

July 23, 2016

National Stock Exchange of India Limited
Exchange Plaza
C-1, Block G, Bandra Kurla Complex
Bandra (E), Mumbai - 400 051

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001

Through : NEAPS

Through: BSE Listing Centre

Dear Sirs,

Submission of Annual Report for the year 2015-16

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements), 2015, we submit herewith the Annual Report for the year 2015-16 approved and adopted by the shareholders at the Annual General Meeting held on July 21, 2016.

Thanking you,

Yours faithfully,
for Ashok Leyland Limited

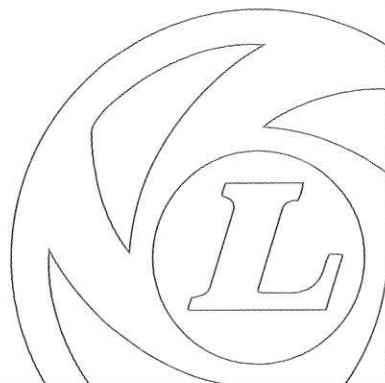


N Ramanathan
Company Secretary

Encl : a/a

ASHOK LEYLAND LIMITED

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CIN: L34101TN1948PLC000105, www.ashokleyland.com





ANNUAL REPORT 2015-16

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 management plans and assumptions. We have tried, where possible, to identify such statements by using words such as ‘anticipate’, ‘expect’, ‘project’, ‘intend’, ‘plan’, ‘believe’, 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. Achievement of results is subject to risks, uncertainties, and potentially 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.

CHAIRMAN'S MESSAGE



Dear Shareholder,

2015-16 has been another special year for your Company in its success journey. As the Indian commercial vehicle industry recovered, your Company ably positioned itself ahead of the growth curve. It was accomplished through a combination of structural improvements made in the Company, continuing emphasis on product strengths and added thrust in customer focus. I am delighted to present to you the success story of your Company during last year.

The total industry volume of medium & heavy duty commercial vehicles grew by 30% over the previous year to 302,373 vehicles in which the trucks grew by 32% and buses by 19%. Your Company achieved a sales figure in this segment of 98,809 vehicles registering a growth better than the market. The truck segment grew in all the geographic regions and creditably your Company has gained market share in each region. Spurred by growth in the private passenger segment, the bus volume was up by 19% over previous year, ahead of the market increase.

The light commercial vehicle market was stagnant; nonetheless your Company sold 13% more over previous year selling 30,695 vehicles and maintained the market share in the 2 to 3.5 tonne segment.

In the international markets, the sales volume in the medium & heavy segment was marginally down over last year at 10,951 vehicles due to economic slowdown in many target countries. However, the light commercial vehicle volume was up by 64%. Your Company continues to maintain stronghold in the Defence sector sale in both kits and CBU vehicles. Despite growth challenges in the addressable segments, the Power Solutions business was up by 11%. The after-market area has also registered a growth over last year from ₹ 820 crores to ₹ 855 crores.

Viewed from a financial perspective, your Company achieved a 39% increase in sales turnover at ₹ 18,822 crores compared to ₹ 13,562 crores, last year. Profit after tax after exceptional items for the year stood at ₹ 722 crores, as against ₹ 335 crores in the previous year, recording a growth of 115%. There was a remarkable improvement in Debt Equity ratio at 0.24:1. It is a matter of immense satisfaction for all of us that your Company continues to be among the best performing auto stocks globally for a second year in a row.

The all-time high achievements in sales volume, market share, operating profit and shareholder value have been possible only through the sheer determination, commitment and hard work by every member of the Ashok Leyland team. Reaching the largest volume growth in your Company's truck sales from North

India, positioning a class leading 10x2 truck, winning the CV Maker of the Year award two years in a row, the Captain model getting the best Mobility Design award, gaining MCV Rigid Cargo of the Year award and the Company's Risk Management Programme coveting the Firm of the Year award are just a few high points that underscore the extent of management bandwidth in your Company.

Stemming from the avowed product philosophy of your Company to offer value products in line with market needs, your Company introduced *Sunshine*, an industry first model in the school bus segment, designed to be the safest bus for the transportation of children and *Guru*, an intermediate tonnage value truck model in the rated-load segment. To further sharpen the design & development processes, your Company has also recently formed Centres of Excellence for Cost and Reliability. The investment in R&D will continue at significant levels to enable your Company to be at the forefront in innovation and technology.

Moving forward, in 2016-17 and beyond, the cornerstones of the growth plans of your Company would be focused on the following:

- ❖ There would be an unwavering commitment towards the core business of commercial vehicles. A portfolio rationalisation which is already in process would see progressive exit from non-core and non-performing businesses.
- ❖ A renewed thrust in international markets in the target clusters would be undertaken with products developed specifically for the identified markets. The capacity of the Ras-Al-Khaimah plant is almost getting doubled this year. To cope up with increasing demand, a new assembly unit in Bangladesh is in the offing and further units in Africa are under active consideration.
- ❖ Defence-related business is being reappraised with a two-pronged strategy of growing the traditional tactical vehicles as well as broadening the offerings to address the government's *Make in India* requirements.
- ❖ To leverage availability of in-house developed world class Neptune engines and also respond to growing application needs, the Power Solutions Business would be implementing an updated strategic roadmap.
- ❖ Last but not the least is the After-market business in which a multi-layered action plan is being spearheaded to achieve leadership position in both profitability and Customer Satisfaction in all areas.

Alongside implementing a considered business growth strategy, your Company is rapidly establishing robust business processes across the Company taking strides into the Digital Age. In today's connected world, we experience in our daily lives that Digital disruption is transforming not just the products and services that are offered, but even the future expectations from the customers. The pace of innovation, exponential idea generation, the anticipated speed of responses and the technology-led integration of the Value Chain impact all businesses in an unprecedented way. Your Company, fortunately, has envisioned such scenarios in time and a road map for the "Data Driven Ashok Leyland" is already in place. Essentially, the objective is that Digitisation will no longer feature as an additional component or an added value but will be the basis on which all the future products and processes would evolve.

A few recent well-received introductions deserve mention such as *MaxIT* for customer-centric sales and marketing process, *DigiSmart* for an interactive ecosystem among the Company, channel partner and customer, *Leyland Direct* for efficient Service access, *EasyPay* which is an e-wallet and *i-alert* that helps track the vital information of the vehicle on a real time basis for fast turnaround.

Your Company, as part of its CSR, has undertaken a major laudable initiative themed *Road to School* aimed at improving quality of education, nutrition and health of primary and upper primary school children. The activity is now centered near the Hosur plant involving about 4500 children in 36 schools. I am happy to share that we have already started to make a difference and this initiative is being extended in 2016-17 to a further 72 schools near Hosur and Chennai covering an additional 10,000 children.

Looking back at last year, one is reminded of the cataclysmic floods that affected Chennai. Rising up to the occasion, our employees participated in the relief measures contributing the much needed food, water, medicines and financial support. I would like to record our sincere appreciation of their efforts towards a worthy cause.

Summing up, I believe your Company has maintained its growth momentum last year setting new records of performance. Given the present economic indications and the plans developed for the future, I am confident that your Company will continue to better its performance in the coming years, also riding on the Digital wave.

I would like to express our gratitude for your confidence in us. I would also acknowledge the unfailing support of our extended family of customers, dealers, suppliers, financial institutions and partners, which has been a major source of inspiration to your Company.

Thank you,

Yours sincerely,



Dheeraj G Hinduja
Chairman

June 21, 2016

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dheeraj G Hinduja, Chairman
R Seshasayee, Non-Executive Vice Chairman
Dr. Andreas H Biagosch
Dr. Andrew C Palmer (w.e.f. November 4, 2015)
D J Balaji Rao
A K Das
Jean Brunol
Manisha Girotra
Sanjay K Asher
F Sahami (upto August 12, 2015)
Shardul S Shroff
Sudhindar K Khanna
Vinod K Dasari, Chief Executive Officer and Managing Director

CHAIRMAN EMERITUS

R J Shahaney

CHIEF FINANCIAL OFFICER

Gopal Mahadevan

COMPANY SECRETARY

N Ramanathan

SENIOR MANAGEMENT

Anuj Kathuria
N V Balachandar
C G Belsare
P G Chandramohan
P Harihar
Nandkumar Khandare
Nitin Seth
Rajive Saharia
Dr. N Saravanan
Dr. Seshu Bhagavathula
R Sivanesan
T Venkataraman

AUDITORS

M S Krishnaswami & Rajan
Deloitte Haskins & Sells LLP

COST AUDITORS

Geeyes & Co.

DEBENTURE TRUSTEE

SBICAP Trustee Company Limited

BANKERS

Bank of America
Bank of Baroda
Canara Bank
Central Bank of India
Citi Bank N A
Credit Agricole Corporate And Investment Bank
Deutsche Bank A G
HDFC Bank Limited
ICICI Bank Limited
IDBI Bank
Indian Bank
Punjab National Bank
Standard Chartered Bank
State Bank of India
State Bank of Patiala
The Bank of Tokyo - Mitsubishi UFJ Limited
The Hong Kong and Shanghai Banking Corporation Limited
The Royal Bank of Scotland N V
Vijaya Bank

REGISTERED OFFICE

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

CORPORATE IDENTITY NUMBER

L34101TN1948PLC000105

PLANTS

Ennore (Chennai) and Hosur, Tamil Nadu;
Bhandara, Maharashtra; Alwar, Rajasthan;
Pant Nagar, Uttarakhand

WEBSITE

www.ashokleyland.com

REGISTRAR AND SHARE TRANSFER AGENTS

Integrated Enterprises (India) Limited
2nd Floor, Kences Towers
1, Ramakrishna Street
North Usman Road
T. Nagar, Chennai - 600 017
Tel : 91 - 44 - 2814 0801/03
Fax : 91 - 44 - 2814 2479
e-mail: csdstd@integratedindia.in

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The Admission Slip and Proxy Form are being sent together with the Annual Report

A HISTORICAL PERSPECTIVE OF THE COMPANY

₹ Lakhs

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Sales Volume										
Vehicles (numbers)	83,094	83,307	54,431	63,926	94,106	101,990	114,611	89,337	104,902	140,457
Engines (numbers)	8,202	11,757	21,447	19,050	17,377	16,170	21,757	17,441	14,023	15,551
Spare parts and others	54,684	79,124	79,969	88,506	106,194	155,400	181,458	121,257	139,169	128,965
Revenue (Gross sales)										
Revenue (Gross sales)	830,472	894,715	666,664	787,260	1,215,300	1,372,081	1,329,856	1,056,085	1,448,593	1,987,725
Profit before tax	60,451	63,815	20,845	54,477	80,180	68,998	47,071	(9,122)	44,220	116,920
Profit after tax	44,129	46,931	19,000	42,367	63,130	56,598	43,371	2,938	33,481	72,178
Assets										
Fixed assets	154,452	205,479	439,741	481,103	499,176	546,171	597,081	584,140	537,570	512,935
Non-Current investments	22,109	60,990	26,356	32,615	123,000	153,448	233,763	240,531	224,038	191,786
Long term loans and advances	17,021	13,550	10,020	20,145	38,463	60,824	49,934	100,146	98,292	103,215
Other non-current assets	2,330	2,076	823	363	316	743	1,203	3,309	1,950	1,556
Non-Current Assets	195,912	282,095	476,940	534,226	660,955	761,186	881,981	928,126	861,850	809,492
Current investments	-	-	-	-	-	-	-	38,438	40,845	-
Inventories	107,032	122,391	133,001	163,824	220,890	223,063	189,602	118,870	139,853	173,059
Trade receivables	52,288	37,583	95,797	102,206	116,450	123,076	141,941	129,901	124,267	125,095
Cash and Bank balances	43,494	45,137	8,808	51,892	17,953	3,256	1,394	1,169	75,129	156,813
Short term loans and advances	49,937	68,864	68,934	75,901	33,439	72,657	87,134	47,201	56,367	62,615
Other current assets	112	154	146	155	9,644	8,337	7,618	17,095	32,838	11,478
Current assets	252,863	274,129	306,686	393,978	398,376	430,389	427,689	352,674	469,299	529,060
Total	448,775	556,224	783,626	928,204	1,059,331	1,191,575	1,309,670	1,280,800	1,331,149	1,338,552
Financed by										
Share capital	13,239	13,303	13,303	13,303	13,303	26,607	26,607	26,607	28,459	28,459
Reserves and surplus	176,218	201,595	334,470	352,327	382,993	394,626	418,903	418,182	483,410	522,955
Shareholders funds	189,457	214,898	347,773	365,630	396,296	421,233	445,510	444,789	511,869	551,414
Long term borrowings	46,152	70,632	185,826	211,819	234,813	229,335	273,784	329,650	256,634	198,438
Deferred tax liability - Net	19,693	25,382	26,344	38,454	44,389	49,037	52,737	40,677	51,027	53,555
Long-term provisions and liabilities	8,860	9,286	9,410	11,421	7,846	7,656	8,029	7,024	9,897	14,159
Non-current liabilities	74,705	105,300	221,580	261,694	287,048	286,028	334,550	377,351	317,558	266,152
Short-term borrowings	14,328	-	-	-	-	10,175	76,698	58,741	2,500	-
Trade payables	143,368	173,511	177,129	233,168	230,851	257,097	248,537	221,415	282,832	256,269
Other current liabilities	25,354	37,278	19,746	42,264	103,442	175,005	173,507	169,691	190,785	213,109
Short-term provisions	1,563	25,237	17,398	25,449	41,694	42,037	30,868	8,813	25,605	51,608
Current liabilities	184,613	236,026	214,273	300,880	375,987	484,314	529,610	458,660	501,722	520,986
Total	448,775	556,224	783,626	928,204	1,059,331	1,191,575	1,309,670	1,280,800	1,331,149	1,338,552
Basic Earnings Per Share (₹)	3.38	3.53	1.43	3.18	2.37*	2.13*	1.63*	0.11*	1.20*	2.54*
Dividend per share (₹) (Face value ₹ 1 each)	1.50	1.50	1.00	1.50	2.00	1.00	0.60	-	0.45	0.95
Employees (numbers)	12,125	13,304	11,938	13,662	15,812	15,734	14,668	11,552	11,204	10,352

*Post Bonus Issue

Note: Though figures for the periods prior to 2010-11 have been reclassified/rearranged/regrouped, wherever material, as per Revised Schedule - III/VI to the Companies Act, 2013/1956, it may not be strictly comparable with figures for Financial year 2010-11 to Financial year 2015-16.

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the sixty seventh Annual General Meeting of Ashok Leyland Limited will be held on **Thursday, July 21, 2016, at 3.00 pm at "The Music Academy, Madras", New No.168 (Old No.306), TTK Road, Royapettah, Chennai - 600 014**, to transact the following businesses:

Ordinary Business

1. To receive, consider and adopt:
 - a) the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2016, together with the Reports of the Board of Directors and the Auditors thereon; and
 - b) the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2016 together with the Report of Auditors thereon.
2. To declare a dividend for the year ended March 31, 2016.
3. To appoint a Director in place of Mr. A K Das (DIN : 00122913), who retires by rotation in terms of Article 106 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration and in this regard, to consider and if thought fit, to pass the following as an Ordinary Resolution:

"RESOLVED that Messrs M S Krishnaswami & Rajan, Chartered Accountants (Firm Registration No. 01554S) and Messrs Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018), be and are hereby appointed as the Joint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on such remuneration as may be mutually agreed between the Board of Directors and the Auditors."

Special Business

5. **Appointment of Dr. Andrew C Palmer as an Independent Director**

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

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (Act), read with the Rules made thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force) Dr. Andrew C Palmer (DIN : 02155231), who was appointed as an Additional Director (Independent) of the Company by the Board of Directors with effect from November 4, 2015 and who holds office till the date of the Annual General Meeting, in terms of Section 161 of the Act, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act, signifying his intention to propose Dr. Andrew C Palmer as a candidate for the office of a Director of the Company, be and is hereby appointed as an Independent Director, not liable to retire by rotation, to hold office for five consecutive years for a term up to November 3, 2020."

6. **Re-appointment of Mr. Vinod K Dasari as Chief Executive Officer and Managing Director**

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

"RESOLVED that pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V of the Act and Article 140 of Articles of Association of the Company, approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. Vinod K Dasari, (DIN : 00345657) as the Chief Executive Officer and Managing Director of the Company for a period of five years from April 1, 2016 to March 31, 2021, on the following terms and conditions:

A. Fixed Compensation

Basic Salary, Perquisites, Allowances and retiral benefits - ₹ 5,28,00,000/- (Rupees Five Crores Twenty Eight Lakhs only) per annum.

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

B. Commission

Commission based on the Company's performance and contributions made by the Chief Executive Officer and Managing Director (CEO & MD) as may be decided by the Nomination and Remuneration Committee and the Board of Directors.

C. Others

Mr. Vinod K Dasari, CEO & MD shall also be entitled to the perquisites and allowances listed herein below in addition to the fixed compensation and commission mentioned above:

- a) Housing: Company maintained furnished house, situated at Boat Club Road, Chennai - 600 028 or a sum of ₹ 40,00,000/- (Rupees Forty Lakhs only) per annum in lieu of Company housing.
- b) Other perquisites and allowances: Perquisites and Allowances will include special allowance, use of Company car for official local travel, leave travel concessions for self and family, club fees, medical and term insurance, etc., as per Company Policy in force, as applicable to the senior management personnel of the Company.
- c) For the purpose of calculating the perquisites and allowances, these shall be evaluated as per the Income Tax Rules, wherever applicable. In the absence of any such rules, perquisites and allowances shall be evaluated at actual cost incurred by the Company in providing such perquisites and allowances. Adequate communication facilities at residence shall not be included in the computation of perquisites.
- d) Retirals, within overall remuneration will be computed as follows:
 - (i) Company's contribution to Provident Fund calculated @12% of basic salary.
 - (ii) Company's contribution to Superannuation Funds calculated @15% of basic salary and commission.

- e) Gratuity will be payable as per rules of the Company, and will not form part of remuneration.
- f) Leave encashment: Encashment of leave at the end of the tenure, or in the interim will follow Company policy, subject to an accumulation limit agreed by the Nomination and Remuneration Committee and the Board of Directors. These however shall not be included in the computation of limits on perquisites as aforesaid.

Mr. Vinod K Dasari, CEO & MD, will not be entitled to any sitting fee for meetings of the Board or Committee thereof attended by him during his tenure as CEO & MD.

D. Overall Remuneration

The Board may revise the remuneration payable to CEO & MD, during any financial year during currency of the tenure of office, in such manner as may be agreed to between the Nomination and Remuneration Committee/Board of Directors and CEO & MD subject to the condition that the remuneration by way of salary, perquisites, commission, other allowances and other benefits, shall be within the limits permissible under Section 197 of the Act.

E. Minimum Remuneration

In the event of any loss or inadequacy of profits for any financial year, the Nomination and Remuneration Committee/Board of Directors shall approve the remuneration payable to CEO & MD, during such financial year, in such manner as agreed to between the Nomination and Remuneration Committee/Board of Directors and CEO & MD however not exceeding the maximum limits specified in this behalf under Schedule V to the Act.

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

7. Ratification of Cost Auditors' Remuneration for the financial year 2015-16

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

"RESOLVED that pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the members hereby approve/ratify the remuneration of ₹ 5,00,000/- (Rupees Five Lakhs only) excluding service tax and out of pocket expenses at actuals, for the financial year ended March 31, 2016 to M/s. Geeyes and Co, Cost Accountants, (Firm Registration No: 00044), who were appointed as the Cost Auditors to conduct the audit of cost records maintained by the Company for the financial year ended March 31, 2016."

8. To consider and approve payment of Commission to the Non-Executive Directors

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

"RESOLVED that pursuant to the provisions of Sections 197 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules made thereunder, (including any statutory modification(s) or re-enactment thereof), consent of the Company be and is hereby accorded for payment of a sum not exceeding one percent per annum of the net profits of the Company calculated in accordance with the provisions of Section 198 of the Act, in addition to the sitting fees for attending the meeting(s) of the Board of Directors of the Company or any Committee thereof be paid to the Non-Executive Directors of the Company in such amounts or proportions and in such manner as may be decided by the Nomination and Remuneration Committee/Board of Directors and such payments shall be made in respect of the profits of the Company for each year, for a period of five years, commencing from the financial year 2016-17."

9. To consider and approve issue of further securities

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

"RESOLVED that pursuant to the provisions of Section 62 and its related and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder (including any amendment thereto or statutory modification(s) or re-enactment(s) thereof for the time being in force), the provisions of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time ("SEBI ICDR Regulations"), the provisions of the Foreign Exchange Management Act, 1999, Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended from time to time, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, as amended, the Depository Receipts Scheme, 2014 and its related rules as amended and such other Statutes, Notifications, Clarifications, Circulars, Rules and Regulations as may be applicable and relevant, as amended from time to time and issued by the Government of India ("GOI"), the Reserve Bank of India ("RBI"), the Foreign Investment Promotion Board ("FIPB"), the Securities and Exchange Board of India ("SEBI"), the Stock Exchanges where the equity shares of the Company ("equity shares") are listed ("Stock Exchanges") and any other appropriate authorities, institutions or bodies, as may be applicable and in accordance with the relevant provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with each of the Stock Exchanges ("Listing Agreements") and subject to such approvals, consents, permissions and sanctions, if any, of GOI, RBI, FIPB, SEBI, Stock Exchanges and any other appropriate authorities, institutions or bodies, as may be necessary and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission, and/or sanction, the consent of the shareholders be and is hereby accorded to permit the Board of Directors (hereinafter referred to as the "Board" which shall be deemed to include any Committee thereof, constituted or to be constituted to exercise its powers) in its absolute discretion, to create, offer, issue and allot from time to time, in one or more tranches, in the course of one or more domestic and/or international offerings in

one or more foreign markets or domestic markets to one or more eligible investors, whether or not they are Members of the Company or are residents or non-residents of India, including but not limited to Qualified Institutional Buyers ("QIBs") as defined under the SEBI ICDR Regulations through a Qualified Institutions Placement ("QIP") within the meaning of Chapter VIII of the SEBI ICDR Regulations of equity shares, or non-convertible debt instruments along with warrants and other convertible securities or by way of an issuance of equity shares or American Depository Receipts ("ADRs") or Global Depository Receipts ("GDRs") or Foreign Currency Convertible Bonds ("FCCBs"), whether Rupee denominated or denominated in any foreign currency, fully convertible debentures/partly convertible debentures, preference shares convertible into equity shares and/or any other financial instruments or securities convertible into equity shares with or without detachable warrants (hereinafter collectively referred to as the "Securities") with a right exercisable by the warrant holders to convert or subscribe to the equity shares or otherwise whether or not to be listed on any Stock Exchange in India or overseas, to eligible investors including Foreign Institutions, Corporate Bodies, Mutual Funds, Banks, Insurance Companies, Pension Funds or individuals including the Promoters or any persons or companies associated with the Promoters (collectively, the "Investors"), upto 10,83,00,000 (Ten Crores Eighty Three Lakhs) Equity Shares of ₹ 1/- each at such price or prices in one or more tranches, at market price(s) or at a permissible discount or premium to market price(s) in terms of applicable regulations to be determined by the Board at the time of issue, at its absolute discretion without requiring any further approval or consent from the shareholders of the Company and subject to the applicable regulations/guidelines in force.

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

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

RESOLVED FURTHER THAT in case of a QIP, in terms of the provisions of the SEBI ICDR Regulations, the Board may at its absolute discretion issue equity shares (including upon conversion of the Securities) at a discount of not more than five percent or such other discount as may be permitted under applicable regulations to the 'Floor Price' as

determined in terms of the SEBI ICDR Regulations.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the convertible Securities may have such features and attributes or any terms or combination of terms in accordance with domestic/international practices to provide for the tradability and free transferability thereof as per the prevailing practices and regulations in the capital markets, the Board be and is hereby authorised, in its absolute discretion, in such manner as it may deem fit, to dispose-off such of the Securities that are not subscribed.

RESOLVED FURTHER THAT the Board be and is hereby authorised to create, issue, offer and allot such number of equity shares as may be required to be issued and allotted, including issue and allotment of equity shares upon conversion of any other Securities referred to above or as may be necessary in accordance with the terms of the offer, and all such equity shares shall be issued in accordance with the terms of the Memorandum and Articles of Association.

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

- (i) The equity shares that may be issued and allotted directly or on conversion of other convertible or exchangeable securities issued as aforesaid shall rank *pari passu* with the then existing equity shares of the Company in all respects including dividend;
- (ii) In the event of a QIP as aforesaid, the allotment of the Securities shall be completed within twelve months of the date of the passing of this Resolution;
- (iii) In case Securities other than equity shares that are issued pursuant to a QIP as aforesaid, such securities shall be converted into equity shares within sixty months from the date of allotment; and
- (iv) In the event of a QIP as aforesaid, no subsequent QIP shall be made until the expiry of six months from the date of the prior QIP approved by way of this special resolution.

RESOLVED FURTHER THAT such of the Securities as are not subscribed for may be disposed of by the Board in its absolute discretion in such manner as the Board may deem fit and as permissible by law.

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

10. **To consider and approve issue of Non-Convertible Debentures on Private Placement**

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

"**RESOLVED** that pursuant to the provisions of Sections 42, 71 and its related applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014, applicable Regulations of

the Securities Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the provisions of the Articles of Association of the Company, approval of the Members be and is hereby accorded to the Board of Directors (Board) of the Company to offer or invite subscriptions for secured/unsecured redeemable non-convertible debentures, in one or more series/tranches, aggregating upto ₹ 700,00,00,000/- (Rupees Seven Hundred Crores only) on private placement basis, on such terms and conditions as the Board of the Company may from time to time determine and consider proper and most beneficial to the Company including as to when the said Debentures be issued, the consideration for the issue, utilisation of the issue proceeds, redemption of the same and all other matters connected with or incidental thereto.

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

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

11. **To consider and approve Ashok Leyland Employees Stock Option Plan 2016**

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

“**RESOLVED** that pursuant to the provisions of Section 62 and its related and applicable provisions, if any, of the Companies Act, 2013, the Rules made thereunder and in accordance with the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges, Regulation 6 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (“SEBI SBEB Regulations”), and subject further to such other approvals, permissions and sanctions as may be necessary and such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the approval of the Company be and is hereby accorded to the introduction and implementation of ‘Ashok Leyland Employee Stock Option Plan 2016’ (hereinafter referred to as the “AL ESOP 2016” or the “Scheme”) authorising the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall include the Nomination and Remuneration Committee and any other Committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this resolution) to create, and grant from time to time, in one or more tranches, not exceeding 42,68,815 (Forty Two Lakhs Sixty Eight Thousands Eight Hundred and Fifteen) Employee Stock Options to or for the benefit of such person(s) who are in permanent employment of the Company including any Director thereof, whether whole-time or otherwise (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company), as may be decided under AL ESOP 2016,

exercisable into not more than 42,68,815 (Forty Two Lakhs Sixty Eight Thousands Eight Hundred and Fifteen) Equity Shares of face value of ₹ 1/- (Rupee One only) each fully paid-up, constituting 0.15% of the paid-up equity share capital of the Company as on March 31, 2016, either directly or through an Employee Welfare Trust (hereinafter referred to as “Trust”), on such terms and in such manner as the Board may decide in accordance with the provisions of the applicable laws and the provisions of AL ESOP 2016.

RESOLVED FURTHER that the Equity Shares so issued and allotted as mentioned hereinbefore shall rank *pari passu* with the then existing equity shares of the Company.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, if any, additional Equity Shares are issued by the Company to the option grantees for the purpose of making a fair and reasonable adjustment to the options granted earlier, the ceiling on the number of options mentioned in the resolution above, shall be deemed to be increased to the extent of such additional equity shares issued.

RESOLVED FURTHER THAT in case the Equity Shares of the Company are split or consolidated, then the number of shares to be allotted and the exercise price payable by the option grantees under the Scheme shall automatically stand augmented or reduced in the same proportion as the present face value of ₹ 1/- per equity share bears to the revised face value of the equity shares of the Company after such split or consolidation, without affecting any other rights or obligations of the said grantees.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take requisite steps for listing of the Equity Shares allotted under AL ESOP 2016 on the Stock Exchanges where the Equity Shares of the Company are listed.

RESOLVED FURTHER THAT the Company shall conform to the accounting policies prescribed from time to time under the SEBI SBEB Regulations and any other applicable laws and regulations to the extent relevant and applicable to the AL ESOP 2016.

RESOLVED FURTHER THAT the Board be and is hereby authorised at any time to modify, change, vary, alter, amend, suspend or terminate the AL ESOP 2016 subject to compliance with the applicable laws and regulations and to do all such acts, deeds, matters and things as it may in its absolute discretion deems fit, for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the members and further to execute all such documents, writings and to give such directions and/or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the AL ESOP 2016 and do all other things incidental and ancillary thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, and things, as it may, in its absolute discretion, deems necessary including authorising or directing to appoint Merchant Bankers, Brokers, Solicitors, Registrars, Advertisement Agency, Compliance Officer, Investors Service Centre and other Advisors, Trusts, Consultants or Representatives, being incidental to the effective implementation and administration of AL ESOP 2016

as also to make applications to the appropriate Authorities, Parties and the Institutions for their requisite approvals as also to initiate all necessary actions for the preparation and issue of public announcement and filing of public announcement, if required, with the SEBI/Stock Exchange(s), and all other documents required to be filed in connection with the above and to settle all such questions, difficulties or doubts whatsoever that may arise and take all such steps and decisions in this regard."

By Order of the Board

Mumbai
May 25, 2016

N Ramanathan
Company Secretary

Registered Office:

1, Sardar Patel Road, Guindy
Chennai - 600 032

CIN: L34101TN1948PLC000105

Tel: +91 44 2220 6000 Fax: +91 44 2220 6001

E- mail: reachus@ashokleyland.com

Website: www.ashokleyland.com

NOTES:

1. The Dividend of ₹ 0.95 paise per share has been recommended by the Board of Directors for the year ended March 31, 2016, subject to approval of shareholders. Dividend, if approved at the Annual General Meeting (AGM), shall be paid on and from July 25, 2016.
2. The Register of Members and the Share Transfer books of the Company will remain closed from Friday, July 15, 2016 to Thursday, July 21, 2016 (both days inclusive) for the purpose of determining the Members eligible for dividend.
3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS AGM IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM SHOULD BE SUBMITTED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST FORTY EIGHT HOURS BEFORE THE SCHEDULED COMMENCEMENT OF THE MEETING.**
A person can act as Proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as a Proxy and such person shall not act as a Proxy for any other person or shareholder.
4. Revenue Stamp should be affixed on the Proxy Form. Forms which are not stamped are liable to be considered invalid. It is advisable that the Proxy holder's signature may also be furnished in the Proxy Form, for identification purposes.
5. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of businesses under item Nos. 5 to 11 of the Notice, is attached herewith.
6. Members are requested to bring the Annual Report for their reference at the meeting. Admission Slip duly filled in shall be handed over at the entrance of the meeting hall.
7. In case of joint holders attending the AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.

8. Members, who hold shares in dematerialised form, are requested to quote Depository Account Number (Client ID No.) for recording of attendance at the meeting.
9. Consequent to the amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unpaid/unclaimed for a period of seven years from the date they become due for payment is to be transferred to the Investor Education and Protection Fund (IEPF). Accordingly, the dividend declared for all the financial years ended upto March 31, 2008 had been transferred to IEPF. The amount so transferred cannot be claimed either from the Company or from IEPF.

Members who have not encashed the dividend warrants for the financial year 2008-09 and/or any subsequent years are requested to write to the Company/RTA giving the necessary details. In this connection, the Company has sent reminders to the shareholders who had not encashed their dividends.

Details of dividend declared for the financial years from 2008-09 onwards are given below:

Financial year	Declared on	Dividend %	Amount of dividend per share (face value: ₹ 1/-per share) ₹ Paise
2008-09	28.07.2009	100	1.00
2009-10	27.07.2010	150	1.50
2010-11	19.07.2011	200	2.00
2011-12	24.07.2012	100	1.00
2012-13	16.07.2013	60	0.60
2013-14	Dividend not declared		
2014-15	29.06.2015	45	0.45

10. Pursuant to the Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company shall provide/host the required details of unclaimed dividend amounts referred to under Section 205C(2) of the Companies Act, 1956, on its website and also Ministry of Corporate Affairs (MCA) website in the relevant form every year. For the financial year ended March 31, 2015, the information on unclaimed dividend as on the date of the last AGM, i.e., June 29, 2015 was filed with the MCA and hosted on the website of the Company.
11. Electronic mode of the Notice of the sixty seventh AGM of the Company *inter-alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the Members whose e-mail IDs are registered with the Company/Depository Participant(s) for communication purposes unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies of the Notice along with Attendance Slip and Proxy Form is being sent in the permitted mode.
12. Members may also note that the Notice of the sixty seventh AGM and the Annual Report for 2015-16 will be available on the Company's website www.ashokleyland.com and also on the website of the Stock Exchanges respectively at

www.bseindia.com and www.nseindia.com. The physical copies of the aforesaid documents will also be available at the Registered Office of the Company in Chennai for inspection during normal business hours on working days. Even after registering for e-communication, Members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor e-mail id: secretarial@ashokleyland.com.

13. Voting through electronic means:

- I. In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) the Company provides the Members the facility to exercise their right to vote at the AGM by electronic means and the businesses may be transacted through e-voting services provided by National Securities Depository Limited (NSDL).
- II. The facility for voting, through ballot paper shall be made available at the AGM and Members attending the AGM who have not already cast their vote by remote e-voting shall be able to exercise their right at the AGM Venue.
- III. The "cut-off date" for determining the eligibility for voting either through electronic voting system or ballot is fixed as Thursday, July 14, 2016. The e-voting period commences on Sunday, July 17, 2016 at 9.00 am and ends on Wednesday, July 20, 2016 at 5.00 pm During this period, shareholders' holding shares either in physical form or in dematerialised form, as on the cut-off date, i.e., Thursday, July 14, 2016, shall be entitled to avail the facility of remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter.
- IV. **Process for members opting for remote e-voting:**
 - A. **In case a Member receives an e-mail from NSDL [whose e-mail ID is registered with the Company/ Depository Participant(s)]:**
 - (i) Open the e-mail received from NSDL and also open PDF file viz; "Ashok Leyland remote e-Voting.Pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
 - (ii) Launch the internet browser by typing the following URL: <https://www.evoting.nsdl.com>.
 - (iii) Click on Shareholder – Login.
 - (iv) If you are already registered with NSDL for e-voting, then you can use your existing user

ID and password for casting your vote.

- (v) Type User ID and password as initial password/PIN noted in step (i) above. Click Login.
 - (vi) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note the new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vii) Once the home page of remote e-voting opens. Click on remote e-Voting: Active Voting Cycles.
 - (viii) Select "EVEN" (E-voting Event Number) of Ashok Leyland Limited.
 - (ix) Now you are ready for remote e-voting as Cast Vote page opens.
 - (x) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (xi) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - (xii) Once you have voted on the resolution(s), you will not be allowed to modify your vote and cast the vote again.
 - (xiii) Institutional shareholders (i.e., other than individuals, HUF, NRI, etc.) are required to send the scanned copy (PDF/JPG format) of the relevant Board Resolution and/or Authority letter together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutiniser through e-mail to scrutiniserbc@gmail.com with a copy marked to evoting@nsdl.co.in and csdstd@integratedindia.in.
- B. **In case a Member receives physical copy of the Notice (whose e-mail ID is not registered with the Company/Depository Participant(s))**
 - a) Initial password is provided as per the format given below at the bottom of the Attendance Slip for the AGM: **EVEN (E-Voting Event Number) USER ID PASSWORD/PIN**
 - b) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) in (IV)(A) above, to cast the vote.
 - V. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the downloads section of www.evoting.nsdl.com or call Toll Free No. 1800-222-990.
 - VI. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
 - VII. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital

of the Company as on the cut-off date i.e., Thursday, July 14, 2016.

- VIII. Members who have already exercised their voting through remote e-voting can attend the AGM but cannot vote again.
- IX. Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. Thursday, July 14, 2016, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Company/RTA.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following Toll Free no.: 1800-222-990.

- X. Ms. B Chandra, Practicing Company Secretary (Membership No. ACS: 20879) has been appointed as the Scrutiniser to scrutinise the e-voting process in a fair and transparent manner.
- XI. The Scrutiniser shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses who are not in the employment of the Company and make a consolidated Scrutiniser's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.
- XII. As per Regulation 44 of the SEBI Listing Regulations, the results of the e-voting are to be submitted to the Stock Exchange(s) within 48 hours of the conclusion of the AGM. The results declared along with Scrutiniser's Report shall be placed on the Company's website www.ashokleyland.com and the website of NSDL.

14. Brief notes on the background and the functional expertise of the Directors proposed for appointment/re-appointment are furnished in **Annexure** attached, along with details of companies in which they are Director/Chairman and the Board Committees in which they are Member/Chairman.
15. Corporate Members/FIIs/Financial Institutions intending to send their authorised representatives to attend the AGM are requested to send a duly certified copy of the Board resolution/such other documents authorising their representatives to attend and vote at the AGM well in advance.
16. **Nomination Form:**

Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company as permitted under Section 72 of the Companies Act, 2013 read with the Rules made thereunder are requested to send the prescribed Form SH-13 to the Registered Office of the Company. Any change or cancellation of the nomination already given is to be given in Form SH-14. Form SH-13 and Form SH-14 are available on the Company's website for download.

17. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the Members at the AGM.
18. The Securities and Exchange Board of India has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s) with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/ Integrated Enterprises (India) Limited (RTA), "Kences Towers", 2nd Floor, No. 1 Ramakrishna Street, North Usman Road, T Nagar, Chennai – 600 017.
19. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Company/RTA, for consolidation into a single folio.
20. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. Thursday, July 21, 2016.
21. **E-mail Registration:**
Members who have not registered their e-mail ID are requested to update the same with the Company, if held in physical form (or) to the Depository, if held in demat mode.
22. The Route map for the venue of the AGM is annexed.

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

As required under Section 102 of the Companies Act, 2013, the following explanatory statement sets out all material facts relating to the businesses mentioned under item Nos. 5 to 11 of the accompanying Notice.

Item No.5

The Board of Directors of the Company at their meeting held on November 4, 2015 appointed Dr. Andrew C Palmer (Dr. Palmer) as an Additional Director (Independent) of the Company pursuant to the provisions of Section 161 of the Companies Act, 2013 (Act) and Article 101 of the Articles of Association of the Company.

Dr. Palmer will hold office upto the date of this Annual General Meeting. The Company has received a notice in writing under Section 160 of the Act from a member, along with a deposit of requisite amount proposing the candidature of Dr. Palmer for the office of the Independent Director, to be appointed as such, under the provisions of Section 149 of the Act.

The Company has received a declaration from Dr. Palmer that he meets the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under SEBI Listing Regulations. In the opinion of the Board, Dr. Palmer fulfills the conditions for his appointment as an Independent Director as specified in the Act and SEBI Listing Regulations. Dr. Palmer is independent of the management and possesses appropriate skills, experience and knowledge.

Brief resume of Dr. Andrew C Palmer

Dr. Andrew C Palmer, CMG, is a British-born chartered engineer, chartered manager and businessman with 35 years of automotive industry experience. He is an indentured apprentice and graduated from Warwick University with a Master's Degree (MSc)

in Product Engineering in 1990, and acquired a Doctorate (PhD) in Management from Cranfield University in 2004. He is a Chartered Engineer and a Fellow of the Institution of Mechanical Engineers. In 2010, Coventry University awarded Dr. Palmer an Honorary Doctorate of Technology and in 2014 he was appointed Professor, advising the university in the automotive field.

Currently, Dr. Palmer is the President and Chief Executive Officer of Aston Martin Lagonda Limited.

Prior to joining Aston Martin, Dr. Palmer held the post of Chief Planning Officer at Nissan Motor Co and was a member of the Nissan Executive Committee. He held a number of senior positions with the Japanese car manufacturer over the course of a 24-year career with the firm. The roles included corporate planning, product planning, marketing, sales & IT leadership and Chairman of Infiniti from 2011.

Dr. Palmer started his professional career in 1979 aged 16, as an apprentice at Automotive Products Limited (UK). After six years with Austin Rover, he joined Nissan. In the 2014 New Year's Honours list, Dr. Palmer was named a Companion of the Order of St Michael and St George (CMG) in recognition of services to the British automotive industry.

Dr. Palmer does not hold by himself or for any other person on a beneficial basis, any shares in the Company as per declaration given by him.

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

Accordingly, the Board recommends the resolution for the appointment of Dr. Palmer as an Independent Director, for the approval by the shareholders of the Company.

Dr. Palmer is a Director of Aston Martin Lagonda Holdings Limited. He is the Chairman of the Technology Committee of the Company.

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

Item No.6

Mr. Vinod K Dasari was appointed as the Managing Director of the Company for a period of three years effective April 1, 2014 by the shareholders at the Annual General Meeting held on July 26, 2014. His appointment is due for renewal on March 31, 2017.

Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company at their meeting held on May 25, 2016 approved the re-appointment of Mr. Vinod K Dasari as the Chief Executive Officer and Managing Director (CEO & MD) of the Company for a period of five years from April 1, 2016 to March 31, 2021 subject to the approval of the shareholders at this Annual General Meeting.

Keeping in view that Mr. Vinod K Dasari has rich and varied experience in the Industry and has been involved in the operations of the Company over a long period of time, it would be in the interest of the Company to continue the employment of Mr. Vinod K Dasari as CEO & MD of the Company.

Brief resume of Mr. Vinod K Dasari

Mr. Vinod K Dasari completed his MBA from Kellogg School of Management and a Masters in Engineering Management from

McCormick School of Engineering, from Northwestern University. He earned a Bachelor's Degree in Engineering from University of Louisville.

Mr. Vinod K Dasari commenced his career with the General Electric Company in 1986. After completing his MBA in 1992, he joined the Timken Company, USA in 1996. He moved to Timken's Indian operations as Director of Manufacturing and Technology. In 1998, he was appointed Managing Director of Timken India and in 2000, he moved back to US, with Timken, as President of the Global Railroad business. In 2002, wanting to move his family to India, he joined Cummins India Limited as President, and then became its Joint Managing Director.

Mr. Vinod K Dasari joined Ashok Leyland in 2005 as Chief Operating Officer and was appointed Whole Time Director in 2008, followed by the current position of Managing Director in 2011.

He is currently the President of the Society of Indian Automobile Manufacturers (SIAM) and President of Automotive Skill Development Council (ASDC). He serves on the Board of several group companies of Ashok Leyland and is a Director of Pidilite Industries Limited and Vishay Engineering and Holdings Private Limited.

Mr. Vinod K Dasari does not hold by himself or for any other person on a beneficial basis, any shares in the Company as per the declaration given by him.

The terms contained in the resolution shall constitute the written memorandum setting out the terms of re-appointment.

The approval of the members is being sought for the re-appointment of Mr. Vinod K Dasari as CEO & MD and the remuneration payable to him for a period of five years from April 1, 2016 to March 31, 2021.

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

Item No.7

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Company is required to appoint a cost auditor to conduct the audit of the cost records of the applicable products of the Company. As per the Rules, remuneration payable to the cost auditor is required to be ratified by the members of the Company in a general meeting. The Board of Directors of the Company at its meeting held on May 12, 2015 has considered and approved the appointment of Geeyes and Co, Cost Accountants (Firm Registration No: 00044) as the Cost Auditor of the Company for the financial year 2015-16 at a remuneration of ₹ 5,00,000/- (Rupees Five Lakhs only) plus applicable service tax and out of pocket expenses that may be incurred.

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

The Board recommends the resolution set forth for the approval/ratification of the Members.

Item No.8

The members of the Company at the sixty second AGM held on July 19, 2011, approved the payment of commission to Non-Executive Directors (NEDs) of the Company upto one percent per annum of the net profits of the Company for a period of five years commencing from April 1, 2011 and ending with March 31, 2016 in addition to the sitting fees.

The compensation payable to the NEDs of companies should be adequate to attract independent professionals to take up these positions. Hence, in terms of Section 197 of the Companies Act, 2013, it is proposed to continue with the payment of commission to the NEDs of the Company for each of the five consecutive financial years commencing April 1, 2016, not exceeding one percent per annum of the net profits of the Company computed in accordance with the provisions of the Act. The quantum of the commission payable to each of the NEDs varies from year to year, which shall be decided by the Nomination and Remuneration Committee and the Board of Directors.

All the Directors, except CEO & MD and Key Managerial Personnel or their respective relatives, are concerned or interested, financial or otherwise, in this resolution.

The Board recommends the resolution set forth for the approval of the Members.

Item No.9

The management proposes to issue equity shares or any other securities which are convertible or exchangeable for equity shares ("Securities") to eligible investors including Qualified Institutional Buyers, Foreign Institutions, Foreign Investors, Non-residents, Corporate Bodies, Mutual Funds, Banks, Insurance Companies, Pension Funds or other eligible investors whether or not Members of the Company, in terms of SEBI ICDR Regulations or other applicable law.

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

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

The detailed terms and conditions for the proposed issue will be determined by the Board or a Committee thereof, in consultation with the Advisers, Lead Managers and such other authority(ies) as may be required to be consulted by the Company considering the prevailing market conditions and other relevant factors.

The Board recommends the resolutions and the consent of the shareholders is sought by passing an enabling Special Resolution pursuant to the provisions of Section 62, its related and other applicable provisions of the Companies Act, 2013 and in terms of the provisions of the Listing Agreements executed by the Company with the Stock Exchanges where the equity shares of the Company are listed.

The Special Resolution, if passed, will have the effect of allowing the Board to offer, issue and allot equity shares to the investors who may or may not be the existing Members of the Company.

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

The Directors and Key Managerial Personnel of the Company and relatives thereof may be deemed to be concerned or interested in the passing of Resolution to the extent of securities issued/ allotted to them or to the companies in which they are a Director or Member.

Item No.10

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

At the last Annual General Meeting held on June 29, 2015, the Company obtained such approval from the shareholders for an amount upto ₹ 300 Crores. However, the same was not utilised as on date.

In order to augment long-term resources for financing, inter-alia, the ongoing capital expenditure, long-term loan repayment and for general corporate purposes, the Company may offer or invite subscription for secured / unsecured redeemable non-convertible debentures in one or more series / tranches on private placement basis for an amount upto ₹ 700 Crores at an interest rate that will be determined by the prevailing money market conditions at the time of borrowing.

Members are requested to note that the above borrowing upto ₹ 700 Crores is within the overall borrowing approval limit of ₹ 8000 Crores approved by the shareholders by way of special resolution at the Annual General Meeting held on July 26, 2014.

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

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

Item No.11

The Nomination and Remuneration Committee and the Board of Directors of the Company at their meetings held on May 24, 2016 and May 25, 2016 respectively had approved formulation and implementation of Ashok Leyland Employee Stock Option Scheme 2016 (AL ESOP 2016/Scheme).

Your Company believes that equity based compensation schemes are an effective tool to reward the employees (including Directors) of the Company in the growth of the Company, to create an employee ownership in the Company, to attract new talents, to retain the key resources in the organisation and for the benefit of the present and future employees of the Company. With this objective in mind, your Company intends to implement AL ESOP 2016 for the employees.

The Company seeks members' approval in respect of AL ESOP 2016 and grant of Stock Options to the eligible employees of the Company as decided in this behalf from time to time in due compliance of the Regulation 6 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (SEBI SBEB Regulations).

The salient features of the AL ESOP 2016 are as under:

a) Brief description of the Scheme

The Company proposes to introduce AL ESOP 2016 for the benefit of the permanent employees and eligible Directors of the Company and such other eligible persons as may be determined as per SEBI SBEB Regulations. Options granted under the Scheme shall vest on satisfaction of vesting conditions which can thereafter be exercised resulting in allotment/issue of equity shares of the Company.

The Nomination and Remuneration Committee (Committee) of the Company shall act as Compensation Committee for administration of AL ESOP 2016. All questions of interpretation of the AL ESOP 2016 shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in AL ESOP 2016.

b) Total number of Options to be granted

The total number of options to be granted under AL ESOP 2016 shall not exceed 42,68,815 (Forty Two Lakhs Sixty Eight Thousands Eight Hundred and Fifteen) options constituting 0.15% of the paid-up equity share capital of the Company as on March 31, 2016. Each option when exercised would be converted into one Equity Share of ₹ 1/- (Rupee One only) each fully paid-up.

The SEBI Regulations require that in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, a fair and reasonable adjustment needs to be made to the options granted. In this regard, the Committee shall adjust the number and price of the options granted in such manner that the total value of the options granted under AL ESOP 2016 remain the same after any such corporate action. Accordingly, if any additional options are issued by the Company to the option grantees for making such fair and reasonable adjustment, the ceiling of 42,68,815 (Forty Two Lakhs Sixty Eight Thousands Eight Hundred and Fifteen) shall be deemed to be increased to the extent of such additional options issued.

c) Identification of classes of employees entitled to participate in AL ESOP 2016

All the permanent employees (including a Director, whether whole-time or not) of the Company as identified by the Committee shall be eligible to participate in the Scheme. The following persons shall not be eligible to participate in AL ESOP 2016:

- a) an employee who is a Promoter or belongs to the Promoter Group as defined in the SEBI Regulations; or
- b) a Director who either by himself/herself or through his/her relatives or through any body corporate, directly or indirectly, holds more than ten percent of the issued and subscribed Equity Shares of the Company; or
- c) Independent Directors.

In case any grant of options would be contemplated to the employees of any Subsidiary Company set-up if any

in future and that of the Holding Company, separate approval of the Shareholders shall be obtained as per provisions of SEBI SBEB Regulations, prior to such grant.

d) Requirements of vesting and period of vesting

All the options granted on any date shall vest not earlier than One year and not later than a maximum period as may be permitted by SEBI SBEB Regulations as amended from time to time from the date of grant of options as may be determined by the Committee. The Committee may extend, shorten or otherwise vary the vesting period from time to time, in accordance with the applicable laws and in the interest of the option grantee.

The vesting dates in respect of the options granted under the Scheme shall be determined by the Committee and may vary from an employee to employee or any class thereof and/or in respect of the number or percentage of options granted to an employee.

Options shall vest essentially based on continuation of employment and apart from that the Committee may prescribe achievement of any performance condition(s) for vesting.

e) Maximum period within which the options shall be vested

All the options granted on any date shall vest not later than a maximum period as may be permitted by SEBI SBEB Regulations as amended from time to time from the date of grant of options and as may be determined by the Committee.

f) Exercise price or pricing formula

Exercise Price shall be decided by the Committee, subject to a minimum of the face value.

g) Exercise period and the process of Exercise

The exercise period would commence from the date of vesting and will expire on completion of period as may be permitted by SEBI SBEB Regulations as amended from time to time from the date of respective vesting of options. The vested Option shall be exercisable by the employees either in full or in tranches as may be permitted by the Scheme by a written application to the Company expressing his/her desire to exercise such Options in such manner and on such format as may be prescribed by the Committee from time to time. The Options shall lapse if not exercised within the specified exercise period.

h) Appraisal process for determining the eligibility of employees under AL ESOP 2016

The appraisal process for determining the eligibility shall be decided from time to time by the Committee. The broad criteria for appraisal and selection may include parameters like tenure of association with the Company, performance during the previous years, contribution towards strategic growth, contribution to team building and succession, cross-functional relationship, corporate governance, etc.

i) Maximum number of Options to be issued per employee and in aggregate

The maximum number of options that may be granted to an eligible employee of the Company under the Scheme, in any financial year and in aggregate under the AL ESOP 2016 will be determined by the Board/Committee on case to case basis and shall not exceed the limits, if any, prescribed under SEBI SBEB Regulations and other applicable laws.

j) Maximum quantum of benefits to be provided per employee under the AL ESOP 2016

The maximum quantum of benefits underlying the options issued to an eligible employee shall depend upon the market price of the shares as on the date of sale of shares.

k) Route of Scheme implementation

The Scheme shall be implemented and administered either directly by the Company or through an Employees Welfare Trust or both as the Board/Committee deems fit. In case the Company wishes otherwise, it may be intimated to the members in due course as per the applicable laws.

l) Source of acquisition of shares under the Scheme

The Scheme contemplates fresh/new issue of shares by the Company.

m) Amount of loan to be provided for implementation of the scheme(s) by the Company to the trust, its tenure, utilisation, repayment terms, etc.

The Company may provide, loan to the Trust, from time to time. The Company will provide necessary loan amount to the trust to enable the trust to subscribe the shares issued by the Company. The terms and conditions of the loan shall be decided by the Board from time to time. The loan will be utilised by the trust for subscribing to the shares of the Company only. The Trust shall repay the loan to the Company by utilising the proceeds realised from exercise of Options by the employees.

n) Maximum percentage of secondary acquisition

This is not relevant under the present Scheme.

o) Accounting Policies and Disclosures

The Company shall follow the Guidance Note on Accounting for Employee Share-based Payments and/or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India from time to time, including the disclosure requirements prescribed therein.

p) Method of option valuation

The Company shall adopt the intrinsic value method of valuation of options. Notwithstanding the above, the Company may adopt any other method as may be required under prevailing applicable laws.

q) Declaration

In case the Company opts for expensing of share based employee benefits using the intrinsic value, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options and the impact of this difference on profits and on Earning Per Share of the Company shall also be disclosed in the Board's Report.

Consent of the members is being sought by way of a special resolution pursuant to Section 62 and all other applicable provisions, if any, of the Companies Act, 2013 and as per Regulation 6 of the SEBI SBEB Regulations.

A draft copy of the AL ESOP 2016 is available for inspection at the Company's Registered Office during normal business hours on all working days till the date of the AGM.

None of the Directors, Key Managerial Personnel of the Company including their relatives are interested or concerned in the resolution, except to the extent of their entitlements, if any, under the AL ESOP 2016.

By Order of the Board

Mumbai
May 25, 2016

N Ramanathan
Company Secretary

Registered Office:
1, Sardar Patel Road, Guindy
Chennai - 600 032
CIN: L34101TN1948PLC000105
Tel: +91 44 2220 6000 Fax: +91 44 2220 6001
E- mail: reachus@ashokleyland.com
Website: www.ashokleyland.com

Annexure

Details of Directors seeking Appointment/Re-appointment at the Annual General Meeting

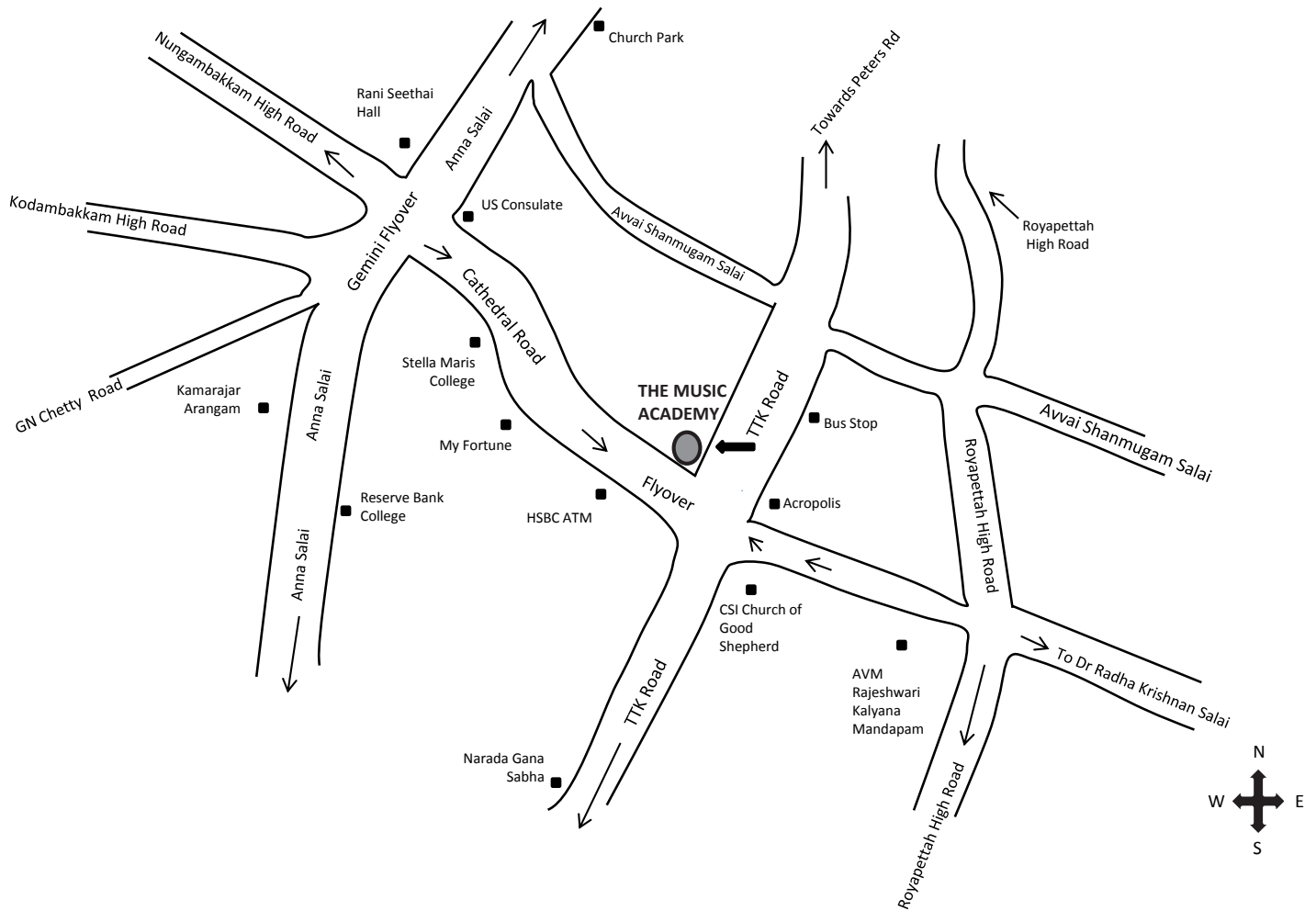
Name of the Director	Mr. A K Das	Dr. Andrew C Palmer	Mr. Vinod K Dasari
Date of Birth and Age	August 2, 1940, 75 years	June 30, 1963, 52 years	June 28, 1966, 49 Years
Date of Appointment	November 19, 1994	November 4, 2015	May 8, 2008
Expertise in Specific functional areas	Over 35 years experience in International Trade and Commerce, including handling of international trade operations for over 10 years.	Over 35 years of automotive industry experience. In 2010, Coventry University awarded him an Honorary Doctorate of Technology and in 2014 he was appointed Professor, advising the university in the automotive field.	Over 25 years of varied experience with top companies in India and USA
Qualifications	BA (Hons)	(i) Master's Degree (MSc) in Product Engineering (ii) Doctorate (PhD) in Management (iii) Chartered Engineer (iv) Fellow of the Institution of Mechanical Engineers	BS (Engg), MEM, MBA
Board Membership of other companies as on March 31, 2016	(i) IndusInd Media and Communications Limited* (ii) Hinduja Group Limited, Executive Vice Chairman (iii) Vista Travels Private Limited (iv) Grant Investrade Limited (v) Hinduja Healthcare Limited (vi) The British Metal Corporation (India) Private Limited (vii) Aasia Imports & Exports Private Limited (viii) Ashley Aviation Limited (ix) Hinduja Energy (India) Limited (x) Chemring Aasia Services Private Limited	(i) Aston Martin Lagonda Limited, CEO (ii) Aston Martin Lagonda Holdings Limited	(i) Ashok Leyland UAE LLC* (ii) Global TVS Bus Body Builders Limited* (iii) Lanka Ashok Leyland PLC (iv) Ashok Leyland Defence Systems Limited* (v) Ashok Leyland Nissan Vehicles Limited (vi) Nissan Ashok Leyland Technologies Limited (vii) Nissan Ashok Leyland Powertrain Limited* (viii) Pidilite Industries Limited (ix) Vishay Engineering and Holdings Private Limited
Chairmanships/ Memberships of Committees of other companies as on March 31, 2016	(i) Ashley Aviation Limited Committee of Directors (ii) Hinduja Energy (India) Limited a. Nomination and Remuneration Committee* b. CSR Committee c. Allotment Committee (iii) Hinduja Group Limited a. CSR Committee* b. Committee of Directors (iv) IndusInd Media and Communications Limited a. Nomination and Remuneration Committee b. CSR Committee* c. Share Allotment Committee* d. Committee of Directors*	NIL	(i) Nissan Ashok Leyland Powertrain Limited Nomination and Remuneration Committee (ii) Nissan Ashok Leyland Technologies Limited Nomination and Remuneration Committee (iii) Ashok Leyland Nissan Vehicles Limited Nomination and Remuneration Committee* (iv) Global Bus Body Builders Limited a. Audit Committee* b. Nomination and Remuneration Committee

*Chairman of the Board/Committee.

For other details such as number of shares held, number of meetings of the Board attended during the year, remuneration drawn in respect of the aforesaid directors, please refer to the Corporate Governance Report.

Route Map to the AGM Venue

Venue: “The Music Academy, Madras”, New No.168 (Old No.306), TTK Road, Royapettah, Chennai - 600 014



Landmark: Cathedral Road Flyover Junction

BOARD'S REPORT

PERFORMANCE/OPERATIONS

Your Directors have pleasure in presenting the annual report of the Company, together with the audited financial statements, for the financial year ended March 31, 2016.

FINANCIAL RESULTS

	₹ Lakhs	
	2015-16	2014-15
Profit before tax	116,920.18	44,219.67
Less: Tax Expense	44,742.60	10,739.07
Profit after tax	72,177.58	33,480.60
Balance profit from last year	113,612.06	115,169.99
Transfers:		
a) From Debenture Redemption Reserve to Statement of Profit and Loss	11,625.00	-
b) From Statement of Profit and Loss to Debenture Redemption Reserve	-	19,625.00
Profit available for appropriation	197,414.64	129,025.59
Appropriation:		
Proposed dividend	27,035.83	12,806.44
Corporate dividend tax thereon	5,503.86	2,607.09
Balance profit carried to Balance Sheet	164,874.95	113,612.06
Earnings Per Share (Face value ₹ 1/-)		
– Basic and Diluted (in ₹)	2.54	1.20

COMPANY'S PERFORMANCE

After a period of recovery in the financial year 2014-15, the Medium & Heavy Commercial Vehicle (M&HCV) segment of the Commercial Vehicle industry has registered a growth of 30% in the financial year 2015-16. Despite a subdued trend in the industrial activity, the pick-up in M&HCV sales was driven by replacement-led demand by large fleet operators, pre-buying ahead of the implementation of BS-IV emission norms and gradual improvement in the viability of fleet operators due to declining diesel prices.

Your Company witnessed a 34% growth in sales (including LCV) during the financial year 2015-16, with total sales of 1,40,457 units as against 1,04,902 units during the previous financial year.

Sales of M&HCV increased to 1,09,762 units with a growth of 41.3% as compared to 77,660 units during the previous financial year. The market share in M&HCV grew from 27.2% to 31.3% facilitated by optimal product mix in the growth segments, a sustained focus on meeting customer requirements and network expansion.

Sales of Light Commercial Vehicle (LCV) have grown 13% to 30,695 units in 2015-16 as against 27,242 units during the previous financial year.

The Power Solution Business witnessed a growth of 11% over the previous year despite tepid demand on account of improved power availability and general slowdown in industrial and agriculture

sectors. Revenue from Spare Parts saw a growth of approximately 5% as compared to the previous financial year.

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

DIVIDEND

Your Directors are pleased to recommend a dividend of ₹ 0.95 paise per equity share of ₹ 1/- each for the financial year ended March 31, 2016. Payment of dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting and would involve a cash outflow of ₹ 325.40 Crores including dividend distribution tax.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT

There are no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this Report.

TRANSFER TO RESERVES

Your Company does not propose to transfer amounts to the general reserve out of the amount available for appropriation and an amount of ₹ 396.38 Crores is proposed to be retained in the profit and loss account.

FINANCE

During the year Non-Convertible Debentures (NCDs) Series AL 15 of ₹ 70 Crores, AL 17 of ₹ 200 Crores and AL 19 of ₹ 150 Crores were fully redeemed and NCD Series AL 16 of ₹ 45 Crores was partly redeemed. No fresh NCDs were issued during the year. Your Company repaid secured rupee term loan availed from Banks to the tune of ₹ 83.33 Crores before the due date during the year under review. No fresh term loans were availed during the year. During the year under review, your Company repaid ECB loan instalments that fell due, equivalent to USD 33.33 million on the due dates. No fresh ECB loans were availed during the year.

As at March 31, 2016, long term borrowings stood at ₹ 2,659 Crores as against ₹ 3,325 Crores as on March 31, 2015.

HUMAN RESOURCES

Several key initiatives on the HR front were initiated during the financial year under review. This includes a new strategy for Talent Acquisition from campuses of key institutes aimed at better industry institute collaboration and building sustained relationships with them. Campus Ambassadors were identified as part of the process. The revamped Emerging Leaders Program saw the first batch graduate in March 2016 after completing a rigorous process and live project orientation. These Emerging Leaders would form critical part of the succession pipeline. Hays Job Evaluation, used as the metric for elevation at all senior levels, is now an integral part of the talent management process. Employee engagement gained sharper focus with initiatives such as quarterly Leadership Meet, Toastmasters Club, "You Made My Day" - (An initiative to enhance the spirit of appreciation and camaraderie), "IGNITE" - (an innovation platform to unleash the innovative thinking abilities of employees) being launched and received well across the organisation. Further, in our constant endeavour to enhance the levels of engagement and energy across the organisation, an Organisational Health Index survey,

BOARD'S REPORT

"Expressions 16", in partnership with AON Hewitt was initiated and the results of the survey would result in action plans being put in place to address areas of improvement identified.

Going forward, the financial year 2016-17 will see increased focus on - Talent Transformation through implementation of "SAP Success Factors" – a complete HRMS application suite, which would help in empowering and enabling Managers to better handle their teams. In addition, it would enhance the quality of analytics available to help in enhancing the quality of decision making with regards to people and processes throughout the employee life cycle. Employee skill and capability building across the organisation, with increased focus on new skills emerging out of new regulatory frameworks, emerging technologies and customer need would be another area of focus in the year ahead. Focus on right staffing and skilling in identified international markets would be given greater emphasis in line with the goal of spreading the organisation's global footprint.

CORPORATE GOVERNANCE

Your Company is in compliance with the Corporate Governance guidelines, as laid out in the Listing Agreements/Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations). All the Directors and the Senior Management personnel have affirmed in writing their compliance with and adherence to the Code of Conduct adopted by the Company.

The annual report of the Company contains a certificate by the Chief Executive Officer and Managing Director in terms of SEBI Listing Regulations on the compliance declarations received from the Directors and the Senior Management personnel.

The Statutory Auditors of the Company have examined the requirements of Corporate Governance with reference to SEBI Listing Regulations and have certified the compliance, as required under SEBI Listing Regulations. The Certificate in this regard is attached as **Annexure D** to this Report.

The Chief Executive Officer and Managing Director/Chief Financial Officer (CEO/CFO) certification as required under the SEBI Listing Regulations is attached as **Annexure F** to this Report.

Related Party disclosures/transactions are detailed in Note 3.5 of the Notes to the financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

Your Directors have pleasure in attaching the Consolidated Financial Statements pursuant to Section 129(3) of the Companies Act, 2013 (Act) and SEBI Listing Regulations and prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India, in this regard.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the year, as a part of the divestment plans of the Company to sell non-core businesses, your Company sold 23,25,18,140 equity shares of ₹ 10/- each held in Ashok Leyland John Deere Construction Equipment Company Private Limited to Gulf Ashley Motor Limited, a subsidiary of the Company and thereafter the Company has infused committed capital contributions.

Automotive Infotronics Limited, joint venture and Ashley Airways Limited an associate of the Company are under liquidation.

A report on the performance and financial position of each of the subsidiaries, associates and joint venture companies is provided in the notes to the consolidated financial statements. Pursuant to the provisions of Section 129(3) of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing salient features of the financial statements of the Company's subsidiaries, Associates and Joint Ventures in Form AOC-1 is attached to the financial statements of the Company.

Pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited financial statements in respect of the subsidiaries are available on the website of the Company.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, Mr. F Sahami, non-executive Director stepped down from the Board with effect from August 12, 2015. The Board wishes to place on record its appreciation for the valuable contributions made by him to the Board and the Company during his long tenure as Director.

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. A K Das, Director, retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

Dr. Andrew C Palmer was appointed as an Additional Director (Independent) on the Board with effect from November 4, 2015. We seek your confirmation for appointment of Dr. Andrew C Palmer as an Independent Director for a term upto five consecutive years i.e. with effect from November 4, 2015 to November 3, 2020.

Pursuant to the recommendation of the Nomination and Remuneration Committee, Mr. Vinod K Dasari was re-appointed by the Board of Directors, subject to the approval of the shareholders, as the Chief Executive Officer and Managing Director (CEO & MD) of the Company for a period of five years with effect from April 1, 2016 to March 31, 2021.

The resolutions seeking approval of the members for the appointment of Mr. A K Das, Dr. Andrew C Palmer, Directors and re-appointment of Mr. Vinod K Dasari, CEO & MD have been incorporated in the Notice of the Annual General Meeting of the Company along with brief details about them.

The Independent Directors of the Company have submitted a declaration under Section 149(7) of the Act that each of them meets the criteria of independence as provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as Independent Director during the year.

The terms and conditions of appointment of the Independent Directors are placed on the website of the Company <http://www.ashokleyland.com/companies-act-2013-compliance>.

The Company has also disclosed the Directors' familiarisation programme on its website http://www.ashokleyland.com/sites/default/files/Familiarisation_programme_for_Independent_Directors-update_Mar2016.pdf.

During the year, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company, other than the sitting fees, commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company.

BOARD'S REPORT

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company are - Mr. Vinod K Dasari, CEO & MD, Mr. Gopal Mahadevan, Chief Financial Officer and Mr. N Ramanathan, Company Secretary. There has been no change in the Key Managerial Personnel during the year.

AUDITORS

M S Krishnaswami & Rajan, Chartered Accountants (Firm Registration No. 01554S) and Deloitte Haskins & Sells LLP, Chartered Accountants, (Firm Registration No. 117366W/W-100018) Joint Statutory Auditors, retire at the conclusion of this Annual General Meeting and are eligible for appointment. They have confirmed their eligibility to the effect that their appointment, if made, would be within the prescribed limits under the Act and that they are not disqualified for appointment.

The Audit Committee and the Board of Directors have recommended the appointment of the Joint Statutory Auditors for the financial year 2016-17. The necessary resolution is being placed before the shareholders for approval.

The Auditors' report to the shareholders on the standalone financials for the year ended March 31, 2016 does not contain any qualification, observation or adverse comment.

The Auditors' report to the shareholders on the consolidated financials for the year ended March 31, 2016 (paragraph 7) contains a qualification as given below:

The Holding Company has consolidated the financial statements/ financial information for the year ended March 31, 2016 of three joint venture companies, which are unaudited and pending approval by the Board of Directors of the respective companies - Refer Note 3.15 to the consolidated financial statements. We are informed that these financial statements are as received from the respective companies, and reflect total assets (net) of ₹ 55,125.45 Lakhs, total liabilities (net) of ₹ 95,020.47 Lakhs, total revenue (net) of ₹ 17,272.56 Lakhs and total expenditure (net) of ₹ 101,307.78 Lakhs, as considered in the consolidated financial statements.

In our opinion and to the best of our information and according to the explanations given to us, except for the unaudited financial statements/financial information of the companies, in respect of which we are unable to express any opinion, the aforesaid consolidated 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, of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at March 31, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Board's Response:

The consolidated results of the Company for the year include unaudited financials of three joint venture companies, as received, reflecting total assets (net) of ₹ 55,125.45 Lakhs, total Liabilities (net) of ₹ 95,020.47 Lakhs, total revenue (net) of ₹ 17,272.56 Lakhs and total expenditure (net) of ₹ 101,307.78 Lakhs. The said financials are pending approval by the Board of Directors of these companies. As the Company is required to submit its consolidated results within 60 days from the end of the financial year to the Stock Exchange, it has considered the said financials, as received from the joint venture companies for the purpose of such consolidation.

COST AUDITORS

Pursuant to the provisions of Section 148(3) of the Act the Board of Directors had appointed Geeyes & Co., (Firm Registration No.: 00044), as Cost Auditors of the Company, for conducting the audit

of cost records for the financial year ended March 31, 2016. The audit is in progress and report will be filed with the Ministry of Corporate Affairs within the prescribed period. A proposal for ratification of remuneration of the Cost Auditors for the financial year 2015-16 is placed before the shareholders for ratification/ approval.

SECRETARIAL AUDITOR

Pursuant to provisions of Section 204 of the Act, read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company engaged the services of Ms. B Chandra (CP No. 7859), Company Secretary in Practice, Chennai to conduct the Secretarial Audit of the Company for the financial year ended March 31, 2016. The Secretarial Audit Report for the financial year ended March 31, 2016 in Form No. MR-3 is attached as **Annexure H** to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

EXTRACT OF THE ANNUAL RETURN

Pursuant to the provisions of Section 92(3) of the Act an extract of Annual Return in Form MGT - 9 as on March 31, 2016 is attached as **Annexure G** to this Report.

OTHER LAWS

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder, your Company has constituted an Internal Complaints Committee (ICC). During the year under review, there were no cases received/filed pursuant to the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

BOARD MEETINGS HELD DURING THE YEAR

During the year, six meetings of the Board of Directors were held. The details of the meetings are furnished in the Corporate Governance Report which is attached as **Annexure C** to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Act the Board of Directors, to the best of their knowledge and ability, confirm that:

- in the preparation of the annual financial statements for the year ended March 31, 2016, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- for the financial year ended March 31, 2016, such accounting policies as mentioned in the Notes to the financial statements have been applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for the financial year ended March 31, 2016;
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual financial statements have been prepared on a going concern basis;

BOARD'S REPORT

- e) that proper internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively;
- f) that proper systems have been devised to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

REMUNERATION POLICY OF THE COMPANY

The objective of the Remuneration Policy is to attract, motivate and retain qualified and expert individuals that the Company needs in order to achieve its strategic and operational objectives, whilst acknowledging the societal context around remuneration and recognising the interests of Company's stakeholders. The Company's policy on directors' appointment and remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the Corporate Governance report, which forms part of the Board's Report.

PARTICULARS OF EMPLOYEES

Disclosure pertaining to the remuneration and other details as required under Section 197(12) of the Act, and the Rules framed thereunder is enclosed as **Annexure B** to the Board's Report.

ASHOK LEYLAND EMPLOYEE STOCK OPTION PLAN 2016

Your Company believes that equity based compensation schemes are an effective tool to reward the employees (including Directors) in the growth of the Company, to create an employee ownership, to attract new talents, to retain the key resources in the organisation and for the benefit of the present and future employees of the Company. In view of the above, the Board of Directors of your Company has approved the formulation and implementation of Ashok Leyland Employee Stock Option Plan 2016 (AL ESOP 2016) at their meeting held on May 25, 2016. Resolution seeking approval of the members for AL ESOP 2016, have been incorporated in the Notice of the AGM.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The particulars of loans, guarantees and investments under Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014, for the financial year 2015-16 are given in Note 3.5 (f) of the Notes to the financial statements.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Audit Committee and the Board of Directors have approved the Related Party Transactions Policy and the same has been hosted on the Company's website http://www.ashokleyland.com/sites/default/files/Ashok_Leyland_Limited-Policy_on_Related_Party_Transactions.pdf. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

There were no materially significant transactions with Related Parties during the financial year 2015-16 which were in conflict with the interest of the Company. Suitable disclosures as required under AS-18 have been made in Note 3.5(d) of the Notes to the financial statements.

Details of transactions with related parties are given in Form AOC - 2 which is attached as **Annexure I**.

RISK MANAGEMENT POLICY

Your Company has a robust Risk Management policy. The Company through a Steering Committee oversees the

Risk Management process including risk identification, impact assessment, effective implementation of the mitigation plans and risk reporting. Your Company has an established Enterprise Risk Management (ERM) function that engages with all the business verticals for risk assessment and ensures that the risk mitigation plans are in place and validates its status regularly.

The details of Risk Management as practiced by the Company are provided as part of Management Discussion and Analysis Report attached as **Annexure E** to this Report.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The brief outline of the Corporate Social Responsibility (CSR) Policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in **Annexure J** of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The policy is available on the website of the Company.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

Pursuant to the provisions of the Act and SEBI Listing Regulations, Independent Directors at their meeting held during the year without the participation of the Non-Independent Directors and Management, considered/evaluated the performance of the Board of Directors, the Chairman and other Non-Independent Directors.

The Board has undergone a formal review which comprised Board effectiveness survey, 360 degree and review of materials. This was delivered by an external specialist and resulted in a full Board effectiveness report and Directors' feedback. This is further supported by the Chairman's Annual Director Performance Review.

The Board subsequently evaluated its own performance, the working of its Committees and Independent Directors without participation of the relevant Director(s).

The criteria for performance evaluation have been detailed in the Corporate Governance Report which is attached as **Annexure C** to this Report.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

Pursuant to the provisions of Section 177(9) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Clause 49 of the Listing Agreement/SEBI Listing Regulations, the Board of Directors had approved the Policy on Vigil Mechanism/Whistle Blower and the same was hosted on the website of the Company. This Policy inter-alia provides a direct access to the Chairman of the Audit Committee.

Your Company hereby affirms that no Director/employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year.

Brief details about the policy are provided in the Corporate Governance Report attached as **Annexure C** to this Report.

DEPOSITS

Your Company has not accepted any deposit within the meaning of provisions of Chapter V of the Act read with the Companies (Acceptance of Deposits) Rules, 2014 for the year ended March 31, 2016.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

There are no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company.

BOARD'S REPORT

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a proper and adequate internal control system to ensure that all the assets of the Company are safeguarded and protected against any loss and that all the transactions are properly authorised and recorded. Information provided to management is reliable and timely and statutory obligations are adhered to. Details of the same are provided in the Management Discussion and Analysis Report attached as **Annexure E** to this Report.

The Company has an established Internal Financial Control framework including internal controls over financial reporting, operating controls and anti-fraud framework. The framework is reviewed regularly by the management and tested by internal audit team and presented to the Audit Committee. Based on the periodical testing, the framework is strengthened, from time to time, to ensure adequacy and effectiveness of Internal Financial Controls.

RESEARCH AND DEVELOPMENT, CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

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

range and cabin is also a key result area. Expenditure incurred by way of capital and revenue on these activities is shown separately.

Information as required under Section 134(3)(m) of the Act read with Rule 8 (3) of the Companies (Accounts) Rules, 2014, relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo are furnished in **Annexure A** to this Report.

ACKNOWLEDGEMENT

The Directors wish to express their appreciation for 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, Hinduja Automotive Limited, the Hinduja Group and all the shareholders. The Directors also wish to thank all the employees for their contribution, support and continued commitment throughout the year.

On behalf of the Board of Directors

Mumbai
May 25, 2016

Dheeraj G Hinduja
Chairman

ANNEXURE A TO THE BOARD'S REPORT

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

(A) CONSERVATION OF ENERGY

(i) Significant initiatives in the financial year 2015-16:

- All manufacturing plants continue their efforts in conserving energy in various forms like energy conservation projects, use of alternate sources and resources, continuous monitoring, etc.
- About 3.8 million electrical units have been saved leading to significant savings in energy costs during 2015-16. This was achieved through high degree of awareness, Energy cross audits, Power quality audits, intensive focus on more energy saving avenues through continuous improvement on Mission Gemba and Go Green initiatives.
- Usage of 20% wind energy, realised savings to the tune of ₹ 18.50 million.
- Use of IEX power has resulted in savings ₹ 19.80 million.
- Group Captive Power introduced and realised savings ₹ 12.50 million.
- All manufacturing plants optimised and maintained towards Unity power factor.
- Usage of "ON LINE Energy Monitoring System in all manufacturing plants".
- ₹ 23.90 million Savings realised through Energy saving projects, viz.
 - Implementation of productivity improvement projects
 - Power intensive motors optimised with Energy Efficient motors and VFD
 - Effective Demand side management
 - Optimised usage of DG sets
- Extensive focus on compressed Air leaks.
- Auto Power saving features implemented in machine tools.
- Conventional lighting modified by Energy Efficient lighting.

Towards Wood free: The wood consumption in terms of usage for inter-unit logistics have been reduced from 91 tonne per month in April 2015 to 22 tonne per month in March 2016 (~75% reduction). This would amount to an annual savings of **828 tonne of wood**, meaning Saving **276 full grown trees**, which gives **552 Man-year of oxygen**.

Special pallets were designed discrete to the parts being moved without increasing the costs. A combination of re-usable pallets and one time usage pallets enabled the initiative.

With all the continuous efforts and endeavour on energy conservation, your Company **has become carbon negative with respect to scope 1** in the financial year 2015-16 and is moving towards becoming a "Clean & Green" organisation.

Specific Carbon Foot print reduction of 7 % is realised during the financial year 2016 w.r.t financial year 2015 considering Scope 1 (Reduction is from 183 to 170 Kgs of CO2 equivalent/HECU – Hybrid Equivalent Common Unit).

- (ii) **Solar Energy:** It has been decided to install Roof-Top Solar Panel for PV generation of electricity at many plants at a pilot level of one Mega-Watt (MW) capacity. This can be expanded based on need. Many suppliers have been discussed with and proposals are received. These one MW Roof-Top PV Solar installation and generation is targeted for financial year ending March 31, 2017.
- (iii) **Capex:** The mode is through the BOO approach (Build – Own – Operate) by the suppliers and the Company would be paying on per-unit basis and therefore 'No Capex' is required.

Awards

- Hosur 1 Plant bagged "Energy Efficient Unit" Award in the 16th National Award for Excellence in Energy Management 2015 organised by the Confederation of Indian Industry.
- Alwar Plant bagged National Merit award from Bureau of Energy Efficiency (BEE) and Rajasthan State Energy Efficiency award.
- Hosur 2 Plant won "Green Company of the year" from World Quality Congress.

(B) TECHNOLOGY ABSORPTION

1) Specific Areas in which R&D was carried out by the Company

Engines & Aggregates

- I. Development of EGR variants of BS-IV engines of 100 - 230 HP.
- II. Development of alternate fuel injection system for BS-III and BS-IV variants of H4 engine.
- III. Development of dual data set strategy for 140 HP - 230 HP range of engines.
- IV. Development of new variants of ICV truck cab.
- V. Demonstration of EURO-VI compliant engine on N4 platform.

Vehicle Models

- I. Launch of 4x2 and 6x2 tractor models of CAPTAIN platform with factory built cabs and Dual Data Set.
- II. Launch of Project Sunshine, next generation school bus with unique kids-friendly features.
- III. Launch of BS-IV haulage variants in FES trucks.
- IV. Launch of export models for ICV bus variants and BS-IV compliant M&HCV buses with SCR system.
- V. Demonstration of ultra-capacitor Hybrid vehicle in auto-expo.
- VI. Demonstration of fully-packaged EURO-VI compliant CAPTAIN vehicle.
- VII. Demonstration of cost-competitive next generation ICV platform.

ANNEXURE A TO THE BOARD'S REPORT

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

2) Benefits derived as a result of Research and Development

- I. Introduction of new BS-IV compliant engine and vehicle variants with superior fuel efficiency.
- II. New vehicle platform launched with improved performance and USPs.
- III. Technology demonstration to ready the Company for EURO-VI standards.
- IV. Improved exports market penetration with cost-competitive bus models.
- V. More than eight models provisional patents filed during the financial year 2015-16.

3) Future plan of action

- I. Introduction of EURO-VI engine and exhaust system variants.
- II. Commercialisation of Hybrid and Electric Bus.
- III. Introduction of Modular Business Program for both truck and bus variants.

4) Expenditure on Research and Development (R&D)

₹ Lakhs

Expenditure on R&D	2015-16	2014-15
Capital	1,487.95	1,060.86
Revenue (excluding depreciation)	26,866.37	19,341.34
Less: Amount received by R&D facilities	383.86	729.49
Total	27,970.46	19,672.71
Total R&D expenditure as a % of total turnover	1.41%	1.36%

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Details of foreign exchange earned/accrued and expenditure incurred in foreign currency are given in Note 3.2 of the Notes to the financial statements. The Company continues its efforts to improve its earnings from exports.

ANNEXURE B TO THE BOARD'S REPORT

PARTICULARS OF THE EMPLOYEES

The information required under Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

- a. **The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:**

S. No.	Name of the Director/ KMP	Ratio to median remuneration	% increase in remuneration in the financial year
1	Mr. Dheeraj G Hinduja	77.82	407.30
2	Mr. R Seshasayee	4.24	87.97
3	Dr. Andreas H Biagosch	9.03	89.50
4	Dr. Andrew C Palmer*	-	-
5	Mr. D J Balaji Rao	6.06	40.86
6	Mr. A K Das	3.11	114.36
7	Mr. Jean Brunol	8.97	135.14
8	Ms. Manisha Girotra	3.08	97.06
9	Mr. Sanjay K Asher	8.65	102.30
10	Mr. Shardul S Shroff	2.29	90.91
11	Mr. Sudhindar K Khanna*	11.56	-
12	Mr. F Sahami*	-	-
13	Mr. Vinod K Dasari, CEO & MD	123.17	20.92
14	Mr. Gopal Mahadevan, Chief Financial Officer	50.04	74.57
15	Mr. N Ramanathan, Company Secretary	12.08	40.32

* Since this information is for part of the year, the same is not comparable.

- b. **The median remuneration for the year 2015-16 is**
₹ 6,51,868.45/-
- c. **The percentage increase in the median remuneration of employees in the financial year:** 6.60%
- d. **The number of permanent employees on the rolls of Company:** 10,352
- e. **The explanation on the relationship between average increase in remuneration and Company performance:**

The average increase in remuneration per employee is in line with normal pay revisions which is linked to individual performance and the Company's performance.

- f. **Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:**

Aggregate remuneration of Key Managerial Personnel (KMPs) in FY 2015-16 (₹ in Crores)	12.08
Net Revenue (₹ in Crores)	18,821.58
Remuneration of KMPs (as % of revenue)	0.06
Profit before Tax (PBT) (₹ in Crores)	1,169.20
Remuneration of KMPs (as % of PBT)	1.03

- g. **Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and Percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:**

Particulars	Unit	As at March 31, 2016	As at March 31, 2015	Variation %
Closing rate of shares at BSE	₹	108.55	71.45	51.92
EPS	₹	2.54	1.20	111.67
Market capitalisation at BSE	₹ in Lakhs	3,089,199	2,033,379	51.92
Price Earnings Ratio	Ratio	42.74	59.54	(28.22)

- h. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

Increase in remuneration is based on remuneration policy of the Company.

- i. **Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company:**

Particulars	Mr. Vinod K Dasari, CEO & MD	Mr. Gopal Mahadevan, Chief Financial Officer	Mr. N Ramanathan, Company Secretary
Remuneration in FY 2015-16 (₹ in Crores)	8.03	3.26	0.79
Revenue (₹ in Crores)	18,821.58	18,821.58	18,821.58
Remuneration as % of revenue	0.04	0.02	0.00
Profit before Tax (PBT) (₹ in Crores)	1,169.20	1,169.20	1,169.20
Remuneration as % of PBT	0.69	0.28	0.07

- j. **The key parameters for any variable component of remuneration availed by the directors:**

Non-Executive Directors (NEDs) are remunerated by way of Sitting Fee for each meeting of the Board/Committees of the Board attended by them and an annual commission on the profits of the Company. Commission to respective NED is determined on the basis of an objective criteria discussed and agreed upon by the Nomination and Remuneration Committee unanimously. NEDs are reimbursed of any out of pocket expenses incurred by them for attending the meetings of the Company.

- k. **The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:** Not applicable.

- l. **Affirmation that the remuneration is as per the remuneration policy of the Company:**

The Company affirms remuneration is as per the remuneration policy of the Company.

- m. The statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary and the same will be provided free of cost to the shareholder.

ANNEXURE C TO THE BOARD'S REPORT

REPORT ON CORPORATE GOVERNANCE

1. Ashok Leyland's Philosophy on Code of Governance

- i. The Corporate Governance standards demonstrate inalienable rights vested with various stakeholders and strong commitment to values, ethics and business conduct. Your Company is committed to good Corporate Governance, based on an effective independent Board, separation of supervisory role from the executive management and constitution of Committees to oversee critical areas thus upholding the standards practically at every sphere ranging from action plan to performance measurement and customer satisfaction. Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") the Company has executed fresh Listing Agreements with the Stock Exchanges. The Company is in compliance with the requirements stipulated under Clause 49 of the Listing Agreements entered into with the stock exchanges and regulations contained in SEBI Listing Regulations, as applicable, with regard to corporate governance.
- ii. Ashok Leyland's philosophy on Corporate Governance is about intellectual honesty whereby the governance is not just about encompassing regulatory and legal requirements but also strives to enhance stakeholders' value as a whole. Your Company belongs to a legacy where the visionary founders laid the stone for good governance through the philosophies of **"work to give"**, implying the duty to work diligently carries the responsibility that one should give something back to others and society and **"word is a bond"** - which enables one to build trust and confidence with one's stakeholders, including employees, customers and suppliers, where long term relationships could be developed for the benefit of everyone. Thus the standards of governance are guided by the following principles.
 - Clear and ethical strategic direction and sound business decisions.
 - Prudent financial management.
 - Transparent and professional decision making.
 - Excellence in Corporate Governance by abiding the guidelines and continuous assessment of Board processes and the management systems for constant improvisation.
- iii. Your Company protects and facilitates the exercise of shareholders rights, provides adequate and timely information, opportunity to participate effectively and vote in general shareholder meetings and ensure equitable treatment to all the shareholders.
- iv. Your Company recognises the rights of all the stakeholders and encourages co-operation between the Company and the stakeholders to enable your participation in the Corporate Governance process.

- v. Your Company ensures adequate, timely and accurate disclosure on all material matters including the financial situation, performance, ownership and governance of the Company to the stock exchanges and the investors. Information is prepared and disclosed in accordance with the prescribed standards of accounting, financial and non-financial disclosure and are disseminated in an equal, timely and cost efficient access to relevant information by users.

2. Board of Directors

- i. As on March 31, 2016 your Company has twelve Directors. Of the twelve directors, eleven (91.67%) are non-executive directors and eight (66.67%) are independent directors, with Mr. Dheeraj G Hinduja as Non-executive Chairman. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations and Section 149 of the Companies Act, 2013 (Act).
- ii. The number of Directorships, Committee Memberships/ Chairmanships of all Directors is within respective limits prescribed under the Act and SEBI Listing Regulations. Necessary disclosures regarding Board and Committee positions in other public companies as on March 31, 2016 have been made by all the Directors of the Company.
- iii. Every Independent Director, at the first meeting of the Board in which he/she participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration under section 149(7) of the Act that he/she meets the criteria of independence as required under Section 149(6) of the Act.
- iv. All Independent Directors maintain their limits of directorships as required under Clause 49 of the Listing Agreement/SEBI Listing Regulations. The maximum tenure of independent directors shall be in accordance with the Act and Rules made thereunder, in this regard, from time to time.
- v. The Company has issued a formal letter of appointment to all independent directors and the terms and conditions of their appointment have been hosted in the website of the Company.
- vi. The names and categories of the Directors on the Board, their attendance at Board meetings held during the year and the number of directorships and committee chairmanships/memberships held by them in other public companies as on March 31, 2016 are given herein below. Other directorships do not include directorships of private limited companies, Section 8 companies and companies incorporated outside India. Chairmanships/ memberships of Board committees shall include only Audit Committee and Stakeholders' Relationship Committee.

ANNEXURE C TO THE BOARD'S REPORT

REPORT ON CORPORATE GOVERNANCE

S. No.	Names of Director	Category	Number of Board meetings during the year 2015-16		Whether attended last AGM held on June 29, 2015	Number of directorships in other public companies		Number of committee positions held in other public companies	
			Held	Attended		Director	Chairman	Member	Chairman
1	Mr. Dheeraj G Hinduja (Chairman) DIN 00133410	Promoter, Non-Independent Non-Executive	6	6	Y	4	2	-	-
2	Mr. R Seshasayee DIN 00047985	Non-Independent Non-Executive	6	6	Y	4	3	1	-
3	Dr. Andreas H Biagosch DIN 06570499	Independent Non-Executive	6	6	Y	-	-	-	-
4	Dr. Andrew C Palmer [#] DIN 02155231	Independent Non-Executive	6	3	NA	-	-	-	-
5	Mr. D J Balaji Rao DIN 00025254	Independent Non-Executive	6	6	Y	6	-	5	3
6	Mr. A K Das DIN 00122913	Non-Independent Non-Executive	6	6	Y	6	1	-	-
7	Mr. Jean Brunol DIN 03044965	Independent Non-Executive	6	5	N	-	-	-	-
8	Ms. Manisha Girotra DIN 00774574	Independent Non-Executive	6	4	Y	1	-	-	-
9	Mr. F Sahami* DIN 00151966	Non-Independent Non-Executive	6	2	N	NA	NA	NA	NA
10	Mr. Sanjay K Asher DIN 00008221	Independent Non-Executive	6	5	Y	9	-	8	2
11	Mr. Shardul S Shroff DIN 00009379	Independent Non-Executive	6	3	N	4	-	1	-
12	Mr. Sudhindar K Khanna DIN 01529178	Independent Non-Executive	6	6	Y	4	-	1	-
13	Mr. Vinod K Dasari (CEO & MD) DIN 00345657	Non-Independent Executive	6	6	Y	6	3	1	1

[#] Appointed as an Additional Director (Independent) on November 4, 2015

* Resigned as a Director with effect from August 12, 2015

vii. None of the Directors of the Company are related to each other.

viii. Six Board meetings were held during the year and the gap between two meetings did not exceed one hundred and twenty days. The dates on which the said meetings were held are: May 12, 2015, June 29, 2015, August 12, 2015, November 4, 2015, February 11, 2016 and March 4 and 5, 2016. The necessary quorum was present for all the meetings.

ANNEXURE C TO THE BOARD'S REPORT

REPORT ON CORPORATE GOVERNANCE

- ix. The Board evaluates the Company's strategic direction, management policies, performance objectives and effectiveness of Corporate Governance practices.
- x. In compliance with the applicable provisions of the Act and the Rules made thereunder, the Company facilitates the participation of the Directors in Board/Committee meetings through video conferencing or other audio visual mode except in respect of such meetings /items which are not permitted to be transacted through video conferencing.
- xi. Further, the Board fulfills the key functions as prescribed under the Listing Agreements/SEBI Listing Regulations.
- xii. Your Company has appointed Independent Directors who are renowned people having expertise/experience in their respective field/profession. None of the Independent Directors are Promoters or related to Promoters. They do not have pecuniary relationship with the Company and further do not hold two percent or more of the total voting power of the Company.
- xiii. The details of Director seeking appointment/re-appointment at the forthcoming Annual General Meeting have been furnished in the Notice convening the Meeting of the shareholders.
- xiv. Except Mr. R Seshasayee, who is holding 22,472 equity shares, no other Director holds equity shares in the Company.
- xv. The Company has not issued any non-convertible instruments.

xvi. Meeting of Independent Directors

During the year, a meeting of Independent Directors was held on February 10, 2016 to review the performance of the Board as a whole on parameters of effectiveness and to assess the quality, quantity and timeliness of flow of information between the management and the Board.

Dr. Andreas H Biagosch, Chairman of the meeting presented the views of the Independent Directors on matters relating to Board processes and the overall affairs of the Company to the full Board.

xvii. Familiarisation Programme

Your Company follows a structured orientation and familiarisation programme through various reports/codes/ internal policies for all the Directors with a view to update them on the Company's policies and procedures on a regular basis. Periodic presentations were made at the Board Meetings on business and performance, long term strategy, initiatives and risks involved.

The details of familiarisation programme done for the financial year 2015-16 have been hosted in the website of the Company under the web link http://www.ashokleyland.com/sites/default/files/Familiarisation_programme_for_Independent_Directors-update_Mar2016.pdf.

3. Committees of the Board

(i) Audit Committee

i. Terms of Reference:

The Company has constituted a qualified and independent Audit Committee which acts as a link between the management, external and internal auditors and the Board of Directors of the Company. The Committee is responsible for overseeing the Company's financial reporting process by providing direction to audit function and monitoring the scope and quality of internal and statutory audits. The brief description of the terms of reference of the Committee is given below:

Financials

- Review of 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.
- Compliance with listing and legal requirements relating to financial statements, qualifications, if any, in the draft audit report.

Internal controls and risk management

- Review of internal audit function and discussion on internal audit reports.
- Review of vigil mechanism.
- Review of adequacy of internal control systems.
- Review of risk management policies especially enterprise level risk management.

Compliance and other related aspects

- Disclosure of related party transactions and subsequent modifications, if any.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the Company.
- Uses/application of funds raised through an issue.
- Review and recommendation of appointment, remuneration and terms of appointment of statutory auditors.
- Review of other services rendered by the statutory auditors.
- Review of the management discussion and analysis of the financial conditions and

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results of operations, significant related party transactions, management letters issued by statutory auditors, internal audit reports.

- ii. The Audit Committee looks into the matters as are specifically referred to it by the Board of Directors besides looking into the mandatory requirements of the Listing Agreement/SEBI Listing Regulations and provisions of Section 177 of the Act.

iii. Composition

The composition of the Audit Committee and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the financial year 2015-16	
		Held	Attended
Mr. Sanjay K Asher (Chairman)	Independent, Non-Executive	5	5
Mr. D J Balaji Rao	Independent, Non-Executive	5	5
Mr. Jean Brunol	Independent, Non-Executive	5	5
Mr. Sudhindar K Khanna*	Independent, Non -Executive	5	1
Mr. F Sahami#	Non-Independent, Non-Executive	5	2

*Mr. Sudhindar K Khanna was inducted as a Member of the Committee on November 4, 2015

Mr. F Sahami, Member of Audit Committee resigned from the Board effective August 12, 2015

iv. Meetings

Five Audit Committee meetings were held during the year and the gap between two meetings did not exceed one hundred and twenty days. The dates on which the said meetings were held are as follows:

May 11, 2015, August 11, 2015, November 4, 2015, February 11, 2016 and March 5, 2016.

The necessary quorum was present for all the meetings.

- v. All members of the Audit Committee are financially literate and one-half of the members have expertise in accounting/financial management. Mr. Sanjay K Asher, Chairman - Audit Committee was present at the Annual General Meeting held on June 29, 2015.
- vi. The CEO & MD, Chief Financial Officer and Vice President – Internal Audit and Risk Management attended meetings of the Audit Committee as invitees.

- vii. The representatives of the Auditors are invited to the Audit Committee meetings. The Statutory Auditors have attended the Audit Committee Meeting where the financials results/audit reports are discussed. The Cost auditors have attended the Audit Committee Meeting where Cost audit reports are discussed.
- viii. Mr. N Ramanathan, Company Secretary is the Secretary to the Committee.
- ix. The Company is governed by a charter adopted pursuant to the regulatory requirements and the Committee reviews the mandatory information as per requirement.

(ii) Nomination and Remuneration Committee

i. Terms of Reference

The Company has a Nomination and Remuneration Committee constituted pursuant to the provisions of Regulations 19 of the SEBI Listing Regulations and Section 178 of the Act.

The brief description of the terms of reference of the Committee is given below:

- Formulate Remuneration Policy and a policy on Board Diversity.
- Formulate criteria for evaluation of Directors and the Board.
- To ensure that the Remuneration Policy shall also include the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
- Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance.
- To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully; relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

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ii. Composition

The composition of the Nomination and Remuneration Committee and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the financial year 2015-16	
		Held	Attended
Mr. D J Balaji Rao (Chairman)	Independent, Non-Executive	3	3
Mr. Dheeraj G Hinduja	Non-Independent, Non-Executive	3	3
Mr. A K Das	Non-Independent, Non-Executive	3	3
Ms. Manisha Girotra	Independent, Non-Executive	3	2

iii. Meetings

During the year, three meetings of the Nomination and Remuneration Committee were held on May 12, 2015, November 4, 2015 and February 10, 2016. The necessary quorum was present for all the meetings. Mr. D J Balaji Rao, Chairman – Nomination and Remuneration Committee was present at the Annual General Meeting held on June 29, 2015.

iv. Performance evaluation criteria for Directors

The Nomination and Remuneration Committee of the Board has laid down the criteria for performance evaluation of all the Directors of the Company. The performance evaluation has been done by the entire Board of Directors, except the Director concerned being evaluated. The criteria for performance evaluation are as follows:

i) Role and Accountability

- Understanding the nature and role of Independent Directors' position.
- Understanding of risks associated with the business.
- Application of knowledge for rendering advice to management for resolution of business issues.
- Offer constructive challenge to management strategies and proposals.
- Active engagement with the management and attentiveness to progress of decisions taken.

ii) Objectivity

- Non-partisan appraisal of issues.
- Own recommendations given professionally without tending to majority or popular views.

iii) Leadership and Initiative

- Heading Board Sub-committees.
- Driving any function or identified initiative based on domain knowledge and experience.

iv) Personal Attributes

- Commitment to role and fiduciary responsibilities as a Board member.
- Attendance and active participation.
- Proactive, strategic and lateral thinking.

The Remuneration Policy is annexed at the end of this Report.

v. Remuneration of Directors

(i) Criteria for making payments to Non-Executive Directors

The Non-Executive Directors of the Company are paid remuneration by way sitting fees and profit related Commission based on the criteria laid down by the Nomination and Remuneration Committee and the Board.

- Performance of the Company.
- Members' attendance, position held in the Committee(s); and
- Time spent.

(ii) Details of the remuneration paid to the Non-Executive Directors for the year 2015-16 are given below:

Names of the Director	Sitting fees (₹)	Commission (₹)
Mr. Dheeraj G Hinduja	730,000	50,000,000
Mr. R Seshasayee	790,000	1,975,000
Dr. Andreas H Biagosch	900,000	4,984,000
Dr. Andrew C Palmer #	300,000	1,074,000
Mr. D J Balaji Rao	1,520,000	2,431,000
Mr. A K Das	520,000	1,510,000
Mr. Jean Brunol	1,240,000	4,608,000
Ms. Manisha Girotra	550,000	1,460,000
Mr. Sanjay K Asher	1,120,000	4,518,000
Mr. F Sahami *	400,000	624,000
Mr. Shardul S Shroff	330,000	1,161,000
Mr. Sudhindar K Khanna	700,000	6,835,000
TOTAL	9,100,000	81,180,000

Appointed as an Additional Director (Independent) on November 4, 2015

* Resigned from the Board with effect from August 12, 2015

Based on the advice received from Mr. Dheeraj G Hinduja (dated July 26, 2013), Mr. R Seshasayee (dated July 17, 2013) and Mr. A K Das (dated August 13, 2014) the Board of Directors, approved waiver of their sitting fee for Board and Committee meetings as relevant until further notice from them.

Further to the withdrawal of sitting fee waiver letters received from Mr. Dheeraj G Hinduja (dated July 14, 2015), Mr. R Seshasayee (dated July 29, 2015) and Mr. A K Das (dated July 28, 2015) the Board of Directors noted the same and sitting fees was paid to them from Board/Committee meetings held from August 2015 onwards.

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(iii) Details of Remuneration to CEO & MD for the financial year ended March 31, 2016

Amount in ₹

Name	Fixed Component		Variable component	Contribution to PF and SAF	Total
	Salary and Allowances	Perquisites and other allowances*	Commission [#]		
Mr. Vinod K Dasari	29,333,333	1,074,250	43,404,000	6,480,000	80,291,583

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

[#] The Commission amount includes:

- Annual Performance Pay; and
- Long Term Incentive Plan (LTIP) as applicable.

[#]LTIP approved/payable to Mr. Vinod K Dasari is ₹ 376.20 Lakhs over a period of 4 years as per Policy from the financial year 2015-16. Out of the approved LTIP amount, only 20% i.e. ₹ 75.24 Lakhs is payable for 2015-16 as per Policy. Second instalment of approved LTIP amount @ 20% for 2014-15 i.e. ₹ 68.40 Lakhs is payable in 2015-16

The above have been approved by the Nomination and Remuneration Committee at its meeting held on May 24, 2016.

Subject to the approval of the shareholder at the ensuing AGM the tenure of office of the CEO & MD is for a term of five years from April 1, 2016 to March 31, 2021 and can be terminated by either the Company or the CEO & MD by giving three months' notice in advance or salary in lieu thereof. No Severance fees is payable to him.

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

(iii) Stakeholders' Relationship Committee

i. Terms of Reference

The Company has constituted a Stakeholders' Relationship Committee pursuant to the provisions of Regulation 20 of the SEBI Listing Regulations and Section 178 of the Act. The Committee considers and resolves the grievances of the security holders. The Committee also reviews the manner and time-lines of dealing with complaint letters received from Stock Exchanges/SEBI/Ministry of Corporate Affairs etc., and the responses thereto.

Based on the delegated powers of the Board of Directors, Non-Executive Vice Chairman/CEO & MD approves the share transfers/transmissions on a regular basis and the same is reported at the next meeting of the Committee, normally held every quarter.

Mr. N Ramanathan, Company Secretary is the Secretary to the Committee and the Compliance Officer appointed for the compliance of capital market related laws.

ii. Composition

The composition of the Stakeholders' Relationship Committee and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the financial year 2015-16	
		Held	Attended
Mr. Sanjay K Asher (Chairman)	Independent, Non-Executive	4	4
Mr. D J Balaji Rao	Independent, Non-Executive	4	4
Mr. R Seshasayee	Non-Independent, Non-Executive	4	4

iii. Meetings

During the year, four meetings of the Stakeholders Relationship Committee were held on May 12, 2015, August 12, 2015, November 4, 2015 and February 11, 2016.

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iv. Details of Complaints/Correspondence

During the year, 405 complaint letters and 5442 correspondence were received from investors (including 27 letters from the Stock Exchanges/SEBI SCORES).

Subject Matter of Complaints	Pending as on 1.4.2015	During the year		Pending as on 31.3.2016
		Received	Resolved	
Non-receipt of Share Certificates	NIL	60	60	-
Non-receipt of Dividend/Interest		214	211	3
Non-receipt of Annual Report		127	127	-
Query -Transfer of shares		4	4	-
Total complaints		405	402	3

Subject Matter of Correspondence	Pending as on 1.4.2015	During the year		Pending as on 31.3.2016
		Received	Resolved	
Revalidation of Dividend/Interest	-	255	254	1
Issue of Duplicate Share Certificates	-	78	78	-
Loss of share certificate	-	92	92	-
Issue of Duplicate Dividend/Interest	-	145	145	-
Procedure for Transmission	-	159	158	1
Change of Address/Bank Mandate	-	887	887	-
Other Correspondence	-	166	166	-
Unclaimed share certificate	-	62	62	-
Unclaimed Dividend	34	3,598	3,629	3
Total correspondence	34	5,442	5,471	5

As on March 31, 2016, there were no share transfers pending. Shareholders queries shown pending as on March 31, 2016, have been subsequently resolved.

(iv) Corporate Social Responsibility Committee

The Company has constituted a Corporate Social Responsibility Committee pursuant to the provisions of Section 135 of the Act read with Companies (Corporate Social Responsibility) Rules, 2014 comprising of Mr. Dheeraj G Hinduja, as Chairman of the Committee, Ms. Manisha Girotra, Mr. Shardul S Shroff and Mr. Vinod K Dasari as members. The Committee met once during the year on February 11, 2016.

(v) Other Committees

a) Risk Management Committee

- The Company has constituted a Risk Management Committee comprising of Mr. R Seshasayee, as Chairman of the Committee, Dr. Andreas H Biagosch and Mr. D J Balaji Rao as members of the Committee to assist the Board and Audit Committee in their responsibilities of overseeing Company's risk management policies and processes (including processes for monitoring and mitigating such risks) and the Company's exposure to unmitigated risks. The Committee met two times during the year on August 11, 2015 and February 10, 2016.
- The Committee will apprise the Board of the most significant risks along with the status of action taken by the Management for mitigating such risks. The Committee will also apprise the Board of the effectiveness of the Enterprise Risk Management (ERM) system.

iii. Details of Risk Management measures taken by the Company have been provided in the Management Discussion and Analysis Report which is attached to the Board's Report.

iv. A Risk Management status report is provided to the Audit Committee for its information on a regular basis.

b) Technology and Investment Committee

The Company has in place a Technology and Investment Committee, comprising of Mr. Dheeraj G Hinduja, as Chairman of the Committee, Dr. Andreas H Biagosch, Mr. Jean Brunol, Mr. R Seshasayee and Mr. Vinod K Dasari as members. From a technology perspective, the Committee considers and approves key decisions with regard to product planning and choice of technology thereof, and help prepare the Company to be in step with or be ahead of emerging global product and technology trends. On the investment part, the Committee considers and recommends long term strategic goals in the areas of manufacturing and product strategy. The Committee met four times during the year, on May 11, 2015, August 11, 2015, November 3, 2015 and February 10, 2016.

The Board at their meeting held on May 25, 2016 approved segregation of Technology and Investment Committee separately, wherein a Technology Committee be formed with Dr. Andrew C Palmer as the Chairman of the Committee and Dr. Andreas H Biagosch and Mr. Jean Brunol as Members of the Committee and an Investment Committee be formed with Mr. Dheeraj G Hinduja, as the Chairman of the Committee and Mr. R Seshasayee, Dr. Andreas H Biagosch and Mr. Jean Brunol as Members of the Committee.

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4. General Body Meetings

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

Year	Location	Date and Time	Special Resolutions passed
66th AGM 2014-15	Kamaraj Memorial Hall 492, Anna Salai, Teynampet Chennai - 600 006	June 29, 2015 2.30 pm	(i) Approval for issue of further securities (ii) Approval for Issue of Non-Convertible Debentures on private placement basis
65th AGM 2013-14	IMAGE Auditorium 3 Thandavarayan Street MRC Nagar Raja Annamalaipuram Chennai - 600 028	July 26, 2014 10.30 am	(i) Approval for: a) the borrowing limits b) creation of mortgage/ security on the assets c) issue of Non-Convertible Debentures through private placement (ii) Approval for the alteration in the Articles of Association (iii) Approval for issue of further securities
64th AGM 2012-13	The Music Academy, Madras 168 TTK Road Royapettah, Chennai - 600 014	July 16, 2013 2.45 pm	(i) Approval for issue of further securities

No Extra-ordinary General Meeting was held during the year 2015-16.

During the year under review, no special resolution has been passed through the exercise of postal ballot. None of the items to be transacted at the ensuing meeting is required to be passed by postal ballot.

5. Disclosures

(i) Related Party Transactions

There were no materially significant transactions with the related parties, during the year, which were in conflict with the interests of the Company and that require an approval of the Company in terms of the Listing Agreements/SEBI Listing Regulations.

The Audit Committee grants omnibus approval (for one year) for the proposed related party transactions which will be valid for a year. The Audit Committee lays down the criteria for granting omnibus approvals in line with the policy for transactions which are repetitive in nature. In such cases where the need for Related Party Transaction cannot be foreseen and details as required above are not available, the Audit Committee grants omnibus approval for such transactions subject to their value not exceeding Rupees One Crore per transaction. The Audit Committee reviews, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approval given. Where it requires, the Audit Committee will report the related party transaction for the approval of the Board. If the Board feels that shareholders' approval is required, then the same shall be put up for approval by the shareholders of the Company.

The policy on Related Party Transactions is hosted on the website of the Company under the web link http://www.ashokleyland.com/sites/default/files/Ashok_Leyland_Limited-Policy_on_Related_Party_Transactions.pdf

- (ii) Details of non-compliance by the Company, penalties, strictures imposed on the Company by the stock exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three financial years 2013-14, 2014-15 and 2015-16 respectively: NIL

(iii) Whistle Blower Policy

Your Company has established a Vigil Mechanism/ Whistle Blower Policy to enable stakeholders (including Directors and employees) to report unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The Policy provides adequate safeguards against victimisation of Director(s)/ employee(s) and direct access to the Chairman of the Audit Committee in exceptional cases. The Protected Disclosures, if any reported under this Policy will be appropriately and expeditiously investigated by the Chairman.

Your Company hereby affirms that no Director/ employee have been denied access to the Chairman and that no complaints were received during the year.

The Whistle Blower Policy has been disclosed on the Company's website under the web link http://www.ashokleyland.com/sites/default/files/Ashok_Leyland-Whistle_Blower_Policy.pdf and circulated to all the Directors/employees.

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(iv) The Company has complied with all applicable mandatory requirements in terms of Clause 49 of the Listing Agreement/SEBI Listing Regulations. A report on the compliances on the applicable laws for the Company is placed before the Board on a quarterly basis for its review and consideration.

(v) The Company has fulfilled the following non-mandatory requirements

- (i) The Company maintains an office for the non-executive Chairman of the Company at the Company's expense and allows reimbursement of expenses incurred in performance of his duties.
- (ii) The Company has appointed separate persons to the post of Chairman and CEO & MD.

(vi) Reconciliation of share capital audit

The Company has engaged a qualified practicing Company Secretary to carry out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

(vii) Disclosure of Accounting Treatment

Your Company has not adopted any alternative accounting treatment prescribed differently from the Accounting Standards.

(viii) Non-Executive Directors' compensation and disclosures

All fees/compensation paid to the Non-Executive Directors (including Independent Directors) are recommended by the Nomination and Remuneration Committee and fixed by the Board and approved by the shareholders in the General Meeting, if required and the remuneration paid/payable are within the limits prescribed under the Act.

(ix) Code of Conduct

Your Company has adopted a Code of Conduct for members of the Board (incorporating duties of Independent Directors) and the Senior Management personnel. 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 the Listing Agreements/SEBI Listing Regulations, CEO & MD of the Company confirmed compliance with the Code by all members of the Board and the Senior Management personnel. The Code has been hosted on the Company's website under the web link <http://www.ashokleyland.com/corporategovernance>.

(x) Code of Conduct for prohibition of insider trading

Your Company has adopted a Code of Conduct as per Securities and Exchange Board of India (SEBI) (Prohibition of Insider Trading) Regulations, 2015. All Directors, Designated 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, 2015.

6. Subsidiary Companies

Your Company monitors performance of subsidiary companies (list of subsidiary companies has been provided in the financial statements), *inter-alia*, by the following means:

- a) The Company does not have any material unlisted Indian subsidiary, and hence, is not required to nominate an Independent Director of the Company on the Board of any subsidiary.
- b) The Audit Committee reviews the financial statements, in particular, the investments made by the unlisted subsidiary companies.
- c) The minutes of the meetings of the board of directors of the unlisted subsidiary companies were placed at the meetings of the Board of Directors of the Company.
- d) Your Company formulated a Policy on Material Subsidiary as required under Clause 49(V)(D)/SEBI Listing Regulations and the policy is hosted on the website of the Company under the web link http://www.ashokleyland.com/sites/default/files/AshokLeyland_Limited-Policy_on_Material_Subsiary.pdf.

7. Means of Communication

- i. **Quarterly results:** The results are normally published in one leading national (English) business newspaper and in one vernacular (Tamil) newspaper. The quarterly results and presentations are also displayed on the Company's website www.ashokleyland.com.
- ii. **Website:** The Company's website contains a dedicated section "Investors" which displays details/information of interest to various stakeholders.
- iii. **News releases:** Official press releases are sent to the Stock Exchanges and the same is hosted on the website of the Company.
- iv. **Presentations to institutional investors/analysts**
Detailed presentations are made to institutional investors and analysts on a quarterly basis.
- v. **A Greener environment - Now and for future**

The Company's philosophy focuses on making the environment greener for the benefit of posterity. In this regard, Your Company encourages its shareholders to register/update the e-mail ids for communication purpose thereby contributing to the environment.

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8. General shareholder information

a. Sixty Seventh Annual General Meeting		
Day, Date and Time	Thursday, July 21, 2016, 3.00 pm	
Venue	The Music Academy, Madras New No.168 (Old No.306), TTK Road, Royapettah, Chennai - 600 014	
b. Financial Calendar		
Unaudited results for the quarter ending June 30, 2016	3rd week of July 2016	
Unaudited results for the quarter/half-year ending September 30, 2016	1st week of November 2016	
Unaudited results for the quarter ending December 31, 2016	Before 2nd week of February 2017	
Audited Results for the year ending March 31, 2017	Before end of May 2017	
c. Book Closure Date		Friday, July 15, 2016 to Thursday, July 21, 2016 (both days inclusive)
d. Dividend Payment Date		Shall be paid on and from July 25, 2016
e. (i) Listing of Equity Shares		BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400 001 National Stock Exchange of India Limited Exchange Plaza, C-1, Block G Bandra Kurla Complex Bandra (E), Mumbai - 400 051
(ii) Listing of Global Depository Receipts (GDRs) *		London Stock Exchange 10 Paternoster Square London, EC4M 7LS
*The Board of Directors of the Company has approved delisting of GDRs and the process will be completed during the financial year 2016-17 after due compliance of requirements.		
(iii) Listing of Privately Placed Debentures		National Stock Exchange of India Limited
Listing Fee	Annual listing fee for the financial year 2015-16 paid to all the Stock Exchanges.	
Depository Fee	Annual custody fee for the financial year 2015-16 paid to National Securities Depository Limited and Central Depository Services (India) Limited.	
Corporate Identity Number	L34101TN1948PLC000105	
f. Stock Code		
i) Trading Symbol at	BSE Limited	500477
	National Stock Exchange of India Limited	ASHOKLEY
	London Stock Exchange	AKLD
ii) Demat ISIN Numbers in NSDL & CDSL	Equity Shares	INE208A01029
iii) Demat ISIN Numbers in NSDL & CDSL		Privately Placed Debentures
	Ashok Leyland 10.25% 2016(Sr-AL16)	INE208A07315
	Ashok Leyland 10.20% 2017(Sr-AL18)	INE208A07331
	Ashok Leyland 10.15% 2017(Sr-AL20)	INE208A07356
	Ashok Leyland 9.45% 2016(Sr-AL21)	INE208A07372
	Ashok Leyland 9.60% 2018(Sr-AL22)	INE208A07364

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g. Details of Debenture Trustees	
Name of the Debenture Trustee and Contact Details	SBICAP Trustee Company Limited Apeejay House, 6th Floor 3, Dinshaw Wachha Road, Churchgate, Mumbai - 400 020 Tel No : 022 - 4302 5555 Fax No : 022 - 2204 0465 Website: www.sbicaptrustee.com

h. Stock Market Data

Month	BSE Limited				National Stock Exchange of India Limited			
	Share Price		Sensex Points		Share Price		CNX Nifty Points	
	High	Low	High	Low	High	Low	High	Low
	(₹)	(₹)			(₹)	(₹)		
Apr-15	77.00	63.85	29,094.61	26,897.54	76.95	63.80	8,844.80	8,144.75
May-15	75.45	64.45	28,071.16	26,423.99	75.50	64.40	8,489.55	7,997.15
Jun-15	73.00	63.95	27,968.75	26,307.07	73.00	64.00	8,467.15	7,940.30
Jul-15	86.40	70.50	28,578.33	27,416.39	86.40	70.35	8,654.75	8,315.40
Aug-15	99.50	77.85	28,417.59	25,298.42	99.65	77.85	8,621.55	7,667.25
Sep-15	92.85	80.65	26,471.82	24,833.54	92.90	80.60	8,055.00	7,539.50
Oct-15	97.15	90.00	27,618.14	26,168.71	97.20	89.50	8,336.30	7,930.65
Nov-15	99.65	83.10	26,824.30	25,451.42	99.65	82.75	8,116.10	7,714.15
Dec-15	95.55	84.80	26,256.42	24,867.73	95.50	84.70	7,979.30	7,551.05
Jan-16	94.10	81.50	26,197.27	23,839.76	94.15	81.50	7,972.55	7,241.50
Feb-16	93.00	78.05	25,002.32	22,494.61	93.00	77.70	7,600.45	6,825.80
Mar-16	109.00	88.40	25,479.62	23,133.18	109.40	88.20	7,777.60	7,035.10

i. Share Price performance in comparison to broad based indices – BSE Sensex and NSE CNX Nifty Share Price Movement (BSE and NSE)

See Table above and Chart on Page 163

j. Registrar and Share Transfer Agents

Integrated Enterprises (India) Limited, 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.

k. Share Transfer System

In order to further improve and speed up investor servicing, the Board has authorised Non-executive Vice Chairman/CEO & MD to approve all routine transfers, transmissions, etc., of shares. Such approval is being given by the Non-executive Vice Chairman/CEO & MD at frequent intervals (51 times during 2015-16).

Transfers, transmissions, etc., were generally approved within seven days; requests for dematerialisation were confirmed within seven days (as against the norm of fifteen days).

l. Details of Unclaimed Securities Suspense Account

In accordance with the requirement of Regulation 34 (3) and Schedule V Part F of SEBI Listing Regulations, the Company reports the following details in respect of equity shares lying in the suspense account which were issued in dematerialised form pursuant to the public issue of the Company:

Particulars	Number of Shareholders	Number of Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on April 1, 2015	2,607	24,49,741
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	32	42,840
Number of shareholders to whom shares were transferred from unclaimed shares suspense account during the year	32	42,840
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2016	2,575	24,06,901

ANNEXURE C TO THE BOARD'S REPORT

REPORT ON CORPORATE GOVERNANCE

m. (i) Distribution of Shareholding as on March 31, 2016

Number of Shares	Shareholders		Shares	
	Number	% to Shareholders	Number	% to capital
Upto 50	107,953	28.81	24,07,105	0.08
51-100	63,022	16.81	58,08,757	0.20
101-200	58,272	15.55	1,04,43,113	0.37
201-500	60,064	16.03	2,26,66,458	0.80
501-1000	38,955	10.39	3,26,60,930	1.15
1001-2000	22,154	5.91	3,59,00,814	1.26
2001-5000	16,091	4.29	5,36,96,150	1.89
5001-10000	5,001	1.33	3,63,44,968	1.28
10001 and above	3,299	0.88	2,64,59,48,339	92.97
Total	374,811	100.00	2,84,58,76,634	100.00

(ii) Shareholding pattern as on March 31, 2016

Category	Number of Holders	Number of Shares	% to capital
Promoters – Hinduja Automotive Limited (Includes 32,92,00,140 shares in GDR Form)	2	1,43,38,47,039	50.38
Resident Individuals (also Unclaimed securities suspense a/c)	3,67,079	26,36,46,047	9.26
Clearing Members	701	53,04,765	0.19
Financial Institutions/Insurance Co./State Govt./ Govt. Companies/UTI	22	17,06,67,660	6.00
Foreign Institutional Investors	214	54,02,10,449	18.98
NRI/OCB/Corporate Bodies - Foreign/Bank - Foreign/Foreign Nationals/Foreign Port Folio Investor-corporate	4,978	19,74,33,543	6.94
Corporate Bodies/Limited Liability Partnership	1,648	9,82,47,752	3.45
Mutual Funds	109	11,26,27,488	3.96
Trusts	26	4,71,907	0.02
Banks	30	3,74,484	0.01
Others - GDR A/C	2	2,30,45,500	0.81
Grand Total	3,74,811	2,84,58,76,634	100.00

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

(iii) Details of shares

Mode	Number of Shares	% to paid up capital	Number of holders
Physical	2,46,40,196	0.87	13,612
Electronic	2,82,12,36,438	99.13	3,61,199
- NSDL	2,68,53,33,564	94.36	2,43,123
- CDSL	13,59,02,874	4.77	1,18,076

n. 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. The status of dematerialisation of shares of the Company as on March 31, 2016 is given below:

Holders	Physical		Demat		Total	
	Number of Shares	% to paid-up capital	Number of Shares (*)	% to paid-up capital	Number of Shares (*)	% to paid-up capital
Hinduja Automotive Limited (*)	-	-	1,43,38,47,039	50.38	1,43,38,47,039	50.38
Others	2,46,40,196	0.87	1,38,73,89,399	48.75	1,41,20,29,595	49.62

(*) including in GDR Form

ANNEXURE C TO THE BOARD'S REPORT

REPORT ON CORPORATE GOVERNANCE

Your Company confirms that the entire Promoter's holdings are in electronic form and the same is in line with the directions issued by SEBI.

The equity shares of the Company are regularly traded in BSE and NSE and hence have good liquidity.

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

No GDR is outstanding as on March 31, 2016 having an impact on equity.

p. Commodity price risk or foreign exchange risk and hedging activities

The Company being a sizable user of commodities, exposes it to the price risk on account of procurement of commodities. The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to firm commitments and highly probable forecast transactions.

q. Plant Locations

Ennore

Kathivakkam High Road
Ennore
Chennai - 600 057
Tamilnadu

Hosur - Unit I

175 Hosur Industrial Complex
Hosur - 635 126
Tamilnadu

Hosur - Unit II

77 Electronic Complex
Perandapalli Village
Hosur - 635 109
Tamilnadu

Hosur - Unit IIA

Cab Panel Press Shop
SIPCOT Industrial Complex
Mornapalli Village
Hosur - 635 109
Tamilnadu

Bhandara

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

Alwar

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

Technical Centre

Vellivoyalchavadi
Via Manali New Town
Chennai - 600 103
Tamilnadu

Pantnagar

Plot No.1 Sector XII
II E Pantnagar
Pin - 263 153
Uttarakhand

r. Address for Correspondence

Registrar and Share Transfer Agents
(RTA) (matters relating to Shares,
Dividends, Annual Reports)

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

Tel : 91 - 44 - 2814 0801/03
Fax : 91 - 44 - 2814 2479
e-mail: csdstd@integratedindia.in

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

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

Tel : 91 - 44 - 2220 6000
Fax : 91 - 44 - 2220 6001
e-mail : secretarial@ashokleyland.com
csdstd@integratedindia.in

Website address

www.ashokleyland.com

Email ID of Investor Grievances Section

secretarial@ashokleyland.com

Name of the Compliance Officer

N Ramanathan, Company Secretary

Declaration regarding compliance by Board members and Senior Management Personnel with the Company's Code of Conduct

This is to confirm that for the financial year ended March 31, 2016 all members of the Board and the Senior Management Personnel have affirmed in writing their adherence to the Code of Conduct adopted by the Company.

May 25, 2016
Mumbai

Vinod K Dasari
Chief Executive Officer and Managing Director

ANNEXURE C TO THE BOARD'S REPORT

REPORT ON CORPORATE GOVERNANCE

REMUNERATION POLICY

1. Objective

The objective of the Company's remuneration policy is to attract, motivate and retain qualified and expert individuals that the Company needs in order to achieve its strategic and operational objectives, whilst acknowledging the societal context around remuneration and recognising the interests of AL's stakeholders.

2. The Nomination & Remuneration Committee

The Nomination & Remuneration Committee (Committee) is responsible for formulating and making the necessary amendments to the Remuneration Policy for the Directors, Key Managerial Personnel (KMP) and Senior Executives of AL from time to time.

3. Remuneration for Non-executive Directors

Non-Executive Directors (NED) are remunerated by way of Sitting Fee for each meeting of the Board/Committees of the Board attended by them and an annual commission on the profits of the Company. Commission to respective NED is determined on the basis of an objective criteria discussed and agreed upon by the Committee Members unanimously. NED's are re-imbursed of any out of pocket expenses incurred by them for the purpose of the Company.

4. Remuneration for Executive Director, Key Managerial Personnel (KMP) and Senior Executives

The following elements are taken into consideration for determining the Remuneration of Executive Director, KMP and Senior Executives:

- The remuneration policy reflects a balance between the interests of AL's main stakeholders as well as a balance between the Company's short term and long term strategy. As a result, the structure of the remuneration package for the Directors, KMP and Senior Executives is designed to balance short term operational performance with the medium and long term objective of creating sustainable value within the Company, while taking into account the interests of its stakeholders. AL strives for a high performance in the field of sustainability and aims to maintain a good balance between economic gain, respect for people and concern for the environment.
- To ensure that highly skilled and qualified KMP/Senior Executives can be attracted and retained, AL aims for a total remuneration level that is comparable to levels provided by other companies that are similar to AL in terms of size and complexity.
- In designing and setting the levels of remuneration for the Directors, KMP and Senior Executives, the Committee also takes into account the relevant statutory provisions and provisions of the Corporate Governance regulations, societal and market trends and the interests of stakeholders.
- AL's policy is to offer the Directors, KMP and Senior Executives a total compensation comparable to the peer group.

Total Compensation (TC)

The total compensation of the Managing Director and Senior Executives consists of the following components:

1. Base salary
2. Variable income –
 - Annual Performance Pay (APP)
 - Performance-related Long-Term Incentive Plan (LTIP)

Base salary

On joining the Company, the Managing Director, KMP and Senior Executives receive a base salary comparable to the

peer group. Every year, base salary levels are reviewed by the Committee.

Variable income

The variable income part of remuneration consists of APP and LTIP. The distribution between APP and LTIP for (on target) performance aims to achieve a proper balance between short term result and long term value creation. Further, the LTIP helps enhance retention of key executives. The parameters relating to the various elements of the variable income part of the remuneration are established and where necessary adjusted by and at the discretion of the Committee, taking into account the general rules and principles of the remuneration policy itself.

The targets are determined each year by the Committee in consultation with the respective Director/KMP/Executive, based on historical performance, the operational and strategic outlook of the Company in the short term and expectations of the Company's management and stakeholders, among other things. The targets contribute to the realisation of the objective of long term value creation. It is one of the long term objectives to reach the proportion of variable compensation upto 50% of the total compensation.

5. Remuneration for other Employees

Remuneration of middle and lower level employees of the Company consists mostly of fixed pay and a reasonable performance pay which is reviewed on an annual basis. Increase in the remuneration of employees is effected based on an annual review taking into account performance of the employee and the performance of the Company also.

6. Remuneration for Workmen

Remuneration of workmen employed in the factories of the Company consists of fixed pay and performance incentives, which is negotiated and agreed upon on periodical basis. Increase in the remuneration of workmen is effected based on a review of performance of the Company and increase in the general price levels/cost of living index, etc.

7. Employee Stock Options

It is a long term objective of the Company to introduce employee stock options to inculcate a sense of ownership among the employees of the Company.

8. Alignment of Remunerations

The Committee strives to achieve that the remunerations of the Directors, Senior Executives, middle and lower level employees of AL are aligned to each other.

9. Term of Appointment

Term of Managing Director is generally for a period of three years and renewed for similar periods from time to time. However, the Board reserves the right to increase/decrease the period as it may deem fit. Whereas, term of the other employees, generally is upto the age of superannuation. However, Company also employs contractual employees as 'consultants' for shorter periods on need basis.

10. Post-retirement Benefits

The Managing Director and employees are entitled for retirement benefits such as provident fund, superannuation fund and gratuity.

11. Severance Arrangements

Contracts of employment with Executive Director and regular employees, provide for compensation of upto three months' pay or advance notice of similar period.

12. Loans

There is no system of granting of loans to Directors, KMP and employees of the Company.

ANNEXURE D TO THE BOARD'S REPORT

INDEPENDENT AUDITORS' CERTIFICATE

TO THE MEMBERS OF ASHOK LEYLAND LIMITED

1. We have examined the compliance of conditions of Corporate Governance by **ASHOK LEYLAND LIMITED** ("the Company"), for the year ended on March 31, 2016, as stipulated in:
 - Clause 49 (excluding clause 49(VII)(E)) of the Listing Agreements of the Company with stock exchange(s) for the period from April 01, 2015 to November 30, 2015.
 - Clause 49(VII)(E) of the Listing Agreements of the Company with the stock exchange(s) for the period from April 01, 2015 to September 01, 2015.
 - Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) for the period from September 02, 2015 to March 31, 2016 and
 - Regulations 17 to 27 (excluding regulation 23(4)) and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the period from December 01, 2015 to March 31, 2016.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the respective periods of applicability as specified under paragraph 1 above, during the year ended March 31, 2016.
5. We 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
Firm's Registration No: 015545

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

M S Murali
Partner
Membership No.26453
May 25, 2016
Mumbai

A Siddharth
Partner
Membership No. 31467

ANNEXURE E TO THE BOARD'S REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. MARKET TRENDS

Economy - India and the World

The Indian economy posted a robust 7.6% growth in the financial year 2015-16 (based on advance estimates as per the Finance Ministry's Economic Survey 2016-17) as against 7.2% in the previous financial year 2014-15. Industrial and Agricultural sectors have gained momentum with 7.3% over 5.9% and 1.1% over -0.2% respectively. In the Industrial Sector, manufacturing growth was significant at 9.5% as against 5.5% in the previous financial year 2014-15. The recovery in manufacturing growth was contributed by robust growth in petroleum refining, automobiles, chemicals, electrical machinery etc. Other major segments, mining, quarrying and construction activities, are stable. Growth in agriculture has slackened due to two successive years of less than-normal monsoon rains, which reflected in lower GDP growth of -0.2% and 1.1% for the financial year 2014-15 and 2015-16 respectively.

The forecast of an above average monsoon coupled with overall improving economic health and specific measures taken by government in the financial year 2015-16, union budget on increasing farm income through Pradhan Mantri Krishi Sinchai Yojana and various irrigation projects are likely to provide the impetus for growth in agriculture during the financial year 2016-17. There is also expectation for a growth in construction, infrastructure and mining sectors, which will drive the overall economic growth for the financial year. The Indian economy is expected to grow between 7.0-7.75% in the financial year 2016-17.

The global economy grew by 3.1% in the calendar year 2015 (Source: International Monetary Fund). The growth was driven primarily by the developing economies, aided by a stable growth in the United States and moderate recovery in Japan and the European Union.

The global economy is projected to grow at 3.2% in the calendar year 2016 and 3.5% in 2017. Growth in advanced economies is projected to increase from 1.9% in 2015 to 2% in 2016 and hold steady in 2017. The Euro zone is witnessing modest recovery and Japan is also expected to be firm in 2016, on the back of fiscal support, lower oil prices, accommodative financial conditions, and rising incomes.

Growth in emerging economies is projected to increase from 4.0% in 2015 to 4.1% and 4.6% in 2016 and 2017, respectively. Growth in China is expected to slow to 6.5% in 2016 and 6.2% in 2017 over 6.9% in 2015, primarily reflecting weaker investment growth as the economy continues to rebalance. Sub-Saharan Africa, another

focus market for Indian OEMs, will see a gradual pickup in growth at 4.0% in 2016 and 4.6% in 2017 over 3.5% in 2015, with lower commodity prices. The Middle East and North African region is also projected with higher growth from 2.5% in 2015 to 3.1% in 2016 and 3.7% in 2017.

Commercial vehicle industry

The domestic commercial vehicle (CV) industry, has shown significant growth in the financial year 2015-16. The Medium and Heavy Commercial vehicles (M&HCV) segment has witnessed a significant growth of 30% over the financial year 2014-15, over and above the 16.0% growth it witnessed in the previous year. The Light Commercial Vehicle (LCV) segment has been flat, with a growth of 0.3% over the previous year.

Exports of Commercial Vehicles in the financial year 2015-16 grew by 17% to reach 101,689 vehicles overall.

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

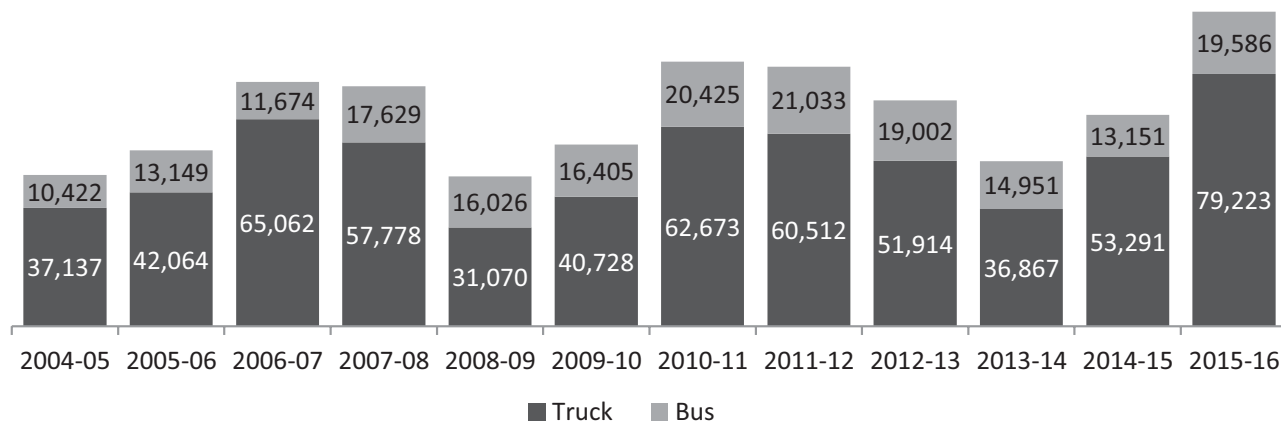
Segment	Domestic			Exports		
	2015-16	2014-15	Change (%)	2015-16	2014-15	Change (%)
M&HCV Buses	43,885	36,837	19.1%	12,291	11,982	2.6%
M&HCV Trucks	258,488	195,918	31.9%	22,901	18,670	22.7%
M&HCV Total	302,373	232,755	29.9%	35,192	30,652	14.8%
LCV Buses	48,960	44,816	9.2%	4,097	4,062	0.9%
LCV Trucks	334,371	337,377	-0.9%	62,400	52,225	19.5%
LCV Total	383,331	382,193	0.3%	66,497	56,287	18.1%
CV Total	685,704	614,948	11.5%	101,689	86,939	17.0%

Source: SIAM Flash Report March 2016

Given the expected growth in industrial, construction and mining sectors, M&HCV sales are likely to keep up the momentum and economic expert's estimates for projected growth rates are 10-13% for M&HCVs and 8-10% for LCVs.

B. ASHOK LEYLAND – THE YEAR (2015-16) IN BRIEF

Aided by replacement demand, wider sales and service network and the appropriate product mix in the growth segments, your Company managed to increase its market share in the domestic



ANNEXURE E TO THE BOARD'S REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

market to a record high in the financial year 2015-16.

Your Company sold 98,809 M&HCVs in the domestic market, which included 19,586 M&HCV buses and 79,223 M&HCV Trucks.

The 49% growth in M&HCV volumes demonstrates the strength of the Company to take advantage of the upturn in the industry.

Your Company has been giving considerable emphasis on product development to meet evolving customer expectations and upcoming regulatory requirements. The challenge ahead is to develop BS-VI vehicles with right technology and competitive cost within the time stipulated. The transformation program from BS-IV to BS-VI and development in the electric vehicle space will require investments, changes in design requirements and training across all touch points. Your Company unveiled the future ready Intermediate Commercial Vehicle (ICV) and School Bus products at the SIAM Auto Expo in February 2016. These products are a welcome addition to our class-leading portfolio and will provide further fillip to our growth. GURU with highest payload capacity in its class, lower maintenance cost and longer service intervals and SUNSHINE school bus for the children with better safety, hygiene and comfort are planned for launch in financial year 2016-17.

Your Company also showcased the futuristic products in the form of India's first, a 4940 tractor and a Euro 6 Hybrid Bus at the Auto Expo.

In the financial year 2015-16, your Company completed its fourth full year of participation in LCV segment with current products, DOST Strong and PARTNER four-tire version have gained significant positive response across the country. Your Company added around 40 touch points to the existing LCV network bringing the total 390 touch points. With 3 consecutive years of slowing LCV demand, Dost has maintained its market share and sold more than 25,000 vehicles this year.

The Power Solutions Business witnessed a 11% growth over the previous year. This was achieved despite a de-growth in Industrial segment, an un-seasonal monsoon resulting in a lower crop harvest and a shortened fishing season, and improved power availability across the grids, which all pulled down the overall demand for engines in the financial year 2015-16. Revenues from the Spare Parts were maintained at the same level as the financial year 2014-15. The Defence business gained momentum with respect to last year and sale of Kits improved over last year. Your Company also won additional tenders from the Indian Defence establishments for supply of advanced-technology products. Your Company is on the path of building capability to increase product lines, integrate sub-systems on vehicle platforms, and increase our contribution to the Indian Defence requirements.

In summary, your Company having used the challenging economic scenario to transform itself into an agile player is now appropriately positioned for sustainable growth and effectively exploiting the market upturns.

C. OPPORTUNITIES AND THREATS

The Commercial Vehicle industry has grown substantially over the last two years, driven by improving viability for fleet operators due to reduction in operating cost, replacement-led demand and pre-buying ahead of implementation of BS-IV emission norms and Anti-Lock Braking Systems (ABS). The improvement in cash flows of fleet operators has also started showing as improved collection efficiency for CV financiers.

The Union Budget for the financial year 2016-17 is positive for the automotive sector with significant growth focus in enhancing farm income, rural development initiatives and infrastructure development, which will enhance transportation and logistics.

The auction of coal mines, opening up of mines in Karnataka and Goa and easing of movement of sand will enhance the construction and mining. These are likely to drive the growth momentum for M&HCVs.

Demand for LCVs is likely to pick-up in the financial year 2016-17 on back of a replacement-led demand (after the last 3 years of declining sales), pre-buying ahead of the implementation of BS-IV norms and the Swachh Bharat urban initiatives. In contrast, to a decline in the financial year 2015-16, this segment is projected to witness a growth during the financial year 2016-17.

With an overall recovery and new orders placed by STUs (under the JnNURM programme), projection for overall bus segment is positive in the financial year 2016-17. Apart from existing orders, the domestic bus sales are also likely to benefit from the Government's recent proposal for opening up the passenger transport sector to private players. In addition, the higher budgetary allocation towards urban development projects and other initiatives such as "Smart Cities" will also enhance the bus demand.

D. RISK MANAGEMENT

During the year, the Company continued to outperform the CV industry and has made significant gains in market share and sales volume by focusing on innovation, intensive marketing strategies and network expansion. Managing risks while strategising was key in the successful outcome of these initiatives. Enhancing service outlets and brand image, new product launches, targeting new domestic markets across the country, developing alternate international markets and focusing on cost control and debt reduction were some of the key risk mitigation actions executed during the year. These measures have enabled the Company to bring value product for its customers, strengthen dealer relationship and achieve substantial reduction in interest cost.

The Company continues to work on innovative and cost-effective technology solutions like development of powertrains and vehicles through strategic partnerships to meet the regulatory requirements pertaining to the upcoming emission norms.

The Company has an established and robust Enterprise Risk Management (ERM) framework encompassing all functions for identifying, evaluating, mitigating and monitoring risks related to the achievement of organisational objectives.

The ERM framework supports a sound risk culture along with pro-active identification of risks that would enable it to adapt to the changing scenario, gain competitive advantage and thus provides confidence to the stakeholders that the Company's risks are known and managed. The process of risk management is initiated at the stage of strategy setting wherein risks inherent to the strategy are identified and the critical assumptions underlying the strategy are also considered. Such risks would be internal risks (like operational, financial, compliance and people) and external risks (like legal and regulatory, political, economic, competitive environment at domestic and international levels).

ANNEXURE E TO THE BOARD'S REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The ERM in the Company is overseen by the Board of Directors, through the Risk Management Committee (RMC) which is responsible to ensure that the Company has an appropriate and effective ERM framework. The RMC apprises the Board on a periodic basis on the effectiveness of the ERM framework, the enterprise risks faced by the Company and how these are managed. It also reviews the organisation's Risk Appetite statement on an annual basis.

The Steering Committee, consisting of core business vertical heads, is responsible for the risk management process including risk identification, impact assessment, effective implementation of risk mitigation plan and risk reporting. The Steering Committee, chaired by CEO & MD, reviews on a quarterly basis the enterprise risks which are tabled at the RMC for its review.

E. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Given the nature of business and the 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 procedures, guidelines and authorisations;
- Effective use of resources and safeguarding of assets.

Consequent to the implementation of Companies Act, 2013 (Act) your Company has complied with the specific requirements in terms of Section 134(5)(e) of the Act calling for establishment and implementation of an Internal Financial Control framework that supports compliance with requirements of the Act in relation to the Directors' responsibility statement. The Internal Financial Control framework document that follows the COSO (the Committee of Sponsoring Organisations of the Treadway Commission) 2013 standards, supports the Company in evaluating the operating effectiveness of the controls in a consistent manner.

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 audits are periodically reviewed and compliance ensured.

The summary of the Internal Audit observations and status of implementation are submitted to the Audit Committee every quarter for its review and concerns, if any, are reported to the Board.

F. INFORMATION SECURITY

Ashok Leyland, among the first auto majors in India to be certified under BS7799 in 2005 (for its Data Center at Ennore), strategically decided to expand the scope in a modular manner to critical areas, particularly handling IPR and/or sensitive information. Your Company migrated to ISO 27001:2005 during 2006 and expanded the scope to Business Continuity and Disaster Recovery site in 2010. Subsequently, your Company expanded the scope of certification to cover the entire corporate office building at Chennai and one end-operation point (Regional Office at Bangalore). During the year, your Company has successfully migrated to ISO 27001:2013 standard.

G. FINANCIAL REVIEW

Summary of Profit and Loss Account is given below.

	₹ Crores		
	2015-16	2014-15	Inc/(Dec) %
INCOME			
Sales (net of excise duty)	18,821.58	13,562.18	38.78
Other income	109.87	124.47	(11.73)
Total	18,931.45	13,686.65	38.32
EXPENDITURE			
Material Costs	13,261.96	9,965.21	33.08
Employee benefits expense	1,398.75	1,184.00	18.14
Other expenses	1,994.90	1,386.33	43.90
Depreciation and amortisation expense	443.67	416.34	6.56
Finance cost	273.54	393.51	(30.49)
Total	17,372.82	13,345.39	30.18
Profit before exceptional items	1,558.63	341.26	356.73
Exceptional items	(389.43)	100.94	(485.80)
Profit before tax	1,169.20	442.20	164.41
Tax expense:			
Current tax	422.03	3.89	10,749.10
Deferred tax	25.39	103.50	(75.47)
Profit after tax	721.78	334.81	115.58
Basic Earnings per Share (₹)	2.54	1.20	111.67

Revenues:

Your Company's revenues improved by 39% aided by 41% increase in M&HCV sale volumes, better growth in Haulage, Tractor and Multi Axle segments, stable discounts (at higher levels) as well as upward revision in prices.

Costs:

- **Material Cost:** Through various internal initiatives, your Company could manage to reduce material cost by 2.0% during the year. The Company had to concede around 0.6% towards commodity cost increases during the year which is offset by 0.4% saving through internal cost reduction measures.
- **Staff Costs:** Employee expenses are up by 19% predominantly reflecting the full year impact of increments, salary revision for executives as well as higher provisioning requirements for bonus and performance related compensation consequent to better performance this year.
- **Other expenses** contained at 10.5% of revenue from operations in current year as against 10.2% last year primarily due to reckoning of export related expenses during the year.
- **Depreciation** for the year is at ₹ 444 Crores which is higher than last year reflecting the increase in number of shifts at various manufacturing locations during the year.
- **Finance costs** decreased to ₹ 274 Crores during the year from ₹ 394 Crores in the previous year reflecting lower working capital levels as well as better cash flows during the year.

ANNEXURE E TO THE BOARD'S REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

• Capital Employed

Total capital employed by your Company increased by 0.6% from ₹ 13,311 Crores to ₹ 13,386 Crores reflecting the increase in activity levels.

Total shareholders' funds as at March 31, 2016 after providing for dividend stood at ₹ 5,514.14 Crores which is an increase of ₹ 395.45 Crores over March 31, 2015 amount of ₹ 5,118.69 Crores. This increase reflects the current year profit.

Summary of Balance Sheet is given below.

	₹ Crores		
	31.03.2016	31.03.2015	Inc/(Dec) %
SOURCES OF FUNDS			
Shareholders' Funds	5,514.14	5,118.69	7.73
Non - current liabilities	2,661.52	3,175.58	(16.19)
Current liabilities	5,209.86	5,017.22	3.84
Total	13,385.52	13,311.49	0.60
APPLICATION OF FUNDS			
Fixed Assets	5,129.35	5,375.70	(4.58)
Investments	1,917.86	2,240.38	(14.41)
Loans and other Non - Current Assets	1,047.71	1,002.41	4.52
Current Assets	5,290.60	4,693.00	12.73
Total	13,385.52	13,311.49	0.56

Capital Expenditure and Investments

During the year, your Company incurred ₹ 121 Crores towards capital expenditure, predominantly towards sustenance of existing capacity and product development activities. Further, an exchange difference of ₹ 85 Crores has been capitalised during the year. This is on account of the weakening of the INR against US\$ during the year.

Your Company has invested in cash ₹ 46 Crores in AL John Deere, ₹ 40 Crores in Albonair Germany, ₹ 6 Crores in Gulf Ashley Motor, ₹ 5 Crores in Ashok Leyland Defence Systems and ₹ 3 Crores in Ashley Alteams. Thus in all your Company had invested ₹ 100 Crores in cash in Joint Venture (JV)/Associates/Subsidiaries during the year.

Your Company, after studying its intrinsic value of investments in Joint Ventures (JV)/Associates/Subsidiaries has made an impairment provision of ₹ 107 Crores towards Albonair Germany, ₹ 150 Crores towards Optare Plc, UK and ₹ 5 Crores towards Albonair India. The Company and its Joint Venture (JV) partner (Nissan Motors Limited), are in discussions to resolve the uncertainty with respect to the continuity of the joint venture operations represented by three companies viz., Ashok Leyland Nissan Vehicles Limited, Nissan Ashok Leyland Powertrain Limited and Nissan Ashok Leyland Technologies Limited. The financial statements of these companies have not been adopted by the Board of Directors of the respective companies. Under the circumstances, considering the significant uncertainty in continuity of the joint venture operations and the accumulated losses of the joint venture entities, the Company has provided for the carrying value of the investment in the said companies aggregating ₹ 296 Crores.

Thus in all, your Company has impaired ₹ 558 Crores during the year. Further, your Company has disposed off the shares in Ashok Leyland John Deere at a loss of ₹ 233 Crores.

Further, there has been sale of non-core investments comprising IBL shares ₹ 38 Crores and ICICI Bonds ₹ 2 Crores.

Current Assets as at March 31, 2016 were higher at ₹ 5,291 Crores compared with previous year level of ₹ 4,693 Crores. This increase was predominantly driven by significant increase in cash and bank balances as of March 31, 2016. Cash and bank balances as at March 31, 2016 was at ₹ 1,568 Crores higher than ₹ 751 Crores as on March 31, 2015. Short term loans and advances increased by ₹ 62 Crores. Inventories increased by ₹ 332 Crores to ₹ 1,731 Crores as at March 31, 2016 compared to ₹ 1,399 Crores as at March 31, 2015 mainly due to increase in finished vehicle inventory. Trade Receivables increased by ₹ 8 Crores to ₹ 1,251 Crores as at March 31, 2016 from ₹ 1,243 Crores as on March 31, 2015. Other current assets decreased by ₹ 213 Crores to end at ₹ 115 Crores as on March 31, 2016. Current Investments decreased by ₹ 408 Crores to end at ₹ NIL.

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 has repaid long term loans of ₹ 758 Crores from internal generation. Sale of non-core assets has also augmented the cash flow requirements. Your Company manages its liquidity through rigorous weekly monitoring of cash flows.

Profitability

Your Company's profitability improvement consequent to increased volumes continued in financial year 2015-16 also. The increased volumes were aided by replacement demand. Improvement in demand off take in Haulage, Tractor and Multi Axled vehicles has boosted volumes for your Company. This has also led to higher market share for your Company. As such industrial activity (trend in Index of Industrial Production) continues to be sluggish. Tighter control on material costs and operating expenses have significantly contributed to profit improvement during the year.

Presently, your Company's debts have been rated by ICRA. During May 2015, Your Company's financial rating has been upgraded from (ICRA) A+ to (ICRA) AA- with stable outlook. Details are as follows:

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

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

Results of Operations

Your Company generated an after tax profits from operations of ₹ 1803 Crores in 2015-16 which was higher as compared to ₹ 1072 Crores generated last year. With marginal increase in working capital, your Company registered a net cash inflow of ₹ 1676 Crores from its operations which is marginally lower as compared to ₹ 1776 Crores generated last year.

Cash outflow for acquisition of assets and investing activities for 2015-16 was at ₹ 292 Crores as against outflow of ₹ 224 Crores in 2014-15. No fresh loans were raised during 2015-16 as against ₹ 125 Crores raised in 2014-15. Further, your Company has also disposed some of its non-core assets and investments during the

ANNEXURE E TO THE BOARD'S REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

year which has improved the cash flow. During 2015-16, your Company realised ₹ 680 Crores by way of sale of immovable properties and long term investments as against ₹ 326 Crores last year.

Profit before tax and exceptional items stood at ₹ 1559 Crores as against ₹ 341 Crores last year.

After reckoning a tax liability of ₹ 447 Crores, Profit after tax for the current year stood at ₹ 722 Crores. The earning per share has more than doubled from ₹ 1.20 in 2014-15 to ₹ 2.54 in the year under review.

Your Company has continued to publish consolidated accounts of its subsidiaries, associates and joint ventures in line with last year.

Dividend

The Directors have recommended a dividend of ₹ 0.95 paise per Equity Share of ₹ 1/- each for the year 2015-16.

Cash flow statement

	₹ Crores	
	31.03.2016	31.03.2015
Profit from operations after tax	1,803.17	1,071.79
(Inc)/Dec in Net working capital	(127.55)	704.91
Net cash flow from operating activities	1,675.61	1,776.71
Payment for acquisition of assets – net	(142.50)	(205.87)
Cash outflow for investing activities	(149.83)	(18.36)
Proceeds from sale of immovable properties & long term investments	679.91	325.77
Cash flow from financing activities	(1,233.18)	(1,179.17)
Net cash inflow/(outflow)	830.01	699.08

The Year Ahead

The domestic commercial vehicle industry has moved out of the down cycle. In March 2016, the industry reported a growth of 22% on YOY basis driven by strong growth both in the M&HCV Truck segment (34%) as well as pick up in the M&HCV bus segment

(9%). Within the CV segment M&HCV reported a growth of 29% in unit sales while the LCV segment witnessed a growth of 16%. Replacement demand, gradual implementation of BS-IV norms by April 2017, improving viability of the fleet operators, expected pick up in infra and mining sectors will be the growth drivers for M&HCV truck demand. Orders from state transport undertakings, improvement in profitability of private carriers stable demand from school and staff carrier segment will drive the bus demand. Likewise, replacement demand, pick-up in demand for last mile transportation (e-commerce) would be the growth drivers for LCV trucks.

The industry's view is that, the M&HCV Truck segment is likely to register a growth of 13-15% in FY 2016-17 over the medium term, the demand for the CVs will also be driven by gradual acceptance of advance trucking platforms, progression to BS VI emission norms (possibly by 2020 onwards) and introduction of technologies, may lead to advance purchases by fleet operators. LCV segment is expected to grow at around 13% in the financial year 2016-17 driven by replacement demand and conducive finance environment.

The product variants chosen by your Company for launch in domestic and select export markets in last two years across the segments has improved market share in domestic market as well as increase in export sales. Your Company's focus on improving the network on cost effective basis particularly in North, Central and Eastern regions has started yielding results by way of improvement in market share in these regions. The transformational sales and marketing processes had enabled your Company to penetrate new markets and face fierce competition actions in the previous year. Your Company will continue to focus on all key initiatives for driving down costs and profitability improvement. All these have already contributed in improving the performance in financial year 2015-16 and will give sustained savings in the years to come.

H. HUMAN RESOURCES

During the year under review, the total number of people on the rolls of the Company is 10,352.

Material developments in the Human Resource/Industrial relations front have been detailed under the head "Human Resource" in the Board's Report.

ANNEXURE F TO THE BOARD'S REPORT

CERTIFICATION BY CEO & MD AND CHIEF FINANCIAL OFFICER TO THE BOARD

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

- A. We have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 - (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) 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.
- B. 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.
- C. We accept overall responsibility for establishing and monitoring the Company's internal control system for financial reporting and evaluating its effectiveness. Internal Audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal Audit works with all levels of management and Statutory Auditors, and reports significant issues to the Audit Committee of the Board. The Statutory Auditors and Audit Committee are apprised of any corrective action taken or proposed to be taken with regard to significant deficiencies and material weaknesses.
- D. We have indicated to the Auditors and to the Audit Committee:
 - (1) that there are no significant changes in internal control over financial reporting during the year;
 - (2) that there are no significant changes in accounting policies during the year;
 - (3) that there are no 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.

May 25, 2016
Mumbai

Vinod K Dasari
CEO & MD

Gopal Mahadevan
Chief Financial Officer

ANNEXURE G TO THE BOARD'S REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I REGISTRATION AND OTHER DETAILS:

i) CIN	L34101TN1948PLC000105
ii) Registration Date	September 7, 1948
iii) Name of the Company	Ashok Leyland Limited
iv) Category/Sub-Category of the Company	Company limited by shares/Subsidiary of Foreign Company
v) Address of the Registered office and contact details	No. 1, Sardar Patel Road, Guindy, Chennai - 600 032, Tamilnadu reachus@ashokleyland.com Ph: 044-2220 6000 Fax: 044- 2220 6001
vi) Whether listed company	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	Integrated Enterprises (India) Limited 2nd Floor, Kences Towers 1 Ramakrishna Street, North Usman Road T. Nagar, Chennai - 600 017 Tel : 91-44-2814 0801/03 Fax : 91-44-28142479 e-mail: csdstd@integratedindia.in

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:

Sl. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the Company
1	Trucks	29102	67.10
2	Bus	29109	16.60

III PARTICULARS OF HOLDING, SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANIES

Sl. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate Company	% of shares held	Applicable Section under Companies Act, 2013
1.	Hinduja Automotive Limited, U.K	New Zealand House, 80 Haymarket, London, SW1Y 4TE	Not applicable	Holding	50.38	2(46)
2.	Albonair GmbH	Carlo-Schmid-Allee 1, 44263 Dortmund, Germany	Not applicable	Wholly owned subsidiary	100.00	2(87)(ii)
3.	Albonair Automotive Technology Co., Ltd, China	East Shanghai Road, Caifu Building, Room 501, 215400 Taicang, Jiangsu Province, P. R. China	Not applicable	Wholly owned subsidiary	100.00	2(87)(ii)
4.	Albonair (India) Private Limited	No.1, Sardar Patel Road, Guindy, Chennai - 600 032	U74110TN2009PTC073654	Wholly owned subsidiary	100.00	2(87)(ii)
5.	Ashok Leyland (UK) Limited	Hurricane Way South, Sherburn in Elmet, Leeds, North Yorkshire, LS25 6PT, U.K	Not applicable	Wholly owned subsidiary	100.00	2(87)(ii)
6.	Ashok Leyland Nigeria Limited	Km 33, Lekki-Epe Expressway, Eputu Town, Ibeju-Lekki, Lagos	Not applicable	Wholly owned subsidiary	100.00	2(87)(ii)
7.	Ashok Leyland (Chile), S.A	Serrano No. 389, Oficina 702 Iquique - 76.178.636-9	Not applicable	Subsidiary	99.97	2(87)(ii)

ANNEXURE G TO THE BOARD'S REPORT

Sl. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate Company	% of shares held	Applicable Section under Companies Act, 2013
8.	Gulf Ashley Motor Limited	No.1, Sardar Patel Road, Guindy, Chennai - 600 032	U34102TN2004PLC052489	Subsidiary	91.69	2(87)(ii)
9.	Optare PLC	Unit 3, Hurricane Way South Sherburn in Elmet, Leeds, North Yorkshire, LS25 6PT	Not applicable	Subsidiary	75.11	2(87)(ii)
10.	Optare UK Limited	Unit 3, Hurricane Way South Sherburn in Elmet, Leeds, North Yorkshire, LS25 6PT	Not applicable	Subsidiary	75.11	2(87)(ii)
11.	Optare Group Limited	Unit 3, Hurricane Way South Sherburn in Elmet, Leeds, North Yorkshire, LS25 6PT	Not applicable	Subsidiary	75.11	2(87)(ii)
12.	Jamesstan Investments Limited	Unit 3, Hurricane Way South Sherburn in Elmet, Leeds, North Yorkshire, LS25 6PT	Not applicable	Subsidiary	75.11	2(87)(ii)
13.	Optare Holding Limited	Unit 3, Hurricane Way South Sherburn in Elmet, Leeds, North Yorkshire, LS25 6PT	Not applicable	Subsidiary	75.11	2(87)(ii)
14.	Optare (Leeds) Limited	Unit 3, Hurricane Way South Sherburn in Elmet, Leeds, North Yorkshire, LS25 6PT	Not applicable	Subsidiary	75.11	2(87)(ii)
15.	East Lancashire Bus builders Limited	Unit 3, Hurricane Way South Sherburn in Elmet, Leeds, North Yorkshire, LS25 6PT	Not applicable	Subsidiary	75.11	2(87)(ii)
16.	Global TVS Bus Body Builders Limited (formerly Irizar TVS Limited)	TVS Building, 7-B West Veli Street, Madurai - 625 001	U35202TN1998PLC041466	Subsidiary	66.67	2(87)(ii)
17.	Hinduja Tech GmbH (formerly Defiance Tech GmbH)	Charles-de-Gaulle-Platz 1 F, 50679, Koln	Not applicable	Subsidiary	62.00	2(87)(ii)
18.	Hinduja Technologies Inc., USA (formerly Defiance Technologies Inc., USA)	39555, Orchard Hill Place, Suite 600, Novi, Michigan 48375	Not applicable	Subsidiary	62.00	2(87)(ii)
19.	Hinduja Tech Limited (formerly Defiance Technologies Limited)	Triton Square, C3 - C7 ,Tiruvika Industrial Estate, Guindy, Chennai - 600 032	U72400TN2009PLC072067	Subsidiary	62.00	2(87)(ii)
20.	Hinduja Housing Finance Limited	No. 27A, Developed Industrial Estate Guindy, Chennai - 600032	U65922TN2015PLC100093	Subsidiary	57.43	2(87)(ii)
21.	Hinduja Leyland Finance Limited	No.1, Sardar Patel Road, Guindy, Chennai - 600 032	U65993TN2008PLC069837	Subsidiary	57.43	2(87)(ii)
22.	HLF Services Limited	No.1, Sardar Patel Road, Guindy, Chennai - 600 032	U67190TN2010PLC076750	Subsidiary	54.00	2(87)(ii)
23.	Ashok Leyland Nissan Vehicles Limited	Kochar Towers, 19 Venkatnarayana Road, T. Nagar, Chennai - 600 017	U34102TN2008PLC067839	Subsidiary/ Joint Venture	51.00	2(87)(ii)
24.	Ashley Aviation Limited	Hinduja House, 171, Dr. Annie Besant Road, Worli, Mumbai - 400 018	U66030MH2008PLC180206	Associate	49.00	2(6)

ANNEXURE G TO THE BOARD'S REPORT

Sl. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate Company	% of shares held	Applicable Section under Companies Act, 2013
25.	Ashok Leyland (UAE) LLC	P. O. Box 31376, N-176, RAK Manamma Highway, Ras Al Khaimah, UAE	Not applicable	Associate	49.00	2(6)
26.	Mangalam Retail Services Limited	XI Floor, Eastwing Thaalamuthu Natarajan Building, 1, Gandhi Irwin Road, Egmore Chennai - 600 008	U51909TN2006PLC059710	Associate	37.48	2(6)
27.	Lanka Ashok Leyland PLC	Panagoda, Homagama, Sri Lanka	Not applicable	Associate	27.85	2(6)
28.	Ashok Leyland Defence Systems Limited	No.1, Sardar Patel Road, Guindy, Chennai - 600 032	U34200TN2008PLC080987	Associate	26.00	2(6)
29.	Ashley Airways Limited*	Electric Mansion Appasaheb Marathe Marg, Prabhadevi Mumbai - 400 025	U62200MH2007PLC167111	Associate	49.00	2(6)
30.	Ashley Alteams India Limited	Flat Kanda's Villa, Door No. AE- 3362R, I Floor 8th Street, Anna Nagar C Chennai - 600 040	U27310TN2006PLC065084	Joint Venture	50.00	2(6)
31.	Nissan Ashok Leyland Technologies Limited	Kochar Towers, 19 Venkatnarayana Road, T. Nagar, Chennai - 600 017	U34300TN2008PLC067840	Joint Venture	50.00	2(6)
32.	Nissan Ashok Leyland Powertrain Limited	Kochar Towers, 19 Venkatnarayana Road, T. Nagar, Chennai - 600 017	U34102TN2008PLC067838	Joint Venture	49.00	2(6)
33.	Automotive Infotronics Limited*	No.1, Sardar Patel Road, Guindy, Chennai - 600 032	U29130TN2007PLC064471	Joint Venture	50.00	2(6)

**companies under liquidation*

ANNEXURE G TO THE BOARD'S REPORT

IV SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding

Category of Shareholders	Number of shares held at the beginning of the year (1-4-2015)				Number of shares held at the end of the year (31-3-2016)				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoter (1)									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	-	-	-	-	-	-	-	-
e) Banks/Fl	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	-	-	-	-	-	-	-	-
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	1,104,646,899	-	1,104,646,899	38.82	1,104,646,899	-	1,104,646,899	38.82	-
d) Banks/Fl	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	1,104,646,899	-	1,104,646,899	38.82	1,104,646,899	-	1,104,646,899	38.82	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	1,104,646,899	-	1,104,646,899	38.82	1,104,646,899	-	1,104,646,899	38.82	0.00
B. Public Shareholding									
1. Institutions									
a) Mutual Funds (includes UTI)	100,633,017	74,220	100,707,237	3.54	114,453,488	74,220	114,527,708	4.02	0.49
b) Banks/Fl	189,753,551	34,790	189,788,341	6.67	130,794,417	34,790	130,829,207	4.60	(2.07)
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	1,853,720	360,000	2,213,720	0.08	1,849,720	360,000	2,209,720	0.08	(0.00)
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	50,313,449	1,000	50,314,449	1.77	36,101,997	1,000	36,102,997	1.27	(0.50)
g) FIs	580,112,491	96,640	580,209,131	20.39	540,113,809	96,640	540,210,449	18.98	(1.41)

ANNEXURE G TO THE BOARD'S REPORT

(i) Category-wise Shareholding (Continued)

Category of Shareholders	Number of shares held at the beginning of the year (1-4-2015)				Number of shares held at the end of the year (31-3-2016)				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify) – Foreign Banks	1,000	-	1,000	0.00	77,559	-	77,559	0.00	0.00
Sub-total (B)(1):-	922,667,228	566,650	923,233,878	32.44	823,390,990	566,650	823,957,640	28.95	(3.49)
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	133,305,241	537,078	133,842,319	4.70	96,713,462	537,078	97,250,540	3.42	(1.29)
ii) Overseas	2,000	-	2,000	0.00	2,000	-	2,000	0.00	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 Lakh	227,158,706	23,806,528	250,965,234	8.82	215,167,456	22,365,128	237,532,584	8.35	(0.47)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	20,062,864	1,020,660	21,083,524	0.74	22,685,902	1,020,660	23,706,562	0.83	0.09
c) Others – Clearing members									
- Trusts	6,171,067	-	6,171,067	0.22	5,304,765	-	5,304,765	0.19	(0.03)
Corporate Body Foreign Bodies	413,066	-	413,066	0.01	471,907	-	471,907	0.02	0.00
NRI	84	-	84	0.00	84	-	84	0.00	-
Foreign Nationals	9,255,759	68,720	9,324,479	0.33	11,441,854	62,180	11,504,034	0.40	0.08
Limited Liability partnership	263,400	-	263,400	0.01	3,560	-	3,560	0.00	(0.01)
Unclaimed Securities Suspense Account	226,351	-	226,351	0.01	997,212	-	997,212	0.04	0.03
Foreign Portfolio Investor Corporate	2,449,741	-	2,449,741	0.09	2,406,901	-	2,406,901	0.08	(0.00)
Sub-total (B)(2):-	41,008,952	-	41,008,952	1.44	185,846,306	-	185,846,306	6.53	5.09
Total Public Shareholding (B)=(B)(1)+ (B)(2)	440,317,231	25,432,986	465,750,217	16.37	541,041,409	23,985,046	565,026,455	19.85	3.49
C. Shares held by Custodian for GDRs & ADRs	1,362,984,459	25,999,636	1,388,984,095	48.81	1,364,432,399	24,551,696	1,388,984,095	48.81	0.00
	352,157,140	88,500	352,245,640	12.38	352,157,140	88,500	352,245,640	12.38	-
Grand Total (A+B+C)	2,819,788,498	26,088,136	2,845,876,634	100.00	2,821,236,438	24,640,196	2,845,876,634	100.00	-

ANNEXURE G TO THE BOARD'S REPORT

(ii) Shareholding of Promoters:

Sl. No	Shareholder's Name	Shareholding at the beginning of the year 1.4.2015			Shareholding at the end of the Year 31.3.2016			% change in shareholding during the year
		Number of shares	% of total shares of the Company	% of Shares Pledged/ encumbered to total shares (includes GDR)	Number of shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Hinduja Automotive Limited, U.K							
	Equity shares	1,104,646,899	38.82	4.93	1,104,646,899	38.82	2.64	-
	Shares underlying GDR	329,200,140	11.56		329,200,140	11.56		-

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year 1.4.2015		Cumulative Shareholding during the year	
		Number of shares	% of total shares of the Company	Number of shares	% of total shares of the Company
1	Hinduja Automotive Limited, U.K				
	At the beginning of the year				
	Equity	1,104,646,899	38.82		
	Shares underlying GDR	329,200,140	11.56	1,433,847,039	50.38
	At the end of the year			1,433,847,039	50.38

There is no change in the Promoters' Shareholding.

ANNEXURE G TO THE BOARD'S REPORT

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):						
Sl. No.	For Each of Top 10 Shareholders		Shareholding at the beginning of the year 1.4.2015		Cumulative Shareholding during the year	
			Number of Shares	% of total shares of the Company	Number of Shares	% of total shares of the Company
1	LIFE INSURANCE CORPORATION OF INDIA					
	At the beginning of the year		187,890,225	6.60	187,890,225	6.60
	03/07/2015	Transfer	(2,886,805)	(0.10)	185,003,420	6.50
	10/07/2015	Transfer	(2,126,501)	(0.08)	182,876,919	6.43
	17/07/2015	Transfer	(4,319,476)	(0.15)	178,557,443	6.27
	24/07/2015	Transfer	(4,300,000)	(0.15)	174,257,443	6.12
	31/07/2015	Transfer	(1,367,218)	(0.05)	172,890,225	6.08
	14/08/2015	Transfer	(3,234,955)	(0.11)	169,655,270	5.96
	21/08/2015	Transfer	(5,674,097)	(0.20)	163,981,173	5.76
	28/08/2015	Transfer	(1,009,948)	(0.04)	162,971,225	5.73
	04/09/2015	Transfer	(81,000)	(0.00)	162,890,225	5.72
	25/09/2015	Transfer	(767,301)	(0.03)	162,122,924	5.70
	30/09/2015	Transfer	(1,591,777)	(0.06)	160,531,147	5.64
	09/10/2015	Transfer	(3,051,683)	(0.11)	157,479,464	5.53
	16/10/2015	Transfer	(5,072,352)	(0.18)	152,407,112	5.36
	23/10/2015	Transfer	(5,548,339)	(0.20)	146,858,773	5.16
	30/10/2015	Transfer	(3,085,470)	(0.11)	143,773,303	5.05
	06/11/2015	Transfer	(965,285)	(0.03)	142,808,018	5.02
	20/11/2015	Transfer	(50,000)	(0.00)	142,758,018	5.02
	27/11/2015	Transfer	(50,000)	(0.00)	142,708,018	5.02
	04/12/2015	Transfer	(50,000)	(0.00)	142,658,018	5.01
	26/02/2016	Transfer	(3,647,880)	(0.13)	139,010,138	4.89
	04/03/2016	Transfer	(4,587,336)	(0.16)	134,422,802	4.72
	11/03/2016	Transfer	(2,486,413)	(0.09)	131,936,389	4.64
	18/03/2016	Transfer	(3,582,500)	(0.13)	128,353,889	4.51
	25/03/2016	Transfer	(47,715)	(0.00)	128,306,174	4.51
	At the end of the year				128,306,174	4.51
2	AMANSA HOLDINGS PRIVATE LIMITED					
	At the beginning of the year		52,000,000	1.83	52,000,000	1.83
	24/04/2015	Transfer	(354,032)	(0.01)	51,645,968	1.82
	15/05/2015	Transfer	(1,650,000)	(0.06)	49,995,968	1.76
	22/05/2015	Transfer	(995,968)	(0.04)	49,000,000	1.72
	07/08/2015	Transfer	(3,500,000)	(0.12)	45,500,000	1.60
	28/08/2015	Transfer	(2,718,232)	(0.10)	42,781,768	1.50
	04/09/2015	Transfer	(2,431,735)	(0.09)	40,350,033	1.42
	25/09/2015	Transfer	(350,000)	(0.01)	40,000,033	1.41
	20/11/2015	Transfer	(1,428,071)	(0.05)	38,571,962	1.36
	27/11/2015	Transfer	(1,924,615)	(0.07)	36,647,347	1.29
	04/12/2015	Transfer	(1,000,000)	(0.04)	35,647,347	1.25
	05/02/2016	Transfer	(1,000,000)	(0.04)	34,647,347	1.22
	12/02/2016	Transfer	(1,647,347)	(0.06)	33,000,000	1.16
	At the end of the year				33,000,000	1.16

ANNEXURE G TO THE BOARD'S REPORT

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):						
Sl. No.	For Each of Top 10 Shareholders		Shareholding at the beginning of the year 1.4.2015		Cumulative Shareholding during the year	
			Number of Shares	% of total shares of the Company	Number of Shares	% of total shares of the Company
3	GOVERNMENT PENSION FUND GLOBAL					
	At the beginning of the year		47,276,482	1.66	47,276,482	1.66
	10/04/2015	Transfer	(434,772)	(0.02)	46,841,710	1.65
	17/04/2015	Transfer	(213,610)	(0.01)	46,628,100	1.64
	01/05/2015	Transfer	(925,806)	(0.03)	45,702,294	1.61
	08/05/2015	Transfer	(341,414)	(0.01)	45,360,880	1.59
	29/05/2015	Transfer	(2,321,814)	(0.08)	43,039,066	1.51
	05/06/2015	Transfer	(1,300,000)	(0.05)	41,739,066	1.47
	30/06/2015	Transfer	2,708,113	0.10	44,447,179	1.56
	03/07/2015	Transfer	7,291,887	0.26	51,739,066	1.82
	24/07/2015	Transfer	5,000,000	0.18	56,739,066	1.99
	31/07/2015	Transfer	4,000,000	0.14	60,739,066	2.13
	07/08/2015	Transfer	1,494,000	0.05	62,233,066	2.19
	21/08/2015	Transfer	925,278	0.03	63,158,344	2.22
	18/09/2015	Transfer	2,500,000	0.09	65,658,344	2.31
	06/11/2015	Transfer	(843,740)	(0.03)	64,814,604	2.28
	04/12/2015	Transfer	(803,000)	(0.03)	64,011,604	2.25
	01/01/2016	Transfer	(300,000)	(0.01)	63,711,604	2.24
	29/01/2016	Transfer	(2,034,239)	(0.07)	61,677,365	2.17
	05/02/2016	Transfer	(985,797)	(0.04)	60,691,568	2.13
	04/03/2016	Transfer	2,292,000	0.08	62,983,568	2.21
	31/03/2016	Transfer	2,051,824	0.07	65,035,392	2.29
	At the end of the year				65,035,392	2.29
4	JPMORGAN SICAV INVESTMENT COMPANY (MAURITIUS)					
	At the beginning of the year		47,079,710	1.65	47,079,710	1.65
	21/08/2015	Transfer	(1,271,389)	(0.05)	45,808,321	1.61
	11/09/2015	Transfer	(2,200,000)	(0.08)	43,608,321	1.53
	25/09/2015	Transfer	(4,800,000)	(0.17)	38,808,321	1.36
	27/11/2015	Transfer	(3,016,115)	(0.11)	35,792,206	1.26
	04/12/2015	Transfer	(850,000)	(0.03)	34,942,206	1.23
	11/12/2015	Transfer	(1,500,000)	(0.05)	33,442,206	1.18
	29/01/2016	Transfer	(1,000,000)	(0.04)	32,442,206	1.14
	05/02/2016	Transfer	(1,000,000)	(0.04)	31,442,206	1.11
	12/02/2016	Transfer	(4,499,280)	(0.16)	26,942,926	0.95
	19/02/2016	Transfer	(865,392)	(0.03)	26,077,534	0.92
	At the end of the year				26,077,534	0.92

ANNEXURE G TO THE BOARD'S REPORT

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):						
Sl. No.	For Each of Top 10 Shareholders		Shareholding at the beginning of the year 1.4.2015		Cumulative Shareholding during the year	
			Number of Shares	% of total shares of the Company	Number of Shares	% of total shares of the Company
5	ABU DHABI INVESTMENT AUTHORITY (under various sub accounts)					
	At the beginning of the year		40,369,210	1.42	40,369,210	1.42
	10/04/2015	Transfer	(9,073,000)	(0.32)	31,296,210	1.10
	18/06/2015	Transfer	3,974,000	0.14	35,270,210	1.24
	17/07/2015	Transfer	1,913,000	0.07	37,183,210	1.31
	14/08/2015	Transfer	(3,345,584)	(0.12)	33,837,626	1.19
	21/08/2015	Transfer	(5,304,861)	(0.19)	28,532,765	1.00
	11/09/2015	Transfer	(1,500,000)	(0.05)	27,032,765	0.95
	09/10/2015	Transfer	(2,886,465)	(0.10)	24,146,300	0.85
	27/11/2015	Transfer	7,892,144	0.28	32,038,444	1.13
	04/12/2015	Transfer	16,140,229	0.57	48,178,673	1.69
	11/12/2015	Transfer	(524,488)	(0.02)	47,654,185	1.67
	25/12/2015	Transfer	115,000	0.00	47,769,185	1.68
	04/03/2016	Transfer	5,323,602	0.19	53,092,787	1.87
	11/03/2016	Transfer	45,345	0.00	53,138,132	1.87
	18/03/2016	Transfer	(2,014,340)	(0.07)	51,123,792	1.80
	31/03/2016	Transfer	(200,000)	(0.01)	50,923,792	1.79
	At the end of the year				50,923,792	1.79
6	IDFC PREMIER EQUITY FUND (under various sub accounts)					
	At the beginning of the year		35,600,000	1.25	35,600,000	1.25
	10/04/2015	Transfer	1,005,000	0.04	36,605,000	1.29
	29/05/2015	Transfer	435,000	0.02	37,040,000	1.30
	05/06/2015	Transfer	180,000	0.01	37,220,000	1.31
	03/07/2015	Transfer	(400,000)	(0.01)	36,820,000	1.29
	07/08/2015	Transfer	768,000	0.03	37,588,000	1.32
	21/08/2015	Transfer	(3,700,000)	(0.13)	33,888,000	1.19
	28/08/2015	Transfer	3,848,000	0.14	37,736,000	1.33
	04/09/2015	Transfer	(2,492,000)	(0.09)	35,244,000	1.24
	11/09/2015	Transfer	(420,000)	(0.02)	34,824,000	1.22
	09/10/2015	Transfer	(2,900,000)	(0.10)	31,924,000	1.12
	30/10/2015	Transfer	162,000	0.01	32,086,000	1.13
	06/11/2015	Transfer	(2,834,000)	(0.10)	29,252,000	1.03
	20/11/2015	Transfer	(98,000)	(0.00)	29,154,000	1.02
	27/11/2015	Transfer	(154,000)	(0.01)	29,000,000	1.02
	04/12/2015	Transfer	392,000	0.01	29,392,000	1.03
	11/12/2015	Transfer	245,000	0.01	29,637,000	1.04
	08/01/2016	Transfer	2,240,000	0.08	31,877,000	1.12
	29/01/2016	Transfer	315,000	0.01	32,192,000	1.13
	26/02/2016	Transfer	(4,706,000)	(0.17)	27,486,000	0.97
	04/03/2016	Transfer	(1,526,599)	(0.05)	25,959,401	0.91
	11/03/2016	Transfer	(479,401)	(0.02)	25,480,000	0.90
	At the end of the year				25,480,000	0.90

ANNEXURE G TO THE BOARD'S REPORT

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):						
Sl. No.	For Each of Top 10 Shareholders		Shareholding at the beginning of the year 1.4.2015		Cumulative Shareholding during the year	
			Number of Shares	% of total shares of the Company	Number of Shares	% of total shares of the Company
7	KUWAIT INVESTMENT AUTHORITY (under various sub accounts)					
	At the beginning of the year		34,940,409	1.23	34,940,409	1.23
	15/05/2015	Transfer	1,066,554	0.04	36,006,963	1.27
	05/06/2015	Transfer	1,066,555	0.04	37,073,518	1.30
	30/06/2015	Transfer	1,293,315	0.05	38,366,833	1.35
	03/07/2015	Transfer	949,108	0.03	39,315,941	1.38
	31/07/2015	Transfer	(1,162,818)	(0.04)	38,153,123	1.34
	07/08/2015	Transfer	(5,492,293)	(0.19)	32,660,830	1.15
	25/09/2015	Transfer	1,469,000	0.05	34,129,830	1.20
	09/10/2015	Transfer	953,879	0.03	35,083,709	1.23
	20/11/2015	Transfer	108,450	0.00	35,192,159	1.24
	27/11/2015	Transfer	(953,879)	(0.03)	34,238,280	1.20
	04/12/2015	Transfer	(2,937,497)	(0.10)	31,300,783	1.10
	11/12/2015	Transfer	399,054	0.01	31,699,837	1.11
	31/12/2015	Transfer	1,135,000	0.04	32,834,837	1.15
	15/01/2016	Transfer	57,244	0.00	32,892,081	1.16
	11/03/2016	Transfer	59,894	0.00	32,951,975	1.16
	31/03/2016	Transfer	1,081,750	0.04	34,033,725	1.20
	At the end of the year				34,033,725	1.20
8	JP MORGAN INDIA FUND					
	At the beginning of the year		32,541,933	1.14	32,541,933	1.14
	04/09/2015	Transfer	(700,000)	(0.03)	31,841,933	1.12
	11/09/2015	Transfer	(2,000,000)	(0.07)	29,841,933	1.05
	04/12/2015	Transfer	(268,616)	(0.01)	29,573,317	1.04
	11/12/2015	Transfer	(1,851,384)	(0.07)	27,721,933	0.97
	At the end of the year				27,721,933	0.97
9	JP MORGAN INDIAN INVESTMENT COMPANY (MAURITIUS) LTD					
	At the beginning of the year		28,831,235	1.01	28,831,235	1.01
	11/09/2015	Transfer	(1,800,000)	(0.06)	27,031,235	0.95
	04/12/2015	Transfer	(491,370)	(0.02)	26,539,865	0.93
	11/12/2015	Transfer	(1,008,630)	(0.04)	25,531,235	0.90
	At the end of the year				25,531,235	0.90
10	GENERAL INSURANCE CORPORATION OF INDIA					
	At the beginning of the year		28,000,000	0.98	28,000,000	0.98
	30/06/2015	Transfer	(200,000)	(0.01)	27,800,000	0.98
	03/07/2015	Transfer	(150,000)	(0.01)	27,650,000	0.97
	10/07/2015	Transfer	(150,000)	(0.01)	27,500,000	0.97
	21/08/2015	Transfer	(85,000)	(0.00)	27,415,000	0.96
	28/08/2015	Transfer	(100,000)	(0.00)	27,315,000	0.96
	04/09/2015	Transfer	(100,000)	(0.00)	27,215,000	0.96
	15/01/2016	Transfer	(150,000)	(0.01)	27,065,000	0.95
	05/02/2016	Transfer	(150,000)	(0.01)	26,915,000	0.95
	26/02/2016	Transfer	(100,000)	(0.00)	26,815,000	0.94
	04/03/2016	Transfer	(250,000)	(0.01)	26,565,000	0.93
	11/03/2016	Transfer	(250,000)	(0.01)	26,315,000	0.93
	18/03/2016	Transfer	(300,000)	(0.01)	26,015,000	0.91
	At the end of the year				26,015,000	0.91

ANNEXURE G TO THE BOARD'S REPORT

(v) Shareholding of Directors and Key Managerial Personnel (KMP):

Sl. No.	For each of the Directors of the Company and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		Number of shares	% of total shares of the Company	Number of shares	% of total shares of the Company
	Directors				
1	Mr. Vinod K Dasari, CEO & MD and KMP				
	At the beginning of the year 1.4.2015	260,000	0.009	260,000	0.009
	Date wise Increase/Decrease in Shareholding during the year				
	Sale of shares on 14.3.2016	100,000	-	160,000	0.006
	Sale of shares on 15.3.2016	160,000	-	Nil	0.00
	At the End of the year 31.3.2016	-	-	-	-
2	Mr. R Seshasayee, Non-Executive Vice Chairman				
	At the beginning of the year 1.4.2015	22,472	0.00	22,472	0.00
	Date wise Increase/Decrease in Shareholding during the year	-	-	-	-
	At the End of the year 31.3.2016	22,472	0.00	22,472	0.00
	Other KMPs				
1	Mr. Gopal Mahadevan, Chief Financial Officer				
	At the beginning of the year 1.4.2015	-	-	-	-
	Date wise Increase/Decrease in Shareholding during the year	-	-	-	-
	At the End of the year 31.3.2016	-	-	-	-
2	Mr. N Ramanathan, Company Secretary				
	At the beginning of the year 1.4.2015	-	-	-	-
	Date wise Increase/Decrease in Shareholding during the year	-	-	-	-
	At the End of the year 31.3.2016	-	-	-	-

Mr. Dheeraj G Hinduja, Dr. Andreas H Biagosch, Dr. Andrew C Palmer, Mr. D J Balaji Rao, Mr. A K Das, Mr. Jean Brunol, Ms. Manisha Girotra, Mr. F Sahami, Mr. Sanjay K Asher, Mr. Shardul S Shroff and Mr. Sudhindar K Khanna, Directors did not hold any shares during the year.

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Amount in ₹

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 1.4.2015				
i) Principal Amount	14,583,333,333	18,913,943,409	-	33,497,276,742
ii) Interest due but not paid	NIL	NIL	-	NIL
iii) Interest accrued but not due	652,976,436	79,013,400	-	731,989,837
Total (i+ii+iii)	15,236,309,769	18,992,956,809		34,229,266,579
Change in Indebtedness during the financial year				
• Addition	99,286,677,976	49,587,940,251 [#]	-	148,874,618,227 [#]
• Reduction	104,778,998,044	51,019,523,142	-	155,798,521,186
Net Change	(5,492,320,068)	(1,431,582,891)		(6,923,902,959)
Indebtedness at the end of the financial year 31.3.2016				
i) Principal Amount	9,350,000,000	17,489,594,219	-	26,839,594,219
ii) Interest due but not paid	NIL	NIL	-	NIL
iii) Interest accrued but not due	393,989,701	71,645,839	-	465,635,541
Total (i+ii+iii)	9,743,989,701	17,561,240,058		27,305,229,760

(#) Includes exchange difference

ANNEXURE G TO THE BOARD'S REPORT

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to CEO & MD

Amount in ₹

Sl. No.	Particulars of Remuneration	Mr. Vinod K Dasari, CEO & MD	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.	29,333,333	
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961*.	4,574,250	33,907,583
2	Stock Option	Nil	Nil
3	Sweat Equity	Nil	Nil
4	Commission:		
	Performance Bonus	29,040,000	
	Long Term Incentive Plan (LTIP) #	14,364,000	43,404,000
5	Others- Retirement benefits	2,980,000	2,980,000
	Total (A)		80,291,583
	Ceiling as per the Act (5% of the Net profit calculated under Section 198 of the Companies Act, 2013) ₹ in Lakhs		7,954

* Includes ₹ 3,500,000/- as perquisites value of super annuation.

LTIP approved/payable to Mr. Vinod K Dasari is ₹ 376.20 Lakhs over a period of 4 years as per Policy from the financial year 2015-16. Out of the approved LTIP amount, only 20% i.e. ₹ 75.24 Lakhs is payable for 2015-16 as per Policy. Second instalment of approved LTIP amount @ 20% for 2014-15 i.e. ₹ 68.40 Lakhs is payable in 2015-16.

B. Remuneration to other directors

₹ in Lakhs

Sl. No	Particulars of Remuneration	Fee for attending Board/ Committee meetings*	Commission	Others, please specify	Total Amount
1.	Independent Directors				
	Dr. Andreas H Biagosch	9.00	49.84	-	58.84
	Dr. Andrew C Palmer	3.00	10.74	-	13.74
	Mr. D J Balaji Rao	15.20	24.31	-	39.51
	Mr. Jean Brunol	12.40	46.08	-	58.48
	Ms. Manisha Girotra	5.50	14.60	-	20.10
	Mr. Sanjay K Asher	11.20	45.18	-	56.38
	Mr. Shardul S Shroff	3.30	11.61	-	14.91
	Mr. Sudhindar K Khanna	7.00	68.35	-	75.35
	Total (1)	66.60	270.71	-	337.31
2.	Non-Executive Directors				
	Mr. Dheeraj G Hinduja	7.30	500.00	-	507.30
	Mr. A K Das	5.20	15.10	-	20.30
	Mr. F Sahami	4.00	6.24	-	10.24
	Mr. R Seshasayee	7.90	19.75	-	27.65
	Total (2)	24.40	541.09	-	565.49
	Total (B) = (1) + (2)	91.00	811.80	-	902.80
	Total Managerial Remuneration		811.80		
	Ceiling as per the Act (@ 1% of profits calculated under Section 198 of the Companies Act, 2013)				1,591

(*) excluding reimbursement of travel and other expenses incurred for the Company's Board/Committee meetings

ANNEXURE G TO THE BOARD'S REPORT

C. Remuneration to Key Managerial Personnel

Amount in ₹

Sl. No.	Particulars of Remuneration	Mr. Gopal Mahadevan, Chief Financial Officer	Mr. N Ramanathan, Company Secretary	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961*	31,425,070	7,679,626	39,104,696
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	457,383	6,125	463,508
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission (as % of profit)	-	-	-
5	Others - retirement benefits	636,910	189,519	826,429
	Total (A)	32,519,363	7,875,270	40,394,633

* - Includes APP and LTIP as applicable

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

There were no penalties/punishments/compounding of offences for the year ended March 31, 2016.

On behalf of the Board of Directors

Mumbai
May 25, 2016

Dheeraj G Hinduja
Chairman

ANNEXURE H TO THE BOARD'S REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
ASHOK LEYLAND LIMITED
No 1 Sardar Patel Road
Guindy, Chennai - 600 032

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ASHOK LEYLAND LIMITED** bearing **CIN L34101TN1948PLC000105** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Companies Act 1956 (to the extent applicable)
- (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (v) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (with effect from May 15, 2015);
 - c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- d. The Securities and Exchange Board of India (Listing obligations and Disclosure requirements) Regulations 2015 (with effect from December 1, 2015).

We are informed that the Company, during the year, was not required to comply with the following regulations and consequently not required to maintain any books, papers, minute books or other records or file any forms/returns under:

- a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
 - b. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999
 - c. The Securities and Exchange Board of India (Issue and Listing of Debt securities) Regulations, 2008
 - d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - e. The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998;
- (vii) Based on the study of the systems and processes in place and a review of the reports of (1) the heads of the Departments (2) Occupier/Manager of the factories located in Ennore, Hosur (3 units), Bhandara, Alwar, Pantnagar, Vellivoyalchavadi which manufacture Automobiles and Spare Parts (3) the compliance reports made by the functional heads of various departments which are submitted to the Board of Directors of the Company, I report that the Company has complied with the provisions of the following statutes and the rules made there under to the extent it is applicable to them:
- Motor Vehicles Act, 1988
 - The Explosive Act, 1884
 - The Petroleum Act, 1934
 - The Environment (Protection) Act, 1986
 - The Water (Prevention and Control of Pollution) Act, 1974
 - The Air (Prevention and Control of Pollution) Act, 1981
 - Factories Act, 1948
 - Industrial Disputes Act, 1947
 - The Payment of Wages Act, 1936
 - The Minimum Wages Act, 1948
 - Employees' State Insurance Act, 1948
 - The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
 - The Payment of Bonus Act, 1965
 - The Payment of Gratuity Act, 1972
 - The Contract Labour (Regulation & Abolition) Act, 1970
 - The Maternity Benefit Act, 1961
 - The Child Labour (Prohibition & Regulation) Act, 1986
 - The Industrial Employment (Standing Order) Act, 1946

ANNEXURE H TO THE BOARD'S REPORT

- The Employees' Compensation Act, 1923
- The Apprentices Act, 1961
- Equal Remuneration Act, 1976
- The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959
- The Building and Other Construction Workers (Regulation of Employment & Conditions of Service) Act, 1996
- Conferment of Permanent Status Act, 1981
- The Municipality/Local Act
- The Public Liability Insurance Act, 1991
- Indian Electricity Act, 2003
- The Energy Conservation Act, 2001
- The Environmental Impact Assessment Notification, 2006
- The Inflammable Substances Act, 1952
- The Legal Metrology Act, 2009
- The Coastal Regulation Zone Notification, 2011
- State Industrial Development Authority Regulations, 2005 for the State of Uttaranchal.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements (Old agreements upto November 30, 2015 and new agreement with effect from December 1, 2015) entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Based on the minutes made available to us, we report that majority decision is carried through and that there were no dissenting votes from any Board member that were required to be captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor, report deviations to the Board, take corrective actions and ensure compliance with applicable laws, rules, regulations and guidelines.

Name of Company Secretary in Practice : B Chandra
ACS No.: 20879
C P No.: 7859

Place : Chennai
Date : May 25, 2016

ANNEXURE I TO THE BOARD'S REPORT

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL
 - a) Name(s) of the related party and nature of relationship: NIL
 - b) Nature of contracts/arrangements/transactions: NIL
 - c) Duration of the contracts/arrangements/transactions: NIL
 - d) Salient terms of the contracts or arrangements or transactions including the value, if any: NIL
 - e) Justification for entering into such contracts or arrangements or transactions: NIL
 - f) Date(s) of approval by the Board: NIL
 - g) Amount paid as advances, if any: NIL
 - h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188: NIL
2. Details of material contracts or arrangements or transactions at arm's length basis:

Name of the related party and nature of relationship	Mr. Vinod K Dasari, CEO & MD	Ashok Leyland John Deere Construction Equipment Company Private Limited, Joint venture company
Nature of transaction	Sale of Company's car and furniture	Transfer of investments
Duration of transaction	One time	One time
Salient terms of the transaction including the value, if any	Sale of vehicle and furniture for an amount of ₹ 4.30 Lakhs.	Transfer/Sale of investments as part of divestment of non-core business for an amount of ₹ 23.25 Lakhs
Date of approval by the Board, if any	November 4, 2015 and May 25, 2016	March 5, 2016
Amount paid as advances, if any	NIL	NIL

On behalf of the Board of Directors

Mumbai
May 25, 2016

Dheeraj G Hinduja
Chairman

ANNEXURE J TO THE BOARD'S REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

- (1) **Brief outline of the Company's CSR policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

The Company's CSR policy has been uploaded in the website of the Company under the web-link: <http://www.ashokleyland.com/sites/default/files/AL-CSR-Policy.pdf>.

- (2) **Composition of the CSR Committee**

- (i) Mr. Dheeraj G Hinduja, Chairman - Non-Executive Director;
- (ii) Mr. Vinod K Dasari, CEO & MD;
- (iii) Ms. Manisha Girotra, Independent Director; and
- (iv) Mr. Shardul S Shroff, Independent Director

The Committee met on February 11, 2016 during the year under review.

- (3) **Average net profit of the Company for the last three financial years : ₹ (41,14,98,067/-)**

- (4) **Prescribed CSR expenditure (2% of the average net profit of the last three financial years)**

The average net profit for last three financial years is in negative and hence the prescribed CSR expenditure for the financial year under review is NIL.

- (5) **Details of CSR spent during the financial year:**

- a) Total amount spent for the financial year: ₹ 36,905,115.61/-
- b) Amount unspent, if any: Not applicable
- c) Manner in which amount spent during the financial year is detailed below.
- d) In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in the Board's report : Not applicable.

Manner in which amount spent during the financial year is detailed below:

(₹ Lakhs)

Sl. No.	CSR project or activity identified	Sector in which the project is covered	Locations (Unit)	Amount Spent on the project or programs	Cumulative Expenditure upto reporting period	Amount spent: Direct or through implementing agency
1	Healthcare activities, Blood camp at Zila Parishad School, Health awareness camp, Eye screening camp Flood relief activities, Bus to NGOs	Promoting preventive health care and sanitation	Hosur I and II, Corporate office at Chennai, Ennore, Chennai marketing locations (Tamilnadu); Bhandara (Maharashtra)	144.82	144.82	Direct
2	Funbus expenses, salary to teaching staff and maintenance expenses, scholarship to students, boundary wall repairing at Chhatrapur School, scholarship to the drivers children to assist higher education, expenses to VVC School	Promoting education, including special education and vocation skills.	Hosur I and II, Ennore, Corporate Office at Chennai, Vellivoyalchavadi (Tamilnadu); Uttarakhand;	224.03	224.03	Direct
3	Community development programme	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;	Vellivoyalchavadi, Tamilnadu	0.10	0.10	Direct
4	Measures for the benefit of armed forces veterans, war widows and their dependents	Armed forces flag day fund	Vellivoyalchavadi, Tamilnadu	0.10	0.10	Direct
	Total			369.05	369.05	

- (6) **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with the CSR Objectives and Policy of the Company**

It is hereby stated that the implementation and monitoring of CSR Policy is in compliance/will be in compliance with the CSR objectives and Policy of the Company.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ASHOK LEYLAND LIMITED

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **Ashok Leyland Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under Section 143(11) of the Act.
4. We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. 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 internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

For M. S. Krishnaswami & Rajan

Chartered Accountants

Firm's Registration No. 015545

M. S. Murali

Partner

Membership No. 26453

May 25, 2016

Mumbai

6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

8. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and 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 it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
 - e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has, in accordance with the generally accepted accounting practice, disclosed the impact of pending litigations on its financial position in its financial statements – Also Refer Note 3.2.7 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses under the applicable law or accounting standards.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP

Chartered Accountants

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

A. Siddharth

Partner

Membership No. 31467

ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph 8(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

1. We have audited the internal financial controls over financial reporting of Ashok Leyland Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

2. The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

3. Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

M. S. Murali
Partner
Membership No. 26453

May 25, 2016
Mumbai

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

A. Siddharth
Partner
Membership No. 31467

ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph 9 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date on the accounts of ASHOK LEYLAND LIMITED (“the Company”) for the year ended March 31, 2016)

- (i) In respect of its fixed assets:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - The fixed assets were physically verified during the year by the Management in accordance with a phased programme of verification, which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals having regard to the size of the Company, nature and value of its assets. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deeds/ transfer deeds/ conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date, except for certain portion of land at Bhandara unit of the Company admeasuring 25.16 acres in respect of which the title deed is not in the name of the Company – Also Refer Note 1.11 (2) to the Financial Statements. Immovable properties of land and buildings whose title deeds have been pledged as security for loans, guarantees, etc., are held in the name of the Company based on the confirmations directly received by us from lenders. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) As explained to us, the inventories, other than goods in transit and stock lying with third parties where certificates confirming physical inventory are received, were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has granted unsecured loan to a company covered in the register maintained under Section 189 of the Companies Act, 2013, in respect of which:
- The terms and conditions of the grant of such loan are, in our opinion, *prima facie*, not prejudicial to the Company’s interest.
 - The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
 - There is no overdue amount remaining outstanding as at the year-end.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to information and explanations given to us, the Company has not accepted any deposit during the year. There are no unclaimed deposits to which the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 are applicable.
- (vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for certain products of the Company. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under Sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us and the books of account examined by us, in respect of statutory dues:
- The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities during the year. There were no undisputed amounts payable in respect of the aforesaid statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
 - There are no dues of Customs Duty which have not been deposited on account of any dispute with the relevant authorities. Details of dues of Income-tax, Sales Tax, Service Tax, Excise Duty, Value Added Tax and Cess which have not been deposited as at March 31, 2016 on account of disputes are as stated below:

₹ in Lakhs

Nature of Dues	Disputed Dues	Period to which the amount relates	Forum where the dispute is pending	Amount stayed out of disputed dues
Income Tax	6,414.70	Assessment years 2005-06, 2006-07 and 2008-09	Appellate authority – Income Tax Appellate Tribunal	6,414.70
	279.37	Assessment year 2011-12	Appellate authority – CIT (Appeals)	279.37
Sales Tax and Value Added Tax	13,274.81	Various periods from 1993 – 2014	Appellate authority – upto Commissioner level	9,963.29
	184.19	Various periods from 1987 – 2013	Appellate authority – Tribunal	175.37
	660.48	Various periods from 1986-2001	Central Sales tax Appellate authority	660.48
	108.92	Various periods from 1986 – 2012	High Court	108.92

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 9 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the accounts of Ashok Leyland Limited ("the Company") for the year ended March 31, 2016)

₹ in Lakhs

Nature of Dues	Disputed Dues	Period to which the amount relates	Forum where the dispute is pending	Amount stayed out of disputed dues
Excise Duty and cess thereon	62.43	Various periods from 2008 – 2012	Appellate authority – upto Commissioner level	-
	1,251.75		Appellate authority – Tribunal	1,246.75
Service Tax and cess thereon	2,393.99	Various periods from 2011 – 2014	Appellate authority – upto Commissioner level	2,393.99

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and government and dues to debenture holders. There are no loans or borrowings from the financial institutions.

(ix) In our opinion and according to the information and explanation given to us, term loans have been applied by the Company during the year for the purpose for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year.

(x) To the best of our knowledge and belief, and according to the information and explanations given to us, and considering the size and nature of the Company's operations, no fraud by the Company and no fraud of material significance on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For M. S. Krishnaswami & Rajan

Chartered Accountants
Firm's Registration No. 01554S

M. S. Murali

Partner
Membership No. 26453

May 25, 2016

Mumbai

For Deloitte Haskins & Sells LLP

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

A. Siddharth

Partner
Membership No. 31467

BALANCE SHEET AS AT MARCH 31, 2016

Particulars		As at March 31, 2016		As at March 31, 2015
	Note No.	₹ Lakhs	₹ Lakhs	₹ Lakhs
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital	1.1	28,458.80		28,458.80
Reserves and surplus	1.2	522,955.03		483,410.58
			551,413.83	511,869.38
Non-current liabilities				
Long-term borrowings	1.3	198,437.55		256,633.61
Deferred tax liabilities (Net)	1.4	53,555.31		51,026.69
Other Long term liabilities	1.5	1,078.91		206.04
Long-term provisions	1.6	13,080.18		9,691.75
			266,151.95	317,558.09
Current liabilities				
Short-term borrowings	1.7	-		2,500.00
Trade payables	1.8			
a) Total outstanding dues of micro enterprises and small enterprises		473.51		742.97
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		255,795.30		282,088.90
Other current liabilities	1.9	213,109.62		190,785.08
Short-term provisions	1.10	51,607.93		25,604.60
			520,986.36	501,721.55
TOTAL			1,338,552.14	1,331,149.02
ASSETS				
Non-current assets				
Fixed assets				
Tangible assets	1.11	471,604.32		488,248.30
Intangible assets	1.12	33,763.30		37,306.99
Capital work-in-progress	1.11	5,461.63		6,979.70
Intangible assets under development	1.12	2,105.46		5,034.66
		512,934.71		537,569.65
Non-current investments	1.13	191,786.13		224,038.13
Long-term loans and advances	1.14	103,214.78		98,291.76
Other non-current assets	1.15	1,556.00		1,949.96
			809,491.62	861,849.50
Current assets				
Current investments	1.16	-		40,845.20
Inventories	1.17	173,059.40		139,852.72
Trade receivables	1.18	125,094.95		124,266.94
Cash and bank balances	1.19	156,813.14		75,128.79
Short-term loans and advances	1.20	62,614.67		56,367.58
Other current assets	1.21	11,478.36		32,838.29
			529,060.52	469,299.52
TOTAL			1,338,552.14	1,331,149.02

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

Gopal Mahadevan
Chief Financial Officer

For and on behalf of the Board

N. Ramanathan
Company Secretary

Dheeraj G. Hinduja
Chairman
DIN : 00133410

Vinod K. Dasari
CEO and Managing Director
DIN : 00345657

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

For M.S. Krishnaswami & Rajan
Chartered Accountants

For Deloitte Haskins & Sells LLP
Chartered Accountants

M. S. Murali
Partner

May 25, 2016
Mumbai

A. Siddharth
Partner

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

Particulars		Year ended March 31, 2016	Year ended March 31, 2015
	Note No.	₹ Lakhs	₹ Lakhs
Income			
Revenue from operations	2.1	1,987,725.23	1,448,593.35
Less: Excise Duty		105,567.02	92,374.99
Revenue from operations (Net)		1,882,158.21	1,356,218.36
Other income	2.2	10,986.92	12,447.13
Total Revenue		1,893,145.13	1,368,665.49
Expenses			
Cost of materials consumed	2.3	1,225,217.06	862,663.52
Purchases of Stock-in-Trade - Traded goods	2.4	153,122.55	139,118.72
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	2.5	(52,143.66)	(5,261.26)
		1,326,195.95	996,520.98
Employee benefits expense	2.6	139,874.67	118,400.38
Finance costs	2.7	27,354.46	39,350.75
Depreciation and amortisation expense	2.8	44,366.68	41,633.67
Other expenses	2.9	199,490.37	138,633.63
Total Expenses		1,737,282.13	1,334,539.41
Profit before exceptional items and tax		155,863.00	34,126.08
Exceptional items	2.10	(38,942.82)	10,093.59
Profit before tax		116,920.18	44,219.67
Tax expense:			
Current tax (Refer Note 3.12 to the Financial Statements)		42,203.60	389.07
Deferred tax		2,539.00	10,350.00
		44,742.60	10,739.07
Profit for the year		72,177.58	33,480.60
Earnings per share (Face value ₹ 1 each) - Basic and Diluted (in ₹) [Refer Note 3.3 to the Financial Statements]		2.54	1.20

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

Gopal Mahadevan
Chief Financial Officer

For and on behalf of the Board

N. Ramanathan
Company Secretary

Dheeraj G. Hinduja
Chairman
DIN : 00133410

Vinod K. Dasari
CEO and Managing Director
DIN : 00345657

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

For M.S. Krishnaswami & Rajan
Chartered Accountants

For Deloitte Haskins & Sells LLP
Chartered Accountants

M. S. Murali
Partner

May 25, 2016
Mumbai

A. Siddharth
Partner

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

Particulars	March 31, 2016	March 31, 2015
	₹ Lakhs	₹ Lakhs
Cash flow from operating activities		
Profit before tax	116,920.18	44,219.67
Adjustments for :		
Depreciation, amortisation and impairment - net of capitalisation	44,366.68	41,633.67
Other amortisations	522.37	188.01
Provision for Doubtful debts / advances	561.07	8.84
Foreign exchange losses	1,075.41	323.31
Profit on disposal of tangible assets	(85.67)	(37,074.67)
(Profit) / Loss on sale of investments	(19,756.73)	4,030.33
Provision for diminution in value of long-term investments / Obligation	58,293.79	22,419.47
Finance costs - net of capitalisation	27,354.46	39,350.75
Interest income	(4,449.41)	(2,623.69)
Dividend income	(398.09)	(277.32)
Operating profit before working capital changes	224,404.06	112,198.37
Adjustments for changes in :		
Liabilities and provisions	17,985.29	108,062.45
Trade receivables	(1,266.77)	4,400.35
Inventories	(33,206.68)	(20,982.41)
Loans and Advances	5,418.67	(19,289.61)
Related Party Loans and advances (given) / repaid (Net)	(1,213.89)	1,015.19
Other non-current and current assets	(471.86)	(2,715.06)
Cash generated from operations	211,648.82	182,689.28
Income tax paid	(44,087.59)	(5,018.90)
Net cash flow from operating activities [A]	167,561.23	177,670.38
Cash flow from investing activities		
Payments for acquisition of assets	(14,681.07)	(21,123.90)
Proceeds on sale of fixed assets	430.85	536.39
Proceeds on sale of immovable properties - Exceptional item	20,000.00	30,004.86
Proceeds from sale of long-term investments - Exceptional item	47,396.50	2,572.24
Proceeds from sale of investments (Net)	594.80	-
Purchase of long-term investments	(9,989.05)	(9,995.81)
Movement in other bank balances	1,500.00	(4,000.00)
Inter Corporate Deposits - given	(50,125.00)	(1,230.00)
Inter Corporate Deposits - repaid	50,125.00	4,230.00
Interest received	5,359.68	2,553.61
Dividend received	421.52	253.89
Related Party Loans and advances (given) / repaid (Net)	(12,274.59)	6,573.62
Taxes paid	-	(220.70)
Net cash flow from investing activities [B]	38,758.64	10,154.20

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

Particulars	March 31, 2016	March 31, 2015
	₹ Lakhs	₹ Lakhs
Cash flow from financing activities		
Proceeds from issue of shares	-	66,672.00
Proceeds from long-term borrowings	-	15,714.05
Repayments of long-term borrowings	(75,839.16)	(100,640.76)
Proceeds from short-term borrowings	1,452,800.00	760,030.00
Repayments of short-term borrowings	(1,455,300.00)	(817,496.93)
Debenture / Loan raising / Share issue expenses paid	(17.71)	(1,632.52)
Interest paid	(29,598.67)	(40,562.63)
Dividend paid and tax thereon	(15,363.20)	-
Net cash flow (used in) financing activities [C]	(123,318.74)	(117,916.79)
Net cash Inflow [A+B+C]	83,001.13	69,907.79
Opening cash and cash equivalents	70,538.51	505.90
Exchange fluctuation on foreign currency bank balances	233.56	124.82
Closing cash and cash equivalents [Refer Note 1.19 a. to the Financial Statements]	153,773.20	70,538.51

Statement on Significant Accounting Policies and Notes to the Financial Statements are an integral part of this Cash Flow Statement

Gopal Mahadevan
Chief Financial Officer

For and on behalf of the Board

N. Ramanathan
Company Secretary

Dheeraj G. Hinduja
Chairman
DIN : 00133410

Vinod K. Dasari
CEO and Managing Director
DIN : 00345657

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

For M.S. Krishnaswami & Rajan
Chartered Accountants

For Deloitte Haskins & Sells LLP
Chartered Accountants

M. S. Murali
Partner
May 25, 2016
Mumbai

A. Siddharth
Partner

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

1. Accounting convention

- 1.1 The Financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013, and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention except for certain categories of fixed assets that are carried at re-valued amounts.
- 1.2 All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the 2013 Act. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has determined its operating cycle as twelve months for the purpose of current - non current classification of assets and liabilities.

1.3 Use of estimates

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

2. Tangible and Intangible Fixed assets and depreciation / amortisation

- 2.1 Cost of all civil works (including electrification and fittings) is capitalised with the exception of alterations and modifications of a capital nature to existing structures where the cost of such alteration or modification is ₹ 100,000 and below. Other fixed assets, including intangible assets and assets given on lease, where the cost exceeds ₹ 10,000 and the estimated useful life is two years or more, is capitalised. Cost of initial spares and tools is capitalised along with the respective assets. Cost of fixed assets is net of eligible credits under CENVAT / VAT Scheme. Expenditure directly related and incidental to construction / development and borrowing costs in para 3 below are capitalised upto the date the assets are ready for their intended use. Exchange differences are capitalised to the extent dealt with in para 6.2 below.
Certain categories of fixed assets were revalued and are carried at the revalued amounts less accumulated depreciation and impairment loss, if any. Increase in the net book value on such revaluation is credited to "Revaluation Reserve Account". Upon the sale, disposal, extinguishment of the revalued assets the amount of revaluation reserve against such assets is transferred to General Reserve.
- 2.2 Tangible fixed assets and Intangible assets, that are not yet ready for their intended use, are carried at costs, comprising direct cost, and other incidental / attributable expenses and reflected under Capital work in progress / Intangible assets under development, respectively.
- 2.3 Assets are depreciated/ amortised on straight line basis over their estimated useful life as below:
 - a) Leasehold land over the period of lease;
 - b) Leasehold land and buildings as revalued, is calculated on the respective revalued amounts, over the balance useful life as determined by the valuers in the case of buildings and as per (a) above in the case of land;
 - c) Assets subject to impairment, on the asset's revised carrying amount, over its remaining useful life.
 - d) All other tangible and intangible assets (including assets given on lease and assets in leased/ customer premises) are depreciated/ amortised over their estimated useful lives. Estimated useful life of assets are determined based on internal technical parameters/ assessment and supported by external technical advice obtained periodically.The aforesaid estimated useful life for computing depreciation/ amortisation are different in certain cases from the life specified in the Schedule II to the 2013 Act and such differences are disclosed in Note 3.2.9 to the financial statements.
- 2.4 Depreciation/ amortisation is provided on a pro-rata basis from the month the assets are put to use during the financial year. In respect of assets sold or disposed off during the year, depreciation/ amortisation is provided upto the month of sale or disposal of the assets.
- 2.5 The carrying values of assets/ cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount exceeds the recoverable amount.

3. Borrowing costs

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

4. Investments

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

5. Inventories

- 5.1 Inventories are valued at lower of cost and net realisable value; cost being ascertained on the following basis:
 - Stores, raw materials and components and work-in-progress: On monthly moving weighted average basis.

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

- spares, consumable tools : weighted average basis
In respect of works-made components, cost includes applicable production overheads.
- Finished/ trading goods: under absorption costing method.

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

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

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

6. Foreign currency transactions and derivatives

The Company's foreign operations (including foreign branches) are an integral part of the Company's activities. The foreign currency transactions/ foreign currency monetary and non-monetary items in such operations and others are recorded/ translated as mentioned below:

- 6.1 Foreign currency transactions are recorded at the rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currency are translated at closing rate. Exchange differences arising on settlement or translation of monetary items other than those mentioned in para 6.2 below are recognised as income or expense in the Statement of Profit and Loss in the period it arises.
- 6.2 Exchange differences on translation or settlement of long term foreign currency monetary items (i.e. whose term of settlement exceeds twelve months from date of its origination) at rates different from those at which they were initially recorded or reported in the previous financial statements, insofar as it relates to acquisition of depreciable assets are adjusted to the cost of the assets and depreciated over remaining useful life of such assets. In other cases, these are accumulated in "Foreign currency monetary item translation difference account" and amortised by recognition as income or expense in each period over the balance term of such items till settlement occurs but not beyond March 31, 2020.
- 6.3 The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to firm commitments and highly probable forecast transactions. The company designates such forward contracts in a cash flow hedging relationship by applying the hedge accounting principles set out in Accounting Standard- 30 "Financial Instruments - Recognition and Measurement" issued by ICAI. Gains and losses on these forward contracts designated as "effective Cash flow hedges" are recognised in the "Hedge Reserve Account" till the underlying forecasted transaction occurs. Any ineffective portion however, is recognised immediately in the Statement of profit and loss.
- 6.4 Gains and losses on all other derivatives (including forward contracts not designated as Cash flow hedge) are recognised in the Statement of Profit and Loss in the period it arises. Premium or discount on forward contracts is amortized over the life of the contract.
- 6.5 Non-monetary items of the Company's integral foreign operations are carried at historical cost.
- 6.6 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.

7. Segment Reporting

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

8. Revenue recognition

- a) Sale of goods
Revenue from sale of products net of returns, is recognised on despatch or appropriation of goods in accordance with the terms of sale and is inclusive of excise duty. Price escalation claims are recognised to the extent there is reasonable certainty of its realisation.
- b) Sale of Services
Revenue from services is recognised in accordance with the specific terms of contract on performance.
- c) Other operating revenues
Other operating revenues comprise of income from ancillary activities incidental to the operations of the Company and is recognised when the right to receive the income is established as per the terms of the contract.
- d) Other Income
Interest income is accounted on accrual basis. Dividend income is accounted as and when the right to receive the dividend is established.

9. Leases

Where the company is a lessor

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

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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

10. Government grants

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

11. Research and Development Costs

Expenditure on the design and production of prototypes is charged to the Statement of Profit and Loss as and when incurred. Product development costs, including knowhow developed/ acquired, incurred on new vehicle/ engine platforms, variants on existing platforms and aggregates are recognised as Intangible assets only when product's technical feasibility is established and amortised over their estimated useful life.

12. Employee benefits

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

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

12.3 Post-employment benefits and other long term employee benefits

- Defined contribution plans:

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

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

- Defined benefit plans and compensated absences:

Company's liability towards gratuity (funded), other retirement benefits and compensated absences are actuarially determined at each balance sheet date using the projected unit credit method. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period of occurrence.

12.4 Termination benefits

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

13. Provisions and Contingencies

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

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 applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws and after considering credit for Minimum Alternate Tax (MAT) available under the said Act. MAT paid in accordance with the tax laws which gives future economic benefits in the form of adjustments to future tax liability, is considered as an asset if there is convincing evidence that the future economic benefit associated with it will flow to the Company resulting in payment of normal income tax.

14.2 Deferred tax is recognised on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversing in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date.

Deferred tax assets are recognised for timing differences other than unabsorbed depreciation and carry forward losses only to the extent that there is a reasonable certainty that there will be sufficient future taxable income to realise the assets. Deferred tax asset pertaining to unabsorbed depreciation and carry forward of losses are recognised only to the extent there is a virtual certainty of its realisation.

15. Cash Flow statement

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

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2016	As at March 31, 2015
	₹ Lakhs	₹ Lakhs
1.1 CAPITAL		
Authorised		
a) 2535,60,00,000 Equity shares of ₹ 1 each	253,560.00	253,560.00
b) 3,65,00,000 Redeemable Non-Cumulative Non-Convertible Preference Shares of ₹ 10 each	3,650.00	3,650.00
c) 20,00,000 Non-Convertible Redeemable Preference Shares of ₹ 100 each	2,000.00	2,000.00
	259,210.00	259,210.00
Issued		
a) 219,97,66,829 Equity shares of ₹ 1 each	21,997.67	21,997.67
b) 64,63,14,480 Equity shares of ₹ 1 each issued through Global Depository Receipts	6,463.14	6,463.14
	28,460.81	28,460.81
Subscribed and fully paid up		
a) 219,95,62,154 Equity shares of ₹ 1 each	21,995.62	21,995.62
b) 64,63,14,480 Equity shares of ₹ 1 each issued through Global Depository Receipts	6,463.14	6,463.14
	28,458.76	28,458.76
Add: Forfeited shares (amount originally paid up in respect of 760 shares)	0.04	0.04
	28,458.80	28,458.80

Notes:

	2016	2015
1. Reconciliation of number of Equity shares subscribed		
Balance as at the beginning of the year	284,58,76,634	266,06,76,634
Add: Issued during the year	-	18,52,00,000
Balance as at the end of the year	284,58,76,634	284,58,76,634

2. Shares issued in preceding 5 years

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

3. Shares held by the Holding Company

Hinduja Automotive Limited, the holding company, holds 110,46,46,899 (2015: 110,46,46,899) Equity shares and 54,86,669 (2015: 54,86,669) Global Depository Receipts (GDRs) equivalent to 32,92,00,140 (2015: 32,92,00,140) Equity shares of ₹1 (2015: ₹ 1) each aggregating to 50.38% (2015: 50.38%) 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 12,83,08,174 (2015: 18,76,02,225) Equity shares of ₹ 1 (2015: ₹ 1) each aggregating to 4.51% (2015: 6.59%).

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

- The Equity share holders are entitled to receive dividends as and when declared; a right to vote in proportion to holding etc. and their rights, preferences and restrictions are governed by / in terms of their issue under the provisions of the Companies Act, 2013.
- The rights, preferences and restrictions of the GDR holders are governed by the terms of their issue, and the provisions of the Companies Act, 2013. Each GDR holder is entitled to receive 60 equity shares [2015: 60 equity shares] of ₹ 1 each, per GDR, and their voting rights can be exercised through the Depository.

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

		As at March 31, 2016	As at March 31, 2015
		₹ Lakhs	₹ Lakhs
1.2	RESERVES AND SURPLUS		
a)	Capital Reserve		
	Balance as at the beginning / end of the year	8,882.60	8,882.60
b)	Securities Premium Account		
	Balance as at the beginning of the year	138,696.65	75,359.50
	Add: Premium on issue of shares	-	64,820.00
	Less: Expenses incurred on issue of Shares / Debentures	-	1,482.85
	Balance as at the end of the year	138,696.65	138,696.65
c)	Debenture Redemption Reserve		
	Balance as at the beginning of the year	26,875.00	7,250.00
	Add: Transferred from Surplus in Statement of Profit and Loss	-	19,625.00
	Less: Transferred to Surplus in Statement of Profit and Loss	11,625.00	-
	Balance as at the end of the year	15,250.00	26,875.00
d)	Revaluation Reserve		
	Balance as at the beginning of the year	102,180.90	117,392.67
	Less: Transferred to Statement of Profit and Loss	-	1,520.45
	[Refer Note 3.2.9 (c) to the Financial Statement]		
	Adjustment on sale of revalued assets	-	13,691.32
	Balance as at the end of the year	102,180.90	102,180.90
e)	General Reserve		
	Balance as at the beginning of the year	94,341.48	94,341.48
	Less: Adjustment on account of Fixed Assets componentisation (net of Deferred tax ₹ 10.38 lakhs)	19.62	-
	Balance as at the end of the year	94,321.86	94,341.48
f)	Hedge Reserve [Refer note 3.8.2 to the Financial Statements]		
	Balance as at the beginning of the year	246.74	378.28
	Add: Unrealised gain / (loss) on cash flow hedges outstanding (net)	1,176.60	246.74
	Less: Gain / (loss) on cash flow hedges recognised in the Statement of Profit and Loss upon settlement	246.74	378.28
	Balance as at the end of the year	1,176.60	246.74
g)	Foreign currency monetary item translation difference [Refer Note 3.8.1 to the Financial Statements]		
	Balance as at the beginning of the year	(1,424.85)	(592.89)
	Add: Exchange difference on translation of outstanding loan balances	(1,780.55)	(1,307.41)
	Less: Exchange difference amortised in the Statement of Profit and Loss	(776.87)	(475.45)
	Balance as at the end of the year	(2,428.53)	(1,424.85)
h)	Surplus in Statement of Profit and Loss		
	Balance as at the beginning of the year	113,612.06	115,169.99
	Add: Current year profit	72,177.58	33,480.60
	Transferred from Debenture Redemption Reserve	11,625.00	-
	Less: Transferred to Debenture Redemption Reserve	-	19,625.00
	Proposed Dividend [₹ 0.95 (2015: ₹ 0.45) per share]	27,035.83	12,806.44
	Corporate dividend tax thereon	5,503.86	2,607.09
	Balance as at the end of the year	164,874.95	113,612.06
		522,955.03	483,410.58

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2016	As at March 31, 2015
	₹ Lakhs	₹ Lakhs
1.3 LONG TERM BORROWINGS		
a) Secured Borrowings		
i. Debentures	40,000.00	61,000.00
ii. Term Loan from banks	25,000.00	30,000.00
b) Unsecured Borrowings		
i. Long-term monetary item in foreign currency External Commercial Borrowings from banks	122,130.05	154,166.67
ii. Other loans and advances		
Interest free sales tax loans	11,307.50	11,466.94
	198,437.55	256,633.61

Notes:

1. Refer Note 1.9 to the Financial Statements for Current Maturities of Long term borrowings.
2. Security and terms of repayment in respect of the above borrowings are detailed in Note 3.13 to the Financial Statements.

1.4 DEFERRED TAX LIABILITIES (NET)		
a) Deferred tax liability due to		
i. Depreciation / Research and development expenditure	54,683.31	59,304.20
ii. Other timing differences (includes Section 43B allowance, etc.)	4,167.91	1,802.28
b) Deferred tax asset arising out of		
i. Voluntary retirement scheme compensation	(663.53)	(987.10)
ii. Carry forward of Losses - Unabsorbed depreciation	-	(4,676.68)
iii. Provision for Compensated absences	(2,357.85)	(2,335.65)
iv. Other timing differences (includes Section 43B disallowance, etc.)	(2,274.53)	(2,080.36)
	53,555.31	51,026.69
1.5 OTHER LONG TERM LIABILITIES		
a) Income received in advance	562.26	85.89
b) Others		
- Capital creditors	516.65	120.15
	1,078.91	206.04
1.6 LONG-TERM PROVISIONS		
a) Provision for Employee Benefits		
i. Compensated absences [Refer Note 3.9 to the Financial Statements]	5,874.29	5,646.85
ii. Others including Post retirement benefits	4,082.40	2,354.75
b) Provision for Product warranties	3,123.49	1,690.15
	13,080.18	9,691.75

Movement in respect of provision :

₹ Lakhs

Particulars	Year	Opening balance	Net additions / (utilisations)	Closing balance
Provision for product warranties	2016	1,690.15	1,433.34	3,123.49
	2015	1,334.94	355.21	1,690.15

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2016 ₹ Lakhs	As at March 31, 2015 ₹ Lakhs
1.7 SHORT TERM BORROWINGS		
Unsecured Borrowings		
Short term loans (STL) from Banks	-	2,500.00
	-	2,500.00

Notes:

- Maximum balance outstanding during the year for Commercial Paper is ₹ 90,000 lakhs (2015 : ₹ 120,000.00 lakhs)
- Terms of repayment in respect of the above borrowings are detailed in Note 3.14 to the Financial Statements

1.8 TRADE PAYABLES		
Trade payables - including acceptances		
i. Micro enterprises and small enterprises [Refer note 3.10 to the Financial Statements]	473.51	742.97
ii. Other Trade Payables	255,795.30	282,088.90
	256,268.81	282,831.87

1.9 OTHER CURRENT LIABILITIES		
a) Current maturities of Long-term debts	67,458.39	75,839.15
b) Interest accrued but not due on borrowings	4,656.36	7,318.60
c) Income received in advance	52.83	108.78
d) Unclaimed dividends	539.94	590.28
e) Advance from Customers	30,180.15	28,690.87
f) Statutory Liabilities	34,414.03	24,434.09
g) Other payables	75,807.92	53,803.31
	213,109.62	190,785.08

Notes:

- Details of security and terms of repayment in respect of the current maturities of long term debts are detailed in Note 3.13 to the Financial Statements.
- Other payables include:

- Contribution payable to Gratuity Fund	2,448.41	1,400.57
- Employee benefits	28,709.77	20,620.39
- Capital creditors	2,066.45	2,581.05

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2016	As at March 31, 2015
	₹ Lakhs	₹ Lakhs
1.10 SHORT-TERM PROVISIONS		
a) Provision for employee benefits		
i. Compensated absences [Refer Note 3.9 to the Financial Statements]	938.74	1,102.02
ii. Post retirement benefits	147.85	158.28
b) Others		
i. Proposed dividend	27,035.83	12,806.44
ii. Corporate dividend tax on proposed dividend	5,503.86	2,607.09
iii. Product warranties	15,481.65	8,930.77
iv. Others *	2,500.00	-
	51,607.93	25,604.60

Movement in respect of provision :

₹ lakhs

Particulars	Year	Opening balance	Net additions/(utilisations)	Closing balance
Provision for product warranties	2016	8,930.77	6,550.88	15,481.65
	2015	7,768.13	1,162.64	8,930.77

* Refer Note 2.10 (c) of the Financial statements

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.11 TANGIBLE ASSETS AND CAPITAL WORK IN PROGRESS

DESCRIPTION	GROSS BLOCK (COST / VALUATION)				DEPRECIATION / AMORTISATION / IMPAIRMENT			NET BLOCK (2015-16 - ₹ Lakhs)
	01.04.2015	Additions / Adjustments	Disposals	31.03.2016	Upto 31.03.2015	Charge during the year	Disposals / Adjustments	Upto 31.03.2016
Land								
- Freehold land	52,849.98	2.60	-	52,852.58	-	-	-	52,852.58
- Leasehold land	42,370.78	9.62	0.23	42,380.17	3,401.94	521.09	0.07	38,457.21
- Leasehold land given on lease	126.41	-	-	126.41	20.59	1.28	-	104.54
Buildings	158,418.82	3,605.91	372.57	161,652.16	35,995.83	5,114.36	198.89	120,740.86
Building given on lease	1,144.90	-	-	1,144.90	140.09	21.61	-	983.20
Plant and equipment	476,355.52	14,266.69	4,558.26	486,063.95	214,446.55	28,576.22	4,368.80	247,409.98
Plant and equipment given on lease	6.00	-	-	6.00	2.55	0.28	-	3.17
Furniture and fittings	8,949.96	200.87	47.86	9,102.97	6,435.82	1,005.34	47.55	1,709.36
Furniture and fittings given on lease	88.87	-	-	88.87	66.94	5.82	-	16.11
Vehicles and aircraft	14,805.17	749.47	265.84	15,288.80	8,374.49	918.74	254.77	6,250.34
Vehicles given on lease	0.24	-	-	0.24	0.24	-	-	-
Office Equipment	21,097.63	2,658.49	672.26	23,083.86	19,081.65	1,597.00	671.76	3,076.97
Office Equipment given on lease	43.97	-	-	43.97	43.26	0.71	-	-
TOTAL	776,258.25	21,493.65	5,917.02	791,834.88	288,009.95	37,762.45	5,541.84	471,604.32
Less:								
Amount considered as Rent [Refer Note 2.9 to the Financial Statement]						522.37		
TOTAL						37,240.08		
Capital Work-in-Progress								5,461.63

Notes:

- Buildings include service installations of gross value ₹17,316.60 lakhs (March 2015: ₹16,816.54 lakhs).
- A portion of the Buildings in Bhandara revalued at ₹ 950 lakhs is on a land, the title for which is yet to be transferred to the Company.
- Cost of Buildings as at March 31, 2016 includes:
 - ₹3.42 lakhs (March 2015: ₹3.42 lakhs) being cost of shares in Housing Co-operative Society representing ownership rights in residential flats and furniture and fittings thereat.
 - ₹132.38 lakhs (March 2015: ₹132.38 lakhs) representing cost of residential flats including undivided interest in land.
- Additions to Tangible Assets and Capital work in progress include:

Exchange (gain) / loss aggregating ₹9,053.43 lakhs (March 2015: ₹6,884.88 lakhs) capitalised as under:

Land ₹12.23 lakhs (March 2015: ₹2.10 lakhs), Building ₹2,499.27 lakhs (March 2015: ₹1,064.63 lakhs), Plant and equipment ₹9,853.55 lakhs (March 2015: ₹5,734.93 lakhs), Furniture and fittings ₹101.09 lakhs (March 2015: ₹92.36 lakhs), Vehicles and aircraft ₹3.18 lakhs (March 2015: ₹6.08 lakhs), Office equipment ₹154.20 lakhs (March 2015: ₹112.94 lakhs), Capital Work in progress ₹(3,570.08) lakhs (March 2015: ₹(128.16) lakhs).

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.11 TANGIBLE ASSETS AND CAPITAL WORK IN PROGRESS (CONTINUED)

DESCRIPTION	GROSS BLOCK (COST / VALUATION)				DEPRECIATION / AMORTISATION / IMPAIRMENT			NET BLOCK
	01.04.2014	Additions / Adjustments	Disposals	31.03.2015	Upto 31.03.2014	Charge during the year	Disposals / Adjustments	Upto 31.03.2015
(2014-15 - ₹ Lakhs)								
Land								
- Freehold land	66,043.97	2.10	13,196.09	52,849.98	-	-	-	52,849.98
- Leasehold land	42,370.78	-	-	42,370.78	2,880.94	521.00	-	38,968.84
- Leasehold land given on lease	126.41	-	-	126.41	19.31	1.28	-	105.82
Buildings	154,690.43	4,658.12	929.73	158,418.82	31,002.41	5,155.21	161.79	35,995.83
Building given on lease	1,144.49	0.41	-	1,144.90	118.48	21.61	-	140.09
Plant and equipment	480,224.56	13,597.78	17,466.82	476,355.52	202,543.29	26,036.82	14,133.56	214,446.55
Plant and equipment given on lease	6.00	-	-	6.00	2.27	0.28	-	2.55
Furniture and fittings	8,785.80	172.04	7.88	8,949.96	5,405.09	1,038.18	7.45	6,435.82
Furniture and fittings given on lease	88.87	-	-	88.87	56.12	10.82	-	66.94
Vehicles and aircraft	14,909.86	218.70	323.39	14,805.17	7,715.20	960.77	301.48	8,374.49
Vehicles given on lease	0.24	-	-	0.24	0.24	-	-	0.24
Office Equipment	20,557.18	549.98	9.53	21,097.63	17,015.16	2,074.23	7.74	19,081.65
Office Equipment given on lease	43.97	-	-	43.97	41.35	1.91	-	43.26
TOTAL	788,992.56	19,199.13	31,933.44	776,258.25	266,799.86	35,822.11	14,612.02	288,009.95
Less: Transfer from Revaluation Reserve pertaining to Buildings						1,186.18		
Amount considered as Rent [Refer Note 2.9 to the Financial Statements]						522.28		
TOTAL						34,113.65		
Capital Work-in-Progress								6,979.70

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.12 INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

DESCRIPTION	GROSS BLOCK (COST / VALUATION)				DEPRECIATION / AMORTISATION / IMPAIRMENT			NET BLOCK
	01.04.2015	Additions / Adjustments	Disposals	31.03.2016	Upto 31.03.2015	Charge during the year	Disposals / Adjustments	Upto 31.03.2016
Computer software								
- Developed	15,529.58	-	-	15,529.58	6,041.93	1,332.54	-	7,374.47
- Acquired	12,655.96	2,849.48	-	15,505.44	10,738.12	1,355.04	-	12,093.16
Others								
Technical knowhow								
- Developed	24,413.79	-	-	24,413.79	12,164.27	2,037.77	-	14,202.04
- Acquired	26,673.41	733.43	-	27,406.84	13,021.43	2,401.25	-	15,422.68
TOTAL	79,272.74	3,582.91	-	82,855.65	41,965.75	7,126.60	-	49,092.35
Intangible assets under development								
Notes:								
1. Additions to Intangible assets and Intangible assets under development include:								
a) Exchange (gain) / loss aggregating ₹(546.27) lakhs (March 2015: ₹193.78 lakhs) capitalised as under :								
Software ₹772.90 lakhs (March 2015: ₹278.42 lakhs), Technical Knowhow ₹57.09 lakhs (March 2015: ₹7.81 lakhs), Intangible assets under development ₹(1,376.26) lakhs (March 2015: ₹(92.45) lakhs).								
b) Borrowing cost capitalised during the year in Intangible assets under development ₹Nil (March 2015: ₹41.59 lakhs).								
c) Other expenses capitalised ₹445.22 lakhs (March 2015: ₹363.11 lakhs) - Refer Notes 2.6 and 2.9 to the Financial Statements.								

(2015-16 - ₹ Lakhs)

1.1.12 INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT (CONTINUED)

DESCRIPTION		GROSS BLOCK (COST / VALUATION)			DEPRECIATION / AMORTISATION / IMPAIRMENT				NET BLOCK
		01.04.2014	Additions / Adjustments	Disposals 31.03.2015	Upto 31.03.2014	Charge during the year	Disposals / Adjustments 31.03.2015	Upto 31.03.2015	
Computer software									
-	Developed	15,529.58	-	-	4,709.39	1,332.54	-	6,041.93	9,487.65
-	Acquired	11,718.69	937.27	-	9,224.63	1,513.49	-	10,738.12	1,917.84
Others									
Technical knowhow									
-	Developed	24,413.79	-	-	10,126.50	2,037.77	-	12,164.27	12,249.52
-	Acquired	26,577.69	95.72	-	10,385.21	2,636.22	-	13,021.43	13,651.98
TOTAL		78,239.75	1,032.99	-	34,445.73	7,520.02	-	41,965.75	37,306.99
Intangible assets under development									5,034.66

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.13 NON-CURRENT INVESTMENTS

DESCRIPTION	As at March 31, 2016		As at March 31, 2015	
	Nos.	₹ Lakhs	Nos.	₹ Lakhs
LONG TERM INVESTMENTS				
A) Trade Investments				
I) Investment in Equity Instruments				
1) Subsidiaries				
a) Equity Shares of ₹ 10 each				
Hinduja Tech Limited	95,450,000	9,737.41	95,450,000	9,737.41
Ashok Leyland Nissan Vehicles Limited	409,349,418	40,987.63	409,349,418	40,987.63
Global TVS Bus Body Builders Limited	6,600,000	1,449.57	6,600,000	1,449.57
HLF Services Limited	27,000	55.74	27,000	55.74
Albonair (India) Private Limited*	1,00,00,000	2,114.80	-	-
Hinduja Leyland Finance Limited	217,499,800	77,849.92	217,499,800	77,849.92
b) Equity Shares of ₹ 100 each				
Gulf Ashley Motor Limited	2,300,357	2,332.52	1,724,018	1,756.18
c) Equity Shares				
Optare PLC				
Ordinary shares of British Pence 0.1 each	1,678,704,162	14,989.44	1,678,704,162	14,989.44
Deferred shares of British Pence 0.9 each	195,557,828	-	195,557,828	-
d) Equity shares of GBP 1 each				
Ashok Leyland (UK) Limited	105,300	102.10	105,300	102.10
e) Equity shares of Naira 1 each				
Ashok Leyland (Nigeria) Limited	9,999,999	35.71	9,999,999	35.71
f) Equity shares of USD 20 each				
Ashok Leyland (Chile) S.A	3,499	39.54	3,499	39.54
g) Equity Shares of Euro 1 each				
Albonair GmbH *	47,995,000	42,712.51	-	-
h) Equity shares of UAE Dirhams of 1000 each				
Ashok Leyland (UAE) LLC	35,770	5,407.91	-	-
2) Associates				
a) Equity Shares of ₹ 10 each				
Ashok Leyland Defence Systems Limited	17,567	1.76	17,567	1.76
Ashley Aviation Limited	1,960,000	196.00	1,960,000	196.00
b) Equity shares of Sri Lankan Rupees 10 each				
Lanka Ashok Leyland, PLC	1,008,332	57.46	1,008,332	57.46
c) Equity shares of UAE Dirhams of 1000 each				
Ashok Leyland (UAE) LLC	-	-	35,770	5,407.91
3) Joint Ventures				
Equity Shares of ₹ 10 each				
Ashley Alteams India Limited	67,500,000	6,750.00	65,000,000	6,500.00
Ashok Leyland John Deere Construction Equipment Company Private Limited (2016: Cost ₹ 100)	10		186,068,150	18,606.82
Automotive Infotronics Limited (under liquidation)	15,751,762	1,575.18	15,751,762	1,575.18
Nissan Ashok Leyland Powertrain Limited	74,021,705	7,404.67	74,021,705	7,404.67
Nissan Ashok Leyland Technologies Limited	26,025,000	2,605.21	26,025,000	2,605.21

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.13 NON-CURRENT INVESTMENTS (CONTINUED)

DESCRIPTION	As at March 31, 2016		As at March 31, 2015	
	Nos.	₹ Lakhs	Nos.	₹ Lakhs
4) Others				
Equity Shares of ₹ 10 each				
Hinduja Foundries Limited #	5,405,793	2,421.26	5,405,793	2,421.26
Ashok Leyland Wind Energy Limited	3,456,950	1,495.84	3,456,950	1,495.84
Sub Total		220,322.18		193,275.35
Less: Provision for diminution in value towards				
Ashley Alteams India Limited		2,943.00		2,943.00
Ashok Leyland Nissan Vehicles Limited		40,987.63		21,400.00
Ashok Leyland John Deere Construction Equipment Company Private Limited (2016: Provision ₹ 100)				-
Ashok Leyland Wind Energy Limited		1,019.47		1,019.47
Optare PLC		14,989.44		-
Albonair GmbH		10,678.13		-
Albonair (India) Private Limited		528.70		-
Nissan Ashok Leyland Powertrain Limited		7,404.67		-
Nissan Ashok Leyland Technologies Limited		2,605.21		-
Automotive Infotronics Limited (under liquidation)		1,425.18		1,425.18
Aggregate provision for diminution in value of Trade Investments		82,581.43		26,787.65
Total Investment in Equity Instruments (Net)	A	137,740.75		166,487.70
II) Investment in Preference Shares				
1) Subsidiary				
Hinduja Tech Limited 1% Non-Cumulative Non-Convertible Redeemable Preference shares of ₹ 10 each	23,900,000	2,390.00	23,900,000	2,390.00
2) Associates				
Ashley Aviation Limited 6% Cumulative Redeemable Non-Convertible Preference shares of ₹ 10 each	1,800,000	180.00	1,800,000	180.00
Ashok Leyland Defence Systems Limited 6% Non-Cumulative Non-Convertible Redeemable Preference shares of ₹ 10 each	5,000,000	500.00	-	-
3) Others				
Hinduja Foundries Limited 10% Cumulative Non-Convertible Redeemable Preference shares of ₹ 100 each	1,500,000	1,500.00	1,500,000	1,500.00
6% Cumulative Non-Convertible Redeemable Preference shares of ₹ 100 each, paid up value of ₹ 66.67 per share	1,000,000	666.67	1,000,000	666.67
9% Cumulative Non-Convertible Redeemable Preference shares of ₹ 100 each	30,000,000	30,000.00	30,000,000	30,000.00
Total Investment in Preference Shares	B	35,236.67		34,736.67
Total - Trade Investments - Net	C=A+B	172,977.42		201,224.37

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.13 NON-CURRENT INVESTMENTS (CONTINUED)

DESCRIPTION	As at March 31, 2016		As at March 31, 2015	
	Nos.	₹ Lakhs	Nos.	₹ Lakhs
B) Other Investments				
I) Investment in Equity Instruments				
1) Associate				
Equity Shares of ₹ 10 each				
Mangalam Retail Services Limited	37,470	4.47	37,470	4.47
2) Others				
a) Equity shares of ₹ 10 each				
Chennai Willingdon Corporate Foundation (Cost ₹ 900)	100		100	
Hinduja Energy (India) Limited	61,147,058	18,711.00	61,147,058	18,711.00
Hinduja Global Solutions Limited #	-	-	5,079	12.45
Hinduja Ventures Limited #	-	-	5,079	16.24
Chemplast Sanmar Limited	356,000	35.60	-	-
IndusInd Bank Limited #	-	-	5,063,923	3,811.40
b) Equity shares of ₹ 100 each partly paid-up				
Adyar Property Holding Co. Limited (₹ 65 paid up)	300	0.20	300	0.20
c) Equity Shares of ₹ 2 each				
Hinduja Properties Limited	747,960	56.94	747,960	56.94
II) Investment in Government Securities				
National Savings Certificate of the face value of ₹ 0.50 lakh		0.50		0.50
III) Investment in Debentures or Bonds				
Non convertible redeemable bonds of ₹ 10 Lakhs each				
ICICI Bank Limited #	-	-	20	200.56
Total - Other Investment	D	18,808.71		22,813.76
Total Non - Current Investments	E=C+D	191,786.13		224,038.13

Notes:

- Investments are fully paid-up unless otherwise stated.
- "#" represents quoted investments

₹ Lakhs

Particulars	March 31, 2016	March 31, 2015
Cost of quoted investments	2,421.26	6,461.91
Market value of quoted investments	2,216.38	46,750.07
Cost of unquoted investments	271,946.30	244,363.87

- The shares in respect of the following companies can be disposed off / encumbered only with the consent of banks / financial institutions who have given loans to these companies :
 - Ashley Alteams India Limited
 - Hinduja Foundries Limited
- Lock-in commitment in the shareholders agreement: [Also refer Note 3.2.8.(c) to the Financial Statements]

	No. of Shares
Hinduja Leyland Finance Limited	2,84,72,743

- * Refer Note 1.16 to the Financial Statement

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.14 LONG-TERM LOANS AND ADVANCES

	As at March 31, 2016	As at March 31, 2015
	₹ Lakhs	₹ Lakhs
a) Capital Advances		
i. Unsecured, considered good	2,410.01	536.49
ii. Unsecured, considered doubtful	-	1.00
Less: Provision	-	1.00
	2,410.01	536.49
b) Security Deposits - Unsecured, considered good	1,889.20	1,911.82
c) Loans and advances to Related Parties [Refer Note 3.5 to the Financial Statements]		
- Unsecured, considered good		
Long term monetary assets in foreign currency	9,762.06	-
d) Balances with customs, port trust, central excise etc.		
Unsecured, considered doubtful	1,428.06	1,428.06
Less: Provision	1,428.06	1,428.06
	-	-
e) Other Loans and Advances - Unsecured, considered good (unless otherwise stated)		
i. Material advance (doubtful)	4.27	4.27
ii. Employee advances	563.18	265.44
iii. VAT Credit	10,997.26	29,811.19
iv. Sales tax paid under protest	21,903.10	11,893.21
v. Advance Income tax (net)	7,436.42	2,037.60
vi. MAT Credit entitlement	39,367.11	42,881.94
vii. Other advances (includes Prepaid expenses, etc.)	8,886.44	8,954.07
	89,157.78	95,847.72
Less: Provision	4.27	4.27
	89,153.51	95,843.45
	103,214.78	98,291.76
Of the above, Due from Directors / Officers	3.41	5.45
1.15 OTHER NON-CURRENT ASSETS		
a) Long-term trade receivables - Unsecured considered good	19.36	23.46
b) Unamortised loan raising expenses	750.10	1,139.96
c) Receivable on sale of an undertaking of the Company's windmill business	786.54	786.54
	1,556.00	1,949.96

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2016		As at March 31, 2015	
	Nos.	₹ Lakhs	Nos.	₹ Lakhs
1.16 CURRENT INVESTMENT				
Carrying value of Trade Investments (unquoted) held for sale:				
a) Equity Shares of ₹ 10 each				
- Albonair (India) Private Limited	-	-	1,00,00,000	2,114.80
b) Equity Shares of Euro 1 each				
- Albonair GmbH	-	-	4,24,95,000	38,730.40
				40,845.20

Note: These investments have been reclassified as non-current investment in current year.

	As at March 31, 2016		As at March 31, 2015	
	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs
1.17 INVENTORIES				
(a) Raw materials and Components (including patterns and dies)		49,326.92		63,687.96
(b) Work-in -progress		1,529.99		4,163.19
(c) Finished goods		92,361.39		43,898.51
(d) Stock-in-trade - Traded goods				
(i) Commercial vehicles	944.96			1,563.37
(ii) Spare parts and auto components (including works made)	21,151.64			18,489.46
		22,096.60		20,052.83
(e) Stores, spares and consumable tools		7,744.50		8,050.23
		173,059.40		139,852.72

Notes:

1) Goods in transit included under the above heads are as below:				
(a) Raw Materials and components		2,102.36		2,990.50
(b) Stock-in-trade - Traded goods				
(i) Commercial Vehicles		138.36		455.89
(ii) Spares parts and auto components (including works made)		11.50		253.40

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2016 ₹ Lakhs	As at March 31, 2015 ₹ Lakhs
1.18 TRADE RECEIVABLES		
Trade Receivables - Unsecured		
(i) Considered good	125,094.95	124,266.94
(ii) Considered doubtful	848.36	573.16
	125,943.31	124,840.10
Less: Provision	848.36	573.16
	125,094.95	124,266.94
Age analysis of trade receivables		
Outstanding for more than six months from the date they are due	27,007.48	24,140.42
Others	98,087.47	100,126.52
	125,094.95	124,266.94
1.19 CASH AND BANK BALANCES		
a) Cash and Cash Equivalents		
i) Balances with Banks in Current account	79,905.01	45,987.28
ii) Cheques, drafts on hand	146.43	23.63
iii) Cash and stamps on hand	21.76	27.60
iv) In Deposit accounts *	73,700.00	24,500.00
	153,773.20	70,538.51
b) Earmarked accounts		
i) Unclaimed Dividend accounts	539.94	590.28
c) Other bank balances		
In Deposit accounts #	2,500.00	4,000.00
	156,813.14	75,128.79
* This represents deposits with original maturity of less than or equal to 3 months.		
# This represents deposits with original maturity of more than 3 months.		
1.20 SHORT-TERM LOANS AND ADVANCES		
Unsecured, Considered Good		
(a) Loans and advances to related parties [Refer Note 3.5 to the Financial Statements]		
i. Current portion of Long term monetary assets in foreign currency	7,397.34	4,921.16
ii Others	983.53	48.60
(b) Security deposit	1,080.13	212.38
(c) Employee advances	2,689.54	1,832.93
(d) Material advances	10,477.46	13,849.60
(e) Balances with Customs, Port Trust, Central Excise etc.	14,662.51	12,477.10
(f) Others	25,324.16	23,025.81
Unsecured, Considered doubtful		
(a) Loans and advances to related parties [Refer Note 3.5 to the Financial Statements]	155.19	-
(b) Material advances	131.68	-
	286.87	-
Less: Provision	286.87	-
	-	-
	62,614.67	56,367.58
Of the above		
1. Due from Directors / Officers	33.19	2.14
2. Others include		
- VAT credit	12,021.01	9,570.73
- Sales tax	122.23	147.83
- Service tax	2,743.42	975.24
- Prepaid expenses	4,205.64	6,887.75
- Entry tax	1,769.04	3,025.39

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2016	As at March 31, 2015
	₹ Lakhs	₹ Lakhs
1.21 OTHER CURRENT ASSETS		
a) Interest accrued :		
- Loans and advances to Related Parties [Refer Note 3.5 to the Financial Statements]	3.35	913.63
- Others	103.74	68.43
b) Export incentive receivables	6,431.54	7,253.53
c) Receivable on sale of immovable properties / investments	40.22	20,000.00
d) Current portion of unamortised loan raising expenses	393.59	404.06
e) Foreign exchange gain on Forward Contracts - net	1,503.64	472.72
f) Earmarked Bank Balance in Escrow account (Receivable in respect of sale of long-term investment)	726.70	1,709.02
g) Other Receivables:		
- Related Parties [Refer Note 3.5 to the Financial Statements]	506.23	514.59
- Unbilled Revenue	1,698.88	1,502.31
- Others	70.47	-
	11,478.36	32,838.29

	Year Ended March 31, 2016	Year Ended March 31, 2015
	₹ Lakhs	₹ Lakhs
2.1 REVENUE FROM OPERATIONS		
a) Sale of products		
- Commercial Vehicles		
Manufactured	1,706,583.87	1,170,643.28
Traded	114,212.77	98,941.25
- Engines and Gensets	41,489.31	36,315.47
- Spare parts and others	128,964.86	139,169.45
(A)	1,991,250.81	1,445,069.45
b) Revenue from services (B)	15,602.45	13,847.25
c) Other operating revenues		
- Contract manufacturing	10,112.27	9,083.03
- Export Incentives	6,715.13	7,195.41
- Scrap sales	7,615.35	8,768.62
- Others	9.81	56.82
(C)	24,452.56	25,103.88
(A+B+C)	2,031,305.82	1,484,020.58
Less: Commission, rebate and discounts	43,580.59	35,427.23
	1,987,725.23	1,448,593.35

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Year ended March 31, 2016	Year ended March 31, 2015
	₹ Lakhs	₹ Lakhs
2.2 OTHER INCOME		
a) Interest income from		
i. Long-term investments	3.63	14.90
ii. Others, including bills discounting	4,445.78	2,608.79
	4,449.41	2,623.69
b) Dividend income from		
i. Current investments	-	74.62
ii. Long-term investments	398.09	202.70
	398.09	277.32
c) Profit on sale of investments - net		
i. Current investments	394.23	295.17
ii. Long-term investments	11.53	-
	405.76	295.17
d) Other non-operating income		
i. Cash discount earned	2,425.77	2,014.15
ii. Profit on sale of fixed assets - net	85.67	291.21
iii. Foreign exchange gain - net	-	2,977.20
iv. Others	3,222.22	3,968.39
	5,733.66	9,250.95
	10,986.92	12,447.13
2.3 COST OF MATERIALS CONSUMED		
a) Forgings and castings	110,041.48	83,926.46
b) Plates, sheets, bars, steel tubes and angles	74,463.50	75,810.26
c) Tyres, tubes and flaps	144,652.92	97,518.56
d) Finished and other items	896,059.16	605,408.24
	1,225,217.06	862,663.52
Of the above		
1. Imported items - amount	29,887.57	19,696.60
- percentage	2.44%	2.28%
2. Indigenous items - amount	1,195,329.49	842,966.92
- percentage	97.56%	97.72%
2.4 PURCHASES OF STOCK-IN-TRADE - TRADED GOODS		
a) Engines	51.01	448.73
b) Commercial Vehicles	104,846.86	93,840.97
c) Spare parts and Auto components	48,224.68	44,829.02
	153,122.55	139,118.72

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Year ended March 31, 2016	Year ended March 31, 2015
	₹ Lakhs	₹ Lakhs
2.5 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
a) Changes in Inventories		
- Work-in-progress	2,633.20	(1,204.50)
- Finished / Traded goods	(50,506.65)	(6,668.52)
Net change	(47,873.45)	(7,873.02)
b) Movement in Excise duty content in Finished / Traded goods	(4,270.21)	2,611.76
	(52,143.66)	(5,261.26)
2.6 EMPLOYEE BENEFITS EXPENSE		
a) Salaries, wages and bonus	110,481.23	93,915.56
b) Contribution to provident, gratuity and other funds [Refer Note 3.9 to the Financial Statements]	9,534.19	8,335.49
c) Welfare expenses	19,962.37	16,352.14
	139,977.79	118,603.19
Less: Employee expenses capitalised	103.12	202.81
	139,874.67	118,400.38
2.7 FINANCE COSTS		
a) Interest Expense	23,207.20	33,045.91
b) Other borrowing costs	4,147.26	6,346.43
	27,354.46	39,392.34
Less: Interest cost capitalised	-	41.59
	27,354.46	39,350.75
Note:		
Other borrowing costs include:		
- Loan raising expenses amortised	418.03	468.56
- Premium on forward contracts amortised	-	608.86
- Bill discounting charges	3,716.01	5,250.74

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

		Year ended March 31, 2016	Year ended March 31, 2015
		₹ Lakhs	₹ Lakhs
2.8 DEPRECIATION AND AMORTISATION EXPENSE			
A) Tangible assets			
(i) Buildings		5,114.36	5,155.21
(ii) Plant and equipment		28,576.22	26,036.82
(iii) Furniture and fittings		1,005.34	1,038.18
(iv) Vehicles and aircraft		918.74	960.77
(v) Office equipment		1,597.00	2,074.23
(vi) Assets given on lease			
- Buildings		21.61	21.61
- Plant and equipment		0.28	0.28
- Furniture and fittings		5.82	10.82
- Office equipment		0.71	1.91
		37,240.08	35,299.83
Less: Transfer from Revaluation reserve [Refer Note 3.2.9 (c) to the Financial Statements]		-	1,186.18
Total on Tangible assets (A)		37,240.08	34,113.65
B) Intangible assets			
(i) Computer software			
- Developed		1,332.54	1,332.54
- Acquired		1,355.04	1,513.49
(ii) Technical knowhow			
- Developed		2,037.77	2,037.77
- Acquired		2,401.25	2,636.22
Total on Intangible assets (B)		7,126.60	7,520.02
Total (A + B)		44,366.68	41,633.67
Note:			
Depreciation on Plant and equipment include:			
- Impairment charge		860.88	349.16

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Year ended March 31, 2016	Year ended March 31, 2015
	₹ Lakhs	₹ Lakhs
2.9 OTHER EXPENSES		
(a) Consumption of stores and tools	7,625.28	6,114.30
(b) Power and fuel	11,596.35	8,249.43
(c) Rent	2,509.85	1,978.50
(d) Repairs and maintenance		
- Buildings	4,053.07	3,000.37
- Plant and machinery	12,568.01	10,136.94
(e) Insurance	759.81	521.35
(f) Rates and taxes, excluding taxes on income	5,446.74	2,674.50
(g) Selling and administration expenses - net	43,383.54	30,647.18
(h) Service and product warranties	28,358.67	17,164.46
(i) Packing and forwarding charges	58,596.55	40,372.69
(j) Annual Maintenance Contracts	13,817.65	13,757.65
(k) Research and development	6,783.87	4,127.70
(l) Bad and doubtful debts / advances provided / written-off (Net)	4,333.08	48.86
	199,832.47	138,793.93
Less: Expenses capitalised	342.10	160.30
	199,490.37	138,633.63
Notes :		
1. Rent includes amortisation of cost / value of leasehold land and land given on lease ₹ 522.37 lakhs (2015: ₹ 522.28 lakhs) as reduced by transfer of ₹ Nil (2015: ₹ 334.27 lakhs) from Revaluation reserve.	522.37	188.01
2. Selling and administration expenses include:		
- Directors' sitting fees	91.00	49.60
- Commission to Non Whole-time Directors	812.00	230.00
- CSR Expenditure [Refer Note 3.15 to the Financial Statements]	369.05	177.16
2.10 EXCEPTIONAL ITEMS		
a) Profit (net) from divestment of windmill business comprising of:		
- Profit on sale of an undertaking of the Company's windmill business	-	5,951.09
- Loss on sale of Long-term investments in Ashok Leyland Wind Energy Limited	-	(4,297.95)
	-	1,653.14
b) Profit / (Loss) on sale of investments		
i) Long-term investments		
- IndusInd Bank Limited	42,579.53	-
- Ashok Leyland John Deere Construction Equipment Company Private Limited	(23,228.56)	-
	19,350.97	-
ii) Current investments		
- Avia Ashok Leyland Motors s.r.o		
(March'15 - net of diminution of ₹ 24,996.46 lakhs provided in earlier years)	-	27.55
c) Provision for diminution in the value of investments / Obligations		
- Ashok Leyland Wind Energy Limited	-	(1,019.47)
- Ashok Leyland Nissan Vehicles Limited	(19,587.63)	(21,400.00)
- Ashok Leyland John Deere Construction Equipment Company Private Limited	(2,500.00)	-
- Optare PLC	(14,989.44)	-
- Nissan Ashok Leyland Powertrain Limited	(7,404.67)	-
- Nissan Ashok Leyland Technologies Limited	(2,605.21)	-
- Albonair (India) Private Limited	(528.70)	-
- Albonair GmbH	(10,678.14)	-
	(58,293.79)	(22,419.47)
d) Profit on sale of Immovable Properties	-	30,832.37
	(38,942.82)	10,093.59

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2016	2015
	₹ Lakhs	₹ Lakhs
3.1. Information regarding Imports (c.i.f)		
a) Raw materials	32,011.55	35,630.42
b) Trading goods and others	4,363.90	6,555.40
c) Spares and tools	464.88	427.60
d) Capital items	2,202.13	839.78
	39,042.46	43,453.20
3.2. Other Information (including foreign currency transactions)		
3.2.1 Expenditure incurred in foreign currency		
a) Royalty	420.87	95.02
b) Professional and consultation fees	1,266.73	934.35
c) Interest and commitment charges	7,610.60	7,248.15
d) Commission on sales	11,421.22	16,406.71
e) Research and development	151.16	97.28
f) Travel	549.35	253.27
g) Other expenses		
- Freight charges	2,495.46	2,222.31
- Product warranty	777.47	981.84
- Packing and Forwarding	18,038.30	6,395.82
- Others	5,601.82	2,574.63
	26,913.05	12,174.60
	48,332.98	37,209.38
3.2.2 Dividend remitted in foreign currency *		
a) Number of non-resident shareholders	2.00	-
b) Number of shares on which dividend was remitted	959,742,835	-
c) Dividend remitted during the year relating to the previous year	4,318.84	-
* Dividend paid to other Non-Resident shareholders is in Indian Rupee.		
3.2.3 Earnings in foreign currency		
a) Export of goods - FOB value	200,903.28	190,904.03
b) Interest and dividend	2,623.09	1,315.40
c) Others (Includes freight, insurance and commission earned)	8,184.23	6,289.63
	211,710.60	198,509.06

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2016	2015
	₹ Lakhs	₹ Lakhs
3.2.4 Auditors' remuneration		
a) Included under Selling and administration expenses - net [Refer Note - 2.9 to the Financial Statements]		
i) For Financial Audit	152.00	132.00
ii) For taxation matters	20.00	17.82
iii) For other services - review of accounts, certification work, etc.	75.75	57.97
iv) For reimbursement of expenses	3.58	6.92
b) Included under Securities Premium Account [Refer Note - 1.2 to the Financial Statements]		
i) For other services - review of accounts, certification work, etc.	-	35.00
3.2.5 Total Research and development costs charged to the Statement of Profit and Loss	32,734.63	23,928.45
[including amount shown under Note 2.9 to the Financial Statements]		
3.2.6 Impact of exchange (gain) / loss for the year in the Statement of Profit and Loss due to:		
a) Translation / Settlement (net)	(86.85)	(3,452.65)
b) Amortisation of exchange differences	776.87	475.45
c) Depreciation on exchange differences capitalised	4,473.63	4,192.10
3.2.7 Contingent liabilities		
a) Claims against the company not acknowledged as debts (net)		
i) Sales Tax / VAT	21,201.59	20,168.15
ii) Excise duty	1,509.30	1,509.30
iii) Service Tax	3,053.54	55.92
iv) Customs Duty	40.95	773.58
v) Others	2,647.58	1,231.51
These have been disputed by the Company on account of issues of applicability and classification.		
b) Corporate Guarantees given to others for loans taken by a subsidiary and a joint venture company	16,905.85	16,174.16
Future cash outflows in respect of the above are determinable only on receipt of judgement / decisions pending with various forums / authorities.		
3.2.8 Commitments		
a) Capital commitments (net of advances) not provided for [including ₹ 2,551.41 Lakhs (2015: ₹625.29 Lakhs) in respect of Intangible assets]	7,316.60	8,009.61
b) Uncalled Liability on Partly paid shares / investments	0.11	0.11
c) Other commitments		
i) Financial support given to certain subsidiaries, joint ventures, etc.		
ii) Lock-in commitment in shareholders agreement [refer Note 1.13 to the Financial Statement]		
The outflow in respect of the above is not practicable to ascertain in view of the uncertainties involved.		

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

		2016	2015
3.2.9 a)	Useful life of Tangible and Intangible Assets	Useful life(yrs)	Useful life(yrs)
Tangible Assets:			
i)	Buildings - Revalued buildings are depreciated over the balance useful life as determined by the valuers.		
ii)	Non-factory service installations		
	- In Customer premises	12	12
	- Lease improvements	3	3
iii)	Plant and equipment		
	- Assets subject to impairment - revised carrying amount over its remaining useful life		
	- Windmills	12	12
	- Quality equipment, Canteen assets, Major Jigs and Fixtures and Hand tools	10	10
	- Other Plant and equipment	20	20
iv)	Furniture and fittings	8	8
v)	Furniture and fittings - lease improvements	3	3
vi)	Vehicles		
	- Cars and motorcycles	3	3
	- Trucks and buses	5	5
vii)	Office equipment	8	8
viii)	Office equipment - Data processing system (including Servers)	5	5
Intangible assets:			
i)	Computer software		
	- Developed	5 / 10	5 / 10
	- Acquired	5	5
ii)	Technical knowhow		
	- Developed	6 / 10	6 / 10
	- Acquired	5 / 6	5 / 6
b)	In terms of the proviso to clause 3(i) of Part A of Schedule II to the Companies Act, 2013 (the Act), the Company, after technical assessment, decided to generally retain the useful life / residual value hitherto adopted for various categories of fixed assets, which are in certain cases, different from those prescribed in Schedule II to the Act.		
c)	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 ₹ Nil (2015: ₹ 1,520.45 lakhs) [₹ Nil (2015: ₹1,186.18 lakhs) in Note 2.8 to the Financial Statements and ₹ Nil (2015: ₹334.27 lakhs) in Note 2.9 to the Financial Statements respectively] being the excess over the depreciation computed by the method followed by the Company prior to revaluation / period of lease in respect of leasehold land and the same has been transferred from Revaluation Reserve to the Statement of Profit and Loss.		

		2016	2015
3.3.	Earnings per share		
	Profit after tax as per Statement of Profit and Loss (in ₹ lakhs) (A)	72,177.58	33,480.60
	Weighted average number of equity shares outstanding (B)	2,845,876,634	2,798,181,292
	Basic and Diluted earnings per share (Face value ₹ 1) (in ₹) (A/B)	2.54	1.20

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.

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

₹ Lakhs

Particulars	Year	In India	Outside India	Unallocated	Total
Revenue from external customers	2016	1,785,458.67	202,266.56	-	1,987,725.23
	2015	1,264,288.29	184,305.06	-	1,448,593.35
Segment assets	2016	873,423.98	73,092.76	392,035.40	1,338,552.14
	2015	835,070.69	65,088.66	430,989.67	1,331,149.02
Capital expenditure during the year	2016	21,394.48	91.32	(856.53)	20,629.27
	2015	12,449.56	65.35	1,578.86	14,093.77

- Revenue from external customers comprises of income from sale of products, services and other operating revenues.
[Refer Note 2.1 to the Financial Statements]
- Carrying amount of Segment assets comprises of non - current assets and current assets identified to the respective segments. However Segment assets in India also include certain common assets used to generate revenue in both segments but not feasible of allocation.
- Unallocated assets and capital expenditure includes current and non current assets other than considered in (b) above.
- Capital expenditure during the year represents net additions to Tangible and Intangible assets and movement in Capital work in progress.

3.5. Related party disclosure

a) List of parties where control exists

Holding company

Hinduja Automotive Limited, United Kingdom

Machen Holdings SA

(Holding Company of Hinduja Automotive Limited, United Kingdom)

Machen Development Corporation, Panama

(Holding Company of Machen Holdings SA)

Amas Holdings SA

(Holding Company of Machen Development Corporation, Panama)

Subsidiaries

Albonair (India) Private Limited

Avia Ashok Leyland Motors s.r.o.....sold on March 28, 2015

Avia Trucks UK Limited, Great Britain..... sold on March 28, 2015

Avia Ashok Leyland Rus, Russia..... sold on March 28, 2015

Ashok Leyland Nissan Vehicles Limited

Albonair GmbH, Germany

Albonair Automotive Technology Co. Ltd., China

Ashok Leyland (Nigeria) Limited

Ashok Leyland (UK) Limited

Hinduja Tech Limited

Hinduja Tech GmbH

Hinduja Tech, USA

Gulf Ashley Motor Limited

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.5. Related party disclosure (Continued)

Optare PLC

Optare UK Ltd.

Optare Group Ltd.

Jamesstan Investments Ltd.

Optare Holdings Ltd.

Optare (Leeds) Ltd.

East Lancashire Bus Builders Ltd.

Ashok Leyland (Chile) S.A.

Hinduja Leyland Finance Limited

Hinduja Housing Finance Limited From April 15, 2015

HLF Services Limited

Ashok Leyland Wind Energy Limited..... upto January 4, 2015

Global TVS Bus Body Builders Limited

Ashok Leyland (UAE) LLC From February 16, 2016

Avia Ashok Leyland Motors s.r.o..... From February 16, 2016

Avia Trucks UK Limited, Great Britain.....From February 16, 2016

Avia Ashok Leyland Rus, Russia..... From February 16, 2016

Mangalam Retail Services Limited upto February 17, 2015

b) Other related parties

Fellow subsidiaries

Hinduja Auto Components Limited

Hinduja Automotive (UK) Limited

Gulf Oil Lubricants India Limited.....From April 2, 2014

Associates

Ashley Aviation Limited

Ashok Leyland Defence Systems Limited

Ashok Leyland (UAE) LLC..... Upto February 15, 2016

Lanka Ashok Leyland PLC

Mangalam Retail Services Limited From February 18, 2015

Joint Ventures

Ashley Alteams India Limited

Automotive Infotronics Limited (under liquidation)

Ashok Leyland John Deere Construction Equipment Company Private Limited Upto March 28, 2016

Ashok Leyland John Deere Construction Equipment Company Private Limited

(Along with Gulf Ashley Motor Limited)..... From March 29, 2016

Nissan Ashok Leyland Powertrain Limited

Nissan Ashok Leyland Technologies Limited

Key management personnel

Mr. Vinod K Dasari, CEO and Managing Director

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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

	₹ Lakhs											
	Fellow Subsidiary		Subsidiaries		Associates		Joint Ventures		Holding Company #		Key Management Personnel	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Transactions during the year ended March 31												
1 Purchase of raw materials, components and traded goods (net of CENVAT / VAT)	8,706.32	6,231.01	109,049.74	101,940.37	218.23	195.05	5,308.67	4,116.70	-	-	-	123,282.96
2 Sales and Services (net of excise duties)	956.38	-	59,844.15	28,908.53	70,717.65	64,812.08	547.59	770.62	-	-	-	132,065.77
3 Other Operating Income	100.30	-	7,497.50	6,765.04	1.82	19.00	2,685.86	2,405.16	-	-	-	10,285.48
4 Other expenditure incurred / (recovered) (net)	-	-	6,635.85	4,757.96	(821.11)	(866.64)	242.66	92.64	68.69	99.83	-	6,126.09
5 Advance / Current accounts - Net increase / (decrease)	-	-	(199.10)	365.96	228.79	200.00	37.33	8.21	-	-	-	67.02
6 Interest and other income	24.16	-	804.20	815.20	225.00	225.00	-	21.11	-	-	-	1,053.36
7 Purchase of Assets	-	-	19.50	122.79	-	-	-	-	-	-	-	19.50
8 Sale of asset	-	-	-	-	-	-	-	-	-	4.38	-	4.38
9 Dividend Income	-	-	-	-	193.82	23.43	-	-	-	-	-	193.82
10 Dividend payments	-	-	-	-	-	-	-	-	6,452.31	-	-	6,452.31
11 Remuneration to key management personnel	-	-	-	-	-	-	-	-	-	1,056.45	888.11	1,056.45
12 Financial guarantees released	-	-	-	-	-	-	-	472.49	-	-	-	-
13 Investments in Shares of	-	-	4,558.45	10,800.15	500.00	-	4,895.00	4,000.00	-	-	-	9,953.45
14 Disposal of investments to	-	-	23.25	-	-	187.15	-	-	-	-	-	23.25
15 Advance given for share capital	-	-	336.91	-	-	-	-	-	-	-	-	336.91
16 Loans / Advance given	-	-	17,243.94	350.00	-	-	-	-	-	23.33	-	17,267.27
17 Loans / Advance repaid	-	-	4,910.45	10,251.80	-	-	-	-	-	5.83	-	4,916.28
Balances as on March 31												
1 Trade Receivables	263.87	-	13,602.22	4,837.27	3,900.21	7,564.65	607.41	553.83	-	-	-	18,373.71
2 Loans and advances including interest accrued (net of provision ₹ 155.19 lakhs) **	-	-	17,684.00	6,277.87	351.93	60.62	261.79	59.10	-	17.50	0.01	18,315.22
3 Advance for Share Capital **	-	-	337.29	0.38	-	-	-	-	-	-	-	337.29
4 Trade and other Payables	961.80	359.03	6,954.51	12,557.76	25.29	2,240.00	340.54	361.16	51.89	6.11	356.40	8,808.07
5 Financial guarantees	-	-	14,320.88	13,870.50	-	-	2,584.97	2,303.66	-	-	-	16,905.85

For details of investments as at March 31, 2016 and March 31, 2015, refer Note 1.13 and Note 1.16 to the Financial Statements.

relates to Hinduja Automotive Limited

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

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.5 Related Party disclosure (Continued)

₹ Lakhs

	2016	2015
d) Significant Related Party Transactions		
1 Purchase of raw materials, components and traded goods (net of CENVAT / VAT)		
Ashok Leyland Nissan Vehicles Limited	102,639.95	92,809.16
Gulf Oil Lubricants India Limited	8,706.32	6,231.01
2 Sales and Services (net of taxes)		
Ashok Leyland (UAE) LLC	42,745.95	36,271.60
Gulf Ashley Motor Limited	51,031.25	25,935.49
Lanka Ashok Leyland PLC	33,120.94	28,540.48
3 Other Operating Income		
Ashok Leyland Nissan Vehicles Limited	7,497.50	6,765.04
Nissan Ashok Leyland Powertrain Limited	2,614.86	2,335.92
4 Other Expenditure incurred / (recovered) (net)		
Hinduja Tech Limited	843.93	469.29
Gulf Ashley Motor Limited	398.18	194.74
HLF Services Limited	1,370.35	930.14
Ashok Leyland Nissan Vehicles Limited	3,515.72	1,997.97
Ashok Leyland (UK) Limited	387.91	567.42
Ashok Leyland Wind Energy Limited	-	254.18
Lanka Ashok Leyland PLC	(1,147.17)	(1,032.76)
Ashok Leyland John Deere Construction Equipment Company Private Limited	127.16	47.30
Optare PLC	-	44.06
5 Advance/Current account - Net increase / (decrease)		
Ashok Leyland Defence Systems Limited	228.79	59.64
Lanka Ashok Leyland PLC	-	140.36
Ashok Leyland Nissan Vehicles Limited	(45.69)	365.96
Nissan Ashok Leyland Powertrain Limited	37.33	8.21
Ashok Leyland (UAE) LLC	(159.36)	-
6 Interest and other income		
Hinduja Tech Limited	-	195.27
Optare PLC	796.27	432.40
Avia Ashok Leyland Motors s.r.o.	-	187.53
Ashley Aviation Limited	225.00	225.00
7 Dividend income		
Lanka Ashok Leyland PLC	193.82	23.43
8 Investment in shares of		
Ashok Leyland Nissan Vehicles Limited	-	3,697.50
Albonair GmbH	3,982.11	2,567.32
Ashok Leyland John Deere Construction Equipment Company Private Limited	4,645.00	3,250.00
Hinduja Tech Limited	-	3,935.00
Gulf Ashley Motor Limited	576.34	438.02
9 Disposal of Investments to		
Ashok Leyland (UAE) LLC	-	187.15
Gulf Ashley Motor Limited	23.25	-
10 Advance given for share capital		
Ashok Leyland (Chile) SA	336.91	-
11 Loans / Advance given		
Hinduja Tech Limited	-	350.00
Optare PLC	16,895.98	-

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.5 Related Party disclosure (Continued)

₹ Lakhs

	2016	2015
12 Loans / Advance repaid		
Avia Ashok Leyland Motors s.r.o.	-	6,551.80
Optare PLC	4,910.45	-
Hinduja Tech Limited	-	3,700.00
13 Purchase of assets		
Avia Ashok Leyland Motors s.r.o.	-	38.59
Ashok Leyland Nissan Vehicles Limited	-	84.21
Hinduja Tech Limited	19.50	-
14 Financial Guarantees released		
Ashley Alteams India Limited	-	472.49

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

₹ Lakhs

Name of the Subsidiary / Associate	2016					2015				
	Status	Outstanding amount	Maximum loan outstanding during the year	Investment in shares of the Company	Direct investment in shares of subsidiaries of the Company	Status	Outstanding amount	Maximum loan outstanding during the year	Investment in shares of the Company	Direct investment in shares of subsidiaries of the Company
Avia Ashok Leyland Motors s.r.o.	Subsidiary	-	-	-	-	Subsidiary	-	6,620.33	-	-
Albonair GmbH	Subsidiary	376.98	376.98	-	248.84	Subsidiary	-	-	-	-
Hinduja Tech Limited	Subsidiary	-	-	-	-	Subsidiary	-	3,700.00	-	984.74
Optare plc	Subsidiary	16,445.14	19,300.20	-	22,002.31	Subsidiary	4,715.97	5,232.09	-	22,002.31

f. Disclosure as required under section 186(4) of the Companies Act, 2013:

Particulars	₹ lakhs	₹ lakhs	Purpose
	March 31, 2016	March 31, 2015	
i) Loans Outstanding			
- Albonair GmbH	376.98	-	Funding for Operations
- Optare PLC	16,445.14	4,715.97	Funding for Working Capital
ii) Investments (refer Notes 1.13 and 1.16 to the Financial Statements)	274,367.56	291,670.98	
iii) Guarantees			
- Ashley Alteams India Limited	2,584.97	2,303.66	Guarantees for Term Loan
- Optare PLC	14,320.88	13,870.50	Guarantees for Term Loan

3.6 Disclosures in respect of Joint Ventures

a) List of joint ventures

Sl. No.	Name of the Joint Venture	Name of the Business	Proportion of ownership interest as at March 31, 2016	Proportion of ownership interest as at March 31, 2015	Country of residence / Incorporation
1	Nissan Ashok Leyland Powertrain Limited(NALPL)	Manufacture of engines for Light Commercial Vehicles	49.00%	49.00%	India
2	Nissan Ashok Leyland Technologies Limited(NALTPL)	Development of related automotive technology	50.00%	50.00%	India
3	Ashok Leyland John Deere Construction Equipment Company Private Limited *	Manufacture of construction equipment	50.00%	50.00%	India
4	Ashley Alteams India Limited	Manufacture of aluminum high pressure die castings	50.00%	50.00%	India

* The Company along with its subsidiary Gulf Ashley Motor Limited holds 50% interest.

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

b) Financial interest in jointly controlled entities

₹ Lakhs

Sl. No.	Name of the Joint Venture	Current status of Operations and Financials	Year	Company's share of			
				Assets	Liabilities	Income	Expenses
				As at March 31		For the year ended March 31	
1	Nissan Ashok Leyland Powertrain Limited	Operating company	2016	10,491.65	4,664.32	12,234.34	12,162.40
			2015	11,132.33	5,376.94	10,854.57	11,162.91
2	Nissan Ashok Leyland Technologies Limited	Operating company	2016	1,563.78	8,053.22	4,399.86	3,894.65
			2015	2,475.64	9,470.29	4,247.27	5,225.66
3	Ashok Leyland John Deere Construction Equipment Company Private Limited	Operating company	2016	4,468.95	2,760.46	445.44	8,040.38
			2015	9,499.40	4,840.96	2,012.99	4,975.99
4	Ashley Alteams India Limited	Operating company	2016	7,495.89	7,024.56	8,360.19	8,646.93
			2015	8,258.97	7,730.62	7,220.39	7,769.73

Notes :

- Contingent liabilities, incurred in relation to interest in joint ventures as on March 31, 2016 is ₹ 8.04 lakhs (2015: ₹ Nil).
- Share in contingent liabilities of joint ventures themselves for which the Company is contingently liable as at March 31, 2016 ₹ 2,346.43 lakhs (2015 : ₹ 1,924.70 lakhs)
- Capital commitments in relation to interests in joint ventures as on March 31, 2016 ₹ Nil (2015: ₹ Nil)
- Share in Capital commitments of joint ventures themselves as on March 31, 2016 ₹ 24.44 lakhs (2015: ₹ 168.05 lakhs)
- The information furnished above is based on audited figures made available to the company, except for NALTL and NALPL.
- Figures given above under expenses are excluding taxes.

3.7 Derivatives

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

The information on derivative instrument is as follows:

A) Derivative instruments outstanding:

Details	Details	Currency	Amount (Foreign currency in Million)		Amount ₹ in Lakhs	
			2016	2015	2016	2015
Foreign Exchange Contracts						
- USD / INR	Sold	USD	151.33	135.26	100,263.42	84,539.11
- USD / INR	Bought	USD	16.33	4.53	10,819.72	2,833.98
- EUR / USD	Bought	EUR	1.80	0.54	1,357.84	362.18
- GBP / USD	Bought	GBP	0.10	1.09	95.47	1,009.35
Currency Swaps						
- USD / JPY	Sold	USD	131.67	145.00	87,235.75	90,625.00

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

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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

Details	Currency	Amount (Foreign currency in Million)		Amount ₹ in Lakhs	
		2016	2015	2016	2015
Amount receivable on account of sale of goods, loans and advances, cash and bank balances, interest, etc.	USD	459.82	309.92	304,650.83	193,697.80
	EUR	0.82	0.44	618.16	297.57
	AED	1.04	1.42	186.87	242.26
	KES	19.31	16.71	126.10	112.95
	ZAR	0.96	2.41	43.15	123.50
	GBP	17.23	6.09	16,446.08	5,634.70
	MUR	0.41	0.41	7.71	6.94
	BDT	-	0.00	-	0.02
	EGP	-	0.00	-	0.23
	JPY	57.76	3.00	340.67	15.64
Amount payable on account of purchase of goods and services, loans, interest etc.	USD	275.56	357.14	182,574.10	223,214.79
	EUR	7.21	1.57	5,436.76	1,057.66
	JPY	0.10	5.05	0.61	26.31
	GBP	0.13	0.27	124.10	249.44
	CHF	-	0.02	-	12.92
	AED	1.57	0.43	283.97	73.96
	KES	60.56	133.77	395.53	904.36
	ZAR	1.06	2.76	47.85	141.49
	MUR	0.08	0.08	1.55	1.39

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

3.8.1 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 ₹ 2,428.53 lakhs as at March 31, 2016 (March 31, 2015: loss of ₹ 1,424.85 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.

3.8.2 Forward contracts and Advances designated as cash flow hedges

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

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.9 Employee benefits

a) Defined benefit plans - As per Actuarial valuation as at March 31, 2016

₹ Lakhs

	Gratuity (Funded)						Compensated absences						Other defined benefit plans					
	2016	2015	2014	2013	2012		2016	2015	2014	2013	2012		2016	2015	2014	2013	2012	
A) Expense recognised in the Statement of Profit and Loss for the year ended March 31																		
Current service cost	1,005.26	1,011.62	1,014.43	1,021.78	933.84		657.82	646.35	634.89	630.70	667.11		72.36	73.66	67.94	70.90	67.28	
Interest cost	1,668.26	1,740.35	1,630.16	1,506.57	1,478.53		490.11	495.01	506.52	501.60	456.94		49.17	47.48	47.48	53.29	46.81	
Expected return on plan assets	(1,026.91)	(1,788.42)	(1,800.74)	(1,810.63)	(1,634.00)		-	-	-	-	-		-	-	-	-	-	
Net actuarial (gain) / loss recognised during the year	834.39	498.79	906.22	1,306.78	1,224.12		(152.83)	588.93	(1,113.29)	299.48	(172.12)		(78.02)	(18.68)	51.89	(46.10)	26.75	
Total expense	2,481.00	1,462.34	1,750.07	2,024.50	2,002.48		995.10	1,730.29	28.12	1,431.78	951.93		43.51	102.46	167.31	78.09	140.84	
B) Actual return on plan assets																		
Expected return on plan assets	1,026.91	1,788.42	1,800.74	1,810.63	1,634.00		-	-	-	-	-		-	-	-	-	-	
Actuarial gain / (loss) on plan assets	-	-	-	-	-		-	-	-	-	-		-	-	-	-	-	
Actual return on plan assets	1,026.91	1,788.42	1,800.74	1,810.63	1,634.00		-	-	-	-	-		-	-	-	-	-	
C) Net Asset / (Liability) recognised in the Balance Sheet																		
Present value of the obligation	22,888.87	21,863.81	21,768.69	22,188.19	20,468.08		6,813.03	6,748.87	5,801.32	6,733.57	6,363.52		621.70	682.64	694.91	644.68	672.76	
Fair value of plan assets	20,440.46	20,463.24	20,019.15	20,163.07	18,463.69		-	-	-	-	-		-	-	-	-	-	
Funded status [surplus / (deficit)]	(2,448.41)	(1,400.57)	(1,749.54)	(2,025.12)	(2,004.39)		-	-	-	-	-		-	-	-	-	-	
Net Asset / (Liability) recognised in the Balance Sheet	(2,448.41)	(1,400.57)	(1,749.54)	(2,025.12)	(2,004.39)		(6,813.03)	(6,748.87)	(5,801.32)	(6,733.57)	(6,363.52)		(621.70)	(682.64)	(694.91)	(644.68)	(672.76)	
D) Change in Present value of the Obligation during the year																		
Present value of obligation as at beginning of the year	21,863.81	21,768.69	22,188.19	20,468.08	18,554.51		6,748.87	5,801.32	6,733.57	6,363.52	6,011.81		682.64	694.91	644.68	672.76	638.26	
Current service cost	1,005.26	1,011.62	1,014.43	1,021.78	933.84		657.82	646.35	634.89	630.70	667.11		72.36	73.66	67.94	70.90	67.28	
Interest cost	1,668.26	1,740.35	1,630.16	1,506.57	1,478.53		490.11	495.01	506.52	501.60	456.94		49.17	47.48	47.48	53.29	46.81	
Benefits paid	(2,482.85)	(3,155.64)	(3,970.31)	(2,115.02)	(1,722.91)		(930.94)	(782.74)	(960.37)	(1,061.72)	(600.22)		(104.45)	(114.73)	(117.08)	(106.17)	(106.44)	
Actuarial (gain) / loss on obligation	834.39	498.79	906.22	1,306.78	1,224.12		(152.83)	588.93	(1,113.29)	299.47	(172.12)		(78.02)	(18.68)	51.89	(46.10)	26.75	
Present value of obligation as at end of the year	22,888.87	21,863.81	21,768.69	22,188.19	20,468.08		6,813.03	6,748.87	5,801.32	6,733.57	6,363.52		621.70	682.64	694.91	644.68	672.76	
E) Change in the Fair Value of Plan Assets during the year																		
Fair value of plan assets as at beginning of the year	20,463.24	20,019.15	20,163.07	18,463.69	16,466.18		-	-	-	-	-		-	-	-	-	-	
Expected return on plan assets	1,026.91	1,788.42	1,800.74	1,810.63	1,634.00		-	-	-	-	-		-	-	-	-	-	
Contributions	1,433.16	1,811.31	2,025.55	2,003.77	2,086.42		930.94	782.74	960.37	1,061.72	600.22		104.45	114.73	117.08	106.17	106.44	

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.9 Employee benefits (Continued)

a) Defined benefit plans - As per Actuarial valuation as at March 31, 2016

₹ Lakhs

	Gratuity (Funded)						Compensated absences						Other defined benefit plans					
	2016	2015	2014	2013	2012	2016	2015	2014	2013	2012	2016	2015	2014	2013	2012	2016	2015	2014
Benefits paid	(2,482.85)	(3,155.64)	(3,970.31)	(2,115.02)	(1,722.91)	(930.94)	(782.74)	(960.37)	(1,061.72)	(600.22)	(104.45)	(114.73)	(117.08)	(106.17)	(106.44)			
Actuarial gain / (loss) on plan assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fair value of plan assets as at end of the year	20,440.46	20,463.24	20,019.15	20,163.07	18,463.69													
F) Experience adjustments in																		
Plan liabilities - loss / (gain)	834.39	498.79	906.22	1,306.78	1,224.12	104.30	278.62	(190.64)	(475.60)	(628.16)	(70.05)	(48.07)	69.19	(8.62)	(6.89)			
Plan assets - (loss) / gain	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
G) Major categories of plan assets as a percentage of total plan	100% Qualifying insurance policy						Unfunded						Unfunded					
H) Actuarial Assumptions	2016	2015	2014	2013	2012													
Discount rate	8.00%	8.00%	8.00%	8.00%	8.00%													
Salary escalation	3.00%	3.00%	2.75%	3.20%	4.25%													
Expected rate of return on plan assets	9.00%	9.30%	9.88%	8.00%	8.00%													

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

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

- b) Gratuity is administered through Group gratuity scheme with Life Insurance Corporation of India. The expected return on plan assets is based on market expectation at the beginning of the year, for the returns over the entire life of the related obligation.
- c) During the year the company has recognised the following amounts in the Statement of Profit and Loss in Note 2.6 to the Financial Statements
- Salaries and wages include compensated absences ₹ 995.10 lakhs (2015: ₹ 1,730.30 lakhs).
 - Contribution to provident, gratuity and other funds include Provident fund and family pension ₹ 4,914.51 lakhs (2015: ₹ 4,700.40 lakhs), super annuation ₹ 1,579.01 lakhs (2015: ₹ 1,545.98 lakhs), gratuity ₹ 2,480.99 lakhs (2015: ₹ 1,462.34 lakhs) and other funds ₹ 559.68 lakhs (2015: ₹ 561.27 lakhs).
 - Welfare expenses include contribution to employee state insurance plan ₹ 44.43 lakhs (2015: ₹ 33.54 lakhs), retirement benefits charged of ₹ 81.13 lakhs (2015: ₹ 8.56 lakhs) and other defined employee benefits ₹ 6.53 lakhs (2015: ₹ 8.26 lakhs).

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

₹ lakhs		
Particulars	2016	2015
i) Principal Amount paid after appointed date during the year	319.28	273.10
ii) Amount of interest due and payable for the delayed payment of Principal amount	3.10	5.17
iii) Principal amount remaining unpaid as at year end (over due)	23.31	16.18
iv) Principal amount remaining unpaid as at year end (not due)	446.57	720.49
v) Interest due and payable on principal amount unpaid as at the year end	0.53	1.13
vi) Total amount of interest accrued and unpaid as at year end	3.63	6.30

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.11 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	
		2016	2015
(i) Capital expenditure			
(a) Land		-	-
(b) Buildings	1.11 and 1.12	53.13	160.15
		53.13	160.15
(c) Capital equipments		1,157.66	
Add: Expenditure capitalised (net)		330.29	1,487.95
(ii) Revenue expenditure (net)			
(a) Salaries/Wages	2.6	15,442.93	
Less: Salaries and wages capitalised		103.12	15,339.81
(b) Material/Consumables/spares	2.3 and 2.9	6,607.75	
Less: Material/Consumables/spares capitalised		342.10	6,265.65
(c) Utilities	2.9		1,032.41
(d) Other expenditure directly related to R&D	2.9	4,228.50	
Less: Other expenditure capitalised		-	4,228.50
(e) Total revenue expenditure (Total of (ii) (a) to (ii) (d))		26,866.37	19,341.35
(iii) Total R&D expenditure			
(Total of (i) (c) and (ii) (e))		28,354.32	20,402.21
(iv) Less: Amount received by R & D facilities	2.1 and 2.9	383.86	729.49
(v) Net amount of R & D expenditure (iii) - (iv)		27,970.46	19,672.72

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

₹ lakhs

	2016	2015
3.12 Net Current tax expense for the year comprises of:		
Overseas Taxes	363.60	389.07
Current Tax	41,840.00	-
Minimum Alternate Tax	-	9,490.00
Less: Minimum Alternate Tax Credit Entitlement	-	9,490.00
Current Tax	42,203.60	389.07

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.13 Details of Long Term Borrowings:

	March 31, 2016			Particulars of Redemption/ Repayment	March 31, 2015		
	Non Current	Current maturities	Total		Non Current	Current maturities	Total
	₹ Lakhs	₹ Lakhs	₹ Lakhs		₹ Lakhs	₹ Lakhs	₹ Lakhs
a. Secured Borrowing:							
i. Debenture Series							
9.60% AL 22	15,000.00	-	15,000.00	June 21, 2018	15,000.00	-	15,000.00
10.15% AL 20	15,000.00	-	15,000.00	December 28, 2017	15,000.00	-	15,000.00
10.20% AL 18	10,000.00	-	10,000.00	June 28, 2017	10,000.00	-	10,000.00
10.25% AL16	-	6,000.00	6,000.00	October 14, 2016 - ₹ 6,000 lakhs, 2015 - ₹ 4,500 lakhs	6,000.00	4,500.00	10,500.00
9.45% AL 21	-	15,000.00	15,000.00	June 21, 2016	15,000.00	-	15,000.00
10.05% AL 19	-	-	-	December 28, 2015	-	15,000.00	15,000.00
8.20% AL 15	-	-	-	July 22, 2015	-	7,000.00	7,000.00
10.10% AL 17	-	-	-	June 28, 2015	-	20,000.00	20,000.00
	40,000.00	21,000.00	61,000.00		61,000.00	46,500.00	107,500.00
ii. Term Loans:							
TL - 7	25,000.00	5,000.00	30,000.00	December 16, 2018 and 2017 - ₹ 12,500.00 lakhs each, 2016 - ₹ 5,000.00 lakhs	30,000.00	-	30,000.00
TL - 1	-	-	-	2 equal instalments on February 5, 2016 and February 16, 2015	-	3,333.33	3,333.33
TL - 2	-	-	-	2 equal instalments on June 1, 2015 and 2014	-	5,000.00	5,000.00
	25,000.00	5,000.00	30,000.00		30,000.00	8,333.33	38,333.33

Debentures and term loans from banks aggregating ₹ 91,000 lakhs (2015: ₹145,833.33 Lakhs) are secured by a first charge on pari-passu basis on all Fixed assets of the Company excluding certain immovable properties (residential buildings and certain immovable assets) and movable fixed assets such as aircraft of the Company.

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	March 31, 2016			Particulars of Redemption/ Repayment	March 31, 2015		
	Non Current	Current maturities	Total		Non Current	Current maturities	Total
	₹ Lakhs	₹ Lakhs	₹ Lakhs		₹ Lakhs	₹ Lakhs	₹ Lakhs
b. Unsecured Borrowings:							
i. ECB Loans							
ECB -13	13,251.00	-	13,251.00	3 equal instalments on September 10, 2020, 2019, 2018	12,500.00	-	12,500.00
ECB -12	43,065.75	-	43,065.75	June 26, 2020 - ₹ 13,251.00 lakhs and June 26, 2019, 2018, 2017 - ₹ 9,938.25 lakhs each	40,625.00	-	40,625.00
ECB -11	13,251.00	6,625.50	19,876.50	3 equal instalments on March 25, 2019, 2018, 2017	18,750.00	-	18,750.00
ECB -1	33,127.50	16,563.75	49,691.25	3 equal instalments on June 9, 2018, 2017, 2016	46,875.00	-	46,875.00
ECB -2	5,521.25	5,521.25	11,042.50	3 equal instalments on October 24, 2017, 2016, 2015	10,416.67	5,208.33	15,625.00
ECB -3	13,913.55	12,588.45	26,502.00	September 20, 2017 - ₹ 13,913.55 lakhs, 2016 - ₹ 12,588.45 lakhs, and 2015 and 2014 - ₹ 3,125.00 lakhs each	25,000.00	3,125.00	28,125.00
ECB -10	-	-	-	July 12, 2015	-	12,500.00	12,500.00
	122,130.05	41,298.95	163,429.00		154,166.67	20,833.33	175,000.00

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	March 31, 2016			Particulars of Redemption / Repayment	March 31, 2015		
	Non Current	Current maturities	Total		Non Current	Current maturities	Total
	₹ Lakhs	₹ Lakhs	₹ Lakhs		₹ Lakhs	₹ Lakhs	₹ Lakhs
ii. Interest free sales tax loans							
Programme II	11,307.50	159.44	11,466.94	Varying amounts repayable on periodical basis ending in June 2028	11,466.94	65.53	11,532.47
	11,307.50	159.44	11,466.94		11,466.94	65.53	11,532.47
iii. Loans from Others							
-Loan 5	-	-	-	Varying amounts repayable on a quarterly basis ending in July 2015	-	106.96	106.96
	-	-	-		-	106.96	106.96

The above Term loan, External Commercial Borrowings and Loans from others carry varying rates of interest with the maximum rate of interest going upto 10.25% (2015: 10.25%) per annum. The weighted average rate of interest of these loans is around 6.0% (2015 : 6.4%) per annum.

3.14 Details of Short Term Borrowings

	March 31, 2016 ₹ Lakhs	Particulars of Repayment	March 31, 2015 ₹ Lakhs
Unsecured Borrowings			
- STL 13	-	September 26, 2015	2,500.00
	-		2,500.00

The above loan carry varying rates of interest with the maximum rate of interest going upto Nil (2015: 10.25%) per annum. The weighted average rate of interest of these loans is around 7.25% (2015: 7.8%) per annum.

3.15 CSR Expenditure:

Particulars	2015-16	2014-15
(a) Gross amount required to be spent by the company during the year.	Nil	172.00
(b) Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	369.05	177.16

3.16 The Company and its Joint Venture (JV) partner (Nissan Motors Limited), are in discussion to resolve the uncertainty with respect to the continuity of the joint venture operations represented by three companies viz Ashok Leyland Nissan Vehicles Limited, Nissan Ashok Leyland Powertrain Limited and Nissan Ashok Leyland Technologies Limited. The financial statements of these companies have not been approved by the Board of Directors of the respective companies. Under the circumstances, considering the significant uncertainty in continuity of the joint venture operations and the accumulated losses of the joint venture entities, the Company has provided for the carrying value of the investment in the said companies aggregating ₹ 29,597.51 lakhs.

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

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

Gopal Mahadevan
Chief Financial Officer

For and on behalf of the Board

N. Ramanathan
Company Secretary

Dheeraj G. Hinduja
Chairman
DIN : 00133410

Vinod K. Dasari
CEO and Managing Director
DIN : 00345657

May 25, 2016
Mumbai

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ASHOK LEYLAND LIMITED

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of **Ashok Leyland Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates and jointly controlled entities, comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates and jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated

financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

6. We believe that, except for the matter referred to in paragraph 7 below, the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 10 below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Basis for Qualified Opinion

7. The Holding Company has consolidated the financial statements/ financial information for the year ended March 31, 2016 of three joint venture companies, which are unaudited and pending approval by the Board of Directors of the respective companies - Refer Note 3.15 to the consolidated financial statements. We are informed that these financial statements are as received from the respective companies, and reflect total assets (net) of ₹55,125.45 lakhs, total liabilities (net) of ₹95,020.47 lakhs, total revenue (net) of ₹17,272.56 lakhs and total expenditure (net) of ₹101,307.78 lakhs, as considered in the consolidated financial statements.

Qualified Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, except for the unaudited financial statements/ financial information of the companies, referred to in paragraph 7 above, in respect of which we are unable to express any opinion, the aforesaid consolidated 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, of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at March 31, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

9. Financial Statements/ Consolidated Financial Statements of two subsidiaries and one jointly controlled entity which reflect total assets (net) of ₹16,291.86 lakhs as at March 31, 2016, total revenue (net) of ₹12,420.82 lakhs and net cash flows amounting to ₹ (399.11) lakhs for the year ended on that date, have been audited by either one of us.
10. We did not audit the financial statements/ consolidated financial statements/ financial information of seven subsidiaries and one jointly controlled entity, whose financial statements/ consolidated financial statements reflect total assets (net) of ₹ 981,326.20 lakhs as at March 31, 2016, total revenue (net) of ₹ 221,900.19 lakhs and net cash flows amounting to ₹ 2,973.30 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹614.13 lakhs for the year

INDEPENDENT AUDITORS' REPORT

ended March 31, 2016, as considered in the consolidated financial statements, in respect of five associates, whose financial statements/ financial information have not been audited by us. These financial statements/ consolidated financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entity and associates, is based solely on the reports of the other auditors.

11. We did not audit the financial statements/ financial information of three subsidiaries and one jointly controlled entity, whose financial statements/ financial information reflect total assets (net) of ₹14,453.46 lakhs as at March 31, 2016, total revenue (net) of ₹541.55 lakhs and net cash flows amounting to ₹506.42 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements/ financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entity, is based solely on such unaudited financial statements/ financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/ financial information are not material to the Group.
12. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

13. As required by Section 143(3) of the Act and except for the matter referred to in paragraph 7 and 8 above, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

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

M.S. Murali
Partner
Membership No. 26453
May 25, 2016
Mumbai

- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
- e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the directors of the Group companies, its associate companies and jointly controlled companies incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our Report in "Annexure A", which is based on the auditors' reports of the Holding company, subsidiary companies, associate companies and jointly controlled companies incorporated in India. Our report, expresses modified opinion on the adequacy and operating effectiveness of the Holding company's, subsidiary company's, associate company's and jointly controlled company's incorporated in India, internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entities in accordance with the generally accepted accounting practice – Also Refer Note 3.2 to the consolidated financial statements.
 - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 2.6 (o) to the consolidated financial statements.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies and jointly controlled companies incorporated in India.

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

A. Siddharth
Partner
Membership No. 31467

ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph 13(f) under “Report on Other Legal and Regulatory Requirements” section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

1. We have audited the internal financial controls over financial reporting of Ashok Leyland Limited (hereinafter referred to as “the Holding Company”), its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, as of March 31, 2016 in conjunction with our audit of the consolidated financial statements of the Holding Company as of and for the year then ended.

Management’s Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding company, its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (“the Guidance Note”) issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

3. Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company, its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing, deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that, except for the matter referred to in paragraph 8 below, the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies, associate companies and jointly controlled companies, which are companies incorporated in India, in terms of their reports referred to in the paragraph 11 below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the aforesaid entities.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

8. The Company has consolidated financial statements for the year ended March 31, 2016 of three companies carrying on joint venture operations on the basis of unaudited financial statements as referred to in Note 3.15 to the consolidated financial statements. Since the financial statements of these companies are unaudited, we have not been provided with reports of the auditors on internal financial controls over financial reporting in respect of these companies and hence have not included the same in this report by us under section 143(3)(i) of the Act.
9. In our opinion, to the best of our information and according to the explanations given to us and taking into consideration the reports of the other auditors referred to in the

ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph 13(f) under, “Report on Other Legal and Regulatory Requirements” section of our report of even date)

paragraph 11, except for the matter referred to in paragraph 8, the Holding Company, its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

For M.S. Krishnaswami & Rajan

Chartered Accountants
Firm’s Registration No. 01554S

M.S. Murali

Partner
Membership No. 26453

May 25, 2016
Mumbai

Other Matters

10. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to two subsidiary companies and one jointly controlled company, which are companies incorporated in India, is based on the corresponding reports issued by either one of us.
11. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to four subsidiary companies, three associate companies and one jointly controlled company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For Deloitte Haskins & Sells LLP

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

A. Siddharth

Partner
Membership No. 31467

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2016

Particulars	Note No.	As at March 31, 2016 ₹ Lakhs	As at March 31, 2015 ₹ Lakhs
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1.1	28,458.80	28,458.80
Reserves and surplus	1.2	470,757.82	422,671.76
		499,216.62	451,130.56
Minority interest			
		30,098.69	26,314.86
Non-current liabilities			
Long-term borrowings	1.3	759,714.66	621,940.30
Deferred tax liabilities (Net)	1.4A	53,555.31	51,030.78
Other long-term liabilities	1.5	4,676.56	2,231.47
Long-term provisions	1.6	24,781.34	15,784.61
		842,727.87	690,987.16
Current liabilities			
Short-term borrowings	1.7	109,302.53	82,663.57
Trade payables	1.8		
a) total outstanding dues of micro enterprises and small enterprises		560.51	742.97
b) total outstanding dues of creditors other than micro enterprises and small enterprises		295,993.18	307,451.64
Other current liabilities	1.9	435,096.31	347,208.66
Short-term provisions	1.10	83,319.66	45,963.07
		924,272.19	784,029.91
TOTAL		2,296,315.37	1,952,462.49
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	1.11	526,516.56	538,665.37
Intangible assets	1.12	44,528.04	45,673.69
Capital work-in-progress	1.11	16,235.93	16,578.76
Intangible assets under development	1.12	2,105.46	5,034.08
Goodwill (on consolidation)		63,917.49	68,566.66
Non-current investments	1.13	69,039.67	80,637.07
Deferred tax assets (Net)	1.4B	3,499.88	2,179.86
Long-term loans and advances	1.14	640,610.56	425,394.33
Other non-current assets	1.15	13,296.07	12,961.53
		1,379,749.66	1,195,691.35
Current assets			
Current Investments	1.16	26,411.31	69,300.29
Inventories	1.17	206,026.32	156,644.89
Trade receivables	1.18	151,529.25	133,874.80
Cash and bank balances	1.19	175,783.80	90,508.78
Short-term loans and advances	1.20	328,106.39	260,928.50
Other current assets	1.21	28,708.64	45,513.88
		916,565.71	756,771.14
TOTAL		2,296,315.37	1,952,462.49

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

Gopal Mahadevan
Chief Financial Officer

For and on behalf of the Board

N. Ramanathan
Company Secretary

Dheeraj G. Hinduja
Chairman
DIN : 00133410

Vinod K. Dasari
CEO and Managing Director
DIN : 00345657

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

For M.S. Krishnaswami & Rajan
Chartered Accountants

For Deloitte Haskins & Sells LLP
Chartered Accountants

M. S. Murali
Partner
May 25, 2016
Mumbai

A. Siddharth
Partner

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2016

Particulars		Year ended March 31, 2016	Year ended March 31, 2015
	Note No.	₹ Lakhs	₹ Lakhs
Income			
Revenue from operations	2.1	2,172,856.46	1,627,471.26
Less: Excise Duty		106,985.95	93,382.51
Revenue from operations (Net)		2,065,870.51	1,534,088.75
Other income	2.2	15,187.70	18,882.72
Total Revenue		2,081,058.21	1,552,971.47
Expenses			
Cost of materials consumed		1,330,937.70	982,457.70
Cost of services availed		1,885.75	1,398.48
Purchases of Stock-in-Trade - Traded goods		72,395.55	64,551.29
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		(49,387.80)	(4,145.84)
		1,355,831.20	1,044,261.63
Employee benefits expense	2.3	177,212.24	153,611.01
Finance costs	2.4	96,785.31	87,229.28
Depreciation and amortization expense	2.5	52,442.17	57,991.19
Other expenses	2.6	239,581.57	184,502.58
Total Expenses		1,921,852.49	1,527,595.69
Profit before exceptional items and tax		159,205.72	25,375.78
Exceptional items	2.7	3,444.34	(29,531.61)
Profit/ (Loss) before tax		162,650.06	(4,155.83)
Tax expense:			
Current tax		51,558.91	7,963.59
Deferred tax		1,214.89	9,277.99
		52,773.80	17,241.58
Profit/ (Loss) after tax before Minority interest		109,876.26	(21,397.41)
Share of profit of associates (net)		614.13	924.44
Minority interest		3,422.05	(33,861.98)
Profit for the year		107,068.34	13,389.01
Earnings per share (Face value Re.1 each)- Basic and Diluted (in ₹) [Refer Note 3.3 to the Consolidated Financial Statements]		3.76	0.48
Statement on Significant Accounting Policies and Notes to the Consolidated Financial Statements are an integral part of this Consolidated Statement of Profit and Loss			

Gopal Mahadevan
Chief Financial Officer

For and on behalf of the Board

N. Ramanathan
Company Secretary

Dheeraj G. Hinduja
Chairman
DIN : 00133410

Vinod K. Dasari
CEO and Managing Director
DIN : 00345657

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

For M.S. Krishnaswami & Rajan
Chartered Accountants

For Deloitte Haskins & Sells LLP
Chartered Accountants

M. S. Murali
Partner
May 25, 2016
Mumbai

A. Siddharth
Partner

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2016

Particulars	March 31, 2016	March 31, 2015
	₹ Lakhs	₹ Lakhs
Cash flow from operating activities		
Profit / (Loss) before tax	162,650.06	(4,155.83)
Adjustments for :		
Depreciation, amortisation and impairment - net of capitalisation	52,442.17	57,991.19
Other amortisations	627.53	294.89
Provision for doubtful debts / advances	3,890.30	4,491.11
Provisions relating to financing activities	3,496.97	3,283.74
Foreign exchange losses	1,807.96	2,418.34
Profit on disposal of tangible assets	(95.57)	(37,079.89)
(Profit) / Loss on sale of investments	(43,139.19)	4,098.71
Diminution in value of current / long-term investments / Goodwill	22,055.27	1,019.47
Provision for loss relating to joint venture / Assets held for sale	10,635.86	60,888.64
Expense on Employee stock option scheme	99.01	171.00
Finance costs - net of capitalisation	34,763.39	47,175.59
Interest income	(5,900.28)	(7,819.46)
Dividend income	(238.37)	(327.93)
Operating profit before working capital changes	243,095.11	132,449.57
Adjustments for changes in :		
Liabilities and provisions	15,806.91	98,483.45
Trade receivables	6,243.56	2,881.63
Inventories	(28,356.05)	(11,156.12)
Loans and Advances	(275,050.03)	(213,814.12)
Other non-current and current assets	(2,450.89)	11,817.36
Cash (used in) / generated from operations	(40,711.39)	20,661.77
Income tax paid	(54,468.14)	(11,154.56)
Net cash flow (used in) / from operating activities [A]	(95,179.53)	9,507.21
Cash flow from investing activities		
Payments for acquisition of assets	(21,186.82)	(25,089.42)
Proceeds on sale of fixed assets	580.85	1,761.96
Proceeds on sale of tangible assets - Exceptional item	20,000.00	30,004.86
Proceeds from sale of long-term investments - Exceptional item	47,333.03	2,332.49
Proceeds from sale of investments (net)	6,021.81	308.25
Purchase of long-term investments	(1,131.42)	(32,505.04)
Purchase of interest in a subsidiary	(3,982.11)	(162.31)
Movement in other bank balances	608.89	(4,000.00)
Inter Corporate Deposits - given	(50,125.00)	(1,230.00)
Inter Corporate Deposits - repaid	50,125.00	4,230.00
Interest received	6,212.67	7,642.32
Dividend received	238.37	327.93
Related Party Loans and advances repaid (net)	458.28	4,031.34
Taxes paid	-	(220.70)
Net cash flow from / (used in) investing activities [B]	55,153.55	(12,568.32)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

Particulars	March 31, 2016	March 31, 2015
	₹ Lakhs	₹ Lakhs
Cash flow from financing activities		
Issues of shares to Minority shareholders	191.17	5,832.93
Proceeds from issue of shares	-	66,672.00
Proceeds from long-term borrowings	415,500.00	292,235.09
Repayments of long-term borrowings	(236,237.17)	(199,615.57)
Proceeds from short-term borrowings	1,457,162.56	773,290.07
Repayments of short-term borrowings	(1,464,989.90)	(818,408.22)
Debenture / Loan raising / Share issue expenses paid	(81.04)	(1,629.16)
Interest paid	(31,563.93)	(40,258.02)
Dividend paid and tax thereon	(15,363.19)	-
Net cash flow from financing activities [C]	124,618.50	78,119.12
Net cash Inflow [A+B+C]	84,592.52	75,058.01
Opening cash and cash equivalents	85,820.14	10,637.31
Add: Pursuant to First time consolidation of three subsidiaries	1,154.59	-
Exchange fluctuation on foreign currency bank balances	233.56	124.82
Closing cash and cash equivalents [Refer Note 1.19 a. to the Consolidated Financial Statements]	171,800.81	85,820.14

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

Gopal Mahadevan
Chief Financial Officer

For and on behalf of the Board

N. Ramanathan
Company Secretary

Dheeraj G. Hinduja
Chairman
DIN : 00133410

Vinod K. Dasari
CEO and Managing Director
DIN : 00345657

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

For M.S. Krishnaswami & Rajan
Chartered Accountants

For Deloitte Haskins & Sells LLP
Chartered Accountants

M. S. Murali
Partner

May 25, 2016
Mumbai

A. Siddharth
Partner

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

1. Accounting convention

- 1.1 The Consolidated Financial Statements of the Group have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention except for certain categories of fixed assets that are carried at re-valued amounts.
- 1.2 All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the schedule III to the 2013 Act. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has determined its operating cycle as twelve months for the purpose of current–noncurrent classification of assets and liabilities.

1.3 Use of estimates

The preparation of the consolidated financial statements, in conformity with the generally accepted accounting principles, requires management to make estimates and assumptions that are considered in the reported amounts of assets including decline in carrying value of investments 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 8.2 below.

Certain categories of fixed assets were revalued and are carried at the revalued amounts less accumulated depreciation and impairment loss, if any. Increase in the net book value on such revaluation is credited to "Revaluation Reserve Account". Upon the sale, disposal, extinguishment of the revalued assets the amount of revaluation reserve against such assets is transferred to General Reserve.

- 2.2 Tangible fixed assets and intangible assets, that are not yet ready for their intended use, are carried at costs, comprising direct cost and other incidental / attributable expenses and reflected under capital work in progress / Intangible assets under development, respectively.
- 2.3 Assets are depreciated / amortised, on straight line basis over their estimated useful life as below
- a) Leasehold land over the period of lease.
 - b) Leasehold land and buildings, as revalued, is calculated on the respective revalued amounts, over the balance useful life as determined by the valuers in the case of buildings and as per (a) above in the case of land.
 - c) Assets subject to impairment, on the asset's revised carrying amount, over its remaining useful life.
 - d) All other tangible and intangible assets (including assets given on lease and assets in leased/ customer premises) are depreciated/ amortised over their estimated useful lives. Estimated useful life of assets is determined based on internal technical parameters/ assessment and supported by external technical advice obtained periodically.
- The aforesaid estimated useful life for computing depreciation/ amortisation is different in certain cases from the life specified in the Schedule II to the 2013 Act.
- 2.4 Depreciation/amortisation is provided on a pro-rata basis from the month the assets are put to use during the financial year. In respect of assets sold or disposed off during the year, depreciation/amortisation is provided upto the month of sale or disposal of the assets.
- 2.5 The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment. If any, indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount exceeds the recoverable amount.

3. Borrowing costs

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

4. Investments

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

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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

Reposessed Assets are valued at lower of amount due from the customer or net realizable value.

6. Loan to customers under financing activity

Loan to customers include assets given on finance / loan and amounts paid for acquiring financial assets from other Banks / NBFCs.

Loan to customers represents amounts receivable under finance / loan agreements and are valued at net investment amount including installments due and is net of amounts securitised / assigned and includes advances under such agreements.

7. Inventories

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

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

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

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

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

8. Foreign currency transactions and derivatives

8.1 Foreign currency transactions are recorded at the rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currency are translated at closing rate. Exchange differences arising on settlement or translation of monetary items other than those mentioned in para 8.2 below are recognised as income or expense in the consolidated statement of profit and loss in the period it arises.

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

8.3 The Group classifies all its foreign operations (including foreign branches) as either 'integral foreign operations' or 'non-integral foreign operations'. The financial statements of an integral foreign operation are translated as if the transactions of the foreign operations have been those of the Company itself. The assets and liabilities of non-integral foreign operations are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their statement of profit and loss is translated at average rates. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. When there is a change in the classification of foreign operations, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

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

8.5 Gains and losses on all other derivatives (including forward contracts not designated as Cash flow hedge) are recognised in the consolidated statement of profit and loss in the period it arises. Premium or discount on forward contracts is amortized over the life of the contract.

8.6 Investments in equity capital of companies registered outside India are carried in the consolidated balance sheet at the rates prevailing on the date of the transaction.

9. Segment Reporting

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

10. Revenue recognition

a. Sale of goods

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

b. Sale of services

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

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

c. Interest / Finance Income relating to financing activities

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

2. Interest from Housing loans

Interest income from housing loans is recognized on accrual basis except incase of NPA where interest is recognised on realisation, as per NHB guidelines. Repayment of housing loans is by way of Equated monthly instalment (EMI) comprising principal and interest. Interest is calculated on monthly reducing balance in terms of financing scheme opted by borrowers. EMI commences once the entire loan is disbursed. Pending commencement of EMI, pre EMI interest is charged every month and is accounted on accrual basis.

3. Income on securitisation / assignment

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

ii. Upfront / processing fee pertaining to loan origination is amortised over the tenure of the loan.

d. Other operating revenues

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

e. Other income

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

11. Leases

Where the Group is a lessor

- a. Leases in which the Group transfers substantially all the risks and rewards of ownership of the asset are classified as finance leases. Assets given under finance lease are recognised as a receivable at an amount equal to the net investment in the lease. After the initial recognition, the Group apportions lease rentals between principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognised in the consolidated statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc., are recognised immediately in the consolidated statement of profit and loss.
- b. Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognised in the consolidated statement of profit and loss on a straight line basis over the lease terms. Costs, including depreciation, are recognised as an expense in the consolidated statement of profit and loss. Initial direct costs such as legal costs, brokerage costs etc., are charged to the consolidated statement of profit and loss in the period of incurrence.

12. Government grants

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

13. Research and Development Costs

Expenditure on the design and production of prototypes is charged to the consolidated statement of profit and loss as and when incurred. Product development costs, including knowhow developed / acquired, incurred on new vehicle/ engine platforms, variants on existing platforms and aggregates are recognised as intangible assets only when product's technical feasibility is established and amortised over their estimated useful life.

14. Employee benefits

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

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

14.3 Employee stock option scheme:

The intrinsic value i.e. excess of fair value of shares, at the date of grant of options under the Employee Stock Option Scheme, over the exercise price is regarded as employee compensation. This is recognised on a straight line basis over the period over which the employees would become unconditionally entitled to apply for the shares.

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

14.4 Post-employment benefits and other long term employee benefits

- Defined contribution plans

Group's contribution to provident fund, superannuation fund, employee state insurance and other funds are determined under the relevant schemes and/or statute and charged to the consolidated statement of profit and loss in the period of incurrence when the services are rendered by the employees.

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

- Defined benefit plans and compensated absences

Group'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 consolidated statement of profit and loss in the period of occurrence.

14.5 Termination benefits

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

15. Provisions and Contingencies

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

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

16. Provision for non-performing assets and doubtful assets

Loans and advances and receivables are identified as bad / doubtful based on the duration of the delinquency. Provisions for such non-performing assets and doubtful debts are made based on the management's assessment of the degree of impairment and the level of provisioning meets the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015, as amended by Reserve Bank of India from time to time for the period. These provisioning norms are considered the minimum and additional provision is made based on perceived credit risk where necessary.

Housing loan are classified as per NHB guidelines, into performing and non-performing assets. Further, non-performing assets are classified into substandard, doubtful and loss assets and provision made based on criteria stipulated by NHB guidelines. Additional provisions are made against specific non-performing assets over and above as stated in the NHB guidelines, if in the opinion of the management higher provision is necessary.

17. Provision for standard assets

Provisions for standard assets are made as per the Prudential norms as applicable from time to time. Such provision is disclosed as "contingency provision on standard assets" under the Consolidated financial statement caption "long term provisions".

The Company maintains general provision for standard assets as stipulated by NHB. Provisions for standard assets are made as per the Housing Finance Companies (NHB) Directions, 2010. Such provision is disclosed as "contingency provision on standard assets" under the financial statement caption "long term provisions".

18. Income taxes

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

18.2 Deferred tax is recognised on timing differences; being the difference between taxable income and accounting income that originate in one period and are capable of reversing in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax assets are recognised for timing differences other than unabsorbed depreciation and carry forward losses only to the extent that there is a reasonable certainty that there will be sufficient future taxable income to realise the assets. Deferred tax asset pertaining to unabsorbed depreciation and carry forward of losses are recognised only to the extent there is a virtual certainty of its realisation.

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

19. Cash flow statement

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

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As at March 31, 2016	As at March 31, 2015
	₹ Lakhs	₹ Lakhs
1.1 CAPITAL		
Authorised		
a) 25,35,60,00,000 Equity shares of ₹ 1 each	253,560.00	253,560.00
b) 3,65,00,000 Redeemable Non-Cumulative Non-Convertible Preference Shares of ₹10 each	3,650.00	3,650.00
c) 20,00,000 Non-Convertible Redeemable Preference Shares of ₹ 100 each	2,000.00	2,000.00
	259,210.00	259,210.00
Issued		
a) 2,19,97,66,829 Equity shares of ₹ 1 each	21,997.67	21,997.67
b) 64,63,14,480 Equity shares of ₹ 1 each issued through Global Depository Receipts	6,463.14	6,463.14
	28,460.81	28,460.81
Subscribed and fully paid up		
a) 2,19,95,62,154 Equity shares of ₹ 1 each	21,995.62	21,995.62
b) 64,63,14,480 Equity shares of ₹ 1 each issued through Global Depository Receipts	6,463.14	6,463.14
	28,458.76	28,458.76
Add: Forfeited shares (amount originally paid up in respect of 760 shares)	0.04	0.04
	28,458.80	28,458.80

Notes:

	2016	2015
1. Reconciliation of number of Equity shares subscribed		
Balance as at the beginning of the year	284,58,76,634	266,06,76,634
Add: Issued during the year	-	18,52,00,000
Balance as at the end of the year	284,58,76,634	284,58,76,634

2. Shares issued in preceding 5 years

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

3. Shares held by the Holding Company

Hinduja Automotive Limited, the holding company, holds 110,46,46,899 (2015: 110,46,46,899) Equity shares and 54,86,669 (2015: 54,86,669) Global Depository Receipts (GDRs) equivalent to 32,92,00,140 (2015: 32,92,00,140) Equity shares of ₹ 1 (2015: ₹ 1) each aggregating to 50.38% (2015: 50.38%) 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 12,83,08,174 (2015: 18,76,02,225) Equity shares of Re.1 (2015: ₹1) each aggregating to 4.51% (2015: 6.59%).

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

- The Equity share holders are entitled to receive dividends as and when declared; a right to vote in proportion to holding etc. and their rights, preferences and restrictions are governed by / in terms of their issue under the provisions of the Companies Act, 2013.
- The rights, preferences and restrictions of the GDR holders are governed by the terms of their issue, and the provisions of the Companies Act, 2013. Each GDR holder is entitled to receive 60 equity shares [2015: 60 equity shares] of ₹ 1 each, per GDR, and their voting rights can be exercised through the Depository.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

		As at March 31, 2016	As at March 31, 2015
		₹ Lakhs	₹ Lakhs
1.2	RESERVES AND SURPLUS		
a)	Capital Reserve		
	Balance as at the beginning / end of the year	8,882.60	8,882.60
b)	Securities Premium Account		
	Balance as at the beginning of the year	146,964.34	76,126.99
	Add: Premium on issue of shares	51.79	78,030.41
	Less: Expenses incurred on issue of Shares / Debentures	-	1,482.85
	Consequent to change in group's interest	11.44	5,710.21
	Balance as at the end of the year	147,004.69	146,964.34
c)	Debenture Redemption Reserve		
	Balance as at the beginning of the year	26,875.00	7,250.00
	Add: Transferred from Surplus in Consolidated Statement of Profit and Loss	-	19,625.00
	Less: Transferred to Surplus in Consolidated Statement of Profit and Loss	11,625.00	-
	Balance as at the end of the year	15,250.00	26,875.00
d)	Revaluation Reserve		
	Balance as at the beginning of the year	102,180.90	117,392.67
	Less: Transferred to Consolidated Statement of Profit and Loss	-	1,520.45
	Adjustment on sale of revalued assets	-	13,691.32
	Balance as at the end of the year	102,180.90	102,180.90
e)	General Reserve		
	Balance as at the beginning of the year	94,341.48	94,341.48
	Less: Adjustment on account of fixed assets componentisation (net of deferred tax ₹ 10.38 lakhs)	19.62	-
	Balance as at the end of the year	94,321.86	94,341.48
f)	Hedge Reserve		
	Balance as at the beginning of the year	246.74	378.28
	Add: Unrealised gain / (loss) on cash flow hedges outstanding (net)	1,176.60	246.74
	Less: Gain / (loss) on cash flow hedges recognised in the Consolidated Statement of Profit and Loss upon settlement	246.74	378.28
	Balance as at the end of the year	1,176.60	246.74
g)	Foreign currency monetary item translation difference		
	Balance as at the beginning of the year	(1,472.65)	(787.92)
	Add: Exchange difference on translation of outstanding loan balances	(1,780.55)	(1,307.41)
	Less: Exchange difference amortised in the Consolidated Statement of Profit and Loss	(756.58)	(622.68)
	Balance as at the end of the year	(2,496.62)	(1,472.65)
h)	Employee Stock option Outstanding Account		
	Balance as at the beginning of the year	99.95	1.84
	Add: Additions during the year	15.51	98.34
	Less: Consequent to change in group's interest	0.14	0.23
	Balance as at the end of the year	115.32	99.95
i)	Statutory Reserve		
	(As per Section 45 - IC of the Reserve Bank of India Act, 1934)		
	Balance as at the beginning of the year	2,232.77	1,069.15
	Add: Transfer from Surplus in Consolidated Statement of Profit and Loss	1,723.18	1,298.89
	Less: Consequent to change in group's interest	6.29	135.27
	Balance as at the end of the year	3,949.66	2,232.77

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

		As at March 31, 2016	As at March 31, 2015
		₹ Lakhs	₹ Lakhs
j) Foreign Currency Translation Reserve			
Balance as at the beginning of the year	-	-	-
Add: Exchange difference on translation of non integral operations (net)	478.03	-	-
Balance as at the end of the year		478.03	-
k) Surplus in Consolidated Statement of Profit and Loss			
Balance as at the beginning of the year	42,320.63		67,661.07
Add: Current year profit	107,068.34		13,389.01
Transferred from Debenture Redemption Reserve	11,625.00		-
Less: Transferred to Debenture Redemption Reserve	-		19,625.00
Proposed Dividend [₹ 0.95 (2015: ₹ 0.45) per share]	27,035.83		12,806.44
Corporate dividend tax thereon	5,503.86		2,607.09
Consequent to change in group's interest	26,856.32		2,392.03
Transfer to Statutory Reserve - (Refer 1.2 (i) above)	1,723.18		1,298.89
Balance as at the end of the year		99,894.78	42,320.63
		470,757.82	422,671.76
1.3 LONG TERM BORROWINGS			
a) Secured Borrowings			
i) Debentures		240,000.00	151,000.00
ii) Term Loan from banks		319,728.49	253,869.85
iii) Long-term monetary item in foreign currency			
External Commercial Borrowings from banks		10,250.00	15,250.00
iv) Sales Tax Loan		3,118.00	3,118.00
v) Other loans and advances		58.64	103.97
b) Unsecured Borrowings			
i) Debentures		50,500.00	30,000.00
ii) Long-term monetary item in foreign currency			
External Commercial Borrowings from banks		124,715.02	155,702.44
iii) Other loans and advances			
Interest free sales tax loans		11,307.50	11,466.94
Others		37.01	1,429.10
		759,714.66	621,940.30
Notes:			
1	Refer Note 1.9 to the Consolidated Financial Statements for Current Maturities of Long Term Borrowings.		
2	Security and terms of repayment in respect of the above borrowings are detailed in Note 3.11 to the Consolidated Financial Statements.		
3	Of the above, borrowings for financing activities is given below:		
a) Secured Borrowings			
Debentures		200,000.00	90,000.00
Term Loans from banks		273,643.33	179,588.96
Other loans and advances		58.64	103.97
b) Unsecured Borrowings			
Debentures		50,500.00	30,000.00
Total		524,201.97	299,692.93

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As at March 31, 2016	As at March 31, 2015
	₹ Lakhs	₹ Lakhs
1.4 A DEFERRED TAX LIABILITIES (NET)		
a) Deferred tax liability due to		
i) Depreciation / Research and development expenditure	54,683.31	59,385.79
ii) Other timing differences (includes Section 43B allowance, etc.)	4,167.91	1,802.28
b) Deferred tax asset arising out of		
i) Voluntary retirement scheme compensation	(663.53)	(987.10)
ii) Carry forward of Losses - Unabsorbed depreciation	-	(4,754.97)
iii) Provision for Compensated absences	(2,357.85)	(2,335.65)
iv) Other timing differences (includes Section 43B disallowance, etc.)	(2,274.53)	(2,079.57)
	53,555.31	51,030.78
1.4 B DEFERRED TAX ASSETS (NET)		
a) Deferred tax liability due to		
i) Depreciation / Research and development expenditure	(103.18)	24.37
b) Deferred tax asset arising out of		
i) Contingency provision against standard assets	778.44	448.65
ii) Provision against non-performing assets	2,580.14	1,662.87
iii) Provision for employee benefits	83.13	43.97
iv) Other timing differences (includes Section 43B disallowance, etc.)	161.35	-
	3,499.88	2,179.86
1.5 OTHER LONG TERM LIABILITIES		
a) Trade Payables	-	94.15
b) Income received in Advance	3,306.41	1,495.98
c) Other payables		
i) Capital Creditors	516.65	120.15
ii) Deposits	-	57.50
iii) Others	853.50	463.69
	4,676.56	2,231.47
1.6 LONG-TERM PROVISIONS		
a) Provision for Employee Benefits		
i) Compensated absences [Refer Note 3.10 to the Consolidated Financial Statements]	6,189.10	5,883.13
ii) Others including Post retirement benefits	4,445.94	2,380.87
b) Provision for Product warranties	11,893.44	6,200.67
c) Contingency provision on standard assets (Relating to financing activities)	2,252.86	1,319.94
	24,781.34	15,784.61

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As at March 31, 2016	As at March 31, 2015
	₹ Lakhs	₹ Lakhs
1.7 SHORT TERM BORROWINGS		
a) Secured Borrowings		
Loans from Banks *	99,868.17	47,444.51
(Includes Cash Credit, Working capital demand loans, etc)		
b) Unsecured Borrowings		
Commercial Papers *	-	29,389.91
Short term loans (STL) from Banks	9,104.07	5,490.00
Other loans and advances	330.29	339.15
	109,302.53	82,663.57
Notes :		
1 Terms of repayment in respect of the above borrowings are detailed in Note 3.12 to the Consolidated Financial Statements.		
2 * Of the above, borrowings relating to financing activities amounting to ₹ 59,344.65 Lakhs (2015 : ₹ 65,022.38 Lakhs)		
1.8 TRADE PAYABLES		
Trade payables - including acceptances		
a) Micro enterprises and small enterprises	560.51	742.97
[Refer note 3.13 to the Financial Statements]		
b) Other Trade payables	295,993.18	307,451.64
	296,553.69	308,194.61
1.9 OTHER CURRENT LIABILITIES		
a) Current maturities of Long term debts	253,864.22	202,382.08
b) Interest accrued but not due on borrowings	19,325.03	16,543.60
c) Income received in advance	2,539.76	1,277.03
d) Unclaimed dividends	539.94	590.28
e) Advance from Customers	30,445.39	28,476.62
f) Statutory Liabilities	36,109.94	25,984.20
g) Assignees towards collections in assigned assets	5,062.60	4,794.93
(Relating to financing activities)		
h) Other payables	87,209.43	67,159.92
	435,096.31	347,208.66
Notes :		
1 Details of security and terms of repayment in respect of the current maturities of long term debts are detailed in Note 3.11 to the Consolidated Financial Statements.		
2 Other payables include:		
- Employee benefits	33,749.32	22,168.57
- Capital creditors	3,678.34	4,590.18
3 Current maturities of long term debts include ₹ 159,072.96 Lakhs (2015 : ₹ 117,981.69 Lakhs) relating to financing activities.		

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As at March 31, 2016	As at March 31, 2015
	₹ Lakhs	₹ Lakhs
1.10 SHORT-TERM PROVISIONS		
a) Provision for employee benefits		
i) Compensated absences	1,302.78	1,350.49
[Refer Note 3.10 to the Consolidated Financial Statements]		
ii) Gratuity	122.02	92.41
iii) Others including Post retirement benefits	148.11	153.82
b) Others		
i) Proposed dividend	27,035.83	12,806.44
ii) Corporate dividend tax on proposed dividend	5,503.86	2,607.09
iii) Product warranties	17,250.04	10,005.89
iv) Provision for non-performing assets	7,456.35	4,892.30
(Relating to financing activities)		
v) Provision for loss relating to certain products of a subsidiary	13,636.47	14,026.04
vi) Provision for income tax (net of advance tax)	96.99	28.59
vii) Others	10,767.21	-
[Refer Note 2.7 to the Consolidated Financial Statements]		
	83,319.66	45,963.07

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1.11a TANGIBLE ASSETS AND CAPITAL WORK IN PROGRESS

DESCRIPTION	GROSS BLOCK (COST / VALUATION)				DEPRECIATION / AMORTISATION / IMPAIRMENT			(2015-16) ₹ Lakhs	
	01.04.2015	Additions	Adjustments*	Disposals	31.03.2016	Upto 31.03.2015	Charge during the year	Adjustments*	Upto 31.03.2016
TANGIBLE ASSETS									
Land									
- Freehold land	56,582.96	503.21	(1,968.61)	-	55,117.56	-	-	-	55,117.56
- Leasehold land	52,661.68	9.62	370.63	0.23	53,041.70	3,511.99	626.25	73.49	4,211.66
- Leasehold land given on lease	126.41	-	-	-	126.41	20.59	1.28	-	21.87
Buildings	166,747.55	3,837.45	8,188.37	372.57	178,400.80	37,967.53	5,446.11	1,490.01	44,704.76
Building given on lease	1,144.90	-	-	-	1,144.90	140.09	21.61	-	161.70
Plant and equipment	521,816.71	15,910.34	4,249.14	4,588.49	537,387.70	233,206.90	33,530.12	2,408.73	264,761.05
Plant and equipment given on lease	6.00	-	-	-	6.00	2.55	0.28	-	2.83
Furniture and fittings	10,131.33	374.43	640.76	66.82	11,079.70	7,003.03	1,181.40	565.84	8,689.62
Furniture and fittings given on lease	88.87	-	-	-	88.87	66.94	5.82	-	72.76
Vehicles and aircraft	17,723.43	1,499.17	418.73	453.24	19,188.09	9,200.81	1,337.26	139.69	10,322.31
Vehicles given on lease	0.24	-	-	-	0.24	0.24	-	-	0.24
Office Equipment	23,722.75	3,025.93	414.28	893.31	26,269.65	21,109.09	1,940.23	377.25	22,536.95
Office Equipment given on lease	43.97	-	-	-	43.97	43.26	0.71	-	43.97
Electrical and other installations on lease hold premises	350.89	2.43	-	-	353.32	246.02	37.04	-	283.06
Improvement on Leased Building	169.61	75.73	(21.83)	-	223.51	132.89	32.02	(21.83)	143.08
TOTAL	851,317.30	25,238.31	12,291.47	6,374.66	882,472.42	312,651.93	44,160.13	5,033.18	355,955.86
Less:									
Amount considered as Rent [Refer Note 2.6 to the Consolidated Financial Statements]							627.53		
TOTAL							43,532.60		16,235.93
Capital Work in Progress									
* Adjustments include impact of first time consolidation of three subsidiaries, effect of translation differences arising from non integral operations. Adjustments include Freehold Land, Building, Plant and Equipment and other tangible assets reclassified and held for sale for March 2016: Net Block ₹ 7,077.96 Lakhs (Gross block ₹ 8,658.27 Lakhs less accumulated depreciation ₹ 1,580.31 Lakhs) - Refer Note 3.14 (b) to the Consolidated Financial Statements.									

Notes:

- Buildings include service installations of gross value ₹17,316.60 Lakhs (March 2015: ₹16,816.54 Lakhs).
- A portion of the Buildings in Bhandara revalued at ₹ 950 Lakhs is on a land, the title for which is yet to be transferred to the Company.
- Cost of Buildings as at March 31, 2016 includes:
 - ₹3.42 Lakhs (March 2015: ₹3.42 Lakhs) being cost of shares in Housing Co-operative Society representing ownership rights in residential flats and furniture and fittings thereat.
 - ₹132.38 Lakhs (March 2015: ₹132.38 Lakhs) representing cost of residential flats including undivided interest in land.
- Additions to Tangible Assets and Capital work-in-progress include:
 - Exchange (gain) / loss on specific loans aggregating ₹ 9,053.43 Lakhs (March 2015: ₹ 6,884.88 Lakhs) capitalised as under: Land ₹12.23 Lakhs (March 2015: ₹2.10 Lakhs), Building ₹2,499.27 Lakhs (March 2015: ₹1,064.63 Lakhs), Plant and equipment ₹9,853.55 lakhs (March 2015: ₹5,734.93 Lakhs), Furniture and fittings ₹101.09 Lakhs (March 2015: ₹92.36 Lakhs), Vehicles and aircraft ₹3.18 Lakhs (March 2015: ₹6.08 Lakhs), Office equipment ₹154.20 Lakhs (March 2015: ₹112.94 Lakhs), Capital Work in progress ₹(3,570.08) Lakhs (March 2015: ₹(128.16) Lakhs).

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1.11b TANGIBLE ASSETS AND CAPITAL WORK IN PROGRESS

(2014-15) ₹ Lakhs

DESCRIPTION	GROSS BLOCK (COST / VALUATION)				DEPRECIATION / AMORTISATION / IMPAIRMENT			Net Block
	01.04.2014	Additions / Adjustments	Disposals/ Adjustments	31.03.2015	Upto 31.03.2014	Charge during the year	Disposals / Adjustments	Upto 31.03.2015
TANGIBLE ASSETS								
Land								
- Freehold land	70,362.44	8.68	13,788.16	56,582.96	-	-	-	56,582.96
- Leasehold land	56,024.68	-	3,363.00	52,661.68	2,884.41	627.88	0.30	49,149.69
- Leasehold land given on lease	126.41	-	-	126.41	19.31	1.28	-	105.82
Buildings	163,069.44	4,635.26	957.15	166,747.55	32,640.50	5,491.55	164.52	128,780.02
Building given on lease	1,144.49	0.41	-	1,144.90	118.48	21.61	-	1,004.81
Plant and equipment@	584,531.49	16,602.20	79,316.98	521,816.71	230,855.83	39,016.20	36,665.13	288,609.81
Plant and equipment given on lease	6.00	-	-	6.00	2.27	0.28	-	3.45
Furniture and fittings	9,894.22	277.34	40.23	10,131.33	5,871.77	1,165.56	34.30	3,128.30
Furniture and fittings given on lease	88.87	-	-	88.87	56.12	10.82	-	21.93
Vehicles and aircraft	17,170.52	933.48	380.57	17,723.43	8,248.58	1,304.87	352.64	8,522.62
Vehicles given on lease	0.24	-	-	0.24	0.24	-	-	-
Office Equipment	22,881.85	844.81	3.91	23,722.75	18,562.47	2,578.56	31.94	2,613.66
Office Equipment given on lease	43.97	-	-	43.97	41.35	1.91	-	0.71
Electrical and other installations on lease hold premises	353.56	0.07	2.74	350.89	191.84	56.52	2.34	104.87
Improvement on Leased Building	139.40	30.21	-	169.61	109.07	23.82	-	36.72
TOTAL	925,837.58	23,332.46	97,852.74	851,317.30	299,602.24	50,300.86	37,251.17	538,665.37
Less: Transfer from Revaluation Reserve pertaining to Buildings						1,186.18		
Amount considered as Rent [Refer Note 2.6 to the Consolidated Financial Statements]						629.16		
TOTAL						48,485.52		
Capital Work-in-Progress								16,578.76

@ Adjustments include Plant and Equipment reclassified and held for sale for March 2015: Net Block ₹ 37,927.55 lakhs (Gross block ₹56,057.35 lakhs less accumulated depreciation ₹18,129.80 lakhs) - Refer Note 3.14(a) to the Consolidated Financial Statements.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1.12a INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

(2015-16) ₹ Lakhs

DESCRIPTION	GROSS BLOCK (COST / VALUATION)				DEPRECIATION / AMORTISATION / IMPAIRMENT				NET BLOCK	
	01.04.2015	Additions	Adjustments*	Disposals	31.03.2016	Upto 31.03.2015	Charge during the year	Adjustments*	Disposals	Upto 31.03.2016
INTANGIBLE ASSETS										
Computer software										
- Developed	15,529.58	-	-	-	15,529.58	6,041.93	1,332.54	-	-	7,374.47
- Acquired	14,963.54	2,909.67	2,371.39	6.05	20,238.55	12,503.26	1,608.28	2,185.49	6.05	16,290.98
Technical knowhow										
- Developed	38,894.26	710.61	3,862.66	-	43,467.53	18,828.48	3,563.28	638.33	-	23,030.09
- Acquired	26,947.02	733.41	-	35.93	27,644.50	13,287.04	2,405.47	-	35.93	15,656.58
TOTAL	96,334.40	4,353.69	6,234.05	41.98	106,880.16	50,660.71	8,909.57	2,823.82	41.98	62,352.12
Intangible assets under development										2,105.46

* Adjustments include impact of first time consolidation of three subsidiaries and effect of translation differences arising from non integral operations. Adjustments include asset reclassified and held for sale Net Block: ₹ 2.99 Lakhs (Gross Block: ₹ 9.35 Lakhs less accumulated amortisation ₹ 6.36 Lakhs)-Refer Note 3.14(b) to the Consolidated Financial Statements.

1. Additions to Intangible assets and Intangible assets under development include:

- Exchange (gain) / loss aggregating ₹(546.27) Lakhs (March 2015: ₹193.78 Lakhs) capitalised as under :
 - Software ₹772.90 Lakhs (March 2015: ₹278.42 Lakhs), Technical Knowhow ₹57.09 Lakhs (March 2015: ₹7.81 Lakhs), Intangible assets under development ₹(1,376.26) Lakhs (March 2015: ₹(92.45) Lakhs).
- Borrowing cost capitalised during the year: ₹Nil (March 2015: Nil) and Intangible assets under development ₹Nil (March 2015: ₹41.59 Lakhs).
- Other expenses capitalised ₹445.22 Lakhs (March 2015: ₹363.11 Lakhs) - Refer Notes 2.3 and 2.6 to the Consolidated Financial Statements.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1.12b INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

(2014-15) ₹ Lakhs

DESCRIPTION	GROSS BLOCK (COST / VALUATION)				DEPRECIATION / AMORTISATION / IMPAIRMENT			NET BLOCK	
INTANGIBLE ASSETS	01.04.2014	Additions / Adjustments	Disposals	31.03.2015	Upto 31.03.2014	Charge during the year	Disposals / Adjustments	Upto 31.03.2015	31.03.2015
Computer software									
- Developed	15,529.58	-	-	15,529.58	4,709.39	1,332.54	-	6,041.93	9,487.65
- Acquired	13,547.46	1,416.27	0.19	14,963.54	10,769.14	1,770.24	36.12	12,503.26	2,460.28
Technical knowhow									
- Developed	38,184.96	932.44	223.14	38,894.26	15,177.12	3,752.80	101.44	18,828.48	20,065.78
- Acquired	26,851.30	95.72	-	26,947.02	10,601.02	2,650.09	(35.93)	13,287.04	13,659.98
TOTAL	94,113.30	2,444.43	223.33	96,334.40	41,256.67	9,505.67	101.63	50,660.71	45,673.69
Intangible assets under development									
									5,034.08

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

₹ Lakhs

		As at March 31, 2016			As at March 31, 2015		
		Associates	Others	Total	Associates	Others	Total
1.13 NON-CURRENT INVESTMENTS							
LONG TERM INVESTMENTS							
I) Trade Investments							
A) Investment in Equity Instruments							
a) Equity Shares of ₹ 10 each							
Ashok Leyland Defence Systems Limited							
Cost of Acquisition (including goodwill of ₹1.59 lakhs)		1.76			1.76		
Add : Group share of Profit / (Loss)		(1.76)			2.01		
Carrying amount of Investment		-	-	-	3.77	-	3.77
Ashley Aviation Limited							
Cost of Acquisition (including goodwill of ₹112.38 lakhs)		196.00			196.00		
Less : Group share of Loss		196.00			196.00		
Carrying amount of Investment		-	-	-	-	-	-
Hinduja Foundries Limited - 54,05,793 shares [#]		-	2,421.26	2,421.26	-	2,421.26	2,421.26
Ashok Leyland Wind Energy Limited - 34,56,950 shares			1,495.84			1,495.84	
Less: Provision for diminution in value of investment			1,019.47			1,019.47	
Carrying amount of Investment		-	476.37	476.37	-	476.37	476.37
b) Equity shares of Srilankan Rupees 10 each							
Lanka Ashok Leyland, PLC							
Cost of Acquisition (including goodwill of ₹ 21.45 lakhs)		57.46			57.46		
Add : Group share of Profit		2,957.19			2,798.98		
Less: Dividend Income		193.80			23.43		
Carrying amount of Investment		2,820.85	-	2,820.85	2,833.01	-	2,833.01
c) Equity shares of UAE Dirhams of 1000 each							
Ashok Leyland (UAE) LLC							
Cost of Acquisition (including goodwill of ₹1,509.59 lakhs)		-			5,407.91		
Less : Group share of Loss		-			123.10		
Carrying amount of Investment		-	-	-	5,284.81	-	5,284.81
Total Investment in Equity Instruments (net)	A	2,820.85	2,897.63	5,718.48	8,121.59	2,897.63	11,019.22
B) Investment in Preference Shares							
6% Cumulative Redeemable Non-Convertible Preference shares of ₹ 10 each							
Ashley Aviation Limited - 1,800,000 shares		180.00	-	180.00	180.00	-	180.00
10% Cumulative Non-Convertible Redeemable Preference shares of ₹ 100 each							
Hinduja Foundries Limited - 1,500,000		-	1,500.00	1,500.00	-	1,500.00	1,500.00
6% Cumulative Non-Convertible Redeemable Preference shares of ₹ 100 each, paid up value of ₹ 66.67 per share							
Hinduja Foundries Limited - 10,00,000 shares		-	666.67	666.67	-	666.67	666.67
9% Cumulative Non-Convertible Redeemable Preference shares of ₹ 100 each							
Hinduja Foundries Limited - 30,00,000 shares		-	30,000.00	30,000.00	-	30,000.00	30,000.00
6% Non-Cumulative Non-Convertible Redeemable Preference shares of ₹ 10 each							
Ashok Leyland Defence Systems Limited - 50,00,000 (2015: Nil) shares		500.00	-	500.00	-	-	-
Total Investment in Preference Shares	B	680.00	32,166.67	32,846.67	180.00	32,166.67	32,346.67
Total - Trade Investments (net)	C=A+B	3,500.85	35,064.30	38,565.15	8,301.59	35,064.30	43,365.89

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

₹ Lakhs

		As at March 31, 2016			As at March 31, 2015		
		Associates	Others	Total	Associates	Others	Total
1.13 NON-CURRENT INVESTMENTS (CONTINUED)							
II) Other Investments							
A) Investment in Equity Instruments							
a) Equity shares of ₹ 10 each							
Mangalam Retail Services Limited							
Cost of Acquisition (including goodwill of ₹0.50 lakhs)		4.47			4.47		
Add : Group share of Profit		0.89			0.52		
Carrying amount of Investment		5.36	-	5.36	4.99	-	4.99
Chennai Willingdon Corporate Foundation Cost ₹900 - 100 shares							
Hinduja Energy (India) Limited - 6,11,47,058 shares		-	18,711.00	18,711.00	-	18,711.00	18,711.00
Hinduja Global Solutions Limited - Nil (2015: 5,079) shares #		-	-	-	-	12.45	12.45
Hinduja Ventures Limited - Nil (2015: 5,079) shares #		-	-	-	-	16.24	16.24
IndusInd Bank Limited - Nil (2015: 50,63,923) shares #		-	-	-	-	3,811.40	3,811.40
Chemplast Sanmar Limited - 4,00,500 (2015: Nil) shares		-	40.05	40.05	-	-	-
b) Equity shares of ₹ 100 each							
Opulent ventures Private Limited - 1,300 shares		-	0.65	0.65	-	0.65	0.65
c) Equity shares of ₹ 100 each partly paid-up							
Adyar Property Holding Co. Limited (₹ 65 paid up) - 300 shares		-	0.20	0.20	-	0.20	0.20
d) Equity Shares of ₹ 2 each							
Hinduja Properties Limited - 747,960 shares		-	56.94	56.94	-	56.94	56.94
B) Investment in Government Securities							
National Savings Certificate of the face value of ₹ 0.50 lakh		-	0.50	0.50	-	0.50	0.50
C) Investment in Debentures or Bonds							
Non convertible redeemable bonds of ₹ 10 Lakhs each							
ICICI Bank Limited - Nil (2015: 20) bonds #		-	-	-	-	200.56	200.56
Investments in debentures (relating to financing activities)		-	7,318.15	7,318.15	-	10,664.18	10,664.18
D) Investment in pass-through securities (relating to financing activities)		-	4,341.67	4,341.67	-	3,792.07	3,792.07
Total - Other Investments	D	5.36	30,469.16	30,474.52	4.99	37,266.19	37,271.18
Total Non-Current Investments	E=C+D	3,506.21	65,533.46	69,039.67	8,306.58	72,330.49	80,637.07
Notes							
1. Investments are fully paid-up shares unless otherwise stated.							
2. “#” represents quoted investments					₹ Lakhs		
Particulars		March 31, 2016			March 31, 2015		
Cost of quoted investments		2,421.26			6,461.91		
Market value of quoted investments		2,216.38			46,750.07		
Cost of unquoted investments		66,618.41			75,194.63		

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As at March 31, 2016	As at March 31, 2015
	₹ Lakhs	₹ Lakhs
1.14 LONG-TERM LOANS AND ADVANCES		
a) Capital Advances		
i) Unsecured, considered good	2,828.42	1,048.46
ii) Unsecured, considered doubtful	107.67	22.90
Less: Provision	107.67	22.90
	2,828.42	1,048.46
b) Security Deposits - Unsecured, considered good	6,479.12	6,387.79
c) Loans and advances to Related Parties [Refer Note 3.5 to the Consolidated Financial Statements]		
Unsecured, considered good	5,350.00	6,463.00
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		
- Secured, considered good unless otherwise stated		
i) Loan to customer under financing activities	523,742.00	311,106.60
ii) Loan to customer under financing activities (doubtful)*	8,910.89	1,469.51
	532,652.89	312,576.11
- Unsecured, considered good unless otherwise stated		
i) Material advance (doubtful)	4.27	4.27
ii) Employee advances	563.18	265.44
iii) VAT Credit	10,997.26	29,811.19
iv) Sales tax paid under protest	21,903.10	11,893.21
v) Advance Income tax (net)	10,578.65	4,078.60
vi) MAT Credit entitlement	39,367.14	42,889.56
vii) Loan to customer under financing activities (doubtful)*	1,226.90	359.30
viii) Other advances (Includes Prepaid expenses, etc)	8,663.90	9,621.67
ix) Other advances (doubtful)	5.95	13.24
	93,310.35	98,936.48
Less : Provision	10.22	17.51
	93,300.13	98,918.97
	640,610.56	425,394.33
* Considered for provisioning under NBFC/NHB guidelines.		
Of the above,		
Due from Directors / Officers	3.41	5.45
1.15 OTHER NON CURRENT ASSETS		
a) Long-term trade receivables		
- Unsecured considered good	19.36	23.46
b) Unamortised loan raising expenses	812.72	1,143.95
c) Bank deposits held as security (Cash collateral towards securitisation/ assignment of receivables relating to financing activities)	11,632.58	10,933.19
d) Receivable on sale of an undertaking of the Company's windmill business	786.54	786.54
e) Bank Balance in deposit accounts	15.24	74.39
f) Other balances	29.63	-
	13,296.07	12,961.53

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As at March 31, 2016	As at March 31, 2015
	₹ Lakhs	₹ Lakhs
1.16 CURRENT INVESTMENTS		
UNQUOTED		
a) Trade Investments		
Carrying value of Trade Investments (unquoted) held for sale [Refer note 3.1.2 (f) to the consolidated financial statements]		
i) Equity Shares of ₹ 10 each		
- Albonair (India) Private Limited - (2015: 1,00,00,000) shares	-	2,114.80
ii) Equity Shares of Euro 1 each		
- Albonair GmbH - (2015: 39,367,000) shares	-	38,730.40
iii) Ownership interest in share capital in Czech Koruna		
- Avia Ashok Leyland Motors s.r.o . (cost ₹ 198.65 lakhs, fair value ₹ Nil)	-	-
b) Other Investments		
i) Investments in debentures (relating to financing activities)	17,939.19	16,849.58
ii) Investments in pass through securities (relating to financing activities)	8,472.12	11,605.51
	26,411.31	69,300.29
1.17 INVENTORIES		
a) Raw materials and Components (including patterns and dies)	73,135.96	76,615.59
b) Work-in-progress	5,572.30	7,002.74
c) Finished goods	93,750.86	49,774.56
d) Stock-in-trade - Traded goods		
i) Commercial vehicles	8,076.38	3,718.08
ii) Spare parts and auto components (including works made)	23,276.69	19,843.50
e) Stores, spares and consumable tools	8,270.15	8,625.47
	212,082.34	165,579.94
Less: Provision for non-moving inventory	6,056.02	8,935.05
	206,026.32	156,644.89
Notes:		
1) Goods in transit included under the above heads are as below:		
a) Raw Materials and components	2,102.36	2,990.50
b) Stock-in-trade - Traded goods		
(i) Commercial Vehicles	138.36	455.89
(ii) Spares parts and auto components (including works made)	11.50	253.40
1.18 TRADE RECEIVABLES		
Trade Receivables - Unsecured		
i) Considered good	151,529.25	133,874.80
ii) Considered doubtful	1,008.38	948.95
	152,537.63	134,823.75
Less: Provision	1,008.38	948.95
	151,529.25	133,874.80
Age analysis of trade receivables		
Outstanding for more than six months from the date they are due	34,970.90	25,305.66
Others	116,558.35	108,569.14
	151,529.25	133,874.80

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As at March 31, 2016	As at March 31, 2015
	₹ Lakhs	₹ Lakhs
1.19 CASH AND BANK BALANCES		
a) Cash and Cash Equivalents		
i) Balances with Banks in - Current account	88,626.78	53,391.82
ii) Cheques, drafts on hand	4,380.32	2,532.86
iii) Cash and stamps on hand	60.80	44.25
iv) In Deposit accounts *	78,732.91	29,851.21
	171,800.81	85,820.14
b) Earmarked accounts		
i) Unclaimed Dividend accounts	539.94	590.28
ii) In Deposit accounts	51.94	82.71
iii) Margin money against bank guarantee	-	15.65
	591.88	688.64
c) Other Bank Balances		
In Deposit accounts #	3,391.11	4,000.00
	175,783.80	90,508.78
* This represents deposits with original maturity of less than or equal to 3 months.		
# This represents deposits with original maturity of more than 3 months.		
1.20 SHORT-TERM LOANS AND ADVANCES		
Secured, Considered good unless otherwise stated		
a) Loan to Customer under financing activities	195,905.33	152,892.24
b) Loan to Customer under financing activities (doubtful)*	22,602.84	19,906.78
Unsecured, Considered Good		
a) Loans and advances to related parties [Refer Note 3.5 to the Consolidated Financial Statements]		
i) Current portion of Long term monetary assets in foreign currency	-	23.43
ii) Others	5,806.22	2,193.73
b) Loan to Customer under financing activities	115.39	2,205.99
c) Security deposit	1,308.52	308.35
d) Employee advances	2,834.48	1,935.26
e) Material advances	11,532.51	14,165.54
f) Balances with customs, port trust, central excise etc.	16,520.43	14,583.33
g) Others	69,410.26	50,720.37
Unsecured, Considered doubtful		
a) Balances with customs, port trust, central excise etc.	5,814.78	4,507.02
b) Loan to customer under financing activities (doubtful) *	2,070.41	1,993.48
c) Employee advances	16.10	-
d) Loans and advances to related parties	2,272.04	-
e) Material advances	131.68	-
Less: Provision	8,234.60	4,507.02
	2,070.41	1,993.48
	328,106.39	260,928.50
* Considered for provisioning under NBFC/NHB guidelines.		
Notes :		
1 Due from Directors / Officers	33.19	2.14
2 Others include		
- VAT credit, Service tax and Entry tax	17,763.83	13,637.11
- Sales tax	122.23	147.83
- Prepaid expenses	8,270.18	11,241.46
- Dealer trade advances relating to financing activities	31,685.86	19,702.48

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As at March 31, 2016	As at March 31, 2015
	₹ Lakhs	₹ Lakhs
1.21 OTHER CURRENT ASSETS		
a) Interest accrued :		
- Relating to financing activities	222.99	463.05
- Others	243.64	280.67
b) Export incentive receivables	6,711.33	7,363.35
[Net of provision for doubtful receivable ₹ 103.41 lakhs (2015: ₹ Nil)]		
c) Current portion of unamortised loan raising expenses	403.59	409.35
d) Foreign exchange gain / (loss) on Forward Contracts - net	1,503.64	472.72
e) Earmarked Bank Balance in Escrow account (Receivable in respect of sale of long-term investment)	726.70	1,709.02
f) Net assets of Automotive Infotronics Limited (under liquidation)	166.22	1,317.12
g) Repossessed assets (at realizable value)	12,131.18	11,328.31
h) Assets held for sale [net of provision ₹ 41,615.36 Lakhs (2015: ₹ 37,927.62 Lakhs)]	3,793.54	-
[Refer Note 3.14 to the Consolidated Financial Statements]		
i) Receivable on sale of immovable properties/investments	40.22	20,000.00
j) Unbilled revenue	2,571.01	2,134.08
k) Other Receivables	194.58	36.21
	28,708.64	45,513.88

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

		Year Ended March 31, 2016	Year Ended March 31, 2015
		₹ Lakhs	₹ Lakhs
2.1 REVENUE FROM OPERATIONS			
a) Sale of products			
- Commercial Vehicles			
Manufactured		1,721,125.93	1,224,127.62
Traded		170,259.48	130,077.99
- Construction Equipment		340.50	2,180.77
- Engines and Gensets		41,448.02	36,214.26
- Spare parts and others		132,539.35	143,896.54
	(A)	2,065,713.28	1,536,497.18
b) Revenue from services	(B)	27,030.23	38,919.45
c) Other operating revenues			
- Contract manufacturing		1,333.58	1,182.18
- Export Incentives		6,841.42	7,379.00
- Scrap sales		7,755.21	9,071.07
- Others		900.52	64.30
	(C)	16,830.73	17,696.55
d) Interest / Finance income relating to Financing activities	(D)	110,156.91	69,171.72
e) Income from energy generated	(E)	-	1,916.14
	(A+B+C+D+E)	2,219,731.15	1,664,201.04
Less: Commission, rebate and discounts		46,874.69	36,729.78
		2,172,856.46	1,627,471.26
2.2 OTHER INCOME			
a) Interest income from			
i. Long-term investments		23.64	3,068.71
ii. Others, including bills discounting		5,876.64	4,750.75
		5,900.28	7,819.46
b) Dividend income from			
i. Current investments		34.08	148.66
ii. Long-term investments		204.29	179.27
		238.37	327.93
c) Profit on sale of investments - net			
i. Current investments		548.13	308.25
ii. Long-term investments		11.53	-
		559.66	308.25
d) Other non-operating income			
i. Cash discount earned		2,467.06	2,015.82
ii. Profit on sale of fixed assets - net		95.57	296.43
iii. Foreign exchange gain - net		-	4,183.76
iv. Others		5,926.76	3,931.07
		8,489.39	10,427.08
		15,187.70	18,882.72

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	Year ended March 31, 2016	Year ended March 31, 2015
	₹ Lakhs	₹ Lakhs
2.3 EMPLOYEE BENEFITS EXPENSE		
a) Salaries, wages and bonus	145,058.65	126,617.48
b) Contribution to provident, gratuity and other funds	11,152.82	9,827.82
c) Expense on Employee stock option scheme	99.01	171.00
d) Welfare expenses	21,004.88	17,197.52
	177,315.36	153,813.82
Less: Employee expenses capitalised	103.12	202.81
	177,212.24	153,611.01
2.4 FINANCE COSTS		
a) Interest Expense	30,042.03	40,505.07
b) Interest relating to financing activities	62,021.92	40,053.69
c) Other borrowing costs	4,721.36	6,712.11
	96,785.31	87,270.87
Less: Interest cost capitalised	-	41.59
	96,785.31	87,229.28
Note:		
Other borrowing costs include:		
- Loan raising expenses amortized	418.03	468.56
- Premium on forward contracts amortized	-	608.86
- Bill discounting charges	3,716.01	5,250.74
2.5 DEPRECIATION AND AMORTISATION EXPENSE		
A) Tangible assets		
(i) Buildings	5,446.11	5,491.55
(ii) Plant and equipment	33,530.12	39,016.20
(iii) Furniture and fittings	1,181.40	1,165.56
(iv) Vehicles and aircraft	1,337.26	1,304.87
(v) Office equipment	1,940.23	2,578.56
(vi) Assets given on lease		
- Buildings	21.61	21.61
- Plant and equipment	0.28	0.28
- Furniture and fittings	5.82	10.82
- Office equipment	0.71	1.91
(vii) Electrical and other installations on lease hold premises	37.04	56.52
(viii) Improvements on Leased Building	32.02	23.82
	43,532.60	49,671.70
Less: Transfer from Revaluation reserve	-	1,186.18
Total on Tangible assets (A)	43,532.60	48,485.52

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

		Year ended March 31, 2016	Year ended March 31, 2015
		₹ Lakhs	₹ Lakhs
2.5 DEPRECIATION AND AMORTISATION EXPENSE (CONTINUED)			
B) Intangible assets			
(i) Computer software			
- Developed		1,332.54	1,332.54
- Acquired		1,608.28	1,770.24
(ii) Technical knowhow			
- Developed		3,563.28	3,752.80
- Acquired		2,405.47	2,650.09
Total on Intangible assets	(B)	8,909.57	9,505.67
Total	(A + B)	52,442.17	57,991.19
Note:			
Depreciation on Plant and equipment includes:			
- Impairment charge		860.88	349.16
2.6 OTHER EXPENSES			
(a) Consumption of stores and tools		8,140.09	6,567.26
(b) Power and fuel		12,838.75	9,177.71
(c) Rent		5,569.49	5,072.94
(d) Repairs and maintenance			
- Buildings		4,255.41	4,265.69
- Plant and machinery		13,604.68	10,537.75
- Others		53.67	-
(e) Insurance		1,144.00	1,115.62
(f) Rates and taxes, excluding taxes on income		6,535.36	4,784.08
(g) Selling and administration expenses - net		55,127.51	43,324.63
(h) Service and product warranties		29,642.43	18,377.31
(i) Packing and forwarding charges		58,987.80	40,762.31
(j) Annual Maintenance Contracts		13,898.59	13,821.87
(k) Research and development		7,317.21	4,611.64
(l) Bad and doubtful debts / advances provided / written-off (Net)		6,257.38	4,977.51
(m) Service provider fees		1,721.08	3,126.94
(n) Communication, printing and stationery		748.19	661.20
(o) Provisions/Write off relating to financing activities		14,082.03	13,478.42
		239,923.67	184,662.88
Less: Expenses capitalised		342.10	160.30
		239,581.57	184,502.58
Notes:			
1. Rent includes amortization of cost /value of leasehold land and land given on lease ₹ 627.53 Lakhs (2015 : ₹ 629.16 Lakhs) as reduced by transfer of ₹ Nil Lakhs (2015 : ₹ 334.27 Lakhs) from Revaluation reserve.		627.53	294.89
2. Selling and administration expenses include:			
- Directors' sitting fees		91.00	49.60
- Commission to Non Whole-time Directors		812.00	230.00

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	Year ended March 31, 2016	Year ended March 31, 2015
	₹ Lakhs	₹ Lakhs
2.7 EXCEPTIONAL ITEMS		
a) Profit (net) from divestment of windmill business comprising of:		
- Profit on sale of an undertaking of the Company's windmill business	-	5,951.09
- Loss on sale of Long-term investments in Ashok Leyland Wind Energy Limited	-	(4,434.51)
	-	1,516.58
b) Profit on sale of Long-term Investments		
- IndusInd Bank Limited	42,579.53	-
Profit on sale of Current investments		
- Avia Ashok Leyland s.r.o.	-	27.55
(2015: net of diminution of ₹ 24,996.46 lakhs provided in earlier years)		
c) Diminution in the value of Long-term investments		
- Ashok Leyland Wind Energy Limited	-	(1,019.47)
d) Provision for impairment in the value of Goodwill		
- Optare Plc	(21,274.71)	-
- Ashok Leyland Nissan Vehicles Limited	(353.65)	-
- Nissan Ashok Leyland Technologies Limited	(212.30)	-
- Nissan Ashok Leyland Powertrain Limited	(15.96)	-
	(21,856.62)	-
e) Provision for losses in respect of investment held for sale		
- Avia Ashok Leyland s.r.o.	(2,393.09)	-
f) Provision for loss relating to a joint venture operations (net)	(7,276.79)	(60,888.64)
[Refer note 3.14 (a) to the consolidated financial statements]		
g) Provision for liquidation related costs / charges / obligation		
[Refer note 3.14 (b) to the consolidated financial statements]	(7,608.69)	-
- Ashok Leyland John Deere Construction Equipment Company Private Limited		
h) Profit on sale of immovable properties	-	30,832.37
	3,444.34	(29,531.61)

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.1 Basis of consolidation

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

3.1.2 Principles of consolidation

- The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) “Consolidated Financial Statements”, Accounting Standard 23 (AS 23) “Accounting for Investment in Associates in Consolidated Financial Statements” and Accounting Standard 27 (AS 27) “Financial Reporting of Interests in Joint Ventures” prescribed under Section 133 of the Companies Act, 2013.
- The Consolidated Financial Statements of the Group have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealised profits have been fully eliminated.
- The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the Consolidated Financial Statements as Goodwill or Capital Reserve (net) as the case may be.
- The difference between the proceeds from the disposal of investments in the subsidiary and the carrying amount of its assets and liabilities as on the date of disposal is recognised as profit or loss on disposal of investments in the subsidiary in the Consolidated Statement of Profit and Loss.
- Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Holding Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above.
- The following subsidiary companies are considered in the Consolidated Financial Statements

S.No.	Name of the subsidiary company	Country of Incorporation	% of ownership interest	% of ownership interest
			31-Mar-16	31-Mar-15
Direct subsidiaries				
1	Hinduja Tech Limited and its subsidiaries	India	62.00%	62.00%
2	Hinduja Leyland Finance Limited and its subsidiary	India	57.43%	57.51%
3	Ashok Leyland Nissan Vehicles Limited	India	51.00%	51.00%
4	Global TVS Bus Body Builders Limited	India	66.67%	66.67%
5	Gulf Ashley Motor Limited	India	91.69%	91.62%
6	Optare plc UK and its subsidiaries	UK	75.11%	75.11%
7	Ashok Leyland (UK) Limited	UK	100.00%	100.00%
8	Ashok Leyland (Nigeria) Limited	Nigeria	100.00%	100.00%
9	Ashok Leyland (Chile) SA	Chile	100.00%	100.00%
10	HLF Services Limited	India	80.42%	84.22%
11	Albonair (India) Private Limited (w.e.f. 31st March, 2016)	India	100.00%	Not Applicable
12	Albonair GmbH and its subsidiary (w.e.f. 31st March, 2016)	Germany	100.00%	Not Applicable
13	Ashok Leyland (UAE) LLC (w.e.f. 16th February, 2016)	UAE	49.00%	Not Applicable

- The financial statements of the subsidiary companies used in the consolidation are drawn upto the same reporting date as of the Holding Company i.e. year ended March 31, 2016.
 - Albonair GmbH and Albonair (India) Private Limited are classified from ‘Held for sale’ to ‘Held for use’.
 - Ashok Leyland (UAE) LLC has become subsidiary on the basis of control.
- g The following Joint Venture companies are considered in the consolidated financial statements

S.No.	Name of the joint venture	Country of Incorporation	% of ownership interest	% of ownership interest
			31-Mar-16	31-Mar-15
1	Ashley Alteams India Limited	India	50.00%	50.00%
2	Ashok Leyland John Deere Construction Equipment Company Private Limited #	India	50.00%	50.00%
3	Automotive Infotronics Limited (under liquidation) *	India	50.00%	50.00%
4	Nissan Ashok Leyland Powertrain Limited	India	49.00%	49.00%
5	Nissan Ashok Leyland Technologies Limited	India	50.00%	50.00%

The financial statements of the joint venture companies have been combined by using proportionate consolidation in accordance with Accounting Standard (AS) 27 “Financial Reporting of Interests in Joint ventures”. The financial statements of the joint ventures used in the consolidation are drawn upto the same reporting date as of the Holding Company i.e. year ended March 31, 2016.

The Holding Company along with its subsidiary Gulf Ashley Motor Limited holds 50% interest.

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

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

- h The following associates have been considered in the preparation of Consolidated Financial Statements of the Group in accordance with Accounting Standard (AS 23) "Accounting for Investment in Associates in Consolidated Financial Statements"

S.No.	Name of the Associate	Country of Incorporation	% of ownership interest	% of ownership interest
			31-Mar-16	31-Mar-15
1	Ashok Leyland Defence Systems Limited	India	26.00%	26.00%
2	Mangalam Retail Services Limited (w.e.f February 18, 2015)	India	37.48%	37.51%
3	Ashley Aviation Limited	India	49.00%	49.00%
4	Lanka Ashok Leyland Plc	Sri Lanka	27.85%	27.85%
5	Ashok Leyland (UAE) LLC (upto 15th February, 2016) [refer note 3.1.2 (f) (iii)]	UAE	Not Applicable	49.00%

The financial statements of the associates used in the consolidation are drawn upto the same reporting date as of the Holding Company i.e. year ended March 31, 2016.

3.1.3 Additional Information, as required under Schedule III to the Companies Act, 2013 of entities consolidated as Subsidiaries, Joint Ventures and Associates

Sl. No	Name of the Entity	Net Assets		Share in Profit or Loss	
		As a % of Consolidated Net Assets	Amount ₹ Lakhs	As a % of Consolidated Profit or (Loss)	Amount ₹ Lakhs
	Parent Company				
1	Ashok Leyland Limited	110.46	551,413.83	67.41	72,177.58
	Indian Subsidiaries				
2	Hinduja Tech Limited and its subsidiaries	1.23	6,129.71	(0.26)	(282.42)
3	Hinduja Leyland Finance Limited and its subsidiary	21.41	106,888.64	14.02	15,007.93
4	Ashok Leyland Nissan Vehicles Limited	(7.51)	(37,492.51)	(5.78)	(6,187.24)
5	Global TVS Bus Body Builders Limited	0.69	3,444.12	0.46	495.05
6	Gulf Ashley Motor Limited	0.54	2,701.75	0.04	38.95
7	HLF Services Limited	0.03	169.52	0.04	47.39
8	Albonair (India) Private Limited (w.e.f 31st March 2016) [refer note 3.1.2 (f) (ii)]	0.10	502.95	-	-
	Foreign Subsidiaries				
9	Ashok Leyland (UK) Limited	0.01	46.51	(0.01)	(9.40)
10	Ashok Leyland (Nigeria) Limited	0.03	128.19	(0.05)	(52.67)
11	Ashok Leyland (Chile) S.A	0.04	193.58	(0.06)	(65.10)
12	Optare Plc UK and its subsidiaries	(6.01)	(30,021.33)	(8.64)	(9,251.50)
13	Ashok Leyland (UAE) LLC (w.e.f 16th February 2016) [refer note 3.1.2 (f) (iii)]	1.77	8,826.61	(2.15)	(2,299.28)
14	Albonair GmbH and its subsidiary (w.e.f 31st March 2016) [refer note 3.1.2 (f) (ii)]	0.41	2,022.56	-	-
	Minority Interest in all subsidiaries	(6.03)	(30,098.69)	(3.20)	(3,422.05)
	Associates (Investment as per the equity method)				
	Indian				
15	Ashley Aviation Limited	-	-	-	-
16	Ashok Leyland Defence Systems Limited	-	-	-	(3.77)
17	Mangalam Retail Services Limited (w.e.f February 18, 2015)	0.00	5.36	-	0.16
	Foreign				
18	Ashok Leyland (UAE) LLC (upto 15th February 2016) [refer note 3.1.2 (f) (iii)]	-	-	0.31	335.65
19	Lanka Ashok Leyland PLC	0.57	2,820.85	0.26	282.09

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Sl. No	Name of the Entity	Net Assets		Share in Profit or Loss	
		As a % of Consolidated Net Assets	Amount ₹ Lakhs	As a % of Consolidated Profit or (Loss)	Amount ₹ Lakhs
	Joint Ventures (as per proportionate consolidation)				
	Indian				
20	Ashley Alteams India Limited	0.09	471.34	(0.27)	(286.74)
21	Ashok Leyland John Deere Construction Equipment Company Private Limited [refer note 3.1.2 (g)]	0.34	1,708.49	(7.09)	(7,594.94)
22	Automotive Infotronics Limited (under liquidation)	0.03	166.22	0.01	7.46
23	Nissan Ashok Leyland Powertrain Limited	1.17	5,827.33	0.07	71.94
24	Nissan Ashok Leyland Technologies Limited	(1.30)	(6,489.44)	0.47	505.21
	Sub Total	118.06	589,365.59	55.58	59,514.30
	Add/(Less): Effect of intercompany adjustments / eliminations	(18.06)	(90,148.97)	44.42	47,554.04
	Total	100.00	499,216.62	100.00	107,068.34

Note:

Net Assets and Share in Profit or Loss for Parent Company, Subsidiaries, and Joint Ventures are as per the Standalone / Consolidated Financial Statements of the respective entities.

		As at March 31, 2016 ₹ Lakhs	As at March 31, 2015 ₹ Lakhs
3.2	Contingent liabilities and Commitments		
A	Contingent liabilities		
a)	Claims against the Group and the jointly controlled entities not acknowledged as debts (net)		
i)	Sales tax/VAT	21,596.51	22,148.84
ii)	Excise duty, Service tax, Customs duty and Others	9,592.85	3,930.20
	These have been disputed by the Group and the jointly controlled entities on account of issues of applicability and classification.		
b)	Corporate Guarantees given to others	1,475.17	171.91
	Future cash outflows in respect of the above are determinable only on receipt of judgement / decisions pending with various forums / authorities.		
B	Commitments		
a)	Capital commitments (net of advances) not provided for [including ₹ 2,551.41 Lakhs (2015: ₹625.29 Lakhs) in respect of Intangible assets]	8,566.43	9,781.70
b)	Uncalled Liability on Partly paid shares / investments	0.11	0.11
c)	Export obligation under EPCG scheme	-	4,348.40
d)	Other commitments		
	Financial support given to certain subsidiaries, joint ventures, etc.		
	The outflow in respect of the above is not practicable to ascertain in view of the uncertainties involved.		

3.3 Earnings per share

		31 - March - 16	31 - March - 15
Profit after tax as per Consolidated Statement of Profit and Loss (₹ lakhs)	(A)	107,068.34	13,389.01
Weighted average number of equity shares outstanding	(B)	2,845,876,634	2,798,181,292
Basic and Diluted earnings per share (Face value ₹ 1) (in ₹)	(A / B)	3.76	0.48

3.4 Segment information

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

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.5 Related party disclosure

a) List of parties where control exists

Holding Company

Hinduja Automotive Limited, United Kingdom

Machen Holdings SA

(Holding Company of Hinduja Automotive Limited, United Kingdom)

Machen Development Corporation, Panama

(Holding Company of Machen Holdings SA)

Amas Holdings SA

(Holding Company of Machen Development Corporation, Panama)

Subsidiaries held for sale

Albonair (India) Private Limited..... upto March 30, 2016

Albonair GmbH upto March 30, 2016

Avia Ashok Leyland Motors s.r.o

b) Other related parties

Fellow Subsidiaries

Hinduja Auto Components Limited

Hinduja Automotive (UK) Limited

Gulf Oil Lubricants India Limited from April 2, 2014

Associates

Ashley Aviation Limited

Ashok Leyland Defence Systems Limited

Ashok Leyland (UAE) LLC Upto February 15, 2016

Lanka Ashok Leyland PLC

Mangalam Retail Services Limited from February 18, 2015

Joint Ventures

Ashley Alteams India Limited

Automotive Infotronics Limited (under liquidation)

Ashok Leyland John Deere Construction Equipment Company Private Limited

Nissan Ashok Leyland Powertrain Limited

Nissan Ashok Leyland Technologies Limited

Key management personnel

Mr. Vinod K Dasari, Managing Director and CEO

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

	Fellow Subsidiary		Associates		Joint Ventures		Holding Company #		Key Management Personnel		Subsidiaries held for sale		Total
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	
Transactions during the year ended March 31													
1	8,706.32	6,231.01	218.23	195.05	14,933.52	13,022.68	-	-	-	-	-	1,044.94	23,858.07
2	956.38	-	70,717.65	64,812.08	315.97	537.94	-	-	-	-	-	45.49	71,990.00
3	100.30	-	1.82	19.00	1,369.08	1,225.94	-	-	-	-	-	-	1,471.20
4	-	-	(821.11)	(866.64)	4,048.74	3,916.66	68.69	99.83	-	-	-	5.20	3,296.32
5	-	-	228.79	200.00	19.04	4.19	-	-	-	-	-	-	247.83
6	24.16	-	225.00	225.00	843.94	932.14	-	-	-	-	-	187.53	1,093.10
7	-	-	-	-	-	-	-	-	-	-	-	38.59	-
8	-	-	-	-	-	-	-	-	4.38	-	-	-	4.38
9	-	-	-	-	-	-	6,452.31	-	-	-	-	-	6,452.31
10	-	-	-	-	-	-	-	-	1,056.45	888.11	-	-	1,056.45
11	-	-	500.00	-	-	-	-	-	-	-	-	2,567.32	500.00
12	-	-	-	187.15	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	23.33	-	-	-	23.33
14	-	-	-	-	-	-	-	-	5.83	-	-	6,551.80	5.83
Balances as on March 31													
1	263.87	-	3,900.21	7,564.65	322.45	279.13	-	-	-	-	-	-	4,486.53
2	-	-	351.93	60.62	5,489.54	30.03	-	-	17.50	0.01	5,297.25	-	11,156.22
3	961.80	359.03	25.29	2,240.00	3,336.03	180.74	51.89	6.11	474.04	356.40	-	138.59	4,849.05
4	-	-	-	-	1,292.49	-	-	-	-	-	-	-	1,292.49

For details of investments as at March 31, 2016 and March 31, 2015, Refer note 1.13 and note 1.16 to the Consolidated Financial Statements

relates to Hinduja Automotive Limited

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

Note - All intragroup transactions and balances included above are net of elimination

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.5 Related Party disclosure (Continued)

₹ Lakhs

	2016	2015
d) Significant Related Party Transactions		
1 Purchase of raw materials, components and traded goods (net of CENVAT / VAT)		
Ashley Alteams India Limited	2,623.62	2,036.86
Gulf Oil Lubricants India Limited	8,706.32	6,231.01
Nissan Ashok Leyland Powertrain Limited	12,307.74	10,963.90
2 Sales and Services (net of taxes)		
Ashok Leyland (UAE) LLC	37,593.02	36,271.60
Lanka Ashok Leyland PLC	33,120.94	28,540.48
3 Other Operating Income		
Nissan Ashok Leyland Powertrain Limited	1,333.58	1,191.32
4 Other Expenditure incurred / (recovered) (net)		
Ashok Leyland Defence Systems Limited	147.06	55.48
Ashley Aviation Limited	136.44	58.19
Albonair GmbH	-	5.20
Ashok Leyland (UAE) LLC	42.56	52.46
Ashok Leyland John Deere Construction Equipment Company Private Limited	63.58	23.65
Lanka Ashok Leyland PLC	(1,147.17)	(1,032.76)
Nissan Ashok Leyland Powertrain Limited	50.27	-
Nissan Ashok Leyland Technologies Limited	3,932.87	3,893.01
5 Advance / Current account - Net increase / (decrease)		
Nissan Ashok Leyland Powertrain Limited	19.04	4.19
Lanka Ashok Leyland PLC	-	140.36
Ashok Leyland Defence Systems Limited	228.79	59.64
6 Interest and other income		
Avia Ashok Leyland Motors s.r.o.	-	187.53
Ashley Alteams India Limited	-	10.56
Ashley Aviation Limited	225.00	225.00
Nissan Ashok Leyland Technologies Limited	843.94	921.58
7 Investment in shares of		
Albonair GmbH	-	2,567.32
Ashok Leyland Defence Systems Limited	500.00	-
8 Disposal of Investments to		
Ashok Leyland (UAE) LLC	-	187.15
9 Loans / Advance repaid		
Avia Ashok Leyland Motors s.r.o.	-	6,551.80
10 Purchase of assets		
Avia Ashok Leyland Motors s.r.o.	-	38.59

3.6 Disclosures in respect of Joint Ventures

a) List of joint ventures

Sl. No.	Name of the Joint Venture	Name of the Business	Proportion of ownership interest as at March 31, 2016	Proportion of ownership interest as at March 31, 2015	Country of residence / Incorporation
1	Ashley Alteams India Limited (AAIL)	Manufacture of aluminum high pressure die castings.	50.00%	50.00%	India
2	Ashok Leyland John Deere Construction Equipment Company Private Limited (ALJD) #	Manufacture of construction equipment	50.00%	50.00%	India
3	Nissan Ashok Leyland Technologies Limited (NALTL)	Development of related automotive technology	50.00%	50.00%	India
4	Nissan Ashok Leyland Powertrain Limited (NALPL)	Manufacture of engines for Light Commercial Vehicles	49.00%	49.00%	India

The Holding Company along with its subsidiary Gulf Ashley Motor Limited holds 50% interest.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

₹ Lakhs

Particulars	AAIL		ALJD		NALTL		NALPL	
	2016	2015	2016	2015	2016	2015	2016	2015
EQUITY AND LIABILITIES								
Shareholders' funds								
Share capital	6,750.00	6,500.00	23,251.82	18,606.82	2,602.50	2,602.50	7,402.17	7,402.17
Reserves and surplus	(6,278.67)	(5,971.66)	(21,543.33)	(13,948.38)	(9,091.94)	(9,597.15)	(1,574.84)	(1,646.78)
Non-current liabilities								
Long-term borrowings	3,070.78	2,669.32	-	1,312.50	7,200.00	8,565.50	1,225.00	1,715.00
Other long term liabilities	-	-	-	259.87	-	-	-	-
Long-term provisions	20.27	15.93	-	72.89	-	-	-	-
Current liabilities								
Short-term borrowings	1,724.20	1,491.45	6.79	121.96	-	-	490.00	490.00
Trade payables	1,256.99	1,844.29	988.44	1,333.68	579.31	616.86	2,284.93	2,512.78
Other current liabilities	945.65	1,700.38	100.98	1,550.43	236.61	230.81	603.31	446.38
Short-term provisions	6.67	9.26	1,664.25	189.63	37.30	57.12	61.08	212.78
TOTAL	7,495.89	8,258.97	4,468.95	9,499.40	1,563.78	2,475.64	10,491.65	11,132.33
ASSETS								
Non-current assets								
Fixed assets								
Tangible assets	4,409.91	4,592.65	-	7,255.83	81.72	173.71	3,231.80	3,764.32
Intangible assets	7.49	17.98	-	3.92	45.64	697.28	-	-
Capital work-in-progress	98.20	29.76	-	50.33	-	-	2,033.19	2,027.06
Non-current investments	5.10	0.65	-	-	-	-	-	-
Long-term loans and advances	83.60	79.27	-	22.14	648.53	249.71	1,878.29	2,143.13
Other non-current assets	37.04	3.99	-	-	-	-	-	-
Current assets								
Inventories	855.86	1,229.56	220.03	847.44	-	-	345.10	413.15
Trade receivables	1,429.78	1,787.72	0.07	90.01	698.41	1,210.56	2,622.36	2,536.28
Cash and bank balances	3.73	30.94	404.69	539.73	40.59	64.62	329.64	77.85
Short-term loans and advances	328.37	369.01	50.36	685.26	48.89	79.76	51.27	170.54
Other current assets	236.81	117.44	3,793.80	4.74	-	-	-	-
TOTAL	7,495.89	8,258.97	4,468.95	9,499.40	1,563.78	2,475.64	10,491.65	11,132.33
INCOME								
Revenue from operations	9,306.73	7,825.17	480.27	2,081.90	4,396.84	4,179.27	11,930.57	10,545.38
Less: Excise Duty	(987.62)	(617.54)	(60.73)	(218.50)	-	-	-	-
Revenue from operations (Net)	8,319.11	7,207.63	419.54	1,863.40	4,396.84	4,179.27	11,930.57	10,545.38
Other income	41.08	12.76	25.90	149.59	3.02	68.00	303.77	309.19
Total Revenue	8,360.19	7,220.39	445.44	2,012.99	4,399.86	4,247.27	12,234.34	10,854.57
Expenses								
Cost of materials consumed	4,441.66	3,909.88	209.30	1,176.89	-	-	10,764.54	9,652.57
Purchases of Stock-in-Trade - Traded goods	120.30	630.30	-	-	-	-	-	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	183.67	(233.72)	147.04	623.17	-	-	(5.17)	-
Employee benefits expense	862.02	802.80	795.26	903.19	829.91	942.56	244.68	225.77
Finance costs	432.17	495.72	220.36	396.46	1,135.40	1,234.05	267.14	257.92
Depreciation and amortisation expense	760.72	712.89	191.19	400.62	752.89	1,375.15	622.55	598.09
Other expenses	1,846.39	1,451.86	1,368.54	1,475.66	1,176.45	1,673.90	268.66	428.56
Total Expenses	8,646.93	7,769.73	2,931.69	4,975.99	3,894.65	5,225.66	12,162.40	11,162.91
Profit/ (Loss) before exceptional items and tax	(286.74)	(549.34)	(2,486.25)	(2,963.00)	505.21	(978.39)	71.94	(308.34)
Exceptional items	-	-	(5,108.69)	-	-	-	-	-
Profit / (Loss) before extraordinary items and tax	(286.74)	(549.34)	(7,594.94)	(2,963.00)	505.21	(978.39)	71.94	(308.34)
Extraordinary Items	-	-	-	-	-	-	-	-
Profit / (Loss) for the period from continuing operations	(286.74)	(549.34)	(7,594.94)	(2,963.00)	505.21	(978.39)	71.94	(308.34)

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Notes :

- i) Contingent liabilities, incurred in relation to interest in joint ventures as on March 31, 2016 is ₹ 8.04 lakhs (2015: ₹Nil).
- ii) Share in contingent liabilities of joint ventures themselves for which the Group is contingently liable as at March 31, 2016 ₹ 2,346.43 lakhs (2015: ₹ 1,924.70 lakhs).
- iii) Capital commitments in relation to interests in joint ventures as on March 31, 2016 ₹Nil (2015: ₹Nil).
- iv) Share in Capital commitments of joint ventures themselves as on March 31, 2016 ₹ 24.44 lakhs (2015: ₹168.05 lakhs).
- v) The information furnished above is based on audited figures made available to the Holding Company, except for NALTL and NALPL.
- vi) Figures given above under expenses are excluding taxes.

3.7 Operating Lease

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

Operating lease commitments	₹ Lakhs 2016	₹ Lakhs 2015
Less than one year	979.70	66.81
1 - 5 years	5,478.67	147.41
> 5 years	7,165.46	-

3.8 Foreign exchange

	₹ Lakhs 2016	₹ Lakhs 2015
A Dividend Remitted in Foreign Currency *		
a) Number of non resident shareholders	2	-
b) Number of shares on which dividend was remitted	959,742,835	-
c) Dividend remitted during the year relating to previous year	4,318.84	-

* Dividend paid to other Non-Resident shareholders is in Indian Rupees

B Derivatives

The Group and the Jointly Controlled Entities 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 Group and the Jointly Controlled Entities actively manage its currency / interest rate exposures through a centralized treasury division and uses derivatives to mitigate the risk from such exposures. The use of derivative instruments is subject to limits and regular monitoring by appropriate levels of management. The limits and monitoring systems are periodically reviewed by management and the Board. The market risk on derivatives is mitigated by changes in the valuation of underlying assets, liabilities or transactions, as derivatives are used only for risk management.

The information on derivative instrument is as follows:

i) Derivative instruments outstanding:

Details	Details	Currency	Amount (Foreign currency in Million) 2016	Amount (Foreign currency in Million) 2015	Amount ₹ Lakhs 2016	Amount ₹ Lakhs 2015
Foreign Exchange Contracts						
- USD / INR	Sold	USD	151.47	135.26	100,263.98	84,539.11
- USD / INR	Bought	USD	16.33	4.59	10,819.72	3,183.83
- EUR / USD	Bought	EUR	1.80	0.54	1,357.84	362.18
- GBP / USD	Bought	GBP	0.10	1.09	95.47	1,009.35
Currency Swaps						
- USD / JPY	Sold	USD	131.67	145.00	87,235.75	90,625.00
- USD / INR	Sold	USD	30.55	-	20,241.57	-

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

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

Details	Currency	Amount (Foreign currency in Million)		Amount ₹ Lakhs	
		2016	2015	2016	2015
Amount receivable on account of sale of goods, loans and advances, cash and bank balances, interest, etc.	USD	459.82	311.45	304,650.99	194,624.38
	EUR	0.32	0.65	237.83	427.59
	AED	1.04	1.42	186.87	242.26
	KES	19.31	16.71	126.10	112.95
	ZAR	0.96	2.41	43.15	123.50
	GBP	0.00	6.09	0.31	5,634.70
	MUR	0.41	0.41	7.71	6.94
	BDT	-	0.00	-	0.02
	EGP	-	0.00	-	0.23
	JPY	57.79	16.33	340.86	85.18
Amount payable on account of purchase of goods and services, loans, interest, etc.	USD	275.62	360.91	182,612.62	225,354.05
	EUR	7.22	5.23	5,444.63	3,471.06
	JPY	0.10	46.33	0.61	259.24
	GBP	0.13	0.27	124.11	249.44
	CHF	-	0.02	-	12.92
	AED	1.57	0.43	283.97	73.96
	KES	60.56	133.77	395.53	904.36
	ZAR	1.06	2.76	47.85	141.49
	MUR	0.08	0.08	1.55	1.39
	SEK	-	0.17	-	12.08

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 on 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 amortized 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 ₹2,496.62 lakhs as at March 31, 2016 (March 31, 2015: loss of ₹1,472.65 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 Group had adopted the principles of Accounting Standard 30 – Financial instruments: Recognition and measurement, issued by the Institute of Chartered Accountants of India, with effect from April 1, 2008, in respect of forward contracts for firm commitments and highly probable forecast transactions meeting necessary criteria for designation as "Cash flow hedges". The gains and losses on effective Cash flow hedges are recognized in Hedge Reserve Account till the underlying forecast transaction occurs.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.10 Employee benefits

Defined benefit plans - As per Actuarial valuation as at March 31, 2016

₹ Lakhs

	Gratuity (Funded/ Unfunded)	Compensated absences (Unfunded)	Other defined benefit plans (Unfunded)	Gratuity (Funded/ Unfunded)	Compensated absences (Unfunded)	Other defined benefit plans (Unfunded)
	2016	2016	2016	2015	2015	2015
A) Expense recognised in the Consolidated Statement of Profit and Loss for the year ended March 31						
Current service cost	1,173.45	696.03	72.36	1,192.17	684.04	73.66
Interest cost	1,710.67	502.21	49.17	1,778.31	511.69	47.48
Expected return on plan assets	(1,069.00)	-	-	(1,821.63)	-	-
Net actuarial (gain) / loss recognised during the year	801.85	(129.74)	(78.02)	491.33	615.98	(18.68)
Total expense	2,616.97	1,068.50	43.51	1,640.18	1,811.71	102.46
B) Actual return on plan assets						
Expected return on plan assets	1,069.00	-	-	1,821.63	-	-
Actuarial gain / (loss) on plan assets	(0.22)	-	-	4.90	-	-
Actual return on plan assets	1,068.78	-	-	1,826.53	-	-
C) Net Asset / (Liability) recognised in the Consolidated Balance Sheet						
Present value of the obligation	23,589.26	7,033.97	621.70	22,541.96	6,989.73	682.64
Fair value of plan assets	21,028.43	-	-	21,002.05	-	-
Funded status [surplus / (deficit)]	(2,560.83)	-	-	(1,539.89)	-	-
Net Asset / (Liability) recognised in the Consolidated Balance Sheet	(2,560.83)	(7,033.97)	(621.70)	(1,539.89)	(6,989.73)	(682.64)
D) Change in Present value of the Obligation during the year						
Present value of obligation as at beginning of the year	22,541.96	6,989.73	682.64	22,280.10	6,017.62	694.91
Obligations arising on account of first time consolidation / Adjustments	(99.22)	(47.63)	-	-	-	-
Current service cost	1,173.45	696.03	72.36	1,192.17	684.04	73.66
Interest cost	1,710.67	502.21	49.17	1,778.31	511.69	47.48
Benefits paid	(2,539.23)	(976.63)	(104.45)	(3,204.85)	(839.60)	(114.73)
Actuarial (gain) / loss on obligation	801.63	(129.74)	(78.02)	496.23	615.98	(18.68)
Present value of obligation as at end of the year	23,589.26	7,033.97	621.70	22,541.96	6,989.73	682.64
E) Change in Fair Value of Plan Assets during the year						
Fair value of plan assets as at beginning of the year	21,002.05	-	-	20,345.19	-	-
Assets arising on account of first time consolidation / Adjustments	(60.78)	-	-	-	-	-
Expected return on plan assets	1,069.00	-	-	1,821.63	-	-
Contributions	1,557.61	976.63	104.45	2,035.18	839.60	114.73
Benefits paid	(2,539.23)	(976.63)	(104.45)	(3,204.85)	(839.60)	(114.73)
Actuarial gain / (loss) on plan assets	(0.22)	-	-	4.90	-	-
Fair value of plan assets as at end of the year	21,028.43	-	-	21,002.05	-	-
F) Experience adjustments in						
Plan liabilities - loss / (gain)	801.85	127.39	(70.05)	491.33	615.98	(18.68)
Plan assets - (loss) / gain	(0.22)	-	-	-	-	-
G) Actuarial Assumptions (Range for the group)						
Discount rate	7.60% to 8.12%			7.80% to 8.00%		
Salary escalation	3.00% to 12.00%			3.00% to 12.00%		
Expected rate of return on plan assets	7.68% to 9.15%			8.00% to 9.30%		

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

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.11 Details of Long Term Borrowings:

	Non Current ₹ Lakhs	March 31, 2016 Current maturities ₹ Lakhs	Total ₹ Lakhs	Particulars of Redemption/ Repayment	Non Current ₹ Lakhs	March 31, 2015 Current maturities ₹ Lakhs	Total ₹ Lakhs
a. Secured Loans:							
i. Debentures							
9.60% AL 22	15,000.00	-	15,000.00	June 21, 2018	15,000.00	-	15,000.00
10.15% AL 20	15,000.00	-	15,000.00	December 28, 2017	15,000.00	-	15,000.00
10.20% AL 18	10,000.00	-	10,000.00	June 28, 2017	10,000.00	-	10,000.00
10.25% AL16	-	6,000.00	6,000.00	October 14, 2016 - ₹ 6,000 lakhs, 2015 and 2014 - ₹ 4,500 lakhs each	6,000.00	4,500.00	10,500.00
9.45% AL 21	-	15,000.00	15,000.00	June 21, 2016	15,000.00	-	15,000.00
10.05% AL 19	-	-	-	December 28, 2015	-	15,000.00	15,000.00
8.20% AL 15	-	-	-	July 22, 2015	-	7,000.00	7,000.00
10.10% AL 17	-	-	-	June 28, 2015	-	20,000.00	20,000.00
10.50% Sub 1	30,000.00	-	30,000.00	Redemption period is 3 years	30,000.00	-	30,000.00
10.35% to 10.70% Sub 2	95,000.00	-	95,000.00	Redemption period is 3 to 5 years	60,000.00	-	60,000.00
BR SBI + 0.05% to 0.18% Sub 3	75,000.00	-	75,000.00	Redemption period is 3 to 5 years	-	-	-
Total (A)	240,000.00	21,000.00	261,000.00		151,000.00	46,500.00	197,500.00
BR SBI = Base Rate of State Bank of India							
ii. Term Loans							
TL - 7	25,000.00	5,000.00	30,000.00	December 16, 2018 and 2017 - ₹ 12,500.00 lakhs each, 2016 - ₹ 5,000.00 lakhs	30,000.00	-	30,000.00
TL - 1	-	-	-	2 equal installments on February 5, 2016 and February 16, 2015	-	3,333.33	3,333.33
TL - 2	-	-	-	2 equal installments on June 1, 2015 and 2014	-	5,000.00	5,000.00
S-TL - 1	13,125.00	4,375.00	17,500.00	16 Quarterly equal installments immediately after a moratorium of 12 quarters from the date of first draw down	17,500.00	-	17,500.00
S-TL - 2	6,250.00	2,500.00	8,750.00	16 Quarterly equal installments immediately after a moratorium of 3 years from the date of first draw down	8,750.00	1,250.00	10,000.00
S-TL - 3	266,143.34	159,027.63	425,170.97	Repayable in varying installments (Monthly, quarterly, half yearly and annual)	179,588.96	117,981.69	297,570.65
S-TL - 4	-	14,320.50	14,320.50	Repayable by August 2016	13,870.50	-	13,870.50
S-TL - 7	7,500.00	-	7,500.00	Repayable in 24 quarterly installments	-	-	-
J-TL 1	1,225.00	490.00	1,715.00	16 Quarterly equal installments immediately after a moratorium of 3 years from the date of first draw down	1,715.00	245.00	1,960.00
J-TL 2	-	-	-	Repayable in 16 equal quarterly installments commencing from February 28, 2015	687.50	218.75	906.25

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	March 31, 2016			Particulars of Redemption/ Repayment	March 31, 2015		
	Non Current	Current maturities	Total		Non Current	Current maturities	Total
	₹ Lakhs	₹ Lakhs	₹ Lakhs		₹ Lakhs	₹ Lakhs	₹ Lakhs
J-TL 3	485.16	647.37	1,132.53	Repayable in 15 equal quarterly installments commencing from May, 2014	1,132.89	485.52	1,618.41
J-TL 4	-	-	-	Repayable in 16 equal quarterly installments commencing from October 30, 2012	625.00	1,250.00	1,875.00
Total (B)	319,728.50	186,360.50	506,089.00		253,869.85	129,764.29	383,634.14
iii. ECB Loans							
S -ECB 1	10,250.00	5,000.00	15,250.00	8 equal semi-annual installments commencing after a moratorium period of 3 years following each draw down	15,250.00	4,250.00	19,500.00
Total (C)	10,250.00	5,000.00	15,250.00		15,250.00	4,250.00	19,500.00
iv. Sales Tax Loans							
S -SATL 1	3,118.00	-	3,118.00	Repayable after 14 years	3,118.00	-	3,118.00
Total (D)	3,118.00	-	3,118.00		3,118.00	-	3,118.00
v. Other Loans and advances							
S -OL 1	58.64	45.33	103.97	Repayable in monthly installments over a period of 4 years	103.97	-	103.97
Total (E)	58.64	45.33	103.97		103.97	-	103.97

Notes:

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

- Debentures and Term loans (TL-1, TL-2 and TL-7) of the Holding Company are secured by a first charge on pari-passu basis on all fixed assets of the Holding Company excluding certain immovable properties (residential buildings and certain immovable assets) and movable fixed assets such as aircraft of the Holding Company.
- Debentures (Sub 1, 2 and 3) of a subsidiary company are secured by first ranking mortgage of immovable property in favour of trustees in addition to specific assets by pari-passu charge on hypothecation loan receivables with a security cover of 110% as per the terms of issue.
- Term loan availed by a subsidiary from banks (S-TL-1 and S-TL-2) are secured by a first pari-passu charge on entire fixed assets of the subsidiary (movable and immovable).
- Term loans availed by a subsidiary from various banks (S-TL-3) are secured by way of hypothecation of designated assets on finance / loan and future receivables therefrom, and investments in "pass through certificates" of the subsidiary.
- Term loan availed by a subsidiary from a bank (S-TL-4) are secured against property, plant and equipment, receivables and inventories of the subsidiary.
- Term loan availed by a subsidiary from a bank (S-TL-7) is secured by exclusive first charge on the receivables of the subsidiary with an asset cover of 110% of the facility.
- Term loan availed by a joint venture from a bank, (J-TL-1) is secured by a first charge over the entire fixed assets (movable and immovable) of the joint venture entity.
- Term loan availed by a joint venture from a bank (J-TL -2) is secured by exclusive first hypothecation charge on specific plant & machinery, acquired / to be acquired under the project having aggregate value of ₹4,000 lakhs and extension of charge as mentioned under term loan J-TL-4 below.
- Term loan availed by a joint venture from a bank (J-TL-3) is secured by hypothecation of all machineries and all current assets and fixed assets of the joint venture and mortgage of immovable property (leasehold) belonging to the joint venture entity.
- Term loan availed by a joint venture from a bank (J-TL-4) is secured by first pari-passu charge created on all the fixed assets of the joint venture entity (including an equitable mortgage over land and building of the factory premises) located in the state of Tamil Nadu.
- External commercial borrowings availed by a subsidiary from bank (S-ECB-1) is secured by a first pari-passu charge over the current and future movable fixed assets of the subsidiary.
- Sales tax loan availed by a subsidiary (S-SATL-1) is secured by way of pari-passu charge on current and future fixed assets of the subsidiary.
- Other loans and advances availed by a subsidiary (S-OL-1) are related to vehicles owned and are secured against these vehicles.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	March 31, 2016			Particulars of Redemption/ Repayment	March 31, 2015		
	Non Current	Current maturities	Total		Non Current	Current maturities	Total
	₹ Lakhs	₹ Lakhs	₹ Lakhs		₹ Lakhs	₹ Lakhs	₹ Lakhs
b. Unsecured Loans:							
i. Debentures							
11.30% to 12.40% Subordinated redeemable non-convertible debentures	50,500.00	-	50,500.00	Redemption period is 5 to 7 years	30,000.00	-	30,000.00
Total (F)	50,500.00	-	50,500.00		30,000.00	-	30,000.00
ii. ECB Loans							
ECB -13	13,251.00	-	13,251.00	3 equal installments on September 10, 2020, 2019, 2018	12,500.00	-	12,500.00
ECB -12	43,065.75	-	43,065.75	June 26, 2020 - ₹ 13,251 lakhs and June 26, 2019, 2018, 2017 - ₹ 9,938.25 lakhs each	40,625.00	-	40,625.00
ECB -11	13,251.00	6,625.50	19,876.50	3 equal installments on March 25, 2019, 2018, 2017	18,750.00	-	18,750.00
ECB -1	33,127.50	16,563.75	49,691.25	3 equal installments on June 9, 2018, 2017, 2016	46,875.00	-	46,875.00
ECB -2	5,521.25	5,521.25	11,042.50	3 equal installments on October 24, 2017, 2016, 2015	10,416.67	5,208.33	15,625.00
ECB -3	13,913.55	12,588.45	26,502.00	September 20, 2017 - ₹ 13,913.55 lakhs, 2016 - ₹ 12,588.45 lakhs, 2015 and 2014 - ₹ 3,125.00 lakhs each	25,000.00	3,125.00	28,125.00
ECB -10	-	-	-	July 12, 2015	-	12,500.00	12,500.00
J-ECB -1	2,584.97	-	2,584.97	2016: 6 half yearly installments commencing from June 2018 2015: 7 half yearly Installments commencing from Dec 2014	1,535.77	767.89	2,303.66
Total (G)	124,715.02	41,298.95	166,013.97		155,702.44	21,601.22	177,303.66
iii. Interest free sales tax loans							
Programme II	11,307.50	159.44	11,466.94	Varying amounts repayable on periodical basis ending in June 2028	11,466.94	65.53	11,532.47
Total (H)	11,307.50	159.44	11,466.94		11,466.94	65.53	11,532.47
iv. Loans from Others							
Loan 5	-	-	-	Varying amounts repayable on a quarterly basis ending in July 2015	-	106.96	106.96
S-Loan 1	-	-	-	December 31, 2015	1,387.05	-	1,387.05
S-Loan 2	-	-	-	Repayable within one year	-	94.08	94.08
J-Loan 1	37.00	-	37.00	Varying amount repayable on yearly basis	42.05	-	42.05
Total (I)	37.00	-	37.00		1,429.10	201.04	1,630.14
Total Long term Borrowings (A-I)	759,714.66	253,864.22	1,013,578.88		621,940.30	202,382.08	824,322.38

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.12 Details of Short Term Borrowings

	March 31, 2016 Amount ₹ Lakhs	Particulars of Redemption / Repayment	March 31, 2015 Amount ₹ Lakhs
Secured Loans *			
S - STL 1	59,344.65	Repayable on demand	35,632.47
S - STL 2	390.87	Repayable on demand	1,866.16
S - STL 3	2,072.02	Repayable on demand	1,015.26
S - STL 5	813.69	Repayable on demand	632.71
S - STL 6	4,767.32	Repayable on demand	6,023.65
S - STL 7	-	Repayable on demand	1,000.00
S - STL 14	3,727.26	Repayable on demand	-
S - STL 15	325.00	Repayable on demand	-
S - STL 16	27,026.66	Repayable within 90 days	-
J - STL 1	6.79	Repayable on demand	121.96
J - STL 2	1,393.91	Repayable on demand	1,152.30
Total (A)	99,868.17		47,444.51
Unsecured Loans			
STL 13	-	September 26, 2015	2,500.00
S- STL- 1	-	Repayable within 1 year	29,389.91
S- STL- 2	1,500.00	Repayable on demand	2,500.00
S- STL- 17	3,310.77	Repayable on demand	-
S- STL- 18	3,803.29	Repayable on demand	-
J- STL- 1	490.00	Repayable on demand	490.00
J- STL- 2	330.30	Repayable on demand	339.15
Total (B)	9,434.36		35,219.06
Total Short Term Borrowings (A+B)	109,302.53		82,663.57
Total Long term borrowings (Refer 3.11 above)	1,013,578.88		824,322.38
Total Short term borrowings (Refer 3.12 above)	109,302.53		82,663.57
Total Debts	1,122,881.41		906,985.95

Of the total debt of ₹11,22,881.41 lakhs (2015: ₹ 906,985.95 lakhs), debt relating to the vehicle financing amounted to ₹742,619.58 lakhs (2015: ₹ 482,697.00 lakhs).

Note:

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

1. The short term loans availed by a subsidiary (S-STL 1) are cash credit facilities and working capital demand loans from banks which are secured by way of a pari passu charge on the receivables due to the subsidiary other than those that are specifically charged to the other lenders of the subsidiary.
2. Short term loans availed by a subsidiary (S-STL 2) are secured by way of a charge on immovable and movable properties (including plant and machinery, Spares, Tools, Finished and Semi finished goods, Raw Materials and book debts) of the subsidiary.
3. Short term loan availed by a Subsidiary (S-STL 3) is a working capital facility (Dealer financing facility) which is secured by stock of vehicles, Spare Parts, Lubricants and related book debts of the subsidiary and (S-STL 7 and S-STL-14) are also a working capital facility which is secured by stock of vehicles and related book debts of the subsidiary.
4. Short term loans availed by a Subsidiary (S-STL 5) is a working capital limit from a bank which is secured by way of hypothecation of book debts of the subsidiary.
5. Short term loans availed by a subsidiary (S-STL 6) is in the nature of an overdraft facility which is secured against property, plant and equipment, receivables and inventories of the subsidiary.
6. Short term loans availed by a subsidiary (S-STL 15) is in the nature of an cash credit facility which is secured against inventories of the subsidiary.
7. Short term loans availed by a subsidiary (S-STL 16) are secured by way of assignment of trade receivable and assignment of all risk insurance policy covering property, plant and equipment and inventories.
8. Short term loan availed by a Joint Venture (J-STL-1) is secured by way of a pari passu charge on stocks and book debts of the Joint venture company.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

9. Short term loans availed by a Joint Venture (J-STL-2) is secured by way of a first charge on the current assets i.e. stock of raw materials, semi-finished goods and finished goods and book debts (not older than 120 days) of the Joint Venture company.
- 3.13** The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of information available with the Company. The amount of principal and interest outstanding is given below:

₹ lakhs

Particulars	2016	2015
i) Principal Amount paid after appointed date during the year	320.01	273.10
ii) Amount of interest due and payable for the delayed payment of Principal amount	13.65	5.17
iii) Principal amount remaining unpaid as at year end (over due)	47.98	16.18
iv) Principal amount remaining unpaid as at year end (not due)	495.63	720.49
v) Interest due and payable on principal amount unpaid as at the year end	3.25	1.13
vi) Total amount of interest accrued and unpaid as at year end	16.90	6.30

- 3.14** a. Provision for losses relating to joint venture operations aggregating ₹ 7,276.79 lakhs (net) (Previous year ₹60,888.64 lakhs) mainly includes provision for fixed assets, inventory and unutilized cenvat credit and commitment towards export obligation relating to certain discontinued products.
- b. The financial statement of Ashok Leyland John Deere Construction Equipment Company Private Limited ('Entity') used for consolidation has been prepared based on liquidation basis considering the fact that there is a significant curtailment of business operations impacting its continuity and thereby adversely affecting the appropriateness of "Going concern" as an assumption. Subsequent to the year end, an agreement has been executed on 21st April, 2016 amongst the joint venture partners and the entity for business liquidation subject to approval of the Board and Shareholders.
- 3.15** These accounts include unaudited financial statements of three joint venture companies, as received from these companies. These financials statements are pending approval by the Board of Directors of the respective companies. The financial statements as received from these companies reflect total assets (net) of ₹ 55,125.45 Lakhs, total liabilities (net) of ₹ 95,020.47 Lakhs, total revenue (net) ₹ 17,272.56 Lakhs, total expenditure (net) of ₹ 101,307.78 Lakhs and net cash flows amounting to ₹ 510.05 Lakhs as included in the Consolidated Financial Statements. As the Company has to publish its consolidated results within 60 days from the end of the financial year, the Company has considered the said financials, as received from the joint venture companies for the purposes of consolidation.

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

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

Gopal Mahadevan
Chief Financial Officer

N. Ramanathan
Company Secretary

May 25, 2016
Mumbai

For and on behalf of the Board

Dheeraj G. Hinduja
Chairman
DIN : 00133410

Vinod K. Dasari
CEO and Managing Director
DIN : 00345657

FINANCIAL HIGHLIGHTS 2015-16

(Statement pursuant to first proviso to sub-section 3 of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014 in form AOC - I)

Part "A": Subsidiaries

(₹ lakhs)

S.no	Subsidiary	Reporting Period	Reporting Currency	Share capital (including share application money pending allotment)	Reserves and surplus	Total liabilities	Total assets	Investments (except in case of investments in subsidiaries)	Turnover	Profit / (Loss) before taxation	Tax Expenses/ (Credit)	Profit / (Loss) after taxation	Proposed dividend-equity	% of Shareholding
1	Hinduja Tech Limited and its subsidiaries	Apr - Mar	INR	17,785.00	(11,655.29)	10,449.24	10,449.24	-	13,411.23	(84.48)	197.94	(282.42)	-	62.00%
2	Hinduja Leyland Finance Limited and its subsidiary	Apr - Mar	INR	37,871.86	69,016.78	884,644.53	884,644.53	38,071.16	114,649.48	22,466.62	7,458.69	15,007.93	-	57.43%
3	Ashok Leyland Nissan Vehicles Limited*	Apr - Mar	INR	80,264.59	(117,757.10)	58,075.25	58,075.25	-	109,023.63	(6,187.24)	-	(6,187.24)	-	51.00%
4	Global TVS Bus Body Builders Limited	Apr - Mar	INR	990.00	2,454.12	5,725.91	5,725.91	-	8,565.05	773.98	278.93	495.05	-	66.67%
5	Gulf Ashley Motor Limited	Apr - Mar	INR	2,508.93	192.82	14,871.46	14,871.46	-	55,146.64	61.92	22.97	38.95	-	91.69%
6	Optare PLC and its subsidiaries	Apr - Mar	GBP	1,839.13	(31,860.46)	20,036.25	20,036.25	-	37,791.43	(9,251.50)	-	(9,251.50)	-	75.11%
7	Ashok Leyland (UK) Limited	Apr - Mar	GBP	88.75	(42.24)	62.09	62.09	-	388.26	31.96	41.36	(9.40)	-	100.00%
8	Ashok Leyland (Nigeria) Limited	Apr - Mar	NGN	36.09	92.10	922.04	922.04	-	317.57	(47.50)	5.17	(52.67)	-	100.00%
9	Ashok Leyland (Chile) SA	Apr - Mar	CLP	376.45	(182.87)	724.17	724.17	-	263.34	(65.10)	-	(65.10)	-	100.00%
10	HLF Services Limited	Apr - Mar	INR	5.00	164.52	4,384.20	4,384.20	-	6,733.41	73.92	26.53	47.39	-	80.42%
11	Ashok Leyland (UAE) LLC	Apr - Mar	AED	9,652.20	(825.59)	55,556.98	55,556.98	-	89,471.89	(1,614.66)	-	(1,614.66)	-	49.00%
12	Albonair (India) Private Limited	Apr - Mar	INR	1,000.00	(497.05)	1,663.43	1,663.43	-	251.33	(283.53)	-	(283.53)	-	100.00%
13	Albonair GmbH, Germany and its subsidiary	Apr - Mar	EUR	34,462.35	(32,439.79)	13,798.16	13,798.16	-	30,235.94	(1,873.13)	-	(1,873.13)	-	100.00%

* Refer Note 3.15 to the Consolidated Financial Statements.

Notes:

1. Ashok Leyland (UAE) LLC ceased to become an Associate from February 15, 2016 and has become Subsidiary from February 16, 2016
2. There were no subsidiaries liquidated during the FY - 2015-16
3. Exchange rate used in case of foreign subsidiaries, associates and joint ventures are given below:

CURRENCY	EURO	GBP	CLP	USD	NGN	AED
Closing Rate	75.40	95.47	0.10	66.26	0.33	18.04

FINANCIAL HIGHLIGHTS 2015-16

(Statement pursuant to sub-section 3 of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014 in form AOC - I)

Part “B”: Associates and Joint Ventures

(₹ lakhs)

Sl. No	Name of Associate / Joint Venture	Latest Audited Balance Sheet date	Shares held by the Company on the year end			Significant influence	Reason for not consolidation	Network ₹ Lakhs	Profit / (Loss) for the year	
			No.	Investment Held (Rs. In lakhs)	Holding %				Considered in consolidation	Not considered in Consolidation
(A) Associates										
1	Ashley Aviation Limited	31-Mar-16	1,960,000	196.00	49.00%	Voting Power	Not Applicable	(217.15)	-	(124.12)
2	Ashok Leyland Defence Systems Limited	31-Mar-16	17,567	1.76	26.00%	Voting Power	Not Applicable	273.21	(3.77)	(231.38)
3	Lanka Ashok Leyland PLC	31-Mar-16	1,008,332	57.46	27.85%	Voting Power	Not Applicable	13,220.03	282.09	730.86
4	Mangalam Retail Services Limited	31-Mar-16	37,470	4.47	37.48%	Voting Power	Not Applicable	11.80	0.16	0.25
(B) Joint Ventures										
1	Ashley Alteams India Limited	31-Mar-16	67,500,000	6,750.00	50.00%	Voting Power	Not Applicable	942.67	(286.74)	(286.74)
2	Ashok Leyland John Deere Construction Equipment Company Private Limited#	31-Mar-16	232,518,150	23,251.82	50.00%	Voting Power	Not Applicable	3,416.98	(7,594.94)	(7,594.94)
3	Nissan Ashok Leyland Powertrain Limited*	31-Mar-16	74,021,700	7,404.67	49.00%	Voting Power	Not Applicable	11,892.51	71.94	74.88
4	Nissan Ashok Leyland Technologies Limited*	31-Mar-16	26,025,000	2,605.21	50.00%	Voting Power	Not Applicable	(12,978.88)	505.21	505.21

The Company along with its subsidiary Gulf Ashley Motor Limited holds 50% interest.

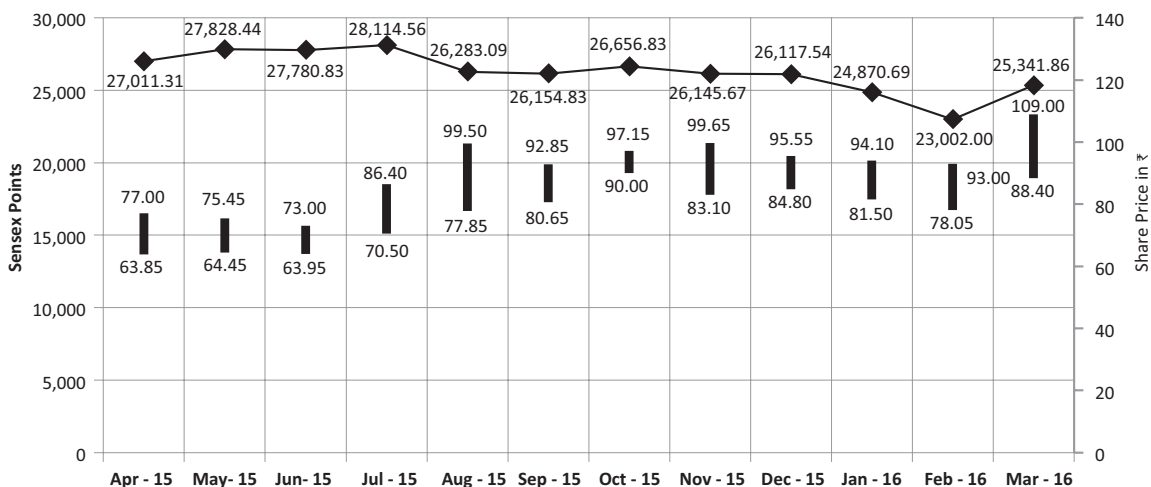
* Refer Note 3.15 to the Consolidated Financial Statements.

The following Joint Ventures/Associates are under liquidation, hence not disclosed above

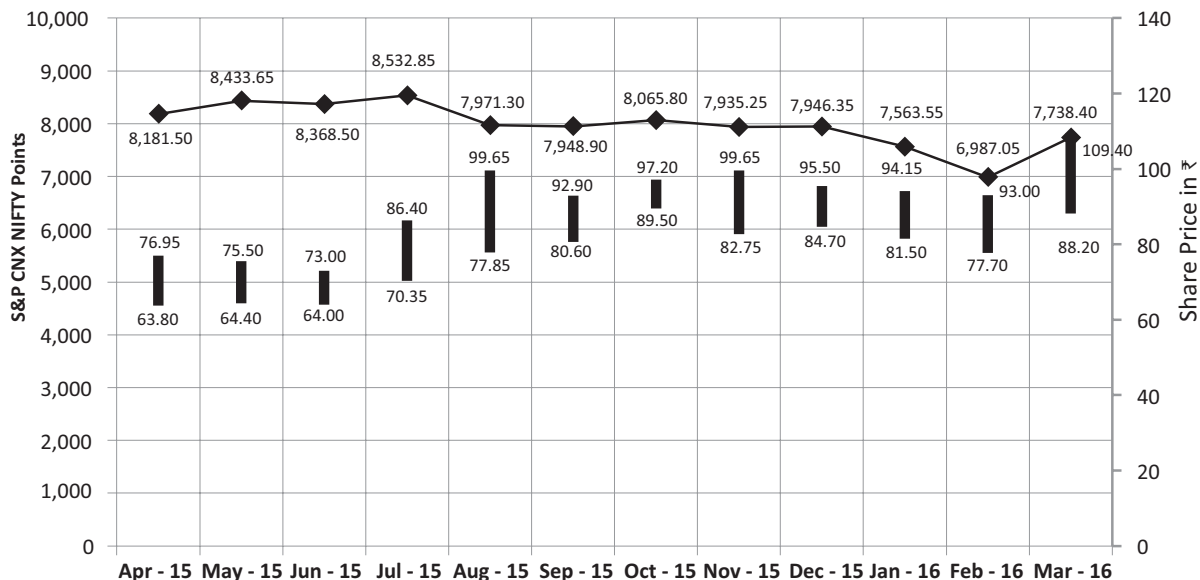
- Ashley Airways Limited (under liquidation)
- Automotive Infotonics Limited (under liquidation)

SHARE PRICE PERFORMANCE

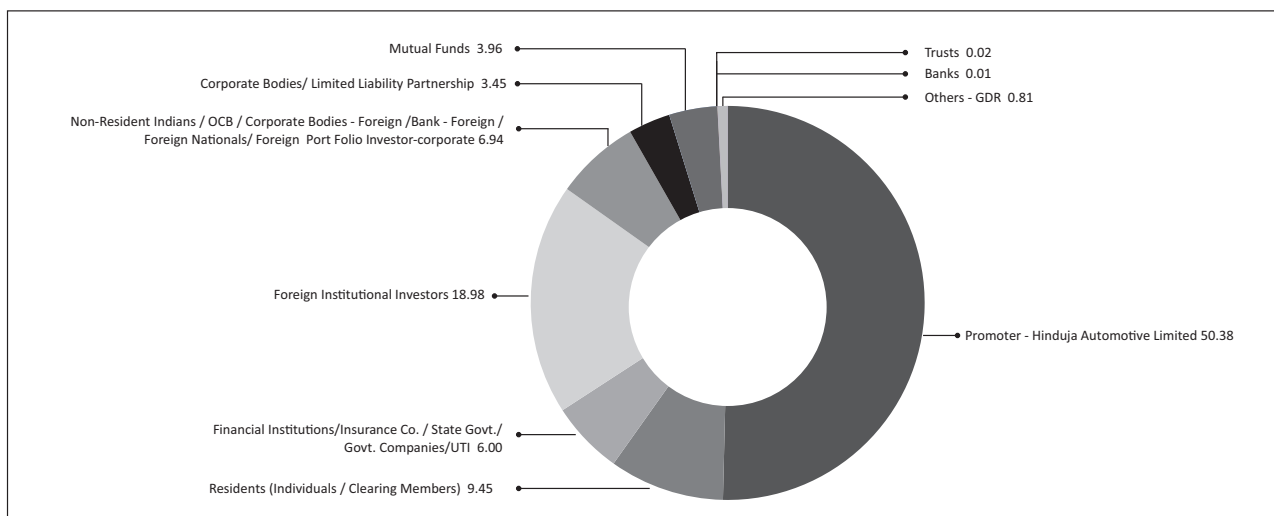
BSE April 2015 to March 2016



NSE April 2015 to March 2016



SHAREHOLDING PATTERN AS ON MARCH 31, 2016



NOTES

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This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

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ASHOK LEYLAND

Aapki Jeet. Hamari Jeet.

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