		(12,060.00)	3,700.00
Profit for the year from continuing operations		2,938.11	43,370.67
Earnings per share (Face value ₹ 1) - Basic and Diluted (in ₹) (Refer Note 3.3 to the Financial Statements)		0.11	1.63

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

Gopal Mahadevan
Chief Financial Officer

N. Ramanathan
Company Secretary

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

For and on behalf of the Board

Dheeraj G Hinduja
Chairman
DIN : 00133410

Vinod K. Dasari
Managing Director
DIN : 00345657

For M.S. Krishnaswami & Rajan
Chartered Accountants

M. S. Murali
Partner

For Deloitte Haskins & Sells LLP
Chartered Accountants

A. Siddharth
Partner

May 22, 2014
Chennai

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014	March 31, 2013
	₹ Lakhs	₹ Lakhs
Cash flow from operating activities		
Profit / (Loss) before tax	(9,121.89)	47,070.67
Adjustments for :		
Depreciation, amortisation and impairment - net of capitalisation	37,703.60	38,078.35
Other amortisations	189.04	571.31
Bad and doubtful debts / advances provided / written-off (net of recovery)	524.85	-
Foreign exchange (gains) / losses	733.26	(1,277.41)
Loss / (Profit) on disposal of tangible assets	(20,266.16)	(417.26)
Loss / (Profit) on sale of long-term investments	(36,870.91)	(32,971.92)
Provision for diminution in value of long-term investments	957.32	4,016.31
Voluntary Retirement Scheme expense	4,674.94	-
Finance costs - net of capitalisation	45,292.48	37,688.57
Interest income	(1,733.54)	(3,324.34)
Dividend income	(470.52)	(756.27)
Operating profit before working capital changes	21,612.47	88,678.01
Adjustments for changes in :		
Liabilities and provisions	(33,756.72)	(16,994.37)
Trade receivables	11,680.51	(19,089.74)
Inventories	70,731.77	33,460.44
Loans and Advances	(8,448.02)	(3,110.52)
Other non-current and current assets	1,472.01	882.69
Voluntary Retirement Compensation paid - Exceptional item	(4,674.94)	-
Cash generated from operations	58,617.08	83,826.51
Income tax paid	(2,974.07)	(10,996.55)
Net cash flow from operating activities [A]	55,643.01	72,829.96
Cash flow from investing activities		
Payments for acquisition of assets	(21,975.40)	(64,916.21)
Proceeds on sale of fixed assets	1,269.65	532.39
Proceeds on sale of immovable properties - Exceptional item	9,733.47	-
Proceeds from sale of long-term investments - Exceptional item	50,965.55	41,464.58
Purchase of long-term investments	(53,792.90)	(92,824.28)
Inter Corporate Deposits - given	(5,000.00)	-
Inter Corporate Deposits - repaid	2,000.00	-
Interest received	1,436.40	1,880.76
Dividend received	470.52	756.27
Related Party Loans and advances given / repaid (Net)	4,082.67	(3,325.54)
Taxes paid	(204.06)	-
Net cash flow (used in) investing activities [B]	(11,014.10)	(116,432.03)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014	March 31, 2013
	₹ Lakhs	₹ Lakhs
Cash flow from financing activities		
Proceeds from long-term borrowings	120,094.11	117,138.48
Repayments of long-term borrowings	(85,060.82)	(73,470.92)
Proceeds from short-term borrowings	1,367,178.54	1,026,932.92
Repayments of short-term borrowings	(1,383,939.80)	(960,561.17)
Debenture / Loan raising expenses paid	(880.38)	(1,135.29)
Interest paid	(43,578.14)	(36,282.97)
Dividend paid and tax thereon	(18,677.15)	(30,923.05)
Net cash flow (used in) / from financing activities [C]	(44,863.64)	41,698.00
Net cash (outflow) [A+B+C]	(234.73)	(1,904.07)
Opening cash and cash equivalents	781.09	2,746.31
Add: Pursuant to amalgamation [Refer Note 3.16 to the Financial Statements]	28.04	-
Exchange fluctuation on foreign currency bank balances	(68.50)	(61.15)
Closing cash and cash equivalents [Refer Note 1.19 a. to the Financial Statements]	505.90	781.09

Note:

Share Application money aggregating ₹ 3,192.17 lakhs has been converted into share capital during the period.

Gopal Mahadevan
Chief Financial Officer

N. Ramanathan
Company Secretary

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

May 22, 2014
Chennai

For M.S. Krishnaswami & Rajan
Chartered Accountants

M. S. Murali
Partner

For and on behalf of the Board

Dheeraj G Hinduja
Chairman
DIN : 00133410

Vinod K. Dasari
Managing Director
DIN : 00345657

For Deloitte Haskins & Sells LLP
Chartered Accountants

A. Siddharth
Partner

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

1. Accounting convention

- 1.1 Financial statements are prepared in accordance with the Generally Accepted Accounting Principles in India to comply with the Accounting Standards notified under Section 211 (3C) of the Companies Act 1956 ("the 1956 Act") [which continues to be applicable in respect of section 133 of the Companies Act 2013 ("the 2013 Act") in terms of general circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs] and the relevant provision of the 1956 Act/ 2013 Act as applicable. The financial statements have been prepared on accrual basis under historical cost convention except for certain categories of fixed assets that are carried at re-valued amounts.
- 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 are considered in 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. Tangible and Intangible 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 ₹ 100,000 and below. Other fixed assets, including intangible assets and assets given on lease, where the cost exceeds ₹ 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 / development and borrowing costs in para 3 below are capitalised upto the date the assets are ready for their intended use. Exchange differences are capitalised to the extent dealt with in para 6.2 below.
Certain categories of fixed assets were revalued and are carried at the revalued amounts less accumulated depreciation and impairment loss, if any. Increase in the net book value on such revaluation is credited to "Revaluation Reserve Account". Upon the sale, disposal, extinguishment of the revalued assets the amount of revaluation reserve against such assets is adjusted against their carrying values and the difference between the sale proceeds of such assets and the adjusted carrying value are recognised in the Statement of Profit and Loss.
- 2.2 Tangible fixed assets and Intangible assets, that are not yet ready for their intended use, are carried at costs, comprising direct cost, and other incidental / attributable expenses and reflected under Capital work-in-progress / Intangible assets under development, respectively.
- 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, as revalued, 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;
 - d) Assets subject to impairment, on the asset's revised carrying amount, over its remaining useful life.
 - e) Intangible assets are amortized over their estimated 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 upto the month of sale or disposal of the assets.
- 2.4 The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount exceeds the recoverable amount.

3. Borrowing costs

Borrowing costs attributable to the acquisition, construction or production of qualifying assets, are added to the cost of those assets, upto the date when the assets are ready for their intended use. Expenditure incurred on issue of debentures is adjusted against Securities Premium Account. Expenditure incurred on raising loans is amortised over the period of such

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

borrowings. Premium paid on prepayment of borrowing is amortised over the unexpired period thereof or six months, whichever is less. All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

4. Investments

Long term investments are carried individually at cost. However, provision for diminution is made to recognise a decline, if any, other than temporary, in the carrying value of the investment. Current investments are carried individually at lower of cost and fair value.

5. Inventories

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

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

In respect of works-made components, cost includes applicable production overheads.

- Finished / trading goods: under absorption costing method.

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

5.3 Cost of patterns and dies is amortised over a period of five years.

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

6. Foreign currency transactions and derivatives

6.1 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 6.2 below are recognised as income or expense in the Statement of Profit and Loss in the period it arises.

6.2 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, insofar as it relates to acquisition of depreciable assets are adjusted to the cost of the assets and depreciated over remaining useful life of such 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.

6.3 The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to firm commitments and highly probable forecast transactions. The Company designates such forward contracts in a cash flow hedging relationship by applying the hedge accounting principles set out in Accounting Standard- 30 "Financial Instruments-Recognition and measurement" issued by ICAI. Gains and losses on these forward contracts designated as "effective Cash flow hedges" are recognised in the "Hedge Reserve Account" till the underlying forecasted transaction occurs. Any ineffective portion however, is recognised immediately in the Statement of profit and loss.

6.4 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 in the period it arises. Premium or discount on forward contracts is amortized over the life of the contract.

6.5 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.

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

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

a) Sale of goods

Revenue from sale of products net of returns, is recognised on despatch or appropriation of goods in accordance with the terms of sale and is inclusive of excise duty. Price escalation claims are recognised to the extent there is reasonable certainty of its realisation.

b) Sale of Services

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

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

c) Other operating revenues

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.

d) Other Income

Interest income is accounted on accrual basis. Dividend income is accounted as and when the right to receive the dividend is established.

9. Leases

Where the company is a lessor

- a) 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 recognised 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 recognised in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc., are recognised immediately in the Statement of Profit and Loss.
- b) 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 recognised in the Statement of Profit and Loss on a straight line basis over the lease terms. Costs, including depreciation, are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs etc. are charged to the Statement of Profit and Loss in the period of incurrence.

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 the Statement of Profit and Loss as and when 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 only when product's technical feasibility is established and amortised over their estimated useful life.

12. Employee benefits

12.1 Employee benefit expenses include salary, wages, performance incentives, compensated absences, medical benefits, and other perquisites. It also includes post employment benefits such as provident fund, superannuation fund, gratuity, pensionary benefits etc.

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

12.3 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 the Statement of Profit and Loss in the period of incurrence when the services are rendered by the employees.

In respect of provident fund contributions made to a trust administered by the Company, the interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be contributed by the Company and charged to the Statement of Profit and Loss.

- 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 the Statement of Profit and Loss in the period of occurrence.

12.4 Termination benefits

Expenditure on termination benefits (including expenditure on Voluntary Retirement scheme) is recognised in the Statement of Profit and Loss in the period of incurrence.

13. Provisions and Contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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

14. Income taxes

14.1 Income tax expenses comprise current and deferred taxes. Current tax is determined on income for the year chargeable to tax in accordance with the Income Tax Act, 1961 and after considering credit for Minimum Alternate Tax (MAT) available under the said Act. MAT paid in accordance with the tax laws which gives future economic benefits in the form of adjustments to future tax liability, is considered as an asset if there is convincing evidence that the future economic benefit associated with it will flow to the company resulting in payment of normal income tax.

14.2 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 assets are recognised for timing differences other than unabsorbed depreciation and carry forward losses only to the extent that there is a reasonable certainty that there will be sufficient future taxable income to realise the assets. 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.

15. Cash Flow Statement

Cash Flow statements are reported using the indirect method, whereby profit/(loss) before extra-ordinary items/exceptional items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipt or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on available information including taxes paid relating to these activities.

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2014	As at March 31, 2013
	₹ Lakhs	₹ Lakhs
1.1 CAPITAL		
Authorised		
a) 2535,60,00,000 (2013: 400,00,00,000) Equity shares of ₹ 1 (2013: ₹ 1) each	253,560.00	40,000.00
b) 3,65,00,000 (2013: Nil) Redeemable Non-Cumulative Non-Convertible Preference Shares of ₹ 10 (2013: Nil) each	3,650.00	-
c) 20,00,000 (2013: Nil) Non-Convertible Redeemable Preference Shares of ₹ 100 (2013: Nil) each	2,000.00	-
	259,210.00	40,000.00
Issued		
a) 201,45,66,829 (2013: 201,45,66,829) Equity shares of ₹ 1 (2013: ₹ 1) each	20,145.67	20,145.67
b) 64,63,14,480 (2013: 64,63,14,480) Equity shares of ₹ 1 (2013: ₹ 1) each issued through Global Depository Receipts	6,463.14	6,463.14
	26,608.81	26,608.81
Subscribed and fully paid up		
a) 201,43,62,154 (2013: 201,43,62,154) Equity shares of ₹ 1 (2013: ₹ 1) each	20,143.62	20,143.62
b) 64,63,14,480 (2013: 64,63,14,480) Equity shares of ₹ 1 (2013: ₹ 1) each issued through Global Depository Receipts	6,463.14	6,463.14
	26,606.76	26,606.76
Add: Forfeited shares (amount originally paid up in respect of 760 shares)	0.04	0.04
	26,606.80	26,606.80

Notes:

- During the year, the Authorised Capital of the Company was increased by ₹ 2,19,210 Lakhs pursuant to the amalgamation of Ashley Services Limited with the Company. [Refer Note 3.16 b. to the Financial Statements].

	2014	2013
2. Reconciliation of number of Equity Shares subscribed:		
Balance as at the beginning / end of the year	266,06,76,634	266,06,76,634

3. Shares issued in preceeding 5 years

The Company had issued and allotted during the year 2011-12, 133,03,38,317 equity shares as fully paid-up bonus shares by utilisation of securities premium reserve in the ratio of 1:1.

4. Shares held by the Holding Company:

Hinduja Automotive Limited, the holding company, holds 110,46,46,899 (2013: 102,72,37,424) Equity shares and 54,86,669 (2013: 54,86,669) Global Depository Receipts (GDRs) equivalent to 32,92,00,140 (2013: 32,92,00,140) Equity shares of ₹ 1 (2013: ₹ 1) each aggregating to 53.89% (2013: 50.98%) of the total share capital.

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

Life Insurance Corporation of India holds 24,05,15,574 (2013: 25,00,56,674) Equity shares of ₹ 1 (2013: ₹ 1) each aggregating to 9.04% (2013: 9.40%).

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

- The Equity share holders 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.
- 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 [2013: 60 equity shares] of ₹ 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, 2014	As at March 31, 2013
		₹ Lakhs	₹ Lakhs
1.2	RESERVES AND SURPLUS		
a)	Capital Reserve		
	Balance as at the beginning of the year	89.50	89.50
	Add: Pursuant to amalgamation [Refer Note 3.16 c. to the Financial Statements]	8,793.10	-
	Balance as at the end of the year	8,882.60	89.50
b)	Securities Premium Account		
	Balance as at the beginning of the year	75,476.83	75,604.54
	Less: Expenses incurred on issue of Debentures	117.33	127.71
	Balance as at the end of the year	75,359.50	75,476.83
c)	Debenture Redemption Reserve		
	Balance as at the beginning of the year	9,000.00	9,000.00
	Less: Transferred to Surplus in Statement of Profit and Loss	1,750.00	-
	Balance as at the end of the year	7,250.00	9,000.00
d)	Revaluation Reserve		
	Balance as at the beginning of the year	129,665.12	131,335.70
	Less: Transferred to Statement of Profit and Loss		
	[Refer Note 3.2.9 (b) to the Financial Statements]	1,515.89	1,571.27
	Adjustment on sale of revalued assets		
	[Refer Note 3.2.9 (c) to the Financial Statements]	10,756.56	99.31
	Balance as at the end of the year	117,392.67	129,665.12
e)	General Reserve		
	Balance as at the beginning of the year	94,341.48	89,341.48
	Add: Transferred from Surplus in Statement of Profit and Loss	-	5,000.00
	Balance as at the end of the year	94,341.48	94,341.48
f)	Hedge Reserve [Refer note 3.9.2 to the Financial Statements]		
	Balance as at the beginning of the year	(59.57)	(1,953.80)
	Add: Unrealised gains / (losses) on cash flow hedges outstanding (net)	378.28	(59.57)
	Less: Gain / (losses) on cash flow hedges recognised in the Statement of Profit and Loss upon settlement	(59.57)	(1,953.80)
	Balance as at the end of the year	378.28	(59.57)
g)	Foreign currency monetary item translation difference [Refer Note 3.9.1 to the Financial Statements]		
	Balance as at the beginning of the year	(96.35)	415.26
	Add: Exchange difference on translation of outstanding loan balances	(441.78)	(393.98)
	Less: Exchange difference amortised in the Statement of Profit and Loss	54.76	117.63
	Balance as at the end of the year	(592.89)	(96.35)
h)	Surplus in Statement of Profit and Loss		
	Balance as at the beginning of the year	110,486.65	90,793.13
	Add: Current year profit	2,938.11	43,370.67
	Transferred from Debenture Redemption Reserve	1,750.00	-
	Pursuant to amalgamation [Refer Note 3.16 c. to the Financial Statements]	(4.77)	-
	Less: Transferred to General Reserve	-	5,000.00
	Proposed Dividend [₹ Nil per share (2013: ₹ 0.60 per share)]	-	15,964.06
	Corporate dividend tax thereon	-	2,713.09
	Balance as at the end of the year	115,169.99	110,486.65
		418,181.63	418,903.66

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2014	As at March 31, 2013
	₹ Lakhs	₹ Lakhs
1.3 LONG TERM BORROWINGS		
a) Secured Borrowings		
i. Debentures	107,500.00	89,000.00
ii. Term Loan from banks	58,333.33	33,333.33
b) Unsecured Borrowings		
i. Long term monetary item in foreign currency External Commercial Borrowings from banks	155,779.00	144,760.00
ii. Other loans and advances		
Interest free sales tax loans	7,931.22	5,714.76
Loans from others	106.96	976.09
	329,650.51	273,784.18

Notes

- Refer Note 1.9 to the Financial Statements for Current Maturities of Long term borrowings.
- Security and terms of repayment in respect of the above borrowings are detailed in Note 3.14 to the Financial Statements.

1.4 DEFERRED TAX LIABILITIES (NET)		
a) Deferred tax liability due to		
i. Depreciation / Research and development expenditure	60,718.53	57,540.05
ii. Other timing differences	1,697.86	1,233.50
b) Deferred tax asset arising out of		
i. Voluntary retirement scheme compensation	(1,281.84)	(16.03)
ii. Carry forward of Losses - Unabsorbed depreciation	(16,789.65)	(2,870.24)
iii. Provision for Compensated absences	(1,971.87)	(2,162.96)
iv. Other timing differences	(1,696.34)	(987.63)
	40,676.69	52,736.69
1.5 OTHER LONG TERM LIABILITIES		
a) Income received in advance	13.00	177.85
b) Capital creditors	224.12	-
	237.12	177.85
1.6 LONG-TERM PROVISIONS		
a) Provision for Employee Benefits		
i. Compensated absences	4,927.32	5,574.64
ii. Post retirement benefits	425.53	393.44
iii. Post retirement medical benefits	98.83	123.66
b) Provision for Product warranties	1,334.94	1,759.52
	6,786.62	7,851.26

Movement in respect of provision :

				₹ Lakhs
Particulars	Year	Opening balance	Net additions / (utilizations)	Closing balance
Provision for product warranties	2014	1,759.52	(424.58)	1334.94
	2013	1,963.08	(203.56)	1,759.52

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2014 ₹ Lakhs	As at March 31, 2013 ₹ Lakhs
1.7 SHORT TERM BORROWINGS		
Secured Borrowings		
Loans from Banks	27,896.99	68,012.65
(Includes cash credit, Working capital demand loan, Packing credit, etc)		
Unsecured Borrowings		
Short term loans (STL) from Banks	30,843.82	8,685.60
	58,740.81	76,698.25

Notes:

1. Maximum balance outstanding during the year for Commercial Paper is ₹ 60,000.00 lakhs (2013: ₹ 56,500.00 lakhs)
2. Terms of repayment in respect of the above borrowings are detailed in Note 3.15 to the Financial Statements

1.8 TRADE PAYABLES		
Trade payables - including acceptances		
i. Micro, Small and Medium enterprises [Refer Note 3.11 to the Financial Statements]	2,190.11	291.84
ii. Other Trade Payables	219,225.26	248,245.01
	221,415.37	248,536.85

1.9 OTHER CURRENT LIABILITIES		
a) Current maturities of Long-term debts	80,640.76	85,060.82
b) Interest accrued but not due on borrowings	8,957.45	7,066.00
c) Income received in advance	191.32	173.50
d) Unclaimed dividends	659.59	613.15
e) Advance from Customers	14,162.95	5,138.66
f) Statutory Liabilities	15,984.09	18,287.69
g) Other payables	49,095.19	57,166.52
	169,691.35	173,506.34

Notes:

1. Details of security and terms of repayment in respect of the current maturities of long term debts are detailed in Note 3.14 to the Financial Statements
2. Other payables include:

- Contribution payable to Gratuity Fund	1,749.54	2,024.50
- Foreign exchange (gain) / loss on Forward contracts - net	2,084.80	31.22
- Employee benefits	9,387.20	12,589.72
- Capital creditors	14,678.86	16,902.75

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2014	As at March 31, 2013
	₹ Lakhs	₹ Lakhs
1.10 SHORT-TERM PROVISIONS		
a) Provision for employee benefits		
i. Compensated absences	874.00	1,318.47
ii. Post retirement benefits	132.81	86.37
iii. Post retirement medical benefits	37.73	41.22
b) Others		
i. Proposed dividend	-	15,964.06
ii. Corporate dividend tax on proposed dividend	-	2,713.09
iii. Product warranties	7,768.13	10,745.12
	8,812.67	30,868.33

Movement in respect of provision

₹ lakhs

Particulars	Year	Opening balance	Net additional/(utilisations)	Closing balance
Provision for product warranties	2014	10,745.12	(2,976.99)	7,768.13
	2013	9,778.73	966.39	10,745.12

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.11 TANGIBLE ASSETS AND CAPITAL WORK-IN-PROGRESS - FINANCIAL YEAR 2013-14

DESCRIPTION	GROSS BLOCK (COST / VALUATION)				DEPRECIATION / AMORTISATION / IMPAIRMENT				NET BLOCK
TANGIBLE ASSETS	01.04.2013	Additions / Adjustments	Disposals	31.03.2014	Upto 31.03.2013	Charge during the year	Disposals / Adjustments	Upto 31.03.2014	31.03.2014
Land									
- Freehold land	76,806.58	8.96	10,771.57	66,043.97	-	-	-	-	66,043.97
- Leasehold land	42,115.59	255.19	-	42,370.78	2,358.06	522.03	(0.85)	2,880.94	39,489.84
- Leasehold land given on lease	126.41	-	-	126.41	18.88	1.28	0.85	19.31	107.10
Buildings	143,370.04	12,518.21	1,197.82	154,690.43	26,114.21	5,166.74	278.54	31,002.41	123,688.02
Building given on lease	1,140.15	4.34	-	1,144.49	111.09	21.34	13.95	118.48	1,026.01
Plant and equipment	427,686.76	60,701.61	8,163.81	480,224.56	187,799.86	22,493.85	7,750.42	202,543.29	277,681.27
Plant and equipment given on lease	6.00	-	-	6.00	2.29	0.28	0.30	2.27	3.73
Furniture and fittings	8,163.76	853.70	231.66	8,785.80	4,498.14	1,117.90	210.95	5,405.09	3,380.71
Furniture and fittings given on lease	88.87	-	-	88.87	52.42	11.11	7.41	56.12	32.75
Vehicles and aircraft	15,005.54	84.78	180.46	14,909.86	6,854.24	1,038.74	177.78	7,715.20	7,194.66
Vehicles given on lease	0.24	-	-	0.24	0.24	-	-	0.24	-
Office Equipment	20,638.03	597.94	678.79	20,557.18	15,495.34	2,183.62	663.80	17,015.16	3,542.02
Office Equipment given on lease	43.97	-	-	43.97	43.75	2.00	4.40	41.35	2.62
TOTAL	735,191.94	75,024.73	21,224.11	788,992.56	243,348.52	32,558.89	9,107.55	266,799.86	522,192.70
Less: Transfer from Revaluation Reserve pertaining to Buildings									
Amount considered as Rent [Refer Note 2.9 to the Financial Statements]									
TOTAL									
Capital Work-in-Progress									15,513.03

Notes:

- Buildings include service installations of gross value ₹ 16,123.14 lakhs (March 2013: ₹ 14,772.56 lakhs).
- 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 ₹ 1,36,486.44 lakhs and the revalued amount substituted for historical cost of the fixed assets as at that date was ₹ 2,03,737.92 lakhs.
- A portion of the Buildings in Bhandara revalued at ₹ 950 lakhs is on a land, the title for which is yet to be transferred to the Company.
- Sale deeds in respect of certain immovable properties (aggregating ₹ 7,685.52 Lakhs in value) transferred during the year is pending execution / registration.
- Cost of Buildings as at March 31, 2014 includes:
 - ₹ 3.42 lakhs (March 2013: ₹ 3.42 lakhs) being cost of shares in Housing Co-operative Society representing ownership rights in residential flats and furniture and fittings thereat.
 - ₹ 132.38 lakhs (March 2013: ₹ 132.38 lakhs) representing cost of residential flats including undivided interest in land.
- Additions to Tangible Assets and Capital work in progress include:
 - Exchange (gain) / loss aggregating to ₹ 22,050.59 lakhs (March 2013: ₹ 15,578.37 lakhs) capitalised as under:
Land ₹ 364.89 lakhs (March 2013: ₹ 644.04 lakhs), Building ₹ 2,654.21 lakhs (March 2013: ₹ 1,465.50 lakhs), Plant and equipment ₹ 15,561.19 lakhs (March 2013: ₹ 6,724.56 lakhs), Furniture and fittings ₹ 358.27 lakhs (March 2013: ₹ 316.15 lakhs), Vehicles and aircraft ₹ 35.35 lakhs (March 2013: ₹ 20.47 lakhs), Office equipment ₹ 435.58 lakhs (March 2013: ₹ 285.20 lakhs), Capital Work in progress ₹ 2,641.10 lakhs (March 2013: ₹ 6,122.46 lakhs).
 - Borrowing cost capitalised during the year : ₹ 303.90 lakhs (March 2013: ₹ 1,764.68 lakhs).
- Other expenses capitalised ₹ 37.97 lakhs (March 2013: ₹ 30.33 lakhs) - Refer Notes 2.3 to the Financial Statements.

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.11 TANGIBLE ASSETS AND CAPITAL WORK-IN-PROGRESS (CONTINUED) - FINANCIAL YEAR 2012-13

DESCRIPTION	GROSS BLOCK (COST / VALUATION)				DEPRECIATION / AMORTISATION / IMPAIRMENT				NET BLOCK	₹ Lakhs
	01.04.2012	Additions / Adjustments	Disposals	31.03.2013	Upto 31.03.2012	Charge during the year	Disposals / Adjustments	Upto 31.03.2013		
Land										
- Freehold land	76,821.70	3.70	18.82	76,806.58	-	-	-	-	-	76,806.58
- Leasehold land	41,529.78	585.81	-	42,115.59	1,837.62	520.97	0.53	2,358.06		39,757.53
- Leasehold land given on lease	126.41	-	-	126.41	17.60	1.28	-	18.88		107.53
Buildings	134,043.75	9,506.79	180.50	143,370.04	21,618.14	4,592.68	96.61	26,114.21		117,255.83
Building given on lease	1,140.15	-	-	1,140.15	90.18	20.91	-	111.09		1,029.06
Plant and equipment	377,032.96	53,469.47	2,815.67	427,686.76	168,125.45	22,392.35	2,717.94	187,799.86		239,886.90
Plant and equipment given on lease	6.00	-	-	6.00	1.90	0.39	-	2.29		3.71
Furniture and fittings	6,950.74	1,221.37	8.35	8,163.76	3,504.15	996.86	2.87	4,498.14		3,665.62
Furniture and fittings given on lease	88.87	-	-	88.87	41.31	11.11	-	52.42		36.45
Vehicles and aircraft	14,833.82	318.32	146.60	15,005.54	5,929.60	1,059.00	134.36	6,854.24		8,151.30
Vehicles given on lease	0.24	-	-	0.24	0.24	-	-	0.24		-
Office Equipment	18,730.04	2,138.40	230.41	20,638.03	13,573.15	2,155.49	233.30	15,495.34		5,142.69
Office Equipment given on lease	43.97	-	-	43.97	37.84	5.91	-	43.75		0.22
TOTAL	671,348.43	67,243.86	3,400.35	735,191.94	214,777.18	31,756.95	3,185.61	243,348.52		491,843.42
Less: Transfer from Revaluation Reserve pertaining to Building										
						1,237.00				
Amount considered as Rent [Refer Note 2.9 to the Financial Statements]										
						522.25				
TOTAL						29,997.70				
Capital Work-in-Progress										
										56,261.83

₹ Lakhs

1.12 INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT - FINANCIAL YEAR 2013-14

Notes:

- Annual Report 2013 - 2014

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.12 INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT - FINANCIAL YEAR 2012-13 (CONTINUED)

DESCRIPTION	GROSS BLOCK (COST / VALUATION)			DEPRECIATION / AMORTISATION / IMPAIRMENT			NET BLOCK
	1.04.2012	Additions / Adjustments	Disposals	31.03.2012	Charge during the year	Disposals / Adjustments	Upto 31.03.2013
Computer software							
- Developed	8,625.32	6,537.10	-	2,553.05	827.35	-	11,782.02
- Acquired	9,285.58	1,962.11	-	5,904.35	1,665.26	0.31	3,678.39
Others							
Technical knowhow							
- Developed	24,249.44	106.00	-	4,028.69	4,060.05	-	16,266.70
- Acquired	12,133.57	1,041.83	-	7,029.66	1,527.99	-	4,617.75
TOTAL	54,293.91	9,647.04	-	19,515.75	8,080.65	0.31	36,344.86
Intangible assets under development							12,630.91

₹ Lakhs

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.13 NON-CURRENT INVESTMENTS

₹ Lakhs

DESCRIPTION	Fellow Subsidiary		Subsidiary		Joint Venture		Associate		Others		TOTAL	
	As at		As at		As at		As at		As at		As at	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
LONG TERM INVESTMENTS												
A) Trade Investments												
I) Investment in Equity Instruments												
a) Equity Shares of ₹ 10 each												
Hinduja Foundries Limited - 54,05,793 (2013: 54,05,793) shares #	-	2,421.26	-	-	-	-	-	-	2,421.26	-	2,421.26	2,421.26
Albonair (India) Private Limited - Nil (2013: 40,00,000) Shares @	-	-	-	-	-	-	-	400.00	-	-	-	400.00
Defiance Technologies Limited - 80,000,000 (2013: 23,410,000) shares	-	-	8,192.41	-	-	-	-	2,341.00	-	-	8,192.41	2,341.00
Hinduja Leyland Finance Limited - 217,499,800 (2013: 30,500,000) shares	-	-	77,849.92	-	-	-	-	-	-	3,050.00	77,849.92	3,050.00
Ashok Leyland Nissan Vehicles Limited - 372,374,418 (2013: 253,611,500) shares	-	-	37,290.13	-	-	25,361.15	-	-	-	-	37,290.13	25,361.15
Irizar - TVS Limited - 6,105,000 (2013: 3,300,000) shares	-	-	1,287.26	-	-	-	-	367.50	-	-	1,287.26	367.50
Hinduja Leyland Finance Services Limited - 27,000 (2013: Nil) shares	-	-	55.74	-	-	-	-	-	-	-	55.74	-
Ashok Leyland Wind Energy Limited - 18,031,250 (2013: Nil) shares	-	-	7,802.12	-	-	-	-	-	-	-	7,802.12	-
Ashok Leyland Defence Systems Limited - 17,567 (2013: 17,567) shares	-	-	-	-	-	-	1.76	1.76	-	-	1.76	1.76
Ashley Aviation Limited - 1,960,000 (2013: 1,960,000) shares	-	-	-	-	-	-	196.00	196.00	-	-	196.00	196.00
Ashley Alteams India Limited - 57,500,000 (2013: 42,500,000) shares	-	-	-	-	5,750.00	4,250.00	-	-	-	-	5,750.00	4,250.00
Ashok Leyland John Deere Construction Equipment Company Private Limited - 153,568,150 (2013: 110,368,150) shares	-	-	-	-	15,356.82	11,036.82	-	-	-	-	15,356.82	11,036.82
Automotive Infotronics Limited (under liquidation) - 15,751,762 (2013: 15,751,762) shares	-	-	-	-	1,575.18	1,575.18	-	-	-	-	1,575.18	1,575.18
Nissan Ashok Leyland Powertrain Limited - 74,021,705 (2013: 73,540,705) shares	-	-	-	-	7,404.67	7,354.07	-	-	-	-	7,404.67	7,354.07
Nissan Ashok Leyland Technologies Limited - 26,025,000 (2013: 25,504,000) shares	-	-	-	-	2,605.21	2,550.40	-	-	-	-	2,605.21	2,550.40
b) Equity shares of Euro 1 each												
Albonair GmbH - Nil (2013: 9,612,000) shares @	-	-	-	-	-	-	-	5,963.18	-	-	-	5,963.18
c) Equity Shares of ₹ 100 each												
Gulf Ashley Motor Limited - 1,286,000 (2013: 579,190) shares	-	-	1,318.16	-	-	-	-	579.19	-	-	1,318.16	579.19
d) Equity Shares of Common Stock of Par value US Dollars 0.01 per share												
Defiance Testing and Engineering Services Inc. USA - Nil (2013: 49) shares	-	-	-	-	-	-	-	3,411.15	-	-	-	3,411.15
e) Equity Shares												
Optare plc												
- 1,678,704,162 (2013: 566,344,411) Ordinary shares of British Pence 0.1 each	-	-	14,989.44	-	-	-	-	5,842.79	-	-	14,989.44	5,842.79
- 195,557,828 (2013: 195,557,828) Deferred shares of British Pence 0.9 each	-	-	-	-	-	-	-	-	-	-	-	-

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.13 NON-CURRENT INVESTMENTS (CONTINUED)

₹ Lakhs

DESCRIPTION	Fellow Subsidiary		Subsidiary		Joint Venture		Associate		Others		TOTAL	
	As at		As at		As at		As at		As at		As at	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
f) Equity shares of GBP 1 each												
Ashok Leyland (UK) Limited - 105,300 (2013: 35,100) shares	-	-	102.10	-	-	-	-	30.79	-	-	102.10	30.79
g) Equity shares of Naira 1 each												
Ashok Leyland (Nigeria) Limited - 9,999,999 (2013: 4,000,000) shares	-	-	35.71	-	-	-	-	14.25	-	-	35.71	14.25
h) Equity shares of USD 20 each												
Ashok Leyland (Chile) - 3,499 (2013: Nil) shares	-	-	39.54	-	-	-	-	-	-	-	39.54	-
i) Equity shares of Sri Lankan Rupees. 10 each												
Lanka Ashok Leyland, PLC - 1,008,332 (2013: 1,008,332) shares	-	-	-	-	-	-	57.46	57.46	-	-	57.46	57.46
j) Equity shares of UAE Dirhams of 1000 each												
Ashok Leyland (UAE) LLC - 35,770 (2013: 14,600) shares	-	-	-	-	-	-	5,407.91	1,937.93	-	-	5,407.91	1,937.93
Sub Total	-	2,421.26	148,962.53	-	32,691.88	52,127.62	5,663.13	21,143.00	2,421.26	3,050.00	189,738.80	78,741.88
Less - Provision for diminution in value towards												
Ashley Alteams India Limited	-	-	-	-	2,943.00	2,779.50	-	-	-	-	2,943.00	2,779.50
Automotive Infotronics Limited (under liquidation)	-	-	-	-	1,425.18	1,119.02	-	-	-	-	1,425.18	1,119.02
Aggregate provision for diminution in value of equity Investments	-	-	-	-	4,368.18	3,898.52	-	-	-	-	4,368.18	3,898.52
Total Investment in Equity Instruments (Net) (A)	-	2,421.26	148,962.53	-	28,323.70	48,229.10	5,663.13	21,143.00	2,421.26	3,050.00	185,370.62	74,843.36
II) Investment in Preference Shares												
a) Hinduja Foundries Limited												
1,500,000 (2013: 1,500,000) 10% Cumulative Non-Convertible Redeemable Preference shares of ₹ 100 each	-	1,500.00	-	-	-	-	-	-	1,500.00	-	1,500.00	1,500.00
1,000,000 (2013: 1,000,000) 6% Cumulative Non-Convertible Redeemable Preference shares of ₹ 100 each paid up value of ₹ 66.67 per share	-	666.67	-	-	-	-	-	-	666.67	-	666.67	666.67
30,000,000 (2013: 30,000,000) 9% Cumulative Non-Convertible Redeemable Preference shares of ₹ 100 each	-	30,000.00	-	-	-	-	-	-	30,000.00	-	30,000.00	30,000.00
b) Ashley Aviation Limited												
1,800,000 (2013: Nil) 6% Cumulative Redeemable Non-Convertible Preference shares of ₹ 10 each	-	-	-	-	-	-	180.00	-	-	-	180.00	-
Total Investment in Preference Shares (B)	-	32,166.67	-	-	-	-	180.00	-	32,166.67	-	32,346.67	32,166.67
III) Investment in Ownership Interest												
Ownership interest in share capital in Czech koruna												
Avia Ashok Leyland Motors s.r.o. - Nil (2013: 2%) @	-	-	-	-	-	-	-	-	-	747.58	-	747.58
Less - Provision for diminution in value towards												
Avia Ashok Leyland Motors s.r.o. @	-	-	-	-	-	-	-	-	-	744.32	-	744.32
Total - Investments in ownership interest (C)	-	-	-	-	-	-	-	-	-	3.26	-	3.26
Total - Trade Investments - Net (D = A+B+C)	-	34,587.93	148,962.53	-	28,323.70	48,229.10	5,843.13	21,143.00	34,587.93	3,053.26	217,717.29	107,013.29

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.13 NON-CURRENT INVESTMENTS (CONTINUED)

₹ Lakhs

DESCRIPTION	Fellow Subsidiary		Subsidiary		Joint Venture		Associate		Others		TOTAL	
	As at		As at		As at		As at		As at		As at	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
LONG TERM INVESTMENTS												
B) Other Investments												
I) Investment in Equity Instruments												
a) Equity Shares of ₹ 10 each												
Mangalam Retail Services Limited - 37,470 (2013: 24,980) shares	-	-	4.47	-	-	-	-	2.50	-	-	4.47	2.50
Ashley Airways Limited (under liquidation) - Nil (2013: 1,470,000) shares	-	-	-	-	-	-	-	14.70	-	-	-	14.70
Ashley Holdings Limited - Nil (2013: 472,475,000) shares	-	-	-	-	-	-	-	47,247.50	-	-	-	47,247.50
Ashley Investments Limited - Nil (2013: 474,255,000) shares	-	-	-	-	-	-	-	47,425.50	-	-	-	47,425.50
Chennai Willingdon Corporate Foundation - 100 (2013: 100) shares (Cost ₹ 900)	-	-	-	-	-	-	-	-	-	-	-	-
Ashok Leyland Project Services Limited - Nil (2013: 3,442,400) shares	-	-	-	-	-	-	-	-	-	344.24	-	344.24
Hinduja Energy (India) Limited - 61,147,058 (2013: 61,147,058) shares	-	-	-	-	-	-	-	-	18,711.00	18,711.00	18,711.00	18,711.00
Hinduja Global Solutions Limited - 5,079 (2013: 2,029) shares #	-	-	-	-	-	-	-	-	12.45	4.05	12.45	4.05
Hinduja Ventures Limited - 5,079 (2013: 2,029) shares #	-	-	-	-	-	-	-	-	16.24	4.06	16.24	4.06
IndusInd Bank Limited - 5,063,923 (2013: 13,013,923) shares #	-	-	-	-	-	-	-	-	3,811.40	9,795.03	3,811.40	9,795.03
b) Equity shares of ₹ 100 each partly paid-up												
Adyar Property Holding Co. Limited - 400 (2013: 400) shares (₹ 65 paid up)	-	-	-	-	-	-	-	-	0.26	0.26	0.26	0.26
c) Equity Shares of ₹ 2 each												
Hinduja Properties Limited - 747,960 (2013: Nil) shares	-	-	-	-	-	-	-	-	56.94	-	56.94	-
Total Investment in Equity Instruments (E)	-	-	4.47	-	-	-	-	94,690.20	22,608.29	28,858.64	22,612.76	123,548.84
II) Investment in Preference Shares												
a) 2 % Non-Cumulative Non-Convertible Redeemable Preference shares of ₹ 10 each												
Ashley Holdings Limited - Nil (2013: 3,250,000) shares	-	-	-	-	-	-	-	325.00	-	-	-	325.00
Ashley Investments Limited - Nil (2013: 3,250,000) shares	-	-	-	-	-	-	-	325.00	-	-	-	325.00
b) 6 % Non-Cumulative Non-Convertible Redeemable Preference shares of ₹ 10 each												
Ashley Holdings Limited - Nil (2013: 11,750,000) shares	-	-	-	-	-	-	-	1,175.00	-	-	-	1,175.00
Ashley Investments Limited - Nil (2013: 11,750,000) shares	-	-	-	-	-	-	-	1,175.00	-	-	-	1,175.00
Total Investment in Preference Shares (F)	-	-	-	-	-	-	-	3,000.00	-	-	-	3,000.00

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.13 NON-CURRENT INVESTMENTS (CONTINUED)

₹ Lakhs

DESCRIPTION	Fellow Subsidiary		Subsidiary		Joint Venture		Associate		Others		TOTAL	
	As at		As at		As at		As at		As at		As at	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
III) Investment in Government Securities												
National Savings Certificate of the face value of ₹ 0.50 lakh (G)	-	-	-	-	-	-	-	-	0.50	0.50	0.50	0.50
IV) Investment in Debentures or Bonds												
Non convertible redeemable bonds of ₹ 10 Lakhs each												
ICICI Bank Limited - 20 (2013: 20) debentures # (H)	-	-	-	-	-	-	-	-	200.56	200.56	200.56	200.56
Total - Other Investments (I = E+F+G+H)	-	-	4.47	-	-	-	-	97,690.20	22,809.35	29,059.70	22,813.82	126,749.90
Grand Total (D+I)	-	34,587.93	148,967.00	-	28,323.70	48,229.10	5,843.13	118,833.20	57,397.28	32,112.96	240,531.11	233,763.19

Notes:

- Investments are fully paid-up unless otherwise stated.
- "@" represents investments held for sale from March 2014 and carried at lower of cost (as reduced by provision made for diminution) and fair value. Those include additional investments made by the Company and investments (given below) taken over pursuant to amalgamation.
[Refer Note 1.16 and 3.16 to the Financial Statements]

Particulars	No. / % of Shares	₹ Lakhs
Avia Ashok Leyland Motors s.r.o.	98%	159.60
Albonair (India) Private Limited	6,000,000	1,714.80
Albonair GmbH	10,413,000	15,114.52

- "#" represents quoted investments

₹ Lakhs

Particulars	March 31, 2014	March 31, 2013
Total investments (net)	240,531.11	233,763.19
Cost of quoted investments	6,461.91	12,424.96
Market value of quoted investments	27,311.31	55,130.50
Cost of Unquoted investments	238,437.38	225,981.07

- The shares in respect of the following companies can be disposed off /encumbered only with the consent of banks / financial institutions who have given loans to these companies :
 - Ashley Alteams India Limited
 - Hinduja Foundries Limited

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.14 LONG-TERM LOANS AND ADVANCES

	As at March 31, 2014	As at March 31, 2013
	₹ Lakhs	₹ Lakhs
a) Capital Advances		
i. Unsecured, considered good	1,035.41	1,677.15
ii. Unsecured, considered doubtful	1.00	1.00
Less: Provision	1.00	1.00
	1,035.41	1,677.15
b) Security Deposits - Unsecured, considered good	1,461.43	1,351.00
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	8,886.53	-
ii. Others	3,350.01	3,192.70
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
	-	-
e) Other Loans and Advances - Unsecured, considered good (unless otherwise stated)		
i. Material advance (doubtful)	4.27	4.27
ii. Employee advances	392.49	463.37
iii. Sales tax paid under protest	4,682.10	2,722.07
iv. Advance Income tax (net)	6,677.07	3,449.09
v. MAT Credit entitlement	33,391.94	33,391.94
vi. Other advances	7,399.55	3,686.09
	52,547.42	43,716.83
Less: Provision	4.27	4.27
	67,276.53	49,933.41
Of the above, Due from Directors / Officers	0.01	0.06
1.15 OTHER NON-CURRENT ASSETS		
a) Long term trade receivables		
- Unsecured considered good	32.90	6.69
b) Unamortised loan raising expenses	1,430.44	1,196.52
c) Earmarked Bank Balance in Escrow account (Receivable in respect of sale of long-term investment)	1,845.65	-
	3,308.99	1,203.21

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2014		As at March 31, 2013
	Nos / %	₹ Lakhs	₹ Lakhs
1.16 CURRENT INVESTMENT			
Carrying value of Trade Investments (unquoted) held for sale:			
a) Ownership interest in share capital in Czech koruna			
- Avia Ashok Leyland Motors s.r.o.*	100%	159.60	-
b) Equity Shares of ₹ 10 each			
- Albonair (India) Private Limited	1,00,00,000	2,114.80	-
c) Equity Shares of Euro 1 each			
- Albonair GmbH	3,93,67,000	36,163.08	-
		38,437.48	-
*The carrying value of ownership interest in Avia Ashok Leyland Motors s.r.o. is net of diminution in its value aggregating ₹ 24,996.46 lakhs (including ₹ 744.32 lakhs provided upto March 31, 2013).			
1.17 INVENTORIES	₹ Lakhs	₹ Lakhs	
(a) Raw materials and Components (including patterns and dies)		50,556.00	74,089.20
(b) Work-in-progress		2,958.69	12,095.13
(c) Finished goods		40,651.12	71,171.61
(d) Stock-in-trade - Traded goods			
(i) Engines	28.58		656.65
(ii) Commercial Vehicles	1,037.45		853.92
(iii) Spare parts and auto components (including works made)	15,565.67		21,587.79
		16,631.70	23,098.36
(e) Stores, spares and consumable tools		8,064.65	9,143.39
(f) Certified Emission Rights (CER's)		8.15	4.39
		118,870.31	189,602.08
Notes			
1) Goods in transit included under the above heads are as below:			
(a) Raw Materials and components		899.78	4,324.69
(b) Stock-in-Trade - Traded goods			
(i) Engines		-	195.11
(ii) Commercial Vehicles		90.47	-
(iii) Spares parts and auto components (including works made)		102.91	526.99
(c) Stores, spares and consumable tools		-	15.14
2) Certified Emission Rights			
Number of CER's held : 57,985 nos (2013 : 19,600 nos)			
Number of CER's under certification : Nil (2013 : 38,385 nos)			

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2014	As at March 31, 2013
	₹ Lakhs	₹ Lakhs
1.18 TRADE RECEIVABLES		
Trade Receivables - Unsecured		
(i) Considered good	129,901.05	141,941.13
(ii) Considered doubtful	564.32	39.47
	130,465.37	141,980.60
Less: Provision	564.32	39.47
	129,901.05	141,941.13
Age analysis of trade receivables		
Outstanding for more than six months from the date they are due	8,709.58	15,165.85
Others	121,191.47	126,775.28
	129,901.05	141,941.13
1.19 CASH AND BANK BALANCES		
a) Cash and Cash Equivalents		
i) Balances with Banks in Current account	392.63	677.97
ii) Cheques, drafts on hand	93.37	82.59
iii) Cash and stamps on hand	19.90	20.53
	505.90	781.09
b) Other bank balances		
Earmarked accounts		
Unclaimed Dividend accounts	659.59	613.15
In Deposit accounts	3.57	-
	663.16	613.15
	1,169.06	1,394.24
1.20 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	2,675.51	18,001.93
(ii) Others	2,997.25	4,526.78
(b) Security deposit	330.70	347.38
(c) Employee advances	1,744.50	2,238.93
(d) Material advances	17,138.87	11,663.03
(e) Balances with customs, port trust, central excise etc.	4,930.62	7,657.82
(f) Others	50,253.65	42,698.31
	80,071.10	87,134.18
Of the above		
1. Due from Directors / Officers	0.05	0.05
2. Others include		
- VAT credit	37,081.18	28,842.00
- Intercompany Deposits	3,000.00	-
- Sales tax	2,711.51	2,934.79
- Service tax	1,829.29	1,369.55
- Prepaid expenses	1,534.85	1,956.59
- Entry tax	1,089.35	1,720.08

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2014	As at March 31, 2013
	₹ Lakhs	₹ Lakhs
1.21 OTHER CURRENT ASSETS		
a) Interest accrued :		
- Loans and advance to Related Parties [Refer Note 3.5 to the Financial Statements]	961.62	528.05
- Others	75.62	176.86
b) Export incentive receivables	5,001.74	6,499.96
c) Receivable on sale of immovable properties	10,623.04	-
d) Current portion of unamortised loan raising expenses	432.48	412.88
	17,094.50	7,617.75

	Year Ended March 31, 2014	Year Ended March 31, 2013
	₹ Lakhs	₹ Lakhs
2.1 REVENUE FROM OPERATIONS		
a) Sale of products		
- Commercial Vehicles		
Manufactured	793,811.00	1,031,833.53
Traded	103,960.68	91,517.14
- Engines and Gensets	41,783.90	48,351.63
- Spare parts and others	121,257.30	181,458.13
(A)	1,060,812.88	1,353,160.43
b) Revenue from services (B)	10,248.62	13,825.46
c) Other operating revenues		
- Contract manufacturing	9,430.02	11,849.87
- Export Incentives	4,140.48	8,286.31
- Scrap sales	7,159.13	7,501.82
- Others	39.68	174.18
(C)	20,769.31	27,812.18
(A+B+C)	1,091,830.81	1,394,798.07
Less: Commission, rebate and discounts	35,746.28	64,942.18
	1,056,084.53	1,329,855.89

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Year ended March 31, 2014	Year ended March 31, 2013
	₹ Lakhs	₹ Lakhs
2.2 OTHER INCOME		
a) Interest income from		
i. Long-term investments	14.90	14.90
ii. Others, including bills discounting	1,718.64	3,309.44
	1,733.54	3,324.34
b) Dividend income from		
i. Current investments	29.27	57.12
ii. Long-term investments	441.25	699.15
	470.52	756.27
c) Other non-operating income		
i. Cash discount earned	310.94	404.46
ii. Profit on sale of fixed assets - net	938.92	417.26
iii. Others	3,198.15	1,332.82
	4,448.01	2,154.54
	6,652.07	6,235.15
2.3 COST OF MATERIALS CONSUMED		
a) Forgings and castings	33,593.08	48,787.84
b) Plates, sheets, bars, steel tubes and angles	37,270.39	49,919.13
c) Tyres, tubes and flaps	64,465.26	61,361.34
d) Finished and other items	455,678.71	593,903.66
	591,007.44	753,971.97
Less: Issues capitalised	37.97	30.33
	590,969.47	753,941.64
Of the above		
1. Imported items - amount	20,861.36	52,016.19
- percentage	3.53%	6.90%
2. Indigenous items - amount	570,146.08	701,955.78
- percentage	96.47%	93.10%
2.4 PURCHASES OF STOCK-IN-TRADE - TRADED GOODS		
a) Engines	371.18	2,460.62
b) Commercial Vehicles	100,076.18	89,063.65
c) Spare parts and Auto components	26,455.40	39,649.67
	126,902.76	131,173.94

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Year ended March 31, 2014	Year ended March 31, 2013
	₹ Lakhs	₹ Lakhs
2.5 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
a) Changes in Inventories		
- Work-in-progress	9,136.44	5,134.82
- Finished / Traded goods	36,987.15	22,800.85
Net change	46,123.59	27,935.67
b) Movement in Excise duty content in Finished / Traded goods	(3,736.49)	(737.98)
	42,387.10	27,197.69
2.6 EMPLOYEE BENEFITS EXPENSE		
a) Salaries, wages and bonus	77,455.43	84,251.95
b) Contribution to provident, gratuity and other funds	8,608.07	9,161.61
c) Welfare expenses	14,367.55	15,260.22
	100,431.05	108,673.78
Less: Employee expenses capitalised	463.82	1,122.44
	99,967.23	107,551.34
2.7 FINANCE COSTS		
a) Interest Expense	40,092.72	35,232.99
b) Other borrowing costs *	5,886.40	5,158.33
	45,979.12	40,391.32
Less: Interest cost capitalised	686.64	2,702.75
	45,292.48	37,688.57
* Other borrowing costs include:		
- Loan raising expenses amortised	509.53	383.34
- Premium on forward contracts amortised	2,331.25	1,120.68
- Bill discounting charges	3,036.43	3,643.79

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Year ended March 31, 2014	Year ended March 31, 2013
	₹ Lakhs	₹ Lakhs
2.8 DEPRECIATION AND AMORTISATION EXPENSE		
A) Tangible assets		
(i) Buildings	5,166.74	4,592.68
(ii) Plant and Machinery	22,493.85	22,392.35
(iii) Furniture and fittings	1,117.90	996.86
(iv) Vehicles and aircrafts	1,038.74	1,059.00
(v) Office equipment	2,183.62	2,155.49
(vi) Assets given on lease		
- Buildings	21.34	20.91
- Plant and Machinery	0.28	0.39
- Furniture and fittings	11.11	11.11
- Office equipment	2.00	5.91
	32,035.58	31,234.70
Less: Transfer from Revaluation reserve [Refer Note 3.2.9 (b) to the Financial Statements]	1,181.62	1,237.00
Total on Tangible assets (A)	30,853.96	29,997.70
B) Intangible assets		
(i) Computer software		
- Developed	1,328.99	827.35
- Acquired	1,655.33	1,665.26
(ii) Technical knowhow		
- Developed	2,037.76	4,060.05
- Acquired	1,827.56	1,527.99
Total on Intangible assets (B)	6,849.64	8,080.65
Total (A + B)	37,703.60	38,078.35
Note:		
Depreciation on Plant and Machinery include:		
- Impairment charge	244.80	71.51

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Year ended March 31, 2014	Year ended March 31, 2013
	₹ Lakhs	₹ Lakhs
2.9 OTHER EXPENSES		
(a) Consumption of stores and tools	5,025.02	7,398.31
(b) Power and fuel	6,103.71	8,599.82
(c) Rent	2,820.09	2,994.48
(d) Repairs and maintenance		
- Buildings	2,255.47	2,875.20
- Plant and Machinery	10,169.78	11,033.71
(e) Insurance	647.72	665.62
(f) Rates and taxes, excluding taxes on income	751.71	974.49
(g) Selling and administration expenses - net	26,554.00	35,370.17
(h) Service and product warranties	13,336.94	21,368.83
(i) Packing and forwarding charges	30,823.98	30,361.32
(j) Annual Maintenance Contracts	12,600.26	14,181.76
(k) Research and Development	7,322.03	5,682.69
(i) Bad and doubtful debts / advances provided / written-off (Net of recovery)	524.85	-
	118,935.56	141,506.40
Less: Expenses capitalised	1,475.68	897.84
	117,459.88	140,608.56
1. Rent includes amortisation of cost / value of leasehold land and land given on lease ₹ 523.31 lakhs (2013: ₹ 522.25 lakhs) as reduced by transfer of ₹ 334.27 lakhs (2013: ₹ 334.27 lakhs) from Revaluation reserve. [Refer Note 3.2.9 (b) to the Financial Statement]	189.04	187.98
2. Selling and administration expenses include:		
- Directors' sitting fees	19.80	22.20
- Commission to Non Whole-time Directors	-	191.80
2.10 EXCEPTIONAL ITEMS:		
a) Profit / (Loss) on sale of Long-term investments		
- Indusind Bank Limited	30,133.85	25,238.31
- Hinduja Leyland Finance Limited	-	7,950.00
- Defiance Testing and Engineering Services Inc., USA	6,736.59	-
- ICICI Bank Limited	-	266.71
- Others	0.47	(483.10)
	36,870.91	32,971.92
b) Diminution in the value of investments		
- Ashley Alteams Limited	(163.50)	(2,779.50)
- Automotive Infotronics Limited (under liquidation)	(306.16)	(1,119.02)
- AVIA Ashok Leyland Motors s.r.o	(487.66)	(117.79)
	(957.32)	(4,016.31)
c) Profit on sale of Immovable Properties [Refer note 3.2.9 c) to the Financial Statements]	19,327.24	-
d) Voluntary Retirement Scheme [Refer note 3.17 to the Financial Statements]	(4,674.94)	-
	50,565.89	28,955.61

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

		2014	2013
		₹ Lakhs	₹ Lakhs
3.1	Information regarding Imports (c.i.f)		
a)	Raw materials	9,852.68	40,391.32
b)	Trading goods and others	7,566.27	3,339.31
c)	Spares and tools	391.40	504.24
d)	Capital items	3,884.27	28,063.70
		21,694.62	72,298.57
3.2.	Other Information (including foreign currency transactions)		
3.2.1	Expenditure incurred in foreign currency		
a)	Royalty	94.47	199.51
b)	Professional and consultation fees	1,604.14	1,415.30
c)	Interest and commitment charges	8,937.59	9,136.12
d)	Commission on sales	10,315.74	10,672.26
e)	Research and development	506.75	353.25
f)	Travel	293.74	515.30
g)	Other expenses		
-	Freight charges	1,807.55	3,654.59
-	Product warranty	1,143.69	375.94
-	Others	3,298.48	7,700.46
		28,002.15	29,992.20
3.2.2	Dividend remitted in foreign currency *		
a)	Number of non-resident shareholders	2	2
b)	Number of shares on which dividend was remitted	1,028,437,424	1,028,437,424
c)	Dividend remitted during the year relating to the previous year	6,170.62	10,284.37
	* Dividend paid to other Non-Resident shareholders is in Indian Rupee		
3.2.3	Earnings in foreign currency		
a)	Export of goods - FOB value	124,229.51	142,543.34
b)	Royalty, know-how, professional and consultation fees	-	69.95
c)	Interest and dividend	818.16	1,344.94
d)	Others [Includes freight, insurance and commission earned]	4,155.77	7,818.30
		129,203.44	151,776.53

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2014	2013
	₹ 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	70.00	70.00
b) For cost audit	6.00	3.07
c) For taxation matters	10.95	8.75
d) For other services - review of accounts, certification work, etc.	67.23	59.97
e) For reimbursement of expenses	7.53	4.27
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]	27,177.73	30,551.62
3.2.6 Impact of exchange (gain) / loss for the year in the Statement of Profit and Loss due to:		
a) Translation / Settlement (net)	(4,912.72)	(1,492.94)
b) Amortisation of exchange differences	(54.76)	117.63
c) Depreciation on exchange differences capitalised	4,251.06	2,251.63
3.2.7 Contingent liabilities		
a) Contingent liabilities		
i) Claims against the company not acknowledged as debts (net)		
- Sales tax	11,675.71	3,748.55
- Others	2,458.83	2,793.46
ii) Guarantees [net of Counter Guarantees ₹ NIL (2013: 30,840.89 Lakhs)]	18,272.15	13,500.47
The outflow in respect of the above is not practicable to ascertain in view of the uncertainties involved.		
3.2.8 Commitments		
a) Capital commitments (net of advances) not provided for [including ₹ 1,791.98 Lakhs (2013: ₹ 636.41 Lakhs) in respect of Intangible assets]	5,057.83	12,027.18
b) Uncalled Liability on Partly paid shares / investments	0.14	0.14
c) Other commitments		
Financial support given to certain subsidiaries, joint ventures, etc. The outflow in respect of the above is not practicable to ascertain in view of the uncertainties involved.		

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

		2014	2013
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
	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
	e) Furniture and fittings - lease improvements	3	3
	f) Vehicles		
	(i) Cars and motorcycles	3	3
	(ii) Trucks and buses	5	5
	g) Office equipment	8	8
	h) Office equipment - Data processing system	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 / 10
	(ii) Acquired	5	5
	b) Technical know-how		
	(i) Developed	6 / 10	6
	(ii) Acquired	5 / 6 / 10	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 ₹ 1,515.89 lakhs (2013: ₹ 1,571.27 lakhs) [₹ 1,181.62 lakhs (2013: ₹ 1,237.00 lakhs) in Note 2.8 to the Financial Statements and ₹ 334.27 lakhs (2013: ₹ 334.27 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) In respect of previously revalued items of fixed assets sold / disposed, the Company has, during the year changed its earlier accounting practice to adjust the amount in revaluation reserve of such assets against the carrying value of such assets and recognized the consequent profit / sale thereof. The impact of the said change is a higher profit on sale / disposal of immovable properties by ₹ 10,756.56 Lakhs for the year ended March 31, 2014 (2013: NIL).

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

		2014	2013
3.3. Earnings per share			
Profit after tax as per Statement of Profit and Loss (in ₹ lakhs)	(A)	2,938.11	43,370.67
Weighted average number of equity shares outstanding	(B)	2,660,676,634	2,660,676,634
Basic and Diluted earnings per share (Face value ₹ 1) (in ₹)	(A / B)	0.11	1.63

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	2014	936,322.44	119,762.09	-	1,056,084.53
	2013	1,187,721.75	142,134.14	-	1,329,855.89
Segment assets	2014	859,433.76	34,228.63	387,137.18	1,280,799.57
	2013	928,962.09	54,549.45	326,158.67	1,309,670.21
Capital expenditure during the year	2014	33,975.04	23.56	4,584.91	38,583.51
	2013	68,005.39	19.71	22,936.39	90,961.49

- Revenue from external customers comprises of income from sale of products, services and other operating revenues. [Refer Note 2.1 to the Financial Statements]
- 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.
- Unallocated assets and capital expenditure includes current and non current assets other than considered in (b) above.
- 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)

Subsidiaries

i) With effect from April 1, 2013:

Albonair (India) Private Limited

Ashley Services Limited..... upto June 30, 2013

Avia Ashok Leyland Motors s.r.o

Avia Trucks UK Limited, Great Britain

Avia Ashok Leyland Rus, Russia

Ashok Leyland Nissan Vehicles Limited

Albonair GmbH, Germany

Albonair Automotive Technology Co. Ltd., China

Ashok Leyland (Nigeria) Limited

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.5. Related party disclosure (Continued)

Ashok Leyland (UK) Limited
Defiance Technologies Limited
Defiance Tech GmbH
Defiance Tech, USA
Defiance Testing and Engineering Services Inc. USA..... sold on September 30, 2013
Gulf Ashley Motors Limited
Mangalam Retail Services Limited
Optare plc
Optare UK Ltd
Optare Group Ltd
Darwen LPD Ltd *
Optare Aftersales Ltd *
Jamesstan Investments Ltd (Holding Co of Optare)
Optare Holdings Ltd (Holding Co of Optare)
Optare (Leeds) Ltd
Autotec Vehicles Ltd *
Autobus Classique Ltd *
Optare PCV Ltd *
Chalgrave Ltd *
East Lancashire Busbuilders Ltd
Ashok Leyland (Chile)
Hinduja Leyland Finance Limited
Hinduja Leyland Finance Services Limited
Ashok Leyland Wind Energy Limited
ii) With effect from December 10, 2013
Irizar TVS Limited..... Associate upto December 9, 2013
b) Other related parties
<i>Fellow subsidiaries</i>
Hinduja Foundries Limited..... upto January 29, 2014
Hinduja Auto Components Limited
Hinduja Automotive (UK) Limited
<i>Associates</i>
Ashley Airways Limited (under liquidation)
Ashley Aviation Limited
Ashley Holdings Limited..... upto April 1, 2013
Ashley Investments Limited..... upto April 1, 2013
Ashok Leyland Defence Systems Limited
Ashok Leyland (UAE) LLC
Lanka Ashok Leyland PLC
<i>Joint Ventures</i>
Ashley Alteams India Limited
Automotive Infotronics Limited (under liquidation)
Ashok Leyland John Deere Construction Equipment Company Private Limited
Nissan Ashok Leyland Powertrain Limited
Nissan Ashok Leyland Technologies Limited
<i>Key management personnel</i>
Mr. Vinod K. Dasari, Managing Director
Mr. R Seshasayee (Executive Vice Chairman upto March 31, 2013)
* Certain subsidiaries of Optare plc which were dormant as of earlier year(s) have been dissolved during the year.

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.5 Related Party disclosure (Continued) c) Related Party Transactions - summary

₹ Lakhs

	Fellow Subsidiary *			Subsidiary		Associates		Joint Ventures		Holding Company #		Key Management Personnel		Total
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013		
Transactions during the year ended March 31														
1	Purchase of raw materials, components and traded goods (net of CENVAT / VAT)	9,297.73	20,339.09	101,121.84	-	4,075.74	12,965.47	2,734.52	89,213.96	-	-	-	117,229.83	122,518.52
2	Sales and Services (net of excise duties)	-	-	31,552.11	-	41,430.20	75,062.51	595.42	3,697.24	-	-	-	73,577.73	78,759.75
3	Other Operating Income	226.77	652.12	1,388.31	-	10.15	0.29	3,230.94	14,581.17	-	-	-	4,856.17	15,233.58
4	Other expenditure incurred / (recovered) (net)	67.88	117.61	7,160.42	-	183.72	1,954.64	75.45	1,773.85	97.23	175.23	-	7,584.70	4,021.33
5	Advance / Current accounts - Net increase / (decrease)	-	-	608.71	-	-	813.03	26.72	437.09	-	-	(0.05)	635.43	1,250.07
6	Interest and other income	5.69	-	1,169.34	-	255.30	1,210.62	16.27	652.65	-	-	-	1,446.60	1,863.27
7	Purchase of assets	-	-	583.24	-	-	-	114.17	-	-	-	-	697.41	-
8	Dividend income	-	-	-	-	48.70	251.94	-	-	-	-	-	48.70	251.94
9	Dividend payments	-	-	-	-	-	-	-	-	8,138.63	10,272.37	0.36	8,138.99	10,273.19
10	Remuneration to key management personnel	-	-	-	-	-	-	-	-	-	-	212.49	625.03	625.03
11	Financial guarantees given	-	-	14,964.75	-	-	487.06	-	-	-	-	-	14,964.75	487.06
12	Financial guarantees released	3,619.00	-	12,765.50	-	2,171.40	-	-	-	-	-	-	18,555.90	-
13	Counter guarantees received	-	-	-	-	-	30,840.89	-	-	-	-	-	-	30,840.89
14	Counter guarantee dissolved	-	-	30,840.89	-	-	-	-	-	-	-	-	30,840.89	-
15	Acquisition of investments	-	30,000.00	26,352.33	-	1,099.76	34,149.88	5,820.00	9,855.00	-	-	-	33,272.09	74,004.88
16	Disposal of investments	-	-	9,941.96	-	14.70	10,600.00	-	-	-	-	-	9,956.66	10,600.00
17	Advance given for share capital	-	-	25,108.07	-	-	-	-	3,190.00	-	-	-	25,108.07	3,190.00
18	Loans given	1,000.00	-	15,782.51	-	-	10,662.69	-	-	-	-	-	16,782.51	10,662.69
19	Loans repaid	1,000.00	-	27,010.98	-	-	10,591.99	-	-	-	-	-	28,010.98	10,591.99
Balances as on March 31														
1	Debtors	-	-	5,505.40	-	3,227.74	19,343.14	680.45	1,797.96	-	-	-	9,413.59	21,141.10
2	Loans and advances (including interest accrued) **	-	-	16,724.46	-	248.31	22,762.22	502.64	296.15	-	0.78	0.06	17,475.47	23,059.26
3	Advance for Share Capital **	-	-	1,395.45	-	-	0.20	-	3,190.00	-	-	-	1,395.45	3,190.20
4	Creditors for materials and expenses	-	3,239.06	11,213.82	-	908.57	2,273.44	1,006.93	7,033.13	167.26	175.23	-	13,296.58	12,888.53
5	Financial guarantees given	-	-	-	-	-	-	-	-	-	-	-	-	-
	- for working capital (maximum limit GBP 2.36 million)	-	-	-	-	-	2,328.52	-	-	-	-	-	-	2,328.52
	- others	-	3,619.00	14,964.75	-	-	12,617.84	3,307.40	2,779.80	-	-	-	18,272.15	19,016.64
	Counter guarantees received	-	-	-	-	-	30,840.89	-	-	-	-	-	-	30,840.89

For details of investments as at March 31, 2014 and March 31, 2013, refer Note 1.13 and Note 1.16 to the Financial Statements.

* relates to Hinduja Foundries Limited upto January 29, 2014

relates to Hinduja Automotive Limited

** Refer Notes 1.14, 1.20 and 1.21 to the Financial Statements

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.5 Related Party disclosure (Continued)

₹ Lakhs

	2014	2013
d) Significant Related Party Transactions		
1 Purchase of raw materials, components and traded goods (net of CENVAT / VAT)		
Hinduja Foundries Limited	9,297.73	20,339.09
Ashok Leyland Nissan Vehicles Limited	97,524.85	84,905.40
2 Sales and Services (net of taxes)		
Ashok Leyland (UAE) LLC	21,978.38	24,541.54
Gulf Ashley Motor Limited	20,631.79	20,885.82
Lanka Ashok Leyland PLC	19,461.86	29,177.13
Ashok Leyland Nissan Vehicles Limited	8,816.35	2,447.49
3 Other Operating Income		
Ashok Leyland Nissan Vehicles Limited	1,388.31	10,875.71
Nissan Ashok Leyland Powertrain Limited	2,561.91	3,292.25
Nissan Ashok Leyland Technologies Limited	527.03	318.29
4 Other Expenditure incurred / (recovered) (net)		
Defiance Technologies Limited	1,156.77	1,637.18
Gulf Ashley Motor Limited	771.62	269.60
HLF Services Limited	997.98	-
Ashok Leyland Nissan Vehicles Limited	2,801.69	1,660.83
5 Advance / Current account - Net increase / (decrease)		
Ashok Leyland Defence Systems Limited	-	(180.37)
Ashok Leyland (UAE) LLC	-	837.12
Ashok Leyland John Deere Construction Equipment Company Private Limited	87.48	139.69
Avia Ashok Leyland Motors s.r.o, Czech Republic	97.45	-
Ashok Leyland Nissan Vehicles Limited	511.26	235.06
Nissan Ashok Leyland Powertrain Limited	(60.76)	20.32
6 Interest and other income		
Albonair GmbH	132.34	270.77
Defiance Testing & Engineering Services Inc., USA	69.74	293.87
Defiance Technologies Limited	372.65	140.37
Optare plc	426.63	305.18
Nissan Ashok Leyland Technologies Limited	16.27	477.19
Ashley Aviation Limited	225.00	81.96
7 Dividend income		
Lanka Ashok Leyland, PLC	48.70	251.94
8 Acquisition of Investments		
Ashley Holdings Limited	-	15,259.75
Ashley Investments Limited	-	15,159.75
Ashok Leyland Nissan Vehicles Limited	10,743.00	4,655.00
Albonair GmbH	15,085.38	-
Ashok Leyland John Deere Construction Equipment Company Private Limited	4,320.00	4,950.00
9 Disposal of Investments		
Ashley Holdings Limited	-	5,320.00
Ashley Investments Limited	-	5,280.00
Defiance Testing & Engineering Services Inc., USA	9,941.96	-
10 Advance given for share capital		
Ashley Services Limited *	23,713.00	-
Ashok Leyland Nissan Vehicles Limited	-	2,940.00

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.5 Related Party disclosure (Continued)

₹ Lakhs

	2014	2013
11 Loans given		
Albonair GmbH	2,795.14	6,055.57
Defiance Technologies Limited	900.00	1,527.00
Avia Ashok Leyland Motors s.r.o, Czech Republic	9,040.78	-
Optare plc	2,600.38	3,080.12
12 Loans repaid		
Ashok Leyland (UAE) LLC	-	3,566.38
Albonair GmbH	15,033.03	-
Avia Ashok Leyland Motors s.r.o, Czech Republic	6,312.94	-
Defiance Testing & Engineering Services Inc., USA	2,614.75	5,564.89
Optare plc	2,601.78	1,460.71
13 Purchase of assets		
Albonair GmbH	583.24	-
Automotive Infotronics Limited	114.17	-
14 Financial guarantees given		
Optare plc	14,964.75	487.06
15 Financial Guarantees released		
Optare plc	11,232.10	-
Hinduja Foundries Limited	3,619.00	-
Ashok Leyland (UAE) LLC	2,171.40	-
16 Counter Guarantees received		
Ashley Holdings Limited	-	15,148.54
Ashley Investments Limited	-	15,692.35
17 Counter Guarantee dissolved		
Ashley Services Limited	30,840.89	-
18 Remuneration to key management personnel		
Mr. R Seshasayee	-	345.72
Mr. Vinod K. Dasari	212.49	279.31

* Cancelled pursuant to amalgamation of Ashley Services Limited with the Company [Refer Note 3.16 to the Financial Statements]

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

₹ Lakhs

Name of the Subsidiary / Associate	2014					2013				
	Status	Outstanding amount	Maximum loan outstanding during the year	Investment in shares of the Company	Direct investment in shares of subsidiaries of the Company	Status	Outstanding amount	Maximum loan outstanding during the year	Investment in shares of the Company	Direct investment in shares of subsidiaries of the Company
Avia Ashok Leyland Motors s.r.o	Subsidiary	6,292.64	9,654.21	-	742.13	-	-	-	-	-
Albonair GmbH	Subsidiary	-	11,119.20	-	324.96	Associate	11,119.20	11,119.20	-	-
Ashok Leyland (UAE) LLC	Associate	-	-	-	-	Associate	-	3,580.33	-	-
Automotive Coaches and Components Limited		-	-	-	-	Associate	1,706.13	3,039.69	-	-
Defiance Technologies Limited	Subsidiary	3,350.00	3,350.00	-	984.74	Associate	2,450.00	2,450.00	-	-
Defiance Testing & Engineering Services Inc., USA	Subsidiary	-	2,672.55	-	-	Associate	2,442.83	8,132.33	-	-
Irizar TVS Limited	Subsidiary	-	-	-	-	Associate	-	95.00	-	-
AL Nigeria	Subsidiary	-	19.71	-	-		-	-	-	-
Optare plc	Subsidiary	5,088.02	6,793.99	-	32,924.10	Associate	4,193.60	4,534.79	-	-

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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 as at March 31, 2014	Proportion of ownership interest as at March 31, 2013	Country of residence / Incorporation
1	Nissan Ashok Leyland Powertrain Limited	Manufacture of engines for Light Commercial Vehicles	49.00%	48.68%	India
2	Nissan Ashok Leyland Technologies Limited	Development of related automotive technology	50.00%	49.00%	India
3	Ashok Leyland John Deere Construction Equipment Company Private Limited	Manufacture of construction equipment	50.00%	50.00%	India
4	Ashley Alteams India Limited	Manufacture of aluminum high pressure die castings.	50.00%	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	Nissan Ashok Leyland Powertrain Limited	Operating company	2014	11,162.20	5,098.45	10,922.59	11,420.92
			2013	10,694.57	4,166.62	13,272.73	13,328.11
2	Nissan Ashok Leyland Technologies Limited	Operating company	2014	3,982.50	9,998.50	5,587.00	7,002.50
			2013	5,529.71	9,900.20	3,254.35	4,264.51
3	Ashok Leyland John Deere Construction Equipment Company Private Limited	Operating company	2014	10,733.75	6,370.05	3,289.37	7,201.92
			2013	11,955.97	8,000.63	5,977.98	9,869.66
4	Ashley Alteams India Limited	Operating company	2014	8,836.08	8,556.51	6,016.34	7,006.60
			2013	8,735.93	8,827.14	6,136.83	7,468.72

Notes :

- Contingent liabilities, incurred in relation to interest in joint ventures as on March 31, 2014 is ₹ Nil (2013: ₹ Nil).
- Share in contingent liabilities of joint ventures themselves for which the company is contingently liable as at March 31, 2014 ₹ 242.65 lakhs (2013 : ₹ 32,943.35 lakhs)
- Capital commitments in relation to interests in joint ventures as on March 31, 2014 ₹ Nil (2013: ₹ Nil)
- Share in Capital commitments of joint ventures themselves as on March 31, 2014 ₹ 293.90 lakhs (2013: ₹ 5,151.15 lakhs)
- The information furnished above with regard to the year 2014 is based on audited figures made available to the company.
- Figures given above under expenses are excluding taxes.

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

- 3.7** The Company had given on finance lease, certain vehicles. The lease was for a fixed period and was terminable with the consent of both the parties. There are no exceptional / restrictive covenants in the lease agreement. During the year, the lease agreements were terminated.

Financial information relating to the above lease are as under:

₹ Lakhs

Particulars	2014	2013
a) Total of minimum lease payments		
- Receivable not later than 1 year	-	1,456.00
- Receivable later than 1 year and not later than 5 years	-	1,173.94
- Receivable later than 5 years	-	-
b) Unearned Finance income	-	396.29
c) Present value of minimum lease payments		
- Receivable not later than 1 year	-	1,328.00
- Receivable later than 1 year and not later than 5 years	-	904.28
- 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:

Details	Details	Currency	Amount (Foreign currency in Million)		Amount ₹ in Lakhs	
			2014	2013	2014	2013
Foreign Exchange Contracts						
- USD / INR	Sold	USD	38.41	111.34	23,015.96	60,441.73
- USD / INR	Bought	USD	87.52	170.33	52,440.56	92,464.64
- EUR / USD	Bought	EUR	1.21	1.80	1,001.54	1,254.26
- GBP / USD	Bought	GBP	0.25	1.74	249.41	1,430.78
- EURO / USD	Sold	EUR	-	10.00	-	6,949.50
- USD / JPY	Sold	USD	0.25	1.01	149.79	549.22
Currency Swaps						
- USD / JPY	Sold	USD	190.67	298.33	114,237.93	161,950.25

Refer Item no.6.3 and 6.4 in significant accounting policies for the accounting treatment of such derivatives

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

B) Foreign currency exposures not hedged by a derivative instrument including firm commitments and highly probable transactions

Details	Currency	Amount (Foreign currency in Million)		Amount ₹ in Lakhs	
		2014	2013	2014	2013
Amount receivable on account of sale of goods, loans, bank balances, etc.	USD	103.11	66.74	61,778.95	36,229.48
	EUR	0.13	6.50	106.04	4,516.03
	AED	0.59	-	95.71	-
	KES	8.92	-	61.82	-
	ZAR	0.40	-	22.46	-
	GBP	5.68	5.21	5,666.91	4282.72
	MUR	0.41	-	8.15	-
	BDT	0.00	-	0.02	-
Amount payable on account of purchase of goods, loans, interest etc.	USD	356.32	290.31	213,489.48	157,592.71
	EUR	4.10	5.30	3,388.68	3,686.20
	JPY	-	98.59	-	568.69
	GBP	0.45	2.43	452.02	1,998.11
	CHF	0.03	-	18.49	-
	SGD	-	0.09	-	41.26
	AED	0.60	-	98.63	-
	KES	53.19	-	368.62	-
	ZAR	1.52	-	85.88	-
	EGP	0.00	-	0.25	-
	MUR	0.08	-	1.64	-

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). The un-amortized net exchange difference in respect of long term monetary items relating to other than acquisition of depreciable assets, is a loss of ₹ 592.89 lakhs as at March 31, 2014 (March 31, 2013: ₹ 96.35 lakhs). These amounts have now been reflected as part of the "Reserves and Surplus" in line with the guideline issued by the Institute of Chartered Accountants of India.

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.

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.10 Employee benefits

a) Defined benefit plans - As per Actuarial valuation as at March 31, 2014

₹ Lakhs

	Gratuity					Compensated absences					Other defined benefit plans				
	2014	2013	2012	2011	2010	2014	2013	2012	2011	2010	2014	2013	2012	2011	2010
A) Expense recognised in the Statement of Profit and Loss for the year ended March 31															
Current service cost	1,014.43	1,021.78	933.84	847.73	795.50	634.89	630.70	667.11	639.56	525.76	67.94	70.90	67.28	63.83	56.32
Interest cost	1,630.16	1,506.57	1,478.53	1,327.97	1,227.16	506.52	501.60	456.94	369.02	366.54	47.48	53.29	46.81	39.48	40.92
Expected return on plan assets	(1,800.74)	(1,810.63)	(1,634.00)	(1,494.17)	(1,406.11)	-	-	-	-	-	-	-	-	-	-
Net actuarial (gain) / loss recognised during the year	906.22	1,306.78	1,224.12	1,403.86	191.71	(1,113.29)	299.48	(172.12)	719.78	(758.60)	51.89	(46.10)	26.75	111.02	(18.17)
Total expense	1,750.07	2,024.50	2,002.48	2,085.39	808.26	28.12	1,431.78	951.93	1,728.36	133.70	167.31	78.09	140.84	214.33	79.07
B) Actual return on plan assets															
Expected return on plan assets	1,800.74	1,810.63	1,634.00	1,494.17	1,406.11	-	-	-	-	-	-	-	-	-	-
Actuarial gain/ (loss) on plan assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Actual return on plan assets	1,800.74	1,810.63	1,634.00	1,494.17	1,406.11	-	-	-	-	-	-	-	-	-	-
C) Net Asset/ (Liability) recognised in the Balance Sheet															
Present value of the obligation	21,768.69	22,188.19	20,468.08	18,554.51	16,689.58	5,801.32	6,733.57	6,363.52	6,011.81	4,942.07	694.91	644.68	672.76	638.26	563.16
Fair value of plan assets	20,019.15	20,163.07	18,463.69	16,466.18	15,877.10	-	-	-	-	-	-	-	-	-	-
Funded status [surplus/ (deficit)]	(1,749.54)	(2,025.12)	(2,004.39)	(2,088.33)	(812.48)	(5,801.32)	(6,733.57)	(6,363.52)	(6,011.81)	(4,942.07)	(694.91)	(644.68)	(672.76)	(638.26)	(563.16)
Net Asset/ (Liability) recognised in the Balance Sheet	(1,749.54)	(2,025.12)	(2,004.39)	(2,088.33)	(812.48)	(5,801.32)	(6,733.57)	(6,363.52)	(6,011.81)	(4,942.07)	(694.91)	(644.68)	(672.76)	(638.26)	(563.16)
D) Change in Present value of the obligation during the year															
Present value of obligation as at beginning of the year	22,188.19	20,468.08	18,554.51	16,689.58	15,348.28	6,733.57	6,363.52	6,011.81	4,942.07	4,966.00	644.68	672.76	638.26	563.16	607.11
Current service cost	1,014.43	1,021.78	933.84	847.73	795.50	634.89	630.70	667.11	639.56	525.76	67.94	70.90	67.28	63.83	56.32
Interest cost	1,630.16	1,506.57	1,478.53	1,327.97	1,227.16	506.52	501.60	456.94	369.02	366.54	47.48	53.29	46.81	39.48	40.92
Benefits paid	(3,970.31)	(2,115.02)	(1,722.91)	(1,714.63)	(873.08)	(960.37)	(1,061.72)	(600.22)	(658.62)	(157.63)	(117.08)	(106.17)	(106.44)	(139.23)	(123.02)
Actuarial (gain)/ loss on obligation	906.22	1,306.78	1,224.12	1,403.86	191.71	(1,113.29)	299.47	(172.12)	719.78	(758.60)	51.89	(46.10)	26.75	111.02	(18.17)
Present value of obligation as at end of the year	21,768.69	22,188.19	20,468.08	18,554.51	16,689.58	5,801.32	6,733.57	6,363.52	6,011.81	4,942.07	694.91	644.68	672.76	638.26	563.16

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.10 Employee benefits (Continued)

a) Defined benefit plans - As per Actuarial valuation as at March 31, 2014

₹ Lakhs

	Gratuity					Compensated absences					Other defined benefit plans				
	2014	2013	2012	2011	2010	2014	2013	2012	2011	2010	2014	2013	2012	2011	2010
E) Change in the Fair Value of Plan Assets during the year															
Fair value of plan assets as at beginning of the year	20,163.07	18,463.69	16,466.18	15,877.10	14,595.56	-	-	-	-	-	-	-	-	-	-
Expected return on plan assets	1,800.74	1,810.63	1,634.00	1,494.17	1,406.11	-	-	-	-	-	-	-	-	-	-
Contributions	2,025.55	2,003.77	2,086.42	809.54	748.51	960.37	1,061.72	600.22	658.62	157.63	117.08	106.17	106.44	139.23	123.02
Benefits paid	(3,970.31)	(2,115.02)	(1,722.91)	(1,714.63)	(873.08)	(960.37)	(1,061.72)	(600.22)	(658.62)	(157.63)	(117.08)	(106.17)	(106.44)	(139.23)	(123.02)
Actuarial gain / (loss) on plan assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fair value of plan assets as at end of the year	20,019.15	20,163.07	18,463.69	16,466.18	15,877.10	-	-	-	-	-	-	-	-	-	-
F) Experience adjustments in															
Plan liabilities- loss / (gain)	906.22	1,306.78	1,224.12	1,403.86	191.71	(190.64)	(475.60)	(628.16)	719.78	(181.28)	69.19	(8.62)	(6.89)	111.02	(3.73)
Plan assets - (loss) / gain	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
G) Major categories of plan assets as a percentage of total plan	100% Qualifying insurance policy					Unfunded					Unfunded				
H) Actuarial Assumptions	2014	2013	2012	2011	2010										
Discount rate	8.00%	8.00%	8.00%	8.00%	8.00%										
Salary escalation	2.75%	3.20%	4.25%	4.00%	5.10%										
Expected rate of return on plan assets	9.88%	8.00%	8.00%	8.00%	8.00%										

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

- 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 ₹ 28.12 lakhs (2013: ₹ 1,591.33 lakhs).
 - Contribution to provident, gratuity and other funds include Provident fund and family pension ₹ 4,503.87 lakhs (2013: ₹ 4,647.48 lakhs), super annuation ₹ 1,929.23 lakhs (2013: ₹ 1,466.89 lakhs), gratuity ₹ 1,750.07 lakhs (2013: ₹ 2,024.50 lakhs) and other funds ₹ 424.90 lakhs (2013: ₹ 1,022.73 lakhs).
 - Welfare expenses include contribution to employee state insurance plan ₹ 25.78 lakhs (2013: ₹ 65.56 lakhs), retirement benefits charged/ (reversed) of ₹ 73.96 lakhs (2013: ₹ 56.05 lakhs) and other defined employee benefits ₹ 36.01 lakhs (2013: ₹ 12.09 lakhs).

3.11 The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of information available with the Company. The amount of principal and interest outstanding is given below:

		₹ lakhs	
Particulars		2014	2013
i)	Principal amount paid after appointed date during the year	268.78	265.57
ii)	Amount of interest due and payable for the delayed payment of principal amount	4.01	64.93
iii)	Principal amount remaining unpaid as at year end (over due)	14.96	10.27
iv)	Principal amount remaining unpaid as at year end (not due)	2,170.91	215.90
v)	Interest due and payable on principal amount unpaid at the year end	0.24	0.74
vi)	Total amount of interest accrued and unpaid as at year end	4.24	65.67

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.12 Details of expenditure incurred on in-house Research and Development (R & D) facilities:

₹ lakhs

		Approved R&D facilities		R&D facility - approval applied for		Total			
Particulars		Included in Notes to the Financial Statements	2014	2013	2014	2013	2014	2013	
(i)	Capital expenditure	1.11 and 1.12							
(a)	Land		-	-	-	-	-	-	
(b)	Buildings		408.05	1,006.13	-	-	408.05	1,006.13	
			408.05	1,006.13	-	-	408.05	1,006.13	
(c)	Capital equipments		5,093.16						
	Add: Expenditure capitalised		1,939.49	7,032.65	6,536.03	-	58.47	7,032.65	6,594.50
(ii)	Revenue expenditure (net)								
(a)	Salaries / Wages	2.6	9,985.44						
	Less: Salaries and wages capitalised		463.82	9,521.62	11,470.75	-	470.47	9,521.62	11,941.22
(b)	Material /Consumables / spares	2.3	6,462.31						
	Less: Material Consumables Spares Capitalised		1,475.00	4,987.31	5,834.70	-	139.18	4,987.31	5,973.88
(c)	Utilities	2.9	694.78	827.64	-	15.47	694.78	843.11	
(d)	Other expenditure directly related to R&D	2.9	4,005.42						
	Less: Other expenditure Capitalised		0.68	4,004.74	5,328.31	-	416.57	4,004.74	5,744.88
(e)	Total revenue expenditure (Total of (ii) (a) to (ii) (d))		19,208.45	23,461.40	-	1,041.69	19,208.45	24,503.09	
(iii)	Total R&D expenditure								
	(Total of (i) (c) and (ii) (e))		26,241.10	29,997.43	-	1,100.16	26,241.10	31,097.59	
(iv)	Less: Amount received by R & D facilities	2.1 and 2.9	617.19	711.42	-	-	617.19	711.42	
(v)	Net amount of R & D expenditure (iii) - (iv)		25,623.91	29,286.01	-	1,100.16	25,623.91	30,386.17	

Capital expenditure is on incurrence basis, hence includes net additions in Capital Work-in-progress

	2014	2013
3.13 Net Current tax expense for the year comprises of:		
Minimum Alternate Tax	-	10,819.00
Less: Minimum Alternate Tax Credit Entitlement	-	10,819.00
Current Tax	-	-

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.14 Details of Long Term Borrowings:

		March 31, 2014			Particulars of Redemption/ Repayment	March 31, 2013		
		Non Current	Current maturities	Total		Non Current	Current maturities	Total
		₹ Lakhs	₹ Lakhs	₹ Lakhs		₹ Lakhs	₹ Lakhs	₹ Lakhs
a. Secured Borrowing:								
i. Debenture Series								
9.85% AL 22		15,000.00	-	15,000.00	June 21, 2018	-	-	-
10.15% AL 20		15,000.00	-	15,000.00	December 28, 2017	15,000.00	-	15,000.00
10.20% AL 18		10,000.00	-	10,000.00	June 28, 2017	10,000.00	-	10,000.00
10.25% AL16		10,500.00	4,500.00	15,000.00	₹ 6,000 lakhs on October 14, 2016 and ₹ 4,500 lakhs each on October 14, 2015 and 2014	15,000.00	-	15,000.00
9.70% AL 21		15,000.00	-	15,000.00	June 21, 2016	-	-	-
10.05% AL 19		15,000.00	-	15,000.00	December 28, 2015	15,000.00	-	15,000.00
8.20% AL 15		7,000.00	-	7,000.00	July 22, 2015	7,000.00	-	7,000.00
10.10% AL 17		20,000.00	-	20,000.00	June 28, 2015	20,000.00	-	20,000.00
8.20% AL 14		-	7,000.00	7,000.00	July 22, 2014	7,000.00	-	7,000.00
8.20% AL 13		-	-	-	July 22, 2013	-	7,000.00	7,000.00
		107,500.00	11,500.00	119,000.00		89,000.00	7,000.00	96,000.00
ii. Term Loans								
TL - 7		50,000.00	-	50,000.00	4 equal instalments on December 16, 2018, 2017, 2016, 2015	-	-	-
TL - 1		3,333.33	3,333.33	6,666.66	3 equal instalments on February 5, 2016, February 16, 2015, February 17 2014	6,666.67	3,333.33	10,000.00
TL - 2		5,000.00	5,000.00	10,000.00	3 equal instalments on June 1, 2015, 2014, 2013	10,000.00	5,000.00	15,000.00
TL - 3		-	6,666.67	6,666.67	2 equal instalments on March 22, 2015, 2014	6,666.66	6,666.67	13,333.33
TL - 4		-	5,000.00	5,000.00	2 equal instalments on November 30, 2014, 2013	5,000.00	5,000.00	10,000.00
TL - 5		-	5,000.00	5,000.00	2 equal instalments on November 30, 2014, 2013	5,000.00	5,000.00	10,000.00
TL - 6		-	-	-	September 4, 2013	-	1,666.67	1,666.67
		58,333.33	25,000.00	83,333.33		33,333.33	26,666.67	60,000.00

Debentures and term loans from banks aggregating ₹ 202,333.33 lakhs (2013: ₹ 156,000.00 Lakhs) are secured by a first charge on pari-passu basis on all assets of the Company excluding certain immovable properties (residential buildings, windmill related assets and certain immovable assets) and movable fixed assets (such as aircraft and windmill) of the Company.

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	March 31, 2014				March 31, 2013		
	Non Current	Current maturities	Total	Particulars of Redemption/ Repayment	Non Current	Current maturities	Total
	₹ Lakhs	₹ Lakhs	₹ Lakhs		₹ Lakhs	₹ Lakhs	₹ Lakhs
b. Unsecured Borrowings:							
i. ECB Loans							
ECB -12	38,944.75	-	38,944.75	June 26, 2020 - ₹ 11,983.00 lakhs and June 26, 2019, 2018, 2017 - ₹ 8,987.25 lakhs each	-	-	-
ECB -11	17,974.50	-	17,974.50	3 equal instalments on March 25, 2019, 2018, 2017	16,285.50	-	16,285.50
ECB -1	44,936.25	-	44,936.25	3 equal instalments on June 9, 2018, 2017, 2016	40,713.75	-	40,713.75
ECB -2	14,978.75	-	14,978.75	3 equal instalments on October 24, 2017, 2016, 2015	13,571.25	-	13,571.25
ECB -3	26,961.75	2,995.75	29,957.50	September 20, 2017 - ₹ 12,582.15 lakhs, 2016 - ₹ 11,383.85 lakhs, 2015 and 2014 - ₹ 2,995.75 lakhs each	27,142.50	-	27,142.50
ECB -10	11,983.00	-	11,983.00	July 12, 2015	10,857.00	-	10,857.00
ECB -4	-	39,943.33	39,943.33	2 equal instalments on June 30, 2014, 2013	36,190.00	36,190.00	72,380.00
ECB -5	-	-	-	August 24, 2013	-	1,809.50	1,809.50
ECB -6	-	-	-	July 10, 2013	-	4,523.75	4,523.75
ECB -7	-	-	-	June 18, 2013	-	4,523.75	4,523.75
ECB -8	-	-	-	May 10, 2013	-	1,809.50	1,809.50
	155,779.00	42,939.08	198,718.08		144,760.00	48,856.50	193,616.50

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

March 31, 2014					March 31, 2013			
		Non Current	Current maturities	Total	Particulars of Redemption / Repayment	Non Current	Current maturities	Total
		₹ Lakhs	₹ Lakhs	₹ Lakhs		₹ Lakhs	₹ Lakhs	₹ Lakhs
ii.	Interest free sales tax loans							
	Programme II	7,931.22	214.30	8,145.52	Varying amounts repayable on a monthly basis ending in March 2028.	5,596.52	150.88	5,747.40
	Programme I	-	118.24	118.24	Varying amounts repayable on a monthly basis ending in April 2014.	118.24	1,317.53	1,435.77
		7,931.22	332.54	8,263.76		5,714.76	1,468.41	7,183.17
iii.	Loans from others							
	-Loan 5	106.96	408.32	515.28	Varying amounts repayable on a quarterly basis ending in July 2015	515.28	378.78	894.06
	-Loan 4	-	248.07	248.07	Varying amounts repayable on a quarterly basis ending in October 2014	248.07	307.82	555.89
	-Loan 3	-	27.29	27.29	Varying amounts repayable on a quarterly basis ending in October 2014	27.29	33.86	61.15
	-Loan 2	-	167.08	167.08	Varying amounts repayable on a quarterly basis ending in August 2014	167.08	314.22	481.30
	-Loan 1	-	18.38	18.38	Varying amounts repayable on a quarterly basis ending in August 2014	18.38	34.56	52.94
		106.96	869.14	976.10		976.09	1,069.24	2,045.33

The above Term loans, External Commercial Borrowings and Loans from Financial institution carry varying rates of interest with the maximum rate of interest going upto 10.25% (2013: 10.25%) per annum. The weighted average rate of interest of these loans is around 6.8% (2013 : 6.5%) per annum.

3.15 Details of Short Term Borrowings

	March 31, 2014 ₹ Lakhs	Particulars of Repayment	March 31, 2013 ₹ Lakhs
Secured Borrowings			
- STL 8	3,300.00	Aug 13, 2014	-
- STL 9	791.30	May 28, 2014	-
- STL 6	-	September 20, 2013	2,714.25
- STL 7	-	September 16, 2013	5,000.00
- STL 5	-	June 5, 2013	2,171.40
- STL 4	-	June 3, 2013	10,857.00
- Working Capital Demand Loans	23,805.69	Repayable on demand	47,270.00
	27,896.99		68,012.65

The above loans are secured by way of hypothecation of inventories (excluding stores and spares related to plant and machinery), Bills receivable, Book Debts and all other movables both present and future of the Company to the extent of ₹ 1,65,000.00 Lakhs (2013: ₹ 1,50,000.00 Lakhs).

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.15 Details of Short Term Borrowings (Continued)

	March 31, 2014 ₹ Lakhs	Particulars of Repayment	March 31, 2013 ₹ Lakhs
Unsecured Borrowings			
- STL 10	9,274.42	May 28, 2014	-
- STL 11	9,586.40	May 30, 2014	-
- STL 12	11,983.00	July 28, 2014	-
- STL 3	-	June 5, 2013	8,685.60
	30,843.82		8,685.60

The above loans carry varying rates of interest with the maximum rate of interest going upto 10.40% (2013 : 10.25%) per annum. The weighted average rate of interest of these loans is around 9.0% (2013 : 8.7%) per annum.

3.16 Accounting for Amalgamation

- a. The Company had invested in certain associate companies, i.e. Ashley Investments Limited (AIL) and Ashley Holdings Limited (AHL) (both engaged in holding Strategic investments primarily in Auto and Auto Component Segment), Ashok Leyland Project Services Limited (ALPS) (engaged in consultancy services for promoting projects in thermal power, wind energy etc.) and Ashley Services Limited (ASL) (engaged in trading in commodities, providing technical and management support). Under a scheme of amalgamation sanctioned by the Honourable High Court of Madras vide its order dated July 31, 2013, AHL, AIL and ALPS merged with ASL, effective April 1, 2013. Consequent thereto, ASL became a wholly owned subsidiary of the Company as on the Appointed date of April 1, 2013.

In a subsequent development, on March 21, 2014, the Honourable High Court of Madras approved the scheme for amalgamation of ASL (amalgamating company) with the Company from the Appointed Date of July 1, 2013. The said Scheme became effective on March 27, 2014 on filing with the Registrar of Companies. The said Scheme of Amalgamation was also approved by all the three Stock Exchanges in India with which the Company's shares have been listed, namely, Madras Stock Exchange, Bombay Stock Exchange and National Stock Exchange vide their approvals dated December 19, 2013, January 23, 2014, and January 22, 2014 respectively.

b. Combination of authorised capital

Pursuant to the aforesaid amalgamation and in terms of the said approved Scheme, the authorised share capital of the Company stands increased by the authorized share capital of ASL aggregating to ₹ 219,210 Lakhs. The sub division in terms of class of share capital is as follows:

Particulars	No of shares	Face Value per share	₹
Equity Shares	2135,60,00,000	1.00	2135,60,00,000
Redeemable Non- Cumulative Non- Convertible Preference Shares	3,65,00,000	10.00	36,50,00,000
Non-Convertible Redeemable Preference Shares	20,00,000	100.00	20,00,00,000

Accordingly, effective July 1, 2013, the authorised capital of the company stands at ₹ 259,210 Lakhs.

c. Accounting treatment

The Company has followed the accounting treatment prescribed in the said approved Scheme of Amalgamation, as follows:

- i. The amalgamation of ASL with the Company has been accounted by the Company in the books by using the Pooling of interests method in accordance with the said approved Scheme of Amalgamation and Accounting Standard (AS) 14 as notified under the Companies Act, 1956.

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.16 Accounting for Amalgamation (Continued)

Accordingly, the Company has recorded all the assets and liabilities, and reserves of ASL at their respective book values as appearing in the books of ASL as at July 1, 2013, the details of which are as follows:

Particulars	₹ Lakhs
ASSETS	
Fixed Assets- Tangible	1.81
Non-current investments	126,848.18
Long term loans and advances	3,730.63
Current assets:	
- Cash and Cash Equivalents	28.04
- Short term loans and advances	9.90
LIABILITIES	
Current liabilities	99.99
RESERVES	
Capital Reserve	8,793.10
Deficit in Statement of Profit and Loss	(4.77)

- ii. Further, as provided in the said approved Scheme of Amalgamation, the shares of ASL held by the Company as on July 1, 2013 directly and / or through its nominee(s), constituting the entire paid up equity and preference share capital of ASL amounting to ₹ 1,14,080.24 Lakhs and share application monies pending allotment in the books of the Company aggregating to ₹ 7,650 Lakhs stood cancelled. No shares or consideration was required to be issued / paid by the Company, as ASL was a Wholly - Owned Subsidiary of the Company.

3.17 Exceptional Items - Voluntary retirement scheme

The Company announced Voluntary Retirement Schemes (2013) during the year for executives who could opt for an early separation from services of the Company. VRS compensation of ₹ 4,674.94 Lakhs (2013 : Nil) represents the amount settled, in respect of those executives who exercised their option and separated from the employment upto March 31, 2014.

3.18 The figures for the previous year have been reclassified / regrouped / amended, wherever necessary.

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

Gopal Mahadevan
Chief Financial Officer

N. Ramanathan
Company Secretary

May 22, 2014
Chennai

For and on behalf of the Board

Dheeraj G Hinduja
Chairman
DIN : 00133410

Vinod K. Dasari
Managing Director
DIN : 00345657

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF ASHOK LEYLAND LIMITED

Report on the Consolidated Financial Statements

- We have audited the accompanying consolidated financial statements of **Ashok Leyland Limited** (the "Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

- The Company's Management is responsible for the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

- Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.
- An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Consolidated Financial Statements.
- We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

For M.S. Krishnaswami & Rajan
Chartered Accountants
Registration No. 015545

M.S. Murali
Partner
Membership No. 26453

May 22, 2014
Chennai

Opinion

- In our opinion, to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries, jointly controlled entities and associates and based on the consideration of the unaudited financial statements / Consolidated Financial Statements of the subsidiaries and jointly controlled entity, referred to below in the Other Matters paragraph, the aforesaid Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2014;
 - in the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date; and
 - in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matters

- Financial statements / Consolidated Financial Statements of two subsidiaries and one jointly controlled entity which reflect total assets (net) of ₹23,918.38 lakhs as at March 31, 2014, total revenue (net) of ₹18,725.07 lakhs and net cash flows amounting to ₹134.87 lakhs for the year ended on that date, have been audited by either one of us.
- We did not audit the financial statements of seven subsidiaries and three jointly controlled entities, whose financial statements reflect total assets (net) of ₹530,274.92 lakhs as at 31st March, 2014, total revenues of ₹79,645.34 lakhs and net cash flows amounting to ₹2,653.47 lakhs for the year ended on that date, as considered in the consolidated financial statements. The Consolidated Financial Statements also include the Group's share of net profit of ₹992.43 lakhs for the year ended 31st March, 2014, as considered in the Consolidated Financial Statements, in respect of four associates, whose financial statements have not been audited by us. The above financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.
- The Consolidated Financial Statements include the unaudited financial statements / Consolidated Financial Statements of four subsidiaries and one jointly controlled entity whose financial statements / Consolidated Financial Statements reflect total assets (net) of ₹29,224.85 lakhs as at 31st March, 2014, total revenue of ₹59,104.99 lakhs and net cash flows amounting to ₹1,338.34 lakhs for the year ended on that date, as considered in the Consolidated Financial Statements. Our opinion, in so far as it relates to the amounts included in respect of these subsidiaries and jointly controlled entity, is based solely on such unaudited financial statements / Consolidated Financial Statements.

Our opinion is not qualified in respect of these matters.

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration No. 117366W/W-100018

A. Siddharth
Partner
Membership No. 31467

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2014

Particulars	Note No.	As at March 31, 2014 ₹ Lakhs
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	1.1	26,606.80
Reserves and surplus	1.2	372,316.16
		398,922.96
Minority interest		65,211.15
Non-current liabilities		
Long-term borrowings	1.3	549,118.41
Deferred tax liabilities (Net)	1.4A	41,141.98
Other long-term liabilities	1.5	962.54
Long-term provisions	1.6	12,671.94
		603,894.87
Current liabilities		
Short-term borrowings	1.7	126,448.80
Trade payables	1.8	259,243.96
Other current liabilities	1.9	286,735.29
Short-term provisions	1.10	12,973.96
		685,402.01
TOTAL		1,753,430.99
ASSETS		
Non-current assets		
Fixed assets		
Tangible assets	1.11	626,235.34
Intangible assets	1.12	52,856.63
Capital work-in-progress	1.11	27,015.17
Intangible assets under development	1.12	2,639.69
Goodwill (on consolidation)		78,173.00
Non-current investments	1.13	69,018.46
Deferred tax assets (Net)	1.4B	1,000.97
Long-term loans and advances	1.14	238,481.76
Other non-current assets	1.15	26,216.91
		1,121,637.93
Current assets		
Current investments	1.16	47,438.06
Inventories	1.17	154,404.95
Trade receivables	1.18	138,108.69
Cash and bank balances	1.19	11,341.53
Short-term loans and advances	1.20	247,675.12
Other current assets	1.21	32,824.71
		631,793.06
TOTAL		1,753,430.99

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

Gopal Mahadevan
Chief Financial Officer

For and on behalf of the Board

N. Ramanathan
Company Secretary

Dheeraj G Hinduja
Chairman
DIN : 00133410

Vinod K. Dasari
Managing Director
DIN : 00345657

As per our report of even date.

For M.S. Krishnaswami & Rajan
Chartered Accountants

For Deloitte Haskins & Sells LLP
Chartered Accountants

May 22, 2014
Chennai

M. S. Murali
Partner

A. Siddharth
Partner

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

Particulars		Year Ended March 31, 2014
	Note No.	₹ Lakhs
Income		
Revenue from operations	2.1	1,211,437.89
Less: Excise Duty		62,765.93
Revenue from operations (Net)		1,148,671.96
Other income	2.2	9,244.94
Total Revenue		1,157,916.90
Expenses		
Cost of materials consumed		703,011.90
Cost of services availed		1,278.52
Purchases of Stock-in-Trade - Traded goods		73,250.47
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		36,306.25
		813,847.14
Employee benefits expense	2.3	134,558.33
Finance costs	2.4	80,548.82
Depreciation and amortization expense	2.5	52,996.51
Other expenses	2.6	158,064.13
Total Expenses		1,240,014.93
Loss before exceptional and extraordinary items and tax		(82,098.03)
Exceptional items	2.7	52,077.41
Loss before tax		(30,020.62)
Tax expense:		
Current tax		5,465.50
Deferred tax		(12,315.34)
Loss after tax from continuing operations		(23,170.78)
Share of profit of associates (net)		992.43
Minority interest		(5,766.11)
Loss for the year		(16,412.24)
Earnings per share (Face value ₹1) - Basic and Diluted (in ₹) (Refer Note 3.3 to the Financial Statements)		(0.62)

Statement on Significant Accounting Policies and Notes to the Consolidated Financial Statements are an integral part of this Consolidated Statement of profit and loss

Gopal Mahadevan
Chief Financial Officer

N. Ramanathan
Company Secretary

As per our report of even date.

For M.S. Krishnaswami & Rajan
Chartered Accountants

M. S. Murali
Partner

May 22, 2014
Chennai

For and on behalf of the Board

Dheeraj G Hinduja
Chairman
DIN : 00133410

Vinod K. Dasari
Managing Director
DIN : 00345657

For Deloitte Haskins & Sells LLP
Chartered Accountants

A. Siddharth
Partner

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

March 2014	
₹ Lakhs	
Cash flow from operating activities	
(Loss) before tax	(30,020.62)
Adjustments for :	
Depreciation, amortisation and impairment - net of capitalisation	52,996.51
Other amortisations	189.04
Bad and doubtful debts / advances provided / written-off (net of recovery)	982.07
Provisions relating to vehicle financing	1,248.45
Foreign exchange (gains) / losses	18.83
Loss / (Profit) on disposal of tangible assets	(20,248.62)
Loss / (Profit) on sale of long-term investments	(37,965.10)
Diminution in value of long-term investments	487.66
Stock compensation expenses	2.80
Voluntary Retirement Scheme expense	4,694.42
Finance costs - net of capitalisation	51,827.00
Interest income	(4,121.99)
Dividend income	(590.40)
Operating profit before working capital changes	19,500.05
Adjustments for changes in :	
Liabilities and provisions	(59,784.45)
Trade receivables	26,228.26
Inventories	65,717.24
Loans and Advances	(40,331.21)
Other non-current and current assets	(7,373.20)
Voluntary Retirement Compensation paid - Exceptional item	(4,694.42)
Cash (used in) operations	(737.73)
Income tax paid	(9,662.61)
Net cash flow (used in) operating activities	[A] (10,400.34)
Cash flow from investing activities	
Payments for acquisition of assets	(40,805.06)
Proceeds on sale of fixed assets	1,789.59
Proceeds on sale of tangible assets - Exceptional item	9,733.47
Proceeds from sale of long-term investments - Exceptional item	52,059.74
Purchase of long-term investments	(53,479.32)
Purchase of interest in a subsidiary	(919.76)
Debenture application money given	(8,800.00)
Inter Corporate Deposits - given	(5,000.00)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

	March 2014
	₹ Lakhs
Inter Corporate Deposits - repaid	2,000.00
Interest received	4,229.51
Dividend received	590.40
Related Party Loans and advances given / repaid (Net)	1,079.50
Taxes paid	(204.06)
Net cash flow (used in) investing activities	[B] (37,725.99)
Cash flow from financing activities	
Issues of shares to minority shareholders	33,411.79
Proceeds from long-term borrowings	256,763.51
Repayments of long-term borrowings	(158,643.53)
Repayments of short-term borrowings (net)	(15,948.76)
Debenture / Loan raising expenses paid	(893.00)
Interest paid	(49,883.40)
Dividend paid and tax thereon	(18,677.15)
Net cash flow from financing activities	[C] 46,129.46
Net cash (outflow)	[A+B+C] (1,996.87)
Opening cash and cash equivalents	12,674.64
Add: Pursuant to amalgamation [Refer Note 3.13]	28.04
Exchange fluctuation on foreign currency bank balances	(68.50)
Closing cash and cash equivalents [Refer Note 1.19 a.]	10,637.31

Gopal Mahadevan
Chief Financial Officer

N. Ramanathan
Company Secretary

May 22, 2014
Chennai

As per our report of even date.

For M.S. Krishnaswami & Rajan
Chartered Accountants

M. S. Murali
Partner

For and on behalf of the Board

Dheeraj G Hinduja
Chairman
DIN : 00133410

For Deloitte Haskins & Sells LLP
Chartered Accountants

A. Siddharth
Partner

Vinod K. Dasari
Managing Director
DIN : 00345657

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

1. Accounting convention

- 1.1 Financial statements are prepared in accordance with the Generally Accepted Accounting Principles in India to comply with the Accounting Standards notified under Section 211 (3C) of the Companies Act 1956("the 1956 Act") [which continues to be applicable in respect of section 133 of the Companies Act 2013("the 2013 Act") in terms of general circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs] and the relevant provision of the 1956 Act/ 2013 Act as applicable. The financial statements have been prepared on accrual basis under historical cost convention except for certain categories of fixed assets that are carried at re-valued amounts.
- 1.2 All assets and liabilities have been classified as current or non-current as per the group'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 group has determined its operating cycle as twelve months for the purpose of current-non-current classification of assets and liabilities.
- 1.3 The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires management to make estimates and assumptions that are considered in 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. Tangible and Intangible assets

- 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 ₹ 100,000 and below. Other fixed assets, including intangible assets and assets given on lease, where the cost exceeds ₹ 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 / development and borrowing costs in para 3 below are capitalised upto the date the assets are ready for their intended use. Exchange differences are capitalised to the extent dealt with in para 9.2 below.

Certain categories of fixed assets were revalued and are carried at the revalued amounts less accumulated depreciation and impairment loss, if any. Increase in the net book value on such revaluation is credited to "Revaluation Reserve Account". Upon the sale, disposal, extinguishment of the revalued assets the amount of revaluation reserve against such assets is adjusted against their carrying values and the difference between the sale proceeds of such assets and the adjusted carrying value are recognised in the Statement of profit and loss.
- 2.2 Tangible fixed assets and intangible assets, that are not yet ready for their intended use, are carried at costs, comprising direct cost and other incidental/attributable expenses and reflected under capital work in progress/intangible assets under development, respectively.
- 2.3 Assets are depreciated / amortised, as below, on straight line basis:
 - a) Leasehold land over the period of lease;
 - b) Leasehold land and buildings, as revalued, 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;
 - d) Assets subject to impairment, on the asset's revised carrying amount, over its remaining useful life.
 - e) Intangible assets are amortized over their estimated useful life.
- 2.4 Depreciation/amortisation is provided on a pro-rate 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 upto the month of sale or disposal of the assets.
- 2.5 The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment. If any, indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount exceeds the recoverable amount.

3. Borrowing Costs

Borrowing costs attributable to the acquisition, construction or production of qualifying assets, are added to the cost of those assets, upto the date when the assets are ready for their intended use. Expenditure incurred on issue of debentures is adjusted against Securities Premium Account. Expenditure incurred on raising loans is amortised over the period of such borrowings. Premium paid on prepayment of borrowing is amortised over the unexpired period thereof or six months, whichever is less. All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

4. Investments

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

5. Repossessed stocks (pertaining to financing activity included in other current assets)

Repossessed Assets are valued at net realizable value.

6. Receivables under financing activity

All loan exposures to borrowers with installment structure are stated at the full agreement value after netting off:

- a) Unearned income
- b) Collections appropriated up to the year end and
- c) Loan assigned

Provision for standard asset is made as per internal estimates, based on past experience, realization of security, and other relevant factors, on the outstanding amount of standard assets subject to minimum provisioning requirement specified by RBI.

Provision for non-performing assets is made subject to minimum provisioning requirements as specified by RBI

7. Inventories

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

- Stores, raw materials and components and work-in-progress: On monthly moving weighted average basis.
- Spares, consumable tools: weighted average basis.
- In respect of works made components, cost includes applicable production overheads
- finished/trading goods under absorption costing method

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

7.3 Cost of patterns and dies is amortised over a period of five years.

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

8. Foreign currency transactions and derivatives

8.1 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 8.2 below are recognised as income or expense in the Statement of Profit and Loss in the period it arises.

8.2 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, insofar as it relates to acquisition of depreciable assets are adjusted to the cost of the assets and depreciated over remaining useful life of such 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.

8.3 The Group uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to firm commitments and highly probable forecast transactions. The group designates such forward contracts in a cash flow hedging relationship by applying the hedge accounting principles set out in Accounting standard-30 "Financial Instruments – Recognition and measurement" issued by ICAI. Gains and losses on these forward contracts designated as "effective cash flow hedges" are recognized in the "hedge reserve account" till the underlying forecasted transaction occurs. Any ineffective portion however, is recognized immediately in the statement of profit and loss.

8.4 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 in the period it arises. Premium or discount on forward contracts is amortized over the life of the contract.

8.5 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.

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

9. Segment Reporting

The Group operates in a single business segment i.e. Automotive segment, which is the group's primary segment determined on the basis of on nature of products risks, returns and internal business reporting system. The automotive segment includes the business of manufacturing and trading in Medium and Heavy Commercial Vehicle, Light Commercial Vehicles, Passenger vehicles, automotive aggregates (engines, spare parts, etc.), Vehicle financing and Engineering Design services.

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

10. Revenue recognition

a. Sale of products

Revenue from sale of products, net of returns, is recognised on despatch or appropriation of goods in accordance with the terms of sale and is inclusive of excise duty. Price escalation claims are recognised to the extent there is reasonable certainty of its realisation.

b. Sale of services

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

c. Income from financial services

Interest / finance income from assets on finance / loan included in revenue from operations represents interest income arrived at based on internal rate of return method. Interest income is recognised as it accrues on a time proportion basis taking into account the amount outstanding and the rate applicable, except in the case of nonperforming assets (NPA) where it is recognised upon realisation.

d. Income on securitisation/assignment

1. In respect of transfer of financial assets by way of securitisation or bilateral assignments, the said assets are derecognized upon contractual transfer thereof, and transfer of substantial risks and rewards to the purchaser. The gain arising on transfer of financial assets by way of securitisation or bilateral assignments, if received in cash, is amortised over the tenure of the related financial assets, and if received by way of excess interest spread, is recognised based on the contractual accrual of the same. Loss on sale, if any is charged to statement of profit and loss immediately at the time the sale is effected.

2. Upfront income pertaining to loan origination is accounted for upfront as and when it becomes due.

e. Income from energy generated

Revenue from energy generated through windmills is recognized based on the contracted rates with the customers and the credit granted by the regulatory authorities to the said customers for units generated.

f. Other operating revenues

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

g. Other income

Interest income is accounted on accrual basis. Dividend income is accounted as and when the right to receive the dividend is established.

11. Leases

Where the Group is a lessor

a. Leases in which the group transfers substantially all the risks and rewards of ownership of the asset are classified as finance leases. Assets given under finance lease are recognised as a receivable at an amount equal to the net investment in the lease. After the initial recognition, the group 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 recognised in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc., are recognised immediately in the Statement of Profit and Loss.

b. Leases in which the group 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 recognised in the Statement of Profit and Loss on a straight line basis over the lease terms. Costs, including depreciation, are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs etc. are charged to the Statement of Profit and Loss in the period of incurrence.

12. 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.

13. Research and Development Costs

Revenue expenditure on the design and production of prototypes is charged to the Statement of Profit and Loss as and when 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 only when product's technical feasibility is established and amortised over their estimated useful life.

14. Employee benefits

14.1 Employee benefit expenses include salary, wages, performance incentives, compensated absences, medical benefits

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

and other perquisites. It also includes post employment benefits such as provident fund, superannuation fund, gratuity, pensionary benefits etc.

14.2 Short term employee benefit obligations are estimates and provided for

14.3 Post-employment benefits and other long term employee benefits

- Defined contribution plans

Group'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 the statement of profit and loss in the period of incurrence when the services are rendered by the employees

In respect of provident fund contributions made to a trust administered by the group, the interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central government under the Employees Provident Fund and Miscellaneous Provision Act, 1952 and shortfall, if any, shall be contributed by the group and charges to the statement of profit and loss.

- Defined benefit plans and compensated absence

Group's liability towards gratuity, other retirement benefits and compensated absences are actuarially determined at each balance sheet date using projected unit credit method. Actuarial gains and losses are recognised in the statement of profit and loss in the period of occurrence.

14.4 Termination benefits

Expenditure on termination benefits (including expenditure on voluntary retirement scheme) is recognized in the statement of profit and loss in the period of incurrence.

15. Provision and contingencies

A provision is recognized when the group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

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

16. Provision for non-performing assets and doubtful assets

Non-performing assets ('NPA') including loans and advances and receivables are identified as bad / doubtful based on the duration of the delinquency. NPA provisions are made based on the management's assessment of the degree of impairment and the level of provisioning meets the Non-Banking Financial (Non-Deposit Accepting or Holding). Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended by Reserve Bank of India from time to time. These provisioning norms are considered the minimum and additional provision is made based on perceived credit risk where necessary.

17. Provision for standard assets

Provisions for standard assets are made as per the RBI notification DNBS.PD.CC.No.207/3.02.002/2010-11 dated 17 January 2011.

18. Income taxes

18.1 Income tax expenses comprise current and deferred taxes. Current tax is determined on income for the year chargeable to tax in accordance with the Income Tax Act, 1961 and after considering credit for Minimum Alternate Tax available under the said Act. MAT paid in accordance with the tax laws which gives future economic benefits in the form of adjustments to future tax liability, is considered as an asset if there is convincing evidence that the future economic benefit associated with it will flow to the group resulting in payment of normal income tax.

18.2 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 assets are recognised for timing differences other than unabsorbed depreciation carry forward losses only to the extent that there is a reasonable certainty that there will be sufficient future taxable income to realise the assets. 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.

18.3 Foreign companies recognize tax assets / liabilities in accordance with applicable local laws.

19. Cash flow statement

Cash flow statements are reporting using the indirect method, whereby profit/(loss) before extraordinary items/exceptional items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipt of payments. The cash flows from operating, investing and financing activities of the group are segregated based on available information including taxes paid relating to these activities.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

		As at March 31, 2014
		₹ Lakhs
1.1 CAPITAL		
Authorised		
a) 2535,60,00,000 Equity shares of ₹1 each		253,560.00
b) 3,65,00,000 Redeemable Non-Cumulative Non-Convertible Preference Shares of ₹ 10 each		3,650.00
c) 20,00,000 Non-Convertible Redeemable Preference Shares of ₹100 each		2,000.00
		259,210.00
Issued		
a) 201,45,66,829 Equity shares of ₹1 each		20,145.67
b) 64,63,14,480 Equity shares of ₹1 each issued through Global Depository Receipts		6,463.14
		26,608.81
Subscribed and fully paid up		
a) 201,43,62,154 Equity shares of ₹1 each		20,143.62
b) 64,63,14,480 Equity shares of ₹1 each issued through Global Depository Receipts		6,463.14
		26,606.76
Add: Forfeited shares (amount originally paid up in respect of 760 shares)		0.04
		26,606.80

Notes:

1. Shares held by the Holding Company

Hinduja Automotive Limited, the holding company, holds 110,46,46,899 Equity shares and 54,86,669 Global Depository Receipts (GDRs) equivalent to 32,92,00,140 Equity shares of ₹ 1 each aggregating to 53.89% of the total share capital.

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

Life Insurance Corporation of India holds 24,05,15,574 Equity shares of ₹1 each aggregating to 9.04%.

3. Rights, preferences and restrictions in respect of equity shares and GDRs issued by the company

- The Equity share holders 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.
- 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 of ₹ 1 each, per GDR, and their voting rights can be exercised through the Depository.

		As at March 31, 2014
		₹ Lakhs
1.2 RESERVES AND SURPLUS		
a) Capital Reserve [Also Refer Note 3.13 c.]		8,882.60
b) Securities Premium Account		76,126.99
c) Debenture Redemption Reserve		7,250.00
d) Revaluation Reserve		117,392.67
e) General Reserve		94,341.48
f) Hedge Reserve		378.28
g) Foreign currency monetary item translation difference- (Net)		(787.92)
h) Employee Stock option Outstanding Account		1.84
i) Statutory Reserve (As per Section 45 - IC of the Reserve Bank of India Act, 1934) (includes current year transfer from surplus)		1,069.15
j) Surplus in Consolidated Statement of Profit and Loss		
Balance as at the beginning of the year		83,397.23
Add : Current year profit / (loss)		(16,412.24)
Add : Transferred from Debenture Redemption Reserve		1,750.00
Add: Pursuant to amalgamation [Refer Note 3.13 c.]		(4.77)
Less : Transfer to Statutory Reserve- (Refer 1.2 (i) above)		(1,069.15)
Balance as at the end of the year		67,661.07
		372,316.16

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

		As at March 31, 2014
		₹ Lakhs
1.3	LONG TERM BORROWINGS	
a)	Secured Borrowings	
i.	Debentures	107,500.00
ii.	Term Loan from banks	250,879.47
b)	Unsecured Borrowings	
i.	Long term monetary item in foreign currency External Commercial Borrowings from banks	178,613.91
ii.	Debentures	3,500.00
iii.	Other loans and advances	
	Interest free sales tax loans	7,931.22
	Others	693.81
		549,118.41
Notes		
1.	Refer Note 1.9 (a) for Current Maturities of Long Term Borrowings.	
2.	Security and terms of repayment in respect of the above borrowings are detailed in Note 3.11	
3.	Of the above, borrowings for vehicle financing is given below	
	Term Loans from banks - Secured	142,788.64
	Debenture - Unsecured	3,500.00
	Total	146,288.64
1.4 A	DEFERRED TAX LIABILITIES (NET)	
a)	Deferred tax liability due to	
i.	Depreciation / Research and development expenditure	62,165.52
ii.	Other timing differences	1,697.86
b)	Deferred tax asset arising out of	
i.	Voluntary retirement scheme compensation	(1,281.84)
ii.	Carry forward of Losses - Unabsorbed depreciation	(17,714.25)
iii.	Provision for compensated absences	(1,971.87)
iv.	Other timing differences	(1,753.44)
		41,141.98
1.4 B	DEFERRED TAX ASSETS (NET)	
a)	Deferred tax liability due to	
i.	Depreciation / Research and development expenditure	(77.32)
b)	Deferred tax asset arising out of	
i.	Contingency provision against standard assets	268.95
ii.	Provision against non-performing assets	726.45
iii.	Provision for employee benefits	24.33
iv.	Other timing differences	58.56
		1,000.97
1.5	OTHER LONG TERM LIABILITIES	
a)	Income received in Advance	13.00
b)	Other payables	
i)	Capital Creditors	224.12
ii)	Deposits	50.00
iii)	Others	675.42
		962.54

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

		As at March 31, 2014
		₹ Lakhs
1.6 LONG-TERM PROVISIONS		
a) Provision for Employee Benefits		
i. Compensated absences		5,159.27
ii. Post retirement benefits		608.53
iii. Post retirement medical benefits		98.83
b) Provision for Product warranties		6,014.06
c) Contingency provision on standard assets (Relating to vehicle financing)		791.25
		12,671.94
1.7 SHORT TERM BORROWINGS		
a) Secured Borrowings		
Loans from Banks		95,522.83
(Includes Cash credit, Working capital demand loan, Packing credit, etc)		
b) Unsecured Borrowings		
i) Short term loans (STL) from Banks		30,843.82
ii) Other borrowings		82.15
		126,448.80
Notes:		
1. Maximum balance outstanding during the year for Commercial Paper is ₹ 60,000.00 lakhs.		
2. Terms of repayment in respect of the above borrowings are detailed in Note 3.12		
3. Loans from Banks include borrowings relating to vehicle financing ₹ 56,862.54 lakhs		
1.8 TRADE PAYABLES		
Trade payables - including acceptances		259,243.96
		259,243.96
1.9 OTHER CURRENT LIABILITIES		
a) Current maturities of Long term debts		174,428.99
b) Interest accrued but not due on borrowings		10,053.00
c) Income received in advance		1,099.16
d) Unclaimed dividends		659.59
e) Advance from Customers		14,175.90
f) Statutory Liabilities		17,175.79
g) Assignees towards collections in assigned assets (Relating to vehicle financing)		4,579.21
h) Other payables		64,563.65
		286,735.29
Notes:		
1. Details of security and terms of repayment in respect of the current maturities of long term debts are detailed in Note 3.11		
2. Other payables include:		
- Foreign exchange (gain) / loss on Forward contracts - net		2,084.80
- Employee benefits		11,158.64
- Capital creditors		19,904.95
3. Current maturities of long term debts includes ₹ 90,210.78 lakhs relating to vehicle financing.		

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

		As at March 31, 2014
		₹ Lakhs
1.10 SHORT-TERM PROVISIONS		
a)	Provision for employee benefits	
i.	Compensated absences	1,181.62
ii.	Post retirement benefits	148.97
iii.	Post retirement medical benefits	37.73
b)	Others	
i.	Product warranties	9,466.09
ii.	Provision for non-performing assets relating to vehicle financing	2,137.25
iii.	Provision for income tax (net of advance tax)	2.30
		12,973.96

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1.11 TANGIBLE ASSETS AND CAPITAL WORK IN PROGRESS

DESCRIPTION		GROSS BLOCK (COST / VALUATION)			DEPRECIATION / AMORTISATION / IMPAIRMENT			₹ Lakhs	
TANGIBLE ASSETS	01.04.2013	Additions / Adjustments	Disposals	31.03.2014	Upto 31.03.2013	Charge during the year	Disposals / Adjustments	Upto 31.03.2014	NET BLOCK
Land									
- Freehold land	79,836.56	1,336.85	10,810.97	70,362.44	-	-	-	-	70,362.44
- Leasehold land	42,164.87	13,859.81	-	56,024.68	2,361.15	522.41	(0.85)	2,884.41	53,140.27
- Leasehold land given on lease	126.41	-	-	126.41	18.88	1.28	0.85	19.31	107.10
Buildings	151,032.97	13,234.29	1,197.82	163,069.44	27,569.71	5,413.89	343.10	32,640.50	130,428.94
Building given on lease	1,140.15	4.34	-	1,144.49	111.09	21.34	13.95	118.48	1,026.01
Plant and equipment	510,773.55	82,575.38	8,817.44	584,531.49	204,826.34	34,072.51	8,043.02	230,855.83	353,675.66
Plant and equipment given on lease	6.00	-	-	6.00	2.29	0.28	0.30	2.27	3.73
Furniture and fittings	8,972.76	1,173.99	252.53	9,894.22	4,861.31	1,234.86	224.40	5,871.77	4,022.45
Furniture and fittings given on lease	88.87	-	-	88.87	52.42	11.11	7.41	56.12	32.75
Vehicles and aircraft	16,825.43	525.65	180.56	17,170.52	7,149.39	1,277.06	177.87	8,248.58	8,921.94
Vehicles given on lease	0.24	-	-	0.24	0.24	-	-	0.24	-
Office Equipment	22,728.42	847.18	693.75	22,881.85	16,625.97	2,611.54	675.04	18,562.47	4,319.38
Office Equipment given on lease	43.97	-	-	43.97	43.75	2.00	4.40	41.35	2.62
Electrical and other installations on lease hold premises	354.52	0.15	1.11	353.56	184.59	8.04	0.79	191.84	161.72
Improvement on Leased Building	283.88	-	152.10	139.40	76.07	33.00	-	109.07	30.33
TOTAL	834,378.60	113,557.64	22,106.28	925,837.58	263,883.20	45,209.32	9,490.28	299,602.24	626,235.34
Less: Transfer from Revaluation Reserve pertaining to Building									
Amount considered as Rent [Refer Note 2.6]									
TOTAL	43,504.01								
Capital Work in Progress									
									27,015.17

Notes:

- Buildings include service installations of gross value ₹ 16,123.14 lakhs.
- 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 ₹ 1,36,486.44 lakhs and the revalued amount substituted for historical cost of the fixed assets as at that date was ₹ 2,03,737.92 lakhs.
- A portion of the Buildings in Bhandara revalued at ₹ 950 lakhs is on a land, the title for which is yet to be transferred to the Company.
- Sale deeds in respect of certain immovable properties (aggregating ₹ 7,685.52 Lakhs in value) transferred during the year is pending execution / registration.
- Cost of Buildings as at March 31, 2014 includes:
 - ₹ 3.42 lakhs being cost of shares in Housing Co-operative Society representing ownership rights in residential flats and furniture and fittings thereat.
 - ₹ 132.38 lakhs representing cost of residential flats including undivided interest in land.
- Additions to Tangible Assets and Capital work in progress include:
 - Exchange (gain) / loss aggregating to ₹ 22,050.59 lakhs capitalised as under:
Land ₹ 364.89 lakhs, Building ₹ 2,654.21 lakhs, Plant and equipment ₹ 15,561.19 lakhs, Furniture and fittings ₹ 358.27 lakhs, Vehicles and aircraft ₹ 35.35 lakhs, Office equipment ₹ 435.58 lakhs and Capital Work in progress ₹ 2,641.10 lakhs.
 - Borrowing cost capitalised during the year : ₹ 996.06 lakhs.
- Other expenses capitalised ₹ 37.97 lakhs.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1.12 INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

DESCRIPTION	GROSS BLOCK (COST / VALUATION)				DEPRECIATION / AMORTISATION / IMPAIRMENT			NET BLOCK
	01.04.2013	Additions / Adjustments	Disposals	31.03.2014	Upto 31.03.2013	Charge during the year	Disposals / Adjustments	Upto 31.03.2014
INTANGIBLE ASSETS								
Computer software								
- Developed	15,162.42	367.16	-	15,529.58	3,380.40	1,328.99	-	4,709.39
- Acquired	12,994.87	552.59	-	13,547.46	8,726.52	2,042.62	-	10,769.14
Others								
Technical knowhow								
- Developed	35,554.51	2,685.03	54.58	38,184.96	10,901.40	4,292.26	16.54	15,177.12
- Acquired	13,449.01	13,402.29	-	26,851.30	8,772.39	1,828.63	-	10,601.02
TOTAL	77,160.81	17,007.07	54.58	94,113.30	31,780.71	9,492.50	16.54	41,256.67
Intangible assets under development								52,856.63
								2,639.69

Notes:

- Additions to Intangible assets and Intangible assets under development include:
 - Exchange (gain) / loss aggregating to ₹ 520.96 lakhs capitalised as under :
 - Software ₹ 284.04 lakhs , Technical Knowhow ₹ 10.17 lakhs, Intangible assets under development ₹ 226.75 lakhs.
 - Borrowing cost capitalised during the year: ₹310.18 lakhs and Intangible assets under development ₹ 72.56 lakhs.
 - Other expenses capitalised ₹ 3,180.23 lakhs - Refer Notes 2.3 and 2.6
- Intangible assets under development amounting to ₹1,060.34 lakhs has been written off during the year and included under Research and Development under Note 2.6 'Other Expenses'

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

₹ Lakhs

As at March 31, 2014			
	Associates	Others	Total
1.13 NON-CURRENT INVESTMENTS			
LONG TERM INVESTMENTS			
I) Trade Investments			
A) Investment in Equity Instruments			
1) Associates			
a) Equity Shares of ₹ 10 each			
Ashok Leyland Defence Systems Limited			
Cost of Acquisition (including goodwill of ₹1.59 lakhs)	1.76		
Add / (Less) : Group share of Profits / (Losses) upto 31.03.2014	1.93		
Carrying amount of Investment	3.69		3.69
Ashley Aviation Limited			
Cost of Acquisition (including goodwill of ₹112.38 lakhs)	196.00		
Add / (Less) : Group share of Profits / (Losses) upto 31.03.2014	(196.00)		
Carrying amount of Investment	-		-
b) Equity shares of Srilankan Rupees 10 each			
Lanka Ashok Leyland, PLC			
Cost of Acquisition (including goodwill of ₹21.45 lakhs)	57.46		
Add / (Less) : Group share of Profits / (Losses) upto 31.03.2014	2,361.86		
Carrying amount of Investment	2,419.32		2,419.32
c) Equity shares of UAE Dirhams of 1000 each			
Ashok Leyland (UAE) LLC			
Cost of Acquisition (including goodwill of ₹1,509.59 lakhs)	5,407.91		
Add / (Less) : Group share of Profits / (Losses) upto 31.03.2014	(469.44)		
Carrying amount of Investment	4,938.47		4,938.47
2) Others			
Equity Shares of ₹ 10 each			
Hinduja Foundries Limited (54,05,793 shares) #		2,421.26	2,421.26
II) Investment in Preference Shares			
1) Associates			
6% Cumulative Non-Convertible Redeemable Preference shares of ₹ 10 each			
Ashley Aviation Limited - (1,800,000 shares)	180.00		180.00
2) Other			
a) 10% Cumulative Non-Convertible Redeemable Preference shares of ₹ 100 each			
Hinduja Foundries Limited - (1,500,000 shares)		1,500.00	1,500.00
b) 6% Cumulative Non-Convertible Redeemable Preference shares of ₹ 100 each paid up value of ₹ 66.67 per share			
Hinduja Foundries Limited - (1,000,000 shares)		666.67	666.67
c) 9% Cumulative Non-Convertible Redeemable Preference shares of ₹ 100 each			
Hinduja Foundries Limited- (30,000,000 shares)		30,000.00	30,000.00
Total - Trade Investments (A)	7,541.47	34,587.93	42,129.40

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

₹ Lakhs

As at March 31, 2014			
	Associates	Others	Total
1.13 NON-CURRENT INVESTMENTS (CONTINUED)			
II) Other Investments			
A) Investment in Equity Instruments			
a) Equity shares of ₹ 10 each			
Chennai Willingdon Corporate Foundation (Cost ₹900) - (100 shares)		-	-
Hinduja Energy (India) Limited -(61,147,058 shares)		18,711.00	18,711.00
Hinduja Global Solutions Limited - (5,079 shares) #		12.45	12.45
Hinduja Ventures Limited - (5,079 shares) #		16.24	16.24
IndusInd Bank Limited - (5,063,923 shares) #		3,811.40	3,811.40
b) Equity shares of ₹ 100 each			
Opulent ventures Private Limited (2,600 shares)		1.30	1.30
c) Equity shares of ₹ 100 each partly paid-up			
Adyar Property Holding Co. Limited (₹ 65 paid up)- (400 shares)		0.26	0.26
d) Equity Shares of ₹ 2 each			
Hinduja Properties Limited (747,960 shares)		56.94	56.94
B) Investment in Government Securities			
National Savings Certificate of the face value of ₹ 0.50 lakh		0.50	0.50
C) Investment in Debentures or Bonds			
Non convertible redeemable bonds of ₹ 10 Lakhs each			
ICICI Bank Limited (20 Bonds) #		200.56	200.56
Non convertible redeemable debentures of ₹ 5 each			
Arohan Financial Services Private Limited		541.67	541.67
D) Investment in pass-through securities		3,536.74	3,536.74
Total - Other Investments (B)	-	26,889.06	26,889.06
Grand Total (A+B)	7,541.47	61,476.99	69,018.46

"#" represents quoted investments

Particulars	March 31, 2014
Total investments	69,018.46
Cost of quoted investments	6,461.91
Market value of quoted investments	27,311.31
Cost of Unquoted investments	62,556.55

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As at March 31, 2014
	₹ Lakhs
1.14 LONG-TERM LOANS AND ADVANCES	
a) Capital Advances	
i. Unsecured, considered good	4,373.06
ii. Unsecured, considered doubtful	1.00
Less: Provision	1.00
	4,373.06
b) Security Deposits - Unsecured, considered good	2,566.28
c) Loans and advances to Related Parties (Refer Note 3.5)	
Unsecured, considered good	
i. Long term monetary assets in foreign currency	6,292.64
ii. Others	6,559.51
d) Balances with customs, port trust, central excise etc.	
Unsecured, considered doubtful	1,428.06
Less: Provision	1,428.06
	0.00
e) Other Loans and Advances	
- Secured	
i. Receivables under financing activities	158,254.87
ii. Debenture Application money	4,400.00
	162,654.87
- Unsecured, considered good unless otherwise stated	
i. Material advance - considered doubtful	17.51
ii. Sales tax paid under protest	4,682.10
iii. Advance Income tax (net)	9,857.92
iv. MAT Credit entitlement	33,671.97
v. Other advances	7,823.41
	56,052.91
Less: Provision	17.51
	56,035.40
	238,481.76
Notes :	
1. Receivables represent loans and interest due in respect of vehicle financing and includes	
Secured, Considered good	151,913.13
Secured, Considered doubtful	6,341.74
Total	158,254.87
2. Due from Directors / Officers	0.01
1.15 OTHER NON-CURRENT ASSETS	
a) Long-term trade receivables	
- Unsecured considered good	32.90
b) Unamortised loan raising expenses	1,439.72
c) Earmarked bank balance in Escrow account	1,845.65
(Receivable in respect of sale of long term investment)	
d) Bank deposits held as security	22,833.64
(Cash collateral towards securitization/assignment of receivables relating to vehicle financing)	
e) Other balances	65.00
	26,216.91

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As at March 31, 2014
	₹ Lakhs
1.16 CURRENT INVESTMENTS	
Unquoted	
a) Investments in debentures	458.34
b) Investments in pass through securities	8,542.24
c) Carrying value of Trade Investments held for sale	
i) Ownership interest in share capital in Czech koruna	
- Avia Ashok Leyland Motors s.r.o. * - (share -100%)	159.60
ii) Equity Shares of ₹ 10 each	
- Albonair (India) Private Limited - (1,00,00,000 shares)	2,114.80
iii) Equity Shares of Euro 1 each	
- Albonair GmbH - (3,93,67,000 shares)	36,163.08
	47,438.06
* The carrying value of ownership interest in Avia Ashok Leyland Motors s.r.o. is net of diminution in its value aggregating ₹ 24,996.46 lakhs	
1.17 INVENTORIES	
(a) Raw materials and Components (including patterns and dies)	66,298.48
(b) Work-in -progress	11,510.56
(c) Finished goods	47,224.37
(d) Stock-in-trade - Traded goods	
(i) Engines	205.98
(ii) Commercial Vehicles	4,138.38
(iii) Spare parts and auto components (including works made)	16,186.63
(e) Stores, spares and consumable tools	8,819.45
(f) Certified Emission Reductions (CERs)	21.10
	154,404.95
Notes:	
1) Goods in transit included under the above heads are as below:	
(a) Raw Materials and components	899.78
(b) Stock-in-Trade - Traded goods	
(i) Commercial Vehicles	90.47
(ii) Spare parts and auto components (including works made)	102.91
2) Carbon Emission Rights	
Number of CER's held : 57,985	
Number of CER's under certification : 30,000	
1.18 TRADE RECEIVABLES	
Trade Receivables - Unsecured	
(i) Considered good	138,108.69
(ii) Considered doubtful	986.76
	139,095.45
Less: Provision	986.76
	138,108.69
Note:	
Age analysis of trade receivables	
Outstanding for more than six months from the date they are due	9,186.63
Others	128,922.06
	138,108.69

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

		As at March 31, 2014
		₹ Lakhs
1.19 CASH AND BANK BALANCES		
a) Cash and Cash Equivalents		
i) Balances with Banks in - Current account		5,171.09
- Deposit account		946.74
ii) Cheques, drafts on hand		128.15
iii) Cash and stamps on hand		4,391.33
		10,637.31
b) Other bank balances		
- Earmarked accounts		
i) Unclaimed Dividend accounts		659.59
ii) In Deposit accounts		3.57
iii) Margin money against bank guarantee		41.06
		704.22
		11,341.53
1.20 SHORT-TERM LOANS AND ADVANCES		
Secured considered good unless otherwise stated		
(a) Receivables under financing activities		151,735.37
(b) Debenture Application money		4,400.00
Unsecured, Considered Good		
(a) Loans and advances to related parties [Refer Note 3.5]		1,345.49
(b) Security deposit		338.22
(c) Employee advances		1,793.26
(d) Material advances		17,699.75
(e) Balances with customs, port trust, central excise etc.		9,918.81
(f) Others		60,444.22
		247,675.12
Notes :		
1. Due from Directors / Officers		0.05
2. Others mainly include		
- VAT credit, Service tax and Entry tax		40,415.01
- Intercompany Deposits		3,000.00
- Sales tax		2,711.51
- Prepaid expenses		1,534.85
3. Receivables under financing activity represent loans and interest due in respect of vehicle financing and includes		
- Secured, Considered good		145,654.88
- Secured, Considered doubtful		6,080.49
Total		151,735.37
1.21 OTHER CURRENT ASSETS		
a) Interest accrued :		
- Loans and advance to Related Parties (Refer Note 3.5)		552.35
- Others		80.22
b) Export incentive receivables		5,153.97
c) Current portion of unamortised loan raising expenses		435.83
d) Net assets of Automotive Infotronics (under liquidation)		1,308.90
e) Other Receivables		730.48
f) Repossessed assets (at realizable value)		12,608.19
g) Receivable on sale of immovable properties		10,623.04
h) Unbilled revenue		1,331.73
		32,824.71

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

		Year ended March 31, 2014
		₹ Lakhs
2.1 REVENUE FROM OPERATIONS		
a) Sale of products		
- Commercial Vehicles		
Manufactured		861,588.59
Traded		105,873.08
- Construction Equipment		3,642.47
- Engines and Gensets		52,364.97
- Spare parts and others		127,769.97
	(A)	1,151,239.08
b) Revenue from services	(B)	28,276.40
c) Other operating revenues		
- Contract manufacturing		1,269.80
- Export Incentives		4,473.69
- Scrap sales		7,254.55
- Others		2,252.36
	(C)	15,250.40
d) Interest / Finance income relating to vehicle financing	(D)	51,581.58
e) Income from energy generated	(E)	2,338.25
	(A+B+C+D+E)	1,248,685.71
Less: Commission, rebate and discounts		37,247.82
		1,211,437.89
2.2 OTHER INCOME		
a) Interest income from		
i. Long-term investments		2,202.72
ii. Others, including bills discounting		1,919.27
		4,121.99
b) Dividend income from		
i. Current investments		149.15
ii. Long-term investments		441.25
		590.40
c) Other non-operating income		
i. Cash discount earned		352.29
ii. Profit on sale of fixed assets - net		954.23
iii. Others		3,226.03
		4,532.55
		9,244.94
2.3 EMPLOYEE BENEFITS EXPENSE		
a) Salaries, wages and bonus		110,399.75
b) Contribution to provident, gratuity and other funds		10,144.02
c) Welfare expenses		15,210.11
		135,753.88
Less: Employee expenses capitalised		1,195.55
		134,558.33

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

		Year ended March 31, 2014
		₹ Lakhs
2.4 FINANCE COSTS		
a) Interest expense		47,187.73
b) Interest expense relating to Vehicle financing		28,626.04
c) Other borrowing costs *		6,113.85
		81,927.62
Less: Interest cost capitalised		1,378.80
		80,548.82
Notes :		
* Other borrowing costs include:		
- Loan raising expenses amortised		509.53
- Premium on forward contracts amortised		2,331.25
- Bill discounting charges		3,036.43
2.5 DEPRECIATION / AMORTIZATION EXPENSE		
(A) Tangible assets		
(i) Buildings		5,413.89
(ii) Plant and equipment		34,072.51
(iii) Furniture and fittings		1,234.86
(iv) Vehicles and aircrafts		1,277.06
(v) Office equipment		2,611.54
(vi) Assets given on lease		
- Buildings		21.34
- Plant and Machinery		0.28
- Furniture and fittings		11.11
- Office equipment		2.00
(vii) Electrical and other installations on lease hold premises		8.04
(viii) Improvement on Leased Building		33.00
		44,685.63
Less: Transfer from Revaluation reserve		1,181.62
Total - Tangible assets (A)		43,504.01
(B) Intangible assets		
(i) Computer software		
- Developed		1,328.99
- Acquired		2,042.62
(ii) Technical knowhow		
- Developed		4,292.26
- Acquired		1,828.63
Total - Intangible assets (B)		9,492.50
Grand Total (A + B)		52,996.51
Note:		
Impairment charge included in the above		
- In respect of Plant and machinery		266.78
2.6 OTHER EXPENSES		
(a) Consumption of stores and tools		6,058.66
(b) Power and fuel		7,207.96
(c) Rent		5,772.16
(d) Repairs and maintenance		
- Buildings		2,451.51
- Plant and machinery		9,795.60
(e) Insurance		1,283.32
(f) Rates and taxes, excluding taxes on income		1,772.66

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

		Year ended March 31, 2014
		₹ Lakhs
2.6 OTHER EXPENSES (CONTINUED)		
(g) Selling and administration expenses - net		46,493.59
(h) Service and product warranties		16,229.26
(i) Packing and forwarding charges		30,954.17
(j) Annual Maintenance Contracts		12,628.20
(k) Research and development		9,758.13
(l) Bad and doubtful debts / advances provided / written-off (Net of recovery)		982.07
(m) Service provider fees		151.43
(n) Communication, printing and stationery		660.28
(o) Provisions and writeoffs relating to vehicle financing activities		7,849.81
		160,048.81
Less: Expenses capitalised		1,984.68
		158,064.13
2.7 EXCEPTIONAL ITEMS		
a) Profit / (Loss) on sale of Long-term investments		
- Indusind Bank Limited		30,133.85
- Defiance Testing and Engineering Services Inc. USA		7,830.78
- Others		0.47
		37,965.10
b) Diminution in the value of Long-term investments		
- AVIA Ashok Leyland Motors s.r.o		(487.66)
c) Voluntary Retirement Scheme [Refer note 3.14]		(4,694.42)
d) Profit on disposal of Tangible assets- net [Refer note 3.15]		19,294.39
		52,077.41

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.1 Basis of consolidation

3.1.1 The Consolidated Financial Statements relate to Ashok Leyland Limited (the Company) and its subsidiaries, joint ventures and associates. The Company and its subsidiaries and its jointly controlled entities constitute the Group.

3.1.2 Principles of consolidation

- a The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) "Consolidated Financial Statements", Accounting Standard 23 (AS 23) "Accounting for Investment in Associates in Consolidated Financial Statements" and Accounting Standard 27 (AS 27) "Financial Reporting of Interests in Joint Ventures" notified by the Companies (Accounting Standard) Rules, 2006.
- b This being the first year of consolidation, comparative figures of previous year has not been included.
- c The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealised profits have been fully eliminated.
- d The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve (net) as the case may be.
- e The difference between the proceeds from the disposal of investments in the subsidiary and the carrying amount of its assets and liabilities as on the date of disposal is recognised as profit or loss on disposal of investments in the subsidiary in the Statement of Profit and Loss.
- f Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above.
- g The following subsidiary companies are considered in the consolidated financial statements

S.No.	Name of the subsidiary company	Country of Incorporation	% of ownership interest
			31-Mar-14
Direct subsidiaries			
1	Defiance Technologies Limited and its subsidiaries	India	100.00%
2	Hinduja Leyland Finance Limited	India	65.84%
3	Ashok Leyland Nissan Vehicles Limited	India	51.00%
4	Irizar - TVS Limited (w.e.f. December 10, 2013)	India	61.67%
5	Ashok Leyland Wind Energy Limited	India	60.00%
6	Gulf Ashley Motor Limited	India	91.53%
7	Optare plc UK and its subsidiaries	UK	75.11%
8	Defiance Testing and Engineering Services Inc. USA (ceased to be a subsidiary w.e.f. September 30, 2013)	USA	Nil
9	Ashok Leyland (UK) Limited	UK	100.00%
10	Ashok Leyland (Nigeria) Limited	Nigeria	100.00%
11	Ashok Leyland (Chile)	Chile	100.00%
12	Mangalam Retail Services Limited	India	74.94%
13	HLF Services Limited	India	84.22%

The financial statements of the subsidiary companies used in the consolidation are drawn upto the same reporting date as of the Company i.e. year ended March 31, 2014.

Albonair GmbH, Albonair (India) Private Limited and Avia Ashok Leyland Motors s.r.o (subsidiaries of the Company) have been "held for sale" and therefore, not considered for the preparation of the Consolidated Financial Statements.

- h The following Joint Venture companies are considered in the consolidated financial statements

S.No.	Name of the Joint venture	Country of Incorporation	% of Ownership interest
			31-Mar-14
1	Ashley Alteams India Limited	India	50.00%
2	Ashok Leyland John Deere Construction Equipment Company Private Limited	India	50.00%
3	Automotive Infotronics Limited (under liquidation) *	India	50.00%
4	Nissan Ashok Leyland Powertrain Limited	India	49.00%
5	Nissan Ashok Leyland Technologies Limited	India	50.00%

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

The financial statements of the joint venture companies have been combined by using proportionate consolidation in accordance with Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint ventures". The financial statements of the joint ventures used in the consolidation are drawn upto the same reporting date as of the Company i.e. year ended March 31, 2014.

* The operations of Automotive Infotronics Limited (under liquidation) are not significant in relation to the Group's business.

- i The following associates have been considered in the preparation of consolidated financial statements of the group in accordance with Accounting Standard 23 "Accounting for Investment in Associates in Consolidated Financial Statements"

S.No.	Name of the Associate	Country of Incorporation	% of ownership interest
			31-Mar-14
1	Ashok Leyland Defence Systems Limited	India	26.00%
2	Ashley Aviation Limited	India	49.00%
3	Ashok Leyland (UAE) LLC	UAE	49.00%
4	Lanka Ashok Leyland Plc	Sri Lanka	27.85%

The financial statements of the associates used in the consolidation are drawn upto the same reporting date as of the Company i.e. year ended March 31, 2014.

		As at March 31, 2014
		₹ Lakhs
3.2	Contingent liabilities and Capital commitments	
A	Contingent liabilities	
a)	Claims against the Company not acknowledged as debts (net) - Sales tax	11,680.60
	- Others	2,458.83
b)	Guarantees	158.44
	The outflow in respect of the above is not practicable to ascertain in view of the uncertainties involved.	
B	a) Capital commitments (net of advances) not provided for [including ₹1,791.98 Lakhs in respect of Intangible assets]	9,169.00
	b) Uncalled Liability on Partly paid shares / investments	0.14
	c) Export obligation under EPCG scheme	82,266.09
	d) Other commitments	
	Financial support given to certain subsidiaries, joint ventures, etc.	
	The outflow in respect of the above is not practicable to ascertain in view of the uncertainties involved.	

3.3. Earnings per share

31 - March - 2014		
(Loss) after tax as per Statement of Profit and Loss (in ₹ lakhs)	(A)	(16,412.24)
Weighted average number of equity shares outstanding	(B)	2,660,676,634
Basic and Diluted earnings per share (Face value Re. 1) (in ₹)	(A / B)	(0.62)

3.4. Segment information

The group's primary segment is identified as business segment based on nature of products, risks, returns and the internal business reporting system as per Accounting Standard 17. The Group is principally engaged in a single business segment viz., automotive segment including financial services and vehicle engineering services thereof.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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)

Subsidiaries held for sale

Albonair (India) Private Limited

Albonair GmbH

Avia Ashok Leyland Motors s.r.o, Czech Republic

b) Other related parties

Fellow subsidiaries

Hinduja Foundries Limited upto January 29, 2014

Hinduja Auto Components Limited

Hinduja Automotive (UK) Limited

Associates

Ashley Airways Limited (under liquidation)

Ashley Aviation Limited

Ashley Holdings Limited upto April 1, 2013

Ashley Investments Limited upto April 1, 2013

Ashok Leyland Defence Systems Limited

Ashok Leyland (UAE) LLC

Lanka Ashok Leyland Limited PLC

Irizar TVS Limited upto December 9, 2013

Joint Ventures

Ashley Alteams India Limited

Automotive Infotronics Limited (under liquidation)

Ashok Leyland John Deere Construction Equipment Company Private Limited

Nissan Ashok Leyland Powertrain Limited

Nissan Ashok Leyland Technologies Limited

Key management personnel

Mr. Vinod K. Dasari, Managing Director

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.5 Related Party disclosure - Continued c) Related Party Transactions - summary

										₹ Lakhs
		Fellow Subsidiary *	Associates	Joint Ventures	Holding Company #	Key Management Personnel	Subsidiaries held for sale	Total		
Transactions during the year ended March 31, 2014										
1	Purchase of raw materials, components and traded goods (net of CENVAT / VAT)	9,297.73	4,075.74	1,367.72	-	-	1,971.78	16,712.97		
2	Sales and Services (net of excise duties)	-	41,430.20	297.71	-	-	283.18	42,011.09		
3	Other Operating Income	226.77	10.15	1,641.09	-	-	-	1,878.01		
4	Other expenditure incurred / (recovered) (net)	67.88	183.72	37.75	97.23	-	180.84	567.42		
5	Advance / Current accounts - Net increase / (decrease)	-	-	12.75	-	-	97.45	110.20		
6	Interest and other income	5.69	255.30	8.14	-	-	298.24	567.37		
7	Purchase of Assets	-	-	57.09	-	-	583.24	640.33		
8	Dividend income	-	48.70	-	-	-	-	48.70		
9	Dividend payments	-	-	-	8,138.63	0.36	-	8,138.99		
10	Remuneration to key management personnel	-	-	-	-	212.49	-	212.49		
11	Financial guarantees released	3,619.00	2,171.40	-	-	-	990.54	6,780.94		
12	Acquisition of investments	-	1,099.76	-	-	-	15,569.78	16,669.54		
13	Disposal of investments	-	14.70	-	-	-	-	14.70		
14	Advance given for share capital	-	-	-	-	-	1,395.07	1,395.07		
15	Loans given	1,000.00	-	-	-	-	12,265.93	13,265.93		
16	Loans repaid	1,000.00	-	-	-	-	21,775.98	22,775.98		
Balances as on March 31, 2014										
1	Debtors	-	3,227.74	342.57	-	-	168.48	3,738.79		
2	Loans and advances (including interest accrued) **	-	248.31	251.51	-	0.06	6,340.12	6,840.00		
3	Advance for Share Capital **	-	-	-	-	-	1,395.07	1,395.07		
4	Creditors for materials and expenses	-	908.57	504.62	167.26	-	342.18	1,922.63		

* For details of investments as at March 31, 2014, Refer note 1.13 and note 1.16

relates to Hinduja Foundries Limited

** relates to Hinduja Automotive Limited

Refer Notes 1.14, 1.20 and 1.21

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.5. Related party disclosure (Continued)

₹ Lakhs

		For the year ended 31-03-2014
d) Significant Related Party Transactions		
1 Purchase of raw materials, components and traded goods (net of CENVAT / VAT)		
Hinduja Foundries Limited		9,297.73
Irizar - TVS Limited		3,664.67
2 Sales and Services (net of taxes)		
Ashok Leyland (UAE) LLC		21,978.38
Lanka Ashok Leyland PLC		19,461.86
3 Other Operating Income		
Hinduja Foundries Limited		226.77
Nissan Ashok Leyland Powertrain Limited		1,306.57
Nissan Ashok Leyland Technologies Limited		263.52
4 Other Expenditure incurred/ recovered (net)		
Hinduja Foundries Limited		67.88
Ashok Leyland Defence Systems Limited		73.05
Ashley Aviation Limited		110.67
Albonair GmbH		180.84
5 Advance/Current account - Net increase / (decrease)		
Avia Ashok Leyland Motors s.r.o, Czech Republic		97.45
Ashok Leyland John Deere Construction Equipment Company Private Limited		43.74
Nissan Ashok Leyland Powertrain Limited		(30.99)
6 Interest and other income		
Albonair GmbH		132.34
Avia Ashok Leyland Motors s.r.o, Czech Republic		140.48
Ashley Aviation Limited		225.00
7 Dividend income		
Lanka Ashok Leyland PLC		48.70
8 Acquisition of Investments		
Albonair GmbH		15,085.38
9 Advance given for share capital		
Albonair GmbH		1,395.07
10 Loans given by the company		
Albonair GmbH		2,795.14
Avia Ashok Leyland Motors s.r.o, Czech Republic		9,040.78
11 Loans repaid to the company		
Albonair GmbH		15,033.03
Avia Ashok Leyland Motors s.r.o, Czech Republic		6,312.94
12 Purchase of assets		
Albonair GmbH		583.24
Automotive Infotronics Limited		57.09
13 Financial Guarantees released		
Hinduja Foundries Limited		3,619.00
Ashok Leyland (UAE) LLC		2,171.40
Avia Ashok Leyland Motors s.r.o, Czech Republic		990.54
14 Remuneration to key management personnel		
Mr. Vinod K. Dasari		212.49

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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	Ashley Alteams India Limited (AAIL)	Manufacture of aluminum high pressure die castings.	50.00%	India
2	Ashok Leyland John Deere Construction Equipment Company Private Limited (ALJD)	Manufacture of construction equipment	50.00%	India
3	Nissan Ashok Leyland Technologies Limited (NALTL)	Development of related automotive technology	50.00%	India
4	Nissan Ashok Leyland Powertrain Limited (NALPL)	Manufacture of engines for Light Commercial Vehicles	49.00%	India

b) Financial interest in jointly controlled entities considered for consolidation (before Inter Company elimination)

₹ Lakhs

Particulars	AAIL	ALJD	NALTL	NALPL
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital	5,750.00	15,356.82	2,602.50	7,402.17
Reserves and surplus	(5,470.43)	(10,993.12)	(8,618.50)	(1,338.42)
Non-current liabilities				
Long-term borrowings	4,616.47	2,812.50	8,865.39	1,960.00
Other long term liabilities	-	195.26	-	-
Long-term provisions	11.65	78.30	-	-
Current liabilities				
Short-term borrowings	609.03	170.67	-	-
Trade payables	1,728.79	1,220.88	738.91	2,753.24
Other current liabilities	1,587.26	1,655.26	320.09	234.44
Short-term provisions	3.31	237.18	74.11	150.77
TOTAL	8,836.08	10,733.75	3,982.50	11,162.20
ASSETS				
Non-current assets				
Fixed assets				
Tangible assets	5,639.34	7,599.65	296.31	4123.73
Intangible assets	42.75	5.79	1,855.90	-
Capital work-in-progress	31.58	268.73	-	2,022.81
Non-current investments	1.30	-	-	-
Long-term loans and advances	69.83	67.50	1,106.77	2,514.72
Other non-current assets	37.28	-	-	-
Current assets				
Inventories	917.48	1,570.20	-	739.63
Trade receivables	1,583.31	484.25	411.46	1,563.97
Cash and bank balances	9.07	19.80	88.02	65.03
Short-term loans and advances	347.82	714.37	224.04	132.31
Other current assets	156.32	3.46	-	-
TOTAL	8,836.08	10,733.75	3,982.50	11,162.20

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.6 Disclosures in respect of Joint Ventures (Continued)

₹ Lakhs

Particulars	AAIL	ALJD	NALT	NALPL
Income				
Revenue from operations	6,582.39	3,669.91	5,582.19	10,600.57
Less: Excise Duty	(570.49)	(409.17)	-	-
Revenue from operations (Net)	6,011.90	3,260.74	5,582.19	10,600.57
Other income	4.44	28.63	4.81	322.02
Total Revenue	6,016.34	3,289.37	5,587.00	10,922.59
Expenses				
Cost of materials consumed	3,409.62	3,291.73	-	9,563.52
Purchases of Stock-in-Trade - Traded goods	267.46	-	-	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	(131.21)	(351.86)	-	(2.59)
Employee benefits expense	595.19	1,231.32	1,160.92	155.56
Finance costs	619.16	507.85	1,216.27	116.74
Depreciation and amortisation expense	770.85	382.98	1,820.33	436.64
Other expenses	1,475.53	2,139.90	2,804.98	1,151.05
Total Expenses	7,006.60	7,201.92	7,002.50	11,420.92
(Loss) before exceptional items and tax	(990.26)	(3,912.55)	(1,415.50)	(498.33)
Exceptional items	-	-	-	-
(Loss) before extraordinary items and tax	(990.26)	(3,912.55)	(1,415.50)	(498.33)
Extraordinary Items	-	-	-	-
(Loss) for the period from continuing operations	(990.26)	(3,912.55)	(1,415.50)	(498.33)

Notes :

- Contingent liabilities, incurred in relation to interest in joint ventures as on March 31, 2014 is ₹ Nil
- Share in contingent liabilities of joint ventures themselves for which the company is contingently liable as at March 31, 2014 ₹ 242.65 lakhs.
- Capital commitments in relation to interests in joint ventures as on March 31, 2014 ₹ Nil
- Share in Capital commitments of joint ventures themselves as on March 31, 2014 ₹ 293.90 lakhs.
- The information furnished above with regard to the year 2014 is based on audited figures made available to the company.
- Figures given above under expenses are excluding taxes.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.7 Operating Lease

A general description of leasing agreements - The Group has entered into operating lease agreements for property from various parties.

₹ Lakhs

Operating lease commitments	
Less than one year	1,212.19
1-5 years	3,345.83
> 5 years	5,382.40

3.8 Foreign exchange

₹ Lakhs

A Dividend Remitted in Foreign Currency *	
a) Number of non resident shareholders	2
b) Number of shares on which dividend was remitted	1,028,437,424
c) Dividend remitted during the year relating to previous year	6,170.62
* Dividend paid to other Non-Resident shareholders is in Indian Rupees	

B 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:

i) Derivative instruments outstanding:

Details	Details	Currency	Amount (Foreign currency in Million)	Amount ₹ in Lakhs
			2014	2014
Foreign Exchange Contracts				
- USD / INR	Bought	USD	38.41	23,015.96
- USD / INR	Bought	EUR	87.52	52,440.56
- EUR / USD	Bought	GBP	1.21	1,001.54
- GBP / USD	Sold	EUR	0.25	249.41
- USD / JPY	Sold	USD	0.25	149.79
Currency Swaps				
- USD / JPY	Sold	USD	190.67	114,237.93

Refer Item no.8.3 and 8.4 in significant accounting policies for the accounting treatment of such derivatives

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

ii) Foreign currency exposures not hedged by a derivative instrument firm commitments and highly probable transaction

Details	Currency	Amount (Foreign currency in Million)	Amount ₹ in Lakhs
Amount receivable on account of sale of goods, loans, bank balances, etc.	USD	105.49	62,637.57
	EUR	1.33	733.85
	JPY	11.90	69.11
	GBP	5.76	5,683.85
	AED	0.59	95.71
	KES	8.92	61.82
	ZAR	0.40	22.46
	MUR	0.41	8.15
	BDT	0.01	0.02
Amount payable on account of purchase of goods, loans, interest etc.	USD	359.20	214,891.02
	EUR	8.37	7,319.49
	JPY	0.50	3.84
	GBP	0.45	452.02
	AED	0.60	98.63
	KES	53.19	368.62
	CHF	0.03	18.49
	EGP	0.00	0.25
	MUR	0.08	1.64
	SEK	0.00	0.10
	ZAR	0.01	0.63
	JPY	39.35	228.48

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). The un-amortized net exchange difference in respect of long term monetary items relating to other than acquisition of depreciable assets, is a loss of ₹ 787.92 lakhs as at March 31, 2014. These amounts have now been reflected as part of the "Reserves and Surplus" in line with the guideline issued by the Institute of Chartered Accountants of India.

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.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.10 Employee benefits

Defined benefit plans - As per Actuarial valuation as at March 31, 2014

₹ Lakhs

	Gratuity (Funded)	Compensated absences (Unfunded)	Other defined benefit plans (Unfunded)
	2014	2014	2014
A) Expense recognised in the Statement of Profit and Loss for the year ended March 31			
Current service cost	1,163.93	678.16	67.94
Interest cost	1,668.30	524.92	47.48
Expected return on plan assets	(1,825.91)	-	-
Net actuarial (gain) / loss recognised during the year	821.11	(1,108.21)	51.89
Total expense	1,827.43	94.87	167.31
B) Actual return on plan assets			
Expected return on plan assets	1,825.91	-	-
Actuarial gain/ (loss) on plan assets	8.22	-	-
Actual return on plan assets	1,834.13	-	-
C) Net Asset/ (Liability) recognised in the Balance Sheet			
Present value of the obligation	22,280.10	6,017.62	694.91
Fair value of plan assets	20,345.19	-	-
Funded status [surplus/ (deficit)]	(1,934.91)	(6,017.62)	(694.91)
Net Asset/ (Liability) recognised in the Balance Sheet	(1,934.91)	(6,017.62)	(694.91)
D) Change in Present value of the Obligation during the year			
Present value of obligation as at beginning of the year	22,695.93	6,983.75	644.68
Current service cost	1,163.93	678.16	67.94
Interest cost	1,668.30	524.92	47.48
Benefits paid	(4,077.39)	(1,061.00)	(117.08)
Actuarial (gain) / loss on obligation	829.33	(1,108.21)	51.89
Present value of obligation as at end of the year	22,280.10	6,017.62	694.91
E) Change in Fair Value of Plan Assets during the year			
Fair value of plan assets as at beginning of the year	20,470.66	-	-
Expected return on plan assets	1,825.91	-	-
Contributions	2,117.79	1,061.00	117.08
Benefits paid	(4,077.39)	(1,061.00)	(117.08)
Actuarial gain / (loss) on plan assets	8.22	-	-
Fair value of plan assets as at end of the year	20,345.19	-	-
F) Experience adjustments in			
Plan liabilities - loss / (gain)	821.12	(1,108.21)	51.89
Plan assets - (loss) / gain	-	-	-
G) Actuarial Assumptions (Range for the group)			
Discount rate	8.00% to 9.20%		
Salary escalation	2.75% to 10.00%		
Expected rate of return on plan assets	8.00% to 9.88%		

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.11 Details of Long Term Borrowings

	March 31, 2014			Particulars of Redemption / Repayment
	Non Current	Current maturities	Total	
	₹ Lakhs	₹ Lakhs	₹ Lakhs	
a. Secured Loans:				
i. Debenture Series				
9.85% AL 22	15,000.00	-	15,000.00	June 21, 2018
10.15% AL 20	15,000.00	-	15,000.00	December 28, 2017
10.20% AL 18	10,000.00	-	10,000.00	June 28, 2017
10.25% AL16	10,500.00	4,500.00	15,000.00	₹ 6,000 lakhs on October 14, 2016 and ₹ 4,500 lakhs each on October 14, 2015 and 2014
9.70% AL 21	15,000.00	-	15,000.00	June 21, 2016
10.05% AL 19	15,000.00	-	15,000.00	December 28, 2015
8.20% AL 15	7,000.00	-	7,000.00	July 22, 2015
10.10% AL 17	20,000.00	-	20,000.00	June 28, 2015
8.20% AL 14	-	7,000.00	7,000.00	July 22, 2014
Total (A)	107,500.00	11,500.00	119,000.00	
ii. Term Loans:				
TL - 7	50,000.00	-	50,000.00	4 equal installments on December 16, 2018, 2017, 2016, 2015
TL - 1	3,333.33	3,333.33	6,666.66	3 equal installments on February 5, 2016, February 16, 2015, February 17 2014
TL - 2	5,000.00	5,000.00	10,000.00	3 equal installments on June 1, 2015, 2014, 2013
TL - 3	-	6,666.67	6,666.67	2 equal installments on March 22, 2015, 2014
TL - 4	-	5,000.00	5,000.00	2 equal installments on November 30, 2014, 2013
TL - 5	-	5,000.00	5,000.00	2 equal installments on November 30, 2014, 2013
S-TL - 1	17,500.00	-	17,500.00	Repayment commences after a moratorium of 3 years; in 16 equal quarterly installments of ₹ 1,093.75 Lakhs each with the last installment ending by March 2020.
S-TL - 2	10,000.00	-	10,000.00	Repayment commences after a moratorium of 3 years; in 16 equal quarterly installments of ₹ 625 Lakhs each with the last installment ending by August 2019
S-TL - 3	142,788.64	90,210.78	232,999.42	Repayable in varying installments (Monthly, quarterly, half yearly and annual) with the last of the installments being due in September 2038.
S-TL - 4	14,942.40	-	14,942.40	Repayable by June 2016
S-TL - 5	761.04	800.00	1,561.04	7 quarterly installments of ₹ 225 Lakhs ending by December 2015
S-TL - 6	-	188.60	188.60	Repayable by 30 June 2014

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.11 Details of Long Term Borrowings (Continued)

	March 31, 2014			Particulars of Redemption / Repayment
	Non Current	Current maturities	Total	
	₹ Lakhs	₹ Lakhs	₹ Lakhs	
J-TL 1	1,960.00	-	1,960.00	Repayment commences after a moratorium of 3 years; in 16 equal quarterly installments of ₹ 122.5 Lakhs each with the last installment ending by September 2019.
J-TL 2	937.50	62.50	1,000.00	16 equal quarterly installments of ₹ 62.5 Lakhs each and ending by December 2018
J-TL 3	1,781.56	647.36	2,428.92	15 equal quarterly installments of ₹ 161.84 Lakhs each ending by January 2018
J-TL 4	1,875.00	1,250.00	3,125.00	16 equal quarterly installments of ₹ 312.5 Lakhs each and ending by August 2016
Total (B)	250,879.47	118,159.24	369,038.71	

Notes:

Details of security in respect of the Debentures and Term Loans are given below:

1. Debenture Series and Term loans (TL-1 to TL-7) are secured by a first charge on pari-passu basis on all assets of the Company excluding certain immovable properties (residential buildings, windmill related assets and certain immovable assets) and movable fixed assets (such as Aircraft and Windmill) of the Company.
2. Term loan availed by a subsidiary from banks (S-TL-1 and S-TL-2) are secured by a first pari-passu charge on entire fixed assets of subsidiary (movable and immovable).
3. Term loans availed by a subsidiary from various banks (S-TL-3) are secured by way of hypothecation of designated assets on finance / loan and future receivables there from, and investments in "pass through certificates" of the subsidiary. Certain term loans are additionally secured by way of first charge on the profits of the subsidiary.
4. Term loan availed by a subsidiary from a bank (S-TL-4) are secured against property, plant and equipment, receivables and inventories of the subsidiary.
5. Term loan availed by a subsidiary from a bank (S-TL-5) is secured by windmills owned by the subsidiary.
6. Term loan available by a subsidiary from a bank (S-TL-6), are secured by way of charge on immovable property and movable property of the subsidiary including plant and machinery, spares, tools, finished and semi-finished goods, raw material, and book debts of the subsidiary.
7. Term loan availed by a joint venture from a bank, (J-TL-1) is secured by a first charge over the entire fixed assets (movable and immovable) of the joint venture entity.
8. Term loan availed by a joint venture from a bank (J-TL -4) is secured by exclusive first hypothecation charge on specific plant & machinery, acquired / to be acquired under the project having aggregate value of ₹4000 lakhs.
9. Term loan availed by a joint venture from a bank (J-TL-3) is secured by hypothecation all machineries and all current assets and fixed assets of the joint venture and mortgage of immovable property (leasehold) belonging to the joint venture entity.
10. Term loan availed by a joint venture from a bank (J-TL 2) is secured by first pari-passu charge created on all the fixed assets of the joint venture entity (including an equitable mortgage over land and building of the factory premises).

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.11 Details of Long Term Borrowings (Continued)

	March 31, 2014			Particulars of Redemption / Repayment
	Non Current	Current maturities	Total	
	₹ Lakhs	₹ Lakhs	₹ Lakhs	
b. Unsecured Loans:				
i. Debentures				
12% Subordinated redeemable non-convertible debenture	3,500.00	-	3,500.00	₹ 2500 Lakhs Redeemable on March 28, 2021 and ₹ 1000 Lakhs Redeemable on February 28, 2021.
Total (C)	3,500.00	-	3,500.00	
ii. ECB Loans				
ECB -12	38,944.75	-	38,944.75	June 26, 2020 - ₹ 11,983.00 lakhs and June 26, 2019, 2018, 2017 - ₹ 8,987.25 lakhs each
ECB -11	17,974.50	-	17,974.50	3 equal installments on March 25, 2019, 2018, 2017
ECB -1	44,936.25	-	44,936.25	3 equal installments on June 9, 2018, 2017, 2016
ECB -2	14,978.75	-	14,978.75	3 equal installments on October 24, 2017, 2016, 2015
ECB -3	26,961.75	2,995.75	29,957.50	September 20, 2017 - ₹ 12,582.15 lakhs, 2016 - ₹ 11,383.85 lakhs, 2015 and 2014 - ₹ 2,995.75 lakhs each
ECB -10	11,983.00	-	11,983.00	July 12, 2015
ECB -4	-	39,943.33	39,943.33	Repayable by June 30, 2014
S-ECB -1	-	156.50	156.50	Repayable by June 30, 2014
S-ECB -2	20,000.00	-	20,000.00	8 installments commencing after a moratorium period of 3 years ending April 2019
J-ECB -1	2,834.91	472.49	3,307.40	Half yearly installments ending December 2017
Total (D)	178,613.91	43,568.07	222,181.98	
iii. Interest free sales tax loans				
Programme II	7,931.22	214.30	8,145.52	Varying amounts repayable on a monthly basis ending on March 2028.
Programme I	-	118.24	118.24	Varying amounts repayable on a monthly basis ending on April 2014.
Total (E)	7,931.22	332.54	8,263.76	
iv. Loans from Others				
Loan 5	106.96	408.32	515.28	Varying amounts repayable on a quarterly basis ending in July 2015
Loan 4	-	248.07	248.07	Varying amounts repayable on a quarterly basis ending in October 2014

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.11 Details of Long Term Borrowings (Continued)

	March 31, 2014		Particulars of Redemption / Repayment
	Non Current	Current maturities	
	₹ Lakhs	₹ Lakhs	₹ Lakhs
Loan 3	-	27.29	27.29
Loan 2	-	167.08	167.08
Loan 1	-	18.38	18.38
J-Loan 1	586.85	-	586.85
Total (F)	693.81	869.14	1,562.95
Total Long term Borrowings (A+B+C+D+E+F)	549,118.41	174,428.99	723,547.40

3.12 Details of Short Term Borrowings

	March 31, 2014 Amount	Particulars of Redemption / Repayment
	₹ Lakhs	
Secured Loans*		
STL 8	3,300.00	August 13, 2014
STL 9	791.30	May 28, 2014
Working Capital Demand Loans	23,805.69	Repayable on demand
S - STL 1	56,862.54	Repayable on demand
S - STL 2	1,673.94	Repayable on demand
S - STL 3	1,352.31	Repayable on demand
S - STL 4	59.14	Repayable on demand
S - STL 5	1,495.29	Repayable on demand
S - STL 6	5,485.07	Repayable on demand
J - STL 1	170.67	Repayable on demand
J - STL 2	526.88	Repayable on demand
Total (A)	95,522.83	
Unsecured Loans		
- STL 10	9,274.42	May 28, 2014
- STL 11	9,586.40	May 30, 2014
- STL 12	11,983.00	July 28, 2014
Total (B)	30,843.82	
Other Borrowings	82.15	Repayable on demand
Total (C)	82.15	
Total Short term Borrowings (A+B+C)	126,448.80	
Total Long term borrowings (Refer 3.11 above)	723,547.40	
Total Short term borrowings(Refer 3.12 above)	126,448.80	
Total Debts	849,996.20	

Of the total debt of ₹ 8,49,996.20 lakhs, debt relating to the vehicle financing amounted to ₹ 293,361.96 lakhs

Notes :

* The security in respect of each of the said term loans is described below :

- Short term loans availed by the company (STL 8, STL 9 and working capital demand loans) are secured by way of hypothecation of inventories (excluding stores and spares related to plant and machinery), Bills receivable, Book Debts and all other movables both present and future of the Company to the extent of ₹1,65,000.00 lakhs.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

2. The short term loans availed by a subsidiary (S-STL 1) are cash credit facilities and working capital demand loans which are secured by way of a pari passu charge on the receivables due to the subsidiary other than those that are specifically charged to the other lenders of the subsidiary.
3. Short term loans availed by a subsidiary (S-STL 2) are secured by way of a charge on immovable and movable properties (including plant and machinery, Spares, Tools, Finished and Semi finished goods, Raw Materials and book Debts) of the subsidiary.
4. Short term loan availed by a Subsidiary (S-STL 3) is a working capital facility (Dealer financing facility) which is secured by stock of vehicles, Spare Parts, Lubricants and related book debts of the subsidiary and (S-STL 4) is also a working capital facility (Trade Advance) which is secured by stock of vehicles of the subsidiary.
5. Short term loans availed by a Subsidiary (S-STL 5) is a working capital limit from a bank (in the nature of pre-shipment credit, post-shipment credit, invoice financing and overdraft facility) which is secured by way of hypothecation of book debts of the subsidiary.
6. Short term loans availed by a subsidiary (S-STL 6) is in the nature of an overdraft facility which is secured against property, plant and equipment, receivables and inventories of the subsidiary.
7. Short term loan availed by a Joint Venture (J-STL-1) is secured by way of a pari passu charge on stocks and book debts of the Joint venture company.
8. Short term loans availed by a Joint Venture (J-STL-2) is secured by way of a first charge on the current assets i.e. stock of raw materials, semi-finished goods and finished goods and book debts (not older than 120 days) of the Joint Venture company.

3.13 Accounting for Amalgamation

- a. The Company had invested in certain associate companies, i.e. Ashley Investments Limited (AIL) and Ashley Holdings Limited(AHL) (both engaged in holding Strategic investments of the Company primarily in Auto and Auto Component Segment), Ashok Leyland Project Services Limited (ALPS) (engaged in consultancy services for promoting projects in thermal power,wind energy etc.) and Ashley Services Limited (ASL) (engaged in trading in commodities, providing technical and management support). Under a scheme of amalgamation sanctioned by the Honourable High Court of Madras vide its order dated July 31, 2013, AHL, AIL and ALPS merged with ASL, effective April 1, 2013. Consequent thereto, ASL became a wholly owned subsidiary of the Company as on the Appointed date of April 1, 2013.

In a subsequent development, on March 21,2014, the Honourable High Court of Madras approved the scheme for amalgamation of ASL(amalgamating company) with the Company from the Appointed Date of July 1, 2013. The said Scheme became effective on March 27, 2014 on filing with the Registrar of Companies.The said Scheme of Amalgamation was also approved by all the three Stock Exchanges in India with which the Company's shares have been listed, namely, Madras Stock Exchange, Bombay Stock Exchange and National Stock Exchange vide their approvals dated December 19, 2013, January 23, 2014, and January 22, 2014 respectively.

b. Combination of authorised capital

Pursuant to the aforesaid amalgamation and in terms of the said approved Scheme , the authorized share capital of the Company stands increased by the authorized share capital of ASL aggregating to ₹ 219,210 Lakhs. The sub division in terms of class of share capital is as follows:

Particulars	No of shares	Face Value per share	₹
Equity Shares	21,356,000,000	1.00	21,356,000,000.00
Redeemable Non- Cumulative Non- Convertible Preference Shares	36,500,000	10.00	365,000,000.00
Non-Convertible Redeemable Preference Shares	2,000,000	100.00	200,000,000.00

Accordingly, effective July 1, 2013, the authorised capital of the company stands at ₹ 259,210.00 Lakhs.

c. Accounting treatment

The Company has followed the accounting treatment prescribed in the said approved Scheme of Amalgamation, as follows:

- i. The amalgamation of ASL with the Company has been accounted by the Company in the books by using the Pooling of interests method in accordance with the said approved Scheme of Amalgamation and Accounting Standard (AS) 14 as notified under the Companies Act, 1956.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.13 Accounting for Amalgamation (Continued)

- ii. Accordingly, the Company has recorded all the assets and liabilities, and reserves of ASL at their respective book values as appearing in the books of ASL as at July 1, 2013, the details of which are as follows:

Particulars	₹ Lakhs
ASSETS	
Fixed Assets- Tangible	1.81
Non-current investments	126,848.18
Long term loans and advances	3,730.63
Current assets:	
- Cash and Cash Equivalents	28.04
- Short term loans and advances	9.90
LIABILITIES	
Current liabilities	99.99
RESERVES	
Capital Reserve	8,793.10
Deficit in Statement of Profit and Loss	(4.77)

- iii. Further, as provided in the said approved Scheme of Amalgamation, the shares of ASL held by the Company as on July 1, 2013 directly and / or through its nominee(s), constituting the entire paid up equity and preference share capital of ASL amounting to ₹ 1,14,080.24 Lakhs and share application monies pending allotment in the books of the Company aggregating to ₹ 7,650.00 Lakhs stood cancelled. No shares or consideration was required to be issued / paid by the Company, as ASL was a Wholly - Owned Subsidiary of the Company.

3.14 Exceptional Items - Voluntary retirement scheme

The company announced a Voluntary Retirement Schemes (2013) during the year for executives who could opt for an early separation from services of the company. VRS compensation of ₹ 4,694.42 Lakhs represents the amount settled, in respect of those executives who exercised their option and separated from the employment upto March 31, 2014.

- 3.15** In respect of previously revalued items of fixed assets sold / disposed, the Company has, during the year changed its earlier accounting practice to adjust the amount in revaluation reserve of such assets against the carrying value of such assets and recognized the consequent profit / sale thereof. The impact of the said change is a higher profit on sale / disposal of immovable properties by ₹10,756.56 Lakhs for the year ended March 31, 2014.

- 3.16** The performance of certain subsidiaries of the Company (one engaged in software services and another engaged in a bus manufacturing facility in Europe) and Joint Ventures (one engaged in providing vehicle and engine technology services and another engaged in manufacturing construction equipments) have been reporting losses for the past few years resulting in erosion of their capital. The Company has evaluated and reviewed the performance of these companies and all necessary steps are being taken to improve their performance. The Company is committed and confident of improved financial performance of these companies in near future and they becoming profitable.

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

Gopal Mahadevan
Chief Financial Officer

N. Ramanathan
Company Secretary

For and on behalf of the Board

Dheeraj G Hinduja
Chairman
DIN : 00133410

Vinod K. Dasari
Managing Director
DIN : 00345657

May 22, 2014
Chennai

SUBSIDIARY COMPANIES : FINANCIAL HIGHLIGHTS 2013-14

(Information as per section 212(8) of the Companies Act, 1956)

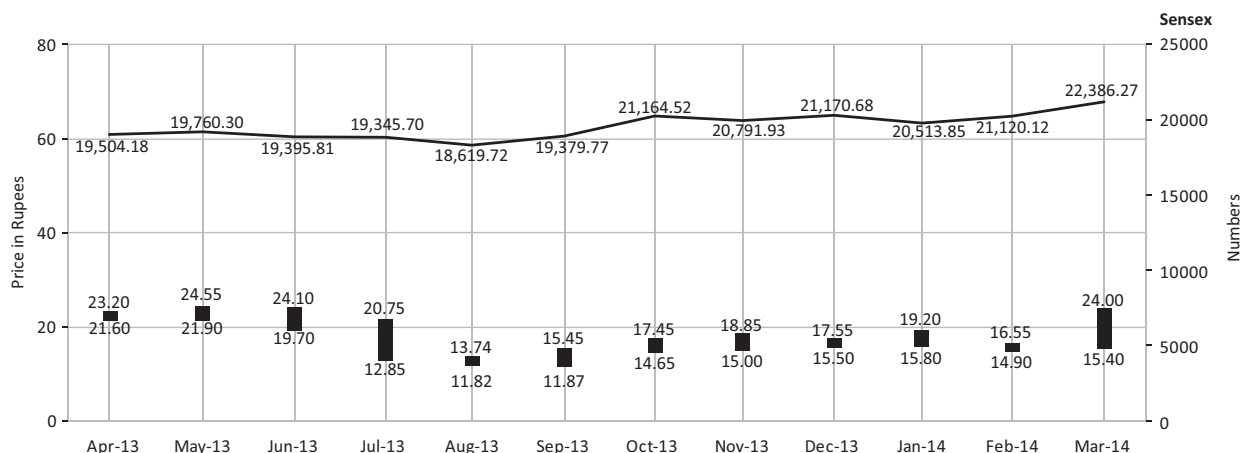
Sr. No	Subsidiary	Country of incorporation	Reporting currency	Share capital (including share application money pending allotment)	Reserves and surplus	Total liabilities	Total assets	Investments (except in case of investments in subsidiaries)	Turnover	Profit / (Loss) before taxation	Tax Expenses (credit)	Profit / (Loss) after taxation	Proposed dividend
1	Defence Technologies Limited	India	INR	8,000.00	(9,362.60)	7,027.22	7,027.22	-	11,865.06	(632.23)	214.31	(846.54)	-
2	Defence Tech Gmbh	Germany	EUR	812.79	(812.79)	1,618.34	1,618.34	-	3,379.71	(1,245.21)	-	(1,245.21)	-
3	Defence Technologies, USA	USA	USD	419.41	(545.07)	421.68	421.68	-	1,165.12	235.96	-	235.96	-
4	Hinduja Leyland Finance Limited	India	INR	51,032.18	29,389.04	382,071.93	382,071.93	13,081.29	59,617.12	12,300.35	4,181.65	8,118.70	-
5	Ashok Leyland Nissan Vehicle Limited	India	INR	76,567.09	(32,453.02)	132,161.44	132,161.44	-	105,215.03	(17,451.30)	-	(17,451.30)	-
6	Irizar - TVS Limited	India	INR	990.00	1,151.10	5,779.49	5,779.49	-	9,075.38	(389.07)	(32.88)	(356.19)	-
7	Ashok Leyland Wind Energy Limited	India	INR	3,005.00	854.63	6,691.08	6,691.08	-	2,978.89	300.19	102.03	198.16	-
8	Gulf Ashley Motor Limited	India	INR	1,405.00	28.26	5,362.82	5,362.82	-	24,762.56	78.67	31.39	47.28	-
9	Optare plc*	UK	GBP	8,983.84	16,141.98	64,181.82	64,181.82	-	-	(183.57)	-	(183.57)	-
10	Optare UK Limited	UK	GBP	4,917.73	(16,846.09)	2,159.07	2,159.07	-	3,536.84	(303.64)	-	(303.64)	-
11	Optare Group Limited	UK	GBP	676.63	(15,406.84)	48,511.93	48,511.93	-	53,727.84	(3,589.95)	-	(3,589.95)	-
12	Jamesstan Investments Limited	UK	GBP	4,988.25	(335.06)	14,205.23	14,205.23	-	-	-	-	-	-
13	Optare Holding Limited	UK	GBP	1,266.80	1,158.94	12,747.45	12,747.45	-	-	-	-	-	-
14	Optare (Leeds) Limited	UK	GBP	4,210.56	8,186.76	23,294.42	23,294.42	-	-	-	-	-	-
15	East Lancashire Busbuilders Limited	UK	GBP	0.10	(0.10)	-	-	-	-	-	-	-	-
16	Ashok Leyland (UK) Limited	UK	GBP	105.05	(24.56)	97.71	97.71	-	666.29	76.57	99.37	(22.80)	-
17	Ashok Leyland (Nigeria) Limited	Nigeria	NGN	36.65	87.81	1,143.16	1,143.16	-	924.91	127.65	39.84	87.81	-
18	Ashok Leyland (Chile) Limited	chile	CLP	39.43	55.72	535.30	535.30	-	517.49	55.72	-	55.72	-
19	Mangalam Retail Services Limited	India	INR	10.00	1.94	12.64	12.64	-	0.29	(0.14)	-	(0.14)	-
20	Hinduja Leyland Finance Services Limited	India	INR	5.00	83.77	808.65	808.65	-	4,462.82	13.87	4.57	9.30	-
	Held for sale (Current Investments)												
21	Albonair (India) Private Limited	India	INR	1,000.00	(179.97)	1,549.75	1,549.75	-	1,006.64	(59.27)	-	(59.27)	-
22	Avia Ashok Leyland Motors s.r.o	Czech Republic	CZK	67,283.74	(53,409.49)	21,015.80	21,015.80	-	2,968.69	(8,421.47)	-	(8,421.47)	-
23	Avia Ashok Leyland Rus, Russia	Russia	RUB	0.18	(651.88)	2,521.50	2,521.50	-	2,239.49	(517.01)	-	(517.01)	-
24	Albonair GmbH, Germany	Germany	EUR	24,826.17	(21,887.50)	6,752.76	6,752.76	-	7,004.79	(6,935.75)	0.04	(6,935.75)	-
25	Albonair Automotive Technology Co. Ltd., China	China	RMB	383.35	(461.36)	53.86	53.86	-	-	(75.67)	-	(75.67)	-

Notes:

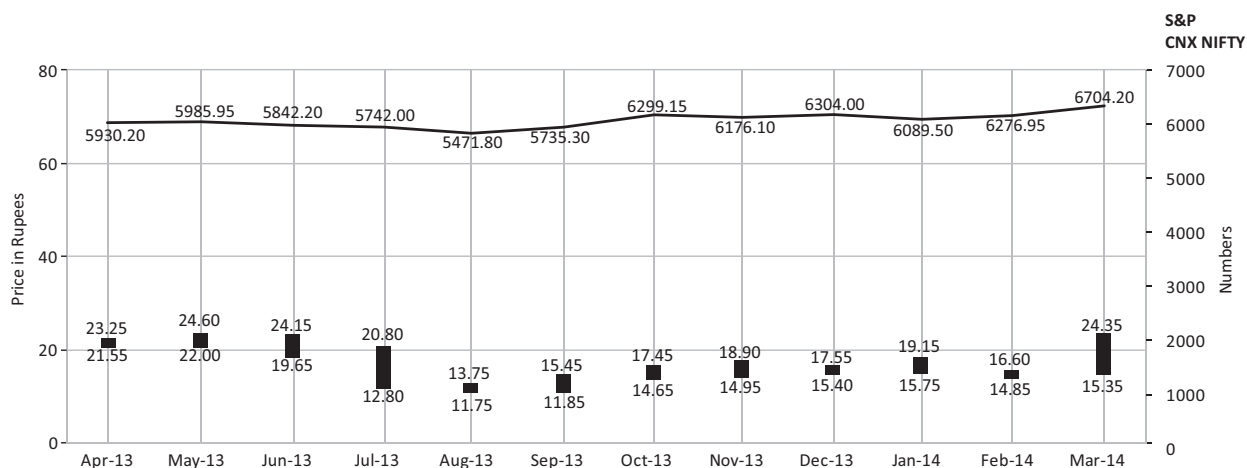
1. Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, are based on the exchange rates as on the financial year ending date of respective companies.
2. * 7 subsidiaries which were dormant as of earlier year(s) have been dissolved during the year, hence not disclosed above.

SHAREPRICEPERFORMANCE

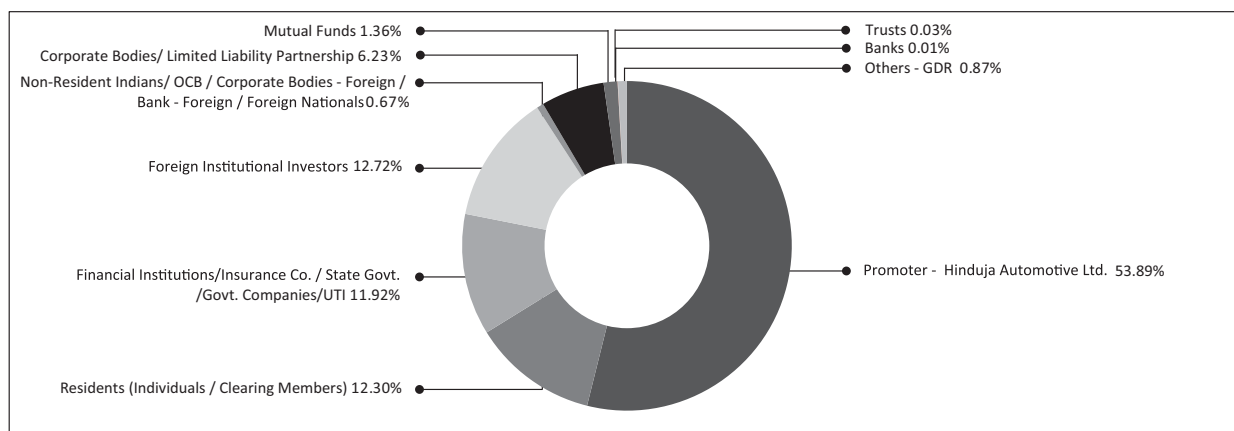
BSE - April 2013 to March 2014



NSE - April 2013 to March 2014

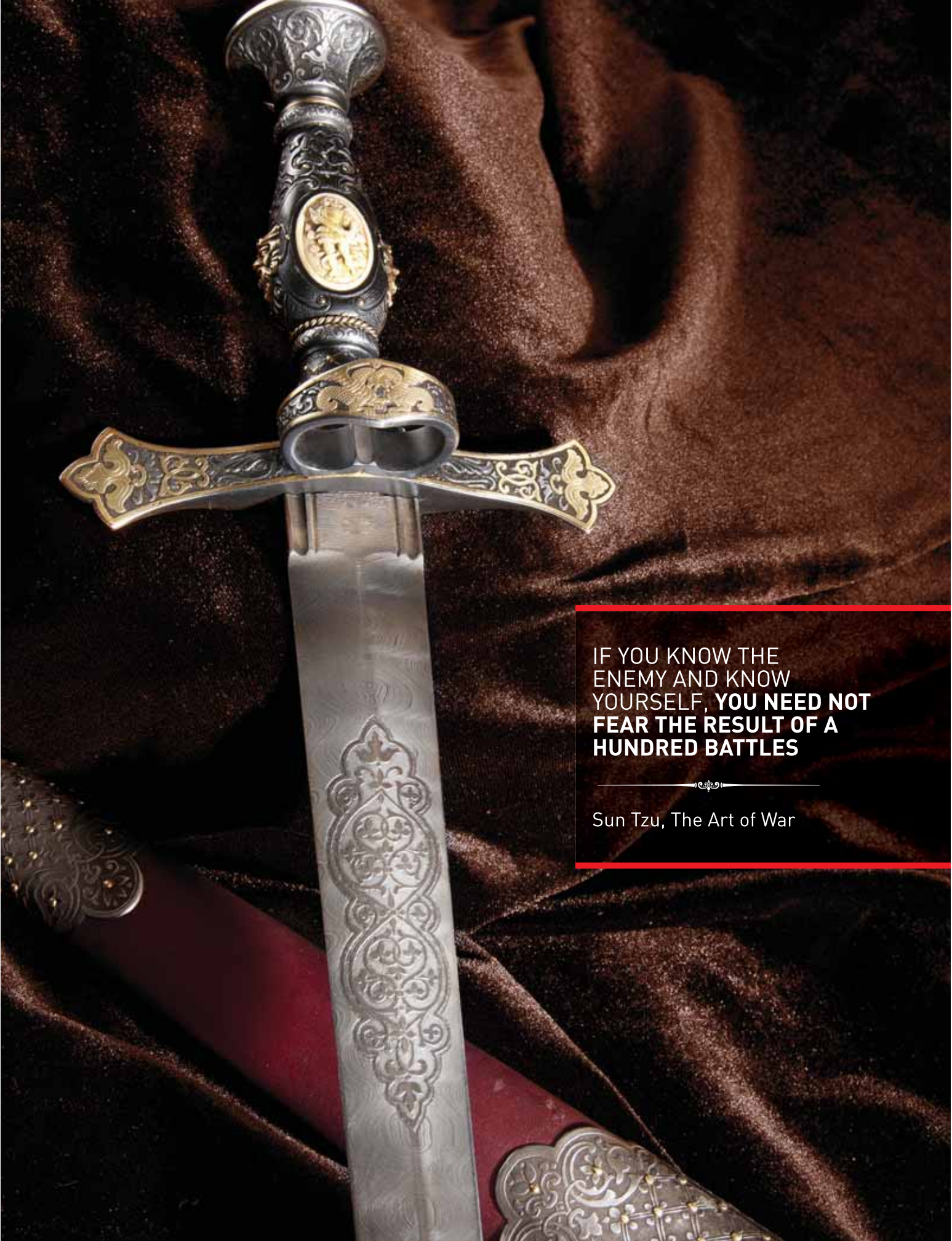


SHAREHOLDING PATTERN AS ON MARCH 31, 2014



NOTES

[illegible]



IF YOU KNOW THE
ENEMY AND KNOW
YOURSELF, **YOU NEED NOT**
FEAR THE RESULT OF A
HUNDRED BATTLES

Sun Tzu, The Art of War



ASHOK LEYLAND



Ashok Leyland Limited

#1, Sardar Patel Road, Guindy, Chennai - 600 032

t : 044 22206000 f : 044 22206001 e : reachus@ashokleyland.com

CIN : L34101TN1948PLC000105

www.ashokleyland.com

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges


1.	Name of the Company:	Ashok Leyland Limited
2.	Annual financial statements for the year ended	31st March, 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	To be signed by - <input type="checkbox"/> CEO/Managing Director <input type="checkbox"/> CFO <input type="checkbox"/> Audit Committee Chairman <input type="checkbox"/> Auditor of the company	<p>Refer our Audit Report dated May 22, 2014 on the financial statement of the Company</p> <p>For DELOITTE HASKINS & SELLS LLP Chartered Accountants Firm's Registration No. 117366W/W-100018</p> <p>A. Siddharth Partner Membership No. 31467</p>

For M.S. Krishnaswami & Rajan
Chartered Accountants
Registration No. 015548

[Signature]

M.S. Murali
Partner
Membership No. 26453

May 22, 2014
Chennai



For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
Firm's Registration No. 117366W/W-100018

[Signature]

A. Siddharth
Partner
Membership No. 31467

CERTIFIED TRUE COPY.



FOR ASHOK LEYLAND LIMITED

[Signature]
N. RAMANATHAN
Company Secretary