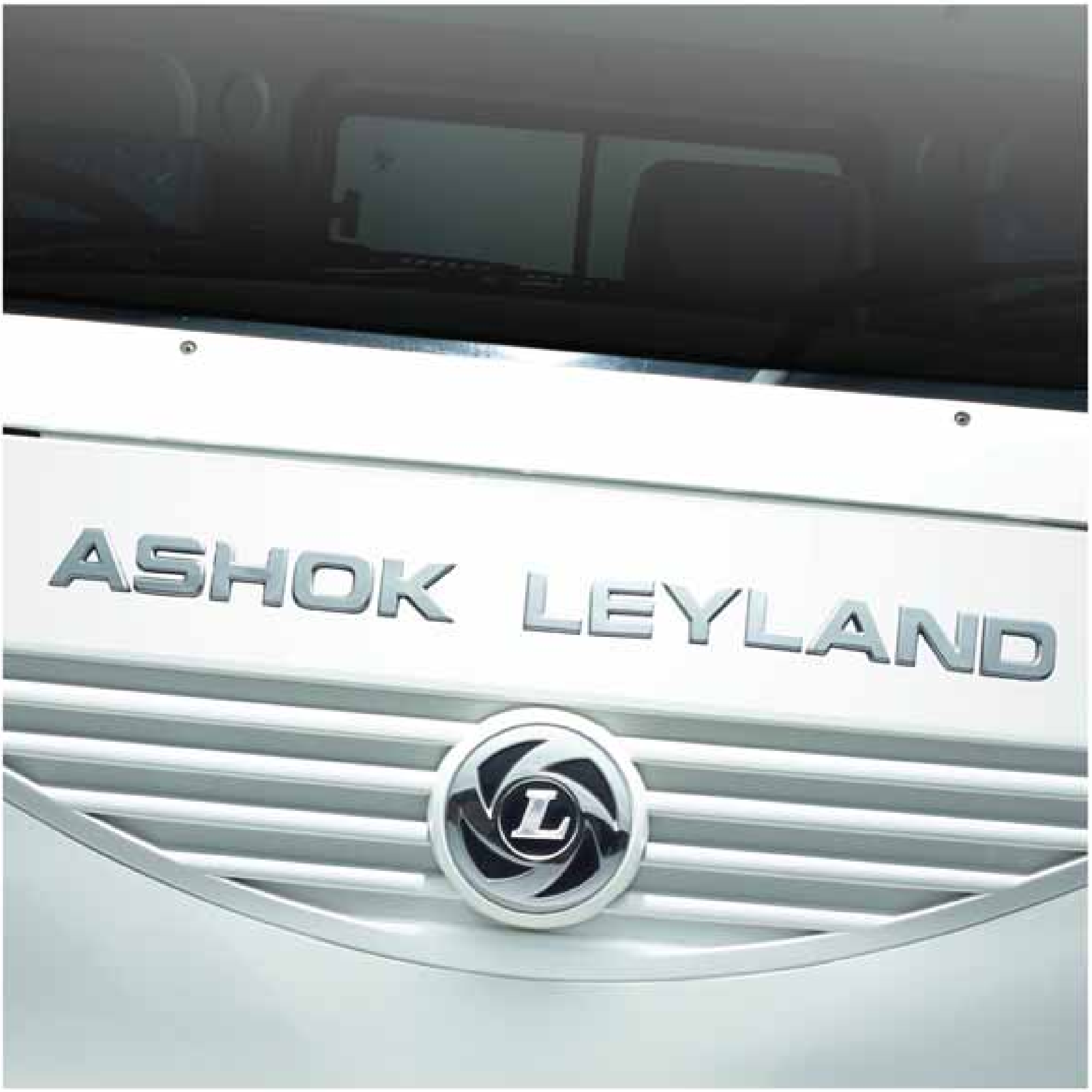
ASHOK LEYLAND

AAPKI JEET. HAMARI JEET.




# ANNUAL REPORT 2012-2013

HINDUJA GROUP

Our customer is our reason to be. And it has been so, for over six decades, in our business of transporting people and goods. They inspire us to push boundaries, think innovatively, set new benchmarks. The way we do business is driven by our customer's demands and our constant endeavor is to understand their needs and engineer mobility solutions that are best suited for them.

We, at Ashok Leyland, believe that in our customer's profitability lies our success. And therefore our promise remains: *Aapki Jeet. Hamari Jeet.*

**Contents**



# Forward-looking statement

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

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

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

**Parmanand Deepchand Hinduja**

(1901-1971)

Founder, The Hinduja Group

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

## GUIDING PRINCIPLES

Work to Give

Word is a Bond

Act Local Think Global

Partnership for Growth

Advance Fearlessly

# LETTER TO THE SHAREHOLDER

Dear Shareholders,

I am happy to share with you the details of the performance of Ashok Leyland in 2012-13.

With the Indian economy clocking a modest 5% GDP growth last year, a far cry from the nearly 9% annual expansion only 2 years ago, the overall Commercial Vehicle (CV) market suffered a negative growth of 2% over the previous year. In that contraction, the medium & heavy duty segment, your Company's stronghold, had a decline by as much as 25% year over year. The redeeming feature in this dismal scenario, you will be happy to note, is that your Company was able to gain 3% increase in market share.

The overall sales volume was 114,611 vehicles comprising 105,833 vehicles in the domestic market and 8,778 vehicles in exports. Evidently, focused efforts in network development, product actions, customer orientation and brand building have helped to keep your Company ahead of the competition in a challenging period. The aggregate sales turnover was Rs. 12,481.20 Crores in 2012-13 as compared to Rs. 12,904.33 Crores in 2011-12 and Net Profit of Rs. 433.71 Crores as compared to Rs. 565.98 Crores in the previous fiscal.

The Spare Parts business with a revenue of Rs. 1,004 Crores and Power Solutions registering a revenue of Rs. 403 Crores continued to grow though the performance of the Defence business was tepid largely owing to Government constraints and cutbacks.

Notwithstanding the setback in the economy and the consequent impact on the commercial vehicle industry, your Company kept its sights firmly on the future and continued to take measures to reinforce its product portfolio and market standing.

**Medium & Heavy Duty Segment:** Undaunted by significant depression in this segment, your Company

introduced a slew of new products that found ready market acceptance.

The launch of 3718il (10x2) was configured to meet the felt need for a strong, more fuel efficient, rigid truck with higher tonnage. Select multi-axle vehicle models have been offered the new Twin Speed Rear Axle technology for superior fuel efficiency and the customer feedback has been very encouraging.

For the second consecutive year, your Company's traditionally strong Southern markets turned soft. However, the efforts to enhance your Company's presence in the North, East and West markets in India paid rich dividends. During the year, concerted efforts were made to further improve the reach and presence. There are now more than 450 full-service centers on all major highways across the country equipped to reach a customer within 4 hours and restore a vehicle within 48 hours. As you are aware, your Company pioneered driver training and I am happy to inform you, that as of now five Driver Training Institutes are operational in Tamil Nadu, New Delhi, Madhya Pradesh, Haryana and Orissa with one in Rajasthan, under construction.

**Small Commercial Vehicle Segment:** Riding the crest of the remarkable growth seen in the Small Commercial Vehicle segment, as well its own continuing success, 'Dost' was able to post an all-India market share of nearly 19% and emerge as the leading brand in most of the 12 markets where it was introduced. Your Company has moved aggressively to establish a network of 100 customer touch points in the markets served and the level of customer service being provided is reportedly setting new benchmarks for the industry.


**R&D:** Your Company maintained its thrust on R&D with a spend of Rs. 304 Crores representing 2.3% of the sales turnover. To augment your Company's R&D capabilities, a Technical Centre has been established at Warwickshire, UK, to harness the R&D skills available in Europe. In this context, I am also delighted to mention that Optare plc UK, in which your Company has 75.1% equity stake, has won the prestigious Society of Motor Manufacturers and Traders (SMMT) Award for Automotive Innovation 2012, for their all-electric bus model Versa EV.

**Maximising Capacities:** The ramp up of your Company's Pantnagar plant to reach an annual capacity of 40,000 vehicles was completed with the capability to ramp up to 50,000 per annum. The manufacturing facility at Ras Al Khaimah also reached full capacity and is rolling out vehicles to the Middle East and Africa. In addition, a new globally benchmarked chassis assembly line was opened at your Company's Ennore Unit that is already achieving improved standards in line efficiency and product quality.

**Brand Building:** The association with your Company's brand ambassador M. S. Dhoni continued and his presence in all forms of brand communication translated into very significant, positive, perceptual shifts towards your Company across target segments and markets. A high decibel TV campaign has generated favourable brand appeal which is invaluable in the evolving competitive market scenario.

**Corporate Social Responsibility**: Through the year, your Company remained committed to its Green Mission, ceaselessly endeavouring to manufacture vehicles that pollute less, emit less. A high point during the year was the manufacturing units at Pantnagar and Alwar winning the most prestigious National Energy Conservation Awards 2012, awarded by the Ministry of Power, Government of India, for implementing various energy conservation initiatives. 30% of the Pantnagar plant is a green belt and more than 50,000 trees have been planted in this 3-year-old plant.

**2013-14: Aapki Jeet. Hamari Jeet.**

Going forward, there are shades of opinion on how the global and Indian economic scenario will unfold and in what time frame recovery would take place. Your Company is well apprised of this evolving scenario and is ready for any eventuality.

As in the previous year, your Company will remain focused on short-term actions to assure operational excellence without losing sight of the long-term initiatives aimed to position your Company to be among the Top 10 Truck and Top 5 Bus manufacturers globally. Interestingly, your Company is already the 4th largest bus maker in the world and the challenge will now be to maintain that status with the backdrop of growing domestic competition and global consolidation.

Your Company has always believed that its success lies in enhancing its customers' profitability and therefore has trained its collective focus in listening to the customer and developing appropriate transport solutions. Your Company's promise to all stakeholders remains *Aapki Jeet. Hamari Jeet.*, because of the belief that our success is dependent on the sustained profitability of our customers and partners. Although the forecasts for 2013-14 are not very encouraging, your Company is targeting to position new products in anticipation of the brighter prospects of the business and with an eye on the future. The A-Truck model featuring the Avia cabin will be launched to give further impetus to your Company's plans in the growing Intermediate Commercial Vehicle space. I am happy to report that the in-house developed modern 'Neptune' engine has come through with flying colors in all field trials and is ready for deployment, while later this fiscal, the much awaited N-Truck with the new globally benchmarked cabin will be launched. The 'Dost' CNG will be introduced to the Delhi market shortly.

The new passenger version on the 'Dost' platform, goods and passenger versions of the multi-functional van – 'Stile' and the 6-Ton 'Partner' are slated to hit the Indian roads during this fiscal.

Your Company recognises the upcoming challenges this year and is geared to face them confidently.

In closing, I gratefully acknowledge the confidence and faith reposed by you in the Board and the Management team of your Company.

You may have noted that Mr. R. Seshasayee has stepped down as the Executive Vice Chairman at the end of last year after a brilliant career with your Company for nearly 4 decades. On your behalf I would like to acknowledge his signal contribution to the sustained profitable growth of your Company over the years and his guidance for a seamless management transition to under the leadership of the Managing Director Mr. Vinod K. Dasari.

Despite having to face stiff headwinds through the year, I must compliment the attitude and determination shown by the employees of your Company to collectively turn in a praiseworthy market performance. I would also like to place on record my deep appreciation for the support and loyalty of your Company's extended family of customers, dealers and supplier partners and look forward to their continuing association in the years ahead.

Thanking you,

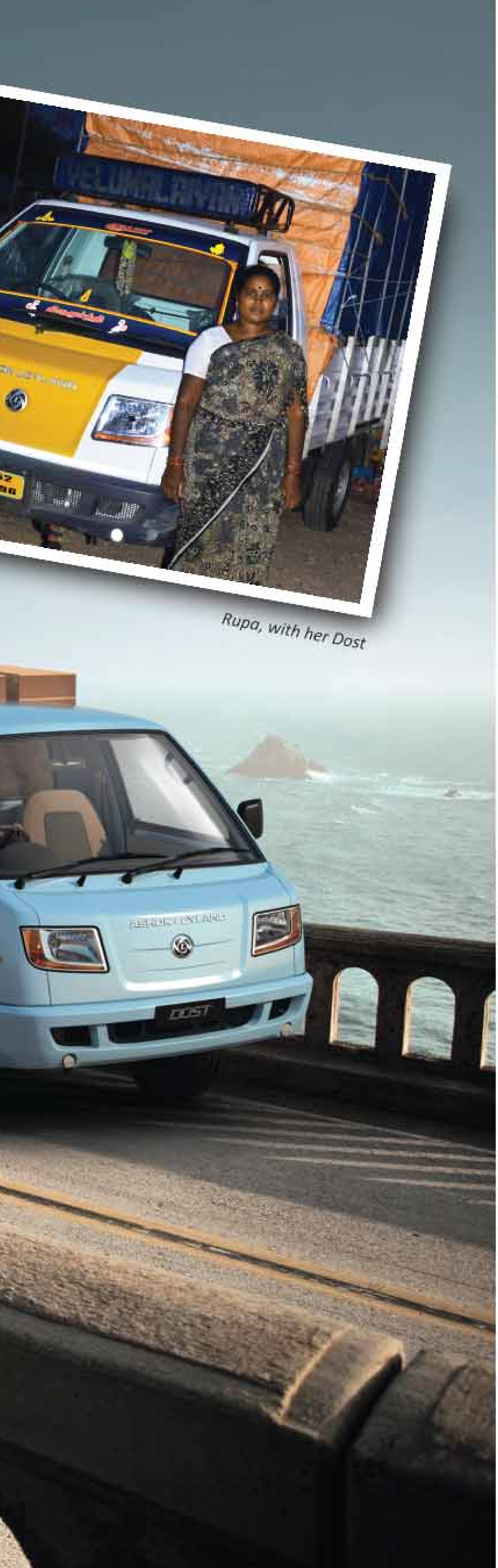
Yours sincerely,

DGHinduja

Dheeraj G. Hinduja
Chairman

# Driven to a better life by a 'Dost'!

Ashok Leyland entered the LCV market with Nissan and the launch of 'Dost'. A category creator, 'Dost' has already sold nearly 35,000 numbers in its first full year of operations and has emerged as the leading brand in its 2 – 3.5T category despite being present in only 12 States in India. Rupa is the first lady owner-driver of a 'Dost' and her's is a story of courage, facing seemingly overwhelming odds with a 'Dost' by her side ...



Rupa, with her Dost

*Rupa is a young 34-year-old single mother who has bravely chosen to create her own destiny in a tough world ... behind the wheels of her 'Dost'.*

*Life had been anything but a bed of roses for her. One day, she found herself stranded in the middle of a 160 km long highway between Hosur and Mettur in Tamil Nadu when her quarrelsome driver walked out on her. She was on one of her routine runs to a wholesale market to buy vegetables and groceries to sell in the uzhavar sandhai (vegetable market) at Kollathur in Mettur. With help, she was able to return safely to base but the incident left her badly shaken. Life taught her one more bitter lesson that day ... to be self-reliant.*

*Soon, having learnt to drive a commercial vehicle, she started to drive her small goods vehicle to 'work' but found that it was not productive enough because she was doing more runs. So she called on Ashok Leyland's LCV dealership in Salem, with her mother in tow, to purchase a 'Dost'. She drove out with one and life immediately changed tracks for the first lady owner of a 'Dost'!*

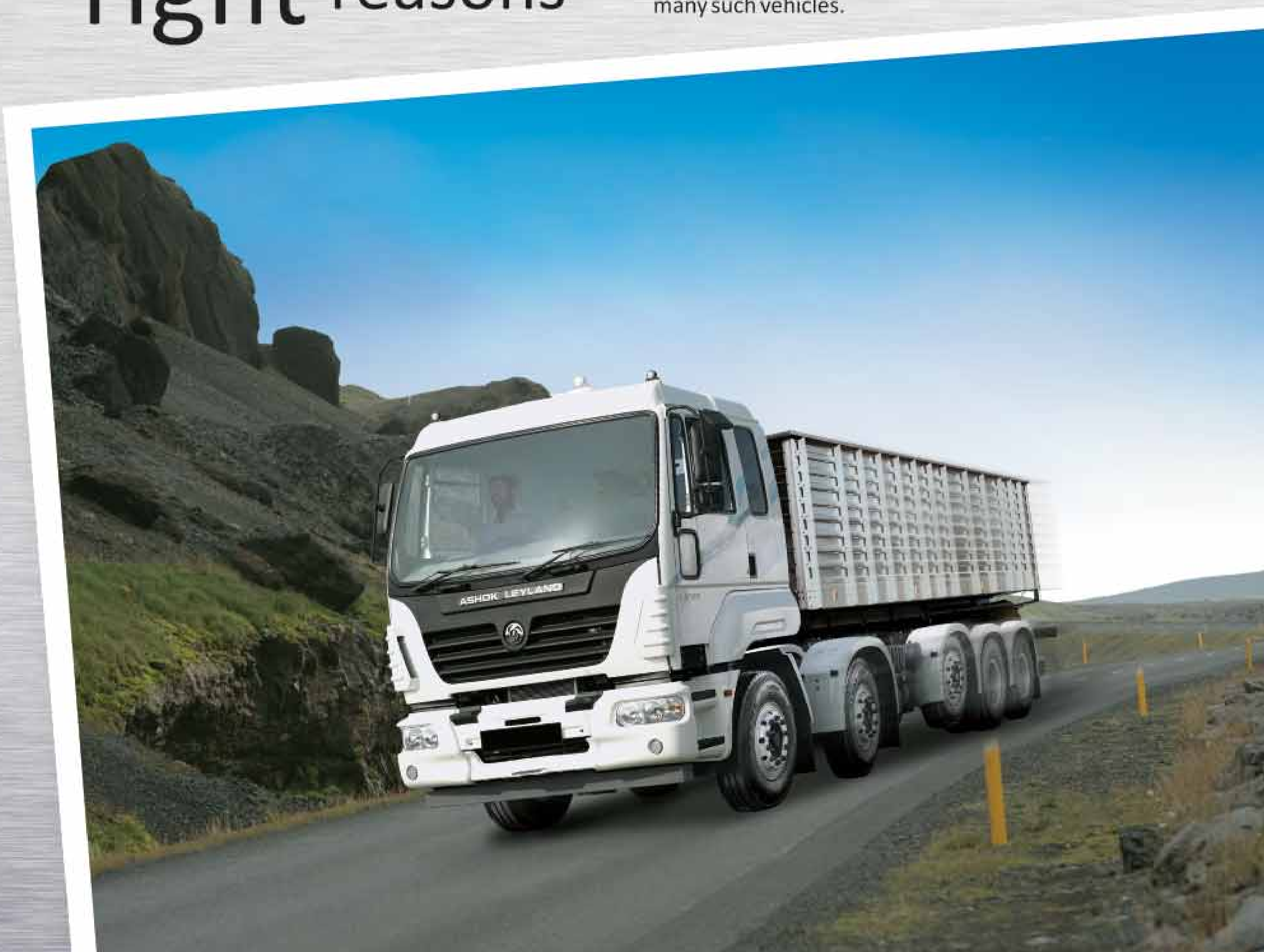
*Her new vehicle was so easy to ride and the cab so comfortable that she started to enjoy her long runs. "Even when fully loaded, I hardly feel it. It is so pleasant, listening to music on the way that it seems I reach my destination much quicker. Changing gears, overtaking are all so easy and it also gives me great mileage." Needless to say, the higher payload of 'Dost' has translated into more business for her.*

*With things beginning to take shape professionally, Rupa has also successfully driven her personal life back on track though it was initially a struggle. Not knowing how to read or write and a failed marriage did not help but, as she says, "my dream was to earn a name for myself in my town and command respect from society!". That she has.*

*In the company of her 'Dost', not only has her business grown exponentially but she is also on the road towards a far brighter horizon.*

# A truck for all the right reasons

At the core of Ashok Leyland's business strategy is the customer and every effort is towards 'hearing' the customer's voice, interpreting his specific requirements and engineering vehicles that are just for him. The 3718il is just one of many such vehicles.




*Chinna Babu, Shree Laxmi Transport*


*From third left (L to R) Anil Bhutia, Proprietor-Anil Freight Carrier; Vimal Bhutia, Director-Nirmal Roadways and Nirmal Bhutia, MD-Nirmal Roadways receive the symbolic key*

*Balbir Singh, New Jaishankar Transport Company*

*Rajkumar Chaudhury, Chaudhury Transport (left), receives the symbolic key*

*Ashok Leyland's 5-axle 3718il is truly a customer inspired transport solution. Vimal Bhutia, proprietor of Nirmal Roadways, certainly thinks so with his several decades' long experience in the trucking business. With a fleet of nearly a hundred trucks transporting parcel load across the country, fuel is his biggest cost component. "Cost of fuel is rising almost every other day so I am always looking for ways to control it. Thankfully, this new truck from Leyland does not just promise but actually delivers better fuel efficiency," says Bhutia sitting in his busy Jaipur office.*

*Several miles away in Bhilwara, Sanmati Jain of Shree Goods Carriers and even further away in Vijayawada, Chinna Babu, owner of Shree Laxmi Transport, echo the same sentiments. Both of them have tasted the fruits of better fuel efficiency from their vehicles and are thrilled to see a visible improvement in their profitability.*

*The 3718il in a 10x2 configuration was Ashok Leyland's response to customers' demand for a higher capacity rigid truck that was more fuel efficient, possessed superior maneuverability and driveability characteristics compared to existing articulated trucks. With a rated payload of up to 25 Tonnes, the 3718il carries a whole lot more. The vehicle is unique for its 5 axles, which includes a lift axle in the middle that automatically lifts when the vehicle is running in an unloaded condition that saves on fuel and enhances tyre life.*

*While the entire Commercial Vehicle industry is wrestling with shortage of skilled drivers, the 3718il has partly mitigated that problem, especially for Balbir Singh of New Jaishankar Transport Company because now "Any of my normal drivers who normally manage an 8- or a 10-wheeler truck can easily handle this vehicle!" It is so maneuverable that drivers are queuing up to drive this vehicle as Rajkumar Chaudhury of Chaudhury Transport, Nagpur, explains: "My drivers are very happy. Earlier, they could hardly manage 300-400 kms a day. Today, they are easily able to do upwards of 500 kms. They are also able to drive for long hours without tiring mainly because of the two steerable axles that makes this vehicle so easy to maneuver. I am happy if my drivers are happy" and with maintenance cost so low, there is reason enough for all to be doubly happy.*

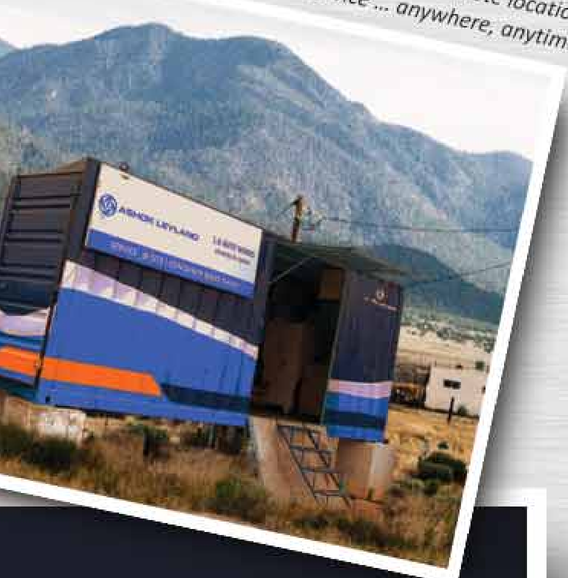
*Babu concurs again with Singh and Chaudhury on the driver front but he has got yet another reason to smile for he is now delighting his customers by delivering material exactly where they want. "This truck can easily negotiate small roads and even lanes, and now I can deliver directly at godowns or at construction sites. It's almost like having one truck with the benefits of two!"*

*In essence, they are all singing the same chorus line that Ashok Leyland has engineered yet another winner!*

# Reaching out to shorten distances

One of the defining reasons for Ashok Leyland's good performance during 2012-13 was a robust network development programme. Using both conventional and innovative methods, the team was there, where their customer needed them. Here's how they made it happen.





SASSY stationed in a remote location for service ... anywhere, anytime

It will be tough, even for a geography student, to spot either Phusro or Tikiri or Theog on the map of India. Interestingly, these three places along with 35 other equally far-flung but strategic locations across the country, have been chosen by Ashok Leyland to station their SASSYs, which represent an innovative aspect in the Company's robust network expansion programme. SASSY or 'Service and Spares that Satisfy You', is a service unit residing in a 20 feet container fully equipped with tools, equipment and trained personnel to meet a customer's service requirements promptly, speedily and efficiently ... anywhere, anytime.

Vijay Kumar Goenka, a customer from Dankuni, West Bengal, is very happy that the distance between him and the Company has dramatically shortened. "With this new service facility, I feel Ashok Leyland has come closer to me and now they are always there when I need them. I do not get much warning as to when and where I require help, sometimes even in places that are many miles apart, but with this new facility, I am now beginning to experience prompt service. It is such a relief!" he smiles.

More customers like Goenka are experiencing the value of the SASSY initiative that significantly augments the Company's aggressively expanding network which grew by close to 25% during 2011-12 and by another 25% in 2012-13. In the last one year itself, 17 new dealerships have joined the Ashok Leyland family while the Company's tally of full-service outlets have moved past the 450 mark. With standard fascia and layouts, uniformity of design and colour, the Company is truly making its presence felt, not only in its erstwhile strong markets but elsewhere as well. Customers swear by Ashok Leyland's Tatkaal promise of reaching them within 4 hours anywhere on any major highway and the assurance of vehicle restoration in just 48 hours, all at a single call on 'Leyland Direct', the Company's 24-hour toll-free number.

Nearly 6,000 Leypart outlets pan-India gives the Company added presence and convenience for customers to easily access genuine spare parts. 49 Leypart Shoppes have added a new dimension to ready parts availability. And the army of nearly 20,000 retailers and mechanics, chosen and nurtured through the highly successful eMITR loyalty programme, further increases the Company's reach manifold.

Yes, Ashok Leyland has truly shortened distances between themselves and their customers.

# Towards living a Kenyan dream

With an estimated GDP growth of over 5%, the Kenyan economy is on the go. For Ashok Leyland, Kenya is a market of immense potential and Benson Mwangi Karange represents an example of lives that have changed riding on a growing fleet of Ashok Leyland vehicles ...


Benson Mwangi Karange (left), with his 2516

*Benson Mwangi Karange's life took a 'U' turn the day he became a 'Turnboy'. Prior to that day, his was a life of trials, selling fruits and peanuts to truck drivers on a highway to make ends meet on the home front and eke out something to complete his studies.*

*Life on the highway brought him up close with a lot of truck drivers and he began to understand their lives on the road and their special relationship with their vehicles. Benson soon found that trucks fascinated him. After a number of failed attempts to become a part of Nairobi's trucking community, one day his desire was fulfilled when he landed a job as a 'Turnboy' or driver's assistant on a truck bought by one of his relatives.*

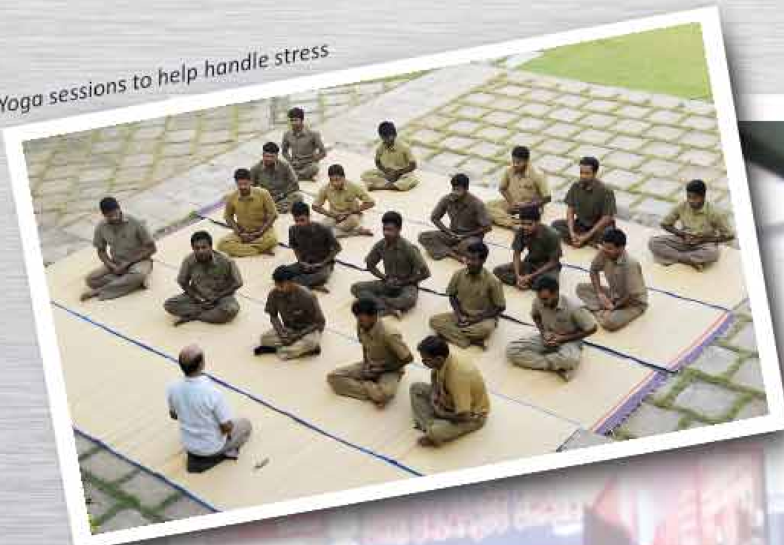
*A quick learner, Benson soon took over the wheel and spent the next two years of his life transporting building material from stone quarries and construction sites, all the time learning more and more about the transport business.*

*Around this time he got introduced to an Ashok Leyland Tipper and its excellent performance triggered a passion in him. "I started to live my dream of becoming a truck owner," he says with stars in his eyes. Again, finances proved to be a huge speed-breaker but undeterred, Benson tenaciously pursued his dream and finally in June 2010 he became the proud owner of an Ashok Leyland 2516 Tipper. Business grew and so did Benson's fleet, which is today five Ashok Leyland trucks strong. "I had always been convinced about the performance of Leyland trucks. Now, I am impressed with their affordability and reliability," he says, proudly patting the fascia of a 2516 Tipper parked behind him.*

*Kenya is on the cusp of significant economic growth; there is widespread optimism and a host of road and infrastructure projects on the anvil – just the right ingredients for enterprising people like Benson to live their Kenyan dream!*

# Helping lives change lanes... for the better

A trucker's life is tough and demanding, away from home for days on end with just a cleaner and a blaring radio station for company, and each checkpoint fraught with loads of challenges that only drivers know. Here is how Ashok Leyland is helping to enrich their lives ...



Yoga sessions to help handle stress

Unique, state-of-the-art, motion driving simulator – one of its kind in India

Classroom training on cut-sections

Hands-on, individual training

*For long, N. K. Ramkumar had been endangering his life every time he drove a truck because of his obvious lack of driving skills. The inconvenient truth is that there are many like Ramkumar on the roads, posing a threat not only to their own lives, but also to the vehicles they drive, the expensive goods they transport and the lives of those who share the road with them. Ashok Leyland's Driver Training Institutes (DTIs) have been playing a vital role towards making the roads safer.*

*At one of the five DTIs that Ashok Leyland has established at Namakkal (Tamil Nadu), apart from Burari (near Delhi), Chhindwara (MP), Bhubaneswar (Orissa) and Kaithal (Haryana), Ramkumar was able to re-learn and then improve his driving skills under the watchful eyes of trained instructors for which he is ever thankful."Leyland became my Life Land" he says earnestly.*

*Like Ramkumar, there are over 500,000 well-trained drivers on the roads who have found fresh moorings in life at these DTIs that prepare drivers for life both on and off the road. Better driving techniques, technicalities and the working of vehicles, insights into trouble-shooting when stuck far away from habitation, methods to improve fuel efficiency of vehicles and ensure safety against fire, especially when transporting hazardous material, form part of a comprehensive curriculum. There are also courses in yoga, stress control and counseling that help drivers deal with long hours of loneliness and lack of regular human contact.*

*"It gave me a new beginning," says M. Suresh who was once on the streets, penniless and without a job because of a chronic drinking problem. "I was able to give up my drinking. Really, that institute was like a temple for me!" There are many such stories, only the names are different. For Anil Dua, it was the quest for self-esteem and respect, while for Murugan, it was just an urge to be better at what he does best – drive a truck. "The simulator was something like from a Rajini film," laughs M Kalyana Sundaram but it polished his art and "now I feel like a new diamond!"*

*If drivers' lives are changing lanes for the better, customers are also enjoying the benefits of a well-trained, responsible driver handling their expensive vehicle and goods. K. Nallusamy, owner of Thenpandian Transports, Namakkal, believes that "They are no longer my drivers, they are my assets," because his customers are delighted with safe, on time deliveries.*

*While Ashok Leyland has been engineering increasingly superior vehicles to make driving easier, they have also gone that extra mile, to help drivers improve their skill sets and essentially become better human beings. After all, it pays to do business with a heart.*

# Banking on Ashok Leyland's power

An important cog in the Company's de-risking strategy to reduce the impact of the cyclicality, and in recent times, the volatility of the CV industry, is the Power Solutions Business (PSB). In a country that constantly faces the problem of power shortage, the demand for generator sets has been on the rise and especially for those powered by Ashok Leyland engines. Here is one customer who has experienced its 'cooling' influence...


*The customers and employees of 11 Indian Bank branches in the Dharmapuri zone in Tamil Nadu, can now transact and work in comfort thanks to Ashok Leyland. Launched as part of a rapid network expansion exercise by the bank, all these branches were located in remote areas that faced severe power shortage."This posed a serious problem for us," says a worried Aarumugam, Assistant Bank Manager. "It was getting very uncomfortable to work without power especially in the middle of the day. What was worse is that customer interactions had begun to be adversely affected."*

*Realising the seriousness of the issue, the bank quickly swung into action. After considering various options, they soon realized that their solution and solace lay in equipping these branches with generator sets (gensets, for short) to provide power when the supply from the grid failed.*

*With a thoroughness that is reflective of all banking procedures, Indian Bank undertook an analysis of the capabilities of the various genset providers in the market. They even spoke to various user groups about their experiences with both the service provider and on product performance. It did not take them long to conclude that gensets powered by Ashok Leyland engines were a cut above the rest in terms of performance, service and spares availability. They drew confidence from the fact that such gensets had already been installed at a few of their other branches without any reason for complaint. It was also comforting that more than 15,000 gensets with Ashok Leyland engines had been supplied to the Indian telecom industry with an outstanding track record.*

*The order was placed and meticulously executed by Ashok Leyland's Original Equipment Manufacturer, OJUS Power, who offered Indian Bank a total solution including transportation of the gensets, installation and commissioning with proper load trials, precise familiarisation procedures and prompt post sales service.*

*Aarumugam, is now a much relieved man. "Our customers are happy that they can spend quality time at our branch and that is of prime importance for me. All thanks to this genset," he beams. Power cuts are no more a sweaty issue for Indian Bank's customers and employees thanks to the power of Ashok Leyland engines.*

# Youth power to the fore

Ashok Leyland has been acknowledged as a great place to work, thanks to some innovative HR practices that have opened opportunities, welded the Company into one unified force and created platforms for employees to express themselves. Here are some programmes that have yielded rich dividends ...

*Livewire 'emerging leaders' at an outbound programme*

*Young leaders of banner projects, along with Mission Commanders and the Company's leadership team*

Onsite girls' hostel at Pantnagar – the only such facility within industry premises in the country

State-of-the-art Training Centre at Pantnagar

For many girl students in the region, Pantnagar provides the opportunity to excel

*The 200-acre expanse that is Ashok Leyland's youngest and largest manufacturing facility at Pantnagar, Uttarakhand (UTK) is also the most integrated in the automotive industry. Within three years of going on stream, customer appreciation has been coming in for the well engineered, high-quality vehicles rolling out of its gates. This is not only attributable to the state-of-the art machinery, but also to an integrated work force, that has a healthy mix of girls and boys, charged and trained under an innovative HR initiative appropriately christened 'BLESSING' or Building Leaders of Excellence for Social Sustainability through Inspiring and Nurturing GenNext – in expanded form.*

*A pioneering social responsibility initiative, 'BLESSING' is already changing the lives of close to 1,000 students, drawn from more than 13 districts in UTK, most of them with a financially weak background. As part of the scheme, they not only benefit from exemplary industrial exposure even while they pursue their engineering diplomas, but their fixed monthly stipends significantly contributes to the earning potential of their families. While the Company arranges for food and uniforms for all students, the girl students are housed in a well-appointed onsite Girls' Hostel which is the first of its kind in a manufacturing plant in the country.*

*'BLESSING' therefore spells all round gains: for the industry: a 'plug and play', knowledgeable work force; for Ashok Leyland: skilled and committed employees; for the youth: a bright today and an even brighter tomorrow.*

*Pantnagar has one more claim to fame: a state-of-the-art Learning Center, built with an investment close to Rs. 30 crores, equipped with CAD lab, CNC Machines, Robotics lab, Electronics lab, Pneumatics lab and more. It even has a special training lab for welding, painting and service.*

*A standout initiative that productively channelised the youth power within Ashok Leyland was the series of Banner Projects that were launched across the Company. Motivated bands of handpicked Emerging Leaders were given specific goals to achieve, for product, quality, cost and market share improvements. With mentoring from Mission Commanders, these young soldiers stormed various forts, wrung significant changes and brought home huge gains: be it 10-12% improvement in fuel efficiency on MAVs or the introduction of the unique truck-on-truck mode of delivery or production enhancement of 'H'- Series engines or even the improvement of quality metrics right through the chain.*

*A lot has been accomplished but with more peaks to conquer, a new wave of projects have been launched, as Ashok Leyland remains committed to giving new meaning to customer delight.*

# BOARD OF DIRECTORS

*Standing (L-R) :*
Y M Kale (Alternate Director),
Jean Brunol,
Shardul S Shroff,
A K Das,
Anil Harish,
Sanjay K Asher and
Jorma Antero Halonen

*Sitting (L-R) :*
D J Balaji Rao,
Dr V Sumantran (Non Executive Vice Chairman),
Dheeraj G Hinduja (Chairman),
R Seshasayee (Non Executive Vice Chairman),
Vinod K Dasari (Managing Director) and
F Sahami

Dr. Andreas H Biagosch could not
join us at the photo shoot

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

# FINANCIALS

# A HISTORICAL PERSPECTIVE

₹ Lakhs

| Particulars | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Sales Volume** | | | | | | | | | | |
| Vehicles (numbers) | 48,654 | 54,740 | 61,655 | 83,094 | 83,307 | 54,431 | 63,926 | 94,106 | 1,01,990 | 1,14,611 |
| Engines (numbers) | 5,085 | 6,254 | 7,171 | 8,202 | 11,757 | 21,447 | 19,050 | 17,377 | 16,170 | 21,757 |
| Spare parts and others | 44,680 | 54,600 | 78,380 | 54,684 | 79,124 | 79,969 | 88,506 | 1,06,194 | 1,55,400 | 1,81,458 |
| **Revenue (Gross sales)** | 3,92,730 | 4,81,080 | 6,05,310 | 8,30,472 | 8,94,715 | 6,66,664 | 7,87,260 | 12,15,300 | 13,72,081 | 13,29,856 |
| **Profit before tax** | 28,646 | 35,501 | 45,230 | 60,451 | 63,815 | 20,845 | 54,477 | 80,180 | 68,998 | 47,071 |
| **Profit after tax** | 19,358 | 27,141 | 32,732 | 44,129 | 46,931 | 19,000 | 42,367 | 63,130 | 56,598 | 43,371 |
| **Assets** | | | | | | | | | | |
| Fixed assets | 92,110 | 97,900 | 1,08,470 | 1,54,452 | 2,05,479 | 4,39,741 | 4,81,103 | 4,99,176 | 5,46,171 | 5,97,081 |
| Non-Current Investments | 14,660 | 22,919 | 36,818 | 22,109 | 60,990 | 26,356 | 32,615 | 1,23,000 | 1,53,448 | 2,33,763 |
| Long term loans and advances | 2,852 | 3,161 | 5,690 | 17,021 | 13,550 | 10,020 | 20,145 | 38,463 | 60,824 | 47,970 |
| Other non-current assets | 2,692 | 1,482 | 420 | 2,330 | 2,076 | 823 | 363 | 316 | 743 | 1,203 |
| **Non-Current Assets** | **1,12,314** | **1,25,462** | **1,51,398** | **1,95,912** | **2,82,095** | **4,76,940** | **5,34,226** | **6,60,955** | **7,61,186** | **8,80,017** |
| Inventories | 50,694 | 56,808 | 90,256 | 1,07,032 | 1,22,391 | 1,33,001 | 1,63,824 | 2,20,890 | 2,23,063 | 1,89,602 |
| Trade Receivables | 40,562 | 45,876 | 42,434 | 52,288 | 37,583 | 95,797 | 1,02,206 | 1,16,450 | 1,23,076 | 1,41,941 |
| Cash and Bank balances | 32,497 | 79,668 | 60,288 | 43,494 | 45,137 | 8,808 | 51,892 | 17,953 | 3,256 | 1,394 |
| Short Term loans and Advances | 19,761 | 30,213 | 24,573 | 49,937 | 68,864 | 68,934 | 75,901 | 33,439 | 72,657 | 89,098 |
| Other current assets | 540 | 452 | 310 | 112 | 154 | 146 | 155 | 9,644 | 8,337 | 7,618 |
| **Current assets** | **1,44,054** | **2,13,017** | **2,17,861** | **2,52,863** | **2,74,129** | **3,06,686** | **3,93,978** | **3,98,376** | **4,30,389** | **4,29,653** |
| **Total** | **2,56,368** | **3,38,479** | **3,69,259** | **4,48,775** | **5,56,224** | **7,83,626** | **9,28,204** | **10,59,331** | **11,91,575** | **13,09,670** |
| **Financed by** | | | | | | | | | | |
| Share capital | 11,893 | 11,893 | 12,216 | 13,239 | 13,303 | 13,303 | 13,303 | 13,303 | 26,607 | 26,607 |
| Reserves and surplus | 93,286 | 1,04,894 | 1,29,029 | 1,76,218 | 2,01,595 | 3,34,470 | 3,52,327 | 3,82,993 | 3,94,626 | 4,18,904 |
| **Shareholders funds** | **1,05,179** | **1,16,787** | **1,41,245** | **1,89,457** | **2,14,898** | **3,47,773** | **3,65,630** | **3,96,296** | **4,21,233** | **4,45,511** |
| Long term borrowings | 38,264 | 76,528 | 60,641 | 46,152 | 70,632 | 1,85,826 | 2,11,819 | 2,34,813 | 2,29,335 | 2,73,784 |
| Deferred tax liability - Net | 18,029 | 17,084 | 17,969 | 19,693 | 25,382 | 26,344 | 38,454 | 44,389 | 49,037 | 52,737 |
| Long-term provisions and Liabilities | 3,998 | 6,197 | 7,113 | 8,860 | 9,286 | 9,410 | 11,421 | 7,846 | 7,656 | 8,028 |
| **Non-current liabilities** | **60,291** | **99,809** | **85,723** | **74,705** | **1,05,300** | **2,21,580** | **2,61,694** | **2,87,048** | **2,86,028** | **3,34,549** |
| Short-term borrowings | 207 | 138 | 69 | 14,328 | - | - | - | - | 10,175 | 76,698 |
| Trade payables | 60,411 | 86,189 | 1,04,595 | 1,43,368 | 1,73,511 | 1,77,129 | 2,33,168 | 2,30,851 | 2,57,097 | 2,48,537 |
| Other current liabilities | 19,575 | 21,305 | 18,578 | 25,354 | 37,278 | 19,746 | 42,264 | 1,03,442 | 1,75,005 | 1,73,506 |
| Short-term provisions | 10,704 | 14,251 | 19,049 | 1,563 | 25,237 | 17,398 | 25,448 | 41,694 | 42,037 | 30,869 |
| **Current liabilities** | **90,897** | **1,21,883** | **1,42,291** | **1,84,613** | **2,36,026** | **2,14,273** | **3,00,880** | **3,75,987** | **4,84,314** | **5,29,610** |
| **Total** | **2,56,368** | **3,38,479** | **3,69,259** | **4,48,775** | **5,56,224** | **7,83,626** | **9,28,204** | **10,59,331** | **11,91,575** | **13,09,670** |
| Basic Earnings Per Share (₹) | 1.63 | 2.28 | 2.74 | 3.38 | 3.53 | 1.43 | 3.18 | 2.37* | 2.13* | 1.63* |
| Dividend per share (₹ ) (Face value ₹ 1 each)* | 0.75 | 1.00 | 1.20 | 1.50 | 1.50 | 1.00 | 1.50 | 2.00 | 1.00 | 0.60 |
| Employees (numbers) | 12,007 | 12,178 | 11,845 | 12,125 | 13,304 | 11,938 | 13,662 | 15,812 | 15,734 | 14,668 |

*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 Years 2010-11 to 2012-13.

# DIRECTORS' REPORT

**Part I - Performance / Operations**

The Directors have pleasure in presenting the Annual Report of the Company, together with the audited Financial Statements, for the year ended March 31, 2013.

**FINANCIAL RESULTS**

(₹ lakhs)

| | 2012-13 | 2011-12 |
|---|---|---|
| **Profit before tax** | **47,070.67** | **68,997.66** |
| Less: Tax Expense | 3,700.00 | 12,400.00 |
| **Profit after tax** | **43,370.67** | **56,597.66** |
| Balance profit from last year | 90,793.13 | 75,118.52 |
| Transfers: | | |
| a) From Debenture Redemption Reserve to Statement of Profit and Loss | - | 3,750.00 |
| b) From Statement of Profit and Loss to Debenture Redemption Reserve | - | (3,750.00) |
| c) From Statement of Profit and Loss to General Reserve | (5,000.00) | (10,000.00) |
| **Profit available for appropriation** | **1,29,163.80** | **1,21,716.18** |
| Appropriations: | | |
| Proposed dividend | 15,964.06 | 26,606.77 |
| Corporate dividend tax thereon | 2,713.09 | 4,316.28 |
| **Balance profit carried to balance sheet** | **1,10,486.65** | **90,793.13** |
| Earnings per Share (Face value ₹ 1/-) | | |
| – Basic and Diluted (in ₹) | 1.63 | 2.13 |

**Dividend**

The Directors recommend a dividend of 60% (₹ 0.60 per equity share of ₹ 1/-) for the year ended March 31, 2013.

**Company Performance**

The year under review saw a slowdown in the Indian economy with a consequent adverse impact on the commercial vehicle industry. Whilst the overall volume declined by 2% year over year, the medium & heavy duty segment clocked a 25% drop. Despite the above, your Company increased its market share from 23.5% to 26.5% in the M&HCV segment.

In the Light Commercial Vehicle (LCV) segment, 'Dost' continued to grow in volumes. The performance of Power Solution Business and Spares have been very encouraging. Export volumes dropped primarily due to the setback in Sri Lanka which could not be fully recouped in other geographies.

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

**Research and Development (R&D), technology absorption, energy conservation etc.**

Your Company continues to focus on Research and Development activities with particular reference to development of competitive products with accent on performance, fuel efficiency, emission and ride comfort.

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

The particulars prescribed by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules,1988 relating to Conservation of Energy, Technology Absorption, 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 ₹ 350 Crores for a tenor of 3 years (NCD Series AL 17 for ₹ 200 Crores and NCD Series AL 19 for ₹ 150 Crores) and ₹ 250 Crores for a tenor of 5 years (NCD Series AL 18 for ₹ 100 Crores and NCD Series AL 20 for ₹ 150 Crores) aggregating to ₹ 600 Crores for FY 2012-13. During the year, no Secured Non-Convertible Debenture had fallen due for redemption.

**External Commercial Borrowings (ECBs)**

Your Company contracted ECBs in Japanese Yen, equivalent to USD 60 Mn, during FY 2011-12 and USD 115 Mn in 2012-13 from Banks for an average tenor of 5 to 5.6 years (Door to door of 6 to 7 years) on unsecured basis and USD 110 Mn was utilized during FY 2012-13. The funds drawn under ECBs were utilized to fund capital expenditure programme 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, in Japanese yen, equivalent to USD 81.66 Mn and USD 16.66 Mn during FY 2012-13.

**Part II - Corporate matters**

**Human Resources**

Your Company values the human resources, their contribution and potential, as one of the foundational pillars for achieving the organisational vision.

Your Company's flagship scheme for seeding internal leadership pipeline has been re-christened as the 'Emerging Leaders Programme' with a renewed focus to identify and nurture internal leaders.

Banner projects involving cross-functional teams have benefitted the organisation in product initiatives, process efficiency and market share improvements.

# DIRECTORS' REPORT

Your Company has sustained the status as the 'Most Preferred Employer' on Premier Engineering Institutes, which has facilitated induction of a creamy layer of talent.

Your Company developed vibrant Industry-Institute collaborative initiatives, leading to creation of a talent pool, skill and capabilities enhancement.

Shop floor engagement initiatives like 'Blessing', Knowledge Academy / career development for associates, have gained momentum, promoting a collaborative work culture.

Your Company sustained harmonious and healthy industrial relations in all manufacturing plants.

**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 issued certificate of compliance with the Code of Conduct, as required by SEBI guidelines.

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

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

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

The information required under Section 217(2A) of the Companies Act, 1956 and the Rules made 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.

**Directors**

Mr Anil Harish, Mr Sanjay K Asher and Mr Jean Brunol, Directors, retire at the forthcoming Annual General Meeting and are eligible for re-appointment.

Mr R Seshasayee steps down as Executive Vice Chairman at the expiry of his term as on 31.03.2013. However, he continues to be a Director and becomes eligible for retirement by rotation. He retires at the forthcoming Annual General Meeting and is eligible for reappointment.

Mr R Seshasayee was appointed as Non-Executive Vice Chairman effective 01.04.2013.

Dr Andreas H Biagosch was appointed as an Additional Director at the Board Meeting held on May 10, 2013. His term of office expires at the end of the ensuing Annual General Meeting. The Company has received Notice under Section 257 of the Companies Act proposing him for appointment as Director of the Company.

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 2013-14.

Cost Audit Reports for the financial year 2011-12 were filed on January 28, 2013 (due date – February 28, 2013).

**Auditors**

M/s M S Krishnaswami & Rajan, Chartered Accountants and M/s Deloitte Haskins & Sells, Chartered Accountants, retire at the close of this Annual General Meeting and are eligible for re-appointment. The Company has received confirmation from both the firms that their appointment will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. The Audit Committee of the Board has recommended their re-appointment for the year 2013-14. The necessary resolution is being placed before the shareholders for approval.

**Acknowledgement**

The Directors wish to express their appreciation of the continued co-operation of the Central 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 and continued commitment, support and co-operation through the year.

On behalf of the Board of Directors

Chennai
May 10, 2013

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 continued their efforts in conserving energy.
- About 10.4 Mn electrical units (2.3 times increase from 2011-12) have been saved leading to significant savings in energy costs in 2012-13.

  This was possible due to the high degree of awareness and intensive focus on energy-saving avenues through the Mission Gemba Cost Management Initiatives.
- Besides, phenomenal savings were realised by the recurring benefits from energy savings projects to the tune of ₹ 80.5 lakhs in 2012-13 as per the recommendations of PCRA through their audits at all manufacturing plants in 2011-12 and implementation of the pending projects as well.

**Significant Initiatives:**

- 62.2% of total savings in cost was through wind power.
- 12% of total savings through systematic monitoring and controlling.
- Maintenance of Power factor throughout the year through optimum use of capacitor banks.
- Augmentation of Solar Energy at plants.

  On Grid interactive Solar Power Plant introduced at our Technical Centre, Vellivoyalchavadi, Chennai.
- Use of natural lighting & ventilation and less energy consuming lights (CFL, LED etc.).
- Use of Indian Energy Exchange (IEX) power has resulted in savings of ₹ 121.7 lakhs.
- Concept of energy saving per machine introduced.

**Awards and recognition:**

- Alwar Plant won 2nd Position in the National Energy Conservation Award (NECA-2012) from the President of India on December 14, 2012 for the Automobile sector in the Minor Consumer category.
- Pantnagar Plant won 2nd Position in the National Energy Conservation Award (NECA-2012) from the President of India on December 14, 2012 for the Automobile manufacturing sector category.

**B) TECHNOLOGY ABSORPTION**

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

**Engines & Aggregates**

- Production rampup readiness of 'Neptune' series of engines completed after extensive engine and vehicle durability trials.
- Development of engine and exhaust systems to meet OBD-II (On Board Diagnostics) requirements.
- Technology readiness to meet emerging Bharat Stage V and VI emission norms.
- Development of new Front Axles for the Intermediate Commercial (ICV) range of vehicles.
- Development of Multiplexed Electrical Architecture for buses & trucks.

**Vehicle models**

- Introduction of New 5-axle haulage vehicle with lift axle, for improved payload, carrying capacity and superior value.
- Launch of several U-Truck tractor and tipper models and variants, building upon the successful introduction of the platform in 2011-12.
- Launch of several buses and trucks that meet Bharat Stage IV regulations.
- First commercial vehicle manufacturer in the country to meet the OBD-II requirements.
- New Global Bus Program initiated to develop transport solutions on a fully modular and cost efficient platform.
- Launch of various models for the Indian Army.

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

Market introduction of new engine families with improved performance and fuel economy compared to competition, package protected for Euro-6 emission standards.

- New vehicle introductions in the LCV segment and export markets, thereby delivering incremental volumes.

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

- New vehicles launched with superior price-performance value propositions.
- Improved market penetration of new platforms and models creating critical momentum for further growth.
- More than 15 provisional patents filed.

**3. Future plan of action:**

- Introduction of the world's first front engine, single step entry, fully flat low floor bus, the JanBus.
- New range of Intermediate Commercial Vehicle (ICV) trucks with completely new styling is ready for launch.
- Next generation of cab with all-new styling is ready for launch.

**4) Expenditure on R&D**

| | ₹ Lakhs |
|---|---|
| | 2012-13 |
| Capital | 6,594.50 |
| Revenue (excluding depreciation) | 24,503.09 |
| Less: Amount received by R & D Facilities | 711.42 |
| **Total** | **30,386.17** |
| Total R & D Expenditure as a % of total turnover | 2.28% |

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

Details of earnings accrued and expenditure incurred in foreign currency are given in Note 3.2.1, 3.2.2 and 3.2.3 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. The Board meets in February/March every year to formulate corporate plans for the next five years, revisits/reviews strategy adopted and suggest corrections if any required to the operating team.

**1. Philosophy on Corporate Governance**

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

- good strategic direction
- sound business decisions
- prudent financial management
- high standards of ethics throughout the 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
  - following Voluntary Guidelines 2009 issued by the Ministry of Corporate Affairs

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

Pursuant to Clause 49 of the Listing Agreement, a confirmation from the Managing Director of the Company regarding compliance with the Code by all members of the Board and senior management is given on Page 40 of the Annual Report. The full text of the Code is furnished at the end of this Report, and is also displayed on the Company's website www.ashokleyland.com.

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

**2. Board of Directors:**

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

**a) Composition:** As at March 31, 2013, the strength of the Board was 12 members with Mr. Dheeraj G Hinduja as Non-Executive Chairman. The composition of the Board is as follows:

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

None of the above Directors are related to each other.

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

* Mr. R. Seshasayee - ceased to be the Executive Vice Chairman on the expiry of his term on 31.03.2013 and has been appointed as Non-Executive Vice-Chairman with effect from 01.04.2013.

# 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 2012-13 | Whether attended last A.G.M. held on July 24, 2012 | No. of Directorship in other Public Companies registered under Companies Act (#) | | No. of Committee position in other Public Companies registered under Companies Act (**) | |
|---|---|---|---|---|---|---|
| | | | as Member | as Chairman | as Member | as Chairman |
| Mr. D G Hinduja | 6 | Yes | 5 | - | - | - |
| Mr. Anil Harish | 4 | Yes | 13 | - | 6 | 3 |
| Mr. D J Balaji Rao | 6 | Yes | 9 | 1 | 4 | 4 |
| Mr. A K Das | 5 | Yes | 7 | 2 | 2 | - |
| Mr. Jean Brunol | 5 | Yes | 1 | - | - | - |
| Mr. Jorma Antero Halonen | 5 | Yes | 1 | - | - | - |
| Mr. F Sahami | 6 | Yes | 1 | - | 1 | - |
| Mr. Sanjay K Asher | 6 | Yes | 14 | - | 5 | 3 |
| Mr. Shardul S Shroff | 3 | Yes | 6 | - | 2 | - |
| Dr. V Sumantran | 5 | Yes | 4 | 3 | 2 | 2 |
| Mr. R Seshasayee | 5 | Yes | 4 | 5 | 1 | 2 |
| Mr. Vinod K Dasari | 5 | Yes | 6 | - | - | - |
| **Alternate Director** | | | | | | |
| Mr. Y M Kale | Nil | Not applicable | 2 | - | 1 | 1 |

(#) Excludes Alternate Directorships

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

'Public Companies' excludes Foreign Companies

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

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

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

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

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

Pursuant to the approval of the shareholders at the 62nd Annual General Meeting of the Company held on July 19, 2011, Commission is payable for the financial year 2012-13 to the Non-Executive Directors at a rate not exceeding 1% of the Net profits of the Company computed in accordance with the provisions of Section 198 and 309 of the Companies Act, 1956. The amount of commission payable to each director is decided by the Board of Directors on the following criteria.

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

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

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

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

Board Meetings held during the year 2012-13

| Date of Meeting | Total no. of Directors | No. of Directors present |
|---|---|---|
| May 14, 2012 | 12 | 12 |
| June 12, 2012 | 12 | 7 |
| July 24, 2012 | 12 | 12 |
| November 8, 2012 | 12 | 11 |
| January 24, 2013 | 12 | 10 |
| February 27 – March 1, 2013 | 12 | 9 |

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

The last Annual General Meeting was held on July 24, 2012.

**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 discussions with external auditors before the audit commences regarding the nature and scope of audit and post audit discussions 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.

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

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

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

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

**c) Meetings and Attendance**

Audit Committee Meetings held during the year 2012-13 and attendance details

| Date of Meeting | No. of members present |
|---|---|
| May 14, 2012 | 4 |
| July 24, 2012 | 4 |
| November 8, 2012 | 4 |
| January 24, 2013 | 3 |

- Mr. A R Chandrasekharan, Executive Director and Company Secretary was the Secretary to the Committee upto September 30, 2012.

  With effect from October 1, 2012, Mr. S Venkatasubramanian, Company Secretary is the Secretary to the Committee.

- The Managing Director, Chief Financial Officer and Head – Internal Audit attended all the meetings of the Committees as invitees.

The Statutory Auditors of the Company and the Cost Auditors were invited to attend the meetings of the Audit Committee.

**4. Nomination and Compensation Committee**

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

Mr. A R Chandrasekharan, Executive Director and Company Secretary, was the Secretary, to the Committee upto September 30, 2012.

With effect from October 1, 2012, Mr. S Venkatasubramanian, Company Secretary, is the Secretary to the Committee.

**The Terms of Reference of this Committee are:**

- Search for, evaluate, shortlist and recommend the incumbent for the position of Managing Director and the Whole-time Director and their engagement terms.
- Evaluate and approve for appointment of candidates recommended by the Managing Director for positions of Executive Directors and above.
- Design and administer processes for evaluating the effectiveness [i.e., Performance Management System] of the Managing Director, the Whole-time Director 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, individual performance, Company's performance and industry standards. Remuneration of the then Executive Vice Chairman and the Managing Director is recommended by Nomination and Compensation Committee and are subject to the approval of the Board of Directors and shareholders and consists of fixed and variable component and are in line with

Company's Policy and Rules as applicable to senior management personnel. The variable components include commission linked to individual performance. They are not entitled to any sitting fees for attending the Board / Committee meetings.

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

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

**c) Nomination and Compensation Committee Meetings held during the year 2012-13 and attendance details**

| Date of Meeting | No. of members present |
|---|---|
| May 13, 2012 | 4 |
| November 8, 2012 | 4 |
| January 24, 2013 | 3 |
| February 28, 2013 | 2 |
| March 22, 2013 | 4 |

**d) The details of remuneration paid/payable to the Directors for the year 2012-13 are:**

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

| | ₹ | | ₹ |
|---|---|---|---|
| Mr. D G Hinduja | 3,00,000 | Mr. F Sahami | 2,00,000 |
| Mr. Anil Harish | 2,00,000 | Mr. Sanjay K Asher | 2,80,000 |
| Mr. D J Balaji Rao | 3,80,000 | Mr. Shardul S Shroff | 60,000 |
| Mr. A K Das | 1,80,000 | Dr. V Sumantran | 2,60,000 |
| Mr. Jean Brunol | 2,60,000 | | |
| Mr. Jorma Antero Halonen | 1,00,000 | | |

**ii) Commission**

| | ₹ | | ₹ |
|---|---|---|---|
| Mr. Anil Harish | 8,80,000 | Mr. F Sahami | 7,90,000 |
| Mr. D J Balaji Rao | 13,20,000 | Mr. Sanjay K Asher | 7,40,000 |
| Mr. A K Das | 7,40,000 | Mr. Shardul S Shroff | 2,60,000 |
| Mr. Jean Brunol | 21,50,000 | Dr. V Sumantran | 92,00,000 |
| Mr. Jorma Antero Halonen | 31,00,000 | | |

**iii) Executive Directors:**

| | Mr. R Seshasayee<br>Executive Vice Chairman<br>(₹) | Mr. Vinod K Dasari<br>Managing Director<br>(₹) |
|---|---|---|
| a) Fixed Component | | |
| (i) Salary | 69,33,600 | 63,36,000 |
| (ii) Special Allowance | 69,33,600 | 63,36,000 |
| (iii) Perquisites & Other Allowance (**) | 1,00,85,017 | 55,29,121 |
| b) Variable Component | | |
| - Commission | 76,08,000 | 69,73,200 |
| c) Contribution to Provident Fund and Superannuation Fund | 30,12,072 | 27,56,320 |
| **Total** | **3,45,72,289** | **2,79,30,641** |

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

Mr. R. Seshasayee and Mr. Vinod K Dasari are under contract of employment with the Company for 2 years and 3 years respectively from April 1, 2011.

Mr. R. Seshasayee ceased to be the Executive Vice Chairman on the expiry of his term on March 31, 2013.

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

**5. Shareholders/Investors Grievance Committee**

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

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

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

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

e) Mr. A R Chandrasekharan, Executive Director and Company Secretary, was the Secretary to the Committee and was also the Compliance Officer appointed for the compliance of capital market related laws till September 30, 2012.

With effect from October 1, 2012 Mr. S Venkatasubramanian, Company Secretary, is the Secretary to the Committee and is also the Compliance Officer appointed for the compliance of capital market related laws.

f) Meetings and Attendance during the year 2012-13:

| Date of Meeting | No. of members present |
|---|---|
| May 14, 2012 | 3 |
| July 24, 2012 | 3 |
| November 8, 2012 | 3 |
| January 24, 2013 | 3 |

During the year, 2,388 complaints/correspondence letters were received from investors (including 30 letters from SEBI / Stock Exchanges / MCA and 2,358 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. 2 unresolved complaints as at March 31, 2013 have since been resolved by April 5, 2013.

g) **Nature of Correspondence/Complaints**

| Subject Matter of Correspondence | Pending as on 31.03.2012 | Letters Received | Letters replied/ completed | Pending as on 31.03.2013 |
|---|---|---|---|---|
| Non-receipt of Share Certificates | - | 73 | 73 | - |
| Non-receipt of Debenture Redemption | - | 27 | 27 | - |
| Non-receipt of Dividend | 2 | 288 | 288 | 2 |
| Non-receipt of Annual Report | - | 134 | 134 | - |
| Other Correspondence - Regulatory | - | 1 | 1 | - |
| Revalidation of Dividend | 1 | 486 | 487 | - |
| Issue of Duplicate Share Certificates | - | 38 | 38 | - |
| Loss of Share Certificate | - | 59 | 59 | - |
| Issue of Duplicate Dividend | 2 | 242 | 244 | - |
| Procedure for Transmission | - | 135 | 135 | - |
| Change of Address / Bank Mandate | - | 454 | 454 | - |
| Other Correspondence | - | 205 | 204 | 1 |
| Unclaimed Share certificate | - | 246 | 246 | - |
| **Total** | **5** | **2,388** | **2,390** | **3** |

h) As on March 31, 2013, there were 6 share transfers pending which have since been resolved on April 3, 2013.

**6) General body meetings**

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

| Year | Location | Date & Time |
|---|---|---|
| 63rd AGM – 2012 | The Music Academy Madras, 168 TTK Road, Royapettah, Chennai 600 014 | July 24, 2012<br>2.45 p.m. |
| 62nd AGM – 2011 | The Music Academy Madras, 168 TTK Road, Royapettah, Chennai 600 014 | July 19, 2011<br>2.45 p.m. |
| 61st AGM – 2010 | Tamil Isai Sangam, Rajah Annamalai Mandram, 5, Esplanade Road, Chennai 600 108 | July 27, 2010<br>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) No Special Resolutions were placed before the shareholders requiring approval through Postal Ballot.

**7. Disclosures**

There have been no materially significant related party transactions with the Company's Promoters, Directors, the Management, their Subsidiaries or relatives which may have potential conflict with the interests of the Company. The necessary disclosures regarding the transactions with related parties are given in the Notes to the Financial Statements for the year 2012-13.

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. The Company had no subsidiary company as on March 31, 2013.

**8. Means of Communication**

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

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

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

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

e) Green Initiative: Pursuant to "Green Initiative" proposed by Ministry of Corporate Affairs (MCA) vide its Circular dated 21.04.2011, in response to the suggestions made by many shareholders in the past and to contribute towards improved environment, the Company has already taken action for sending communication / Annual Report and other documents through electronic mode to shareholders. It is hoped that with wide acceptance of the Green Initiative by the shareholders, the Company would be able to successfully implement the same, thereby contributing its mite to a greener environment.

**9) General shareholder information**

| | | |
|---|---|---|
| a. | 64th Annual General Meeting | |
| | — Day, Date and Time | Tuesday, July 16, 2013 – 2.45 p.m. |
| | — Venue | The Music Academy Madras, 168 TTK Road, Royapettah, Chennai 600 014 |
| b. | Financial Calendar | |
| | Annual General Meeting | July 16, 2013 |
| | Unaudited results for the quarter ending June 30, 2013 | July 16, 2013 |
| | Unaudited results for the quarter/half-year ending September 30, 2013 | 2nd week of November 2013 |
| | Unaudited results for the quarter ending December 31, 2013 | 4th week of January 2014 |
| | Audited Results for the year ending March 31, 2014 | Before end of May 2014 |

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

| | | | |
|---|---|---|---|
| c. | Book Closure Date | From July 6, 2013 to July 16, 2013 (both days inclusive) | |
| d. | Dividend payment date | Commencing July 17, 2013 – to be completed on or before July 25, 2013 | |
| e. | a) Listing of Equity Shares | Madras Stock Exchange Limited<br>BSE Limited<br>National Stock Exchange of India Limited | |
| | b) Listing of Global Depository Receipts (GDRs) | London Stock Exchange | |
| | c) Listing of privately placed Debentures | National Stock Exchange Ltd. | |
| | The Listing Fees have been paid upto date, to all the Stock Exchanges | | |
| f. | Stock Code | | |
| | a) Trading Symbol at | Madras Stock Exchange Ltd. | ALL |
| | | BSE 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% 2013 (Sr-AL13) | | INE208A07281 |
| | 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 |

g. Stock Market Data

| Month | Bombay Stock Exchange | | | | National Stock Exchange | | | |
|---|---|---|---|---|---|---|---|---|
| | Share Price | | Sensex Points | | Share Price | | CNX Nifty Points | |
| | High (₹) | Low (₹) | High | Low | High (₹) | Low (₹) | High | Low |
| April 2012 | 32.55 | 28.70 | 17664.10 | 17010.16 | 33.00 | 28.70 | 5378.75 | 5154.30 |
| May 2012 | 32.90 | 23.70 | 17432.33 | 15809.71 | 33.50 | 23.55 | 5279.60 | 4788.95 |
| June 2012 | 29.00 | 24.30 | 17448.48 | 15748.98 | 27.75 | 24.30 | 5286.25 | 4770.35 |
| July 2012 | 26.15 | 21.15 | 17631.19 | 16598.48 | 26.15 | 21.05 | 5348.55 | 5032.40 |
| Aug 2012 | 23.50 | 20.25 | 17972.54 | 17026.97 | 23.95 | 20.25 | 5448.60 | 5164.65 |
| Sep 2012 | 24.85 | 20.55 | 18869.94 | 17250.80 | 24.90 | 18.75 | 5735.15 | 5215.70 |
| Oct 2012 | 25.00 | 22.90 | 19137.29 | 18393.42 | 24.95 | 21.85 | 5815.35 | 4888.20 |
| Nov 2012 | 28.65 | 23.30 | 19372.70 | 18255.69 | 28.65 | 23.30 | 5885.25 | 5548.35 |
| Dec 2012 | 28.70 | 26.35 | 19612.18 | 19149.03 | 29.00 | 26.30 | 5965.15 | 5823.15 |
| Jan 2013 | 27.90 | 22.25 | 20203.66 | 19508.93 | 27.90 | 22.15 | 6111.80 | 5935.20 |
| Feb 2013 | 25.50 | 22.05 | 19966.69 | 18793.97 | 25.50 | 21.55 | 6052.95 | 5671.90 |
| Mar 2013 | 24.20 | 21.80 | 19754.66 | 18568.43 | 24.20 | 21.60 | 5971.20 | 5604.85 |

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 99.

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 the Executive Vice Chairman/Managing Director to approve all routine transfers, transmissions, etc., of shares. Such approval is being given by the Executive Vice Chairman / Managing Director at frequent intervals (41 times during 2012-13). 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 4 times during the year 2012-13 for approving transfers, transmissions, issue of duplicate shares etc. and reviewing investor grievances.

k) Unclaimed Shares

30,23,811 shares were lying outstanding as Unclaimed shares at the beginning of the year pertaining to 3,039 shareholders;

234 shareholders approached the Company for transfer of 2,84,360 shares from the Unclaimed shares during the year and the same were effected;

27,39,451 shares were lying as unclaimed pertaining to 2805 shareholders as on March 31, 2013.

As per SEBI directive, unclaimed shares lying outstanding as on March 31, 2013 were transferred to Ashok Leyland Limited - Unclaimed 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, 2013

| No. of Shares | Shareholders | | No. of shares | |
|---|---|---|---|---|
| | Number | % | Number | % |
| Upto 50 | 47,565 | 15.56 | 12,22,107 | 0.05 |
| 51-100 | 41,472 | 13.56 | 38,63,645 | 0.15 |
| 101-200 | 58,951 | 19.29 | 1,10,03,409 | 0.41 |
| 201-500 | 58,172 | 19.02 | 2,23,79,543 | 0.84 |
| 501-1000 | 45,268 | 14.80 | 3,81,41,174 | 1.43 |
| 1001-2000 | 26,703 | 8.73 | 4,41,28,003 | 1.66 |
| 2001-5000 | 18,769 | 6.14 | 6,28,14,686 | 2.36 |
| 5001-10000 | 5,753 | 1.88 | 4,20,01,266 | 1.58 |
| 10001 & above | 3,134 | 1.02 | 243,51,22,801 | 91.52 |
| **Total** | **3,05,787** | **100.00** | **266,06,76,634** | **100.00** |

No. of shares

Physical - 3,15,20,760

Electronic Mode

NSDL - 2,56,81,98,769

CDSL - 6,09,57,105

(ii) Pattern of Shareholding as on March 31, 2013

| Sl No. | Category | No. of Holders | No. of Shares | % |
|---|---|---|---|---|
| 1 | Promoter - Hinduja Automotive Ltd. (Includes 32,92,00,140 shares in GDR Form) | 1 | 135,64,37,564 | 50.98 |
| 2 | Residents (Individuals / Clearing Members) | 2,99,999 | 28,17,49,983 | 10.58 |
| 3 | Financial Institutions/Insurance Co. / State Govt./ Govt. Companies/UTI | 29 | 32,34,02,032 | 12.15 |
| 4 | Foreign Institutional Investors | 157 | 44,93,62,458 | 16.89 |
| 5 | Non-Resident Indians/ OCB / Corporate Bodies - Foreign / Bank - Foreign / Foreign Nationals | 3,794 | 2,73,54,648 | 1.03 |
| 6 | Corporate Bodies/ Limited Liability Partnership | 1,718 | 16,77,95,079 | 6.31 |
| 7 | Mutual Funds | 24 | 2,46,97,822 | 0.93 |
| 8 | Trusts | 27 | 5,74,494 | 0.02 |
| 9 | Banks | 36 | 12,05,054 | 0.05 |
| 10 | Others - GDR | 2 | 2,80,97,500 | 1.06 |
| | **TOTAL** | **3,05,787** | **266,06,76,634** | **100.00** |

m. Dematerialisation of shares and liquidity

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

Status of Dematerialisation of Shares - as on March 31, 2013

| | Physical | | Demat | | Total | |
|---|---|---|---|---|---|---|
| Holders | No. of Shares | % to paid-up capital | No. of Shares (**) | % to paid-up capital | No. of Shares (**) | % to paid-up capital |
| Hinduja Automotive Limited (**) | -- | -- | 135,64,37,564 | 50.98 | 135,64,37,564 | 50.98 |
| Others | 3,15,20,760 (***) | 1.18 | 127,27,18,310 | 47.84 | 130,42,39,070 | 49.02 |

** including in GDR Form

*** held by 16,517 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 are regularly traded in the Bombay and National Stock Exchanges, 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, 2013 having an impact on equity.

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

o. Plant Locations

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

p.

| | | |
|---|---|---|
| Address for Correspondence<br>To contact R&TA for all matters relating to Shares, Dividends, Annual Reports | M/s Integrated Enterprises (India) Limited<br>2nd Floor, Kences Towers<br>1, Ramakrishna Street North Usman Road T. Nagar,<br>Chennai 600 017 | Tel : 91-44 – 2814 0801 / 03<br>Fax : 91-44 – 28142479<br>e-mail : corpserv@integratedindia.in |
| For any other general matters or in case of any difficulties/ grievances | Secretarial Department<br>Ashok Leyland Limited<br>No.1 Sardar Patel Road<br>Guindy,<br>Chennai 600 032 | Tel. : 91-44-2220 6000<br>Fax : 91-44-2230 4410<br>e-mail : secretarial@ashokleyland.com<br>corpserv@integratedindia.in |
| Website address | www.ashokleyland.com | |
| Email ID of Investor Grievances Section | secretarial@ashokleyland.com | |
| Name of the Compliance Officer | S Venkatasubramanian<br>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 4 of this Report.

3. Shareholder Rights

   The statements of quarterly and half yearly results are being published in the Press. The Company has been mailing half-yearly reports to shareholders from October 2001, along with a letter from the Managing Director highlighting significant events. For the year 2012-13, half-yearly reports were despatched to shareholders in the month of November 2012.

4. Postal Ballot

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

5. Whistle Blower Policy

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

# 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 position and responsibility with the Company.

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

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

---

**Code of Conduct for the Senior Management**

This is to confirm that for the financial year ended March 31, 2013 all members of the Senior Management have affirmed in writing their adherence to the Code of Conduct adopted by the Company.

May 10, 2013
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, 2013 as stipulated in Clause 49 of the Listing Agreement 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 Agreement.
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

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

**A. SIDDHARTH**
*Partner*
Membership No. 31467

May 10, 2013
Chennai

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

**A. Market trends**

**Economy**

During FY 2012-13, the Indian economy experienced a low growth rate of about 5-5.5%. Year-on-year GDP growth rate in the 3rd quarter touched 4.5%, the second lowest in recent years.

Agricultural growth at 1.8% year-on-year was lower compared to 3.6% of the previous fiscal because of the delayed onset of monsoon that resulted in food grain production contracting by about 3.5%.

Industrial sectors, too, continued to reel under the severe slowdown. The general IIP index contracted for 6 months out of 11, the manufacturing index for 5 months out of 11 and the mining index for 10 months out of 11. The general index, therefore, grew by a low 0.9% during the period April to February. The manufacturing index demonstrated a mere 1% growth during the same period. The mining index showed a de-growth of 2.5%. As a result, CSO has estimated manufacturing GDP growth of just 1.9% for the full year (2.7% last fiscal) and a mining growth of 0.4% for the full year (-0.6% last fiscal).

Going ahead, most market analysts expect FY 2013-14 GDP to be around 6%, assuming a normal monsoon. The Reserve Bank of India remains focused on containing inflation, and is expected to continue following a conservative policy on interest rates. Some positive movement is visible in the mining policy while the manufacturing slowdown appears to be slowly bottoming out. Lower crude prices are also expected to help the government meet its fiscal targets. However, much work remains to be done to free up core sectors and restart growth, and recovery is expected to be slow. Long term prospects for the Indian economy, however, continue to remain bright, given the favourable demographics and the directional commitment towards liberalisation.

In 2012, the global economy continued to perform weakly. World output was down from 4% in 2011 to 3.2% in 2012. Emerging and developing economies touched a low of 5.1%, reflecting a sharp drop from 6.4% in the previous year. Apart from the Middle East, Africa and ASEAN, most economies shrank significantly. The Euro zone shrank by 0.6%.

Going forward, outlook for the global economy has both areas of concern as well as some bright spots. IMF expects emerging and developing economies to grow relatively strongly at 5.3% and 5.7% for 2013 and 2014 respectively. While US is recovering faster and is expected to clock 1.9% & 3% for the same period, the Euro zone is expected to continue lagging, with bleak scenarios of -0.3% & 1.1% for 2013 & 2014 respectively. Even the stronger economies in Europe, such as Germany and France, have poor growth forecasts. Against this background, the overall global economic growth will remain muted.

**Commercial Vehicle industry**

Contrary to predictions made last year, the Commercial Vehicle (CV) industry fell despite the Light Commercial Vehicle (LCV) category performing well. The industry also saw the entry of new players into the market.

The overall CV market registered a de-growth of 2% in April-March 2013 as compared to the corresponding period last year. The overall volumes went down from 809,499 vehicles to 793,150, vehicles. The Medium & Heavy Commercial Vehicles (M&HCVs) segment declined by 23% to an overall volume of 268,623 vehicles while the LCV segment grew at 14% to reach 524,887 vehicles.

The LCV segment has been one of the growing segments in the entire automobile space. The 2 - 3.5 T GVW segment, within LCVs, is driving growth with a year-on-year increase of 72% in volumes. This is on the back of strong demand for transportation of consumer goods within cities and replacement demand from upper-end three wheelers.

Reflecting the downtrend in the economy, multi-axle rigid trucks fell by over 32% compared to the previous year to reach 96,424 vehicles. These vehicles are used to transport a wide range of goods such as agricultural produce, cement, other materials used in construction and industrial goods. This drop was due to an overall slowdown in industrial and construction activity and the resultant caution among transporters. It was also in part due to the shift to rigid vehicles with higher capacity (8x2) for greater operating efficiencies. This trend was reflected in the tractor-trailer segment as well which registered a drop of 35% to reach 18,593 vehicles. The ICV (Intermediate Commercial Vehicle) trucks which are in the 10-12 tonne capacity range, also fell from 67,104 vehicles to 57,571 vehicles, a drop of over 14%. Sale of tippers also fell by 28%, mainly due to poor economic activity and the ban on mining in Karnataka and Goa.

The segment level drop was also reflected consistently across the four regions of the country. Among them, the Eastern region recorded the steepest fall of almost 35% in M&HCV sales over last year. This could be attributed mainly due to lack of mining activity across the region.

2012-13 was also a poor year for Indian exports, with sale of commercial vehicles dropping by 13% from 92,258 vehicles to 79,944 vehicles with key markets like Sri Lanka dropping drastically and procuring more from China.

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

The Total Industry Volumes registered in 2011-12 and 2012-13 are provided below:

| | DOMESTIC | | | EXPORTS | | |
|---|---|---|---|---|---|---|
| | **2012-13** | 2011-12 | Change (%) | 2012-13 | 2011-12 | Change (%) |
| M & HCV Passenger | **46,553** | 49,882 | (6.7) | 7,110 | 9,209 | (22.8) |
| M & HCV Truck | **221,710** | 299,334 | (25.9) | 11,909 | 19,286 | (38.3) |
| LCV Passenger | **48,153** | 48,868 | (1.5) | 3,477 | 4,206 | (17.3) |
| LCV Truck | **476,734** | 411,415 | 15.9 | 57,448 | 59,557 | (3.5) |
| Total CV | **793,150** | 809,499 | (2.0) | 79,944 | 92,258 | (13.4) |

The tepid economic environment and the high base, are bound to have an impact on Total Industry Volume (TIV) in the coming fiscal. Several industry analysts have projected growth rates at 4-8%. SIAM has projected an annual growth rate of 3-5% for medium & heavy duty vehicles and about 12-14% for light vehicles.

**B. Ashok Leyland - The year (2012-13) in brief**

**Medium and Heavy Commercial Vehicles**

Against a backdrop of a major slump in the CV market, Ashok Leyland grew its share in the domestic market in 2012-13 by 3%. Your Company sold 70,916 M&HCVs in the domestic market which was 13% less than the previous year. This included 18,976 M&HCV buses and 51,940 M&HCV trucks, 10% less and 14% less respectively, compared to previous year.

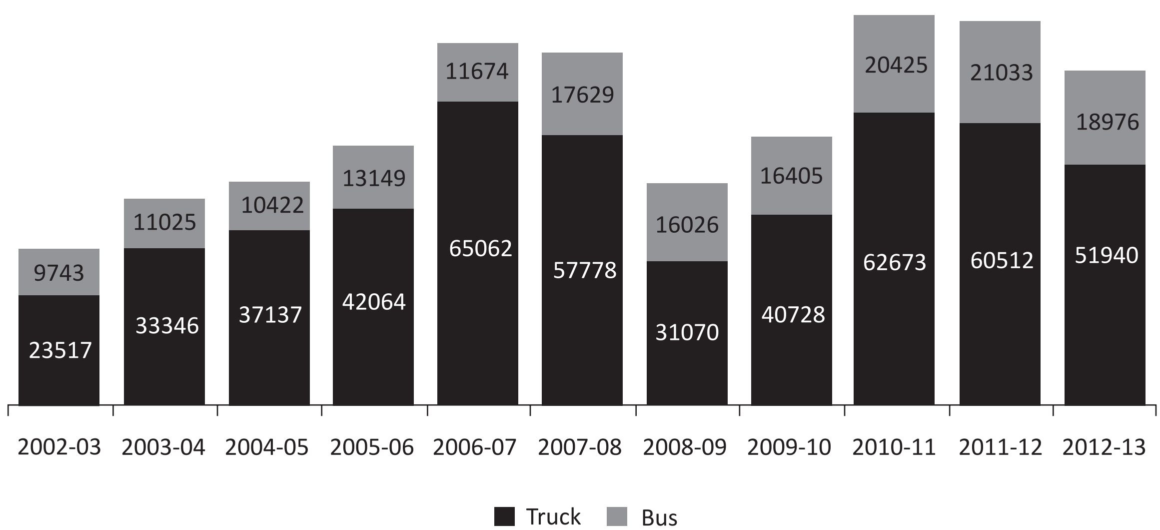
Your Company grew market share across most segments and regions. One of the biggest gains was in the ICV goods segment with your Company increasing its sales volumes by nearly 55%, resulting in 5% gain in market share. It must be noted that ICV goods, in the long term, remains one of the fastest growing segments.

The financial crunch and slowdown of economy witnessed in Sri Lanka, as well as the overall global economic situation, impacted Ashok Leyland's international volumes this year. Your Company exported 8,778 vehicles in 2012-13, 32% lower than the previous year. Sri Lanka, a key overseas market, fell by over two-thirds compared to last year. However, your Company grew in other regions across the world, notably in the Middle East, where it registered a growth of 15%.

The Power Solutions Business earned revenues of ₹403 Crores in the year 2012-13, achieving a 27% increase compared to the previous year.

Spare Parts business grew by a healthy 18% in 2012-13, with an all time high turnover of ₹1,004 Crores.

The Defence business suffered due to cut-backs and budget constraints of the government resulting in sales of 275 vehicles and 2,463 kits reflecting a drop of 26% and 17% respectively.



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

In FY 2012-13, your Company produced 112,163 vehicles (including 35,401 nos. of LCV 'Dost'), a 9% growth compared to the previous year. Your Company significantly expanded its dealer network especially in areas where hitherto it had only limited coverage. Full service outlets grew to over 400 and, for the first time, the number of outlets in North exceeded the number in South.

To address the challenges faced in the domestic market, your Company laid considerable emphasis on product development and marketing efforts, targeted at the fastest growing segments and regions which resulted in promising growth in the last quarter of the fiscal. Your Company has lined up several ground-breaking products for core segments in the upcoming fiscal, in the ICV as well as MDV segments apart from the Neptune engine that will be launched on multi-axle haulage vehicles.

Substantial focus has been given to improving customer satisfaction levels with targeted initiatives across all hubs that included better organisation of the sales force, customer lifecycle management and enhancement of service levels.

Finally, your Company remains committed to build capabilities in the identified five focus areas wherein it chose to invest heavily – 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 has prepared well for the challenging economic scenario expected next year as well as increasing competition in the M&HCV space.

**Light Commercial Vehicles Business**

In 2012-13, your Company completed its first full year of participation in the fast-growing LCV segment in India. The first product, Ashok Leyland 'Dost', has contributed to transforming the SCV segment, by shifting the market emphasis from sub 2 tonnes to 2-3.5 tonnes GVW. In FY 2012-13, your Company sold close to 35,000 'Dost' vehicles. Today, 'Dost' is the second largest selling product in its segment, with a pan India market share of 18.5%, despite being launched only in 11 States. In States where it is present, 'Dost' enjoys market leadership across most, and a market share of 25.6%. Your Company has also just started exporting 'Dost' to SAARC countries. To support the sale and service of LCVs, your Company has built a new LCV-oriented network of 100 touch points within 18 months.

In the upcoming financial year, your Company is planning to launch several variants of 'Dost' including a CNG version, the 'Partner' range of trucks and buses in the 4-6T segment, and the 'Stile' – a Multi-Functional Vehicle for commercial applications.

The Joint Venture Company, in which your Company is an equal partner with Nissan, is preparing for a new manufacturing facility near Chennai dedicated for LCV. Through these efforts, your Company would have a complete LCV product portfolio by the end of 2013-14 to meet a variety of evolving customer requirements.

**Hinduja Leyland Finance Limited**

The Non-banking Finance Company (NBFC), Hinduja Leyland Finance Limited (HLFL) promoted by Ashok Leyland commenced their operations in March 2010. HLFL now has operations in 602 locations with an employee strength of 2350 (that has increased from 1199 in the year 2011-12).

In 2012-13, HLFL continued to grow rapidly and made a disbursement of ₹2,100 Crores across a wide range of segments, including M&HCVs, LCVs and 3-wheelers.

**Ashok Leyland - John Deere Construction Equipment Company Limited**

This 50:50 joint venture with John Deere was started to tap into the growing demand for construction equipment in the country. 2012-13 was the first full year of operations for this company. Notwithstanding the economic downturn, this JV sold over 660 Backhoe Loaders crossing the 5 percent market share in the Southern region. The product range is expected to grow in this fiscal with the introduction of other variants of the Backhoe Loader and also a new Wheel Loader machine next year. All products embody the best combination of pedigree designs and high degree of localisation. The Company has also achieved 'best-in-class' service benchmarks, which is key to productivity and customer profitability.

**Albonair GmbH**

Albonair GmbH, Germany was established with a vision of being a complete solution provider for reducing automotive diesel emissions for Medium and Heavy Commercial Vehicles. In FY 2012-13, your Company made investments in Albonair to address the dual objectives of acquiring competence and cost-efficiency in the critical area of future emission technologies and to use it to generate business opportunities in advanced technology components in an increasingly strategic area.

Albonair has already obtained orders from large European firms in the face of stiff competition from established global players. It is expanding its reach to other large automotive players in the international market and is on its way to becoming a significant global automotive supplier.

**Automotive Infotronics Limited**

This Joint Venture Company (JVC) was formed in 2007 with equal equity holding by Continental AG and Ashok Leyland for designing, developing and adapting cost-efficient electric/electronics automotive products and customer specific applications specifically for India and India-like markets. The Company has developed various products like Instrument Clusters and Body Control units, Engine Control Panels for genset engines, on-board diagnostic and sensors for a variety of applications.

**Ashley Alteams India Limited**

Ashley Alteams India Limited (AAIL), manufacturer of High Pressure Die Castings, caters to the needs of customers in the Automotive, Telecom and Industrial spaces. AAIL has increased its supplies to existing customers like Ashok Leyland Limited, Delphi TVS, NSN, SFLAutolec and has attracted many new customers like Andrew, Poona Shims, etc. The Company has been facing challenges as a result of the downturn in the Telecom and Auto sectors, and seeks to re-orient its business to remain viable.

**Avia Ashok Leyland Motors s.r.o**

AVIA Ashok Leyland Motors s.r.o in Prague, has been producing trucks in the total weight class of 7.5 to 12 tonnes. In 2012, the company produced 1003 trucks for the markets of Europe, the United States, and Asia. The economy in Europe continues to be bearish and continues to put severe strain on Avia.

**Defiance Technologies Limited**

With a vision to be a world-class business solutions company, the focus of Defiance is to provide Engineering, Manufacturing and Enterprise solutions predominantly to the Manufacturing industry, by offering a comprehensive range of consulting, technology and outsourcing solutions and services to global customers. The company has gained a significant customer base in the Engineering, ERP and IT service spaces both in India and abroad. To enhance its competency, the company plans to further build on its focus areas such as SAP solutions, Automotive, Aerospace and Defence Engineering solutions, Enterprise Mobility solutions, Social Media solutions and Cloud-based Enterprise solutions.

**C. Risk Management**

Your Company had foreseen the drop in the demand of commercial vehicles both in India as well as overseas and had mitigated the risk to an extent by enhancing network coverage, especially in the Northern parts of the country and by developing alternate International Markets other than SAARC during the previous year. Your Company is also addressing this through a continued thrust on non-cyclical businesses such as Spares, Defence and Engines. Further, your Company's entry into the relatively less volatile LCV business has further de-risked the business. The Company is also continually optimising fixed costs as well as working capital, to stay protected in case of a downturn.

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

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

Legislation will continue to put pressure on improving the technology resulting in higher investment and product cost. To address this issue, your Company has proactively launched programs with its strategic partners to develop powertrains to meet upcoming emission norms such as Euro 5 and Euro 6. Your Company has also ensured that all its upcoming products meet all norms expected in the near future, such as the bus body code, safety norms for trucks, etc. 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 the Risk Management processes and the actions to mitigate the key business risks are taken on a quarterly basis.

**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, authorisations and approval procedures. Your Company, through its own Internal Audit Department, carries out periodic audits at all locations and functions based on the plan approved by the Audit Committee and brings out any deviation to 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.

**Information Security and IPR protection initiatives**

Ashok Leyland, among the first auto majors in India to be certified under BS7799 in 2005, strategically decided to expand the scope in a modular manner to critical areas, particularly handling IPR and / or sensitive information. Your Company migrated to ISO 27001 during 2006 and expanded the scope to Business Continuity & Disaster Recovery site in 2010. In 2012, your Company expanded the scope of certification to cover the entire corporate office building at Guindy, regional offices at Chennai & Bangalore and the SAP Center of Excellence at Nandanam. The ISO 27001 certificate is valid till June 2014 subject to yearly surveillance audit. Your Company is planning to expand the scope of certification to other critical locations in a phased manner.

### E. Financial Review

Summary of Statement of Profit and Loss is given below.

₹ Crores

| | 2012-13 | 2011-12 | Inc/(Dec) % |
|---|---|---|---|
| **INCOME** | | | |
| Sales (net of excise duty) | **12,481.20** | 12,904.33 | (3.3) |
| Other income | **62.35** | 40.35 | 54.5 |
| **Total** | **12,543.55** | 12,944.68 | (3.1) |
| **EXPENDITURE** | | | |
| Material Costs | **9,123.13** | 9,461.84 | (3.6) |
| Employee benefits expense | **1,075.51** | 1,020.39 | 5.4 |
| Other expenses | **1,406.09** | 1,165.99 | 20.6 |
| Depreciation and amortization expense | **380.78** | 352.81 | 7.9 |
| Finance costs | **376.89** | 255.25 | 47.7 |
| **Total** | **12,362.40** | 12,256.30 | 0.9 |
| Profit before exceptional items | **181.15** | 688.38 | (73.7) |
| Exceptional items | **289.56** | 1.60 | - |
| Profit before tax | **470.71** | 689.98 | (31.8) |
| Tax expense: | | | |
| Current tax | **-** | 77.52 | - |
| Deferred tax | **37.00** | 46.48 | (20.4) |
| Profit after tax | **433.71** | 565.98 | (23.4) |
| Basic Earnings per Share (₹) | **1.63** | 2.13 | (23.4) |

**Revenues:**

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

- Vehicles: Income from vehicles was at ₹9,503 Crores, a drop of 13% over the previous year level of ₹10,961 Crores. The decrease in revenue was attributable mainly to a 16% drop in vehicle sale volumes in 2012-13. Considering the increase in cost of inputs and operations, Company revised the prices on three occasions to register an increase of ₹47,000 per vehicle.
- Engines: Revenue from engines increased to ₹403 Crores, a 27% increase over the previous year level of ₹318 Crores, reflecting increase in sale volumes.
- Spare Parts and others: Income from spare parts including sale of kits to Vehicle Factory, Jabalpur, increased to ₹1,244 Crores, an increase of 6% over the previous year level of ₹1,178 Crores.
- Other operating income: Other operating income increased to ₹278 Crores against ₹201 Crores in the previous year, registering a growth of 38%. This is due to increase in contract manufacturing revenue from ₹26 Crores the previous year to ₹118 Crores in current year reflecting a growth of 3.5 times over previous year.
- Revenue from services grew from ₹83 Crores in previous year to ₹138 Crores in the current year mainly due to increase in revenue from annual maintenance contracts.
- Revenue from trading operations also went up significantly during the year to ₹915 Crores from ₹163 Crores in the previous year primarily due to the sale of 'Dost' vehicles.

**Costs:**

- **Material Cost:** There were material cost increases experienced in the first two quarters. However, the cost pressures subsided in the second half of FY 12-13, leading to marginal increase of about 0.2% in overall material costs for full year. Your Company did take pricing actions at appropriate times to offset the material cost increases.
- **Staff Costs:** Employee expenses went up by 5% in 2012-13 primarily due to increase in executive strength.
- **Other expenses** were higher by 20% primarily due to higher incurrence in power and fuel consumption to cope with higher power cuts / tariff increases,

publicity spends and R&D expenditure.

- **Depreciation** for the year increased to ₹381 Crores compared to ₹353 Crores in the previous year primarily due to full year impact of last year additions and higher level of capitalisation in the current year, mainly at Pantnagar and IT infrastructure.
- **Finance costs** increased to ₹377 Crores during the year from ₹255 Crores, in the previous year. To part fund the capital expenditure and investment requirements, your Company borrowed ₹1,150 Crores (NCD ₹600 Crores and balance ECB loans) during the year. Interest cost on the fresh loans together with the full year impact of the loans availed by the end of 2011-12 resulted in higher finance charges. In addition, significant increase in working capital during April 2012 to March 2013 due to an uncertain business environment, led to higher level of short term borrowing which contributed to higher interest costs. Your Company's Treasury Department is active in the money markets to manage the day-to-day investible surplus funds and also to raise short term debts as and when required.

**Capital Employed**

Total capital employed by your Company increased by 10% from ₹11,916 Crores to ₹13,097 Crores, mainly due to investments in joint ventures and facility creation.

Total shareholders' funds as at March 31, 2013 stood at ₹4,455 Crores of which equity capital accounted for ₹266 Crores, compared to the previous year's total shareholders' funds of ₹4,212 Crores.

Summary of Balance Sheet is given below.

₹ Cr.

| | **31.03.2013** | 31.03.2012 | Inc/(Dec) % |
|---|---|---|---|
| **SOURCES OF FUNDS** | | | |
| Shareholders' Funds | **4,455.10** | 4,212.33 | 5.8 |
| Non - current liabilities | **3,345.50** | 2,860.28 | 17.0 |
| Current liabilities | **5,296.10** | 4,843.14 | 9.4 |
| **Total** | **13,096.70** | 11,915.75 | 9.9 |
| **APPLICATION OF FUNDS** | | | |
| Fixed Assets | **5,970.81** | 5,461.72 | 9.3 |
| Investments | **2,337.63** | 1,534.48 | 52.3 |
| Loans & other Non Current Assets | **491.73** | 615.66 | (20.1) |
| Current assets | **4,296.53** | 4,303.89 | (0.2) |
| **Total** | **13,096.70** | 11,915.75 | 9.9 |

**Capital Expenditure and Investments**

During the year, your Company incurred ₹725 Crores towards capital expenditure, mainly towards development of additional infrastructure and other facilities at Pantnagar for setting up integrated manufacturing facilities. Your Company also incurred capital expenditure relating to the manufacturing facility for LCV at Hosur under joint venture with Nissan Motors, Japan. Your Company also incurred capital expenditure towards implementing a new ERP system. The rest of the capital expenditure was towards capacity optimisation programmes in existing plants.

During the year, your Company invested ₹80 Crores in AL-Nissan JV and ₹50 Crores in AL-John Deere JV. Your Company invested ₹90 Crores in Hinduja Leyland Finance Ltd. Further your Company invested ₹300 Crores in Hinduja Foundries Ltd. and another ₹187 Crores in Hinduja Energy (India) Ltd. In all, your Company invested ₹862 Crores by way of investment in Associate / Group / Joint Venture Companies.

Current Assets as at March 31, 2013 was ₹4,297 Crores compares with previous year level of ₹4,304 Crores. Short term loans and advances increased by ₹164 Crores. Inventories decreased to ₹1,896 Crores as at March 31, 2013 compared to ₹2,231 Crores as at March 31, 2012 mainly due to decrease in finished vehicle inventory. Trade Receivables increased to ₹1,419 Crores as at 31st March 2013 from ₹1,231 Crores as on 31st March 2012 mainly due to higher quantum of vehicles sold to State Transport Undertakings in March 2013.

**Liquidity**

Your Company continued with the 'Cash and Carry' system of sales during the year which has been effective since May 2009. This has enabled your Company to better manage the increased liquidity requirements. During the year, your Company raised ECB loan of USD 110 Mn and placed NCDs to the tune of ₹600 Crores which are secured by a first *pari passu* charge on select immovable properties and movable assets. These funds were utilised for capital expenditure 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. The general economic slowdown adversely impacted the volumes. In spite of lower volumes, your Company produced 28,870 vehicles from Pantnagar, achieving proportionately increased benefits on account of exemptions from levy of excise duty and income tax. Your Company managed to contain material cost at about the previous year levels and granting increases only for unavoidable reasons like power tariff increases, etc.

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

The rating agency has reaffirmed the Company's ratings with a negative outlook

| Agency | Long Term | Short Term Loan |
|---|---|---|
| ICRA | AA- (negative outlook) | A1+ (reaffirmed) |

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 ₹777 Crores. After meeting the working capital requirements, your Company registered a net cash inflow of ₹728 Crores from its operations.

Cash outflow for acquisition of assets and investing activities for 2012-13 amounted to ₹1,164 Crores as against outflow of ₹1,058 Crores in 2011-12. Fresh loans for ₹1,150 Crores were raised to meet capital expenditure and investment activities.

Profit before tax and exceptional items stood at ₹181 Crores. Your Company sold shares of ICICI Bank Ltd., IndusInd Bank Ltd. and Hinduja Leyland Finance Ltd. during the year and booked long term capital gains of ₹335 Crores which is recognised as an exceptional item in the statement of Profit and Loss Account.

Your Company also provided for impairment in carrying value of investments in Ashley Alteams (₹28 Crores) and Automotive Infotronics (₹ 11 Crores).

After providing for taxes at ₹37 Crores of deferred tax, Profit after tax for the current year stood at ₹434 Crores. The earning per share decreased by 23% from ₹2.13 in 2011-12 to ₹1.63 in the year under review.

**Dividend**

The Directors have recommended 60% dividend for the year 2012-13, equivalent to Re.0.60 per share.

**Cash flow statement**

₹ Crores

| | **31.03.2013** | 31.03.2012 |
|---|---|---|
| Profit from Operations after tax | **776.82** | 1,125.48 |
| (Inc) / Dec in Net working capital | **(48.52)** | 21.83 |
| Net cash flow from operating activities | **728.30** | 1,147.31 |
| Payment for acquisition of assets - net | **(643.84)** | (690.63) |
| Cash outflow for investing activities | **(520.48)** | (366.89) |
| Cash flow from financing activities | **416.98** | (241.12) |
| Net cash inflow / (outflow) | **(19.04)** | (151.33) |

**The Year Ahead**

The first half is expected to remain sluggish for the commercial vehicle industry. This is more due to protracted slowdown in India's mining industry and sluggish industrial output growth. However, the recent initiatives taken by the government, budgetary announcements to spur growth as well as Government's determination to pursue the reforms agenda announced earlier may revive the economy and demand for commercial vehicles in the second half of the financial year.

In addition, increase in freight rate announced in the Railway Budget on bulk movement such as cement is expected to shift a portion of the short haul segment towards commercial vehicles.

Total industry volume is therefore estimated to grow marginally over previous year. While truck sales will grow, bus sales will remain flat as JnNURM funding is primarily expected to substitute traditional State Government purchases with higher end buses rather than create incremental demand. Within buses, ICV segment is expected to grow while medium duty vehicles will contract marginally.

'Dost' is expected to continue its strong run in 2013-14 as well. New products / variants are lined up in the LCV segment.

Competitive intensity is likely to be more pronounced across segments. Despite the increase in competitive intensity, Ashok Leyland will target for increased market share supported by introduction of new products in second half of 2012-13 which are widely accepted in the market.

Your Company will continue to focus on increasing the production from Pantnagar plant to avail of the concessions in excise duty and income tax, which will favourably impact the bottom line.

# 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 judgments and estimates. The Directors believe that the financial statements reflect true and fair view of the financial position as at March 31, 2013 and of the results of the operations for the year ended March 31, 2013.

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

**Going Concern**

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

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

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

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

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

The Audit Committee supervises the financial reporting process through review of accounting and reporting practices, financial and accounting controls and financial statements. The 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 K. Sridharan, Chief Financial Officer of Ashok Leyland Limited, certify that:

1. We have reviewed the financial statements for the year and that to the best of our knowledge and belief:
   a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   b) these statements present a true and fair view of the state of affairs of the Company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing Generally Accepted Accounting Principles including Accounting Standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept overall responsibility for establishing and monitoring the Company's internal control system for financial reporting and evaluating its effectiveness. The 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 10, 2013 | Vinod K Dasari | K. Sridharan |
| Chennai | *Managing Director* | *Chief Financial Officer* |

# INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF**
**ASHOK LEYLAND LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **Ashok Leyland Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, 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**

The 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") 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**

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.

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 judgment, 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(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**

1. 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.

2. 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   (d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.

   (e) on the basis of written representations received from the Directors as on March 31, 2013 and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2013 from being appointed as a Director in terms of Section 274(1)(g) of the Act.

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

**M.S. MURALI**
Partner
Membership No. 26453

May 10, 2013
Chennai

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

**A. SIDDHARTH**
Partner
Membership No. 31467

# ANNEXURE TO INDEPENDENT AUDITORS' REPORT

**Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' Section of our Report of even date**

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

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

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

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

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

   (ii) in our opinion, 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, 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, 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 and for sale of goods and services. Further, on the basis of our examination of the books and records of the Company, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

5. a) based on the audit procedures applied by us, 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 Rs 5 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.

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

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

8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government of India under Section 209(1)(d) of the Companies Act, 1956 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.

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

   (ii) no undisputed amounts payable in respect of statutory dues were outstanding as at March 31, 2013 for a period of more than six months from the date they became payable.

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

# ANNEXURE TO INDEPENDENT AUDITORS' REPORT

**Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' Section of our Report of even date**

Rs in lakhs

| Nature of dues | Dues | Period to which the amount relates | Forum where the dispute is pending | Amount stayed not included in dues |
|---|---|---|---|---|
| Income Tax | - | Assessment years 2005-06, 2006-07 and 2008-09 | Commissioner of Income Tax (Appeals) | 7,880.91 |
| Sales Tax | 8,958.24 | Various periods from 1993 – 2012 | Appellate Deputy / Additional Commissioner | 3,590.44 |
| | 35.84 | Various periods from 1987 – 2007 | Tribunal | 157.84 |
| | - | Various periods from 1986 - 2001 | High Court | 49.09 |
| Excise Duty and cess thereon | 31.87 | Various periods from 2008 - 2011 | Commissioner of Central Excise (Appeals) | - |
| | 1,415.09 | | Tribunal (CESTAT) | 4.88 |
| Service tax and cess thereon | - | Various periods from 2006 - 2009 | Tribunal (CESTAT) | 230.31 |

10. the Company does not have any accumulated losses as at March 31, 2013 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. in our opinion, the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders during the year.
12. the Company has maintained adequate documents and records where it has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. the Company is not a chit fund or a Nidhi / mutual benefit fund / society. Accordingly, the provisions of clause 4(xiii) of the CARO are not applicable to the Company.
14. the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4 (xiv) of the CARO are not applicable to the Company.
15. the terms and conditions of guarantees given by the Company, for loans taken by others from banks or financial institutions, are not prima facie prejudicial to the interest of the Company.
16. the term loans availed by the Company were prima facie, applied for the purpose for which they were obtained.
17. on an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used for long-term investment.
18. the Company has not made any preferential allotment of shares during the year.
19. the Company has created securities / charges in respect of debentures issued.
20. the Company has not raised any money by public issues during the year.
21. based on the audit procedures performed 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. 01554S

**M.S. MURALI**
Partner
Membership No. 26453

May 10, 2013
Chennai

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

**A. SIDDHARTH**
Partner
Membership No. 31467

# BALANCE SHEET AS AT MARCH 31, 2013

| Particulars | Note No. | As at March 31, 2013 ₹ Lakhs | As at March 31, 2013 ₹ Lakhs | As at March 31, 2012 ₹ Lakhs |
|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | |
| **Shareholders' funds** | | | | |
| Share capital | 1.1 | 26,606.80 | | 26,606.80 |
| Reserves and surplus | 1.2 | 4,18,903.66 | | 3,94,625.82 |
| | | | 4,45,510.46 | 4,21,232.62 |
| **Non-current liabilities** | | | | |
| Long-term borrowings | 1.3 | 2,73,784.18 | | 2,29,335.11 |
| Deferred tax liabilities (Net) | 1.4 | 52,736.69 | | 49,036.69 |
| Other long-term liabilities | 1.5 | 177.85 | | - |
| Long-term provisions | 1.6 | 7,851.26 | | 7,656.30 |
| | | | 3,34,549.98 | 2,86,028.10 |
| **Current liabilities** | | | | |
| Short-term borrowings | 1.7 | 76,698.25 | | 10,175.00 |
| Trade payables | 1.8 | 2,48,536.85 | | 2,57,096.72 |
| Other current liabilities | 1.9 | 1,73,506.34 | | 1,75,004.83 |
| Short-term provisions | 1.10 | 30,868.33 | | 42,037.44 |
| | | | 5,29,609.77 | 4,84,313.99 |
| **TOTAL** | | | **13,09,670.21** | **11,91,574.71** |
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Fixed assets | | | | |
| Tangible assets | 1.11 | 4,91,843.42 | | 4,56,571.25 |
| Intangible assets | 1.12 | 36,344.86 | | 34,778.16 |
| Capital work-in-progress | 1.11 | 56,261.83 | | 43,519.06 |
| Intangible assets under development | 1.12 | 12,630.91 | | 11,303.03 |
| | | 5,97,081.02 | | 5,46,171.50 |
| Non-current investments | 1.13 | 2,33,763.19 | | 1,53,447.89 |
| Long-term loans and advances | 1.14 | 47,969.55 | | 60,823.95 |
| Other non-current assets | 1.15 | 1,203.21 | | 742.74 |
| | | | 8,80,016.97 | 7,61,186.08 |
| **Current assets** | | | | |
| Inventories | 1.16 | 1,89,602.08 | | 2,23,062.52 |
| Trade receivables | 1.17 | 1,41,941.13 | | 1,23,076.42 |
| Cash and bank balances | 1.18 | 1,394.24 | | 3,255.58 |
| Short-term loans and advances | 1.19 | 89,098.04 | | 72,657.43 |
| Other current assets | 1.20 | 7,617.75 | | 8,336.68 |
| | | | 4,29,653.24 | 4,30,388.63 |
| **TOTAL** | | | **13,09,670.21** | **11,91,574.71** |

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

For and on behalf of the Board

**K. SRIDHARAN**
*Chief Financial Officer*

**S VENKATASUBRAMANIAN**
*Company Secretary*

**DHEERAJ G HINDUJA**
*Chairman*

**VINOD K DASARI**
*Managing Director*

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

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

**M.S. MURALI**
*Partner*

**For DELOITTE HASKINS & SELLS**
*Chartered Accountants*

**A.SIDDHARTH**
*Partner*

May 10, 2013
Chennai

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

| Particulars | Note No. | Year Ended March 31, 2013 ₹ Lakhs | Year Ended March 31, 2013 ₹ Lakhs | Year Ended March 31, 2012 ₹ Lakhs |
|---|---|---|---|---|
| **Income** | | | | |
| Revenue from operations | 2.1 | 13,29,855.89 | | 13,72,080.50 |
| Less: Excise Duty | | 81,735.89 | | 81,647.85 |
| Revenue from operations (Net) | | 12,48,120.00 | | 12,90,432.65 |
| Other income | 2.2 | 6,235.15 | | 4,035.03 |
| **Total Revenue** | | | **12,54,355.15** | **12,94,467.68** |
| **Expenses** | | | | |
| Cost of materials consumed | 2.3 | 7,53,941.64 | | 9,12,148.33 |
| Purchases of Stock-in-Trade - Traded goods | 2.4 | 1,31,173.94 | | 50,737.37 |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | 2.5 | 27,197.69 | | (16,701.30) |
| | | 9,12,313.27 | | 9,46,184.40 |
| Employee benefits expense | 2.6 | 1,07,551.34 | | 1,02,039.42 |
| Finance costs | 2.7 | 37,688.57 | | 25,525.32 |
| Depreciation and amortization expense | 2.8 | 38,078.35 | | 35,281.32 |
| Other expenses | 2.9 | 1,40,608.56 | | 1,16,599.34 |
| **Total Expenses** | | | **12,36,240.09** | **12,25,629.80** |
| Profit before exceptional items and tax | | | 18,115.06 | 68,837.88 |
| **Exceptional items** | 2.10 | | 28,955.61 | 159.78 |
| **Profit before tax** | | | **47,070.67** | **68,997.66** |
| **Tax expense:** | | | | |
| Current tax (Refer Note 3.13 to the Financial Statements) | | - | | 7,752.00 |
| Deferred tax | | 3,700.00 | | 4,648.00 |
| | | | 3,700.00 | 12,400.00 |
| **Profit for the period from continuing operations** | | | **43,370.67** | **56,597.66** |
| Earnings per share (Face value ₹ 1) - Basic and Diluted (in ₹) [Refer Note 3.3 to the Financial Statements] | | | 1.63 | 2.13 |

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

For and on behalf of the Board

**K. SRIDHARAN**
*Chief Financial Officer*

**S VENKATASUBRAMANIAN**
*Company Secretary*

**DHEERAJ G HINDUJA**
*Chairman*

**VINOD K DASARI**
*Managing Director*

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

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

**M.S. MURALI**
*Partner*

**For DELOITTE HASKINS & SELLS**
*Chartered Accountants*

**A.SIDDHARTH**
*Partner*

May 10, 2013
Chennai

# CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

| | | March 2013 | March 2012 |
|---|---|---|---|
| | | ₹ Lakhs | ₹ Lakhs |
| **Cash flow from operating activities** | | | |
| **Profit before tax** | | **47,070.67** | **68,997.66** |
| Adjustments for : | | | |
| Depreciation, amortisation and impairment - net of capitalisation | | 38,078.35 | 35,281.32 |
| Other amortisations | | 571.31 | (569.83) |
| Foreign exchange (gains) / losses | | (1,277.41) | 1,072.60 |
| Loss / (Profit) on disposal of tangible assets | | (417.26) | (348.03) |
| Loss / (Profit) on sale of Long-term investments | | (32,971.92) | (159.78) |
| Provision for diminution in value of Long-term investments | | 4,016.31 | 26.55 |
| Interest expense - net of capitalisation | | 37,688.57 | 25,525.32 |
| Interest income | | (3,324.34) | (1,373.33) |
| Dividend income | | (756.27) | (906.06) |
| **Operating profit before working capital changes** | | **88,678.01** | **1,27,546.42** |
| Adjustments for changes in : | | | |
| Current liabilities and provisions | | (16,994.37) | 42,441.92 |
| Trade receivables | | (19,089.74) | (5,971.05) |
| Inventories | | 33,460.44 | (2,172.18) |
| Loans and Advances | | (3,110.52) | (33,550.09) |
| Other current assets | | 882.69 | 1,434.97 |
| **Cash generated from operations** | | **83,826.51** | **1,29,729.99** |
| Income tax paid | | (10,996.55) | (14,998.63) |
| **Net cash flow from operating activities** | **[A]** | **72,829.96** | **1,14,731.36** |
| **Cash flow from investing activities** | | | |
| Payments for acquisition of assets | | (64,916.21) | (69,783.90) |
| Proceeds on sale of fixed assets | | 532.39 | 720.74 |
| Proceeds from sale of Long-term investments | | 41,464.58 | 25,114.30 |
| Purchase of Long-term investments | | (92,824.28) | (55,429.27) |
| Interest received | | 1,880.76 | 775.98 |
| Dividend received | | 756.27 | 906.06 |
| Changes in Advances (Net) | | (3,325.54) | (8,055.94) |
| **Net cash flow used in investing activities** | **[B]** | **(1,16,432.03)** | **(1,05,752.03)** |

# CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

| | | March 2013 | March 2012 |
|---|---|---|---|
| | | ₹ Lakhs | ₹ Lakhs |
| **Cash flow from financing activities** | | | |
| Proceeds from long-term borrowings | | 1,17,138.48 | 57,731.54 |
| Repayments of long-term borrowings | | (73,470.92) | (34,878.46) |
| Proceeds from short-term borrowings | | 10,26,932.92 | 1,17,832.98 |
| Repayments of short-term borrowings | | (9,60,561.17) | (1,08,291.85) |
| Debenture / Loan raising expenses paid | | (1,135.29) | (896.44) |
| Interest paid - Net | | (36,282.97) | (24,686.96) |
| Dividend paid and tax thereon | | (30,923.05) | (30,923.05) |
| **Net cash flow from financing activities** | **[C]** | **41,698.00** | **(24,112.24)** |
| **Net cash inflow / (outflow)** | **[A+B+C]** | **(1,904.07)** | **(15,132.91)** |
| **Opening cash and cash equivalents** | | **2,746.31** | **17,537.27** |
| Exchange fluctuation on foreign currency bank balances | | (61.15) | 341.95 |
| **Closing cash and cash equivalents** | | **781.09** | **2,746.31** |

For and on behalf of the Board

**K. SRIDHARAN**
*Chief Financial Officer*

**S VENKATASUBRAMANIAN**
*Company Secretary*

**DHEERAJ G HINDUJA**
*Chairman*

**VINOD K DASARI**
*Managing Director*

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

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

**M.S. MURALI**
*Partner*

**For DELOITTE HASKINS & SELLS**
*Chartered Accountants*

**A.SIDDHARTH**
*Partner*

May 10, 2013
Chennai

# STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

**1. Accounting convention**

1.1 Financial statements are prepared in accordance with the generally accepted accounting principles in India including accounting standards referred to in Section 211 (3C) of the Companies Act 1956, under historical cost convention except so far as they relate to revaluation of certain land and buildings.

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

1.3 Use of estimates

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

**2. 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.

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

a) Leasehold land over the period of lease;

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

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

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.

**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.

**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.

# STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

**5. Inventories**

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

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

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

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 amortised 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 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) 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.

# STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

**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 and amortised over their estimated useful life.

**12. Employee benefits**

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

12.2 Post-employment benefits and other long term employee benefits

- Defined contribution plans:

  Company's contribution to provident fund, superannuation fund, employee state insurance and other funds are determined under the relevant schemes and / or statute and charged to the Statement of Profit and Loss in the period of incurrence.

- 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.

12.3 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. Product warranties**

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

**14. 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 available under the said Act.

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

# NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

| | | | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|---|---|
| **1.1** | **CAPITAL** | | ₹ Lakhs | ₹ Lakhs |
| | **Authorised** | | | |
| | 400,00,00,000 (2012: 300,00,00,000) Equity shares of ₹ 1 (2012: ₹ 1) each | | 40,000.00 | 30,000.00 |
| | **Issued** | | | |
| | a) | 201,45,66,829 (2012: 201,45,66,829) Equity shares of ₹ 1 (2012: ₹ 1) each | 20,145.67 | 20,145.67 |
| | b) | 64,63,14,480 (2012: 64,63,14,480) Equity shares of ₹ 1 (2012: ₹ 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 (2012: 201,43,62,154) Equity shares of ₹ 1 (2012: ₹ 1) each | 20,143.62 | 20,143.62 |
| | b) | 64,63,14,480 (2012: 64,63,14,480) Equity shares of ₹ 1 (2012: ₹ 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:**

1. The Authorised Capital of the Company was enhanced by ₹ 10,000 Lakhs pursuant to the approval by the share holders at the Annual General Meeting held on July 24, 2012.

| **2.** | **Reconciliation of number of Equity Shares subscribed:** | 2013 | 2012 |
|---|---|---|---|
| | Balance as at the beginning of the year | 266,06,76,634 | 133,03,38,317 |
| | Add: Shares issued and allotted as bonus shares in the ratio of 1:1 (Refer Note 1.2 (b) to the Financial Statement)* | - | 133,03,38,317 |
| | **Balance as at the end of the year** | 266,06,76,634 | 266,06,76,634 |

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

**3. Shares held by the Holding Company:**

Hinduja Automotive Limited, the holding company, holds 102,72,37,424 (2012: 102,72,37,424) Equity shares and 54,86,669 (2012: 54,86,669) Global Depository Receipts (GDRs) equivalent to 32,92,00,140 (2012: 32,92,00,140) equity shares of ₹ 1 (2012: ₹ 1) each aggregating to 50.98% of the total share capital.

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

Life Insurance Corporation of India holds 25,00,56,674 (2012: 25,93,11,056) Equity shares of ₹ 1 (2012: ₹ 1) each aggregating to 9.40% (2012: 9.75%).

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

a) 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.

b) The rights, preferences and restrictions of the GDR holders are governed by the terms of their issue, and the provisions of the Companies Act, 1956. Each GDR holder is entitled to receive 60 equity shares [ 2012: 60 equity shares ] of ₹ 1 each, per GDR, and their voting rights can be exercised through the Depository.

| | | | As at March 31, 2013 | | As at March 31, 2012 |
|---|---|---|---|---|---|
| **1.2** | **RESERVES AND SURPLUS** | | ₹ Lakhs | ₹ Lakhs | ₹ Lakhs |
| | **a)** | **Capital Reserve as at the beginning and end of the year** | | **89.50** | **89.50** |
| | **b)** | **Securities Premium Account** | | | |
| | | Balance as at the beginning of the year | 75,604.54 | | 89,033.66 |
| | | Less: Utilisation towards issue of fully paid bonus shares | - | | 13,303.38 |
| | | Expenses incurred on issue of Debentures | 127.71 | | 125.74 |
| | | Balance as at the end of the year | | **75,476.83** | **75,604.54** |
| | **c)** | **Debenture Redemption Reserve** | | | |
| | | Balance as at the beginning of the year | 9,000.00 | | 9,000.00 |
| | | Add: Transferred from Surplus in Statement of Profit and Loss | - | | 3,750.00 |
| | | Less: Transferred to Surplus in Statement of Profit and Loss | - | | 3,750.00 |
| | | Balance as at the end of the year | | **9,000.00** | **9,000.00** |
| | **d)** | **Revaluation Reserve** | | | |
| | | Balance as at the beginning of the year | 1,31,335.70 | | 1,30,627.60 |
| | | Less: Transferred to Statement of Profit and Loss | | | |
| | | [Refer Note 3.2.9 (b) to the Financial Statements] | 1,571.27 | | 1,577.46 |
| | | Transferred to General reserve on sale of assets | - | | 88.15 |
| | | Reversal occasioned on extinguishment of assets | 99.31 | | 131.38 |
| | | Add: Transferred from Depreciation / Amortisation Reserve | - | | 2,505.09 |
| | | Balance as at the end of the year | | **1,29,665.12** | **1,31,335.70** |
| | **e)** | **General Reserve** | | | |
| | | Balance as at the beginning of the year | 89,341.48 | | 79,253.33 |
| | | Add: Transferred from Surplus in Statement of Profit and Loss | 5,000.00 | | 10,000.00 |
| | | Transferred from Revaluation reserve on sale of assets | - | | 88.15 |
| | | Balance as at the end of the year | | **94,341.48** | **89,341.48** |
| | **f)** | **Hedge Reserve [Refer note 3.9.2 to the Financial Statements]** | | | |
| | | Balance as at the beginning of the year | (1,953.80) | | (129.82) |
| | | Add: Unrealised gains / (losses) on cash flow hedges-net | 1,894.23 | | (1,823.98) |
| | | Balance as at the end of the year | | **(59.57)** | **(1,953.80)** |
| | **g)** | **Foreign currency monetary item translation difference** | | | |
| | | [ Refer Note 3.9.1 to the Financial Statements ] | | | |
| | | Balance as at the beginning of the year | 415.27 | | - |
| | | Amortisation / adjustments for the year | (511.62) | | 415.27 |
| | | Balance as at the end of the year | | **(96.35)** | **415.27** |
| | **h)** | **Surplus in Statement of Profit and Loss** | | | |
| | | Balance as at the beginning of the year | 90,793.13 | | 75,118.52 |
| | | Add: Current year profit | 43,370.67 | | 56,597.66 |
| | | Transferred from Debenture Redemption Reserve | - | | 3,750.00 |
| | | Less: Transferred to General Reserve | 5,000.00 | | 10,000.00 |
| | | Transferred to Debenture Redemption Reserve | - | | 3,750.00 |
| | | Proposed Dividend [₹ 0.60 per share (2012 ₹ 1.00 per share) ] | 15,964.06 | | 26,606.77 |
| | | Corporate dividend tax thereon | 2,713.09 | | 4,316.28 |
| | | Balance as at the end of the year | | **1,10,486.65** | **90,793.13** |
| | | | | **4,18,903.66** | **3,94,625.82** |

# NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

| | | | | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|---|---|---|
| **1.3** | **NON-CURRENT LIABILITIES - LONG TERM BORROWINGS** | | | ₹ Lakhs | ₹ Lakhs |
| | **a)** | **Secured Borrowings** | | | |
| | | i. | Debentures | 89,000.00 | 36,000.00 |
| | | ii. | Term Loan from banks | 33,333.33 | 60,000.00 |
| | **b)** | **Unsecured Borrowings** | | | |
| | | i. | Long term monetary item in foreign currency External Commercial Borrowings from banks | 1,44,760.00 | 1,25,491.67 |
| | | ii. | Other loans and advances | | |
| | | | Interest free sales tax loans | 5,714.76 | 6,692.17 |
| | | | Loans from a Financial institution | 976.09 | 1,151.27 |
| | | | | **2,73,784.18** | **2,29,335.11** |

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

| | | | | | |
|---|---|---|---|---|---|
| **1.4** | **NON-CURRENT - DEFERRED TAX LIABILITIES (NET)** | | | | |
| | a) | Deferred tax liability due to | | | |
| | | i. | Depreciation / Research and development expenditure | 57,540.05 | 51,033.03 |
| | | ii. | Other timing differences | 1,233.50 | 593.58 |
| | b) | Deferred tax asset arising out of | | | |
| | | i. | Voluntary retirement scheme compensation | (16.03) | (31.36) |
| | | ii. | Carry forward of Losses - Unabsorbed depreciation | (2,870.24) | - |
| | | iii. | Provision for Leave encashment | (2,162.96) | (2,064.64) |
| | | iv. | Other timing differences | (987.63) | (493.92) |
| | | | | **52,736.69** | **49,036.69** |
| **1.5** | **NON CURRENT LIABILITIES - OTHER LONG TERM LIABILITIES** | | | | |
| | Other payables | | | | |
| | - Income received in Advance | | | 177.85 | - |
| | | | | **177.85** | **-** |
| **1.6** | **NON-CURRENT LIABILITIES - LONG-TERM PROVISIONS** | | | | |
| | a) | Provision for Employee Benefits | | | |
| | | i. | Compensated absences | 5,574.64 | 5,165.73 |
| | | ii. | Post retirement benefits | 393.44 | 377.30 |
| | | iii. | Post retirement medical benefits | 123.66 | 150.19 |
| | b) | Provision for Product warranties | | 1,759.52 | 1,963.08 |
| | | | | **7,851.26** | **7,656.30** |

Movement in respect of provision :

₹ Lakhs

| Particulars | Year | Opening balance | Net additions / (utilizations) | Closing balance |
|---|---|---|---|---|
| Provision for product warranties | 2013 | 1,963.08 | (203.56) | 1,759.52 |
| | 2012 | 2,300.38 | (337.30) | 1,963.08 |

# NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **1.7 CURRENT LIABILITIES - SHORT TERM BORROWINGS** | ₹ Lakhs | ₹ Lakhs |
| **Secured Borrowings** | | |
| Loans from Banks | 68,012.65 | - |
| (Including Working capital demand loan, Packing credit, etc) | | |
| **Unsecured Borrowings - from Banks** | | |
| Short term loans (STL) | | |
| (i) STL - 1 | - | 5,087.50 |
| (ii) STL - 2 | - | 5,087.50 |
| (ii) STL - 3 | 8,685.60 | - |
| | **76,698.25** | **10,175.00** |

Terms of repayment in respect of the above borrowings are detailed in Note 3.15 to the Financial Statements

**1.8 CURRENT LIABILITIES - TRADE PAYABLES**

| | | |
|---|---|---|
| **Trade payables - including acceptances** | | |
| i. Micro, Small and Medium enterprises [Refer Note 3.11 to the Financial Statements] | 291.84 | 8,829.50 |
| ii. Other Trade Payables | 2,48,245.01 | 2,48,267.22 |
| | **2,48,536.85** | **2,57,096.72** |

**1.9 CURRENT LIABILITIES - OTHER CURRENT LIABILITIES**

| | | |
|---|---|---|
| a) Current maturities of Long-term debts | 85,060.82 | 70,279.22 |
| b) Interest accrued but not due on borrowings | 7,066.00 | 4,422.17 |
| c) Income received in advance | 173.50 | 34.01 |
| d) Unclaimed dividends | 613.15 | 509.27 |
| e) Other payables | 80,592.87 | 99,760.16 |
| | **1,73,506.34** | **1,75,004.83** |

**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 | 2,024.50 | 2,002.48 |
| - Foreign exchange (gain) / loss on Marked-to-Market basis - net | 31.22 | 2,948.75 |
| - Employee benefits | 12,589.72 | 14,297.59 |
| - Capital creditors | 16,902.75 | 12,409.52 |
| - Advance from customers | 5,138.66 | 17,163.01 |
| - Statutory Liabilities | 13,965.94 | 17,394.39 |

# NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

| | | | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|---|---|
| **1.10 CURRENT LIABILITIES - SHORT-TERM PROVISIONS** | | | ₹ Lakhs | ₹ Lakhs |
| **a)** | **Provision for employee benefits** | | | |
| | i. | Compensated absences | 1,318.47 | 1,197.79 |
| | ii. | Post retirement benefits | 86.37 | 86.52 |
| | iii. | Post retirement medical benefits | 41.22 | 51.35 |
| **b)** | **Others** | | | |
| | i. | Proposed dividend | 15,964.06 | 26,606.77 |
| | ii. | Corporate dividend tax on proposed dividend | 2,713.09 | 4,316.28 |
| | iii. | Product warranties | 10,745.12 | 9,778.73 |
| | | | **30,868.33** | **42,037.44** |

Movement in respect of provision ₹ lakhs

| Particulars | Year | Opening balance | Net additions / (utilizations) | Closing balance |
|---|---|---|---|---|
| Provision for product warranties | 2013 | 9,778.73 | 966.39 | 10,745.12 |
| | 2012 | 9,667.30 | 111.43 | 9,778.73 |

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

₹ Lakhs

| DESCRIPTION | GROSS BLOCK (COST / VALUATION) | | | | DEPRECIATION / AMORTISATION / IMPAIRMENT | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 01.04.2012 | Additions / Adjustments | Disposals | 31.03.2013 | Upto 31.03.2012 | Charge during the year | Disposals / Adjustments | Upto 31.03.2013 | 31.03.2013 | 31.03.2012 |
| Land | | | | | | | | | | |
| - Freehold land | 76,821.70 | 3.70 | 18.82 | 76,806.58 | - | - | - | - | 76,806.58 | 76,821.70 |
| - Leasehold land | 41,529.78 | 585.81 | - | 42,115.59 | 1,837.62 | 520.97 | 0.53 | 2,358.06 | 39,757.53 | 39,692.16 |
| - Leasehold land given on lease | 126.41 | - | - | 126.41 | 17.60 | 1.28 | - | 18.88 | 107.53 | 108.81 |
| Buildings | 1,34,043.75 | 9,506.79 | 180.50 | 1,43,370.04 | 21,618.14 | 4,592.68 | 96.61 | 26,114.21 | 1,17,255.83 | 1,12,425.61 |
| Building given on lease | 1,140.15 | - | - | 1,140.15 | 90.18 | 20.91 | - | 111.09 | 1,029.06 | 1,049.97 |
| Plant and equipment | 3,77,032.96 | 53,469.47 | 2,815.67 | 4,27,686.76 | 1,68,125.45 | 22,392.35 | 2,717.94 | 1,87,799.86 | 2,39,886.90 | 2,08,907.51 |
| Plant and equipment given on lease | 6.00 | - | - | 6.00 | 1.90 | 0.39 | - | 2.29 | 3.71 | 4.10 |
| 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 | 3,446.59 |
| Furniture and fittings given on lease | 88.87 | - | - | 88.87 | 41.31 | 11.11 | - | 52.42 | 36.45 | 47.56 |
| 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 | 8,904.22 |
| 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 | 5,156.89 |
| Office Equipment given on lease | 43.97 | - | - | 43.97 | 37.84 | 5.91 | - | 43.75 | 0.22 | 6.13 |
| **TOTAL** | **6,71,348.43** | **67,243.86** | **3,400.35** | **7,35,191.94** | **2,14,777.18** | **31,756.95** | **3,185.61** | **2,43,348.52** | **4,91,843.42** | **4,56,571.25** |
| **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** | | | | |
| **Previous year** | **6,27,267.46** | **49,715.55** | **5,634.58** | **6,71,348.43** | **1,92,829.42** | **30,507.55** | **8,559.79** | **2,14,777.18** | **4,56,571.25** | |
| | | | | | | | | | | |
| **Capital Work in Progress** | | | | | | | | | **56,261.83** | **43,519.06** |

1. Buildings include service installations of gross value ₹ 14,772.56 lakhs (2012: ₹ 12,171.40 lakhs)
2. Land and Buildings (other than those given on lease and installations) have been revalued as at March 31, 2009 after considering depreciation / amortisation upto that date as per external valuer's report, on the governing principles of current cost. The amount of increase on the revaluation done on March 31, 2009 was ₹ 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
3. 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.
4. Cost of Buildings as at March 31, 2013 includes:
   a) ₹ 3.42 lakhs (2012: ₹ 3.42 lakhs) being cost of shares in Housing Co-operative Society representing ownership rights in residential flats and furniture and fittings thereat.
   b) ₹ 132.38 lakhs (2012: ₹ 132.38 lakhs) representing cost of residential flats including undivided interest in land.
5. Additions to Tangible Assets and Capital work in progress include:
   - Exchange (gain) / loss aggregating to ₹ 15,578.37 lakhs (2012: ₹ 20,958.42 lakhs) capitalised as under:
     Land ₹ 644.04 lakhs (2012: ₹ 1,396.41 lakhs), Building ₹ 1,465.50 lakhs (2012: ₹ 2,004.77 lakhs), Plant and equipment ₹ 6,724.56 lakhs (2012: ₹ 9,778.54 lakhs).
     Furniture and fittings ₹ 316.15 lakhs (2012: ₹ 420.79 lakhs), Vehicles and aircraft ₹ 20.47 lakhs (2012: ₹ 218.24 lakhs), Office equipment ₹ 285.20 lakhs (2012: ₹ 468.82 lakhs).
     Capital work-in-progress ₹ 6,122.46 lakhs (2012: ₹ 6,670.85 lakhs).
   - Borrowing cost capitalised during the year : ₹ 1,764.68 lakhs (2012: NIL)

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

₹ Lakhs

| DESCRIPTION | GROSS BLOCK (COST / VALUATION) | | | | DEPRECIATION / AMORTISATION / IMPAIRMENT | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1.04.2012 | Additions / Adjustments | Disposals | 31.03.2013 | Upto 31.03.2012 | Charge during the year | Disposals / Adjustments | Upto 31.03.2013 | 31.03.2013 | 31.03.2012 |
| Computer software | | | | | | | | | | |
| - Developed | 8,625.32 | 6,537.10 | - | 15,162.42 | 2,553.05 | 827.35 | - | 3,380.40 | 11,782.02 | 6,072.27 |
| - Acquired | 9,285.58 | 1,962.11 | - | 11,247.69 | 5,904.35 | 1,665.26 | 0.31 | 7,569.30 | 3,678.39 | 3,381.23 |
| Others | | | | | | | | | | |
| Technical knowhow | | | | | | | | | | |
| - Developed | 24,249.44 | 106.00 | - | 24,355.44 | 4,028.69 | 4,060.05 | - | 8,088.74 | 16,266.70 | 20,220.75 |
| - Acquired | 12,133.57 | 1,041.83 | - | 13,175.40 | 7,029.66 | 1,527.99 | - | 8,557.65 | 4,617.75 | 5,103.91 |
| **TOTAL** | **54,293.91** | **9,647.04** | **-** | **63,940.95** | **19,515.75** | **8,080.65** | **0.31** | **27,596.09** | **36,344.86** | **34,778.16** |
| **Previous Year** | **41,921.41** | **12,372.50** | **-** | **54,293.91** | **12,980.28** | **6,535.47** | **-** | **19,515.75** | **34,778.16** | |
| **Intangible assets under development** | | | | | | | | | **12,630.91** | **11,303.03** |

Additions to Intangible assets and Intangible assets under development include:

a) Exchange (gain) / loss aggregating to ₹ 279.96 lakhs (2012: ₹ 276.55 lakhs) capitalised as under :

Software ₹ 199.92 lakhs (2012: ₹ 229.04 lakhs), Technical Knowhow ₹ 23.81 lakhs (2012: ₹ 47.51 lakhs), Intangible assets under development ₹ 56.23 lakhs (2012: Nil)

b) Borrowing cost capitalised during the year: ₹ 888.39 lakhs (2012: 78.30 lakhs) and intangible assets under development ₹ 49.68 lakhs (2012: ₹ 78.49 lakhs)

c) Other expenses capitalised ₹ 2,020.28 lakhs (2012: ₹ 2,283.49 lakhs) - Refer Notes 2.6 and 2.9 to the Financial Statements

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

| | As at March 31, 2013 | | | As at March 31, 2012 | |
|---|---|---|---|---|---|
| | ₹ Lakhs | Nos. | ₹ Lakhs | Nos. | ₹ Lakhs |
| **LONG TERM INVESTMENTS** | | | | | |
| **A) Trade Investments** | | | | | |
| **I) Investment in Equity Instruments** | | | | | |
| **1) Fellow Subsidiary** | | | | | |
| **Equity Shares of ₹ 10 each** | | | | | |
| Hinduja Foundries Limited # | | 54,05,793 | 2,421.26 | 54,05,793 | 2,421.26 |
| **2) Associates** | | | | | |
| **a) Equity Shares of ₹ 10 each** | | | | | |
| Albonair (India) Private Limited | | 40,00,000 | 400.00 | 40,00,000 | 400.00 |
| Ashok Leyland Defence Systems Limited | | 17,567 | 1.76 | 17,567 | 1.76 |
| Automotive Coaches and Components Limited | | - | - | 51,70,664 | 488.27 |
| Defiance Technologies Limited | | 2,34,10,000 | 2,341.00 | 2,34,10,000 | 2,341.00 |
| Irizar - TVS Limited | | 33,00,000 | 367.50 | 33,00,000 | 367.50 |
| Ashley Aviation Limited | | 19,60,000 | 196.00 | - | - |
| **b) Equity Shares of ₹100 each** | | | | | |
| Gulf Ashley Motor Limited | | 5,79,190 | 579.19 | 5,79,190 | 579.19 |
| **c) Equity shares of Srilankan Rupees 10 each** | | | | | |
| Lanka Ashok Leyland, PLC | | 10,08,332 | 57.46 | 10,08,332 | 57.46 |
| **d) Equity shares of UAE Dirhams of 1000 each** | | | | | |
| Ashok Leyland (UAE) LLC | | 14,600 | 1,937.93 | 9,400 | 1,168.52 |
| **e) Equity Shares of Common Stock of Par value US Dollars 0.01 per share** | | | | | |
| Defiance Testing and Engineering Services Inc. USA | | 49 | 3,411.15 | 49 | 691.15 |
| **f) Equity Shares** | | | | | |
| Optare plc UK | | | | | |
| - Ordinary shares of British Pence 0.1 each | | 56,63,44,411 | 5,842.79 | 56,63,44,411 | 5,842.79 |
| - Deferred shares of British Pence 0.9 each | | 19,55,57,828 | - | 19,55,57,828 | - |
| **g) Equity shares of Euro 1 each** | | | | | |
| Albonair GmbH | | 96,12,000 | 5,963.18 | 96,12,000 | 5,963.18 |
| **h) Equity shares of GBP 1 each** | | | | | |
| Ashok Leyland (UK) Limited | | 35,100 | 30.79 | 100 | 0.08 |
| **I) Equity shares of Naira 1 each** | | | | | |
| Ashok Leyland (Nigeria) Limited | | 40,00,000 | 14.25 | - | - |

| | | As at March 31, 2013 | | As at March 31, 2012 | |
|---|---|---|---|---|---|
| | ₹ Lakhs | Nos. | ₹ Lakhs | Nos. | ₹ Lakhs |
| **3) Joint Ventures** | | | | | |
| **Equity Shares of ₹ 10 each** | | | | | |
| Ashley Alteams India Limited | | 4,25,00,000 | 4,250.00 | 4,00,00,000 | 4,000.00 |
| Ashok Leyland John Deere Construction Equipment Company Private Limited | | 11,03,68,150 | 11,036.82 | 6,08,68,150 | 6,086.82 |
| Ashok Leyland Nissan Vehicles Limited | | 25,36,11,500 | 25,361.15 | 20,70,61,500 | 20,706.15 |
| Automotive Infotronics Limited | | 1,57,51,762 | 1,575.18 | 1,57,51,762 | 1,575.18 |
| Nissan Ashok Leyland Powertrain Limited | | 7,35,40,705 | 7,354.07 | 7,35,40,705 | 7,354.07 |
| Nissan Ashok Leyland Technologies Limited | | 2,55,04,000 | 2,550.40 | 2,55,04,000 | 2,550.40 |
| **4) Others** | | | | | |
| **a) Equity Shares of ₹ 10 each** | | | | | |
| Ashley Bio-Fuels Limited (cost ₹140) | | - | - | 14 | - |
| Hinduja Leyland Finance Limited | | 3,05,00,000 | 3,050.00 | 5,70,00,000 | 5,700.00 |
| **b) Equity Shares of ₹100 each** | | | | | |
| Ashley Transport Services Limited | | - | - | 7 | 0.01 |
| **II) Investment in Preference Shares** | | | | | |
| **Fellow Subsidiary - Hinduja Foundries Limited** | | | | | |
| 10% Cumulative Non-Convertible Redeemable Preference shares of ₹ 100 each | | 15,00,000 | 1,500.00 | 15,00,000 | 1,500.00 |
| 6% Cumulative Non-Convertible Redeemable Preference shares of ₹ 100 each paid up value of ₹ 66.67 per share | | 10,00,000 | 666.67 | 10,00,000 | 666.67 |
| 9% Cumulative Non-Convertible Redeemable Preference shares of ₹ 100 each | | 3,00,00,000 | 30,000.00 | - | - |
| **III) Investment in Ownership Interest** | | | | | |
| **Ownership interest in share capital in Czech Koruna** | | | | | |
| Avia Ashok Leyland Motors s.r.o. | | 2.00% | 747.58 | 2.00% | 639.18 |
| **Total - Trade Investments** | | | **1,11,656.13** | | **71,100.64** |
| Less: Provision for diminution in value towards | | | | | |
| Avia Ashok Leyland Motors s.r.o. | 744.32 | | | | 626.53 |
| Ashley Alteams India Limited | 2,779.50 | | | | - |
| Automotive Infotronics Limited | 1,119.02 | | | | - |
| Ashley Bio-Fuels Limited (Fully provided - ₹ 140) | - | | | | - |
| Ashley Transport Services Limited (Fully provided - ₹ 700) | - | | | | 0.01 |
| **Aggregate provision for diminution in value of Trade Investments** | | | **4,642.84** | | **626.54** |
| **Total - Trade Investments - net (A)** | | | **1,07,013.29** | | **70,474.10** |

# NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

| | As at March 31, 2013 | | As at March 31, 2012 | |
|---|---|---|---|---|
| | Nos. | ₹ Lakhs | Nos. | ₹ Lakhs |
| **B) Other Investments** | | | | |
| **I) Investment in Equity Shares** | | | | |
| **1) Associates** | | | | |
| **Equity Shares of ₹ 10 each** | | | | |
| Ashley Airways Limited (under liquidation) | 14,70,000 | 14.70 | 14,70,000 | 14.70 |
| Ashley Holdings Limited | 47,24,75,000 | 47,247.50 | 31,98,77,500 | 31,987.75 |
| Ashley Investments Limited | 47,42,55,000 | 47,425.50 | 32,26,57,500 | 32,265.75 |
| Mangalam Retail Services Limited | 24,980 | 2.50 | 24,980 | 2.50 |
| **2) Others** | | | | |
| **a) Equity shares of ₹ 10 each** | | | | |
| Chennai Willingdon Corporate Foundation (Cost ₹ 900) | 100 | | 100 | |
| Ashok Leyland Project Services Limited | 34,42,400 | 344.24 | 34,42,400 | 344.24 |
| Hinduja Energy (India) Limited | 6,11,47,058 | 18,711.00 | - | - |
| Hinduja Global Solutions Limited # | 2,029 | 4.05 | 2,029 | 4.05 |
| Hinduja Ventures Limited # | 2,029 | 4.06 | 2,029 | 4.06 |
| ICICI Bank Limited # | - | - | 24,231 | 10.52 |
| IndusInd Bank Limited # | 1,30,13,923 | 9,795.03 | 2,01,13,923 | 15,138.90 |
| **b) Equity shares of ₹ 100 each partly paid-up** | | | | |
| Adyar Property Holding Co. Limited (₹ 65 paid up) | 400 | 0.26 | 400 | 0.26 |
| **II) Investment in Preference Shares** | | | | |
| **Associates** | | | | |
| **2% Non-Cumulative Non-Convertible Redeemable Preference shares of ₹ 10 each** | | | | |
| Ashley Holdings Limited | 32,50,000 | 325.00 | 32,50,000 | 325.00 |
| Ashley Investments Limited | 32,50,000 | 325.00 | 32,50,000 | 325.00 |
| **6% Non-Cumulative Non-Convertible Redeemable Preference shares of ₹ 10 each** | | | | |
| Ashley Holdings Limited | 1,17,50,000 | 1,175.00 | 1,17,50,000 | 1,175.00 |
| Ashley Investments Limited | 1,17,50,000 | 1,175.00 | 1,17,50,000 | 1,175.00 |
| **III) Investment in Government Securities** | | | | |
| National Savings Certificate of the face value of ₹ 0.50 lakh | | 0.50 | | 0.50 |
| **IV) Investment in Debentures or Bonds** | | | | |
| **Non convertible redeemable bonds of ₹ 10 Lakhs each** | | | | |
| ICICI Bank Limited # | 20 | 200.56 | 20 | 200.56 |
| **Total - Other Investments (B)** | | **1,26,749.90** | | **82,973.79** |
| **Grand Total (A + B)** | | **2,33,763.19** | | **1,53,447.89** |

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **Note:** | ₹ Lakhs | ₹ Lakhs |
| 1. Investments are fully paid-up unless otherwise stated. | | |
| 2. Quoted Investments (#) - Cost | 12,424.96 | 17,779.35 |
| - Market value | 55,130.50 | 68,152.25 |
| Unquoted Investments - Others (Cost) | 2,25,981.07 | 1,36,295.08 |

3. 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 :
   a) Ashley Alteams India Limited
   b) Hinduja Foundries Limited

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

| | | |
|---|---|---|
| **a) Capital Advances** | | |
| i. Unsecured, considered good | 1,677.15 | 14,212.16 |
| ii. Unsecured, considered doubtful | 1.00 | 1.00 |
| Less: Provision | 1.00 | 1.00 |
| | 1,677.15 | 14,212.16 |
| **b) Security Deposits - Unsecured, considered good** | 1,351.00 | 1,347.58 |
| **c) Loans and advances to Related Parties [ Refer Note 3.5 to the Financial Statements]** | | |
| - Unsecured, considered good | | |
| i. Long term monetary assets in foreign currency | - | 9,784.31 |
| ii. Others | 3,192.70 | 232.49 |
| **d) Balances with customs, port trust, central excise etc.** | | |
| Unsecured, considered doubtful | 1,428.06 | 1,428.06 |
| Less: Provision | 1,428.06 | 1,428.06 |
| | - | - |
| **e) Other Loans and Advances - Unsecured, considered good** | | |
| i. Material advance | 4.27 | 38.20 |
| ii. Employee advances | 463.37 | 851.90 |
| iii. Sales tax paid under protest | 2,722.07 | 2,382.01 |
| iv. Advance Income tax (net) | 3,449.09 | 3,040.54 |
| v. MAT Credit entitlement | 33,391.94 | 22,572.94 |
| vi. Share Capital advance | - | 5,000.00 |
| vii. Other advances | 1,722.23 | 1,366.09 |
| | 41,752.97 | 35,251.68 |
| Less: Provision towards Other Loans and Advances | 4.27 | 4.27 |
| | **47,969.55** | **60,823.95** |
| Of the above, due from Directors / Officers | 0.06 | 0.11 |

# NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

| | As at March 31, 2013 | | As at March 31, 2012 |
|---|---|---|---|
| **1.15 OTHER NON-CURRENT ASSETS** | ₹ Lakhs | ₹ Lakhs | ₹ Lakhs |
| a) Long term trade receivables<br>- Unsecured considered good | | 6.69 | 12.13 |
| b) Unamortised loan raising expenses | | 1,196.52 | 730.61 |
| | | **1,203.21** | **742.74** |

**1.16 CURRENT ASSETS - INVENTORIES**

| | | | |
|---|---|---|---|
| (a) Raw materials and Components (including patterns and dies) | | 74,089.20 | 78,988.15 |
| (b) Work-in -progress | | 12,095.13 | 17,229.95 |
| (c) Finished goods | | 71,171.61 | 1,00,557.62 |
| (d) Stock-in-trade - Traded goods | | | |
| (i) Engines | 656.65 | | 210.16 |
| (ii) Light Commercial Vehicles | 853.92 | | 40.62 |
| (iii) Spare parts and auto components (including works made) | 21,587.79 | | 16,262.42 |
| | | 23,098.36 | 16,513.20 |
| (e) Stores, spares and consumable tools | | 9,143.39 | 9,773.60 |
| (f) Carbon Emmission Rights (CER's) | | 4.39 | - |
| | | **1,89,602.08** | **2,23,062.52** |
| 1) Goods in transit included under the above heads are as below: | | | |
| (a) Raw Materials and components | | 4,324.69 | 9,266.97 |
| (b) Stock-in-Trade - Traded goods | | | |
| (i) Engines | | 195.11 | 169.88 |
| (ii) Light Commercial Vehicles | | - | 40.62 |
| (iii) Spares parts and auto components (including works made) | | 526.99 | 535.32 |
| (c) Stores, spares and consumable tools | | 15.14 | 14.67 |
| 2) Carbon Emission Rights | | | |
| Number of CER's held : 19,600 nos (2012 : Nil) | | | |
| Number of CER's under certification : 38,385 nos (2012 : 19,600 nos) | | | |

**1.17 CURRENT ASSETS - TRADE RECEIVABLES**

| | | | |
|---|---|---|---|
| Trade Receivables - Unsecured | | | |
| (i) Considered good | | 1,41,941.13 | 1,23,076.42 |
| (ii) Considered doubtful | | 39.47 | 39.47 |
| | | 1,41,980.60 | 1,23,115.89 |
| Less: Provision | | 39.47 | 39.47 |
| | | **1,41,941.13** | **1,23,076.42** |

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| | ₹ Lakhs | ₹ Lakhs |
| Age analysis of trade receivables | | |
| Outstanding for more than six months from the date they are due | 15,165.85 | 24,812.84 |
| Others | 1,26,775.28 | 98,263.58 |
| | 1,41,941.13 | 1,23,076.42 |

| | | |
|---|---|---|
| **1.18 CURRENT ASSETS - CASH AND BANK BALANCES** | | |
| **a) Cash and Cash Equivalents** | | |
| i) Balances with Banks in Current account | 677.97 | 2,723.32 |
| ii) Cheques, drafts on hand | 82.59 | 0.55 |
| iii) Cash and stamps on hand | 20.53 | 22.44 |
| | **781.09** | **2,746.31** |
| **b) Other bank balances** | | |
| - Earmarked accounts * | 613.15 | 509.27 |
| | **1,394.24** | **3,255.58** |
| * Earmarked accounts represent balances in the unclaimed dividend accounts. | | |

| | | |
|---|---|---|
| **1.19 CURRENT ASSETS - SHORT-TERM LOANS AND ADVANCES** | | |
| Unsecured, Considered Good | | |
| (a) Loans and advances to related parties [Refer Note 3.5 to the Financial Statements] | | |
| (i) Current portion of Long term monetary assets in foreign currency | 19,965.79 | 9,728.47 |
| (ii) Others | 4,526.78 | 6,061.57 |
| (b) Others | | |
| (i) Security deposit | 347.38 | 112.25 |
| (ii) Employee advances | 2,238.93 | 1,576.18 |
| (iii) Material advances | 11,663.03 | 11,154.29 |
| (iv) Balances with customs, port trust, central excise etc. | 7,657.82 | 8,125.00 |
| (c) Other receivables | 42,698.31 | 35,899.67 |
| | **89,098.04** | **72,657.43** |
| Of the above | | |
| 1. Due from Directors / Officers | 0.05 | 0.05 |
| 2. Other receivables include | | |
| - Sales tax | 2,934.79 | 2,799.39 |
| - Prepaid expenses | 1,956.59 | 3,456.99 |
| - VAT credit | 28,842.00 | 19,037.35 |
| - Entry tax | 1,720.08 | 1,824.41 |
| - Service tax | 1,369.55 | 944.75 |

# NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **1.20 CURRENT ASSETS - OTHER CURRENT ASSETS** | ₹ Lakhs | ₹ Lakhs |
| a) Interest accrued : | | |
| - Loans and advance to Related Parties [Refer Note 3.5 to the Financial Statements] | 528.05 | 688.84 |
| - Others | 176.86 | 48.38 |
| b) Export incentive receivables | 6,499.96 | 7,344.89 |
| c) Current portion of unamortised loan raising expenses | 412.88 | 254.57 |
| | **7,617.75** | **8,336.68** |

| | | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|---|
| **2.1 REVENUE FROM OPERATIONS** | | | |
| **a) Sale of products** | | | |
| - Commercial Vehicles | | | |
| Manufactured | | 10,31,833.53 | 11,84,618.44 |
| Traded | | 91,517.14 | 16,348.06 |
| - Engines and Gensets | | 48,351.63 | 34,921.00 |
| - Spare parts and others | | 1,81,458.13 | 1,55,399.93 |
| | **(A)** | **13,53,160.43** | **13,91,287.43** |
| **b) Revenue from services** | **(B)** | 13,825.46 | 8,266.77 |
| **c) Other operating revenues** | | | |
| - Contract manufacturing | | 11,849.87 | 2,637.88 |
| - Export Incentives | | 8,286.31 | 8,945.23 |
| - Scrap sales | | 7,501.82 | 7,255.54 |
| - Others | | 174.18 | 1,248.42 |
| | **(C)** | **27,812.18** | **20,087.07** |
| | **(A+B+C)** | **13,94,798.07** | **14,19,641.27** |
| Less: Commission, rebate and discounts | | 64,942.18 | 47,560.77 |
| | | **13,29,855.89** | **13,72,080.50** |

# NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

| | Year ended March 31, 2013 | | Year ended March 31, 2012 |
|---|---|---|---|
| **2.2 OTHER INCOME** | ₹ Lakhs | | ₹ Lakhs |
| **a) Interest income from** | | | |
| i. Long-term investments | 14.90 | | 14.94 |
| ii. Others, including bills discounting | 3,309.44 | | 1,358.39 |
| | | 3,324.34 | 1,373.33 |
| **b) Dividend income from** | | | |
| i. Current investments | 57.12 | | 392.30 |
| ii. Long-term investments | 699.15 | | 513.76 |
| | | 756.27 | 906.06 |
| **c) Other non-operating income** | | | |
| i. Cash discount earned | 404.46 | | 444.92 |
| ii. Profit on sale of fixed assets - net | 417.26 | | 348.03 |
| iii. Others | 1,332.82 | | 962.69 |
| | | 2,154.54 | 1,755.64 |
| | | **6,235.15** | **4,035.03** |

**2.3 COST OF MATERIALS CONSUMED**

| | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| a) Forgings and castings | 48,787.84 | 65,312.66 |
| b) Plates, sheets, bars, steel tubes and angles | 49,919.13 | 54,563.93 |
| c) Tyres, tubes and flaps | 61,361.34 | 91,672.53 |
| d) Finished and other items | 5,93,903.66 | 7,00,824.84 |
| | 7,53,971.97 | 9,12,373.96 |
| Less: Issues capitalised | 30.33 | 225.63 |
| | **7,53,941.64** | **9,12,148.33** |
| Of the above | | |
| 1. Imported items - amount | 52,016.19 | 61,957.30 |
| - percentage | 6.90% | 6.79% |
| 2. Indigenous items - amount | 7,01,955.78 | 8,50,416.66 |
| - percentage | 93.10% | 93.21% |

**2.4 PURCHASES OF STOCK-IN-TRADE - TRADED GOODS**

| | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| a) Traded engines | 2,460.62 | 1,396.42 |
| b) Light Commercial Vehicles | 89,063.65 | 15,658.63 |
| c) Spare parts and Auto components | 39,649.67 | 33,682.32 |
| | **1,31,173.94** | **50,737.37** |

# NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

| | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| **2.5 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK - IN-PROGRESS AND STOCK-IN-TRADE** | ₹ Lakhs | ₹ Lakhs |
| a) Changes in Inventories | | |
| - Work-in-progress | 5,134.82 | 9,052.08 |
| - Finished / Traded goods | 22,800.85 | (26,554.85) |
| **Net change** | 27,935.67 | (17,502.77) |
| b) Movement in Excise duty content in Finished / Traded goods | (737.98) | 801.47 |
| | **27,197.69** | **(16,701.30)** |
| **2.6 EMPLOYEE BENEFITS EXPENSE** | | |
| a) Salaries, wages and bonus | 84,251.95 | 80,464.95 |
| b) Contribution to provident, gratuity and other funds | 9,161.61 | 8,744.45 |
| c) Welfare expenses | 15,260.22 | 14,409.87 |
| | **1,08,673.78** | **1,03,619.27** |
| Less: Employee expenses capitalised | 1,122.44 | 1,579.85 |
| | **1,07,551.34** | **1,02,039.42** |
| **2.7 FINANCE COSTS** | | |
| a) Interest | 35,232.99 | 22,500.13 |
| b) Other borrowing costs * | 5,158.33 | 3,181.98 |
| | **40,391.32** | **25,682.11** |
| Less: Interest cost capitalised | 2,702.75 | 156.79 |
| | **37,688.57** | **25,525.32** |
| * Other borrowing costs include: | | |
| - Loan raising expenses amortised | 383.34 | 216.97 |
| - Premium on forward contracts amortised | 1,120.68 | 1,081.46 |
| - Bill discounting charges | 3,643.79 | 1,872.31 |
| **2.8 DEPRECIATION / IMPAIRMENT** | | |
| **A) Tangible assets** | | |
| (i) Buildings | 4,592.68 | 4,118.59 |
| (ii) Plant and Machinery | 22,392.35 | 22,137.11 |
| (iii) Furniture and fittings | 996.86 | 837.02 |
| (iv) Vehicles and aircrafts | 1,059.00 | 963.65 |
| (v) Office equipment | 2,155.49 | 1,896.15 |

# NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

| | | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|---|
| | | ₹ Lakhs | ₹ Lakhs |
| (vi) Assets given on lease | | | |
| - Buildings | | 20.91 | 18.84 |
| - Plant and Machinery | | 0.39 | - |
| - Furniture and fittings | | 11.11 | 9.65 |
| - Office equipment | | 5.91 | 8.02 |
| | | **31,234.70** | **29,989.03** |
| Less: Transfer from Revaluation reserve [Refer Note 3.2.9 (b) to the Financial Statements] | | 1,237.00 | 1,243.18 |
| **Total on Tangible assets** | **(A)** | **29,997.70** | 28,745.85 |
| **B) Intangible assets** | | | |
| (i) Computer software | | | |
| - Developed | | 827.35 | 106.22 |
| - Acquired | | 1,665.26 | 1,354.98 |
| (ii) Technical knowhow | | | |
| - Developed | | 4,060.05 | 3,736.27 |
| - Acquired | | 1,527.99 | 1,338.00 |
| **Total on Intangible assets** | **(B)** | **8,080.65** | **6,535.47** |
| **Total** | **(A + B)** | **38,078.35** | **35,281.32** |
| **Note:** | | | |
| Impairment charge included in the above | | | |
| - In Plant and Machinery | | 71.51 | 200.27 |

| | | |
|---|---|---|
| **2.9 OTHER EXPENSES** | | |
| (a) Consumption of stores and tools | 7,398.31 | 7,108.62 |
| (b) Power and fuel | 8,599.82 | 7,766.96 |
| (c) Rent | 2,994.48 | 1,377.98 |
| (d) Repairs and maintenance | | |
| - Buildings | 2,875.20 | 2,783.76 |
| - Plant and Machinery | 11,033.71 | 9,967.27 |
| (e) Insurance | 665.62 | 748.90 |
| (f) Rates and taxes, excluding taxes on income | 974.49 | 680.06 |
| (g) Selling and administration expenses - net | 35,370.17 | 30,385.19 |
| (h) Service and product warranties | 21,368.83 | 16,482.15 |
| (i) Packing and forwarding charges | 30,361.32 | 23,221.23 |
| (j) Annual Maintenance Contracts | 14,181.76 | 9,592.67 |

| | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| | ₹ Lakhs | ₹ Lakhs |
| (k) Research and Development | 5,682.69 | 6,943.65 |
| (l) Diminution in value of investments | - | 26.54 |
| (m) Bad and doubtful debts / advances provided / written-off (Net of recovery) | - | 218.00 |
| | 1,41,506.40 | 1,17,302.98 |
| Less: Expenses capitalised | 897.84 | 703.64 |
| | **1,40,608.56** | **1,16,599.34** |
| 1. Rent includes amortisation of cost / value of leasehold land ₹ 522.25 lakhs | | |
| (March 2012: ₹ 518.52 lakhs) as reduced by transfer of ₹ 334.27 lakhs (March 2012: ₹ 334.28 lakhs) from Revaluation reserve. [Refer Note 3.2.9 (b)] | 187.98 | 184.24 |
| 2. Selling and administration expenses include: | | |
| - Director's sitting fees | 22.20 | 20.60 |
| - Commission to Non Whole-time Directors | 191.80 | 287.24 |

| | | |
|---|---|---|
| **2.10 EXCEPTIONAL ITEMS:** | | |
| **a) Profit on sale of Long-Term Investments** | | |
| - Indusind Bank Limited | 25,238.31 | - |
| - Hinduja Leyland Finance Limited | 7,950.00 | 14,440.00 |
| - Defiance Technologies Limited | - | 1,576.00 |
| - ICICI Bank Limited | 266.71 | - |
| | **33,455.02** | **16,016.00** |
| **b) (Loss) on sale of Long-Term Investments** | | |
| - Automotive Coaches and Components Limited | (483.10) | - |
| - AVIA Ashok Leyland Motors s.r.o | - | (14,513.63) |
| - Ashley Bio Fuel Limited | - | (749.74) |
| - Ashley Transport Services Limited | - | (592.85) |
| | **(483.10)** | **(15,856.22)** |
| **c) Diminution in the value of Long-Term investments** | | |
| - Ashley Alteams Limited | (2,779.50) | - |
| - Automotive Infotronics Limited | (1,119.02) | - |
| - AVIA Ashok Leyland Motors s.r.o | (117.79) | - |
| | **(4,016.31)** | - |
| | **28,955.61** | **159.78** |

# NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

| | | | 2013 | | 2012 |
|---|---|---|---|---|---|
| **3.1** | **Information regarding Imports (c.i.f)** | | ₹ Lakhs | | ₹ Lakhs |
| | a) Raw materials | | 40,391.32 | | 44,039.02 |
| | b) Trading goods and others | | 3,339.31 | | 2,151.80 |
| | c) Spares and tools | | 504.24 | | 1,568.08 |
| | d) Capital items | | 28,063.70 | | 18,421.61 |
| | | | **72,298.57** | | **66,180.51** |

| | | | | | |
|---|---|---|---|---|---|
| **3.2.** | **Other Information (including foreign currency transactions)** | | | | |
| **3.2.1** | **Expenditure incurred in foreign currency** | | | | |
| | a) Royalty | | 199.51 | | 245.00 |
| | b) Professional and consultation fees | | 1,415.30 | | 654.38 |
| | c) Interest and commitment charges | | 9,136.12 | | 7,986.79 |
| | d) Commission on sales | | 10,672.26 | | 15,434.60 |
| | e) Research and development | | 353.25 | | 1,488.93 |
| | f) Travel | | 515.30 | | 485.99 |
| | g) Other expenses | | | | |
| | - Freight charges | 3,654.59 | | 2,914.63 | |
| | - Product warranty | 375.94 | | 851.85 | |
| | - Others | 3,669.93 | | 1,836.44 | |
| | | | 7,700.46 | | 5,602.92 |
| | | | **29,992.20** | | **31,898.61** |
| **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 | 102,84,37,424 | | 51,42,18,712 | |
| | c) Dividend remitted during the year relating to the previous year | | 10,284.37 | | 10,284.37 |
| | * Dividend paid to other Non-Resident shareholders is in Indian Rupee. | | | | |

# NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

| | | 2013 | 2012 |
|---|---|---|---|
| **3.2.3** | **Earnings in foreign currency** | ₹ Lakhs | ₹ Lakhs |
| | a) Export of goods - FOB value | 1,42,543.34 | 1,54,035.97 |
| | b) Royalty, know-how, professional and consultation fees | 69.95 | 1,122.48 |
| | c) Interest and dividend | 1,344.94 | 903.82 |
| | d) Others [ Includes freight, insurance and commission earned] | 7,818.30 | 8,533.10 |
| | | **1,51,776.53** | **1,64,595.37** |
| **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 | 50.00 |
| | b) For cost audit | 3.07 | 2.00 |
| | c) For taxation matters | 8.75 | 8.50 |
| | d) For other services - review of accounts, certification work, etc. | 59.97 | 47.10 |
| | e) For reimbursement of expenses | 4.27 | 2.59 |
| **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] | 30,551.62 | 28,198.34 |
| **3.2.6** | **Impact of exchange (gain) / loss for the year in the Statement of Profit and Loss due to:** | | |
| | a) Translation / Settlement | (1,492.94) | 1,660.07 |
| | b) Amortisation of exchange differences | 117.63 | 168.88 |
| | c) Depreciation on exchange differences capitalised | 2,251.63 | 1,377.33 |
| **3.2.7** | **Contingent liabilities** | | |
| | a) Claims against the company not acknowledged as debts (net) - Sales tax | 3,748.55 | 3,114.08 |
| | - Others | 2,793.46 | 2,865.19 |
| | b) Guarantees [net of Counter Guarantees ₹ 30,840.89 Lakhs (2012: Nil)] The outflow in respect of the above is not practicable to ascertain in view of the uncertainties involved. | 13,500.47 | 47,593.90 |
| **3.2.8** | a) Capital commitments (net of advances) not provided for [including ₹ 636.41 lakhs (2012 : ₹ 1,892.08 lakhs) in respect of Intangible assets] | 12,027.18 | 45,018.73 |
| | b) Uncalled Liability on Partly paid shares / investments | 0.14 | 0.14 |

| | 2013 | 2012 |
|---|---|---|
| **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 | 6 |
| (ii) Acquired | 5 / 6 | 5 / 6 |

b) Depreciation for the year computed on assets revalued as on March 31, 2009 over the balance useful life on straight line method includes a net charge of ₹ 1,571.27 lakhs (2012: ₹ 1,577.46 lakhs) [₹ 1,237.00 lakhs (2012: ₹ 1,243.18 lakhs) in Note 2.8 to the Financial Statements and ₹ 334.27 lakhs (2012: ₹ 334.28 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.

| 3.3. | Earnings per share | | 2013 | 2012 |
|---|---|---|---|---|
| | Profit after taxation as per Statement of Profit and Loss (in ₹ lakhs) | (A) | 43,370.67 | 56,597.66 |
| | Weighted average number of equity shares outstanding (Post Bonus) | (B) | 266,06,76,634 | 266,06,76,634 |
| | Basic and Diluted earnings per share (Face value ₹ 1) (in ₹) | (A / B) | 1.63 | 2.13 |

**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** | **2013** | 11,87,721.75 | 1,42,134.14 | - | **13,29,855.89** |
| | 2012 | 12,22,504.68 | 1,49,575.82 | - | 13,72,080.50 |
| **Segment assets** | **2013** | 9,28,962.09 | 54,549.45 | 3,26,158.67 | **13,09,670.21** |
| | 2012 | 9,04,907.11 | 50,033.61 | 2,36,633.99 | 11,91,574.71 |
| **Capital expenditure during the year** | **2013** | 68,005.39 | 19.71 | 22,936.39 | **90,961.49** |
| | 2012 | 53,893.45 | 53.38 | 27,166.70 | 81,113.53 |

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

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

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

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

**3.5. Related party disclosure**

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

*Holding company*

Hinduja Automotive Limited, United Kingdom

Machen Holdings SA

*(Holding Company of Hinduja Automotive Limited, United Kingdom)*

Machen Development Corporation, Panama

*(Holding Company of Machen Holdings SA)*

Amas Holdings SA

*(Holding Company of Machen Development Corporation, Panama)*

# NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

| | | | |
|---|---|---|---|
| b) | **Other related parties** | | |
| | *Fellow subsidiaries* | | |
| | | Hinduja Foundries Limited | |
| | | Hinduja Auto Components Limited | |
| | | Hinduja Automotive (UK) Limited | |
| | *Associates* | | |
| | | Albonair GmbH, Germany | |
| | | Albonair (India) Private Limited | |
| | | Ashley Airways Limited (under liquidation) | |
| | | Ashley Aviation Limited…………………………………………………… | from November 8, 2012 |
| | | Ashley Holdings Limited | |
| | | Ashley Investments Limited | |
| | | Ashok Leyland Defence Systems Limited | |
| | | Ashok Leyland (Nigeria) Limited………………………………………… | from March 6, 2013 |
| | | Ashok Leyland (UAE) LLC, Ras Al Khaimah, UAE | |
| | | Ashok Leyland (UK) Limited | |
| | | Automotive Coaches and Components Limited………………………….. | upto March 31, 2013 |
| | | Defiance Technologies Limited | |
| | | Defiance Testing and Engineering Services, Inc. USA | |
| | | Gulf Ashley Motor Limited | |
| | | Irizar TVS Limited | |
| | | Lanka Ashok Leyland, PLC | |
| | | Mangalam Retail Services Limited | |
| | | Optare plc, UK | |
| | *Joint Ventures* | | |
| | | Ashley Alteams India Limited | |
| | | Automotive Infotronics Limited | |
| | | Ashok Leyland John Deere Construction Equipment Company Private Limited | |
| | | Ashok Leyland Nissan Vehicles Limited | |
| | | Nissan Ashok Leyland Powertrain Limited | |
| | | Nissan Ashok Leyland Technologies Limited | |
| | *Key management personnel* | | |
| | | Mr. R Seshasayee, Executive Vice Chairman | |
| | | Mr. Vinod K Dasari, Managing Director | |

## 3.5 Related Party disclosure - ..... Continued

### c) Related Party Transactions - summary

₹ Lakhs

| | | Fellow Subsidiary * | | Associates | | Joint Ventures | | Holding Company # | | Key Management Personnel | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| | **Transactions during the year ended March 31** | | | | | | | | | | | | |
| 1 | Purchase of raw materials,components and traded goods ( net of CENVAT / VAT ) | 20,339.09 | 23,269.23 | 12,965.47 | 20,991.61 | 89,213.96 | 21,396.04 | - | - | - | - | 1,22,518.52 | 65,656.88 |
| 2 | Sales and Services ( net of excise duties ) | - | 10.45 | 75,062.51 | 1,14,224.43 | 3,697.24 | 1,859.59 | - | - | - | - | 78,759.75 | 1,16,094.47 |
| 3 | Other Operating Income | 652.12 | 1,068.92 | 0.29 | - | 14,581.17 | 3,281.02 | - | - | - | - | 15,233.58 | 4,349.94 |
| 4 | Other expenditure incurred / (recovered) | 117.61 | 23.95 | 1,954.64 | 2,338.19 | 1,773.85 | 279.23 | 175.23 | 139.71 | - | - | 4,021.33 | 2,781.08 |
| 5 | Advance / Current accounts - Net increase / ( decrease) | - | - | 813.03 | (513.02) | 437.09 | 20.87 | - | - | (0.05) | (0.44) | 1,250.07 | (492.59) |
| 6 | Interest and other income | - | - | 1,210.62 | 976.13 | 652.65 | 57.64 | - | - | - | - | 1,863.27 | 1,033.77 |
| 7 | Interest expense | - | - | - | 97.11 | - | - | - | - | - | - | - | 97.11 |
| 8 | Sale of assets | - | - | - | - | - | 11.60 | - | - | - | - | - | 11.60 |
| 9 | Purchase of assets | - | - | - | 72.28 | - | - | - | - | - | - | - | 72.28 |
| 10 | Dividend income | - | - | 251.94 | 134.19 | - | - | - | - | - | - | 251.94 | 134.19 |
| 11 | Dividend payments | - | - | - | - | - | - | 10,272.37 | 10,272.37 | 0.82 | 0.82 | 10,273.19 | 10,273.19 |
| 12 | Remuneration to key management personnel | - | - | - | - | - | - | - | - | 625.03 | 569.39 | 625.03 | 569.39 |
| 13 | Financial guarantees given | - | - | 487.06 | 10,205.70 | - | - | - | - | - | - | 487.06 | 10,205.70 |
| 14 | Counter guarantees received | - | - | 30,840.89 | - | - | - | - | - | - | - | 30,840.89 | - |
| 15 | Acquisition of investments | 30,000.00 | - | 34,149.88 | 41,417.69 | 9,855.00 | 8,083.00 | - | - | - | - | 74,004.88 | 49,500.69 |
| 16 | Disposal of investments | - | - | 10,600.00 | 24,202.52 | - | - | - | - | - | - | 10,600.00 | 24,202.52 |
| 17 | Advance given for share capital | - | - | - | - | 3,190.00 | - | - | - | - | - | 3,190.00 | - |
| 18 | Loans given | - | - | 10,662.69 | 22,621.12 | - | - | - | - | - | - | 10,662.69 | 22,621.12 |
| 19 | Loans repaid | - | - | 10,591.99 | 15,783.94 | - | - | - | - | - | - | 10,591.99 | 15,783.94 |
| | **Balances as on March 31** | | | | | | | | | | | | |
| 1 | Debtors | - | 11.98 | 19,343.14 | 24,559.08 | 1,797.96 | 1,775.25 | - | - | - | - | 21,141.10 | 26,346.31 |
| 2 | Loans and advances (including interest accrued) ** | - | 2,375.92 | 24,726.08 | 23,405.34 | 296.15 | 711.21 | 0.78 | - | 0.11 | 0.16 | 25,023.12 | 26,492.63 |
| 3 | Advance for Share Capital ** | - | - | 0.20 | 3.06 | 3,190.00 | - | - | - | - | - | 3,190.20 | 3.06 |
| 4 | Creditors for materials and expenses | 3,239.06 | 1,022.64 | 2,273.44 | 2,997.93 | 7,033.13 | 4,182.87 | 175.23 | 97.52 | 167.67 | 176.99 | 12,888.53 | 8,477.95 |
| 5 | Financial guarantees given | | | | | | | | | | | | |
| | - for working capital (maximum limit GBP 2.36 million) | - | - | 2,328.52 | 991.53 | - | - | - | - | - | - | 2,328.52 | 991.53 |
| | - others | 3,619.00 | 6,783.33 | 12,617.84 | 14,284.17 | 2,779.80 | 2,714.70 | - | - | - | - | 19,016.64 | 23,782.20 |
| 6 | Counter guarantees received | - | - | 30,840.89 | - | - | - | - | - | - | - | 30,840.89 | - |

* relates to Hinduja Foundries Limited

\# relates to Hinduja Automotive Limited

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

# NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

₹ Lakhs

| | | Category | 2013 | 2012 |
|---|---|---|---|---|
| d) | **Significant Related Party Transactions** | | | |
| 1 | **Purchase of raw materials, components and traded goods (net of CENVAT / VAT)** | | | |
| | Automotive Coaches and Components Limited | Associate | 2,290.27 | 6,814.78 |
| | Irizar TVS Limited | Associate | 10,195.11 | 12,994.67 |
| | Ashley Alteams India Limited | Joint Venture | 3,783.91 | 3,445.39 |
| | Ashok Leyland Nissan Vehicles Limited | Joint Venture | 84,905.40 | 17,420.63 |
| 2 | **Sales and Services (net of taxes)** | | | |
| | Ashok Leyland (UAE) LLC | Associate | 24,541.54 | 16,057.21 |
| | Gulf Ashley Motor Limited | Associate | 20,885.82 | 21,156.28 |
| | Lanka Ashok Leyland, PLC | Associate | 29,177.13 | 73,095.20 |
| | Ashok Leyland Nissan Vehicles Limited | Joint Venture | 2,447.49 | 705.13 |
| | Ashok Leyland John Deere Construction Equipment Company Private Limited | Joint Venture | 1,249.75 | 499.02 |
| | Ashley Alteams India Limited | Joint Venture | - | 232.83 |
| | Nissan Ashok Leyland Technologies Limited | Joint Venture | - | 323.27 |
| 3 | **Other Operating Income** | | | |
| | Defiance Technologies Limited | Associate | 0.29 | - |
| | Ashok Leyland Nissan Vehicles Limited | Joint Venture | 10,875.71 | 2,516.24 |
| | Nissan Ashok Leyland Powertrain Limited | Joint Venture | 3,292.25 | 764.78 |
| 4 | **Other Expenditure incurred / (recovered)** | | | |
| | Defiance Technologies Limited | Associate | 1,637.18 | 1,174.49 |
| | Defiance Testing & Engineering Services Inc., USA | Associate | 13.70 | 640.54 |
| | Gulf Ashley Motor Limited | Associate | 269.60 | 162.08 |
| | Ashok Leyland John Deere Construction Equipment Company Private Limited | Joint Venture | - | (40.90) |
| | Ashok Leyland Nissan Vehicles Limited | Joint Venture | 1,660.83 | 318.57 |
| 5 | **Advance / Current account - Net increase / (decrease)** | | | |
| | Ashok Leyland Defence Systems Limited | Associate | (180.37) | - |
| | Ashok Leyland (UAE) LLC | Associate | 837.12 | - |
| | Automotive Coaches and Components Limited | Associate | - | (499.72) |
| | Irizar -TVS Limited | Associate | (95.00) | (13.30) |
| | Optare plc, UK | Associate | 100.85 | - |
| | Ashok Leyland John Deere Construction Equipment Company Private Limited | Joint Venture | 139.69 | - |
| | Ashley Alteams India Limited | Joint Venture | 59.42 | - |
| | Automotive Infotronics Limited | Joint Venture | (53.92) | - |
| | Ashok Leyland Nissan Vehicles Limited | Joint Venture | 235.06 | 20.87 |

₹ Lakhs

| | | Category | 2013 | 2012 |
|---|---|---|---|---|
| 6 | **Interest and other income** | | | |
| | Albonair GmbH | Associate | 270.77 | 107.10 |
| | Automotive Coaches and Components Limited | Associate | - | 142.51 |
| | Defiance Testing & Engineering Services Inc., USA | Associate | 293.87 | 457.91 |
| | Defiance Technologies Limited | Associate | 140.37 | 50.09 |
| | Optare plc, UK | Associate | 305.18 | 22.93 |
| | Ashley Alteams India Limited | Joint Venture | 168.56 | 0.22 |
| | Nissan Ashok Leyland Technologies Limited | Joint Venture | 477.19 | 57.41 |
| 7 | **Dividend income** | | | |
| | Lanka Ashok Leyland, PLC | Associate | 251.94 | 134.19 |
| 8 | **Acquisition of Investments** | | | |
| | Ashley Holdings Limited | Associate | 15,259.75 | 17,634.00 |
| | Ashley Investments Limited | Associate | 15,159.75 | 17,808.00 |
| | Optare plc, UK | Associate | - | 817.54 |
| | Ashok Leyland Nissan Vehicles Limited | Joint Venture | 4,655.00 | 3,822.00 |
| | Nissan Ashok Leyland Powertrain Limited | Joint Venture | - | 1,911.00 |
| | Ashok Leyland John Deere Construction Equipment Company Private Limited | Joint Venture | 4,950.00 | 1,850.00 |
| 9 | **Disposal of Investments** | | | |
| | Ashley Holdings Limited | Associate | 5,320.00 | 11,801.27 |
| | Ashley Investments Limited | Associate | 5,280.00 | 11,801.27 |
| | Gulf Ashley Motor Limited | Associate | - | 599.99 |
| 10 | **Loans given by the Company** | | | |
| | Albonair GmbH | Associate | 6,055.57 | 4,835.70 |
| | Defiance Technologies Limited | Associate | 1,527.00 | 998.00 |
| | Optare plc, UK | Associate | 3,080.12 | 3,759.24 |
| 11 | **Loans repaid to the Company** | | | |
| | Ashok Leyland (UAE) LLC | Associate | 3,566.38 | 2,453.63 |
| | Defiance Testing & Engineering Services Inc., USA | Associate | 5,564.89 | - |
| | Optare plc,UK | Associate | 1,460.71 | 1,161.58 |
| 12 | **Sale of asset** | | | |
| | Automotive Infotronics Limited | Joint Venture | - | 11.60 |
| 13 | **Financial guarantees given** | | | |
| | Optare plc, UK | Associate | 487.06 | 9,696.95 |
| 14 | **Counter Guarantees received** | | | |
| | Ashley Holdings Limited | Associate | 15,148.54 | - |
| | Ashley Investments Limited | Associate | 15,692.35 | - |
| 15 | **Remuneration to key management personnel** | | | |
| | Mr. R Seshasayee | Executive Vice Chairman | 345.72 | 321.05 |
| | Mr. Vinod K Dasari | Managing Director | 279.31 | 248.34 |

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

₹ Lakhs

| Name of the Associate | 2013 | | 2012 | |
|---|---|---|---|---|
| | Outstanding amount | Maximum loan outstanding during the year | Outstanding amount | Maximum loan outstanding during the year |
| Associates | | | | |
| Albonair GmbH | 11,119.20 | 11,119.20 | 5,005.23 | 5,005.23 |
| Ashok Leyland (UAE) LLC | 1,963.86 | 5,544.19 | 4,524.03 | 6,815.59 |
| Automotive Coaches and Components Limited | 1,706.13 | 3,039.69 | 1,200.00 | 1,500.00 |
| Defiance Technologies Limited | 2,450.00 | 2,450.00 | 923.00 | 923.00 |
| Defiance Testing & Engineering Services Inc., USA | 2,442.83 | 8,132.33 | 7,376.88 | 7,700.23 |
| Irizar TVS Limited | - | 95.00 | 95.00 | 95.00 |
| Optare plc, UK | 4,193.60 | 4,534.79 | 2,606.64 | 2,606.64 |

**3.6 Disclosures in respect of Joint Ventures**

**a) List of joint ventures**

| Sl. No. | Name of the Joint Venture | Name of the Business | Proportion of ownership interest | Country of residence / Incorporation |
|---|---|---|---|---|
| 1 | Ashok Leyland Nissan Vehicles Limited | Manufacture of Light Commercial Vehicles (LCV) | 49.04% | India |
| 2 | Nissan Ashok Leyland Powertrain Limited | Manufacture of engines for Light Commercial Vehicles | 48.68% | India |
| 3 | Nissan Ashok Leyland Technologies Limited | Development of related automotive technology | 49.00% | India |
| 4 | Ashok Leyland John Deere Construction Equipment Company Private Limited | Manufacture of construction equipment | 50.00% | India |
| 5 | Ashley Alteams India Limited | Manufacture of aluminum high pressure die castings | 50.00% | India |
| 6 | Automotive Infotronics Limited | Design, development and adoption of digital electronics products for transportation sector | 50.00% | India |

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

₹ Lakhs

| Sl. No. | Name of the Joint Venture | Current status of Operations and Financials | Year | Company's share of | | | |
|---|---|---|---|---|---|---|---|
| | | | | Assets | Liabilities | Income | Expenses |
| | | | | As at March 31 | | For the year ended March 31 | |
| 1 | Ashok Leyland Nissan Vehicles Limited | Commenced commercial production | 2013 | 63,855.62 | 43,085.18 | 57,819.21 | 60,929.80 |
| | | | 2012 | 34,847.17 | 17,121.95 | 11,569.41 | 13,176.97 |
| 2 | Nissan Ashok Leyland Powertrain Limited | Commenced commercial production | 2013 | 10,694.57 | 4,166.62 | 13,272.73 | 13,328.11 |
| | | | 2012 | 8,482.22 | 1,898.91 | 3,087.65 | 3,616.58 |

₹ 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 | |
| 3 | Nissan Ashok Leyland Technologies Limited | Commenced commercial operation | 2013 | 5,529.71 | 9,900.20 | 3,254.35 | 4,264.51 |
| | | | 2012 | 4,252.40 | 7,612.72 | 1,726.01 | 3,334.34 |
| 4 | Ashok Leyland John Deere Construction Equipment Company Private Limited | Commenced commercial production | 2013 | 11,955.97 | 8,000.63 | 5,977.98 | 9,869.66 |
| | | | 2012 | 10,795.63 | 7,898.62 | 2,010.17 | 4,683.43 |
| 5 | Ashley Alteams India Limited | Operating company | 2013 | 8,735.93 | 8,827.14 | 6,136.83 | 7,468.72 |
| | | | 2012 | 9,658.76 | 8,799.37 | 5,682.49 | 6,660.64 |
| 6 | Automotive Infotronics Limited | Operating company | 2013 | 749.58 | 294.89 | 518.60 | 634.84 |
| | | | 2012 | 905.62 | 334.02 | 290.41 | 526.94 |

Notes :

i) Contingent liabilities, incurred in relation to interest in joint ventures as on March 31, 2013 is ₹ Nil (2012: ₹ Nil).

ii) Share in contingent liabilities of joint ventures themselves for which the Company is contingently liable as at March 31, 2013 ₹ 32,943.35 lakhs (2012 : ₹ 23,068.87 lakhs)

iii) Capital commitments in relation to interests in joint ventures as on March 31, 2013 ₹ Nil (2012: ₹ Nil)

iv) Share in Capital commitments of joint ventures themselves as on March 31, 2013 ₹ 5,151.15 lakhs (2012: ₹ 8,701.99 lakhs)

v) The information furnished above with regard to the year 2013 is based on unaudited figures made available to the Company.

vi) Figures given above under expenses are excluding taxes.

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

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

₹ Lakhs

| Particulars | 2013 | 2012 |
|---|---|---|
| a) Total of minimum lease payments | | |
| - Receivable not later than 1 year | 1,456.00 | 805.68 |
| - Receivable later than 1 year and not later than 5 years | 1,173.94 | 1,271.30 |
| - Receivable later than 5 years | - | - |
| b) Unearned Finance income | 396.29 | 440.90 |
| c) Present value of minimum lease payments | | |
| - Receivable not later than 1 year | 1,328.00 | 680.04 |
| - Receivable later than 1 year and not later than 5 years | 904.28 | 847.74 |
| - Receivable later than 5 years | - | - |
| d) Unguaranteed residual value | - | - |
| e) Accumulated provision for uncollectible minimum lease payments receivable | - | - |
| f) Contingent rents recognised in Statement of Profit and Loss during the year | - | - |

### 3.8 Derivatives

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

The information on derivative instrument is as follows:

**A) Derivative instruments outstanding:**

In. Million

| Details | Details | Currency | Amount in foreign currency | |
|---|---|---|---|---|
| | | | 2013 | 2012 |
| Foreign Exchange Contracts | | | | |
| - USD / INR | Sold | $ | 111.34 | 138.10 |
| - USD / INR | Bought | $ | 170.33 | 116.55 |
| - EUR / USD | Bought | € | 1.80 | 2.08 |
| - GBP / USD | Bought | £ | 1.74 | - |
| - EURO / USD | Sold | € | 10.00 | 1.00 |
| - USD / JPY | Sold | $ | 1.01 | 2.17 |
| Currency Swaps | | | | |
| - USD / JPY | Bought | $ | 298.33 | 320.00 |

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

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

| Details | Currency | Amount (Foreign currency in Million) | | Amount ₹ in Lakhs | |
|---|---|---|---|---|---|
| | | 2013 | 2012 | 2013 | 2012 |
| Amount receivable on account of sale of goods, loans, deposits, etc. | $ | 66.74 | 116.70 | 36,229.48 | 59,370.46 |
| | € | 6.50 | 7.46 | 4,516.03 | 5,062.38 |
| | £ | 5.21 | 3.22 | 4,282.72 | 2,621.89 |
| Amount payable on account of purchase of goods, loans, interest etc. | $ | 290.31 | 371.73 | 1,57,592.71 | 1,89,115.75 |
| | € | 5.30 | 10.86 | 3,686.20 | 7,370.43 |
| | ¥ | 98.59 | 1,242.62 | 568.69 | 7,699.58 |
| | £ | 2.43 | 3.28 | 1,998.11 | 2,672.66 |
| | CHF | - | 0.02 | - | 11.33 |
| | SGD | 0.09 | - | 41.26 | - |

**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 ₹ 96.35 lakhs as at March 31, 2013 (March 31, 2012: Net gain of ₹ 415.27 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.

## 3.10 Employee benefits

### a) Defined benefit plans - As per Actuarial valuation as at March 31, 2013

₹ Lakhs

| | Gratuity | | | | | Compensated absences | | | | | Other defined benefit plans | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2013 | 2012 | 2011 | 2010 | 2009 | 2013 | 2012 | 2011 | 2010 | 2009 | 2013 | 2012 | 2011 | 2010 | 2009 |
| **A) Expense recognised in the Statement of Profit and Loss for the year ended March 31** | | | | | | | | | | | | | | | |
| Current service cost | 1,021.78 | 933.84 | 847.73 | 795.50 | 848.89 | 630.70 | 667.11 | 639.56 | 525.76 | 508.88 | 70.90 | 67.28 | 63.83 | 56.32 | 60.71 |
| Interest cost | 1,506.57 | 1,478.53 | 1,327.97 | 1,227.16 | 1,101.91 | 501.60 | 456.94 | 369.02 | 366.54 | 406.56 | 53.29 | 46.81 | 39.48 | 40.92 | 48.51 |
| Expected return on plan assets | (1,810.63) | (1,634.00) | (1,494.17) | (1,406.11) | (1,062.60) | - | - | - | - | - | - | - | - | - | - |
| Net actuarial (gain) / loss recognised during the year | 1,131.43 | (338.85) | 1,420.88 | 110.53 | (144.49) | 299.48 | (172.12) | 719.78 | (758.60) | (717.43) | (46.10) | 26.75 | 111.02 | (18.17) | (80.40) |
| Total expense | 1,849.15 | 439.51 | 2,102.41 | 727.08 | 743.72 | 1,431.78 | 951.93 | 1,728.36 | 133.70 | 198.01 | 78.09 | 140.84 | 214.33 | 79.07 | 28.82 |
| **B) Actual return on plan assets** | | | | | | | | | | | | | | | |
| Expected return on plan assets | 1,810.63 | 1,634.00 | 1,494.17 | 1,406.11 | 1,062.60 | - | - | - | - | - | - | - | - | - | - |
| Actuarial gain/ (loss) on plan assets | - | - | - | - | 223.03 | - | - | - | - | - | - | - | - | - | - |
| Actual return on plan assets | 1,810.63 | 1,634.00 | 1,494.17 | 1,406.11 | 1,285.63 | - | - | - | - | - | - | - | - | - | - |
| **C) Net Asset/ (Liability) recognised in the Balance Sheet** | | | | | | | | | | | | | | | |
| Present value of the obligation | 20,376.94 | 18,832.18 | 18,481.57 | 16,599.62 | 15,339.50 | 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 |
| Fair value of plan assets | 20,163.07 | 18,463.69 | 16,466.18 | 15,877.10 | 14,595.78 | - | - | - | - | - | - | - | - | - | - |
| Funded status [ surplus/ (deficit)] | (213.87) | (368.48) | (2,015.39) | (722.52) | (743.72) | (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) |
| Net Asset/ (Liability) recognised in the Balance Sheet | (213.87) | (368.48) | (2,015.39) | (718.53) | (743.72) | (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) |
| **D) Change in Present value of the obligation during the year** | | | | | | | | | | | | | | | |
| Present value of obligation as at beginning of the year | 18,832.18 | 18,481.57 | 16,599.62 | 15,339.50 | 14,237.66 | 6,363.52 | 6,011.81 | 4,942.07 | 4,966.00 | 5,396.09 | 672.76 | 638.26 | 563.16 | 607.11 | 715.29 |
| Current service cost | 1,021.78 | 933.84 | 847.73 | 795.50 | 848.89 | 630.70 | 667.11 | 639.56 | 525.76 | 508.88 | 70.90 | 67.28 | 63.83 | 56.32 | 60.71 |
| Interest cost | 1,506.57 | 1,478.53 | 1,327.97 | 1,227.16 | 1,101.91 | 501.60 | 456.94 | 369.02 | 366.54 | 406.56 | 53.29 | 46.81 | 39.48 | 40.92 | 48.51 |
| Benefits paid | (2,115.02) | (1,722.91) | (1,714.63) | (873.08) | (927.50) | (1,061.72) | (600.22) | (658.62) | (157.63) | (628.10) | (106.17) | (106.44) | (139.23) | (123.02) | (137.00) |
| Actuarial (gain) / loss on obligation | 1,131.43 | (338.85) | 1,420.88 | 110.53 | 78.54 | 299.47 | (172.12) | 719.78 | (758.60) | (717.43) | (46.10) | 26.75 | 111.02 | (18.17) | (80.40) |
| Present value of obligation as at end of the year | 20,376.94 | 18,832.18 | 18,481.57 | 16,599.62 | 15,339.50 | 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 |

₹ Lakhs

| | Gratuity | | | | | Compensated absences | | | | | Other defined benefit plans | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2013 | 2012 | 2011 | 2010 | 2009 | 2013 | 2012 | 2011 | 2010 | 2009 | 2013 | 2012 | 2011 | 2010 | 2009 |
| **E) Change in Assets during the year** | | | | | | | | | | | | | | | |
| Fair value of plan assets as at beginning of the year | 18,463.69 | 16,466.18 | 15,877.10 | 14,595.56 | 13,253.45 | - | - | - | - | - | - | - | - | - | - |
| Expected return on plan assets | 1,810.63 | 1,634.01 | 1,494.17 | 1,406.11 | 1,062.60 | - | - | - | - | - | - | - | - | - | - |
| Contributions | 2,003.76 | 2,086.42 | 809.53 | 748.51 | 983.98 | 1,061.72 | 600.22 | 658.62 | 157.63 | - | 106.17 | 106.44 | 139.23 | 123.02 | - |
| Benefits paid | (2,115.02) | (1,722.91) | (1,714.63) | (873.08) | (927.50) | (1,061.72) | (600.22) | (658.62) | (157.63) | - | (106.17) | (106.44) | (139.23) | (123.02) | - |
| Actuarial gain / (loss) on plan assets | - | - | - | - | 223.03 | - | - | - | - | - | - | - | - | - | - |
| Fair value of plan assets as at end of the year | 20,163.07 | 18,463.69 | 16,466.18 | 15,877.10 | 14,595.56 | - | - | - | - | - | - | - | - | - | - |
| **F) Experience adjustments in** | | | | | | | | | | | | | | | |
| Plan liabilities - loss / (gain) | 1,131.43 | (338.85) | 1,420.88 | 110.53 | 78.54 | (475.60) | (628.16) | 719.78 | (181.28) | (717.43) | (8.62) | (6.89) | 111.02 | (3.73) | (95.57) |
| Plan assets - (loss) / gain | - | - | - | - | 223.03 | - | - | - | - | - | - | - | - | - | - |
| **G) Major categories of plan assets as a percentage of total plan** | **100% Qualifying insurance policy** | | | | | **Unfunded** | | | | | Unfunded | | | | |
| **H) Actuarial Assumptions** | **2013** | **2012** | **2011** | **2010** | **2009** | | | | | | | | | | |
| Discount rate | 8.0% | 8.0% | 8.0% | 8.0% | 8.0% | | | | | | | | | | |
| Salary escalation | 3.2% | 4.25% | 4.0% | 5.1% | 5.7% | | | | | | | | | | |
| Expected rate of return on plan assets | 8.0% | 8.0% | 8.0% | 8.0% | 8.0% | | | | | | | | | | |

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

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

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

- Salaries and wages include compensated absences ₹ 1,591.33 lakhs (2012: ₹ 951.93 lakhs).
- Contribution to provident, gratuity and other funds include Provident fund and family pension ₹ 4,647.48 lakhs (2012: ₹ 4,175.98 lakhs), superannuation ₹ 1,466.89 lakhs (2012: ₹ 1,263.40 lakhs), gratuity ₹ 2,024.50 lakhs (2012: ₹ 2,002.48 lakhs) and other funds ₹ 1,022.73 lakhs (2012: ₹ 1,279.50 lakhs).
- Welfare expenses include contribution to employee state insurance plan ₹ 65.56 lakhs (2012: ₹ 76.28 lakhs), retirement benefits charged / (reversed) of ₹ 56.05 lakhs (2012: ₹ (22.09 lakhs)) and other defined employee benefits ₹ 12.09 lakhs (2012: ₹ 100.39 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 during 2012 - 13 is given below:

₹ lakhs

| | Particulars | 2013 | 2012 |
|---|---|---|---|
| i) | Principal Amount paid after appointed date during the year | 265.57 | 5,095.20 |
| ii) | Amount of interest due and payable for the delayed payment of Principal amount | 64.93 | 33.97 |
| iii) | Principal amount remaining unpaid as at year end (over due) | 10.27 | 715.35 |
| iv) | Principal amount remaining unpaid as at year end (not due) | 215.90 | 8,051.91 |
| v) | Interest due and payable on principal amount unpaid at the year end | 0.74 | 28.27 |
| vi) | Total amount of interest accrued and unpaid as at year end | 65.67 | 62.24 |

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

₹ lakhs

| Particulars | Included in Notes to the Financial Statements | Approved R&D facilities 2013 | Approved R&D facilities 2012 | R&D facility - approval applied for 2013 | R&D facility - approval applied for 2012 | Total 2013 | Total 2012 |
|---|---|---|---|---|---|---|---|
| (i) Capital expenditure | | | | | | | |
| (a) Land | 1.11 and 1.12 | - | 71.63 | - | - | - | 71.63 |
| (b) Buildings | | 1,006.13 | 1,777.23 | - | - | 1,006.13 | 1,777.23 |
| | | 1,006.13 | 1,848.86 | - | - | 1,006.13 | 1,848.86 |
| (c) Capital equipments | | 6,536.03 | 13,808.27 | 58.47 | - | 6,594.50 | 13,808.27 |
| (ii) Revenue expenditure (net) | | | | | | | |
| (a) Salaries / Wages | 2.6 | 11,470.75 | 10,867.35 | 470.47 | - | 11,941.22 | 10,867.35 |
| (b) Material / Consumables / spares | 2.3 | 5,834.70 | 7,469.88 | 139.18 | - | 5,973.88 | 7,469.88 |
| (c) Utilities | 2.9 | 827.64 | 514.44 | 15.47 | - | 843.11 | 514.44 |
| (d) Other expenditure directly related to R&D | 2.9 | 5,328.31 | 3,650.56 | 416.57 | - | 5,744.88 | 3,650.56 |
| (e) Total revenue expenditure (Total of (ii) (a) to (ii) (d)) | | **23,461.40** | **22,502.23** | **1,041.69** | **-** | **24,503.09** | **22,502.23** |
| (iii) Total R&D expenditure | | | | | | | |
| (Total of (i) (c) and (ii) (e)) | | 29,997.43 | 36,310.50 | 1,100.16 | - | 31,097.59 | 36,310.50 |
| (iv) Less: Amount received by R & D facilities | 2.1 and 2.9 | 711.42 | 807.50 | - | - | 711.42 | 807.50 |
| (v) **Net amount of R & D expenditure (iii) - (iv)** | | **29,286.01** | **35,503.00** | **1,100.16** | **-** | **30,386.17** | **35,503.00** |

| | | 2013 | 2012 |
|---|---|---|---|
| **3.13** | Net Current tax expense for the year comprises of: | | |
| | Minimum Alternate Tax | 10,819.00 | 14,030.00 |
| | Less: Minimum Alternate Tax Credit Entitlement | 10,819.00 | 6,278.00 |
| | **Current Tax** | **-** | **7,752.00** |

# NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

**3.14** Details of Long Term Borrowings:

| | | March 31, 2013 | | | | March 31, 2012 | | |
|---|---|---|---|---|---|---|---|---|
| | | **Non Current** | **Current maturities** | **Total** | **Particulars of Redemption/ Repayment** | **Non Current** | **Current maturities** | **Total** |
| | | ₹ Lakhs | ₹ Lakhs | ₹ Lakhs | | ₹ Lakhs | ₹ Lakhs | ₹ Lakhs |
| **a.** | **Secured Loans:** | | | | | | | |
| i. | Debenture Series | | | | | | | |
| | 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 | 15,000.00 | - | 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 |
| | 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 | 7,000.00 | - | 7,000.00 |
| | 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 | 7,000.00 | - | 7,000.00 |
| | 8.20% AL 13 | - | 7,000.00 | 7,000.00 | July 22, 2013 | 7,000.00 | - | 7,000.00 |
| | | | | | | | | |
| | | **89,000.00** | **7,000.00** | **96,000.00** | | **36,000.00** | **-** | **36,000.00** |
| | | | | | | | | |
| ii. | Term Loans: | | | | | | | |
| | TL - 1 | 6,666.67 | 3,333.33 | 10,000.00 | 3 equal instalments on February 5, 2016, February 16, 2015, February 17 2014. | 10,000.00 | - | 10,000.00 |
| | TL - 2 | 10,000.00 | 5,000.00 | 15,000.00 | 3 equal instalments on June 1, 2015, 2014, 2013 | 15,000.00 | - | 15,000.00 |
| | TL - 3 | 6,666.66 | 6,666.67 | 13,333.33 | 3 equal instalments on March 22, 2015, 2014, 2013 | 13,333.33 | 6,666.67 | 20,000.00 |
| | TL - 4 | 5,000.00 | 5,000.00 | 10,000.00 | 3 equal instalments on November 30, 2014, 2013, 2012 | 10,000.00 | 5,000.00 | 15,000.00 |
| | TL - 5 | 5,000.00 | 5,000.00 | 10,000.00 | 3 equal instalments on November 30, 2014, 2013, 2012 | 10,000.00 | 5,000.00 | 15,000.00 |
| | TL - 6 | - | 1,666.67 | 1,666.67 | 3 equal instalments on September 4, 2013, 2012, 2011 | 1,666.67 | 1,666.67 | 3,333.34 |
| | | **33,333.33** | **26,666.67** | **60,000.00** | | **60,000.00** | **18,333.34** | **78,333.34** |

Debentures and term loans from banks aggregating ₹ 1,56,000.00 lakhs (2012: ₹ 1,14,333.34 lakhs) are secured by a first charge on pari-passu basis on all assets of the Company excluding certain immovable properties (residential buildings and windmill related assets) and movable fixed assets (such as aircraft and windmill) of the Company.

| | March 31, 2013 | | | | March 31, 2012 | | |
|---|---|---|---|---|---|---|---|
| | Non Current | Current maturities | Total | Particulars of Redemption/ Repayment | Non Current | Current maturities | Total |
| | ₹ Lakhs | ₹ Lakhs | ₹ Lakhs | | ₹ Lakhs | ₹ Lakhs | ₹ Lakhs |
| **b. Unsecured Loans:** | | | | | | | |
| i. ECB Loans | | | | | | | |
| ECB -11 | 16,285.50 | - | 16,285.50 | 3 equal instalments on March 25, 2019, 2018 and 2017 | - | - | - |
| ECB -1 | 40,713.75 | - | 40,713.75 | 3 equal instalments on June 9, 2018, 2017, 2016 | 7,631.25 | - | 7,631.25 |
| ECB -2 | 13,571.25 | - | 13,571.25 | 3 equal instalments on October 24, 2017, 2016, 2015 | 12,718.75 | - | 12,718.75 |
| ECB -3 | 27,142.50 | - | 27,142.50 | September 20, 2017 - ₹ 11,399.85 lakhs, 2016 - ₹ 10,314.15 lakhs, 2015 and 2014 - ₹ 2,714.25 lakhs each | 25,437.50 | - | 25,437.50 |
| ECB -10 | 10,857.00 | - | 10,857.00 | Repayable on 12th July 2015 | - | - | - |
| ECB -4 | 36,190.00 | 36,190.00 | 72,380.00 | 3 equal instalments on June 30, 2014, 2013, 2012 | 67,833.33 | 33,916.67 | 1,01,750.00 |
| ECB -5 | - | 1,809.50 | 1,809.50 | 3 equal instalments on August 24, 2013, 2012 and 2011 | 1,695.83 | 1,695.83 | 3,391.66 |
| ECB -6 | - | 4,523.75 | 4,523.75 | 3 equal instalments on July 10, 2013, 2012 and 2011 | 4,239.59 | 4,239.58 | 8,479.17 |
| ECB -7 | - | 4,523.75 | 4,523.75 | 3 equal instalments on June 18, 2013, 2012 and 2011 | 4,239.59 | 4,239.58 | 8,479.17 |
| ECB -8 | - | 1,809.50 | 1,809.50 | 3 equal instalments on May 10, 2013, 2012 and 2011 | 1,695.83 | 1,695.83 | 3,391.66 |
| ECB -9 | - | - | - | 3 equal instalments on March 2, 2013, 2012 and 2011 | - | 4,239.58 | 4,239.58 |
| | **1,44,760.00** | **48,856.50** | **1,93,616.50** | | **1,25,491.67** | **50,027.07** | **1,75,518.74** |

# NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

| | | March 31, 2013 | | | | | | March 31, 2012 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 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 | 5,596.52 | 150.88 | 5,747.40 | Varying amounts repayable on a monthly basis ending on March 2027. | | | 5,256.40 | 186.63 | 5,443.03 |
| | Programme I | 118.24 | 1,317.53 | 1,435.77 | Varying amounts repayable on a monthly basis ending on April 2014. | | | 1,435.77 | 1,181.74 | 2,617.51 |
| | | **5,714.76** | **1,468.41** | **7,183.17** | | | | **6,692.17** | **1,368.37** | **8,060.54** |
| | | | | | **No. of instalments** | **Instalment Amount (₹ Lakhs)** | **Period** | | | |
| iii. | Loans from Financial institution | 976.09 | 1,069.24 | 2,045.33 | 12 | 108.99 | Quarterly installments starting from 1st August,2012 to 1st May, 2015. | 1,151.27 | 550.44 | 1,701.71 |
| | | | | | 16 | 95.63 | Two installments every three months starting from November 30, 2012 to October 31, 2014. | | | |
| | | | | | 8 | 78.43 | Two installments every three months starting from November 30, 2011 to October 31, 2012. | | | |
| | | | | | 13 | 46.78 | Two installments every three months starting from April 30, 2010 to October 31, 2011. | | | |

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% (2012: 10.75%) per annum. The weighted average rate of interest of these loans is around 6.5% (2012 : 6%) per annum.

**3.15 Details of Short Term Borrowings**

| | March 31, 2013 ₹ Lakhs | Particulars of Repayment | March 31, 2012 ₹ Lakhs |
|---|---|---|---|
| Secured Loans | | | |
| - STL 6 | 2,714.25 | Sep 20, 2013 | - |
| - STL 7 | 5,000.00 | Sep 16, 2013 | - |
| - STL 5 | 2,171.40 | June 5, 2013 | - |
| - STL 4 | 10,857.00 | June 3, 2013 | - |
| - Working Capital Demand Loans | 47,270.00 | Repayable on demand | - |
| | **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 ₹ 1,50,000.00 lakhs.

| | | | |
|---|---|---|---|
| **Unsecured Loans** | | | |
| - STL 3 | 8,685.60 | June 5, 2013 | - |
| - STL 2 | - | May 22, 2012 | 5,087.50 |
| - STL 1 | - | April 18, 2012 | 5,087.50 |
| | **8,685.60** | | **10,175.00** |

The above loans carry varying rates of interest with the maximum rate of interest going upto 10.25% (2012 : 7%) per annum. The weighted average rate of interest of these loans is around 9.5% (2012 : 6.9%) per annum.

**3.16** Three of the companies in which the Company has investments, namely Ashley Holding Limited (AHL), Ashley Investment Limited (AIL) and Ashok Leyland Project Services Limited (ALPS) have entered into a scheme of Amalgamation (Scheme) for merger with Ashley Services Limited, an operating company joinly promoted by these three companies. The Scheme is pending sanction of the Honourable High Court of Judicature at Madras. Upon the sanction of the Scheme, the Company shall receive shares of ASL, in lieu of its holding in AHL, AIL & ALPS. The scheme was filed on April 5, 2013 with an "appointed date" proposed as 1st April 2013.

The Company has given its consent to the "Scheme" in its capacity as an Equity Shareholder (in AHL, AIL and ALPS) and a Preference Shareholder ( in AHL and AIL). The Scheme is subject to requisite approval by the Honourable High Court of Judicature at Madras and permission or approval of the Central Government or any other statutory or regulatory authorities, which by law may be necessary for the implementation of the Scheme.

**3.17** The figures for the previous periods have been reclassified / regrouped / amended, wherever necessary.

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

For and on behalf of the Board

**K. SRIDHARAN**
*Chief Financial Officer*

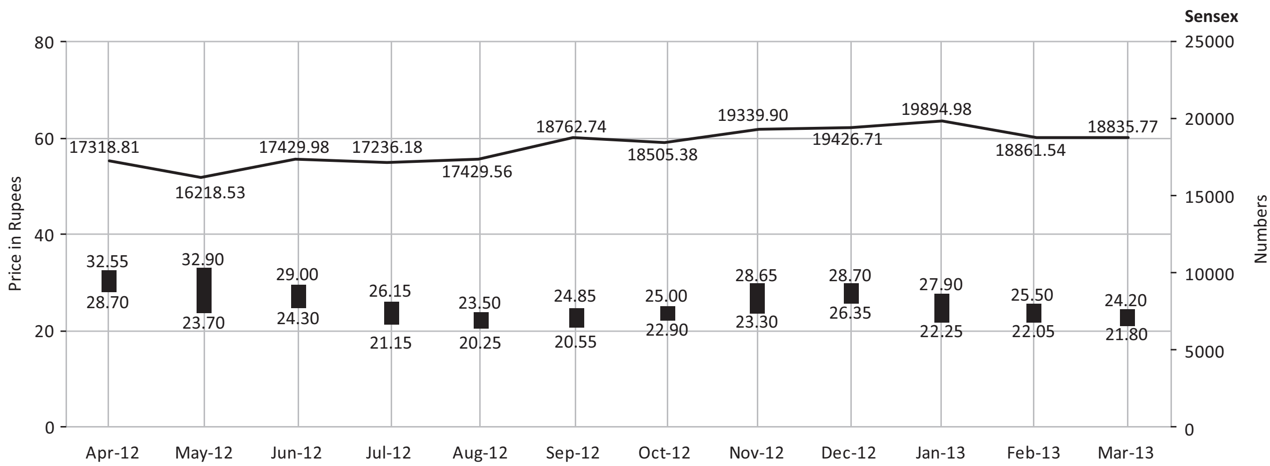
**S VENKATASUBRAMANIAN**
*Company Secretary*

**DHEERAJ G HINDUJA**
*Chairman*

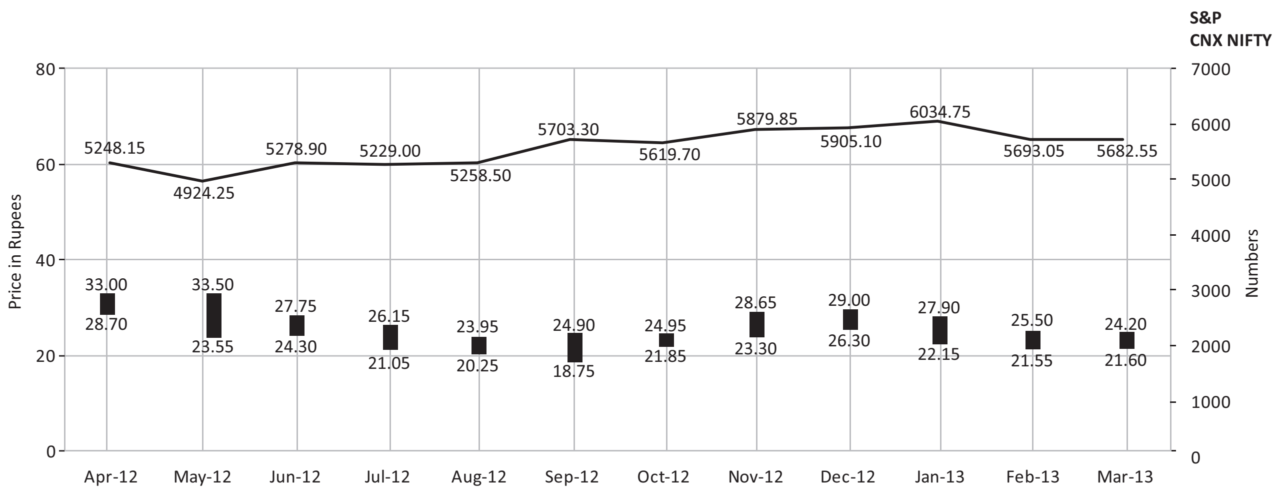
**VINOD K DASARI**
*Managing Director*

May 10, 2013
Chennai

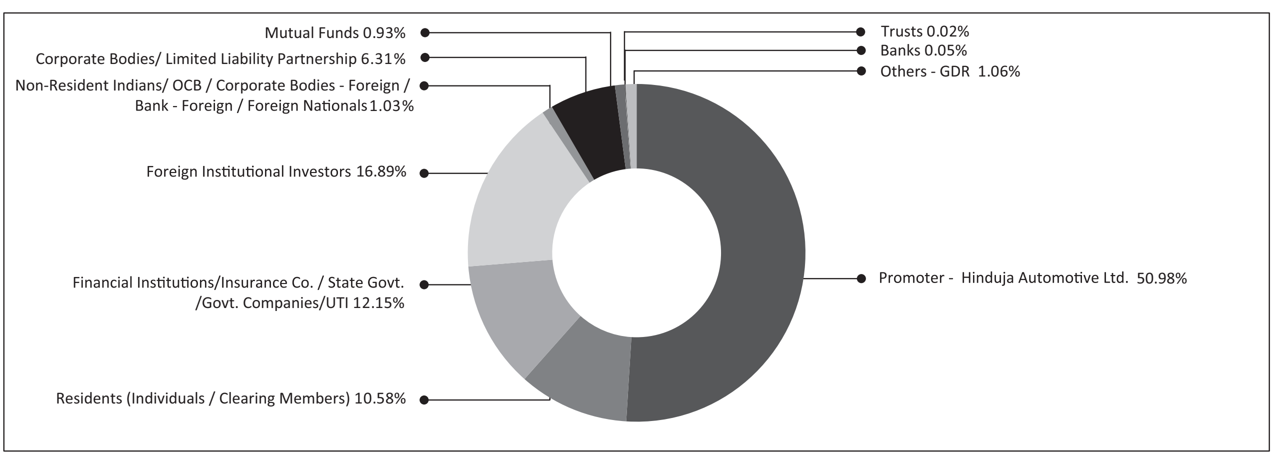
## BSE - April 2012 to March 2013




## NSE - April 2012 to March 2013




## SHAREHOLDING PATTERN AS ON MARCH 31, 2013



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