

INDEPENDENT AUDITOR'S REPORT

To the Members of Ashok Leyland Nissan Vehicles Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Ashok Leyland Nissan Vehicles Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the design, implementation and maintenance of adequate internal financial control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as 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.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and effectiveness of such controls. An audit also includes evaluating the appropriateness of 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, its loss, and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) 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 does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W

per S Balasubrahmanyam
Partner
Membership Number: 053315
Place of Signature: Chennai
Date:

Annexure referred to in our report of even date

Re: Ashok Leyland Nissan Vehicles Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year. Certain Inventories lying with outside parties have been confirmed by them as at year end.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The company needs to strengthen the maintenance of proper records of inventory for two of its products, Although net differences noted on physical verification of inventories were not material and net discrepancies have been properly dealt with in the books of account, the management is still in the process of identifying the reasons for gross excess and shortage in parts inventory.
- (iii) (a) The Company has granted loans that are re-payable on demand, to a firm covered in the register maintained under section 189 of the Companies Act, 2013. The loans granted are re-payable on demand. There has been no default on the part of the parties to whom the money has been lent and the payment of interest has been regular.
- (b) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, customs duty, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities. Statutory dues pertaining to employees' state insurance, wealth tax and excise duty are not applicable to the Company.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, service tax, sales-tax, customs duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, value added tax and cess which have not been deposited on account of any dispute.
- (d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth *but it has incurred cash losses in the current and immediately preceding financial year.*
- (ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W

per S Balasubrahmanyam
Partner
Membership No.: 053315

Place: Chennai
Date:

Ashok Leyland Nissan Vehicles Limited**Balance sheet as at March 31, 2015***(All amounts are in Indian Rupees unless otherwise stated)*

Particulars	Notes	March 31, 2015	March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4	8,026,459,180	7,301,459,180
Reserves and surplus	5	(11,156,985,903)	(3,245,302,130)
Share application money pending allotment	4	-	355,250,000
Non-current liabilities			
Long-term borrowings	6	4,461,799,985	4,750,000,000
Current liabilities			
Short term borrowings	7	250,000,000	-
Trade payables	25 & 27	2,760,916,971	3,162,444,024
Other current liabilities	8	972,066,362	745,005,831
Short-term provisions	9	1,501,709,653	147,287,107
Total		6,815,966,248	13,216,144,012
ASSETS			
Non-current assets			
Fixed assets	10		
Tangible assets		2,593,191,754	7,277,701,164
Intangible assets		5,756,715	13,540,050
Capital work-in-progress		749,191,176	916,802,116
Long-term loans and advances	11	1,697,773,342	1,653,241,342
Current assets			
Inventories	12	357,201,702	1,474,014,364
Trade receivables	13	1,115,226,241	1,036,032,879
Cash and cash equivalents	14	68,107,967	54,102,751
Short-term loans and advances	15	229,517,351	790,709,346
Other Current assets	16	-	-
		6,815,966,248	13,216,144,012

Summary of significant accounting policies

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The accompanying notes are integral part of financial statements

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Firm Registration Number: 101049W

For and on behalf of the Board of Directors**per S Balasubrahmanyam**

Partner

Membership No.: 053315

Gopal Mahadevan

Director

Yuuji Tsukagoshi

Director

Swaminathan K

Company Secretary

Pandi N

Chief Financial Officer

Place: Chennai

Date: May 07, 2015

Place: Chennai

Date: May 07, 2015

Ashok Leyland Nissan Vehicles Limited
Statement of Profit and loss for the year ended March 31, 2015
(All amounts are in Indian Rupees unless otherwise stated)

Particulars	Notes	Year ended March 31, 2015	Year ended March 31, 2014
Revenue			
Revenue from operations	17	10,098,686,795	10,330,867,997
Other income	18	205,446,636	190,634,721
Total		10,304,133,431	10,521,502,718
Expenses			
Cost of materials consumed & sub contracting charges	19	8,666,589,865	10,053,499,880
Changes in inventories of finished goods		39,620,711	(457,802,815)
Employee benefit expenses	20	174,784,839	110,088,314
Depreciation & amortisation	10	1,041,060,733	862,894,292
Finance costs	21	519,383,457	388,676,441
Other expenses	22	1,685,505,728	1,309,277,091
Total		12,126,945,333	12,266,633,203
Loss before exceptional items & tax		(1,822,811,902)	(1,745,130,485)
Exceptional items	23	6,088,871,871	-
Loss before tax		(7,911,683,773)	(1,745,130,485)
Incomes taxes:			
Current tax		-	-
Net loss for the year		(7,911,683,773)	(1,745,130,485)

Earnings per share information -

Weighted average number of equity shares used in computing basic & diluted earnings per share	802,248,657	575,373,316
Basic and diluted earnings per share (equity shares, par value Rs. 10 each)	(9.86)	(3.03)

Summary of significant accounting policies

The accompanying notes are integral part of financial statements 3

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Firm Registration Number: 101049W

For and on behalf of the Board of Directors

per S Balasubrahmanyam

Partner

Membership No.: 053315

Gopal Mahadevan

Director

Yuuji Tsukagoshi

Director

Swaminathan K

Company Secretary

Place: Chennai

Date: May 07, 2015

Pandi N

Chief Financial Officer

Place: Chennai

Date: May 07, 2015

Ashok Leyland Nissan Vehicles Limited
Cash flow statement for the ended March 31, 2014
(All amounts are in Indian Rupees unless otherwise stated)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
A. Cash flow from operating activities		
Net loss before taxation	(7,911,683,773)	(1,745,130,485)
Adjustments for:		
Depreciation and amortisation	1,041,060,733	862,894,292
Finance costs	519,383,457	388,676,441
Interest income	(185,758,713)	(178,647,050)
Provision for doubtful advances	417,671,635	-
Provision for inventory	893,505,234	-
Provision on assets held for sale	3,792,762,183	-
Loss / (profit) on sale of assets	-	23,804,830
Unrealised exchange differences	3,011,955	3,815,749
Dividend income from investments	(7,396,241)	(11,987,671)
Operating loss before working capital changes	(1,437,443,530)	(656,573,894)
Adjustments for changes in working capital :		
(Increase) / decrease in long term loans and advances	1,550,825	1,909,841
(Increase) / decrease in short term loans and advances	132,677,934	(138,122,082)
(Increase) / decrease in inventories	223,307,428	(14,271,220)
(Increase) / decrease in trade receivable	(79,193,362)	477,748,121
(Increase) / decrease in other current assets	(217,788,988)	-
Increase / (decrease) in current liabilities and provisions	915,225,995	(1,373,404,044)
Cash generated / (used) in operations	(461,663,698)	(1,702,713,278)
Direct taxes paid (net)	11,156,431	(5,127,165)
Net cash generated / (used) in operating activities	(450,507,267)	(1,707,840,443)
B. Cash flow from investing activities		
Purchase of fixed assets, movement in capital work in progress, capital creditors & capital advances	(97,160,370)	(1,157,142,462)
Sale proceeds on fixed assets	1,320,680	7,860,598
(Purchase) / redemption of Investments, net	-	3,475
Loans advanced, net	-	5,000,000
Interest received	190,208,972	174,196,791
Dividend income from investments	7,396,241	11,987,671
Net cash used in investing activities	101,765,523	(958,093,927)
C. Cash flow from financing activities		
Proceeds from issue of equity share capital and application money	369,750,000	2,179,250,000
Proceeds from long term borrowings	261,799,995	900,000,000
Proceeds from/(repayment) of short term borrowings, net	250,000,000	-
Interest paid	(518,803,035)	(437,109,135)
Net cash from financing activities	362,746,960	2,642,140,865
Net increase / (decrease) in cash and cash equivalents (A+B+C)	14,005,216	(23,793,505)
Cash and cash equivalents at the beginning of the year	54,102,751	77,896,256
Cash and cash equivalents at the end of the year	68,107,967	54,102,751
Cash and cash equivalents comprises:		
Balance with banks	67,773,551	54,090,644
Cheques on hand	303,809	-
Cash in hand	30,607	12,107

Summary of significant accounting policies 3

The accompanying notes are integral part of financial statements

For S. R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
Firm Registration Number 101049W

For and on behalf of the Board of Directors

per S Balasubrahmanyam
Partner
Membership No.: 053315

Gopal Mahadevan
Director

Yuuji Tsukagoshi
Director

Swaminathan K
Company Secretary
Place: Chennai
Date: May 07, 2015

Pandi N
Chief Financial Officer

Place: Chennai
Date: May 07, 2015

Ashok Leyland Nissan Vehicles Limited

Notes to the financial statements

(All amounts are in Indian Rupees, unless otherwise stated)

1. Corporate Information

Ashok Leyland Nissan Vehicles Limited (“the Company”) domiciled in India and incorporated on May 22, 2008 under the provisions of the Companies Act, 1956. The Company is a part of joint venture between Ashok Leyland Limited, a leading heavy commercial vehicle manufacturer in India and Nissan Motor Co., Ltd, Japan, a leading car and light commercial vehicle manufacturer with global presence. The Company derives its strength from synergies between Ashok Leyland’s in-depth local market knowledge and Nissan Motor’s design/quality processes, apart from experience in global markets. The Company is engaged in the business of producing, manufacturing, and assembling light commercial vehicles (‘LCV’).

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those used in the previous year.

Stile and Evalia were launched into the Indian Market in 2012. These products have undergone various modifications in specifications after getting feedback from customers. However the products’ performance is still not up to the expected level due to general recessionary conditions in the economy as well as the downward trend witnessed in the automotive industry which has resulted in lower than expected demand, forcing us to consider an early exit from this project. The company is in the process of finding solutions to mitigate its losses arising from such early exit, including a potential sale of its equipment and tooling to a third party, and expected this process to be completed by end of next financial year 2015-16. Accordingly, the Company has reclassified some of its fixed assets relating to the above mentioned products to ‘Assets held for sale’ under ‘Other current assets’ and made a provision amounting to Rs 3792.76 million. Further the Company has created provision for the non-moving inventory relating to the said products amounting to Rs 892.51 million during the current financial year 2014-15. The company has provided for these amounts fully on a conservative basis. In addition, the company has created provision to the extent of duty liability on assets imported with nil duty under EPCG scheme (along with Interest) amounting to Rs 1402.61 million.

Further, based on the performance of its products, other than two of its Vehicles, the Company is positive with regards to the outlook for its future operations and accordingly the financial statements have been prepared on a Going concern assumption.

3. Statement of Significant Accounting Policies

a) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from these estimates.

b) Tangible and intangible fixed assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for

Ashok Leyland Nissan Vehicles Limited

Notes to the financial statements

(All amounts are in Indian Rupees, unless otherwise stated)

its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

In respect of accounting periods commencing on or after 7th December, 2006, exchange differences arising on reporting/settlement of long-term foreign currency monetary items, pertaining to the acquisition of a depreciable fixed asset are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset.

c) Depreciation & Amortisation

(i) Useful lives/ depreciation rates

Till the year ended 31 March 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II. Hence, this change in accounting policy did not have any material impact on financial statements of the company.

(ii) Depreciation on assets costing less than Rs 5,000/-

Till year ended 31 March 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the company was charging 100% depreciation on assets costing less than Rs 5,000/- in the year of purchase. However, Schedule II to the Companies Act 2013, applicable from the current year, does not recognize such practice. Hence, to comply with the requirement of Schedule II to the Companies Act, 2013, the company has changed its accounting policy for depreciations of assets costing less than Rs 5,000/-. As per the revised policy, the company is depreciating such assets over their useful life as assessed by the management. The management has decided to apply the revised accounting policy prospectively from accounting periods commencing on or after 1 April 2014. The change in accounting for depreciation of assets costing less than Rs 5,000/- did not have any material impact on financial statements of the company for the current year.

(iii) Depreciation on tangible fixed assets

Leasehold land is amortized on a straight line basis over the period of lease, i.e., 99 years.

Depreciation on fixed assets is calculated on a straight-line basis using the following rates, arrived on the useful lives as estimated based on a technical assessment

Class of Asset	Useful lives estimated by the management (years)
Plant and equipment	10
Tooling	7
Furniture and fixtures	10
Office equipment	5
Vehicles	10
Computers	3

Ashok Leyland Nissan Vehicles Limited

Notes to the financial statements

(All amounts are in Indian Rupees, unless otherwise stated)

d) Operating leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

e) Borrowing costs

Borrowing cost includes interest, ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

f) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. Depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

g) Investments

Investments are readily realizable and intended to be held for not more than one year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognize any decline other than temporary in the value of the investments.

h) Inventories

Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis.

Finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

i) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Ashok Leyland Nissan Vehicles Limited

Notes to the financial statements

(All amounts are in Indian Rupees, unless otherwise stated)

Sale of products

Revenue from sale of products is recognized on dispatch or appropriation of goods in accordance with the terms of sale, when significant risks and rewards of ownership of goods have passed on to the buyer.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividends

Dividend income is recognised when the right to receive payment is established by the balance sheet date.

j) Foreign currency transactions

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange Differences

Exchange differences, in respect of accounting periods commencing on or after 7th December, 2006, arising on reporting/settlement of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset.

Exchange differences arising on the settlement/reporting of monetary items not covered above, at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

k) Derivative instruments

Derivative instruments that in substance represent forward exchange contracts, are accounted for under AS-11. The premium or discount arising at the inception of such contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the statement of profit and loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

Ashok Leyland Nissan Vehicles Limited

Notes to the financial statements

(All amounts are in Indian Rupees, unless otherwise stated)

However, exchange difference in respect of accounting period commencing on or after 7th December, 2006 arising on the contract undertaken to hedge the long term foreign currency monetary item, in so far as they relate to the acquisition of depreciable capital asset, are added to or deducted from the cost of asset and depreciated over the balance life of the asset.

l) Retirement and other employee benefits

Retirement benefits in the form of Provident Fund and superannuation are defined contribution schemes and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

Gratuity liability is a defined benefit obligations and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

m) Income taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised. The Management has not recognized any deferred tax assets as at balance sheet date.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Ashok Leyland Nissan Vehicles Limited**Notes to the financial statements**

(All amounts are in Indian Rupees, unless otherwise stated)

n) Segment information

The activities of the Company primarily relate to manufacture and assembling of light commercial vehicles. Since the Company operates in only one segment, no segment information is required to be disclosed.

o) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

p) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; 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 not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Provision for expenditure relating to voluntary retirement is made when the employee accepts the offer of early retirement.

Provisions for warranty-related costs are recognized when the product is sold. Provision is based on management estimate. The estimate of such warranty-related costs is revised annually.

q) Cash flow statements

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Ashok Leyland Nissan Vehicles Limited

Notes to the financial statements

(All amounts are in Indian Rupees unless otherwise stated)

Particulars	As at March 31, 2015	As at March 31, 2014
4 Share capital		
Authorised		
830,000,000 (Previous year 830,000,000) equity shares of Rs.10 each	8,300,000,000	8,300,000,000
Issued		
829,995,918 (Previous year 802,645,918) equity shares of Rs.10 each	8,299,959,180	8,026,459,180
Subscribed and Paid up		
802,645,918 (Previous year 730,145,918) equity shares of Rs. 10 each, fully paid up	8,026,459,180	7,301,459,180
	8,026,459,180	7,301,459,180

a. Reconciliation of the shares outstanding at the beginning and at the end of reporting Period

	March 31, 2015		March 31, 2014	
	Shares	in Rs	Shares	In Rs
Equity shares				
At the beginning of the period	730,145,918	7,301,459,180	517,145,918	5,171,459,180
Issued during the period	72,500,000	725,000,000	213,000,000	2,130,000,000
Outstanding at the end of the period	802,645,918	8,026,459,180	730,145,918	7,301,459,180

b. Details of share holders holding more than 5% shares in the Company

	March 31, 2015		March 31, 2014	
	in Rs	% of Share	in Rs.	% of Share
Ashok Leyland Limited	4,093,494,180	51.00%	3,610,415,000	49.45%
Nissan Motor Co. Ltd.	3,932,965,000	49.00%	3,577,715,000	49.00%
	8,026,459,180		7,188,130,000	

c. Term/right attached to equity shares

The Company has only one class of equity shares having a par value of Re.10/- per share. Each holder of equity shares is entitled to one vote per share.

d.Share application money pending allotment

The Company has received Rs. 355,250,000 from Nissan Motor Co. Ltd as application money towards subscription of shares as at March 31, 2014 and has got allotted on April 03, 2014.

5 Reserves and surplus

Balance as per last financial statements	(3,245,302,130)	(1,500,171,645)
Add: Amount transferred from statement of profit and loss	(7,911,683,773)	(1,745,130,485)
Closing balance	(11,156,985,903)	(3,245,302,130)

6 Long term borrowings

Term loan from banks:

Secured

Rupee term loan from banks	2,625,000,000	2,750,000,000
SIPCOT soft loan	311,800,000	-
External commercial borrowings (ECB)	1,912,216,176	2,414,733,335
Less: Currency swap gain (mark to market)	(387,216,191)	(414,733,335)
	4,461,799,985	4,750,000,000

Rupee term loan (Long term & other current liabilities)

Bank & repayment terms	Loan availed (INR)	Total Loan outstanding (INR) @	Security
HDFC Bank - 16 Quarterly equal installments immediately after a moratorium of 3 years from the date of first draw down	1000 Million	1000 Million	First pari-passu charge on entire fixed assets of the Company (immovable & movable)
Axis Bank - 16 Quarterly equal installments immediately after a moratorium of 12 quarters from the date of first draw down	2000 Million	1750 Million	First pari-passu charge on entire fixed assets of the Company (immovable & movable)

@ refer note no. 8

SIPCOT Sales tax loan:

The Company has entered into an agreement for structured investment package and availed concessional interest loan to the extent of INR 311,800,000 during the month of October 2014, repayable after 14 years bearing interest @ 0.01% secured by way of first pari-passu charge on current and future fixed assets.

External commercial borrowings (ECB)(Long term & other current liabilities @)

The Company has entered into an external commercial borrowing facility agreement for Rs. 200 crores on June 22, 2011, in equivalent USD, to be drawn down over a period of 1 year. The borrowing is repayable in 8 equal semi-annual instalments commencing after a moratorium period of 3 years following each draw down. The facility is secured by a first pari-passu charge over the current and future movable fixed assets of the Company. The Company has availed Rs 200 crores till March 31, 2015 and repaid Rs 5 crores till March 31, 2015.

The Company has also entered into swap agreements, against each individual draw down to fully hedge its currency from USD to INR and interest rate from floating to fixed. As on March 31, 2015, the Company has outstanding currency swap contracts aggregating to USD 39,179,700 (previous year USD 40,302,651, on which the Company has recognized net mark to market gain of Rs. 502,288,744 (previous year Rs. 414,733,355) in accordance with its accounting policy as specified in note 3 (k).

@ refer note no. 8

Ashok Leyland Nissan Vehicles Limited

Notes to the financial statements

(All amounts are in Indian Rupees unless otherwise stated)

Particulars	As at March 31, 2015	As at March 31, 2014
7 Short term borrowings		
Unsecured loan		
Working capital loan from Banks	250,000,000	-
	250,000,000	-
8 Other current liabilities		
Capital creditors #	189,044,874	475,770,472
Payable towards employee benefits	36,070,869	33,390,155
Statutory liabilities	44,075,226	21,337,477
Payable to related parties #	68,699,510	68,388,770
Current maturities of long term debts @	665,072,563	-
Less: Currency swap gain (mark to market)	(115,072,553)	-
Advance received from customers #	4,992,285	67,515,791
Interest accrued but not due on borrowings	79,183,588	78,603,166
	972,066,362	745,005,831
# refer note. 25		
9 Short term provisions		
Provision towards employee benefits:		
Provision for gratuity #	613,615	-
Provision for leave encashment	12,773,389	14,070,805
Other provisions:		
Provision for product warranties	85,718,195	133,216,302
Provision for customs duty on export obligation @	1,402,604,454	-
	1,501,709,653	147,287,107
# refer note no:26		
@ refer note no. 23		
Movement in provision for Product warranties		
Opening	133,216,302	106,075,993
Add: Charge for the year	27,538,712	76,684,444
Less : Amounts incurred and charged against provision during the period	75,036,819	49,544,135
Closing	85,718,195	133,216,302

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10 Fixed Assets**Tangible assets**

Categories	Gross Block				Depreciation				Net Block	
	As at April 1, 2014	Additions	Deletions	As at March 31, 2015	As at April 1, 2014	For the year	Deletions	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
Lease hold land *	1,360,461,785	-	336,000,000	1,024,461,785	-	10,629,864	-	10,629,864	1,013,831,921	1,360,461,785
Plant and machinery @	7,304,261,522	261,021,383	5,389,516,908	2,175,765,997	1,396,021,792	1,019,432,612	1,813,223,033	602,231,371	1,573,534,626	5,908,239,730
Office equipment	4,626,757	40,480	-	4,667,237	1,144,325	1,259,135	-	2,403,460	2,263,777	3,482,432
Computers	16,484,788	-	-	16,484,788	13,802,170	1,637,959	-	15,440,129	1,044,659	2,682,618
Furniture and fixtures	2,118,991	-	-	2,118,991	239,039	210,765	-	449,804	1,669,187	1,879,952
Vehicles	1,070,632	-	-	1,070,632	115,985	107,063	-	223,048	847,584	954,647
Total	8,689,024,475	261,061,863	5,725,516,908	3,224,569,430	1,411,323,311	1,033,277,398	1,813,223,033	631,377,676	2,593,191,754	7,277,701,164
Previous year	5,514,736,585	3,222,719,106	48,431,216	8,689,024,475	572,903,803	855,185,296	16,765,788	1,411,323,311	7,277,701,164	

Intangible assets

Categories	Gross Block				Amortisation				Net Block	
	As at April 1, 2013	Additions	Deletions	As at March 31, 2015	As at April 1, 2013	For the year	Deletions	As at March 31, 2015	As at March 31, 2015	As at March 31, 2013
Software	24,949,522	-	-	24,949,522	11,409,472	7,783,335	-	19,192,807	5,756,715	13,540,050
Total	24,949,522	-	-	24,949,522	11,409,472	7,783,335	-	19,192,807	5,756,715	13,540,050
Previous year	18,345,614	6,603,908	-	24,949,522	3,700,476	7,708,996	-	11,409,472	13,540,050	

* represents 210 acres of land at Pillaipakkam taken on 99 years lease from SIPCOT under terms of MOU dated May 14, 2012 with Government of Tamilnadu. Further the Company has also made advance payment to SIPCOT aggregating to Rs 619.54 million for the portion of land, which is yet to be registered in the name of the Company. This has been disclosed under Capital - work-in progress. The company has reclassified Rs 336 million land deposit paid to SIPCOT under the head long term loans and advances refer note no:11.

@ The company intends to terminate & sell two of its non- selling models Evalia & Stile vehicles as specified in the note no. 2 and hence, the tangible assets with respect to these products are carried over to other current assets as "Assets held for sale" to the extent of Rs 5,387.95 million (gross value) including the capital work-in-progress to the extent of Rs 217.79 million. The net amount carried to Assets held for sale (net of accumulated depreciation amounting to Rs 1812.98 million) is Rs 3792.76 million. (refer note. 16)

Expenditure during construction period

The details of expenditure incurred during construction period, that are included as a part of capital work in progress are as below:

Particulars	March 31, 2015	March 31, 2014
Opening balance as of April 1, 2014	39,573,165	90,700,543
Employee benefit expenses	-	66,365,092
Travel and conveyance	-	6,971,201
Legal and professional expenses	-	24,130,734
Purchase of materials, testing & other charges	-	3,111,500
Interest Expenses	-	62,885,438
Less: Capitalised during the year	-	(214,591,343)
Closing balance as at March 31, 2015	39,573,165	39,573,165

Ashok Leyland Nissan Vehicles Limited
Notes to the financial statements
(All amounts are in Indian Rupees unless otherwise stated)

Particulars	As at March 31, 2015	As at March 31, 2014
11 Long term loans and advances		
Unsecured considered good		
Capital advance	33,678,007	312,438,751
Rental Deposits	15,348,984	15,821,520
SIPCOT Deposit ##	336,000,000	-
Prepaid expenses	1,058,350	2,136,639
Advances to related parties #	1,292,600,000	1,292,600,000
Advances tax and tax deducted at source, net of provision	19,088,001	30,244,432
	1,697,773,342	1,653,241,342
# refer note. 25		
## refer note. 10		
12 Inventories (lower of cost or net realisable value)		
Raw materials at subcontractor's end	822,708,659	751,400,830
Raw materials (Including Goods in transit amounting to Nil (Previous year Rs. 11,505,626))	809,685	246,244,615
Finished goods - vehicles	418,948,238	458,568,949
Stores & spares	8,240,354	17,799,970
Less: Provision for non- moving inventory \$	(893,505,234)	-
	357,201,702	1,474,014,364
\$ refer note no. 2 & 23		
13 Trade receivables		
unsecured, considered good		
Outstanding for a period less than six months from due date #	1,068,074,873	1,036,032,879
Outstanding for a period more than six months from due date #	47,151,368	-
	1,115,226,241	1,036,032,879
# refer note. 25		
14 Cash and cash equivalents		
Balances with banks	67,773,551	54,090,644
Cheques on hand	303,809	-
Cash on hand	30,607	12,107
	68,107,967	54,102,751
15 Short-term loans and advances		
Unsecured, considered good		
Employee advances	952,332	1,394,501
Loans and advances to related parties #	148,842,160	396,035,419
Balances with revenue authorities	473,112,435	365,374,803
Advance to suppliers #	24,110,584	27,733,148
Other advances	171,475	171,475
	647,188,986	790,709,346
Less: Provision for doubtful advances	(417,671,635)	-
	229,517,351	790,709,346
# refer note. 25		
16 Other current assets		
Assets held for sale @	3,792,762,183	-
Less: Provision for doubtful assets	(3,792,762,183)	-
	-	-
@ refer note. 2, 10 & 23		

Particulars	Year ended March 31, 2015	Year ended March 31, 2014		
17 Revenue from operations				
Sale of vehicles	9,962,522,934	10,255,400,662		
Other Operating Revenue				
Sale of spares	46,574,395	26,370,734		
Commission on spares	89,589,466	49,096,601		
	10,098,686,795	10,330,867,997		
18 Other income				
Dividend income from mutual funds	7,396,241	11,987,671		
Profit on sale of Mutual Funds	11,737,768	-		
Miscellaneous Income	553,914	-		
Interest	185,758,713	178,647,050		
	205,446,636	190,634,721		
19 Cost of materials consumed & sub contracting charges				
Inventory at the beginning of the year	997,645,445	1,444,806,321		
Add: Purchases	7,741,447,830	8,830,644,073		
Add: Sub contracting charges	751,014,934	775,694,931		
Less: Closing stock of raw materials	(823,518,344)	(997,645,445)		
	8,666,589,865	10,053,499,880		
Details of purchases , consumption and closing stock of raw materials				
Description	Opening stock	Purchases	Material consumed	Closing stock
Tyre, tube and rubber items	15,229,400	375,041,033	382,081,833	8,188,600
Engine	48,273,808	2,177,599,293	2,176,969,207	48,903,894
Finished components & others	934,142,237	5,188,807,504	5,356,523,891	766,425,850
Subtotal	997,645,445	7,741,447,830	7,915,574,931	823,518,344
Add: Sub contracting charges			751,014,934	-
Total	997,645,445	7,741,447,830	8,666,589,865	823,518,344
* Includes a prior period adjustment of material cost revised during current year (2014-15) amounting to Rs. 154.33 million pertaining to earlier years				
Of the above				
1. Imported items - value			68,203,287	596,633,172
- percentage			0.86%	6.43%
2. Indigenous items - value			7,847,371,644	8,681,171,778
- percentage			99.14%	93.57%
20 Employee benefit expenses				
Salaries, wages and bonus			159,285,088	92,306,743
Contributions to provident and other funds			9,269,430	12,726,438
Gratuity #			2,423,813	509,594
Staff welfare			3,806,508	4,545,539
			174,784,839	110,088,314
# refer note: 26				
21 Finance costs				
Interest expenses			519,383,457	388,676,441
			519,383,457	388,676,441

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
22 Other expenses		
Rent	27,230,414	39,316,524
Rates and taxes	171,310,051	81,367,955
Royalty	114,068,359	114,812,707
Power and fuel	4,657,078	5,201,748
Marketing expenses	107,600,926	85,391,211
Repairs and maintenance	66,634,608	46,278,077
Travelling and conveyance	11,325,080	22,301,345
Foreign exchange loss, net	1,136,528	94,688,623
Product warranties	27,538,712	76,684,444
Legal and professional expenses	683,026,166	648,551,439
Loss on sale of assets	-	23,804,830
Payment to auditors	1,325,000	1,339,000
Testing and related expenses	27,210,957	42,076,290
Provision for doubtful advances	417,671,635	-
Miscellaneous expenses	24,770,214	27,462,898
	1,685,505,728	1,309,277,091

Details of payment to auditors:As auditor:

Statutory audit *	1,100,000	1,039,500
Tax audit	110,000	110,000
Other services *	75,000	130,000
Out of pocket expenses	40,000	59,500
	1,325,000	1,339,000

* Excludes applicable service taxes

23 Exceptional items #

Provision on assets held for sale	3,792,762,183	-
Provision for non-moving inventory ##	893,505,234	-
Provision for Export obligation @	1,402,604,454	-
	6,088,871,871	-

Provision for inventory includes Excise duty on Finished goods amounting to Rs 55.49 million.

@ considering the intention of termination of Evalia & Stile models, consequently provision to the extent of duty liability on assets imported with nil duty under EPCG scheme amounting to Rs 913.15 million and interest to the extent of Rs 489.46 million has been made in books.

refer note no.2, 9, 10, 12 & 16

24 Names of related parties

Joint venturers	Nissan Motor Co. Ltd., Japan Ashok Leyland Limited
Entities under common control	Nissan Ashok Leyland Powertrain Limited Nissan Trading Co. Ltd Nissan China Investments Nissan Motor Iberica S.A Nissan Motor Thailand Company Nissan Shanghai Co. Limited Nissan Trading China Co.Ltd Nissan Trading Europe Limited Nissan Motor India Pvt. Limited Nissan Motor Distributor Indonesia Nissan Motor Manufacturing (UK) Ltd Nitco Siam Co Ltd Renault Nissan Automotive India Pvt Limited Nissan Ashok Leyland Technologies Limited Ashley Holdings Ltd Ashley Investments Ltd Ashley Services Ltd Hinduja Tech Limited Renault Nissan Technology & Business Centre India Pvt Limited
Key management personnel	Balasubramoniam E (w.e.f April 25, 2014) Bhalla V K (till April 24, 2014)

Ashok Leyland Nissan Vehicles Limited
Notes to the financial statements
(All amounts are in Indian Rupees unless otherwise stated)
25. Related party transactions

Particulars	Joint venturers		Entities under Common Control		Total	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
Sale of vehicles & parts	8,320,343,693	8,464,388,332	261,384,495	528,763,146	8,581,728,188	8,993,151,478
Ashok Leyland Limited	8,320,343,693	8,464,388,332	-	-	8,320,343,693	8,464,388,332
Nissan Ashok Leyland Technologies Limited	-	-	119,594	3,153,317	119,594	3,153,317
Nissan South Africa Pty Limited	-	-	8,809,139	-	8,809,139	-
Nissan Motor India Private Limited	-	-	251,882,554	525,609,829	251,882,554	525,609,829
Renault Nissan Automotive India Pvt Limited	-	-	573,208	-	573,208	-
Purchase of raw materials	231,148,085	246,880,387	2,208,957,692	2,586,786,656	2,440,105,777	2,833,667,044
Ashok Leyland Limited	209,581,351	193,054,469	-	-	209,581,351	193,054,469
Nissan Motor Co. Ltd., Japan	21,566,734	53,825,919	-	-	21,566,734	53,825,919
Nissan Ashok Leyland Technologies Limited	-	-	-	5,583,545	-	5,583,545
Nissan Ashok Leyland Powertrain Limited	-	-	2,149,783,449	2,164,249,101	2,149,783,449	2,164,249,101
Nissan Motor Iberica S.A	-	-	1,448,946	21,964,943	1,448,946	21,964,943
Nissan China Investments	-	-	6,689,354	27,327,984	6,689,354	27,327,984
Nissan Trading China Co. Ltd	-	-	2,911,688	2,002,547	2,911,688	2,002,547
Nissan Trading Co Ltd	-	-	481,647	3,888,709	481,647	3,888,709
Nissan Shanghai Co. Ltd	-	-	-	1,323,939	-	1,323,939
Nissan Motor Thailand Co.	-	-	56,279	4,038,345	56,279	4,038,345
Nissan Motor Manufacturing (UK) Ltd	-	-	521,364	414,874	521,364	414,874
Renault Nissan Automotive India Pvt Limited	-	-	47,064,965	355,992,669	47,064,965	355,992,669
Sale of Proto-Vehicles & parts	366,916	-	186,998	-	553,914	-
Ashok Leyland Limited	366,916	-	-	-	366,916	-
Renault Nissan Automotive India Pvt Limited	-	-	186,998	-	186,998	-
Royalty Expense	-	-	114,068,359	114,812,707	114,068,359	114,812,707
Nissan Ashok Leyland Technologies Limited	-	-	114,068,359	114,812,707	114,068,359	114,812,707
Interest income	-	-	184,195,500	177,881,529	184,195,500	177,881,529
Nissan Ashok Leyland Technologies Limited	-	-	184,195,500	177,881,529	184,195,500	177,881,529
Commission on spares	76,851,653	45,791,108	6,446,484	3,305,493	83,298,137	49,096,601
Ashok Leyland Limited	76,436,637	45,791,108	-	-	76,436,637	45,791,108
Nissan Motor Co. Ltd., Japan	415,016	-	-	-	415,016	-
Nissan Motor India Private Limited	-	-	6,446,484	3,305,493	6,446,484	3,305,493
Service charges incurred	741,214,702	795,498,005	46,187,308	138,628,326	787,402,010	934,126,331
Ashok Leyland Limited	741,214,702	795,498,005	-	-	741,214,702	795,498,005
Hinduja Tech Limited	-	-	8,791,136	17,078,849	8,791,136	17,078,849
Renault Nissan Automotive India Pvt Limited	-	-	29,554,932	90,937,023	29,554,932	90,937,023
Renault Nissan Technology & Business Centre I P Ltd	-	-	7,841,240	30,612,454	7,841,240	30,612,454
Legal and professional expenses	-	-	660,000,000	600,000,000	660,000,000	600,000,000
Nissan Ashok Leyland Technologies Limited	-	-	660,000,000	600,000,000	660,000,000	600,000,000
Purchases of parts & capital goods	-	68,653,289	63,288	1,497,729	63,288	70,151,018
Nissan Motor Co. Ltd., Japan	-	68,653,289	-	-	-	68,653,289
Nissan China Investments	-	-	-	10,425	-	10,425
Nissan Motor Iberica S.A	-	-	-	4,153	-	4,153
Nissan Motor Thailand Co.	-	-	-	176,300	-	176,300
Nissan Shanghai Co. Ltd	-	-	-	62,538	-	62,538
Renault Nissan Automotive India Pvt Limited	-	-	63,288	-	63,288	-
Nitco Siam Co. Ltd	-	-	-	1,244,312	-	1,244,312
Reimbursement / (Recovery) of expenses	(267,683,920)	(105,665,122)	(52,950,530)	(21,601,405)	(320,634,450)	(127,266,527)
Ashok Leyland Limited	(267,683,920)	(105,665,122)	-	-	(267,683,920)	(105,665,122)
Nissan Motor India Pvt Ltd	-	-	(47,410,870)	(15,780,000)	(47,410,870)	(15,780,000)
Nissan Ashok Leyland Technologies Limited	-	-	(3,693,107)	(3,880,937)	(3,693,107)	(3,880,937)
Nissan Ashok Leyland Powertrain Limited	-	-	(1,846,553)	(1,940,468)	(1,846,553)	(1,940,468)

Ashok Leyland Nissan Vehicles Limited
Notes to the financial statements
(All amounts are in Indian Rupees unless otherwise stated)
25. Related party transactions

Particulars	Joint venturers		Entities under Common Control		Total	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
Inter corporate loans (net) provided by the Company	-	-	-	(5,000,000)	-	(5,000,000)
Nissan Ashok Leyland Technologies Limited	-	-	-	(5,000,000)	-	(5,000,000)
Equity contribution	725,000,000	2,118,000,000	-	12,000,000	725,000,000	2,130,000,000
Nissan Motor Co. Ltd., Japan	355,250,000	1,043,700,000	-	-	355,250,000	1,043,700,000
Ashley Holdings Ltd	-	-	-	6,000,000	-	6,000,000
Ashley Investments Ltd	-	-	-	6,000,000	-	6,000,000
Ashok Leyland Limited	369,750,000	1,074,300,000	-	-	369,750,000	1,074,300,000
Remuneration to Key management personnel	-	-	-	-	11,284,484	7,180,445
Balasubramoniam E (w.e.f April 25, 2014)	-	-	-	-	10,693,641	-
Bhalla V K (till April 24, 2014)	-	-	-	-	590,843	7,180,445
Balance outstanding as at year end:						
Advances to related parties	-	-	1,292,600,000	1,292,600,000	1,292,600,000	1,292,600,000
Nissan Ashok Leyland Technologies Limited	-	-	1,292,600,000	1,292,600,000	1,292,600,000	1,292,600,000
Trade receivables	1,023,845,373	879,540,555	52,802,949	68,166,079	1,076,648,322	947,706,634
Ashok Leyland Limited	1,023,372,568	879,540,555	-	-	1,023,372,568	879,540,555
Nissan Motor Co. Ltd., Japan	472,805	-	-	-	472,805	-
Nissan Motor India Pvt. Ltd.	-	-	51,223,963	68,166,079	51,223,963	68,166,079
Nissan Ashok Leyland Technologies Limited	-	-	1,081,710	-	1,081,710	-
Nissan Ashok Leyland Powertrain Limited	-	-	497,276	-	497,276	-
Short-term loans & advances	-	30,382,894	154,860,483	371,501,900	154,860,483	401,884,794
Ashok Leyland Limited	-	30,382,894	-	-	-	30,382,894
Renault Nissan Automotive India Pvt Limited	-	-	154,860,483	361,230,237	154,860,483	361,230,237
Nissan Ashok Leyland Technologies Limited	-	-	-	8,331,195	-	8,331,195
Nissan Ashok Leyland Powertrain Limited	-	-	-	1,940,468	-	1,940,468
Long-term loans & advances (capital advance)	-	4,511,494	-	-	-	4,511,494
Nissan Motor Co. Ltd., Japan	-	4,511,494	-	-	-	4,511,494
Trade payables	200,218,632	118,818,125	926,183,656	966,804,398	1,126,402,289	1,085,622,523
Nissan Motor Co. Ltd., Japan	17,367	12,867,206	-	-	17,367	12,867,206
Hinduja Tech Limited	-	-	783,533	4,763,837	783,533	4,763,837
Nissan Ashok Leyland Powertrain Limited	-	-	515,307,710	307,313,657	515,307,710	307,313,657
Nissan Ashok Leyland Technologies Limited	-	-	203,561,209	54,911,596	203,561,209	54,911,596
Renault Nissan Technology & Business Centre I P Ltd	-	-	8,565,248	31,000,000	8,565,248	31,000,000
Ashok Leyland Limited	200,201,265	105,950,919	-	-	200,201,265	105,950,919
Nissan China Investments	-	-	419,797	6,838,200	419,797	6,838,200
Nissan Motor Thailand Co	-	-	-	1,746,021	-	1,746,021
Nissan Motor Iberica S.A	-	-	107	578,868	107	578,868
Nissan Trading China Co Ltd	-	-	242,989	1,137,177	242,989	1,137,177
Renault Nissan Automotive India Pvt Limited	-	-	197,303,063	558,363,450	197,303,063	558,363,450
Nissan Motor Indonesia	-	-	-	-	-	-
Nissan Motor Manufacturing (UK) Ltd	-	-	-	151,592	-	151,592
Capital Creditors	-	20,220,853	-	-	-	20,220,853
Nissan Motor Co. Ltd., Japan	-	20,220,853	-	-	-	20,220,853
Advance from customers (other current liabilities)	-	62,000,000	-	-	-	62,000,000
Ashok Leyland Limited	-	62,000,000	-	-	-	62,000,000
Payable to related parties (other current liabilities)	68,599,510	68,388,770	-	-	68,599,510	68,388,770
Ashok Leyland Limited	68,599,510	68,388,770	-	-	68,599,510	68,388,770

Ashok Leyland Nissan Vehicles Limited**Notes to the financial statements***(All amounts are in Indian Rupees unless otherwise stated)***26. Gratuity benefit plans**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service, subject to a maximum of Rs. 1,000,000. The scheme is funded with an insurance company in the form of qualifying insurance policy. The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet.

Profit and Loss account

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Current service cost	1,346,981	1,178,926
Interest cost on benefit obligation	441,453	326,051
Expected return on plan assets	(529,537)	(397,771)
Net actuarial(gain) / loss recognised in the year	1,164,916	(597,612)
Net benefit expense	2,423,813	509,594

Balance sheet**Details of Provision for gratuity**

Particulars	March 31, 2015	March 31, 2014
Defined benefit obligation	7,049,611	4,893,448
Fair value of plan assets	6,435,996	5,622,092
Plan asset / (liability)	(613,615)	728,644

Changes in the present value of the defined benefit obligation are as follows:

Particulars	March 31, 2015	March 31, 2014
Opening defined benefit obligation	4,893,448	4,075,639
Interest cost	441,453	326,051
Current service cost	1,346,981	1,178,926
Benefits paid	(751,150)	(89,556)
Actuarial (gains) / losses on obligation	1,118,879	(597,612)
Closing defined benefit obligation	7,049,611	4,893,448

Changes in the fair value of plan assets are as follows:

Particulars	March 31, 2015	March 31, 2014
Opening fair value of plan assets	5,622,092	3,755,358
Expected return	529,537	397,771
Contributions by employer	1,081,554	1,558,519
Benefits paid	(751,150)	(89,556)
Actuarial gains / (losses)	(46,037)	-
Closing fair value of plan assets	6,435,996	5,622,092

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. The principal assumptions used in determining gratuity for the Company's plans are shown below:

Particulars	March 31, 2015	March 31, 2014
Discount rate	7.80%	8.00%
Expected rate of return on assets	9.15%	9.15%
Employee turnover	3%	1-3%

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.

Ashok Leyland Nissan Vehicles Limited**Notes to the financial statements***(All amounts are in Indian Rupees unless otherwise stated)***27. Disclosure required under MSMED Act 2006:**

There is no overdue amount payable to Micro and Small Enterprises as defined under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED). Further, the Company has not paid any interest to any Micro, Small and Medium Enterprises during the current year. The list of Micro and Small Enterprises was determined based on the information available with the company.

	Year ended March 31, 2014	Year ended March 31, 2014
	38,685	958,320
	-	10,209,602
	38,685	11,167,922

28. Expenditure in foreign currency (on accrual basis)

Travel and conveyance	38,685	958,320
Technical consultancy	-	10,209,602
	38,685	11,167,922

29. CIF value of imports

Capital goods	-	160,579,314
Purchase of vehicle trial parts / imported parts	59,516,718	238,233,264
	59,516,718	398,812,578

30. Commitments & Contingencies

1) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 160,403,363 (previous year - Rs.352,853,753).

2) Export obligations under EPCG scheme: Rs 7,188,975,971 (previous year Rs 8,210,102,002).

As mentioned in the note no.2 & 23, the company has made provision to the extent of duty liability on assets imported with nil duty under EPCG scheme amounting to Rs 913.15 million and interest to the extent of Rs 489.46 million for the early exit of Evalia & Stile models. Considering the above, the net Export obligation with respect to other models will be Rs 434.84 million.

3) Operating lease

Office premises are obtained under operating lease. Lease rentals incurred during the year of Rs.27,230,414 (previous year Rs.39,316,524) have been charged as an expense in the profit and loss account. There are no restrictions imposed by lease arrangements. The future lease rentals payable are as follows:

Particulars	As at March 31, 2015	As at March 31, 2014
Upto 1 year	-	9,419,493
1 to 5 years	-	-
Beyond 5 years	-	-

Ashok Leyland Nissan Vehicles Limited**Notes to the financial statements***(All amounts are in Indian Rupees unless otherwise stated)***31. Unhedged foreign currency exposures**

The foreign currency balances which are unhedged as at the balance sheet date and as at previous period.

Particulars	March 31, 2015		
	Foreign Currency	Amount in Foreign Currency	Amount in Indian Rupees
Receivables	USD	4,680	292,921
Payables	USD	10,867	680,154

Particulars	March 31, 2014		
	Foreign Currency	Amount in Foreign Currency	Amount in Indian Rupees
Receivables	USD	1,320,708	79,130,193
	EUR	23,719	1,961,164
	JPY	11,842,900	6,875,988
Payables	EUR	9,259	765,546
	JPY	39,352,511	22,848,068
	USD	1,771,346	106,130,185

32. Comparatives

Previous year figures have been regrouped where necessary to conform to current year's classification.

For S. R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Firm Registration Number: 101049W

For and on behalf of the Board of Directors**per S Balasubrahmanyam**
Partner

Membership No.: 053315

Gopal Mahadevan
Director**Yuuji Tsukagoshi**
Director

Place: Chennai

Date: May 07, 2015

Swaminathan K
Company Secretary

Place: Chennai

Date: May 07, 2015

Pandi N
Chief Financial Officer