



**ASHOK LEYLAND**

## **ASHOK LEYLAND LIMITED**

Registered Office: 1, Sardar Patel Road, Guindy, Chennai 600 032

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### **NOTICE TO SHAREHOLDERS**

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Notice is hereby given that the Sixty Second Annual General Meeting of Ashok Leyland Limited will be held at **The Music Academy Madras, 168 TTK Road, Royapettah, Chennai 600 014 at 2.45 p.m. on Tuesday, July 19, 2011** to transact the following business:

#### **Ordinary Business**

1. To consider and adopt the Accounts of the Company for the financial year ended March 31, 2011, the Balance Sheet as at that date and the Report of Directors and Auditors thereon.
2. To declare a dividend for the year ended March 31, 2011.
3. To appoint a Director in the place of Mr D J Balaji Rao who retires by rotation under Article 106 of the Articles of Association of the Company and who, being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr Dheeraj G Hinduja who retires by rotation under Article 106 of the Articles of Association of the Company and who, being eligible, offers himself for re-appointment.
5. To appoint a Director in the place of Dr V Sumantran who retires by rotation under Article 106 of the Articles of Association of the Company and who, being eligible, offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration. In this connection, to consider and if thought fit, to pass the following as an Ordinary Resolution:

RESOLVED THAT Messrs M.S. Krishnaswami & Rajan (Registration No.01554S), Chartered Accountants, and Messrs Deloitte Haskins & Sells (Registration No.117366W), Chartered Accountants

be and are hereby appointed as Auditors of the Company to hold such office until the conclusion of the next Annual General Meeting on a remuneration of Rs.25 lakhs (Rupees twenty five lakhs only) to each of the Auditors, in addition to reimbursement of out-of-pocket expenses incurred.

#### **Special Business**

7. To appoint Mr Jean Brunol as a Director.

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

RESOLVED THAT Mr Jean Brunol be and is hereby appointed as a Director of the Company.

8. To appoint Mr Sanjay K Asher as a Director.

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

RESOLVED THAT Mr Sanjay K Asher be and is hereby appointed as a Director of the Company.

9. To appoint Mr Jorma Antero Halonen as a Director.

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

RESOLVED THAT Mr Jorma Antero Halonen be and is hereby appointed as a Director of the Company.

10. To approve the appointment of Mr R Seshasayee as Executive Vice Chairman and remuneration payable.

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

RESOLVED THAT pursuant to Sections 198, 269, 309, 310 & 311, Schedule XIII, and other applicable provisions, if any, of the Companies Act, 1956 or any amendment or re-enactment thereof and subject to such other approvals as may be required, Mr R Seshasayee be and is hereby appointed as Executive Vice Chairman with effect from April 1, 2011 for a period of two years on the following terms and conditions:

#### **A. REMUNERATION**

- (i) Basic Salary Rs. 5,35,000/- per month in the grade of Rs. 4,50,000/- to Rs. 9,00,000/-.

The annual increments will be decided by Nomination and Compensation Committee constituted for this purpose based on his performance.

- (ii) Special allowance per month - Amount equal to one month's salary
- (iii) Commission based on Company performance and his contribution as may be decided by the Nomination and Compensation Committee.

#### **B. PERQUISITES AND ALLOWANCES**

- (i) In addition to the above, Mr R Seshasayee shall also be entitled to perquisites and allowances which will include fully furnished Company maintained house, use of Company car for official purpose, leave travel concessions for self and family, club fees, and benefits as per Company Policy applicable to the senior management (medical reimbursement etc.)
- (ii) For the purpose of calculating the above, perquisites and allowances 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.

- (iii) Company's contribution to Provident Fund calculated @12% of basic salary, contribution to Superannuation Fund @ 15% of basic salary and commission, and Gratuity as per rules of the Company.
- (iv) 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 Compensation Committee / Board of Directors and will not form part of perquisites mentioned above.

#### **C. NON-COMPETE / NON-SOLICITATION AGREEMENT COMPENSATION**

Entitlement to post contractual non-compete/non-solicitation agreement compensation, as may be decided by the Nomination and Compensation Committee.

The total remuneration payable to Mr R Seshasayee as above, will however be limited to rules / regulation/ceiling prescribed under the Companies Act, 1956.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any of the financial years during the tenure of Mr R Seshasayee as Executive Vice Chairman of the Company, he shall be entitled to receive and be paid a remuneration mentioned in 'A' and 'B' above as minimum remuneration excluding commission, subject to the approval of Central Government as may be required.

RESOLVED FURTHER THAT the Nomination and Compensation Committee / Board of Directors of the Company be and are hereby authorized to vary, alter or modify the different components of the above-stated remuneration within the overall

limits as may be agreed to by the Nomination and Compensation Committee / Board of Directors and Mr R Seshasayee.

11. To approve the appointment of Mr Vinod K Dasari as Managing Director and remuneration payable.

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

RESOLVED THAT pursuant to Sections 198, 269, 309, 310 & 311, Schedule XIII, and other applicable provisions, if any, of the Companies Act, 1956 or any amendment or re-enactment thereof and subject to such other approvals as may be required, Mr Vinod K Dasari be and is hereby appointed as Managing Director with effect from April 1, 2011 for a period of three years on the following terms and conditions:

#### **A. REMUNERATION**

- (i) Basic Salary Rs. 4,80,000/- per month in the grade of Rs. 4,50,000/- to Rs. 9,00,000/-.

The annual increments will be decided by Nomination and Compensation Committee constituted for this purpose based on his performance.

- (ii) Special allowance per month - Amount equal to one month's salary
- (iii) Commission based on Company performance and his contribution as may be decided by the Nomination and Compensation Committee.

#### **B. PERQUISITES AND ALLOWANCES**

- (i) In addition to the above, Mr Vinod K Dasari shall also be entitled to perquisites and allowances which will include use of Company car for official purpose, leave travel concessions for self and family, club fees, and benefits as per Company Policy applicable to the senior management (medical reimbursement etc.)

- (ii) For the purpose of calculating the above, perquisites and allowances 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.
- (iii) Company's contribution to Provident Fund calculated @12% of basic salary, contribution to Superannuation Fund @ 15% of basic salary and commission, New Pension scheme @ 10% of basic salary, and Gratuity as per rules of the Company.
- (iv) 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 Compensation Committee / Board of Directors and will not form part of perquisites mentioned above.

#### **C. NON-COMPETE / NON-SOLICITATION AGREEMENT COMPENSATION**

Entitlement to post contractual non-compete/non-solicitation agreement compensation, as may be decided by the Nomination and Compensation Committee.

The total remuneration payable to Mr Vinod K Dasari as above, will however be limited to rules / regulation/ ceiling prescribed under the Companies Act, 1956.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any of the financial years during the tenure of Mr Vinod K Dasari as Managing Director of the Company, he shall be entitled to receive and be paid a remuneration mentioned in 'A' and 'B' above as minimum remuneration excluding commission, subject to the approval of Central Government as may be required.

RESOLVED FURTHER THAT the Nomination and Compensation Committee / Board of Directors of the Company be and are hereby authorized to vary, alter or modify the different components of the above-stated remuneration within the overall limits as may be agreed to by the Nomination and Compensation Committee / Board of Directors and Mr Vinod K Dasari.

12. To approve payment of Commission to Non-Executive Directors.

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 198,309 and other applicable provisions, if any, of the Companies Act, 1956 and pursuant to Article 98A of the Articles of Association of the Company, consent of the Company be and is hereby given for payment of remuneration by way of commission to Non-Executive Directors ( i.e. other than Executive Vice Chairman/ Managing Director / Wholtime Director by whichever name called) upto 1% of the net profits of the year for a period of five years commencing from April 1, 2011.

RESOLVED FURTHER THAT the Board of Directors/ Committee be and are hereby empowered to fix the basis, ceiling on commission payable to each of the Non-Executive Directors within the overall limit and do such other acts, deeds, things as may be required in this connection.

13. To approve insertion of new Article to the Articles of Association.

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 31 and other applicable provisions, if any, of the Companies Act, 1956, Article 140(a) of the

Articles of the Association of the Company be substituted as follows :

Appointment of Managing Directors	140. (a) The Board may from time to time with such sanction of the Central Government as may be required by law appoint one or more of their body to the office of the Managing Director or Managing Directors or to such other office by whatever name called, as the Board may decide.
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14. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to sub section(1)(d) of Section 293 of the Companies Act, 1956 and Article 132 of the Articles of Association of the Company and other enabling provisions, if any, the consent of the Company be and is hereby accorded to the Board of Directors to their borrowing for and on behalf of the Company, monies from time to time and without prejudice to the generality thereof, by way of loans, advances, credits, acceptance of deposits, banking, financial facilities, bonds or otherwise from any bank or banks or any financial institution(s) or other person or persons situated in India or abroad and whether the same be secured or unsecured and if secured, whether by way of mortgage, charge, hypothecation, pledge or otherwise in any way whatsoever on, over or in respect of all or any of the Company's assets, effects and properties notwithstanding that the monies so borrowed by the Company, together with the monies already borrowed by the Company, (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of

the Company and its free reserves, that is to say, reserves not set apart for any specific purpose provided such excess amount so borrowed by the Company and outstanding shall not at any time exceed the limit of Rs. 8,000 Crores (Rupees Eight thousand Crores only).

15. To authorise the Board to mortgage and/or charge the immovable and/or movable properties of the Company in favour of

(i) Banks / Financial Institutions / Mutual Funds as lenders / trustees for the new Redeemable Non Convertible Debenture (NCD) issues / term loans / External Commercial Borrowings / Perpetual Bonds

(ii) State Bank of India and the Consortium of Banks

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

RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and/or charging by the Board of Directors of the Company, of all the immovable and/or movable properties of the Company, wheresoever situate, present and future and the whole of the undertaking of the Company, together with power to take over the management of the business and concern of the Company to be exercised only on the occurrence of certain events, to, or in favour of all, or any of the following :

(a) Banks / Financial Institutions / Mutual Funds as lenders / trustees for fresh Non Convertible Debentures / Term Loans / External Commercial Borrowings / Perpetual Bonds upto Rs. 1,000 Crores to be contracted during the financial year 2011 - 12 and to secure the interest payable on such loans at the respective agreed rates, compound/ additional interest, commitment charges, premium on prepayment or on redemption, costs, charges,

expenses and all other monies payable by the Company to Banks / Financial Institutions / Mutual Funds as lenders / Trustees in terms of their Loan Agreements / Trust Deed entered into / to be entered into by the Company in respect of the said Non-Convertible Debentures / Term Loans / External Commercial Borrowings / Perpetual Bonds.

(b) State Bank of India and the Consortium of Banks for the working capital limits of Rs. 1,500 Crores (comprising of Rs. 750 Crores each of fund based and non-fund based limits) together with interest at the respective agreed rates, compound/additional interest costs, charges, expenses and all other moneys payable to State Bank of India and the Consortium of Banks from time to time.

16. To increase Authorised Share Capital.

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

RESOLVED THAT the Authorised Share Capital of the Company be increased from Rs. 200,00,00,000 (Rupees two hundred crores only) to Rs. 300,00,00,000 (Rupees three hundred crores only) divided into 300,00,00,000 Equity Shares of Re.1/- each.

RESOLVED FURTHER THAT the Clause V of Memorandum of Association of the Company be and is hereby amended as follows:

"V. The Capital of the Company is Rs.300,00,00,000 (Rupees three hundred crores only) divided into 300,00,00,000 shares of Re.1/- each."

17. To alter Articles of Association.

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

RESOLVED THAT Article 3 of the Articles of Association be and is hereby altered as follows:

## CAPITAL

3. The Capital of the Company is Rs.300,00,00,000 (Rupees three hundred crores only) divided into 300,00,00,000 shares of Re.1/- each.

18. To approve issue of Bonus shares.

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

### RESOLVED THAT:

(a) In accordance with applicable provisions of the Companies Act, 1956, and/or any amendment or re-enactment thereof and pursuant to Article 160 and other provisions of the Articles of Association of the Company and subject to the Guidelines issued by the Securities and Exchange Board of India (SEBI) in this behalf and subject to such approvals, consents, permissions and sanctions, as may be required, consent of the Company be and is hereby accorded to the Board of Directors of the Company ('the Board', which term shall be deemed to include any Committee thereof) for capitalization of Rs. 13303.38 lakhs standing to the credit of the Securities Premium Account of the Company, by way of issue of Bonus Shares of Re.1/- (Rupee One) each, credited as fully paid-up Equity Shares to the holders of the Equity Shares and to the Custodian for holders of Global Depository Receipts(GDRs) of the Company, whose names shall appear in the Register of Members or in the respective beneficiary account with their respective Depository Participants, on the Record Date to be fixed in the proportion of 1 (one) Bonus Share(s) of Re. 1/- (Rupee one) each for every 1( one) fully paid-up Equity Share of Re. 1/- (Rupee one) each held by them and that the Bonus Shares so distributed shall, for all purposes, be treated as an increase in the

nominal amount in the Capital of the Company held by each such member, and not as income;

(b) the Bonus Shares so issued and allotted shall rank pari passu in all respects with the existing equity shares of the Company except that these Bonus Shares shall not be eligible for dividend for the year ended March 31, 2011;

(c) no letter of allotment shall be issued in respect of the Bonus Shares but in the case of Members who hold Equity Shares (or opt to receive the Bonus Shares) in dematerialized form, the Bonus Shares shall be credited to the respective beneficiary accounts of the Members with their respective Depository Participants and in the case of Members who hold Equity Shares in certificate form, the share certificates in respect of the Bonus Shares shall be dispatched, within such time as prescribed by law and the relevant authorities;

(d) the issue and allotment of the Bonus Shares to Non-Resident Members, Foreign Institutional Investors (FIIs), Custodian for holders of GDRs and other foreign investors and / or distribution of net sale proceeds in respect of fractions, if any to which such Members may be entitled will be subject to the applicable regulations;

(g) for the purpose of giving effect to this Resolution, the Board / Committee be and is hereby authorized to do all such acts/ deeds, matters and things and give such directions as may be necessary or expedient and to settle any question, difficulty or doubt that may arise in this regard as the Board/Committee in its absolute discretion may deem necessary or desirable and its decision shall be final and binding.

## NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT

**ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM SHOULD BE LODGED WITH THE COMPANY AT LEAST 48 HOURS BEFORE THE SCHEDULED COMMENCEMENT OF THE MEETING.**

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

2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, setting out all material facts in respect of Item Nos. 7 to 18 of the Notice, is attached.
3. Members may please bring the Admission Slip duly filled in and may hand over the same at the entrance to the Meeting Hall.
4. Members who hold shares in dematerialised form, are requested to bring their Depository account number (Client ID No.) for easier identification and recording of attendance at the meeting. For such members holding shares in demat form, the Bank A/c details furnished for their demat Account will be incorporated in the dividend warrants.
5. The Register of Members and Share Transfer Books of the Company will remain closed from July 1, 2011 to July 2, 2011 (both days inclusive) for the purpose of determining the Members eligible for Dividend .
6. After the dividend is declared at the Annual General Meeting, the Dividend Warrants will be posted commencing from July 20, 2011 and before July 25, 2011. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership, as per details to be furnished for this purpose by National Securities Depository Limited and Central Depository Services (India) Limited.

7. Members who desire to have their Bank Account details incorporated in their dividend warrants may please furnish the (i) Share Folio No(s). (ii) Name and Address of Sole/First Shareholder (iii) Bank Account No. (With prefix SB/CA RTGS code etc.) (iv) Name of the Bank and Branch (v) Full address of the Branch with Pin Code. These details may be sent to the Company's Registrar and Transfer Agent, M/s Integrated Enterprises (India) Limited, 2nd Floor, Kences Towers, 1, Ramakrishna Street, North Usman Road, T. Nagar, Chennai 600 017.
8. Consequent to the amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividends remaining unclaimed for a period of seven years is to be transferred to the Investor Education and Protection Fund. Accordingly, the dividend declared for all the financial years ended March 31, 2003 has been transferred to Investor Education and Protection Fund. The amount so transferred cannot be claimed either from the Company or from the Fund.

Details of dividend declared for the financial years from 2003-2004 onwards are given below:

Financial year	Declared on	Dividend	Amount of dividend per share Rs. P.
2003-2004	29.07.2004	75%	7.50 (®)
2004-2005	26.07.2005	100%	1.00 (**)
2005-2006	01.08.2006	120%	1.20 (**)
2006-2007	21.03.2007	150% *	1.50 (**)
2007-2008	30.07.2008	150%	1.50 (**)
2008-2009	28.07.2009	100%	1.00(**)
2009-2010	27.07.2010	150%	1.50(**)

(®) face value: Rs.10/-per share (\*\*) face value: Re.1/-per share

\* Interim Dividend. No final dividend declared.



Members who have not encashed the dividend warrants for the financial year ended 2003-2004 and/or any subsequent years are requested to write to the Company giving the necessary details.

9. Brief notes on the background and the functional expertise of the Directors proposed for re-appointment are furnished below, along with details of companies in which they are Directors and the Board Committees of which they are members:

- i) Mr D J Balaji Rao, aged 71 years is a former Deputy Managing Director of ICICI Limited. He is a qualified Mechanical and Industrial Engineer, and pursued his career in engineering for about 8 years before joining ICICI Limited in 1970. After wide ranging responsibilities in different locations, he reached the position of Deputy Managing Director of ICICI Limited and subsequently took over as Managing Director of SCICI Limited in 1996. He retired as the Managing Director of Infrastructure Development Finance Company Limited in the year 2000. He has been a Director on the Company's Board for 7 years from 1989 to 1996 and has again been a Director since July 2000.

He is a Member of the Audit Committee of the Board, and Chairman of the Nomination and Compensation Committee of the Board.

Details of other Directorships/Committee Memberships held by him:

Directorship	Committee Membership
<b>CHAIRMAN</b>	
3M India Ltd	Audit Committee Shareholders Grievance Committee(C )
<b>DIRECTOR</b>	
Bajaj Auto Ltd	Audit Committee Shareholders Grievance Committee (C) Remuneration Committee (C)

Bajaj Finance Ltd	
Bajaj Finserv Ltd	Audit Committee Remuneration Committee
Bajaj Holdings and Investment Ltd	Remuneration Committee
CMI-FPE Ltd	Audit Committee (C ) Remuneration Committee
Graphite India Ltd	
Hinduja Foundries Ltd	Audit Committee (C )
JSW Energy Ltd	Audit Committee Remuneration Committee ESOP Committee (C ) denotes Chairman

Mr D J Balaji Rao does not hold any shares in the Company, as per details furnished by him.

- ii) Mr Dheeraj G Hinduja, aged 39 years, is a Honors Graduate from University College, London, and an MBA from Imperial College, University of London with specialization in Project Management. He has been actively involved in business from 1994, and has been associated in India and abroad with the development of several infrastructure projects. He has been a Director of the Company from 1996. Presently, he is the Chairman of the Board. He is also a Member of the Nomination and Compensation Committee of the Board.

Details of other Directorships/Committee Memberships held by him:

Directorship	Committee Membership
<b>Co-Chairman</b>	
Hinduja Foundries Ltd	Investment Committee Remuneration Committee
Hinduja Automotive Ltd, U.K.	
<b>DIRECTOR</b>	
Defiance Technologies Ltd	



Hinduja National Power Corporation Ltd	
Hinduja Group India Ltd	
Hinduja Global Solutions Ltd	
	Investor Grievance Committee
	Compensation Committee
Hinduja Ventures Ltd	Investor Grievance Committee
Amas N P Holdings Ltd, U.K.	
Amas N P Utilities Ltd, U.K.	
Hinduja Automotive Ltd, U.K.	

Mr Dheeraj G Hinduja does not hold any shares in the Company, as per details furnished by him.

- iii. Dr V Sumantran, aged 52 years, holds Doctorate Degree in Aerospace Engineering and a Master's degree in Management of Technology, and, is a distinguished Visiting Professor at the Indian Institute of Technology, Madras. He has served as President of the Automotive Research Association of India, and Co-Chairman of the Engineering Services Forum of NASSCOM. He serves on the Science Advisory Council of the Prime Minister of India and the Scientific Advisory Committee to the Cabinet. He was Executive Director – Passenger Car Business and Engineering Research Centre, Tata Motors Limited. He was also member of the Board of Tata Technologies Inc. Dr Sumantran had spent 16 years with General Motors Corporation, mostly in the US and subsequently in Europe.

Details of other Directorships/Committee Memberships held by him:

DIRECTORSHIP	COMMITTEE MEMBERSHIP
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#### **EXECUTIVE VICE CHAIRMAN**

Hinduja Automotive Ltd, U.K.

#### **CHAIRMAN**

Ashok Leyland Defence Systems Ltd

Ashok Leyland John Deere Construction

Equipment Company Pvt. Ltd

Automotive Infotronics Pvt. Ltd	
Nissan Ashok Leyland Powertrain Ltd	Audit Committee (C)

#### **DIRECTOR**

Ashley Aviation Ltd

Ashok Leyland Nissan Vehicles Ltd Audit Committee

Nissan Ashok Leyland Technologies Ltd Audit Committee  
Remuneration Committee

Defiance Technologies Ltd

UCAL Fuel Systems Ltd

Albonair GmbH

#### **PRESIDENT**

Defiance Testing & Engineering Services Inc, U.S.A (C) denotes Chairman

Dr V Sumantran does not hold any shares in the Company, as per details furnished by him.

Mr Dheeraj G Hinduja, Mr D J Balaji Rao, Dr V Sumantran are interested in their respective re-appointment(s).

None of the aforesaid Directors is related to each other or to any other Director on the Board of the Company. Except Mr Dheeraj G Hinduja, other directors are not related to the Promoters of the Company.

## **Explanatory Statement**

### **Item No.7**

Mr Jean Brunol was inducted as an Additional Director of the Board at the meeting held on October 20, 2010. His term of office expires at the end of this Annual General Meeting.

Mr Jean Brunol, aged 59 years, is a Graduate of the Ecole Normale Supérieure de Saint Cloud, holding the highest General Physics degree in France (Agrégation) and a State Doctorate in Optics and Image Processing.

He also holds a Master's in Business Administration from Research Center for Executive Managing Director (CRC).

Mr Jean Brunol is a Senior Vice President Business & Operations Strategy, Member of Federal Mogul Strategy Board, Federal Mogul Corporation in charge of worldwide Business and Operations Strategy as well as International Operations. Based in Paris and in Detroit he manages the restructuring of Federal Mogul Operations in Europe, development of the Company in Asia Pacific as well as South America, Mergers and Acquisitions of the corporation and Global advanced Technology reengineering.

He was previously Senior Vice President Business Strategy and International Operations at IVECO a leading Commercial Vehicle Manufacturers and based in Italy.

He directed the development of the companies in China, India and Russia and grew the business in South America.

His joining the Board will greatly benefit the Company and therefore his appointment is recommended to the Shareholders.

The Company has received a notice under Section 257 of the Companies Act, 1956 from a member, together with necessary fee, informing his intention to propose the appointment of Mr Jean Brunol as a Director of the Company at this meeting.

Details of other Directorships/Committee Memberships held by him:

Directorship	Committee Membership
Hinduja Foundries Ltd	Nil
Federal Mogul Corporation, U.S.A.	Nil

Mr Jean Brunol does not hold any shares in the Company, as per details furnished by him.

The proposed resolution is placed before the shareholders for their approval.

None of the Directors is concerned or interested in this resolution except Mr Jean Brunol.

Mr Jean Brunol is not related to any other Director on the Board of the Company or related to the Promoters of the Company.

## Item No.8

Mr Sanjay K Asher was inducted as an Additional Director of the Board at the meeting held on December 21, 2010. His term of office expires at the end of this Annual General Meeting.

Mr Sanjay K Asher, aged 46 years, is a Commerce and a Law Graduate from the Bombay University. He is also a Fellow member of the Institute of Chartered Accountants of India. He has been a Practising Advocate since 1989 with M/s Crawford Bayley & Co., which is a leading law firm. He was admitted as a Solicitor in the year 1993 and is presently a Partner of M/s Crawford Bayley & Co.,

Mr Sanjay Asher is a Director on the Board of various companies.

Mr Sanjay Asher is a leading authority in Mergers & Acquisitions, legal and tax related matters.

He was an invitee to the Committee formed by the Government of India, Department of Disinvestment for the purposes of standardising the transaction documents in relation to privatisation of the public sector enterprises of the Government of India. He is also a member of the committee in respect of Indo-US Financial Institutions Reforms and Expansion Projects - Capital Markets for the purpose of development of securities law bar and the securities law course in India.

His rich and varied experience will benefit the Company and accordingly, his appointment to the Board is recommended to the Shareholders.

He is a member of the Audit Committee of the Board, and Chairman of the Shareholders / Investors Grievance Committee.

The Company has received a notice under Section 257 of the Companies Act, 1956 from a member, together

with necessary fee, informing his intention to propose the appointment of Mr Sanjay K Asher as a Director of the Company at this meeting.

Details of other Directorships/Committee Memberships held by him:

Directorship	Committee Membership
<b>DIRECTOR</b>	
Bajaj Allianz General Insurance Co. Ltd	
Bajaj Allianz Life Insurance Co. Ltd	
Balakrishna Industries Ltd	
Dewas Soya Ltd	
Finolex Cables Ltd	Audit Committee
	Share Transfer and Investor Grievance Committee
	Remuneration Committee
Finolex Plasson Industries Ltd	
Kryfs Power Components Ltd	
Mandhana Industries Ltd	Audit Committee
	Remuneration Committee
Repro India Ltd	Audit Committee
	Remuneration Committee (C)
Sharp India Ltd	Audit Committee
	Share Transfer and Investor Grievance Committee (C)
	Remuneration Committee
Sparsh BPO Services Ltd	
Shree Renuka Sugars Ltd	Audit Committee (C)
	Share Transfer and Investor Grievance Committee (C)
	Remuneration Committee
Sudarshan Chemicals Industries Ltd	
Tribhovandas Bhimji Zaveri Ltd	Remuneration Committee
A L Movers Private Ltd	
A L Records Management Private Ltd	
Allied Pickfords India Private Ltd	
ArjoHuntleigh Healthcare India Pvt. Ltd	

Diamant Boart Marketing Pvt. Ltd
Enam Infrastructure Trusteeship Services Private Ltd
Finolib Chemicals Private Ltd
Indian Cookery Private Ltd
Majesty Investments Private Ltd
Morgan Stanley Investment Management Private Ltd
NV Advisory Services Private Ltd
Orbit Electricals Private Ltd
Oerlikon Textile Components India Pvt. Ltd
Peass Industrial Engineers Private Ltd
Ratiopharm India Private Ltd
Siporex India Private Ltd
ValueQb Consulting Private Ltd
Zinser Textile Systems Private Ltd

#### ALTERNATE DIRECTOR

Hoganas India Private Ltd (C) denotes Chairman

Mr Sanjay K Asher does not hold any shares in the Company, as per details furnished by him.

The proposed resolution is placed before the shareholders for their approval.

None of the Directors is concerned or interested in this resolution except Mr Sanjay K Asher.

Mr Sanjay K Asher is not related to any other Director on the Board of the Company or related to the Promoters of the Company.

#### Item No.9

Mr Jorma Antero Halonen was inducted as an Additional Director of the Board at the meeting held on May 19, 2011. His term of office expires at the end of this Annual General Meeting.

Mr Jorma Antero Halonen is a Graduate with Bachelor of Science (Economics) from Hanken School of Economics, Helsinki, Finland. He has also completed several Post Graduation programmes in Management and attended

leading International Seminars including World Economic Forum. He has rich experience in industry-university partnership through varied experience in Harvard University, M.I.T. Boston, Stanford University etc. He has the distinction of being a Knight, First Class of the Order of Lion of Finland (2006). His experience spans across continents in several industries. His rich and varied experience can be judged from the fact that he has held Board level positions in Volvo, USA, Brazil, Sweden, Brussels, China as well as Renault Trucks, France, Nissan Diesel Motor Co. Ltd. Japan. He has also been a member of several automobile related Technical and Advisory Committees.

His joining the Board will benefit the Company by virtue of his valuable contribution and is therefore recommended to the Shareholders.

The Company has received a notice under Section 257 of the Companies Act, 1956 from a member, together with necessary fee, informing his intention to propose the appointment of Mr Jorma Antero Halonen as a Director of the Company at this meeting.

Details of other Directorships/Committee Memberships held by him:

Directorship	Committee Membership
<b>CHAIRMAN</b>	
CPS Colour, Helsinki, Finland	NIL
TDM Friction Leverkusen, Germany	
<b>DIRECTOR</b>	
Elektrobit, Oulu, Finland	
Hinduja Foundries Ltd	
Permira, Stockholm, Sweden	

Mr Jorma Antero Halonen does not hold any shares in the Company, as per details furnished by him.

The proposed resolution is placed before the shareholders for their approval.

None of the Directors is concerned or interested in this resolution except Mr Jorma Antero Halonen.

Mr Jorma Antero Halonen is not related to any other Director on the Board of the Company or related to the Promoters of the Company.

#### Item No.10

Mr R Seshasayee, aged 63, years, is a Chartered Accountant. He joined Ashok Leyland in January 1976 in the Internal Audit Department. Over the years, he handled Corporate Planning/Corporate Finance functions before becoming the Deputy Managing Director in 1993. He was appointed as Managing Director from April 1998.

Mr Seshasayee has been an active member of the National Council of the Confederation of Indian Industry (CII), the premier Industry Association in India and was the President of CII during 2006-2007. He was also the President of the Society of Indian Automobile Manufacturers. He served as Member/Chairman of various trade and professional committees both at national and international levels.

Mr Seshasayee is currently the Executive Vice Chairman of the Company with effect from April 1, 2011 and was Managing Director of the Company till that date. During his tenure as Managing Director, the Company has expanded its operations significantly and embarked on several new initiatives, not only in India, but globally.

In order to bring continuity and in recognition of his valuable services, the Board of Directors have appointed him, subject to the approval of the shareholders, as Executive Vice Chairman for a period of two years from April 1, 2011 to March 31, 2013.

Mr Seshasayee holds 11236 shares in the Company, as per details furnished by him.

The details given may also be treated as an Abstract under Section 302 of the Companies Act, 1956.

The proposed resolution is placed before the shareholders for their approval.

None of the Directors is concerned or interested in this resolution except Mr Seshasayee. He is not related to the promoters of the Company or to any of the other Directors.

Details of other Directorships/Committee Memberships held by him:

Directorship	Committee Membership
<b>CHAIRMAN</b>	
Ashley Airways Ltd (under Members Voluntary Winding up)	
Ashley Alteams India Ltd	
Hinduja Foundries Ltd	Investment Committee Remuneration Committee Capital Securities Committee Shareholders/Investors Grievance Committee
IndusInd Bank Ltd	Committee of Directors (Loans Disbursal) (C) Nomination Committee (C )

#### **Executive Vice Chairman**

Hinduja Automotive Ltd, UK

#### **DIRECTOR**

Ashok Leyland Nissan Vehicles Ltd	
Ashok Leyland Defence Systems Ltd	
Hinduja Energy (India) Ltd	
Hinduja Group India Ltd	
Hinduja Leyland Finance Ltd	
Hinduja National Power Corporation Ltd	
Infosys Technologies Ltd	Audit Committee Investor Grievance Comm.
Irizar TVS Ltd	
Nissan Ashok Leyland Powertrain Ltd	
Nissan Ashok Leyland Technologies Ltd	
Optare plc, U.K.	
	(C) denotes Chairman

#### **Item No.11**

Mr Vinod K Dasari, aged 44 years, is a Graduate Engineer from University of Louisville, USA, and has acquired a Masters Degree in Business Administration from J.L. Kellogg School of Management, USA and a Masters Degree in Engineering Management from McCormick School of Engineering, USA. He has to his credit more than 22 years of rich experience in different capacities in India and USA.

Mr Vinod K Dasari joined the Company as Chief Operating Officer on April 1, 2005 and was appointed as a Wholtime Director effective May 8, 2008.

Mr Vinod K Dasari has contributed significantly to the Company's growth and profitability in his capacity as Wholtime Director. In recognition of his contribution as well as to derive benefit from his rich and varied experience, it is proposed that Mr Vinod K Dasari be appointed as Managing Director of the Company with effect from April 1, 2011.

Details of other Directorships/Committee Memberships held by him:

Directorship	Committee Membership
<b>CHAIRMAN</b>	
Gulf Ashley Motor Ltd	
Automotive Coaches & Components Ltd	
<b>DIRECTOR</b>	
Ashley Aviation Ltd	
Gulf Oil Corporation Ltd	
Irizar TVS Ltd	
Ashok Leyland (UAE) LLC, U.A.E.	
Lanka Ashok Leyland PLC, Sri Lanka	

Mr Vinod K Dasari holds 30000 shares in the Company, as per details furnished by him.

The terms contained in the resolution may also be treated as an Abstract under Section 302 of the Companies Act, 1956.

The proposed resolution is placed before the shareholders for their approval.

None of the Directors is concerned or interested in this resolution except Mr Vinod K Dasari. He is not related to the promoters or to any of the Directors of the Company.

#### **Item No.12**

In line with organization structure and current practices, self governance process and the enhanced operations of the Company, the role and responsibilities of Non Executive Directors have undergone both qualitative and quantitative changes necessitating devotion of more focused time and efforts by them in the affairs of the Company. In view of the same, the Non Executive Directors are proposed to be paid remuneration (other than sitting fees payable to them for attending the Board/Committee meetings) by way of commission on the net profits of the Company, commensurate with the efforts put in by them.

The Board of Directors recommend a ceiling of 1% of the net profits of the Company in each year be paid as commission to non-executive directors ( i.e. other than Executive Vice Chairman/ Managing Director / Wholetime Director by whichever name called) ) for a period of 5 years effective from the Financial year 2011-12. It is also proposed that commission payable to individuals Non-Executive Directors will be decided by the Board/ Committee of Directors based on criteria within the overall limit approved by the shareholders.

The proposed resolution is placed before the shareholders for their approval.

All Directors other than the Executive Vice Chairman and Managing Director are deemed to be interested in respect of payment of commission if any to them.

#### **Item No.13**

In line with the current scenario, it is required to designate ' Managerial Personnel' in various names other than Managing Directors. The present Article 140(a) of Articles of Association provides for appointment of more than one Managing Director. In line with naming the office of Managing Director to such other designations like Vice Chairman, Executive Chairman, Chief Executive Officer etc., it is proposed to amend the aforesaid Article.

The proposed resolution is placed before the shareholders for their approval.

None of the Directors is interested in this resolution.

#### **Item No.14**

The Company estimates capital expenditure and Investment outlays in excess of Rs. 4,000 Crores in the next couple of years. Taking into account the current level of borrowing and the borrowal planned for next few years, a need has arisen to increase the ceiling of the borrowing that can be done for the Company. Therefore it is proposed to obtain the approval of the shareholders for enhancing the ceiling of borrowing to Rs. 8,000 Crores in excess of the paid up capital and free reserves of the Company under Sec 293(1)(d) of the Companies Act, 1956. Accordingly, the proposed resolution is placed before the shareholders for their approval. None of the Directors is interested in this resolution.

#### **Item No.15**

Considering the requirement for raising funds to meet capital expenditure and to augment long-term resources for meeting margin requirements, the Board of Directors have approved the plans for issuing further Non

convertible Debentures and raising funds through term loans from Banks / Financial Institutions / Mutual Funds as lenders / Trustees upto an amount not exceeding Rs. 1 000 Crores and have also sought for an increase of Working Capital Limits upto Rs. 1,500 Crores from State Bank of India and its Consortium of Banks. The above Non-Convertible Debentures / loans / borrowings are to be secured by mortgage / charge of the immovable/ movable properties of the Company, present and future. Such creation of mortgage by the Company on its immoveable and moveable properties may be reckoned as disposal of the assets, and hence requires a resolution under Section 293(1)(a) of the Companies Act, 1956. Accordingly, the proposed resolution is placed before the shareholders for their approval. None of the Directors is interested in this resolution.

#### **Item Nos.16 and 17**

The present Authorised Capital is Rs. 200,00,00,000 divided into 200,00,00,000 shares of Re.1/- each. In order to meet eventualities such as augmenting resources, issue of Bonus Shares etc., it is proposed to increase the Authorised Capital to Rs. 300,00,00,000 divided into 300,00,00,000 shares of Re.1/- each. This requires amendment of Capital Clause V of

Memorandum of Association and corresponding alteration of Article 3 of Articles of Association with the approval of the shareholders by way of Ordinary/Special resolutions. Hence the proposals are placed for your approval.

None of the Directors is interested in this resolution.

#### **Item No.18**

To enhance the wealth creation to the shareholders, it is proposed to capitalize Rs.13303.38 lakhs by way of issue and allotment as fully paid Bonus Shares in the proportion of 1(one) share of Re.1/- each for every 1 (one) share held as on the Record Date by utilizing the balance available in the Securities Premium Account.

The Bonus Shares so issued/allotted shall rank pari passu in all respects except that these Bonus Shares shall not be eligible for dividend for the year ended 31/3/2011.

Directors Mr R Seshasayee and Mr Vinod K Dasari may be deemed to be interested to the extent of shares held by them ( i.e. 11236 shares held by Mr R Seshasayee and 30000 shares held by Mr Vinod K Dasari ). The above proposal is in the interest of the shareholders of the Company and hence your Board of Directors recommend the same for your approval pursuant to Article 160 of the Articles of Association of the Company.

By Order of the Board

Registered Office:  
1 Sardar Patel Road  
Guindy, Chennai 600 032  
June 15, 2011

**A R Chandrasekharan**  
Executive Director &  
Company Secretary



# GREEN INITIATIVE

Attention is invited to the Green Initiative initiated by the Ministry of Corporate Affairs and the Company's efforts in implementing the same for the benefit of the shareholders.

In this connection, the Company has sent communication to the shareholders seeking their consent for sending the Annual Report and other communication from the Company by using electronic mode.

We are thankful to such of the shareholders who have accepted receiving the Annual Report through e-mail and would request other shareholders to give their consent at the earliest to enable the Company to implement and make the initiative a success.

In this connection the shareholders holding shares in demat form may please inform their e-mail ids to their concerned Depository Participants (DPs) with intimation to the Company / Registrar and shareholders holding shares in physical form may provide their e-mail id to the Company's Registrars at the following e-mail id/ address or hand it over at the AGM Venue, quoting their folio reference:-

corpserv@iepindia.com

M/s Integrated Enterprises (India) Limited

2nd Floor, 'Kences Towers'

No.1 Ramakrishna Street

T.Nagar

Chennai 600 017