



ASHOK LEYLAND

Annual Report 2008-2009



HINDUJA GROUP



Forward-looking statement

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

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

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

Contents

Highlights	03	Statement on Significant Accounting Policies	32
Directors' Report	04	Schedules to the Balance Sheet	35
CEO / CFO Certification	25	Schedules to the Profit and Loss Account	44
Auditor's Report to the Members	26	Notes to the Accounts	47
Balance Sheet	28	Balance Sheet Abstract and	
Profit and Loss Account	29	Company's General Business Profile	58
Cash Flow Statement	30		

Annual Report 2008 - 2009

BOARD OF DIRECTORS	R J Shahaney, <i>Chairman</i>
	D G Hinduja, <i>Co-Chairman (Alternate : Y M Kale)</i>
	D J Balaji Rao
	A K Das (<i>Alternate : P Banerjee</i>)
	P N Ghatalia
	Ramachandran R Nair
	F Sahami
	S Shroff
	A Spare
	Dr V Sumantran
	R Seshasayee, <i>Managing Director</i>
	Vinod K Dasari, <i>Whole-time Director</i>
CHIEF FINANCIAL OFFICER	K Sridharan
EXECUTIVE DIRECTOR AND COMPANY SECRETARY	A R Chandrasekharan
EXECUTIVE DIRECTORS	J N Amrolia
	Anup Bhat
	S Balasubramanian
	A K Jain
	R R G Menon
	N Mohanakrishnan
	M Nataraj
	Rajinder Malhan
	Rajive Saharia
	Shekhar Arora
B M Udayashankar	
AUDITORS	M S Krishnaswami & Rajan
	Deloitte Haskins & Sells
COST AUDITORS	Geeyes & Co.
BANKERS	Bank of America
	Bank of Baroda
	Calyon Bank
	Canara Bank
	Central Bank of India
	Citibank N.A.
	HDFC Bank Limited
	ICICI Bank Limited
	IDBI Bank Limited
	Punjab National Bank
	Standard Chartered Bank
	State Bank of India
	State Bank of Patiala
The Hongkong and Shanghai Banking Corporation Limited	
REGISTERED OFFICE	1, Sardar Patel Road, Guindy, Chennai 600 032
PLANTS	Chennai (Ennore & Ambattur) and Hosur, Tamil Nadu; Bhandara, Maharashtra; Alwar, Rajasthan; Pant Nagar, Uttarakhand
WEBSITE	www.ashokleyland.com

Performance highlights

Rs. Lakhs

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Sales volume										
Vehicles (numbers)	37,859	32,475	29,673	36,444	48,654	54,740	61,655	83,094	83,307	54,431
Engines (numbers)	6,004	6,311	5,258	5,924	5,085	6,254	7,171	8,202	11,757	21,447
Spare parts and others	21,450	51,390	54,920	47,710	44,680	54,600	78,380	54,684	79,124	79,969
Revenue (Gross sales)	2,59,870	2,60,670	2,63,040	3,07,400	3,92,730	4,81,080	6,05,310	8,30,472	8,94,715	6,66,664
Profit before tax	9,330	10,190	13,220	17,010	28,646	35,501	45,230	60,451	63,815	20,845
Profit after tax	7,850	9,170	9,230	12,021	19,358	27,141	32,732	44,129	46,931	19,000
Assets										
Net fixed assets	94,580	96,130	1,00,980	93,980	92,110	97,900	1,08,470	1,54,452	2,05,479	4,39,741
Investments	12,040	11,790	11,730	15,758	14,660	22,919	36,818	22,109	60,990	26,356
Net current assets	1,03,290	1,02,230	98,250	74,812	63,100	99,161	82,392	94,183	60,332	1,02,867
	2,09,910	2,10,150	2,10,960	1,84,550	1,69,870	2,19,980	2,27,680	2,70,745	3,26,801	5,68,963
Financed by										
Shareholder's funds - Capital	11,890	11,890	11,890	11,890	11,890	11,890	12,220	13,239	13,303	13,303
- Reserves	1,01,450	1,04,960	91,310	84,060	90,050	1,02,960	1,28,300	1,73,776	1,99,366	3,33,118
Loan funds	96,570	93,300	88,840	71,750	49,900	88,040	69,190	64,040	88,750	1,95,814
Defered tax liability - net	-	-	18,920	16,850	18,030	17,090	17,970	19,690	25,382	26,344
Foreign currency translation difference account - net	-	-	-	-	-	-	-	-	-	384
	2,09,910	2,10,150	2,10,960	1,84,550	1,69,870	2,19,980	2,27,680	2,70,745	3,26,801	5,68,963
Basic earnings per share (Rs.)	0.66	0.77	0.78	1.01	1.63	2.28	2.74	3.38	3.53	1.43
Dividend per share (Rs.) (face value Re. 1 each)	0.35	0.40	0.45	0.50	0.75	1.00	1.20	1.50	1.50	1.00
Employees (nos.)	14056	13489	13218	11860	12007	12178	11845	12125	13304	11938

DIRECTORS' REPORT

Part I - Performance/operations

The Directors have pleasure in presenting the Annual Report of the Company, together with the audited Accounts, for the year ended March 31, 2009.

FINANCIAL RESULTS	(Rs. Lakhs)	
	2008-2009	2007-2008
Profit before tax	20,844.63	63,815.02
Less: Provision for taxation	1,845.00	16,884.00
Profit after tax	18,999.63	46,931.02
Excess provision written back		
– Dividend	22.05	—
– Corporate dividend tax thereon	3.75	—
Balance profit from last year	50,227.38	36,168.59
Transfer from/(to):		
Debenture redemption reserve	(2,958.33)	500.00
General reserve	(2,500.00)	10,000.00
Profit available for appropriation	63,794.48	73,599.61
Appropriation:		
Proposed dividend	13,303.38	19,977.12
Corporate dividend tax thereon	2,260.91	3,395.11
Balance profit carried to balance sheet	48,230.19	50,227.38
Earnings per Share (face value Re.1/-)		
– Basic (in Rs.)	1.43	3.53

Dividend

The Directors recommend a dividend of 100% (Re.1/- per equity share of Re.1/-) for the year ended March 31, 2009.

Business operations

The global economic crisis had a severe adverse impact on the Indian economy, in the second half of the year. The Commercial Vehicle industry, which was already facing a slowdown in the first half of the year, due to a cyclical downturn, was suddenly faced with a precipitous decline in demand from October 2008. Medium and Heavy Duty Commercial Vehicles segment was the worst affected in the automobile industry and your Company could not escape the crisis. Consequently, sale of vehicles for the year declined by 35% compared to the previous year.

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

Research and Development, Technology Absorption, Energy Conservation, etc.

Your Company has been increasing its spend on Research and Development activities. The increased infrastructural and financial support reflects the Company's resolve to stay ahead of competition by delivering innovative quality products and its commitment to total customer satisfaction.

The particulars prescribed by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to Conservation of Energy, Technology Absorption and Foreign Exchange are furnished in **Annexure - A** to this Report.

External Commercial Borrowings (ECBs)

In December 2007, despite difficult conditions in the financial market, the Company had successfully contracted for a US\$ 200 mn loan. While US\$ 20 mn was drawn in March 2008, balance of US\$ 180 mn was drawn during the financial year. The funds drawn were fully utilised for the approved end uses permitted by Reserve Bank of India.

Foreign Currency Convertible Notes (FCCNs)

The Foreign Currency Convertible Notes (FCCNs) for US\$ 100mn issued in April 2004 are convertible into shares of the Company (Fixed Rate USD 1 = Rs.44.10). As of March 31, 2009, 99,000 Notes (99%) have already been converted into underlying shares, thereby increasing the paid-up capital as of March 31, 2009.

All the procedures consequent to the conversion are being completed on time and these shares, which rank *pari passu* with the earlier shares in all respects, are tradeable on the Indian Stock Exchanges. The share capital as on March 31, 2009 and corresponding revised shareholding pattern are shown in the Corporate Governance Report (**Annexure - B**) to this Report.

FCCNs not converted aggregating to 1000 nos. have since been redeemed in April 2009 as per the terms of issue. With this redemption, FCCNs would cease to be traded in the London Stock Exchange, where it was listed.

Joint Venture with Nissan Motor Co. Ltd., Japan

A Joint Venture Agreement was signed on May 26, 2008 with Nissan Motor Co. Ltd., leading to formation of three Joint Venture companies for the Light Commercial Vehicle (LCV) business in India for technology development, vehicle manufacturing and powertrain manufacturing. Fiscal and other incentives from Government of Tamilnadu for the project have been secured although allotment of

DIRECTORS' REPORT

the land for the project is awaited. However, in view of the global slowdown, the two partners are reworking the manufacturing plans including the option of phased implementation of the project.

Joint Venture with John Deere, USA

A Joint Venture Agreement was signed on September 30, 2008 with John Deere, USA for manufacture and marketing of Construction Equipment. The Joint Venture is scheduled to commence production by early 2010 and will initially roll out backhoes and four-wheel-drive loaders.

Part II - Corporate matters

Corporate Governance

Your Company is fully compliant with the Corporate Governance guidelines, and has exceeded them in some aspects. All the Directors (and also the members of the Senior Management – of the rank of General Managers and above) have confirmed in writing their compliance with and adherence to the Code of Conduct adopted by the Company. The details of the Code of Conduct are furnished in **Annexure-B** to this Report. The Managing Director has given a certificate of compliance with the Code of Conduct, as required by SEBI guidelines.

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

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

The particulars of employees as prescribed by the Companies (particulars of employees) Rules, 1975 are furnished in **Annexure - F** to this Report.

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

Directors

During the year, Life Insurance Corporation of India nominated Mr Ramachandran R Nair, Director and Chief Executive of LIC Housing Finance Ltd. in the place of Mr S R Krishnaswamy, who resigned as Director. Mr Subir Raha resigned as Director during the year and Dr V Sumantran was appointed in the casual vacancy so caused.

The Board wishes to place on record its appreciation for the contributions made by Mr S R Krishnaswamy and Mr Subir Raha during their tenure as Directors of the Company.

Mr R J Shahaney, Mr Shardul S Shroff, Mr Ramachandran R Nair and Dr V Sumantran, Directors, retire at the forthcoming Annual General Meeting and are eligible for re-appointment.

Necessary resolutions are being placed before the shareholders for approval.

Mr R J Shahaney, Mr Shardul S Shroff and Mr Ramachandran R Nair are independent Directors.

Cost Auditors

The Government has stipulated Cost Audit of the Company's records in respect of motor vehicles as well as engineering industries (diesel engines). M/s Geeyes & Co., Cost Auditors have carried out these audits. Their findings have been satisfactory.

Secretarial Audit

As directed by Securities and Exchange Board of India (SEBI), Secretarial Audit is being carried out at the specified periodicity by a Practising Company Secretary. The findings of the Secretarial Audit have been satisfactory.

Auditors

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

Acknowledgement

The Directors express their appreciation of the continued co-operation of the Central and State Governments, bankers, financial institutions, customers, dealers and suppliers and also the valuable assistance and advice received from major shareholders Hinduja Automotive Limited (erstwhile LRLIH Limited), the Hinduja Group and all the shareholders. The Directors also wish to thank all the employees for their contribution, support and continued cooperation through the year.

On behalf of the Board of Directors

Chennai
May 15, 2009

R J SHAHANEY
Chairman

ANNEXURE A TO DIRECTORS' REPORT

(A) Conservation of Energy

All manufacturing plants continue to implement various initiatives for conservation of energy.

Around 39 lakh electrical units have been saved, leading to significant savings in energy costs during the year. This was made possible by the high degree of awareness and involvement of associates through the Mission Gemba Cost Management Initiative.

A few key initiatives are:

- Maintenance of Power Factor throughout the year, through optimum use of capacitor banks
- Use of wind power, contributing to over 66% of the total saving
- Optimised use of Compressed Air Systems
- Optimum use of power to stay within the sanctioned maximum demand
- Implementation of several energy saving projects

(B) Technology Absorption

Research and Development (R&D)

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

Engines :

- New series of engines from 140 kW to 260 kW range being developed to meet Bharat Stage III & Stage IV emission norms
- 'H' series Bharat Stage IV 165 kW developed and being applied on vehicle models

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

- Compliance with emission standards proposed for April 2010
- New engine platform with potential for development for the next 10 years
- New process to reduce time-to-market

3. Future plan of action :

- Next generation cabs and engine platforms under development
- Vehicle model combination with various drivelines for higher fuel efficiency and lower operating economics under development.

4) Expenditure on R & D

	Rs. Lakhs
	2008-09
Capital	15,001.59
Revenue (excluding depreciation)	11,536.66
Total	<u>26,538.25</u>
Total R & D Expenditure as a % of total turnover	3.98%

(C) Foreign Exchange Earnings and Outgo

Details of earnings and outgo of foreign exchange are given in Schedules 1.5 to 1.8 of Notes to the Accounts. The Company continues to strive to improve its export earnings.

RESEARCH & DEVELOPMENT EXPENDITURE

Expenditure incurred on in-house Research & Development

	2008-09	2007-08	2006-07	2005-06
		(Audited)	(Audited)	(Audited)
A. Capital expenditure	15,001.59	8,987.84	7,340.41	4,859.55
B. Revenue expenditure (excluding depreciation):				
- Employees' Remuneration and benefits	5,771.71	5,544.00	3,966.75	2,290.65
- Other expenditure (clubbed under respective heads)	5,764.95	6,403.84	4,715.27	3,635.02
Total R&D Expenditure	26,538.25	20,935.68	16,022.43	10,785.22
as a % of Total Turnover	3.98%	2.34%	1.93%	1.78%

ANNEXURE B TO DIRECTORS' REPORT REPORT ON CORPORATE GOVERNANCE

1. Philosophy on Corporate Governance

The Board of Directors and the Management of Ashok Leyland commit themselves to:

- strive towards enhancement of shareholder value through
 - sound business decisions
 - prudent financial management and
 - high standards of ethics throughout the organisation
- ensure transparency and professionalism in all decisions and transactions of the Company
- achieve excellence in Corporate Governance by
 - conforming to and exceeding wherever possible, the prevalent mandatory guidelines on Corporate Governance
 - regularly reviewing the Board processes and the management systems for further improvement

The Company has adopted a Code of Conduct for members of the Board and senior management. All Directors have affirmed in writing their adherence to the above Code. The full text of the Code is furnished at the end of this Report, and is also displayed at the Company's website www.ashokleyland.com.

2. Board of Directors

a) **Composition** : The Board of Directors of the Company, headed by a Non-Executive Chairman, consisted of the following Directors, as on March 31, 2009, categorised as indicated:

i) Non-Executive Directors

Promoter Group

Mr A K Das (Alternate : Mr P Banerjee)
Mr D G Hinduja (Co-Chairman) (Alternate : Mr Y M Kale)
Mr F Sahami
Mr A Spare
Dr V Sumantran

Independent

Mr D J Balaji Rao
Mr P N Ghatalia
Mr Ramachandran R Nair (Nominee of LIC)
Mr Shardul S Shroff
Mr R J Shahaney

ii) Executive Directors

Managing Director

Mr R Seshasayee

Whole-time Director & Chief Operating Officer

Mr Vinod K Dasari

None of the Directors is related to each other.

Equity shares held by Directors

<i>Name of the Director</i>	<i>No. of equity shares</i>
Mr R J Shahaney	11730
Mr R Seshasayee	11236
Mr Vinod K Dasari	52900

There are no other shares or convertible instruments held by any other Director(s).

b) Attendance at Board Meetings and last Annual General Meeting (AGM) and details of memberships of Directors in other Boards and Board Committees

Board Meetings held during the year 2008-09

Date of Meeting	Board Strength	No. of Directors present
May 8, 2008	12	9
July 29, 2008	12	10
October 21, 2008	12	11
January 28, 2009	12	12

- The time gap between any two meetings did not exceed four months.
- The last Annual General Meeting was held on July 30, 2008.

ANNEXURE B TO DIRECTORS' REPORT – REPORT ON CORPORATE GOVERNANCE

Name of Director	No. of Board meetings attended	Whether attended last A.G.M. held on July 30, 2008	Membership as on 31/03/2009	
			Other Boards (excluding Ashok Leyland) (Note 1)	Other Board Committees (excluding Ashok Leyland) (Note 2)
Mr R J Shahaney	3	Yes	2 (1 as Chairman)	1 (as Chairman)
Mr D G Hinduja	4	Yes	6	2
Mr D J Balaji Rao	4	Yes	10 (1 as Chairman)	8 (3 as Chairman)
Mr A K Das	3	Yes	10 (1 as Chairman)	1
Mr P N Ghatalia	3	Yes	9	9 (5 as Chairman)
Mr S R Krishnaswamy (resigned w.e.f January 28, 2009)	4	Yes	Not Applicable	Not Applicable
Mr S Raha (resigned w.e.f. August 6,2008)	1	No	Not Applicable	Not Applicable
Mr Ramachandran R Nair (appointed w.e.f. January 28,2009)	1	Not Applicable	5	3
Mr F Sahami	4	Yes	1	1
Mr Shardul S Shroff	1	No	4	3
Mr A Spare	4	Yes	2	Nil
Dr V Sumantran (appointed w.e.f. October 21,2008)	2	Not Applicable	Nil	Nil
Mr R Seshasayee	4	Yes	9 (5 as Chairman)	1
Mr Vinod K Dasari	4	Yes	4 (1 as Chairman)	Nil
Alternate Directors :				
Mr P Banerjee	1	No	5	1
Mr Y M Kale	Nil	No	3	1 (as Chairman)

Note 1 : Excludes Foreign Companies, Private Limited Companies and Alternate Directorships.

Note 2 : Memberships in Audit Committee and Shareholders/Investors Grievance Committee are reckoned for this purpose.

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

Secretarial Standards

The Institute of Company Secretaries of India (ICSI) has published Standards on secretarial practices relating to

meetings of the Board / Committees, General Meetings, Dividends, etc. The Secretarial and the operating practices of the Company are in line with the above Secretarial Standards.

The required information as per Annexure-I to Clause-49 of the Listing Agreements with Stock Exchanges is provided to the Board at every meeting.

ANNEXURE B TO DIRECTORS' REPORT – REPORT ON CORPORATE GOVERNANCE

3. Audit committee

a) Constitution

The Audit Committee was initially constituted in July 1987. The Terms of Reference have been reviewed from time to time and the Committee has been mandated with the same Terms of Reference as specified in Clause 49 of the Listing Agreements with Stock Exchanges and these also conform to provisions of Section 292A of the Companies Act, 1956.

b) Composition, Names of Members and Chairman

The composition of the Audit Committee is:

Independent Directors

Mr P N Ghatalia - Chairman

Mr D J Balaji Rao

Promoter Director

Mr F Sahami

All the members of the Audit Committee have expertise in finance as well as in general management. Mr. P N Ghatalia and Mr F Sahami had been senior partners in leading firms of Chartered Accountants. Mr. D J Balaji Rao had been Deputy Managing Director of the then ICICI Ltd., (now ICICI Bank) and Managing Director of Infrastructure Development Finance Company Ltd.

c) Meetings and Attendance

Audit Committee Meetings held during the year 2008-09 and Attendance Details

Date of Meeting	Committee Strength	No. of Directors Present
May 7, 2008	3	3
July 29, 2008	3	3
October 21, 2008	3	3
January 28, 2009	3	3

- Mr A R Chandrasekharan, Executive Director and Company Secretary is the Secretary to the Committee.
- Mr Vinod K Dasari, Whole-time Director and Chief Operating Officer, Mr K Sridharan, Chief Financial Officer and Mr N Mohanakrishnan, Executive Director - Internal Audit, attended all the meetings of the Committee as invitees.

The Statutory Auditors of the Company and the Cost Auditors are invited to attend the Audit Committee Meetings.

The Audit Committee discusses with the Statutory Auditors on the "Limited Review" of the quarterly/half-yearly accounts, the audit plan for the year, matters relating to compliance with Accounting Standards, the Auditors' observations arising from the annual audit of the Company's accounts and other related matters. The Committee also reviews at every meeting significant observations arising from the Reports of the Internal Audit Department and the adequacy of the follow up action taken by the Management. The Committee discusses with the Cost Auditors the Annual Cost Audit Reports and their observations.

4. Remuneration committee

- a) The Remuneration Committee consists of Mr D J Balaji Rao, Independent Director, as the Chairman of the Committee, with Mr R J Shahaney and Mr F Sahami being the other members.

Mr A R Chandrasekharan, Executive Director and Company Secretary is the Secretary to the Committee.

The Committee is mandated with the following Terms of Reference:

- Determination and approval of the quantum of commission, perquisites and payment of special allowance to the Managing Director and to the Whole-time Director
- Determination and approval of the annual increments to the Managing Director and to the Whole-time Director.

The above determinations are based on the overall performance of the Company and on the Committee's assessment of the personal contribution and achievements of the Managing Director/Whole-time Director, as applicable and are within the overall limits approved by the shareholders.

- b) The Committee met once during the year on May 8, 2008. Except Mr R J Shahaney, all the members were present at this meeting.
- c) The Remuneration Policy of the Company is summarised as follows :
- (i) For the Managing Director and for the Whole-time Director
- The total remuneration, subject to shareholders' approval, consists of :
- a fixed component – consisting of salary, allowances (including Special Allowance) and

ANNEXURE B TO DIRECTORS' REPORT – REPORT ON CORPORATE GOVERNANCE

perquisites; the perquisites and benefits are in line with the Company's Rules for senior managerial personnel.

- a variable component – linked to the performance of the Company as well as that of the Managing Director or the Wholetime Director, as the case may be – consisting of Commission as determined by the Remuneration Committee.

No Sitting Fee is payable.

(ii) For Non-executive Directors

Sitting Fee is paid as per the Companies Act, 1956, and the Articles of Association of the Company, for

attending any meeting of the Board or Committees of the Board. Directors are also reimbursed actual travel costs and incidental expenses incurred for attending such meetings or in connection with the Company's business. There are no pecuniary relationship or transactions between any of the Non-executive Directors and the Company. No other fee is paid to Non-executive Directors other than the above.

d) The details of remuneration paid/payable to the Directors for the year 2008-09 are :

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

	Rs.		Rs.
Mr R J Shahaney	1,80,000	Mr Ramachandran R Nair	20,000 (**)
Mr D G Hinduja	1,60,000	Mr Subir Raha	20,000
Mr D J Balaji Rao	2,60,000	Mr F Sahami	1,80,000
Mr P Banerjee, Alt. Director	20,000	Mr Shardul S Shroff	20,000
Mr A K Das	60,000	Dr V Sumantran	40,000
Mr P N Ghatalia	1,40,000	Mr A Spare	1,60,000
Mr S R Krishnaswamy	80,000		

(**) Amount paid to LIC of India by means of Demand Draft

ii) Managing Director / Whole-time Director

	Managing Director (Rs.)	Whole-time Director (Rs.)
a) Fixed Component		
(i) Salary	32,40,000	24,76,333
(ii) Perquisites (**)	71,23,461	29,05,923
(iii) Special Allowance	30,70,500	23,30,334
b) Variable Component		
Commission	43,60,000	35,20,000
Total	1,77,93,961	1,12,32,590

(**) Certain perquisites are valued as per the Income Tax Rules. Does not include contribution to Provident Fund @ 12% and Superannuation Fund @ 15% of the salary and commission.

Mr R Seshasayee, Managing Director and Mr Vinod K Dasari, Whole-time Director and Chief Operating Officer are under contract of employment with the Company, stipulating 3 months' notice period from either side. There is no severance fees payable to them.

The Company does not have Employee Stock Options Scheme in force.

ANNEXURE B TO DIRECTORS' REPORT – REPORT ON CORPORATE GOVERNANCE

5) Shareholders/investors grievance committee

- a) The Shareholders/Investors Grievance Committee was constituted in 2000. Mr R J Shahaney is the Chairman of the Committee; Mr D J Balaji Rao, Independent Director, and Mr R Seshasayee, Managing Director are the other members. This Committee approves issue of new share certificates and looks into investor relations/grievances on a periodical basis. The Managing Director approves the share transfers/transmissions on a fortnightly basis and the same is reported to the Committee on a quarterly basis.
- b) Mr A R Chandrasekharan, Executive Director and Company Secretary is the Secretary to the Committee and is also the Compliance Officer nominated for this purpose.
- c) Meetings and Attendance during the year 2008-09 :
Shareholders / Investors Grievance Committee Meetings held during the year 2008- 2009 and attendance details are given below :

Date of Meeting	Committee Strength	No. of Directors Present
May 2, 2008	3	2
July 30, 2008	3	3
October 21, 2008	3	3
January 28, 2009	3	3

- d) The Committee also reviews the performance of the Company's Registrar & Transfer Agent (R&TA) and their

6) General body meetings

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

Year	Location	Date & Time
57 th AGM - 2006	Kamaraj Memorial Hall, 492 Anna Salai, Teynampet, Chennai - 600 006	August 1, 2006 10.00 a.m.
58 th AGM - 2007	Narada Gana Sabha, 314 TTK Road, Chennai - 600 018	July 20, 2007 10.25 a.m.
59 th AGM - 2008	Kamaraj Memorial Hall, 492 Anna Salai, Teynampet, Chennai - 600 006	July 30, 2008 10.30 a.m.

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

Details of EGMs held in the last three years : NIL

- b) All the Special Resolutions placed before the shareholders at the above meetings were approved. There were no resolutions requiring approval through Postal Ballot.

system of dealing with and responding to correspondence from all categories of shareholders. The manner and timeliness of dealing with complaint letters received from Stock Exchanges/SEBI/Ministry of Corporate Affairs etc., and the responses thereto are reviewed by this Committee.

During the year, 620 complaint letters were received from investors (including 14 letters from SEBI / Stock Exchanges/ MCA); 1,837 letters were received on routine matters; all these were dealt with satisfactorily. The very few letters, which occasionally remained pending beyond the normal time limits were cases of inadequate documentation or clarifications being awaited, which have since been resolved.

For the eighth year in succession, the Company conducted an Investor Satisfaction Survey through a questionnaire, which was mailed along with the Notice of AGM 2008. 1,752 investors had responded to the Survey. A vast majority of them have expressed high degree of satisfaction about various aspects of investor servicing. A few issues raised by some investors were pursued and dealt with satisfactorily.

At the October 2008 meeting, the Committee also reviewed the Special Report analysing the feedback from the Investor Satisfaction Survey and approved the steps taken for further improvements in investor servicing.

- e) As on March 31, 2009, there was one share transfer pending; this was completed within the due date.

ANNEXURE B TO DIRECTORS' REPORT – REPORT ON CORPORATE GOVERNANCE

7) Disclosures

There have been no materially significant related party transactions with the Company's Promoters, Directors, the Management, their Subsidiaries or relatives which may have potential conflict with the interests of the Company. The necessary disclosures regarding the transactions with related parties are given in the Notes to the Annual Accounts for the year 2008-09.

There have been no instances of non-compliance by the Company on any matters related to the capital markets, nor have any penalty/strictures been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on such matters during the last three years.

The Company had no subsidiary company as on March 31, 2009.

8) Means of communication

- a) Investor mailer is being sent since 2001 as an enclosure to the half-yearly results and the same is available on the Company's website www.ashokleyland.com
- b) The quarterly results have been published in one leading national (English) business newspaper and in one vernacular (Tamil) newspaper. The quarterly results are also displayed on the Company's website www.ashokleyland.com
- c) The Company's website also displays several other details/information of interest to various stakeholders, including press releases.
- d) A Management Discussion and Analysis Report is being presented as a part of the Annual Report.

9) General shareholder information

a. 60th Annual General Meeting

— Day, Date and Time	Tuesday, July 28, 2009 – 10.30 a.m.
— Venue	Kamaraj Memorial Hall 492 Anna Salai, Teynampet, Chennai 600 006

b. Financial Calendar

Annual General Meeting	July 28, 2009
Unaudited results for the quarter ending June 30, 2009	July 27, 2009
Unaudited results for the quarter/half-year ending September 30, 2009	Last week of Oct. 2009
Unaudited results for the quarter ending December 31, 2009	Last week of Jan. 2010
Audited Results for the year ending March 31, 2010	Before end of May 2010

c. Book Closure Date

From July 16, 2009 to July 28, 2009(both days inclusive)

d. Dividend payment date

Commencing July 28, 2009 – to be completed within the mandatory time limit

e. Listing of Equity Shares

Madras Stock Exchange Ltd.,
Bombay Stock Exchange Ltd.,
National Stock Exchange of India Ltd.

Listing of Global Depository Receipts (GDRs)

London Stock Exchange

Listing of Foreign Currency Convertible Notes (FCCNs)

London Stock Exchange (since de-listed)

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

f. Stock Code

Trading Symbol at	Madras Stock Exchange Ltd.	ALL
	Bombay Stock Exchange Ltd. (Physical)	477
	(Demat)	500477
	National Stock Exchange of India Ltd.	ASHOKLEY
Demat ISIN Numbers in NSDL & CDSL	Equity Shares	INE208A01029

ANNEXURE B TO DIRECTORS' REPORT – REPORT ON CORPORATE GOVERNANCE

g. Stock Market Data

Month	Bombay Stock Exchange				National Stock Exchange			
	Share Price		Sensex Points		Share Price		S&P CNX Nifty Points	
	High (Rs.)	Low (Rs.)	High	Low	High (Rs.)	Low (Rs.)	High	Low
April 2008	43.40	33.95	17,480.74	15,297.96	44.20	33.90	5,230.75	4,628.75
May 2008	44.05	35.05	17,735.70	16,196.02	44.10	35.60	5,298.85	4,801.90
June 2008	36.65	28.40	16,632.72	13,405.54	36.70	28.40	4,908.80	4,021.70
July 2008	31.35	26.20	15,130.09	12,514.02	31.60	26.05	4,539.45	3,790.20
Aug 2008	34.10	27.60	15,579.78	14,002.43	34.20	27.65	4,649.85	4,201.85
Sep 2008	34.75	25.00	15,107.01	12,153.55	34.80	25.00	4,558.00	3,715.05
Oct 2008	27.70	16.20	13,203.86	7,697.39	27.65	16.20	4,000.50	2,252.75
Nov 2008	21.85	13.15	10,945.41	8,316.39	21.90	13.05	3,240.55	2,502.90
Dec 2008	16.95	12.45	10,188.54	8,467.43	17.00	12.30	3,110.45	2,570.70
Jan 2009	16.95	13.40	10,469.72	8,631.60	17.20	13.45	3,147.20	2,661.65
Feb 2009	16.90	13.70	9,724.87	8,619.22	16.95	13.55	2,969.75	2,677.55
Mar 2009	19.30	15.80	10,127.09	8,047.17	19.40	15.05	3,123.35	2,539.45

h. Share Price performance in comparison to broad based indices – BSE Sensex and NSE Nifty

Share Price Movement (BSE and NSE) - See Table above and Chart on Page 59.

i. Registrar and Transfer Agents :

The Company has appointed M/s Integrated Enterprises (India) Ltd., 2nd Floor, Kences Towers, 1 Ramakrishna Street, North Usman Road, T.Nagar, Chennai 600 017 as the Registrar and Transfer Agent (R&TA) of the Company for all aspects of investor servicing relating to shares in both physical and demat form. The few residual matters relating to the fixed deposits are dealt with directly by the Company.

j. Share Transfer System

The authority relating to transfer of shares and allied work relating to servicing of investors has been delegated by the Board to the Shareholders/ Investors Grievance Committee which consists of Mr R J Shahaney (Chairman), Mr D J Balaji Rao and Mr R Seshasayee.

In order to further improve and speed up investor servicing, the Board has authorised the Managing Director to approve all routine transfers, transmissions, etc. of shares. Such approval is being given by the Managing Director at frequent intervals (33 times during 2008-09). Transfers, transmissions etc., were generally approved within 15 days; requests for dematerialisation were confirmed within 6-7 days (as against the norm of 15 days). In addition, the Committee met 4 times during the year 2008-09 for approving specific transfers, transmissions, etc. and reviewing investor grievances.

ANNEXURE B TO DIRECTORS' REPORT – REPORT ON CORPORATE GOVERNANCE

k. (i) Distribution of Shareholding as on March 31, 2009

No. of Shares	Shareholders		No. of Shares	
	Number	%	Number	%
Upto 50	48,527	15.85	15,33,158	0.12
51-100	67,234	21.96	64,91,967	0.49
101-200	50,822	16.60	93,66,355	0.70
201-500	69,364	22.66	2,75,29,652	2.07
501-1000	35,863	11.72	3,05,86,908	2.30
1001-2000	19,335	6.32	2,99,25,896	2.25
2001-5000	11,124	3.63	3,58,18,918	2.69
5001-10000	2,399	0.78	1,76,45,755	1.33
10001 & above	1,458	0.48	117,14,39,708	88.06
Total	3,06,126	100.00	133,03,38,317	100.00

(ii) Pattern of Shareholding as on March 31, 2009

Sl. No.	Category	No. of Holders	No. of Shares	%
1	Promoter - Hinduja Automotive Ltd. (Includes 16,46,00,070 shares in GDR Form)	1	67,82,18,782	50.98
2	Residents (Individuals / Clearing Members)	3,01,305	19,35,07,188	14.53
3	Financial Institutions / Insurance Co. / State Govt. / Govt. Companies/UTI	27	21,50,06,338	16.16
4	Foreign Institutional Investors	93	13,06,11,302	9.82
5	Non-Resident Indians/ OCB / Corporate Bodies - Foreign / Bank - Foreign / Foreign Nationals	2,507	2,27,11,670	1.71
6	Corporate Bodies	2,086	3,77,23,148	2.84
7	Mutual Funds	33	3,72,11,376	2.80
8	Trusts	24	2,28,730	0.02
9	Banks	48	10,08,283	0.08
10	Others - GDR	2	1,41,11,500	1.06
	Total	3,06,126	133,03,38,317	100.00

I. Dematerialisation of shares and Liquidity

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

Status of Dematerialisation of Shares - as on March 31, 2009

	Physical		Demat		Total	
	No. of Shares	% to paid-up capital	No. of Shares (**)	% to paid-up capital	No. of Shares (**)	% to paid-up capital
Hinduja Automotive Limited *	44,11,66,680	33.16	23,70,52,102	17.82	67,82,18,782	50.98
Others ***	2,03,67,309	1.53	63,17,52,226	47.49	65,21,19,535	49.02

* held in one consolidated share certificate ** including in GDR Form *** held by approx. 19,946 holders

Shares of the Company are actively traded in the Bombay and National Stock Exchanges, and hence have good liquidity.

ANNEXURE B TO DIRECTORS' REPORT – REPORT ON CORPORATE GOVERNANCE

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

No GDR is outstanding for conversion as on March 31, 2009 and hence there is no impact on equity.

As of March 31, 2009, only 1000 FCCNs remained outstanding for conversion which has since been redeemed on April 30, 2009

- n. **Plant Locations**

Ennore Kathivakkam High Road Ennore Chennai 600 057 Tamil Nadu	Hosur – Unit I 175 Hosur Indl. Complex Hosur 635 126 Tamil Nadu	Hosur – Unit II 77 Electronic Complex Perandapalli Village Hosur 635 109 Tamil Nadu
---	---	--

Hosur – Unit IIA Cab Panel Press Shop SIPCOT Industrial Complex Mornapalli Village Hosur 635 109 Tamil Nadu	Bhandara Plot No.1 MIDC Industrial Area Village Gadegaon, Sakoli Taluk, Bhandara 441 904 Maharashtra	Alwar Plot No.SPL 298 Matsya Indl. Area Alwar 301 030 Rajasthan
---	---	--

Ambattur 3A/A&2 North Phase SIDCO Industrial Estate Ambattur Chennai 600 098 Tamil Nadu	Technical Centre Vellivoyalchavadi Via Manali New Town Chennai 600 103 Tamil Nadu	Pant Nagar Plot No.1, Sector XII IIE, Pant Nagar, Pin -263 153 Uttarakhand
---	--	---

- o. **Address for Correspondence**
To contact R&TA for all matters relating to Shares, Dividends, Annual Reports
- | | |
|---|---|
| M/s. Integrated Enterprises (India) Limited
2 nd Floor, Kences Towers
1, Ramakrishna Street
North Usman Road
T. Nagar, Chennai 600 017 | Tel : 91-44 – 2814 0801 / 03
Fax : 91-44 – 28142479
e-mail : corpserv@iepindia.com |
|---|---|

For any other general matters or in case of any difficulties/ grievances	Secretarial Department Ashok Leyland Limited No.1 Sardar Patel Road Guindy, Chennai 600 032	Tel. : 91-44-2220 6000 Fax : 91-44-2220 6001 e-mail : secretarial@ashokleyland.com
--	--	--

Website address www.ashokleyland.com

Email ID of Investor Grievances Section secretarial@ashokleyland.com

Name of the Compliance Officer
A R Chandrasekharan
Executive Director &
Company Secretary

ANNEXURE B TO DIRECTORS' REPORT – REPORT ON CORPORATE GOVERNANCE

Non mandatory requirements

1. Non-Executive Chairman

The Company maintains the office of the Non-executive Chairman and reimburses expenses incurred in the performance of his duties.

2. Remuneration Committee

The Company has constituted a Remuneration Committee; full details are furnished under Item 4 of this Report.

3. Shareholder Rights

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

4. Postal Ballot

The Company has had no occasion so far to use the postal ballot.

5. Whistle Blower Policy

The Company does not have a Whistle Blower Policy, but has an independent Ombudsman, who is not an employee of the Company.

Revised SEBI guidelines on corporate governance

The Company is fully compliant with the revised SEBI Guidelines.

Code of conduct

Members of the Board and the Senior Management, shall

- a) Always act in the best interests of the Company and its stakeholders.
- b) Adopt the highest standards of personal ethics, integrity, confidentiality and discipline in dealing with all matters relating to the Company.

- c) Apply themselves diligently and objectively in discharging their responsibilities and contribute to the conduct of the business and the progress of the Company and not be associated simultaneously with competing organisations either as a Director or in any managerial or advisory capacity, without the prior approval of the Board.
- d) Always adhere and conform to the various statutory and mandatory regulations/guidelines applicable to the operations of the Company, avoiding violations or non-conformities.
- e) Not derive personal benefit or undue advantages (financial or otherwise) by virtue of their position or relationship with the Company, and for this purpose
 - i) shall adopt total transparency in their dealings with the Company
 - ii) shall disclose full details of any direct or indirect personal interests in dealings/transactions with the Company.
 - iii) shall not be party to transactions or decisions involving conflict between their personal interest and the Company's interest.
- f) Conduct themselves and their activities outside the Company in such manner as not to adversely affect the image or reputation of the Company.
- g) Inform the Company immediately if there is any personal development (relating to his/her business/professional activities) which could be incompatible with the level and stature of his position and responsibility with the Company.
- h) Bring to the attention of the Board, Chairman or the Managing Director as appropriate, any information or development either within the Company (relating to its employees or other stakeholders) or external, which could impact the Company's operations, and which in the normal course may not have come to the knowledge of the Board/Chairman or Managing Director.
- i) Always abide by the above Code of Conduct and be accountable to the Board for their actions/violations/default.

ANNEXURE C TO DIRECTORS' REPORT

Auditors' certificate on compliance with the conditions of corporate governance under clause 49 of the listing agreements

To the Members of Ashok Leyland Limited

1. We have examined the compliance with the conditions of Corporate Governance by **Ashok Leyland Limited** (the Company) for the year ended March 31, 2009 as stipulated in clause 49 of the listing agreements of the said company with the stock exchanges in India, with the relevant records and documents maintained by the Company and furnished to us and the report on Corporate Governance as approved by the Board of Directors.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to procedures and implementation thereof, adopted by

the Company for ensuring the said compliance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

3. Based on the aforesaid examination and according to the information and explanations given to us, we certify that the Company has complied with the said conditions of Corporate Governance as stipulated in the above mentioned listing agreements.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M.S. Krishnaswami & Rajan
Chartered Accountants

M.K. RAJAN
Partner
Membership No.4059

May 15, 2009
Chennai

For Deloitte Haskins & Sells
Chartered Accountants

R. LAXMINARAYAN
Partner
Membership No. 33023

ANNEXURE D TO DIRECTORS' REPORT – MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. Economy and Market Trends

Global Economy

The global economy has been in a severe recession caused by massive financial crisis and acute loss of confidence. According to the April 2009 forecast of the International Monetary Fund, during 2009, for the first time since World War II, global GDP is projected to contract to -1.3 per cent compared to a growth of 3.2 percent in 2008 and 5.2 percent in 2007.

On the positive side, whilst projections for the real GDP growth rate for the advanced economies are negative, the emerging and developing economies, especially China, India, the Middle East and a few African countries, promise a relatively better growth rate for next year. Nevertheless, since the current global outlook is exceptionally uncertain, the emerging and developing economies should be ready for tough times ahead.

Indian Economy

After clocking an average annual growth of 8.9 per cent over the last five years (2003-08), India registered a cyclical downturn in 2008-09. According to the Central Statistical Organization, the Real GDP growth rate estimated for 2008-09 has gone down significantly to 7.1 per cent from 9.0 per cent in the previous year. The loss of growth momentum in the industrial sector was evident during 2008-09 (April-February) with the year-on-year expansion being 2.8 per cent as against 8.8 per cent in the corresponding period of the previous year. The manufacturing sector witnessed a slowdown as almost all industry groups recorded decelerated or negative growth during April-February 2008-09 with transport equipment and parts sector recording 1.7 percent decline.

However, in the midst of this slow down, the Wholesale Price Index (WPI) decelerated sharply from its intra-year peak of 12.91 per cent on August 2, 2008 to 0.26 per cent by March 28, 2009, mainly due to softening of prices of mineral oils and basic metals that together accounted for 83 percent of the decline.

The result of professional forecasters' survey conducted by Reserve Bank of India in March 2009 showed that the country's economy was expected to grow at 5.7 percent during 2009-10. This needs to be viewed against the projected GDP growth of 9 percent during the Eleventh Five Year Plan period.

Commercial Vehicle Industry

It was earlier predicted that the 'Second Hemisphere' market, especially the BRIC countries (Brazil, Russia, India and China), Latin America and South East Asia regions, would register substantial growth in the coming decades. In the event, the commercial vehicle (CV) market in Brazil and China were relatively stable whereas Russia was very unstable with a dramatic loss in market volume. India is also going through a slump in truck sales since October 2008, which has been aggravated by lack of financing support.

In response to the slowdown in the automotive industry, the Indian Government announced a package, which included a CENVAT rate cut of 4% across all auto segments, accelerated depreciation of 50% on commercial vehicle purchases until March 31, 2009 (since extended to September 30, 2009) and a price cut by Rs. 2 on price of diesel fuel. This package did not provide the anticipated demand pull and the impact was only marginal. The Government also announced a scheme under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) to support purchase of modern buses by various State Transport Undertakings with a grant of Rs. 4,771 crores. The procurement action has just begun.

It is against this backdrop that the Indian CV industry has to face two major challenges, viz. competing with global OEMs in the Indian market and enhancing global presence.

Last year, many global players announced their plans to enter the Indian market and in the next few years, the Indian CV market is likely to get even more crowded. Technology trends in the CV industry are being increasingly driven by tighter emission standards. Ministry of Shipping, Road Transport and Highways is all set to introduce Bharat Stage IV norms for all four wheelers in 11 mega cities and Bharat Stage III norms throughout the country in April 2010, which dictate tougher tasks to new product development teams in terms of providing products with high 'value-cost' equation.

Industrial growth is expected to remain weak at 4.5% (despite the poor growth of 4.8% in 2008-09) due to demand constraints in both domestic and exports markets. With the financing crunch continuing at least during the first half of the year, Government expenditure would continue to be the key demand driver in 2009-10.

To strengthen the short-term co-operative credit structure, the Government is implementing a revival package in 25 States involving a financial assistance to the tune of Rs 13,500 crores. The interim budget carries forward the strong focus on infrastructure investment emphasised in the earlier fiscal stimulus packages as a means to revive the economy. The implementation of the Sixth Pay Commission and continued allocation to rural wage employment schemes should significantly boost consumption and hence contribute to improving the demand situation.

The demand for medium and heavy commercial vehicles had shrunk drastically by about 33% in 2008-09, while demand for light commercial vehicles shrunk only by about 7%, for an overall contraction of 21.7% in CV demand. All the sub-segments within M&HCV experienced a demand slump except 7.5 to 12-ton bus segment.

Rapid urbanization has encouraged Government bodies to introduce Bus Rapid Transit System (BRTS) in the major cities. This has become a reality with the introduction of the BRT system in cities like Pune, New Delhi, Mumbai and Ahmedabad. It has been planned to implement the system in other cities soon.

ANNEXURE D TO DIRECTORS' REPORT – MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Total Industry Volume (TIV) for 2008 – 09 is as below:

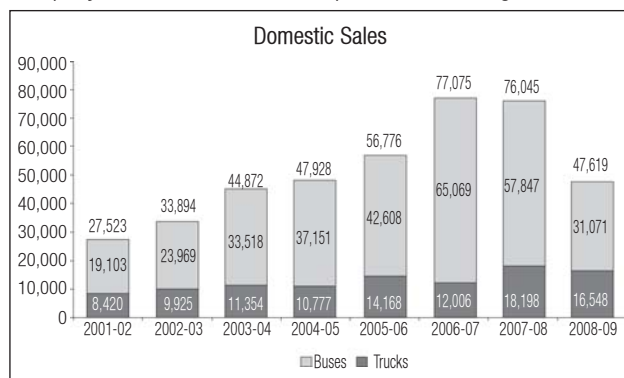
	2007 – 08	2008 – 09	Change
M&HCV	2,74,582	1,83,541	-33.16%
LCV	2,15,912	2,00,581	-7.10%
Total CV	4,90,494	3,84,122	-21.69%

B. Ashok Leyland – The Year in Brief

Against the backdrop of the sharp slump in demand for commercial vehicles, during 2008-09, the Company registered sales of 47,118 medium and heavy commercial vehicles, 37.5% less than in the previous year. This includes 16,049 M&HCV buses and 31,069 M&HCV trucks respectively, 8.7% and 46.3% less than in the previous year.

The Company lost 1.8 percentage market share in the Indian medium and heavy commercial vehicle market during the financial year 2008-09, mainly due to loss of sales in the truck segment. This was because the Eastern Region, where the Company's presence had been historically weak, was relatively stable, whilst the market declined sharply in other Regions.

While TIV of the medium and heavy duty buses declined by about 8.7%, the Company's market share grew marginally and the Company retained its number one position in this segment.



The Company sold 6,812 vehicles in the overseas markets during 2008-09. This represents a decrease of approximately 6.5% over the previous year. TIV related to overseas markets to which the Company exports (such as Sri Lanka, the Middle East) witnessed a reduction of about 25% over the previous year.

To combat the impact of decline in CV sales, the Company focused on non-cyclical businesses in the portfolio.

Engines business registered an impressive 82.4% growth during 2008-09. A total of 21,447 engines were sold by the Company. This includes 12,169 engines sold under the LEYPOWER brand of generator sets, representing a seven-fold growth during the year. This is part of a business transformation, offering value-added Power Solutions and not just engines.

Spare parts sales including KD packs to Vehicle Factory, Jabalpur, accounted for Rs. 800 crores during 2008-09 against sales of Rs. 791 crores during previous year.

The Company produced in all 54,049 vehicles during the year. To contain costs and conserve cash, the Company worked only about 50% of the working days in all its manufacturing units during the second half of the year.

The Company, however, continued to invest in new product development, as originally planned. On the anvil is a whole new full range truck platform, to be introduced commencing 2010. This modular truck range will cover models from 16 ton GVW to 49 ton GVW. This new truck platform is codenamed 'UNITRUCK', reflecting its universal scope and its versatility to address diverse needs of the domestic and global markets. Because of its intrinsic modularity, this platform can create new range of on- and off-highway variants in a shorter time frame than before, meeting the requirements of different geographies, road/load conditions, applications and legislative requirements.

This future vehicle range will also eventually feature the next generation of modular cabins codenamed 'NEXTGEN'. The modular cabins will come in multiple options of widths, heights and lengths. The Company has also plans to introduce a new family of six- and four-cylinder inline engines, codenamed "NEPTUNE", which will replace /complement the 'H'-Series engines. This range of new engines will meet BS IV emission standards besides being design-protected for tighter emission standards.

Investments at Uttarakhand have been progressing as scheduled. This unit is now being scaled down for an annual capacity of 50,000 vehicles and is expected to commence production before March 2010. This will help the Company realize the fiscal incentives for the vehicles to be produced at this plant. This new capacity created will enable the Company fully meet the market demands when market eventually picks up.

A major transformational change programme, christened 'GENMOD', is under implementation to achieve enhanced competence in customer driven product development, lean design engineering process, portfolio and pipeline management as well as technology management. This programme would bring discipline in factoring customers' voice into the design and development of vehicles. It would also enable produce vehicles within the targeted cost whilst meeting the emerging challenges of the CV industry. This process, which has been developed with support of external consultants, is now getting assimilated through several projects in the Company.

Other productivity and quality enhancement initiatives continue to receive senior management attention.

Recently, the Company got placed among the Top Ten in the 'Best Companies to Work for' list as adjudged by Business Today-Mercer-TNS. The data gathered was evaluated for six dimensions viz., People, Work Processes, Managerial Structure, Information and Knowledge, Decision Making and Rewards. Also cited are more recent HR initiatives

ANNEXURE D TO DIRECTORS' REPORT – MANAGEMENT DISCUSSION AND ANALYSIS REPORT

like Mentoring, Development-Linked Career Plan and 'YES Mission' – all of which contribute and ensure that Ashok Leyland is investing in youth power whilst concurrently safeguarding experience.

Hinduja Leyland Finance

The Company plans to return to non banking finance business to fund commercial vehicles, towards which a new company, Hinduja Leyland Finance Ltd., has been formed. Operations would commence in 2009-10. The new company would fulfill the needs of the Company's customers, particularly in regions, where affordable financing options are not easily available.

Joint Venture (JV) with Nissan Motors Co. Ltd.

The Indian LCV market has witnessed tremendous growth in the recent past. During the last financial year, LCVs contributed to more than half of total CV volumes. However, in the context of the current slow down in the automotive Industry, Nissan and Ashok Leyland, have been working closely and looking at a new manufacturing strategy that would optimise investments, leveraging on surplus capacities available at the two parent companies, with the option to increase JV production capacity at the appropriate time. The JV is expected to roll out its first LCV product by early 2011.

Joint Venture (JV) with John Deere Construction & Forestry Company

The Company has signed an agreement for a JV with John Deere Construction & Forestry Company, for manufacture and marketing of construction equipment. The JV seeks to commence trial production by October 2010 and serial production by January 2011, initially rolling out backhoe loaders and four-wheel-drive loaders. The range will subsequently be expanded to include a full line of construction equipment. This range will complement the Company's commercial vehicles used in the construction business underscoring the synergy that exists between the two segments. The products will address both home and overseas markets. The 50:50 JV will bring together Ashok Leyland's expertise in the Indian automotive sector, its supply chain as well as marketing and distribution strength/network and John Deere's technical know-how and experience in the construction equipment business.

Joint Venture (JV) with Continental AG

Vehicle electronics is expected to play an increasingly important role in commercial vehicles in the coming years, making them economical, safer and cleaner. The JV is well positioned to develop innovative solutions in vehicle electronic systems, such as instrument cluster applications, cockpit electronics and body control units for commercial vehicles and special vehicles. The JV commenced operation during the last financial year and has been developing products, providing engineering services support to Continental AG.

Albonair GmbH

The Company has made a strategic investment in Albonair GmbH for development of vehicle emission treatment as also control systems and products. This associate company is currently focusing

on product development, inhouse software development and vendor development for both Ashok Leyland and third party requirements. The assembly units are being established to commence production by 2010-11.

C. Risk Management

The Company makes responsible approaches towards Risk Management on an integrated basis to cover all aspects of operations to diminish each or a combination of known risks that could affect its business.

Regulatory Risk: The automobile industry is subjected to various regulatory requirements being legislated by the Government from time to time, including safety and emission norms. The Company addresses these issues through advance planning and allocation of sufficient physical and human resources. The Company expects to meet the homologation norms in India and other countries in which the Company's products are sold.

Technology Risk: The Company will face strong competition from domestic and overseas players in the coming years and has therefore to meet the challenges of technology advancements and changing customer preferences. Several future strategies are in the process of implementation in order to enhance competencies in project management, lean product development process, portfolio and pipeline management as well as technology management. The Company has also broadened the scope of research and development related to vehicles, aggregates and engines using advanced product development techniques and also leveraging joint ventures of the Company.

Meeting global competition also requires filling up gaps in our current portfolio, utilising our low cost advantages. Growing consumer awareness demands products with high reliability and performance. The Company is gearing to meet these requirements.

Environmental Risk: The Company is presently fully equipped to meet the environmental legislation prescribed by the Government for CVs and is also taking advance action in anticipation of future legislations.

Operational Risk: Need for lean manufacturing process has become extremely essential, considering the increasingly competitive market. While multiple manufacturing locations have provided the advantage of being closer to customers and suppliers, the Company also foresees several operational issues related to supply chain, labour practices, etc. Several steps are being taken to integrate material planning along with better demand forecasting. Risk in commodity prices (metals, rubber, etc.) and fuel prices also have an impact on the business. The Company would also take steps to improve anticipation of market movements in commodity prices.

The lacunae in the system in providing advance warning signals of the economic meltdown had led to excessive inventory build-up and short term funding constraints. Steps are being initiated to

ANNEXURE D TO DIRECTORS' REPORT – MANAGEMENT DISCUSSION AND ANALYSIS REPORT

improve the system/processes to capture such warning signals well in advance, before they begin to impact the business.

Physical Risk: The Company has a comprehensive insurance coverage and breakdown coverage for all its electronic equipments to protect all its assets from such damages.

Political Risk: Many of our target overseas markets suffer from political instability, natural calamities, war, terrorism, etc., that could affect the Company's business. These risks are mitigated by taking ECGC cover wherever necessary and also delivering vehicles against confirmed letters of credit.

Economic / Business Risk: Continuance of the reform process and emphasis on infrastructure and agriculture augur well for the road transport sector. However, given the cyclical nature of demand in the CV industry, capacity build up plans have resulted in excess capacity in the short term.

In view of the current economic downturn and the reduction in demand for M & HCV, the Company has redrawn the capacity enhancement programmes to be in line with market outlook. The Company will ensure that future expansion is well aligned to market demands.

The Company is pursuing plans to increase the share of non-cyclical business including exports, non-auto engines and sale to Defence sector to mitigate the impact of cyclicity.

In recent months, there has been marked reduction in the input cost of commodities viz. metal and rubber leading to downward revision in prices of raw materials and components. The Company is in continuous discussion with suppliers to secure cost reductions commensurate with commodity price movements. In addition, the Company is taking steps to competitively procure components through global sourcing and has also initiated several cost reduction measures through Value Engineering and productivity improvement initiatives in the shop floor.

Financial Risk: Unanticipated demand recession results in mismatch between production and sale, which in turn causes strain on liquidity. The Company has revised its working capital policy in order to minimize such risks. Several initiatives on interest rates (both floating and fixed) have been taken in order to leverage the rate fluctuations. The Company also has a currency related policy to mitigate Foreign Exchange risks.

The Company's foreign exchange exposure has increased significantly - essentially on account of External Commercial Borrowings (USD 310 million outstanding as at March 31, 2009). Exports are likely to cross USD 250 million in coming years. The Company has an active, centralized treasury department, assisted by technical experts to mitigate adverse effects of currency / interest rate fluctuations. Considering the extent of capital expenditure (over Rs. 2,000 crores) in the next three years, the Company may face uncertainty in fund availability at reasonable costs. However, given the comfortable levels of gearing, the Company is well positioned to face the challenge. The Company manages liquidity risk through

tie up of short term facilities from banks which could be used in case of requirement.

D. Internal Control systems and their adequacy:

Given the nature of business and size of operations, the Company's internal control system has been designed to provide for:

- Accurate recording of transactions with internal checks and prompt reporting.
- Adherence to applicable Accounting Standards and policies
- Compliance with applicable statutes, policies, listing requirements and management policies and procedures.
- Effective use of resources and safeguarding of assets.

The internal control system provides for well documented policies / guidelines, authorisations and approval procedures. The Company, through its own Corporate Internal Audit Department, carries out periodic audits at all locations and all functions and brings out any deviation to internal control procedures. The observations arising out of audit are periodically reviewed and compliance ensured. The summary of the Internal Audit observations is submitted to the Audit Committee of the Board of Directors. The status of implementation of the recommendations is reviewed by the Committee on a regular basis and concerns, if any, are reported to the Board.

Information security and IPR protection initiatives

Whilst the Company continuously endeavours to align IT investments to business strategies, simultaneously, steps are being taken to safeguard the Company's invaluable information assets and intellectual property. As a part of this initiative, Ashok Leyland implemented, during 2005 BS7799 – 2:2002, the most widely accepted security standard and received the coveted certification, the first among all auto majors in India.

During April 2008, STQC (MIT, Govt. of India), renewed the ISO27001 certificate for further period of three years, subject to periodical surveillance audits, following an assessment and detailed review of maintenance of the implemented standard, best practices and further improvements over the last three years.

In recognition of pioneering efforts done by the Company in Information Security, Microsoft awarded "Microsoft Security Strategist Award 2008" in General Category which is awarded every year to companies and the Chief Information Security Officers for displaying outstanding leadership and vision in the arena of Information Security.

E. Financial Review

The economic downturn has had its impact on the Indian CV industry and also on the Company's growth. However, in order to absorb the shocks from cyclical business, the Company had improved revenues from non-cyclical business like sale of non-auto engines, Leypower gensets and spare parts. Drop in domestic vehicle sales by 37.4% over previous year was to an extent compensated by 82.4% increase

in engine and Leypower gensets volumes. Parts sales (including supply of kits to Vehicle Factory, Jabalpur) registered marginal growth. The share of non-cyclical revenues (including bus/chassis sales) improved from 34.1% in FY 2007-08 to 50% in 2008-09.

Summary of Profit and Loss Account

Rs. crores

	2008-09	2007-08	Inc/ (Dec) %
Income			
Sales (Net of Excise Duty)	5,981.07	7,742.58	(22.8)
Other Income	49.63	57.61	(13.9)
Total	6,030.70	7,800.19	(22.7)
Expenditure			
Material Cost	4,452.25	5,764.91	(22.8)
Employee Expenses	566.18	616.09	(8.1)
Other Expenses	493.21	541.20	(8.9)
Depreciation	178.41	177.36	0.6
Financial Expenses	118.71	49.74	138.7
Total	5,808.76	7,149.30	(18.8)
Profit Before Exceptional Item	221.94	650.89	(65.9)
Exceptional item - VRS expenses amortisation	(13.49)	(12.74)	5.9
Profit Before Tax	208.45	638.15	(67.3)
Tax Provision - Current	-	101.40	(100.0)
- Deferred	12.45	60.44	(79.4)
- FBT	6.00	7.00	(14.3)
Profit After Tax	190.00	469.31	(59.5)
Basic Earnings Per Share (in Rs.)	1.43	3.53	(59.5)

Revenues:

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

- Vehicles: Income from vehicles was at Rs. 4,898.30 crores, a negative growth of 28.8% over the previous year level of Rs. 6,881.90 crores. The reduction in revenue was due to reduced freight movement and overall economic slowdown as indicated by the decrease in the index of industrial production.
- Engines: Income from engines increased to Rs.389.58 crores, 102.8% growth over the previous year level of Rs. 192.10 crores and a key result of the Company's strategy to focus on the non-cyclical business.
- Spare Parts and others: Income from spare parts including sale of kits to Vehicle Factory, Jabalpur increased to Rs 693.19 crores, an increase of 3.7 % over the previous year level of Rs. 668.58 crores.

Other income registered a decrease of Rs. 7.98 crores, mainly due to decrease in the realisation on sale of investments during the current year.

Costs:

- Material Cost:** Material cost increased significantly during the first half of 2008-09. Prices of commodities like steel, rubber increased, resulting in increase in input cost by more than 12% over the year's operating costs. The Company could mitigate these cost increases through 8% pricing action taken in stages during the first half of 2008-09, and other cost reduction initiatives.
- Staff costs:** Employee expenses were lower due to reduced working schedules effected in Q3 and Q4 of FY 2008-09 and also due to voluntary cuts in executive compensation.
- Other expenses** decreased by 8.9% compared to the previous year mainly due to lower level of power and fuel consumption and maintenance costs in line with lower production effected in Q3 and Q4 of FY2008-09.
- Depreciation** for the year has increased to Rs. 178.41 crores compared to Rs. 177.36 crores in the previous year due to deployment of resources to augment capacity.
- Financial expenses:** Interest cost increased due to additional borrowings to meet the capital expenditure and working capital requirements. The Company is regulating its borrowing in line with capital expenditure requirements. Centralised Treasury Department is active in the money market to manage day-to-day investment of surplus funds and raise short term funds as required and bring down cost by such borrowings.

Balance Sheet

Rs. crores

	2008-09	2007-08	Inc/ (Dec) %
Sources of Funds			
Shareholders' Funds	3,473.90	2,148.98	61.7
Loan Funds	1,958.14	887.50	120.6
Deferred Tax Liability-Net	263.44	253.82	3.8
Foreign Currency Monetary Item Translation Difference - net	3.84	-	-
Total	5,699.32	3,290.30	73.2
Application of Funds			
Fixed Assets	4,397.40	2,054.79	114.0
Investments	263.56	609.90	(56.8)
Net Current Assets	1,028.67	603.32	70.5
Miscellaneous Expenditure	9.69	22.29	(56.5)
Total	5,699.32	3,290.30	73.2

Capital employed:

Total capital employed by the Company increased by 73.2% from Rs. 3,290.30 crores to Rs. 5699.32 crores, mainly due to investments in facility creation and revaluation of assets.

Total Shareholders' funds as at March 31, 2009 aggregated Rs. 3,473.90 crores of which equity capital was Rs. 133.03 crores comprising of 133.03 crores shares of Re.1 each.

Dividend

The Directors have recommended 100% dividend for the year 2008-09, equivalent to Re. 1 per share.

Capital expenditure and Investments

During the year, the Company incurred Rs. 970.86 crores towards capital expenditure, mainly in the new plant at Uttarakhand for setting up facilities for manufacture of Frame, 'H' series and Neptune engines as well as for development of new aggregates. The Company also incurred capital expenditure towards the bus body building facility at Alwar. The rest of the capital expenditure was towards new manufacturing capability building programmes in existing plants.

The Company made investments in Ashley Alteams India Private Limited (Joint Venture Company with Alteams OY) which will cater to the growing market for High Pressure Die Cast Aluminium castings for automotive applications as well as telecom equipment. The Company also made investments in Automotive Infotronics Private Limited (Joint Venture with Continental AG) which will focus on the market opportunities for automotive infotronics.

Net Current Assets (excluding cash/bank balances) as on March 31, 2009 was Rs.1028.67 crores compared to previous year level of Rs.603.32 crores mainly due to the increase in inventory and trade debtor levels. Sundry debtors at Rs. 957.97 crores compared to Rs. 375.84 crores for FY 2007-08. Inventories increased to Rs. 1,330.01 crores as on March 31, 2009 compared to Rs.1,223.91 crores as at March 31, 2008.

Liquidity

The balance of USD 180 million out of the USD 200 million External Commercial Borrowings contracted in FY 2007-08 was availed in FY 2008-09 for funding capital expenditure. During the year, the Company had availed NCD of Rs.150 crores from LIC on secured basis with first pari passu charge against fixed assets and term loan to the tune of Rs. 50 crores from Mizuho Corporate Bank on unsecured basis. The Company manages its liquidity through rigorous weekly monitoring of cash flows and surplus funds, if any, are invested, mainly in units of mutual funds and in bank deposits.

All the major rating agencies had initially reaffirmed the Company's ratings at FY 2007-08 level. In Q4 FY2008-09 all the agencies have downgraded the ratings by one notch as under:

Agency	Long Term	Short Term Loan
CRISIL	AA- (negative outlook)	P1+ (reaffirmed)
ICRA	LAA- (negative outlook)	A1+ (reaffirmed)
FITCH	AA- (negative outlook)	— NA —

Results of operation

The Company generated profits from operations after tax of Rs.389.22 crores. After meeting working capital requirements and exceptional item of payments for voluntary retirement scheme of Rs.1.68 crores, the Company registered a net cash outflow of Rs.525.58 crores from its operations.

Cash flow from investing activities for 2008-09 improved significantly due to the reduction in changes in advances from outflow of Rs. 223.20 crores in FY 2007-08 to an inflow of Rs. 100.10 crores. Cash flow from financing activities significantly improved mainly due to the long term borrowings raised.

Profit before tax and exceptional items is Rs.221.94 crores. During the year, the Company charged Rs.13.49 crores towards amortisation of VRS expenses. After providing for taxes at Rs.18.45 crores (including deferred tax and fringe benefit tax), profit after tax for the current year is Rs. 190 crores.

Cash Flow Statement

	Rs. crores	
	2008-09	2007-08
Profit from operations after tax	389.22	695.60
(Inc)/Dec. in Net Working Capital	(913.12)	374.93
Net Cash Flow from operating activities (before exceptional item)	(523.90)	1,070.53
Payments under Voluntary Retirement Scheme	(1.68)	(4.84)
Net cash flow from operating activities	(525.58)	1,065.68
Payment for Assets acquisition - net	(757.88)	(609.54)
Other cash flow from Investing activities - net	93.70	(200.14)
Cash flow from financing activities	459.18	364.52
Net Cash Inflow/(Outflow)	(730.58)	620.52

The Years ahead

The Company has set itself the task of consolidating and enhancing its position in the Indian CV market, both in terms of volumes as well as customer satisfaction. The Company is executing various initiatives in terms of process and product improvements to achieve this goal. The Company aspires to widen its footprint in the global CV industry through organic and inorganic growth and is examining opportunities towards this end.

ANNEXURE E TO DIRECTORS' REPORT

Directors' responsibility statement as per Section 217(2AA) of the Companies Act, 1956

Responsibility in relation to financial statements

The financial statements have been prepared in conformity, in all material respects, with the generally accepted accounting principles in India and the applicable Accounting Standards in a consistent manner and supported by reasonable and prudent judgements and estimates. The Directors believe that the financial statements reflect true and fair view of the financial position as on 31.3.2009 and of the results of operations for the year ended 31.3.2009.

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

Going concern

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

Maintenance of accounting records and Internal controls

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

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

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

Audit Committee supervises the financial reporting process through review of accounting and reporting practices, financial and accounting controls and financial statements. Audit Committee also periodically interacts with internal and statutory auditors to ensure quality and veracity of Company's accounts.

Internal Auditors, Audit Committee and Statutory Auditors have full and free access to all the information and records as considered necessary to carry out their responsibilities. All the issues raised by them have been suitably acted upon and followed up.

ANNEXURE G TO DIRECTORS' REPORT

Certification by Managing Director and Chief Financial Officer to the Board

We, R.Seshasayee, Managing Director and K.Sridharan, Chief Financial Officer of Ashok Leyland Limited, certify that:

1. We have reviewed the financial statements for the year and that to the best of our knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements present a true and fair view of the state of affairs of the Company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including Accounting Standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept overall responsibility for establishing and monitoring the Company's internal control system for financial reporting and evaluating its effectiveness. Internal audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of its adequacy and effectiveness. Internal audit works with all levels of management and statutory auditors and reports significant issues to the Audit Committee of the Board. The auditors and audit committee are apprised of any corrective action taken with regard to significant deficiencies and material weaknesses.
4. We indicate to the auditors and to the audit committee:
 - a) significant changes in internal control over financial reporting during the year;
 - b) significant changes in accounting policies during the year;
 - c) instances of significant fraud of which we have become aware of and which involve management or other employees who have significant role in the Company's internal control system over financial reporting. However, there was no such instance.
5. During the year the Company adopted principles with respect to exchange difference:
 - on long term monetary items in foreign currency – in accordance with notification G.S.R. 225(E) dated March 31, 2009 issued by Ministry of Corporate Affairs
 - on forward contracts designated as Cash Flow Hedge – in accordance with Accounting Standard 30 – Financial Instruments: Recognition and Measurement.
6. The Company revalued Land and Buildings during the year and the surplus on revaluation has been credited to Revaluation reserve.

May 15, 2009
Chennai

R.SESHASAYEE
Managing Director

K.SRIDHARAN
Chief Financial Officer

Code of conduct for the senior management

This is to confirm that for the financial year March 31, 2009 all members of the Senior Management have affirmed in writing their adherence to the Code of Conduct adopted by the Company.

R SESHASAYEE
Managing Director

May 15, 2009
Chennai

AUDITORS' REPORT TO THE MEMBERS OF ASHOK LEYLAND LIMITED

1. We have audited the attached Balance Sheet of **ASHOK LEYLAND LIMITED** as at March 31, 2009, the Profit and Loss Account and the Cash Flow Statement (financial statements) for the year ended on that date, annexed thereto, signed by us under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date
2. We conducted our audit in accordance with auditing and assurance standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that:
 - 3.1 we have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purposes of our audit.
 - 3.2 in our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books.
 - 3.3 the financial statements dealt with by this report are in agreement with the books of account.
 - 3.4 in our opinion, the aforesaid financial statements comply in all material respects with the applicable Accounting Standards referred to in section 211(3C) of the Companies Act, 1956 (the Act).
 - 3.5 on the basis of written representations received from the directors as on March 31, 2009, and taken on record by the Board of Directors, we report that none of the directors is prima facie disqualified as on March 31, 2009 from being appointed as a director in terms of section 274 (1) (g) of the Act.
 - 3.6 in our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements read with the Statement on Significant Accounting Policies and Notes to the Accounts, give the information required by the Act, in the manner so required and also give a true and fair view, in conformity with the accounting principles generally accepted in India:
 4. As required by the Companies (Auditor's Report) Order, 2003 issued by the Government of India in terms of section 227(4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that:
 - 4.1 (i) the Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - (ii) the fixed assets are being physically verified under a phased programme of verification, which, in our opinion, is reasonable having regard to the nature and value of its assets, and no material discrepancies have been noticed on such verification.
 - (iii) the Company has not disposed off substantial part of its fixed assets during the year.
 - 4.2 (i) inventories have been physically verified during the year by the management at reasonable intervals.
 - (ii) the procedures of physical verification of the inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (iii) the Company is maintaining proper records of its inventories and no material discrepancies were noticed on physical verification.
 - 4.3 the Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under section 301 of the Act.
 - 4.4 there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and services. Further, on the basis of our examination of the books and records of the Company, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
 - 4.5 to the best of our knowledge there are no contracts or arrangements referred to in section 301 of the Act which

AUDITORS' REPORT TO THE MEMBERS OF ASHOK LEYLAND LIMITED

need to be entered in the register maintained under the said section.

- 4.6 the Company has complied with the provisions of section 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 1975 with regard to deposits accepted from public.
- 4.7 the Company has an internal audit system commensurate with its size and nature of its business.
- 4.8 we have broadly reviewed the books of account and records maintained by the Company relating to the manufacture of commercial vehicles, diesel engines, gensets and auto components pursuant to the order made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Act and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- 4.9 (i) the Company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities during the year.
- (ii) there are no dues of income tax/ wealth-tax, service tax, customs duty, which have not been deposited on account of any dispute. Details of dues towards sales tax, excise duty and cess that have not been deposited on account of dispute are as stated below:

Nature of dues	Dues	Forum where the dispute is pending	Amount stayed not included in dues
	Rs. Lakhs		Rs. Lakhs
Sales Tax	232.14	Appellate Deputy / Additional Commissioner	1,983.77
	8.82	Tribunal	148.35
Excise Duty and cess	17.55	Commissioner of Central Excise (Appeals)	—

- 4.10 the Company does not have any accumulated losses as at March 31, 2009 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- 4.11 the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders during the year.
- 4.12 the Company has maintained adequate documents and records where it has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 4.13 the provisions of any special statute applicable to a chit fund, nidhi, mutual benefit fund / societies are not applicable to the Company.
- 4.14 the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4 (xiv) of the Companies' (Auditor's report) Order 2003 are not applicable to the Company.
- 4.15 the terms and conditions of guarantees given during the year by the Company, for loans taken by others from banks or financial institutions, are not prima facie prejudicial to the interest of the Company.
- 4.16 the term loans availed by the Company were prima facie, applied for the purpose for which they were obtained. The loan funds pending application was temporarily deployed as deposits with banks.
- 4.17 on an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.
- 4.18 the Company has not made any preferential allotment of shares during the year to any party.
- 4.19 the Company has created securities / charges in respect of debentures issued and outstanding.
- 4.20 the Company has not raised any money by public issues during the year.
- 4.21 considering the size and nature of the Company's operations, no fraud of material significance on or by the Company has been noticed or reported during the year.

For M.S. Krishnaswami & Rajan
Chartered Accountants

For Deloitte Haskins & Sells
Chartered Accountants

M.K. Rajan
Partner
Membership No.4059

R.Laxminarayan
Partner
Membership No.33023

May 15, 2009
Chennai

BALANCE SHEET AS AT MARCH 31, 2009

	Schedule	2009		2008
		Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
Sources of funds				
Shareholders' funds				
Capital	1.1	13,303.42		13,303.42
Reserves and surplus	1.2	3,34,086.48		2,01,594.83
			3,47,389.90	214,898.25
Loan funds				
Secured loans	1.3	30,441.33		19,024.00
Unsecured loans	1.4	1,65,373.06		69,726.12
			1,95,814.39	88,750.12
Deferred tax liability - net			26,343.69	25,381.97
Foreign currency monetary item translation difference - net (Refer Note 11.1 to the Accounts)			384.11	-
Total			5,69,932.09	3,29,030.34
Application of funds				
Fixed assets				
	1.5			
Gross block		4,95,327.22		2,94,243.80
Less Depreciation		1,55,415.59		1,41,688.78
Net block		3,39,911.63		1,52,555.02
Capital work-in-progress		99,828.94		52,924.47
			4,39,740.57	2,05,479.49
Investments	1.6		26,355.71	60,989.87
Current assets, loans and advances				
Inventories	1.7	1,33,001.44		1,22,391.44
Sundry debtors	1.8	95,797.42		37,583.51
Cash and bank balances	1.9	8,808.36		45,137.01
Loans and advances	1.10	78,954.35		82,413.85
		3,16,561.57		2,87,525.81
Less Current liabilities and provisions				
	1.11			
Liabilities		1,86,886.41		1,92,670.84
Provisions		26,808.17		34,523.09
		2,13,694.58		2,27,193.93
Net current assets			1,02,866.99	60,331.88
Miscellaneous expenditure (to the extent not written off or adjusted)	1.12		968.82	2,229.10
Total			5,69,932.09	3,29,030.34

Statement on significant accounting policies, Schedules 1.1 to 1.12 and Notes to the accounts form part of this Balance Sheet.

For and on behalf of the Board

K. SRIDHARAN
Chief Financial Officer

A.R. CHANDRASEKHARAN
Executive Director & Company Secretary

R. SESHASAYEE
Managing Director

R.J. SHAHANEY
Chairman

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

For M.S. KRISHNASWAMI & RAJAN
Chartered Accountants

For DELOITTE HASKINS & SELLS
Chartered Accountants

M.K. RAJAN
Partner

R.LAXMINARAYAN
Partner

May 15, 2009
Chennai

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

		2009		2008
	Schedule	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
Income				
Sales and services	2.1	6,66,664.01		8,94,714.72
Less Excise duty		68,556.64		1,20,456.71
			5,98,107.37	7,74,258.01
Other income	2.2		4,962.28	5,760.52
			6,03,069.65	7,80,018.53
Expenditure				
Manufacturing and other expenses	2.3	5,51,163.86		6,92,219.66
Depreciation, amortisation and impairment	2.4	17,841.42		17,736.12
Financial expenses	2.5	11,870.87		4,974.01
			5,80,876.15	7,14,929.79
Profit before exceptional item			22,193.50	65,088.74
Exceptional item				
Voluntary retirement scheme compensation amortised			1,348.87	1,273.72
Profit before tax			20,844.63	63,815.02
Provision for taxation - Current tax (Refer note 14 to the Accounts)			-	10,140.00
- Deferred tax			1,245.00	6,044.00
- Fringe benefit tax			600.00	700.00
Profit after tax			18,999.63	46,931.02
Excess provision written back - Dividend			22.05	-
- Corporate dividend tax thereon			3.75	-
Balance profit from last year			50,227.38	36,168.59
Transfer from / (to) - Debenture redemption reserve			(2,958.33)	500.00
- General reserve			(2,500.00)	(10,000.00)
			63,794.48	73,599.61
Proposed dividend			13,303.38	19,977.12
Corporate dividend tax thereon			2,260.91	3,395.11
Balance profit carried to balance sheet			48,230.19	50,227.38
Earnings per share (Face value Re.1) - Basic (in Rs.)			1.43	3.53

Statement on significant accounting policies, Schedules 2.1 to 2.5 and Notes to the accounts form part of this Profit and Loss account

For and on behalf of the Board

K. SRIDHARAN
Chief Financial Officer

A.R. CHANDRASEKHARAN
Executive Director & Company Secretary

R. SESHASAYEE
Managing Director

R.J. SHAHANEY
Chairman

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

For M.S. KRISHNASWAMI & RAJAN
Chartered Accountants

For DELOITTE HASKINS & SELLS
Chartered Accountants

M.K. RAJAN
Partner

R.LAXMINARAYAN
Partner

May 15, 2009
Chennai

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	2009 Rs. Lakhs	2008 Rs. Lakhs
Cash flow from operating activities		
Profit before tax	20,844.63	63,815.02
Adjustments for:		
Depreciation, amortisation and impairment	17,841.42	17,736.12
Other amortisations	1,534.91	1,434.95
Foreign exchange (gains) / losses	(2,909.97)	(636.04)
Interest expense net of interest capitalisation	14,052.06	6,150.18
Interest income	(3,858.67)	(2,146.71)
Income from investments	(450.01)	(228.55)
(Profit)/Loss on disposal of fixed assets / long term investments - net	(2,539.65)	(3,758.58)
Diminution in value of investments	364.80	-
Operating profit before working capital changes	44,879.52	82,366.39
Adjustments for changes in :		
Inventories	(10,610.04)	(15,359.30)
Debtors	(56,117.02)	14,268.65
Advances	(1,637.80)	2,615.20
Current liabilities and provisions	(22,946.87)	35,968.15
Cash generated from operations	(46,432.21)	119,859.09
Income tax including Fringe benefit tax paid	(5,958.18)	(12,806.54)
Net cash flow from operating activities before exceptional item	(52,390.39)	107,052.55
Compensation under Voluntary retirement scheme	(168.06)	(484.08)
Net cash flow from operating activities after exceptional item	(52,558.45)	106,568.47
Cash flow from investing activities		
Payments for assets acquisition	(76,413.17)	(62,090.44)
Proceeds on sale of fixed assets	624.92	1,136.48
Purchase of Investments	(4,462.20)	(3,738.08)
Sale / redemption of investments	2,749.03	4,749.49
Income from investments - Interest	623.95	1,066.05
- Dividend	450.01	228.45
Changes in advances	10,009.66	(22,319.80)
Net cash flow used in investing activities	(66,417.80)	(80,967.85)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	2009 Rs. Lakhs	2008 Rs. Lakhs
Cash flow from financing activities		
Long term borrowings - Raised	97,335.60	36,721.04
- Repaid	(8,672.16)	(4,047.05)
Changes in short term borrowings	(9,933.22)	9,933.22
Debenture / Loan raising expenses paid	(74.31)	(689.44)
Interest paid - net	(9,391.21)	(5,465.94)
Dividend paid and tax thereon	(23,346.43)	-
Net cash flow from financing activities	45,918.27	36,451.83
Net cash inflow / (outflow)	(73,057.98)	62,052.45
Opening cash and cash equivalents	81,572.67	19,520.22
Closing cash and cash equivalents	8,514.69	81,572.67
Net increase / (decrease) in cash and cash equivalents	(73,057.98)	62,052.45

Notes to the cash flow statement

Components of cash and cash equivalents:

Cash and bank balances, cash credit excluding those relating to unclaimed dividend	8,508.13	44,917.47
Investments in money market instruments	-	36,507.30
Unrealised foreign exchange gains - net	6.56	147.90
	8,514.69	81,572.67

For and on behalf of the Board

K. SRIDHARAN
Chief Financial Officer

A.R. CHANDRASEKHARAN
Executive Director & Company Secretary

R. SESHASAYEE
Managing Director

R.J. SHAHANEY
Chairman

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

For M.S. KRISHNASWAMI & RAJAN
Chartered Accountants

For DELOITTE HASKINS & SELLS
Chartered Accountants

M.K. RAJAN
Partner

R.LAXMINARAYAN
Partner

May 15, 2009
Chennai

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

1. Accounting convention

1.1 Financial statements are prepared in accordance with the generally accepted accounting principles including accounting standards in India under historical cost convention except so far as they relate to revaluation of certain land and buildings.

1.2 Use of estimates

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

2. Fixed assets and depreciation / amortisation

2.1 Cost of all civil works (including electrification and fittings) is capitalised with the exception of alterations and modifications of a capital nature to existing structures where the cost of such alteration or modification is Rs 100,000 and below. Other fixed assets, including intangible assets and assets given on lease, where the cost exceeds Rs. 10,000 and the estimated useful life is two years or more, is capitalised. Cost of initial spares and tools is capitalised along with the respective assets. Cost of fixed assets is net of credits under Cenvat / Vat Scheme. Expenditure directly related and incidental to construction are capitalised upto the date of attainment of commercial production. Interest and other related costs, including amortised cost of borrowings attributable only to major projects are capitalised as part of the cost of the respective assets. Exchange differences are capitalised to the extent dealt with in para 5.2 below.

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

- a) Leasehold land, over 40 years or the period of the lease, whichever is less;
- b) Leasehold land and buildings subject to revaluation, is calculated on the respective revalued amounts, over the balance useful life as determined by the valuers in the case of buildings and as per (a) above in the case of land;
- c) Buildings, plant and machinery (except assets subject matter of impairment) and other assets, including intangible assets and assets given on lease, over their estimated useful lives or lives derived from the rates specified in Schedule XIV to the Companies Act, 1956, whichever is lower;
- d) Assets subject to impairment, on the asset's revised carrying amount, over its remaining useful life.

2.3 Depreciation/amortisation is charged for the full year on the additions made during the first half of the year and for six months on the additions made during the second half of the year. No depreciation is provided for in respect of assets disposed off during the year.

3. Investments

Long term investments are stated at cost less provision for diminution other than temporary, if any. Current investments are valued at lower of cost and fair value.

4. Inventories

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

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

4.2 Cost includes taxes and duties and is net of credits under Cenvat / Vat Scheme.

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

4.3 Cost of patterns and dies is amortised equally over five years.

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

5. Foreign currency transactions and derivatives

5.1 Foreign currency transactions are recorded at the rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currency are translated at closing rate. Exchange differences arising on settlement or translation of monetary items other than those mentioned in para 5.2 below are recognized as income or expense in the Profit and Loss Account.

5.2 Exchange differences on translation or settlement of long term foreign currency monetary items (i.e. whose term of settlement exceeds twelve months from date of its origination) at rates different from those at which they were initially recorded or reported in the previous financial statements, insofar as it relates to acquisition of depreciable assets are adjusted to the cost of the assets. In other cases, these are accumulated in "Foreign currency monetary item translation difference account" and amortised by recognition as income or expense in each period over the balance term of such items till settlement occurs but not beyond March 31, 2011.

5.3 Gains and losses on certain forward contracts designated as effective Cash flow hedges as per Accounting Standard 30 - "Financial Instruments" are recognised in the Hedge Reserve Account till the underlying forecasted transaction occurs.

5.4 Gains and losses on all other derivatives (including forward contracts not designated as Cash flow hedge) are recognised in the Profit and Loss account. Premium or discount on forward contracts is amortized over the life of the contract.

5.5 Investments in equity capital of companies registered outside India are carried in the Balance Sheet at the rates prevailing on the date of the transaction.

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

6. Amortisation of deferred expenditure

Expenditure incurred on issue of debentures / raising loans is amortised over the period of such borrowings. Premium paid on prepayment of any borrowing is amortised over the unexpired period thereof or sixty months, whichever is less.

7. Revenue recognition

Revenue from sale of products is recognised on despatch or appropriation of goods in accordance with the terms of sale and is inclusive of excise duty and export incentives, but net of incentive on sales including commission, rebates and discounts. Revenue arising due to price escalation claim is recognised in the period when such claim is made in accordance with terms of sale.

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

8. Government grants

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

9. Research and Development costs

Expenditure on the design and production of prototypes is charged to revenue as incurred. Product development costs, including knowhow developed / acquired, incurred on new vehicle/ engine platforms, variants on existing platforms and aggregates are recognised as Intangible assets and amortised.

10. Employee benefits

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

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

10.2 Post employment benefits and other long term employee benefits

Defined contribution plans:

The Company's contribution to provident fund, superannuation fund, employee state insurance and other funds are determined under the relevant schemes and / or statute and charged to revenue.

Defined benefit plans and compensated absences:

The Company's liability towards gratuity, other retirement benefits and compensated absences are actuarially determined at each balance sheet date using the projected unit credit method. Actuarial gains and losses are recognised in revenue.

10.3 Termination benefits

Compensation under voluntary retirement scheme is amortised over lesser of thirty six months and the period from incurrence of expenditure to March 31, 2010.

11. Product warranties

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

12. Deferred tax

Deferred tax is recognised on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversing in one or more subsequent periods.

Deferred tax assets on unabsorbed depreciation and carry forward of losses are recognised only to the extent there is a virtual certainty of its realisation.

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

		2009 Rs. Lakhs	2008 Rs. Lakhs
1.1 CAPITAL			
Authorised			
150,00,00,000	(2008 : 150,00,00,000) Equity shares of Re.1 (2008 : Re.1) each	15,000.00	15,000.00
Issued			
a) 52,45,98,695	(2008: 52,45,98,695) Equity shares of Re. 1 (2008: Re.1) each	5,245.99	5,245.99
b) 34,17,42,940	(2008: 34,17,42,940) Equity shares of Re.1 (2008: Re.1) each issued by way of conversion of debentures	3,417.43	3,417.43
c) 32,31,57,240	(2008: 32,31,57,240) Equity shares of Re.1 (2008: Re.1) each issued through Global depository receipts	3,231.57	3,231.57
d) 14,10,44,117	(2008: 14,10,44,117) Equity shares of Re.1(2008: Re.1) each issued by way of conversion of Foreign Currency Convertible Notes (FCCN)	1,410.44	1,410.44
		<u>13,305.43</u>	<u>13,305.43</u>
Subscribed			
a) 52,43,94,020	(2008: 52,43,94,020) Equity shares of Re.1 (2008: Re.1) each	5,243.94	5,243.94
b) 34,17,42,940	(2008: 34,17,42,940) Equity shares of Re.1 (2008: Re.1) each issued by way of conversion of debentures	3,417.43	3,417.43
c) 32,31,57,240	(2008: 32,31,57,240) Equity shares of Re.1 (2008: Re.1) each issued through Global depository receipts	3,231.57	3,231.57
d) 14,10,44,117	(2008: 14,10,44,117) Equity shares of Re.1(2008: Re.1) each issued by way of conversion of Foreign Currency Convertible Notes (FCCN)	1,410.44	1,410.44
		<u>13,303.38</u>	<u>13,303.38</u>
Add Forfeited shares		0.04	0.04
		<u>13,303.42</u>	<u>13,303.42</u>

Of the above,

- 1,47,88,880 (2008: 1,47,88,880) Equity shares were allotted under an agreement without payment being received in cash.
- 6,23,08,110 (2008: 6,23,08,110) Equity shares were allotted as fully paid up by way of bonus shares by capitalisation out of General reserve and from Securities premium account.
- Hinduja Automotive Limited, the holding company, holds 51,36,18,712 (2008: 51,36,18,712) equity shares of Re.1 (2008: Re.1) each and 54,86,669 (2008: 54,86,669) Global depository receipts equivalent to 16,46,00,070 (2008: 16,46,00,070) Equity shares of Re. 1 (2008: Re.1) each.
- Refer Note 8 to the Accounts for option on unissued shares.

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

1.2 RESERVES AND SURPLUS	2009	2008		
	Rs. Lakhs	Rs. Lakhs		
Capital reserve				
As per last Balance Sheet	89.50	89.50		
Revaluation reserve				
As per last Balance Sheet	2,237.70	2,295.51		
Less Transfer to Profit and Loss account (Refer Note 3.7 (b) to the Accounts)	57.80	57.81		
Less Reversal of previous revaluation done as at December 31, 1984	2,179.90	–		
Add Revaluation of Land and Buildings as at March 31, 2009 (Refer Note 2 to schedule 1.5)	136,486.44	–		
	136,486.44	2,237.70		
Securities premium				
As per last Balance Sheet	89,033.66	87,157.94		
Add Premium on issue of shares upon conversion of FCCN (Refer Note 8 to the Accounts)	–	1,875.72		
	89,033.66	89,033.66		
Debenture redemption reserve				
As per last Balance Sheet	1,625.00	2,125.00		
Add Transfer from Profit and Loss account	3,750.00	–		
Less Transfer to Profit and Loss account	791.67	500.00		
	4,583.33	1,625.00		
General reserve				
As per last Balance Sheet	58,381.59	48,381.59		
Add Transfer from Profit and Loss account	2,500.00	10,000.00		
Less Adjustments pertaining to long term monetary items in foreign currency - net of tax (Refer Note 11.1 to the Accounts)	1,762.90	–		
	59,118.69	58,381.59		
Hedge reserve				
Unrealised gains / (losses) on cash flow hedges - net (Refer note 11.2 to the Accounts)	(3,455.33)	–		
Surplus - balance in Profit and Loss account	48,230.19	50,227.38		
	334,086.48	201,594.83		
1.3 SECURED LOANS				
Debentures	18,333.33	6,500.00		
Long term monetary liabilities in foreign currency				
- External commercial borrowings from banks	6,679.99	8,906.65		
- Exchange loss / (gain) on translation (Refer Note 11.1 to the Accounts)	928.01	(882.65)		
	7,608.00	8,024.00		
Term loans from banks	4,500.00	4,500.00		
	30,441.33	19,024.00		
1. a) Debentures and borrowings from banks aggregating to Rs.30,441.33 lakhs (2008: Rs. 19,024.00 lakhs) are secured by a first charge created on certain immovable properties and movable assets of the company.				
b) Cash credit facility is secured by a first charge on certain movable assets and goods-in-transit and book debts (excluding deferred receivables).				
2. Debentures are to be redeemed at par in single / equal instalments, as stated below:				
	Debenture	2009	2008	Dates of Redemption
	Series	Rs. Lakhs	Rs. Lakhs	
	AL 4	-	1,333.33	10 January 2009
	AL 6	-	166.67	15 February 2009
	AL 11	3,333.33	5,000.00	17 September 2008,2009 and 2010
	AL 12	15,000.00	-	31 October 2011, 2012, 2013, 2014 and 2015
		18,333.33	6,500.00	
3. Loans include Rs. 8,702.67 lakhs (2008: Rs.5,172.67 lakhs) due within 12 months.				

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

	2009 Rs. Lakhs	2008 Rs. Lakhs
1.4 UNSECURED LOANS		
Long term monetary liabilities in foreign currency		
– Foreign currency convertible notes (Refer Note 8 to the Accounts)	445.00	445.00
– External commercial borrowings from banks	125,108.21	47,772.62
– Exchange loss / (gain) translation (Refer Note 11.1 to the Accounts)	24,577.99	(1,678.42)
	<u>150,131.20</u>	<u>46,539.20</u>
Other loans and advances from banks	5,000.00	9,933.22
Interest free sales tax loans	10,241.86	13,253.70
	<u>165,373.06</u>	<u>69,726.12</u>
Of the above, amount due within 12 months		
– Long term monetary liabilities in foreign currency	507.20	–
– Other loans and advances from banks	–	9,933.22
– Interest free sales tax loans	779.04	3,011.84

DESCRIPTION	GROSS BLOCK (COST/VALUATION)						DEPRECIATION/ AMORTISATION/IMPAIRMENT		NET BLOCK	
	01.04.2008	Additions	Deduc- tions	Reversal of prior revaluation	Added on current revaluation	31.03.2009	Upto	Upto	31.03.2009	31.03.2008
							31.03.2009	31.03.2008		
Land - Freehold	3,300.31	17.01	-	708.05	74,035.34	76,644.61	-	-	76,644.61	3,300.31
– Leasehold	11,976.09	5,239.61	-	81.01	25,124.20	42,258.89	955.98	562.40	41,302.91	11,413.69
Buildings	34,752.85	14,218.23	72.72	1,390.84	37,326.90	84,834.42	12,131.34	10,812.83	72,703.08	23,940.02
Plant and machinery	197,899.08	43,156.48	4,292.02	-	-	236,763.54	117,134.82	109,912.96	119,628.72	87,986.12
Furniture, fittings and equipment	14,148.28	5,839.09	200.57	-	-	19,786.80	10,991.43	9,347.29	8,795.37	4,800.99
Vehicles and aircraft	13,589.45	1,392.89	141.08	-	-	14,841.26	4,013.89	3,253.03	10,827.37	10,336.42
Assets given on lease										
– Leasehold land	126.41	-	-	-	-	126.41	34.76	30.02	91.65	96.39
– Buildings	804.81	0.79	-	-	-	805.60	26.64	11.61	778.96	793.20
– Plant and machinery – windmills	5,631.85	364.31	-	-	-	5,996.16	1,549.49	1,072.47	4,446.67	4,559.38
– Furniture, fittings and equipment	78.68	24.10	-	-	-	102.78	22.37	7.70	80.41	70.98
Intangible assets										
Computer software										
– Developed	2,446.84	-	-	-	-	2,446.84	2,422.05	2,263.98	24.79	182.86
– Acquired	4,051.94	1,051.40	-	-	-	5,103.34	3,001.04	2,134.91	2,102.30	1,917.03
Technical knowhow – acquired	5,437.21	179.36	-	-	-	5,616.57	3,131.78	2,279.58	2,484.79	3,157.63
	<u>294,243.80</u>	<u>71,483.27</u>	<u>4,706.39</u>	<u>2,179.90</u>	<u>136,486.44</u>	<u>495,327.22</u>	<u>155,415.59</u>	<u>141,688.78</u>	<u>339,911.63</u>	<u>152,555.02</u>
Previous year	262,019.71	40,411.94	8,187.81	-	-	294,243.80				
Capital work-in-progress									99,828.94	52,924.47
									<u>439,740.57</u>	<u>205,479.49</u>

1. Buildings includes installations of gross value Rs. 7,600.32 lakhs (2008: Rs. 5,749.09 lakhs)
2. Land and Buildings, other than those given on lease and installations, have been revalued as at March 31, 2009 after considering depreciation / amortisation upto that date as per external valuer's report, on the governing principles of current cost. This valuation supersedes the previous valuation done as at December 31, 1984.
3. Execution of lease deed and registration is in progress for 'leasehold land' at Uttarakhand.
4. A portion of buildings in Bhandara revalued at Rs. 950.00 lakhs is on a land, title for which is yet to be transferred to the Company.
5. Cost of Buildings as at March 31, 2009 includes:
 - a) Rs.3.42 lakhs (2008: Rs.3.42 lakhs) being cost of shares in Housing Co-operative Society representing ownership rights in residential flats and furniture and fittings there at.
 - b) Rs.132.38 lakhs (2008: Rs.132.38 lakhs) representing cost of residential flats including undivided interest in land.
6. Depreciation / amortisation / impairment for the year is disclosed in Schedules 2.3(C) and 2.4 to the Profit and Loss account.
7. Fixed assets include:
 - a) Exchange differences capitalised during the year Rs. 21,247.66 lakhs (2008: Rs. Nil) (Refer Note 11.1 to the Accounts)
 - b) Borrowing cost capitalised during the year Rs. 1,628.54 lakhs (2008: Rs. 731.77 lakhs)
 - c) Other expenses in the course of construction capitalised during the year Rs. 800.55 lakhs (2008: Rs. 22.52 lakhs).

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT MARCH 31, 2009**

		2009		2008	
1.6 INVESTMENTS	DESCRIPTION	Nos.	Rs. Lakhs	Nos.	Rs. Lakhs
I. Current investments - other than trade					
1) Mutual fund units of Rs.10 each					
	Birla cash plus institutional premium dividend	–	–	5,98,94,733	6,001.15
	Birla Sunlife cash manager IP dividend	–	–	2,99,96,127	3,000.51
	HDFC cash management fund savings plan dividend	–	–	2,82,10,335	3,000.56
	ICICI Prudential liquid super IP dividend	–	–	8,00,13,259	8,001.73
	Kotak liquid institutional premium dividend	–	–	1,63,59,194	2,000.42
	LIC MF liquid fund dividend	–	–	1,82,18,261	2,000.38
	Reliance liquidity fund dividend	–	–	3,49,96,240	3,500.71
2. Mutual fund units of Rs. 1000 each					
	UTI Liquid fund cash plan IP dividend	–	–	8,83,005	9,001.76
II. Long term investments					
A) Trade					
1) Equity shares of Rs. 10 each					
	Arkay Energy (Rameswarm) Limited	600,000	60.00	6,00,000	60.00
	Ashley Alteams India Private Limited	2,50,00,000	2,500.00	5,000	0.50
	Ashok Leyland Nissan Vehicles Private Limited	24,74,500	247.45	-	-
	Ashley Bio-Fuels Limited	20,014	2.00	-	-
	Automotive Coaches and Components Limited	14,10,664	112.27	14,10,664	112.27
	Automotive Infotronics Private Limited	25,00,000	250.00	25,000	2.50
	Hinduja Foundries Limited	34,24,449	1,430.59	34,24,449	1,430.59
	Hinduja Leyland Finance Limited	9,00,000	90.00	-	-
	Irizar TVS Limited	30,50,000	305.00	14,00,000	140.00
	Nissan Ashok Leyland Powertrain Private Limited	28,43,500	284.35	-	-
	Nissan Ashok Leyland Technologies Private Limited	57,84,000	578.40	-	-
2) Equity shares of Rs.100 each					
	Ashley Transport Services Limited	6,00,000	600.00	4,20,000	420.00
	Gulf Ashley Motor Limited	3,54,000	354.00	3,54,000	354.00
3) Equity shares of Srilankan Rs. 10 each					
	Lanka Ashok Leyland Limited	10,08,332	57.46	10,08,332	57.46
4) 6% Cumulative Non-Convertible Redeemable Preference shares of Rs. 100 each					
	Hinduja Foundries Limited - Refer note 5	25,00,000	2,166.67	25,00,000	2,500.00
5) Ownership interest in share capital in Czech Koruna					
	Avia Ashok Leyland Motors s.r.o. - ownership interest	40%	1.52	40%	1.52
6) Equity shares of UAE Dhirs of 1000 each					
	Ashok Leyland (UAE) LLC	2,450	302.59	2,450	302.59
7) Equity shares of US Dollars 0.01 each					
	Defiance Testing and Engineering Services Inc., USA	49	691.15	49	691.15
8) Equity shares of Euro 1 each					
	Albonair GmbH	10,000	6.36	10,000	6.36
B) Other than trade					
1) Equity shares of Rs. 10 each					
	Ashley Airways Limited	14,70,000	147.00	14,70,000	147.00
	Ashley Holdings Limited	20,90,000	209.00	12,50,000	125.00
	Ashley Investments Limited	20,90,000	209.00	12,50,000	125.00

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

1.6 INVESTMENTS (CONTINUED)	2009		2008	
	Nos.	Rs. Lakhs	Nos.	Rs. Lakhs
Ashok Leyland Project Services Limited	34,42,400	344.24	34,42,400	344.24
Chennai Willingdon Corporate Foundation (Cost Rs. 900)	100		100	
Hinduja TMT Global Solutions Limited	2,029	4.05	2,029	4.05
Hinduja Ventures Limited	2,029	4.06	2,029	4.06
ICICI Bank Limited	24,231	10.52	24,231	10.52
IndusInd Bank Limited	1,92,15,698	3,881.45	2,85,81,764	5,772.46
2) Equity shares of Rs. 100 each, partly paid-up				
Adyar Property Holding Co. Limited (Rs. 65 paid up)	400	0.26	400	0.26
3) 2 % Non-Cumulative Non-Convertible Redeemable Preference shares of Rs. 10 each				
Ashley Holdings Limited	32,50,000	325.00	32,50,000	325.00
Ashley Investments Limited	32,50,000	325.00	32,50,000	325.00
4) Non convertible redeemable bonds of Rs. 1 million each				
IndusInd Bank Limited	1,140	11,400.00	1,140	11,400.00
ICICI Bank Limited	20	200.56	20	200.56
		<u>27,099.95</u>		<u>61,369.31</u>
Less Provision for diminution in value		744.24		379.44
		<u>26,355.71</u>		<u>60,989.87</u>
1. Investments are fully paid-up unless otherwise stated.				
2. Quoted Investments - Cost		16,931.23		18,822.24
- Market value		19,397.95		39,183.77
Unquoted Investments				
- Units in Mutual funds - cost / fair value		-		36,507.23
- Others - cost		10,168.72		6,039.84
3. The shares in the following companies can be disposed off / encumbered only with the consent of Banks / Financial Institutions who have given loans to / subscribed to the Debentures of those companies:				
a) Ashley Alteams India Private Limited				
b) Automotive Coaches and Components Limited				
c) Hinduja Foundries Limited				
4. Purchase and sales/redemption of investments during the year are as under :				
		Acquisition		Disposals/Redemptions
Description	Nos.	Cost	Nos.	Cost
		Rs. Lakhs		Rs. Lakhs
a) Units in schemes of mutual funds				
Birla Mutual Fund	132,71,18,578	132,941.69	141,70,09,438	141,943.35
Chola Mutual Fund	4,08,80,943	4,101.11	4,08,80,943	4,101.11
Deutsche Mutual Fund	184,30,13,340	184,660.76	184,30,13,340	184,660.76
DSP Merrill Lynch Mutual Fund	2,00,019	2,000.39	2,00,019	2,000.39
Edelweiss Mutual Fund	10,01,220	100.12	10,01,220	100.12
Franklin Templeton Mutual Fund	14,69,852	14,702.64	14,69,852	14,702.64
HDFC Mutual Fund	35,48,41,287	37,792.68	38,30,51,622	40,793.24
HSBC Mutual Fund	37,94,29,586	37,969.46	37,94,29,586	37,969.46
Kotak Mahindra Mutual Fund	47,81,39,449	58,467.37	49,44,98,643	60,467.79
LIC Mutual Fund	168,34,63,128	184,845.93	170,16,81,389	186,846.32
Principal Mutual Fund	26,68,31,445	26,685.01	26,68,31,445	26,685.01
ICICI Prudential Mutual Fund	140,25,87,280	140,265.74	148,26,00,539	148,267.47
Reliance Mutual Fund	90,02,12,960	93,672.06	93,52,09,201	97,172.77
SBI Mutual Fund	24,32,50,574	24,805.23	24,32,50,574	24,805.23

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

1.6 INVESTMENTS (CONTINUED)	2009		2008	
	Nos	Rs. Lakhs	Nos	Rs. Lakhs
Sundaram Mutual Fund	1,98,24,704	2,001.36	1,98,24,704	2,001.36
Tata Mutual Fund	42,32,023	47,166.74	42,32,023	47,166.74
UTI Mutual Fund	7,34,59,160	86,403.63	7,43,42,165	95,405.38
b) Equity Shares				
Associate companies				
Ashley Alteams India Private Limited	2,49,95,000	2,499.50	-	-
Ashley Bio-Fuels Limited	20,014	2.00	-	-
Ashley Holdings Limited	8,40,000	84.00	-	-
Ashley Investments Limited	8,40,000	84.00	-	-
Ashley Transport Services Limited	1,80,000	180.00	-	-
Ashok Leyland Nissan Vehicles Private Limited	24,74,500	247.45	-	-
Automotive Infotronics Private Limited	24,75,000	247.50	-	-
Hinduja Leyland Finance Limited	9,00,000	90.00	-	-
Irizar TVS Limited	16,50,000	165.00	-	-
Nissan Ashok Leyland Powertrain Private Limited	28,43,500	284.35	-	-
Nissan Ashok Leyland Technologies Private Limited	57,84,000	578.40	-	-
Others				
IndusInd Bank Limited	-	-	93,66,066	1,891.01
c) Preference Shares				
Hinduja Foundries Limited - Fellow subsidiary	-	-	-	333.33
5. During the year, preference shares in Hinduja Foundries Limited to an extent of Rs. 333.33 lakhs (2008: Rs. Nil) have been redeemed as per terms of issue, by way of reduction of par value.				

1.7 INVENTORIES

	2009	2008
	Rs. Lakhs	Rs. Lakhs
Stores and spares	3,647.49	4,183.33
Consumable tools	2,036.64	1,960.02
Raw materials and components (including patterns and dies)	53,257.43	42,292.87
Work-in-progress	9,408.24	11,404.68
Finished / trading goods	64,651.64	62,550.54
	<u>133,001.44</u>	<u>122,391.44</u>

1.8 SUNDRY DEBTORS

Trade	92,904.84	37,527.75
Others	2,955.59	118.77
	<u>95,860.43</u>	<u>37,646.52</u>
Less Provision	63.01	63.01
	<u>95,797.42</u>	<u>37,583.51</u>
Of the above,		
1 Unsecured - Considered good	95,797.42	37,583.51
- Considered doubtful	63.01	63.01
2 Age analysis of debts		
- Outstanding for more than six months (includes deferred receivables Rs. 11.38 lakhs (2008:Rs.Nil))	11,488.07	5,857.55
- Other debts	84,372.36	31,788.97
3 Debtors include bills receivable	25,737.97	36,352.21

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT MARCH 31, 2009**

		2009	2008
		Rs. Lakhs	Rs. Lakhs
1.9 CASH AND BANK BALANCES			
Cash and stamps on hand		23.26	28.17
Cheques on hand and remittances in transit		0.90	9.75
Balances with scheduled banks			
- Current account		8,169.82	3,811.10
- Deposit account		1.00	40,319.63
Balances with other banks			
- Current account		499.38	605.74
- Deposit account		114.00	362.62
		8,808.36	45,137.01
Balances with other banks	Currency		
- Current account			
ABSA Bank - South Africa	South African Rand	53.17	491.68
Bank of America - Hong Kong	US \$	0.29	0.10
Citi Bank - London	US \$	286.57	-
Citi Bank - New York	US \$	-	0.17
HSBC - Egypt	US \$	0.17	0.37
Indian Oceanic International Bank - Mauritius	Mauritian rupees	4.57	51.98
National Bank of Sharjah - Sharjah	Dirham	11.16	7.94
National Bank of Sharjah - Sharjah	US \$	74.87	51.02
Standard Chartered Bank - Ghana	Ghana Cedis	67.01	0.62
Standard Chartered Bank - Ghana	US \$	1.15	0.38
State Bank of Bangladesh - Bangladesh	Taka	0.42	1.48
- Deposit account			
Bank of America - Hong Kong	US \$	-	241.93
Standard Chartered Bank - Ghana	Ghana Cedis	114.00	120.69
Maximum balance at any time during the year			
- Current account			
ABSA Bank - South Africa	South African Rand	658.96	549.92
Bank of America - Hong Kong	US \$	445.44	4,838.95
Citi Bank - London	US \$	1,381.38	-
Citi Bank - New York	US \$	0.17	0.29
HSBC - Egypt	US \$	4.58	4.15
Indian Oceanic International Bank - Mauritius	Mauritian rupees	164.95	82.40
National Bank of Sharjah - Sharjah	Dirham	224.88	141.02
National Bank of Sharjah - Sharjah	US \$	330.81	355.66
Standard Chartered Bank - Ghana	Ghana Cedis	118.66	70.88
Standard Chartered Bank - Ghana	US \$	20.99	5.02
State Bank of Bangladesh - Bangladesh	Taka	3.98	7.44
- Deposit account			
Bank of America - Hong Kong	US \$	2,761.52	1,213.34
Standard Chartered Bank - Ghana	Ghana Cedis	120.69	133.90

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT MARCH 31, 2009**

	2009	2008
	Rs. Lakhs	Rs. Lakhs
1.10 LOANS AND ADVANCES		
Advances recoverable in cash or in kind or for value to be received	34,336.63	40,572.55
Long term monetary assets in foreign currency		
– Loans to overseas body corporates	28,084.19	35,717.63
– Exchange gain / (loss) on translation (Refer Note 11.1 to the Accounts)	5,762.72	(1,854.71)
	<u>33,846.91</u>	<u>33,862.92</u>
Balances with customs, port trust, central excise, etc.	5,828.98	4,864.90
Other receivables	6,369.89	4,541.54
	<u>80,382.41</u>	<u>83,841.91</u>
Less Provision	1,428.06	1,428.06
	<u>78,954.35</u>	<u>82,413.85</u>
Of the above,		
1. Unsecured - Considered good	78,954.35	82,413.85
- Considered doubtful	1,428.06	1,428.06
2. Due from a Director / Officers		
– At the end of the year	3.38	11.96
– Maximum amount due at any time during the year	11.96	15.36
3. Advances for capital items and investments	4,490.09	13,183.77
4. Interest accrued on Investments	689.49	534.04
5. Advance Income tax (net of provision)	5,529.91	366.03

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT MARCH 31, 2009**

	2009	2008
	Rs. Lakhs	Rs. Lakhs
1.11 CURRENT LIABILITIES AND PROVISIONS		
Liabilities		
Acceptances	66,124.93	44,254.99
Creditors for materials and expenses		
- Micro and Small enterprises	2,977.87	6,635.54
- Others	108,026.33	122,620.18
Other liabilities	6,458.87	18,347.74
Interest accrued but not due on loans	3,298.41	812.39
	<u>186,886.41</u>	<u>192,670.84</u>
Provisions		
Fringe benefit tax - net	137.07	13.00
Proposed dividend	13,303.38	19,977.12
Corporate dividend tax on proposed dividend	2,260.91	3,395.11
Product warranties	5,533.70	5,026.48
Employee benefits	5,573.11	6,111.38
	<u>26,808.17</u>	<u>34,523.09</u>
	<u>213,694.58</u>	<u>227,193.93</u>
Of the above,		
1. Provision made during the year		
- Product warranties	507.22	1,453.58
- Employee benefits	(538.27)	519.86
2. Other liabilities include		
- Unclaimed matured fixed deposit and interest accrued thereon	-	0.80
- Unclaimed dividends	300.23	219.46
3. Creditors for materials and expenses include		
- Gratuity	743.72	984.21
4. Provision for employee benefits relates to		
- Compensated absences	4,966.00	5,396.09
- Other defined benefit plans	607.11	715.29
1.12 MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Debenture issue / loan raising expenses	641.67	691.69
Premium on prepayment of borrowings	-	29.45
Compensation under voluntary retirement scheme	327.15	1,507.96
	<u>968.82</u>	<u>2,229.10</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED MARCH 31, 2009**

	Unit of Measurement	Volume	2009		2008	
			Rs. Lakhs	Volume	Rs. Lakhs	Volume
2.1 SALES AND SERVICES						
Sales						
Commercial vehicles	Nos.	54,431	551,949.97	83,307	810,166.28	
Engines and gensets	Nos.	21,447	44,227.79	11,757	23,541.73	
Spare parts and others			79,969.45		79,124.26	
			676,147.21		912,832.27	
Services			2,252.11		1,345.71	
			678,399.32		914,177.98	
Less Commission, rebate and discounts			11,735.31		19,463.26	
			666,664.01		894,714.72	

	2009		2008	
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
2.2 OTHER INCOME				
Income from current investments				
Dividend		413.31		198.42
Income from long term investments				
Dividend - Trade	262.45		35.43	
- Other than trade	187.56		193.12	
Interest - Other than trade	1,049.30		1,049.34	
		1,499.31		1,277.89
Profit on disposal of fixed assets - net		374.48		419.01
Profit on disposal of investments				
- Current	1.31		0.27	
- Long term	2,165.17		3,339.30	
		2,166.48		3,339.57
Miscellaneous income		508.70		525.63
		4,962.28		5,760.52
Of the above,				
Tax deducted at source on income from:				
- Trade investments		4.49		3.51
- Other investments		-		236.96

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	2009	2008
	Rs. Lakhs	Rs. Lakhs
2.3 MANUFACTURING AND OTHER EXPENSES		
A Materials		
Consumption of raw materials and Components-net	432,185.73	574,805.88
Less Scrap sales	<u>4,296.52</u>	<u>5,049.49</u>
	427,889.21	569,756.39
Purchase of trading goods	20,219.17	16,352.67
B Employees' remuneration and benefits		
Salaries, wages and bonus	44,827.46	49,845.65
Contribution to provident, gratuity and other funds	4,894.07	5,063.96
Welfare expenses	<u>6,904.58</u>	<u>6,707.62</u>
	56,626.11	61,617.23
C Other expenses		
Power and fuel	3,841.99	4,488.71
Consumption of stores and tools	3,030.99	4,127.51
Repairs and maintenance		
- Buildings	1,288.81	1,692.77
- Machinery	5,029.66	5,748.40
Rent (net)	1,771.36	1,050.12
Rates and taxes	429.52	116.27
Insurance	495.12	398.08
Selling and administration expenses - net	31,426.40	33,153.68
Research and development	2,333.77	3,056.62
Provision for diminution in value of investments	364.80	-
Bad and doubtful debts/advances provided/written-off		
- Net of recovery/write back	<u>100.90</u>	<u>302.47</u>
	50,113.32	54,134.63
D Movement in value of stock of finished/ trading goods and work-in-progress		
Opening stock	73,955.22	64,207.68
Closing stock	<u>74,059.88</u>	<u>73,955.22</u>
(Increase)/ Decrease	(104.66)	(9,747.54)
E Excise duty in value of finished/ trading goods		
Increase/ (Decrease)	<u>(2,759.38)</u>	<u>173.00</u>
	551,983.77	692,286.38
F Less Expenses capitalised	819.91	66.72
	<u>551,163.86</u>	<u>692,219.66</u>
1. Rent includes amortisation of cost/value of leasehold assets as reduced by transfer from Revaluation reserve (Refer Note 3.7(b) to the Accounts)	391.42	48.84
2. Selling and administration expenses include Directors' sitting fees	13.40	15.40

**SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED MARCH 31, 2009**

	2009 Rs. Lakhs	2008 Rs. Lakhs
2.4 DEPRECIATION, AMORTISATION AND IMPAIRMENT		
Buildings	1,377.18	1,177.46
Plant and machinery	11,345.09	12,203.74
Furniture, fittings and equipment	1,842.58	1,351.21
Vehicles and aircraft	923.51	978.15
Assets given on lease		
- Buildings	15.03	11.61
- Plant and machinery - windmills	477.03	465.08
- Furniture, fittings and equipment	14.67	7.69
Intangible assets		
Computer software		
- Developed	260.81	222.05
- Acquired	781.49	484.83
Technical knowhow - acquired	854.93	885.21
	<u>17,892.32</u>	<u>17,787.03</u>
Less Transfer from Revaluation reserve (Refer Note 3.7(b) to the Accounts)	50.90	50.91
	<u>17,841.42</u>	<u>17,736.12</u>
Of the above, Impairment of		
- Plant and machinery	75.63	296.87
- Buildings	39.44	152.00

	2009 Rs. Lakhs	2008 Rs. Lakhs
2.5 FINANCIAL EXPENSES		
Interest	15,680.60	6,881.95
Others	1,979.77	1,481.08
	<u>17,660.37</u>	<u>8,363.03</u>
Less Interest earned on bills receivable, deposits and other accounts	3,858.67	2,146.71
Cash discounts earned	302.29	510.54
	<u>4,160.96</u>	<u>2,657.25</u>
Less Borrowing cost capitalised	1,628.54	731.77
	<u>11,870.87</u>	<u>4,974.01</u>
Of the above,		
1. Debenture issue / loan raising expenses amortised	124.33	23.35
2. Premium on prepayment of borrowings amortised	29.45	89.04
3. Tax deducted at source from interest earned	163.34	136.65

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

		2009		2008	
1.	Information regarding goods manufactured, imports and foreign currency transactions				
		Unit of Measurement			
1.1	Installed capacity - Two shifts (as certified by the Managing director)				
	Commercial vehicles	Nos.	1,00,500		84,000
1.2	Production				
	Commercial vehicles	Nos.	54,049		84,006
	Engines@ and gensets	Nos.	21,901		12,652
	@ Engines manufactured against spare capacity of commercial vehicles				
1.3	Finished / trading goods and work-in-progress	Rs. Lakhs		Rs. Lakhs	
	<i>Opening stock</i>				
	Commercial vehicles	Nos.	6,748	48,514.01	6,076
	Engines and gensets	Nos.	1,168	698.32	303
	Parts for sale				
	- Bought out finished			9,962.31	6,097.53
	- Works made			3,375.90	2,536.76
	Work-in-progress			11,404.68	10,950.68
	<i>Closing stock</i>				
	Commercial vehicles	Nos.	6,358	48,840.98	6,748
	Engines and gensets	Nos.	1,561	2,913.99	1,168
	Parts for sale				
	- Bought out finished			10,321.68	9,962.31
	- Works made			2,575.00	3,375.90
	Work-in-progress			9,408.24	11,404.68
	<i>Capitalised/ transferred for internal use and others</i>				
	- Commercial vehicles	Nos.	8		27
	- Engines and gensets	Nos.	61		30
1.4	Consumption of raw materials and components				
	Plates, sheets and angles	Tonnes	34,896	13,092.77	54,063
	Bars	Tonnes	3,069	1,835.12	531
	Steel tubes	Metres	25,496	12.15	30,468
	Tyres, tubes and flaps	Sets	4,61,480	34,447.85	726,909
	Forgings and castings			36,320.02	54,110.60
	Finished and other items			346,477.82	453,110.65
				432,185.73	574,805.88
	Of the above,				
	- Imported items			23,217.97	21,297.56
				5.37%	3.71%
	- Indigenous items			408,967.76	553,508.32
				94.63%	96.29%

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

	2009 Rs. Lakhs	2008 Rs. Lakhs
1.5 Imports (c.i.f.)		
Raw materials	24,762.09	16,372.41
Trading goods and others	850.74	655.65
Spares and tools	556.18	656.64
Capital items	29,381.78	13,617.24
	<u>55,550.79</u>	<u>31,301.94</u>
1.6 Expenditure remitted in foreign currency		
Royalty	33.47	17.46
Technical knowhow	12,340.09	4,097.01
Interest and commitment charges	3,681.59	2,607.90
Commission paid on sales	6,737.16	4,708.40
Research and development	493.51	1,364.80
Travel	414.28	335.87
Consultancy	470.91	2,431.28
Other expenses	8,600.27	4,609.60
	<u>32,771.28</u>	<u>20,172.32</u>
1.7 Earnings in foreign currency		
Export - FOB value	86,307.74	75,604.82
Interest	2,881.30	1,419.05
Others (Includes freight, insurance, dividend and commission earned)	9,116.48	4,253.23
	<u>98,305.52</u>	<u>81,277.10</u>
1.8 Dividend remitted in foreign currency		
Number of non-resident shareholders	1	1
Number of shares on which dividend was remitted	44,11,66,680	44,11,66,680
Dividend remitted during the year relating to previous year	6617.50	6,617.50
2 Information regarding managerial remuneration		
2.1 Remuneration to Managing Director and Whole Time Director		
Salary	111.17	86.70
Contribution to provident, gratuity and other funds	27.25	16.47
Commission	78.80	57.80
Perquisites	100.29	59.11
	<u>317.51</u>	<u>220.08</u>
Perquisites include amounts evaluated as per Income Tax Rules in respect of certain items.		
Remuneration to Whole Time Director is from May 8, 2008 - the date of his appointment.		
2.2 Computation of net profits under section 198 / 349 of the Companies Act, 1956		
Profit before tax	20,844.63	63,815.02
Add		
- Depreciation/ impairment as per books	17,841.42	17,736.07
- Directors' remuneration	330.91	235.49
- Amortisation of expenses relating to raising/ repayment of loans	153.78	112.40
- Provision for diminution in value of investments	364.80	-
	<u>39,535.54</u>	<u>81,899.14</u>
Deduct		
- Depreciation as per section 350 of the Act	17,841.42	17,598.57
- Capital profit on sale of fixed assets and investments	2,567.92	3,460.64
- Expenses relating to raising/ repayment of loans	73.93	678.43
Net Profit	<u>19,052.27</u>	<u>60,161.49</u>
The total remuneration as stated in 2.1 above is within the maximum permissible limit under the Act.		

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

	2009 Rs. Lakhs	2008 Rs. Lakhs
3. Other financial information		
3.1 Capital commitments (net of advances) not provided for (including Rs.301.19 Lakhs (2008 :Rs 7,294.84 Lakhs) in respect of Intangible assets)	33,573.33	68,856.31
3.2 Contingent liabilities		
a) Guarantees	29,361.48	6,639.38
b) Partly paid shares	0.14	0.14
c) Claims (net) against the Company not acknowledged as debts- Sales tax	2,563.36	1,076.65
- Others	1,266.91	2,078.32
d) Bills discounted	8,672.19	100,295.22
3.3 Interest charge on		
a) Debentures	1,149.35	618.71
b) Fixed loans	9,665.49	3,587.51
3.4 Auditors' remuneration		
Included under Selling and administration expenses		
For financial audit	30.00	30.00
For cost audit	1.50	1.50
For taxation matters	6.50	5.50
For company law matters	0.60	0.60
For other matters	25.65	27.75
Expenses reimbursed	7.26	4.47
3.5 Total Research and development costs charged to the Profit and Loss account (including amount shown under Schedule 2.3)	13,259.93	11,869.38
3.6 Impact of exchange (gain) / loss for the year in Profit and Loss Account due to:		
a) Translation / settlement	(3,437.33)	(4,763.30)
b) Amortisation of exchange differences	(600.01)	-
c) Depreciation on exchange differences capitalised	657.13	-
3.7 a) Useful lives of Fixed assets		Useful life (yrs)
(i) Useful lives lower than that derived from the rates specified in Schedule XIV to the Companies Act, 1956		
Buildings		
Revalued buildings are depreciated over the balance useful life as determined by the valuers		
Plant and machinery		
Assets subjected to impairment - revised carrying amount over its remaining useful life		
Windmills		12
Furniture, fittings and equipment		
Furniture and fittings		8
Office equipment		8
Data processing system		5
Vehicles		
Cars and motorcycles		3
Trucks and buses		5
(ii) Useful lives not prescribed in Schedule XIV to the Companies Act, 1956		
Intangible assets		
Computer software		
- Developed		5
- Acquired		5
Technical knowhow - acquired		5 / 6
b) Depreciation for the year computed on assets revalued as on December 31, 1984 over the balance useful life on straight line method includes a net charge of Rs.57.80 Lakhs(2008:Rs. 57.81 Lakhs) [Rs.6.90 Lakhs(2008:Rs. 6.90 Lakhs) in Schedule 2.3 and Rs.50.90 Lakhs (2008:Rs.50.91 Lakhs) in Schedule 2.4] being the excess over the depreciation computed by the method followed by the Company prior to revaluation and the same has been transferred from Revaluation Reserve to the Profit and Loss Account.		

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

		2009	2008
4.	Earnings per share		
	<i>Basic earnings per share</i>		
	Profit after taxation as per Profit and Loss account (in Rs. Lakhs) (A)	18,999.63	46,931.02
	Weighted average number of equity shares outstanding (B)	133,03,38,317	132,85,98,817
	Basic earnings per share (Face value Re. 1) (in Rs.) (A/B)	1.43	3.53
5.	Composition of net deferred tax liability	Rs. Lakhs	Rs. Lakhs
	Deferred tax liabilities		
	- Depreciation/ Research and development expenditure	33,732.71	26,735.89
	- Other timing differences	109.89	242.19
	Deferred tax assets		
	- Voluntary retirement scheme compensation	(499.51)	(328.65)
	- Unabsorbed depreciation	(5,946.90)	-
	- Other timing differences	(1,052.50)	(1,267.46)
		<u>26,343.69</u>	<u>25,381.97</u>
6.	Segment information		
	The Company is principally engaged in a single business segment viz., Commercial vehicles and related components and operates in one geographical segment as per Accounting standard 17 on 'Segment Reporting'.		
7.	Related party disclosure		
	a) List of parties where control exists		
	<i>Holding company</i>		
	Hinduja Automotive Limited, United Kingdom		
	Machen Holdings SA (Holding Company of Hinduja Automotive Limited)		
	Machen Development Corporation, Panama (Holding Company of Machen Holdings SA)		
	Amas Holdings SA (Holding Company of Machen Development Corporation)		
	b) Other related parties with whom transactions have taken place during the year		
	<i>Fellow subsidiary</i>		
	Hinduja Foundries Limited, a company under the same management		
	Hinduja Auto Components Limited		
	Hinduja Automotive (UK) Limited		
	<i>Associates</i>		
	Albonair GmbH, Germany		
	Ashley Airways Limited		
	Ashley Alteams India Private Limited		
	Ashley Biofuels Limited		
	Ashley Holdings Limited		
	Ashley Investments Limited		
	Ashley Transport Services Limited		
	Ashok Leyland (UAE) LLC, Ras Al Khaimah, UAE		
	Ashok Leyland Nissan Vehicles Private Limited		
	Automotive Coaches and Components Limited		
	Automotive Infotronics Private Limited		
	Avia Ashok Leyland Motors s.r.o, Czech Republic		
	Defiance Testing and Engineering Services Inc., USA		
	Gulf Ashley Motor Limited		
	Hinduja Leyland Finance Limited		
	Irizar TVS Limited		
	Lanka Ashok Leyland Limited, Sri Lanka		
	Nissan Ashok Leyland Powertrain Private Limited		
	Nissan Ashok Leyland Technologies Private Limited		
	<i>Key management personnel</i>		
	Mr. R Seshasayee, Managing Director		

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

	2009 Rs. Lakhs	2008 Rs. Lakhs
(c) Material Transactions with related parties		
(i) Purchase of raw materials and components		
<i>Fellow subsidiary</i>		
Hinduja Foundries Limited	15,213.17	21,845.16
<i>Associates</i>		
Automotive Coaches and Components Limited	7,441.62	9,110.38
Irizar TVS Limited	6,213.81	6,341.58
(ii) Sales		
<i>Associates</i>		
Lanka Ashok Leyland Limited	8,367.86	10,906.33
Gulf Ashley Motor Limited	6,793.38	5,159.83
Other associate companies	500.05	–
(iii) Other expenditure		
<i>Fellow subsidiary</i>		
Hinduja Foundries Limited	0.14	–
<i>Associates</i>		
Lanka Ashok Leyland Limited	365.96	611.50
Ashley Transport Services Limited	91.82	–
Avia Ashok Leyland Motors s.r.o.	–	107.55
Other associate companies	63.14	–
(iv) Advance / Current account - Net increase / (decrease)		
<i>Fellow subsidiary</i>		
Hinduja Foundries Limited	42.50	–
<i>Associates</i>		
Ashok Leyland Nissan Vehicles Private Limited	649.47	–
Nissan Ashok Leyland Technologies Private Limited	572.43	–
Defiance Testing & Engineering Services Inc.	0.20	622.32
Lanka Ashok Leyland Limited	–	500.40
Other associate companies	203.30	73.44
<i>Holding company</i>		
Hinduja Automotive Limited	81.46	(15.85)
(v) Interest and other income		
<i>Associates</i>		
Avia Ashok Leyland Motors s.r.o.	884.21	1,111.03
Defiance Testing & Engineering Services Inc.	432.05	356.63
Other associates companies	276.38	34.30
(vi) Dividend income		
<i>Fellow subsidiary</i>		
Hinduja Foundries Limited	218.49	–
<i>Associates</i>		
Lanka Ashok Leyland Limited	43.96	35.43
Other associate companies	13.00	–

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

	2009 Rs. Lakhs	2008 Rs. Lakhs
(vii) Dividend		
<i>Holding company</i>		
Hinduja Automotive Limited	6,782.19	10,173.28
<i>Key management personnel</i>	0.11	0.17
(viii) Remuneration to key management personnel		
Managing Director	193.23	220.08
(ix) Guarantees given		
<i>Associates</i>		
Avia Ashok Leyland Motors s.r.o.	21,236.70	2,817.46
Ashok Leyland (UAE) LLC	6,171.63	2,731.25
Automotive Coaches and Components Limited	335.00	–
(x) Acquisition / (disposal) of investments		
<i>Associate companies / Fellow subsidiaries</i>	4,128.87	1,717.50
(Refer note 4 in schedule 1.6)		
(xi) Advance given for share capital		
<i>Associates</i>		
Ashok Leyland Nissan Vehicles Private Limited	196.00	–
Ashley Biofuels Limited	99.56	–
Nissan Ashok Leyland Technologies Private Limited	96.00	–
Automotive Infotonics Private Limited	80.79	9.17
Ashley Alteams India Private Limited	0.50	275.83
(xii) Loans given by company		
<i>Associates</i>		
Avia Ashok Leyland Motors s.r.o.	7,590.90	11,859.00
Albonair GmbH	2,563.67	467.30
Ashok Leyland (UAE) LLC	1,208.19	1,763.26
Defiance Testing and Engineering Services Inc.	–	5,440.50
Other associate companies	279.87	–
(xiii) Loans repaid to company		
<i>Associates</i>		
Avia Ashok Leyland Motors s.r.o.	17,236.22	–
Ashok Leyland (UAE) LLC	1,276.86	–
(xiv) Outstanding balances		
– Debtors		
<i>Associates</i>		
Gulf Ashley Motors Limited	796.55	240.74
Lanka Ashok Leyland Limited	511.51	1,252.43
Nissan Ashok Leyland Technologies Private Limited	220.37	–
Other associate companies	156.76	102.23
– Loans and advances (including interest accrued)		
<i>Fellow subsidiary</i>		
Hinduja Foundries Limited	42.50	–
<i>Associates</i>		
Avia Ashok Leyland Motors s.r.o.	21,783.84	26,160.24
Defiance Testing and Engineering Services Inc.	8,317.34	6,230.21
Albonair GmbH	3,210.64	494.21
Ashok Leyland (UAE) LLC	2,531.71	1,877.81
Other associate companies	3,798.61	400.02

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

	2009 Rs. Lakhs	2008 Rs. Lakhs
<i> Holding company</i>		
Hinduja Automotive Limited	81.46	–
Machen Development Corporation	2,065.61	2,065.61
<i> Key management personnel</i>	1.72	2.39
– Creditors for materials and expenses		
<i> Fellow subsidiary</i>		
Hinduja Foundries Limited	766.10	1,226.89
<i> Associates</i>		
Irizar TVS Limited	864.85	437.81
Avia Ashok Leyland Motors s.r.o	–	25.21
<i> Key management personnel</i>	43.60	60.80
– Financial guarantees		
<i> Associates</i>		
Avia Ashok Leyland Motors s.r.o	21,236.70	2,817.46
Ashok Leyland (UAE) LLC	6,171.63	2,731.25
Automotive Coaches and Components Limited	1,000.00	665.00
(xv) Advances to associate companies in the nature of loan (excluding interest accrued) included in (xiv) above		
<i> Associates</i>		
Avia Ashok Leyland Motors s.r.o	21,302.40	26,118.12
Defiance Testing and Engineering Services Inc.	7,610.14	5,416.20
Ashok Leyland (UAE) LLC	2,529.66	1,838.86
Albonair GmbH	3,167.66	489.74
- Maximum loan (excluding interest accrued) outstanding during the year from associate companies		
<i> Associates</i>		
Avia Ashok Leyland Motors s.r.o	31,845.90	26,118.12
Defiance Testing and Engineering Services Inc.	6,901.88	5,518.80
Ashok Leyland (UAE) LLC	3,834.38	1,838.86
Albonair GmbH	3,167.66	489.74
8.	Out of the 1,00,000 Foreign Currency Convertible Notes (FCCN) aggregating to US\$ 100 million issued in April 2004, 1000 FCCN were outstanding as of March 31, 2009. Note holders have an option to convert each note of US\$ 1000 into 1,470 shares of Re.1 each at the prevailing conversion price of Rs.30. These notes have been redeemed on April 29, 2009 and hence not considered as dilutive. Cumulatively upto March 31, 2009, holders of FCCN aggregating to US\$ 99.00 million have exercised their option and were allotted 14,10,44,117 equity shares.	
9.	The company has entered into operating lease arrangements with various parties, for leasing out windmills. Ashok Leyland Project Services Limited, through its wind energy division, operates and maintains these assets and has guaranteed the following minimum lease rentals:	
	2009	2008
	Rs. Lakhs	Rs. Lakhs
(a) Receivable within one year from the end of the year	825.00	770.00
(b) Receivable between one year and five years	3,770.00	3,650.00
(c) Receivable after five years	1,975.00	2,930.00
(d) Amount recognized during the year	770.01	775.00
10. Derivatives		
The Company uses derivative financial instruments such as forward contracts, currency swap to hedge certain currency exposures, present and anticipated, denominated mostly in US dollars, EURO, Japanese YEN and Great Britain Pounds. Generally such contracts are taken for exposures materialising in the next twelve months. The Company actively manages its currency/interest rate exposures through a centralized treasury division and uses derivatives to mitigate the risk from such exposures. The use of derivative instruments is subject to limits and regular monitoring by appropriate levels of management. The limits and monitoring systems are periodically reviewed by Management and the Board. The market risk on derivatives is mitigated by changes in the valuation of underlying assets, liabilities or transactions, as derivatives are used only for risk management.		

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

The information on derivative instrument is as follows:

A] Derivative instruments outstandings:		In Lakhs	
Details	Buy/ Sell	Amount in foreign currency	
		2009	2008
Foreign Exchange Contracts			
- USD/INR	Sold	\$656.80	\$625.00
- USD/INR	Bought	\$391.40	\$86.34
- EUR/USD	Bought	€125.04	€62.77
- GBP/USD	Bought	£5.77	£13.50
- USD/JPY	Sold	\$55.60	\$151.72
- USD/CHF	Sold	\$10.00	\$8.35
Currency Swaps			
- USD/JPY	Bought	\$2,600.00	\$850.00

Refer Note 5 in Significant Accounting Policies for accounting treatment of such derivatives.

B] Foreign currency exposure not hedged by derivative instrument		In Lakhs			
Details	Amount (Foreign currency)		Amount Rs.		
	2009	2008	2009	2008	
Amount receivable on account of sale of goods, loans, deposits, etc.	\$653.93	\$979.79	32,459.94	39,309.15	
	Others	Others	3,210.64	494.21	
Amount payable on account of purchase of goods, loans, interest etc.	\$3,617.18	\$1,698.97	1,83,463.59	68,162.66	
	€200.56	€465.10	13,525.77	29,504.76	
	¥ 130.83	¥ 8,002.03	67.41	3,229.82	
	£70.12	£14.08	5,082.65	1,123.52	
	CHF 12.27	CHF 55.51	545.28	2,242.21	

11. Accounting for long term monetary items in foreign currency and forward contracts designated as cash flow hedge

11.1 Long term monetary items in foreign currency

Pursuant to the notification G.S.R.225(E) dated March 31, 2009 issued by Ministry of Corporate Affairs, the Company exercised its option irrevocably to account for exchange difference on Long term monetary items in foreign currency (i.e. whose term of settlement exceeds twelve months from date of its origination) as directed in the said notification.

Accordingly, all long term assets and liabilities outstanding in foreign currency are translated at closing rates as at March 31, 2009.

Exchange difference on translation or settlement of long term foreign currency monetary items at rates different from those at which they were initially recorded on April 1, 2007, whichever is later, in so far as it relates to acquisition of depreciable assets are adjusted to the cost of the assets. In other cases, such exchange differences are accumulated in "Foreign currency monetary item translation difference account" and amortised by recognition as income or expense in each year over the balance term till settlement occurs but not beyond March 31, 2011.

This is different from the method followed in the earlier year where all exchange differences on long term monetary items were reckoned in the Profit and Loss account.

The impact of the above adjustment pertaining to the current year is a higher net profit of Rs. 22,193.89 lakhs. The impact of such change amounting to Rs. 1,762.90 lakhs relating to the previous year is adjusted to opening General Reserve.

11.2 Forward contracts designated as cash flow hedges

The Company has adopted the principles of Accounting Standard 30 – Financial instruments: Recognition and Measurement, issued by the Institute of Chartered Accountants of India, with effect from April 1, 2008, in respect of forward contracts for firm commitments and highly probable forecast transactions meeting necessary criteria for designation as "Cash flow hedges". The gains and losses on effective Cash flow hedges are recognized in Hedge Reserve Account till the underlying forecasted transaction occurs. This is different from earlier year method of reckoning all gains and losses on the forward contract in Profit and Loss Account. The impact of this adjustment is a higher net profit of Rs. 3,455.33 lakhs.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

12. Employee benefits

a) Defined benefit plans - As per Actuarial valuation on March 31, 2009		Gratuity		Compensated absences			Other defined benefits plans			
		2009	2008	2007	2009	2008	2007	2009	2008	2007
A Expense recognised in the statement of Profit & Loss Account for the year ended March 31, 2009										
1	Current service cost	848.89	848.16	770.27	508.88	575.36	572.25	60.71	105.75	142.50
2	Interest cost	1,101.91	935.21	778.38	406.56	365.81	328.05	48.51	55.49	45.47
3	Expected return on plan assets	(1,062.60)	(855.96)	(695.43)	-	-	-	-	-	-
4	Net actuarial (gain) / loss recognised during the year	(144.49)	63.93	1,267.10	(717.43)	140.28	5.98	(80.40)	(64.19)	70.31
5	Total expense	743.72	991.34	2,120.32	198.01	1,081.45	906.28	28.82	97.04	258.28
B Actual return on plan assets										
1	Expected return on plan assets	1,062.60	855.96	695.43	-	-	-	-	-	-
2	Actuarial gain/ (loss) on plan assets	223.03	275.30	204.87	-	-	-	-	-	-
3	Actual return on plan assets	1,285.63	1,131.26	900.29	-	-	-	-	-	-
C Net Asset/ (Liability) recognised in the Balance Sheet										
1	Present value of the obligation	15,339.50	14,237.66	12,823.80	4,966.00	5,396.09	4,822.60	607.11	715.29	768.92
2	Fair value of plan assets	14,595.78	13,253.22	10,703.25	-	-	-	-	-	-
3	Funded status [surplus/ (deficit)]	(743.72)	(984.44)	(2,120.55)	(4,966.00)	(5,396.09)	(4,822.60)	(607.11)	(715.29)	(768.92)
4	Net Asset/ (Liability) recognised in the Balance Sheet	(743.72)	(984.44)	(2,120.55)	(4,966.00)	(5,396.09)	(4,822.60)	(607.11)	(715.29)	(768.92)
D Change in Present value of the Obligation during the year										
1	Present value of obligation as at beginning of the year	14,237.66	12,823.80	10,741.49	5,396.09	4,822.60	4,284.86	715.29	768.92	626.21
2	Current service cost	848.89	848.16	770.27	508.88	575.36	572.25	60.71	105.75	142.50
3	Interest cost	1,101.91	935.21	778.38	406.56	365.81	328.05	48.51	55.49	45.47
4	Benefits paid	927.50	708.74	938.31	628.10	507.96	368.54	137.00	150.67	115.57
5	Actuarial (gain) / loss on obligation	78.54	339.23	1,471.96	(717.43)	140.28	5.98	(80.40)	(64.19)	70.31
6	Present value of obligation as at end of the year	15,339.50	14,237.66	12,823.80	4,966.00	5,396.09	4,822.60	607.11	715.29	768.92

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

	Gratuity			Compensated absences			Other defined benefits plans		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
E Change in assets during the year									
1 Fair value of plan assets as at beginning of the year	13,253.45	10,703.48	8,741.60	-	-	-	-	-	-
2 Expected return on plan assets	1,062.60	855.96	695.43	-	-	-	-	-	-
3 Contributions	983.98	2,127.45	1,999.89	-	-	-	-	-	-
4 Benefits paid	927.50	708.74	938.31	-	-	-	-	-	-
5 Actuarial gain / (loss) on plan assets	223.03	275.30	204.87	-	-	-	-	-	-
6 Fair value of plan assets as at end of the year	14,595.56	13,253.45	10,703.48	-	-	-	-	-	-
F Experience adjustments in									
1 Plan liabilities - loss / (gain)	78.54	339.23	1,471.96	(717.43)	140.28	5.98	(95.57)	(64.19)	70.31
2 Plan assets - (loss) / gain	223.03	275.30	204.87	-	-	-	-	-	-
G Major categories of plan assets as a percentage of total plan									
		100%	Qualifying insurance policy						Unfunded
H Actuarial assumptions									
1 Discount rate	2009 8.0%	2008 8.0%	2007 7.5%						
2 Salary escalation	5.7%	6.3%	5.0%						
3 Expected rate of return on plan assets	8.0%	8.0%	7.5%						

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

- b) Gratuity is administered through Group Gratuity Scheme with Life Insurance Corporation of India. The expected return on plan assets is based on market expectation at the beginning of the year, for the returns over the entire life of the related obligation.
- c) During the year the Company has recognised the following amounts in the Profit and Loss Account in Schedule 2.3 B
- Salaries and wages includes compensated absences Rs. 198.01 Lakhs (2008: Rs. 1,081.45 Lakhs) and other defined employee benefits Rs. 13.64 lakhs (2008: Rs. 4.32 lakhs)
 - Contribution to provident, gratuity and other funds includes Provident fund and family pension Rs.2,708.90 lakhs (2008: Rs.2,646.74 lakhs), super annuation Rs.691.96 lakhs (2008: Rs.711.24 lakhs), gratuity Rs.743.72 lakhs (2008: Rs. 991.34 lakhs) and other funds Rs.717.32 lakhs (2008: Rs. 690.31 lakhs)
 - Welfare expenses includes contribution to employee state insurance plan Rs.28.25 lakhs (2008: Rs. 26.44 lakhs) and other defined employee benefits Rs. 15.18 lakhs (2008: Rs. 92.72 lakhs)
- d) The Company has adopted revised Accounting Standard 15 from financial year 2006-07. Comparatives have been provided since then.
- 13 The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. There are no over dues to parties on account of principal amount and / or interest and accordingly no additional disclosures have been made.
- 14 There is no current tax expense for the year as the Minimum Alternate Tax of Rs.2,223.66 lakhs is subject to credit under section 115JAA(1A) of the Income Tax Act, 1961 and hence is recognised as an asset as advances in schedule 1.10 to the Accounts.
- 15 Figures for the previous year have been regrouped / amended wherever necessary.

Signatures to Statement of Significant Accounting Policies, Schedules and Notes to the Accounts.

For and on behalf of the Board

K. SRIDHARAN

Chief Financial Officer

A.R. CHANDRASEKHARAN

Executive Director & Company Secretary

R. SESHASAYEE

Managing Director

R.J. SHAHANEY

Chairman

May 15, 2009

Chennai

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. State Code

Balance Sheet Date

Date Month Year

II. Capital Raised during the Year (Amount in Rs. Thousands)

Public Issue Rights Issue

Bonus Issue Private Placement

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities Total Assets

Sources of Funds

Paid-up Capital Reserves and Surplus

Secured Loans Unsecured Loans

Deferred Liability Foreign currency monetary item translation difference - net

Application of Funds

Net Fixed Assets Investments

Net Current Assets Misc. Expenditure

Accumulated Losses

IV. Performance of Company (Amount in Rs. Thousands)

Turnover Total Expenditure

Profit/Loss Before Tax $\begin{matrix} + & - \\ + & \end{matrix}$ Profit/Loss After Tax $\begin{matrix} + & - \\ + & \end{matrix}$

Earnings per share in Rs. Dividend Rate %

V. Generic Names of Three Principal Products of Company

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

For and on behalf of the Board

K. SRIDHARAN
Chief Financial Officer

A.R. CHANDRASEKHARAN
Executive Director & Company Secretary

R. SESHASAYEE
Managing Director

R.J. SHAHANEY
Chairman

May 15, 2009
Chennai

SHAREHOLDING PATTERN

ANNEXURE B TO DIRECTORS' REPORT – REPORT ON CORPORATE GOVERNANCE

Information as per Section 217(2A)(b)(ii) read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2009

NAME	AGE	DESIGNATION	DATE OF COMMENCEMENT OF EMPLOYMENT	REMUNERATION RECEIVED / RECEIVABLE	QUALIFICATION	TOTAL EXPERIENCE (YEARS)	PARTICULARS OF PREVIOUS EXPERIENCE
1	Abdul Ayub	DGM-Exports, Egypt	18.04.78	34,78,978	LAE	37	Asst Mech Foreman, APSRTC
2	Abraham TT	Special Director - Corporate Communications	15.11.91	53,69,928	B.Sc., MA, DMM, DBM	37	MICO Ltd., Manager, PR & Publicity
3	Adhinathan K*	GM - Marketing	03.11.08	14,76,977	B.Sc., B.Tech	25	Vice President, Carnation Auto India (P) Ltd
4	Akbar Khan A	Dy General Manager-P&A	06.05.85	39,08,340	MA, LLB	32	Dy Mgr. Travancore Titanium Products Ltd
5	Amrolia J.N.	Executive Director - Construction and Allied Business	16.05.80	1,22,89,801	BA(Hons), M.A.(P.M. & L.W.)	38	Selection & Training Manager, Brooke Bond
6	Anand TV	GM-Defence Sales	18.04.79	36,38,221	B.Sc., DMIT	35	Sales Engineer, L&T Ltd
7	Anup Bhat	Executive Director - Strategic Sourcing	14.06.00	1,01,33,036	B.Tech	30	Divisional GM, Eicher Royal Enfield Motors
8	Ashish Chandra	DGM- Special Vehicles, Corporate I	17.08.06	31,35,299	BE, Advanced Mech Engg	28	Director-Vehicles, Indian Army
9	Avinash Kumar Jain	ED-Project Planning	13.04.06	1,04,05,104	B.Tech., DBM, MMS	28	Director-Operations, Piaggio Vehicles P Ltd
10	Badrinathan R	DGM-Project Planning	22.10.81	30,23,846	BE	27	—
11	Bakshi BS Lt Col	DGM-Personnel & Admn., Pant Nagar Factory, UttarKhand	02.11.07	25,24,376	BA, PGDPM&IR	34	DGM (HR&SP), Tayo Rolls Ltd
12	Balachandran B	DGM- Total Quality Management, Corporate	05.02.87	26,02,729	B.Tech.	34	Asst Supdt, WG Forge & Allied Innds Ltd
13	Balasuubramanian S	Executive Director - Projects	01.01.73	1,10,49,510	B.E., Dip.in SQC & OR, ICWA (Inter), MBA	40	—
14	Begg J.R.W.	Head-Vehicle Engg	07.01.02	75,48,341	B.Sc. (Mech.Engg.) MBA	40	General Manager (Engg & R&D), Trans Mobile Ltd.
15	Belsare CG	Special Director -Engines	01.08.06	50,95,502	BE	28	Own Consultancy
16	Bhaskaran V	GM-Engine R&D	01.07.74	58,31,719	DME, BE	34	—
17	Bhattacharya SK	DGM-Purchase	14.10.83	30,98,475	BE, PG Cert.in Engg Bus Mgt	32	—
18	Bhima Sena Rau H	Resident Director-Dubai	01.03.04	65,25,546	BE, MBA	18	GM, Al Aquili Group, Dubai
19	Chadha RK	DGM-Vehicles	07.06.99	30,86,719	B.Sc.(Engg)	27	Vice-President, Rohit Auto Ltd
20	Chandramohan PG	GM-Pricing & Product Cost Engg	16.11.81	43,14,705	BE, MBA	27	—
21	Chandran V	AGM- Purchase BOR, Ennore	01.07.74	33,76,105	DME, BE, MBA	35	—
22	Chandrasekar S	DGM-Systems	18.09.81	37,29,515	B.Com., ICWA	37	Systems Analyst, Kudremukh Iron Ore Ltd
23	Chandrasekaran N	Special Director - Information Technology	30.06.04	69,24,431	B.Sc., DMIT	33	CEO, Esix Technologies
24	Chandrasekharan AR	ED & Company Secretary	17.04.06	1,04,15,728	B.Com. (Hons.), ACA, ACS, LLB, CAIIB	35	President, Orchid Chemicals & Pharmaceuticals Ltd
25	Chatterjee AK	Plant Director -Bhandara	03.02.97	53,69,326	B.E.	33	Manager - Maintenance, Voltas Ltd
26	Chopra AK	Manufacturing Manager-Alwar	10.02.83	35,23,311	BE	26	—
27	Devarajan R	Special Director - Product Development	01.10.68	68,01,459	B.Sc., DMIT	41	—
28	Gaffar A A	DGM-Project Planning	01.07.74	53,61,118	BE	34	—
29	Ganesan VR	DGM-Product Development	07.04.03	31,48,837	M.Tech.	26	Principal Member-R&D, TAFE
30	Ganesh M	DGM-Human Resources	21.08.06	31,67,206	B.Sc.,MA, PGDPM&IR, MBA, BGL	20	Sr Divnl Manager-HR, Caterpillar India P Ltd
31	Gopalakrishnan S*	DGM-Vehicles	01.05.75	27,43,091	BE	33	—
32	Gopalan J	DGM-Customer Group (MDV)	01.04.74	30,86,815	DME, PDAE, BE, PGDBM, MBA	35	—
33	Guin AK	DGM-Product Development	01.10.80	38,88,452	BE	41	Site Representative, Jessop & Co Ltd

NAME	AGE	DESIGNATION	DATE OF COMMENCEMENT OF EMPLOYMENT	REMUNERATION RECEIVED / RECEIVABLE Rs.	QUALIFICATION	TOTAL EXPERIENCE (YEARS)	PARTICULARS OF PREVIOUS EXPERIENCE
34 Gupta Alok Kumar	49	DGM-Project Planning	18.04.86	32,10,115	BE (Metal), Dip in Prodn Mgt	28	Senior Metallurgist, Lakshmi Precision Engg
35 Harihar P	47	GM-Hosur II	01.08.05	52,19,983	B.Sc., DBM	23	Director-Sourcing, GE Power Controls
36 Heslop WW Capt.	60	Pilot, Aircraft Division, Mumbai	01.01.08	77,89,590	Aircraft Pilot's Licence	35	NA
37 Hombali VM	56	Special Director-Customer Support	01.09.82	55,54,569	B.Tech., MBA	32	Engineer-Market Planning, HMT Ltd
38 Indira Banu GT*	59	AGM-Product Development	01.10.73	24,11,309	DME	38	—
39 Jairaj Sharma*	51	Special Director-Construction Equipment Project	01.11.07	9,02,020	BE, PGDMM, PDME	31	Associate Vice-President- Technical, Escorts Construction Equipment Ltd
40 Janardhanan TC	57	DGM-MPS	01.07.74	38,73,811	DME	35	—
41 Jayaram Krishnan *	50	Head - Telematics	13.10.08	19,05,376	B.Tech, PDGM	25	Director &CEO - American Megatrends India Ltd, Chennai
42 Jeyagoppu E	55	Head-Reliability	13.10.79	40,96,695	B.Sc., DMIT	29	—
43 Justin A	58	DGM - Machine Shop II, Ennore	01.05.75	28,44,698	BE	34	—
44 Kalsi SS	59	DGM-Parts	01.02.78	30,59,275	BE	31	—
45 Kannan G	55	GM- Vellivayalchavadi	25.07.07	41,00,205	BE, ME	31	Engineering Manager, Caterpillar India P Ltd
46 Karthick A	42	DGM - Vellivayalchavadi	30.06.07	28,71,743	B.Tech.	19	Director-Tech, IRIS Mfg Ltd
47 Karthik A	33	DGM - Program Management Office, Corporate	04.08.05	28,42,898	B.Tech., Master of Mgt	10	Analyst, TCS
48 Khalitan B	59	Special Director - Defence	05.08.79	56,65,826	B.E.	36	Regional Service Engineer, Hindustan Motors
49 Krishnan S	41	GM-Product Development, Corporate	06.12.07	25,53,546	B.Sc., B.Tech., ME, MBA	19	AGM (Engines), Tata Motors
50 Kumar VS	56	DGM-Exports	01.10.76	26,49,852	BE, PGDDBA, PGDFT, MBA	32	—
51 Lakshminarayanan PA Dr.	59	Head - Engine R&D, Hosur	16.05.02	50,52,650	B.Tech., M.S., Ph.D	30	Sr. GM - Research, Kirloskar Oil Engines Ltd
52 Lobo A	54	GM-Exports	21.08.80	41,16,973	BE	28	—
53 Madhukar Sharma	56	DGM - Spare Parts, Corporate	02.02.04	27,17,129	M.Com, PGDBM	33	DGM-Service, Kinetic Engg Ltd
54 Menon CBS	63	DGM-Product Development	28.01.91	32,31,835	B.Sc.(Engg), ME	37	Chief Development Engineer, Telco
55 Mohan M	50	DGM - Hino Engine Shop, Ennore	20.01.83	25,25,952	BE (Hons)	26	—
56 Mohana Srinivasan Mrs	54	GM-Finac Services	05.12.96	41,39,385	B.Sc., ACA ; CAIIB	30	Vice-President, Apple Credit Corporation
57 Mohanakrishnan N	57	Executive Director - Internal Audit	01.07.77	97,13,519	B.Sc., ACA.	33	Group Accounts Officer, Eastern Coal Fields Ltd.
58 Murali S	51	GM-Neptune Project	10.10.81	50,92,042	BE (Hons)	27	—
59 Muralitharan N	51	GM-Engine R&D	09.02.07	40,37,533	BE (Hons), MBA	27	Sr GM-R&D, Indian Pistons
60 Murugappan N	59	Plant Director-Ennore	01.05.75	57,84,993	B.E.	32	—
61 Muthusubramanian CS *	59	General Manager - Exports	01.07.74	39,45,657	B.E.	33	—
62 Nagesh Prakash K	52	Head-Mission Gamba	16.10.81	38,29,312	BE, MS	27	—
63 Nair MKR	62	General Manager - Special Projects	01.10.72	50,11,445	B.Sc. (Engg.), DIM	39	—
64 Narasimha Rao KVL	42	DGM - Strategic Sourcing , Corporate	29.11.07	24,92,805	BE	19	Divisional Manager-Materials, Tata Motors
65 Naresh Gupta	58	GM-Strategic Sourcing	13.12.06	51,75,451	B.Tech, MA (Mgt Science)	32	Country Head, Continental Engines Ltd
66 Nataraj M	67	Executive Director - Product Development	07.04.78	1,20,21,013	B.E.	45	Manager - Pfg. & Deypt. Bimetal Bearings Ltd, Coimbatore
67 Padmanabhan KG *	52	DGM-Manufacturing	01.07.74	26,60,946	B.Sc.(Engg)	34	—
68 Parameswaran R	53	DGM-Network Planning	21.07.80	33,06,283	B.Sc., DMIT	28	—
69 Parthasarathy K *	62	DGM-Product Development	15.10.74	29,94,424	M. Tech., MBA	37	Metallurgist, Telco

NAME	AGE	DESIGNATION	DATE OF COMMENCEMENT OF EMPLOYMENT	REMUNERATION RECEIVED / RECEIVABLE Rs.	QUALIFICATION	TOTAL EXPERIENCE (YEARS)	PARTICULARS OF PREVIOUS EXPERIENCE
70 Parthasarathy P *	56	COO - Defiance Technologies	04.09.08	23,05,879	DMIT, MSc.	39	President & COO, TVS-E Technologies Ltd, Bangalore
71 Plikiwal I S Brig	57	DGM- Admn , Pant Nagar Factory, Uttarkhand	01.09.07	24,43,180	MA, MBA	36	Brigadier, Indian Army
72 Pillai NSN	60	DGM- Information Security & Risk Management	20.01.82	36,20,869	B.Sc, ACA, CIA, CISM	35	—
73 Prabhat Khare	46	DGM - Planning, Ennore	16.01.07	32,08,715	BE, PGDM	26	Honda Siel Power Products Ltd.
74 Prakash C	55	DGM-Product Development	01.03.78	29,06,123	BE, M.Tech.	31	—
75 Prasanna Deshpande	55	GM-Engine R&D	03.01.00	39,07,920	M.Tech.	30	Manager-Design, Texmaco
76 Purushotam Hinduja Capt.	45	Pilot, Aircraft Division, Mumbai	05.09.07	66,64,161	Aircraft Pilot's Licence	20	NA
77 Purushotaman R	50	DGM - Quality Engg., Ennore	17.02.83	34,70,862	BE (Hons), MS	26	—
78 Rajagopal R	59	DGM-Manufacturing Services	02.06.81	44,11,396	BE, PGDMM	36	Maintenance Engineer, Best & Crompton Ltd
79 Rajagopala Menon R	54	Executive Director-Product Development	09.08.80	74,00,342	B.Tech.	28	—
80 Rajan P	56	DGM - Hosur 1	16.09.81	26,92,755	BE	30	Asst Prodn Engr, TAFE
81 Rajaraman N	54	DGM-Materials	12.09.79	29,65,333	BE, MBA	29	—
82 Rajendra Kumar K	45	DGM-Strategic Sourcing	03.07.06	34,75,437	BE, PGDBA	23	GM-Strategic Sourcing, Royal Enfield Motors
83 Rajesh S	49	DGM-Marketing Services	20.01.83	34,22,441	BE	25	—
84 Rajinder Malhan	60	Executive Director - International Operations	29.05.02	1,21,11,477	B.Sc (Engg.)	43	Consultant
85 Rajive Saharia	50	ED-Marketing	02.06.07	65,26,082	BE (Hons)	27	President, Brose India Automotive Systems P Ltd
86 Raju S	58	DGM- Strategic Sourcing, Ennore	14.02.79	28,71,676	BE	35	Prodn Engr, Suri & Nayar Ltd
87 Rakesh Gupta*	50	GM-Corporate HR	10.11.00	29,84,165	B.Tech (Mech), PGDIE, FICWA	28	Business Devpt Manager, BOC India Ltd
88 Rakesh Jain	48	DGM -Home Sales - MDV, Kolkata	10.01.85	33,44,367	B.Sc., B.Tech., PGDM	23	—
89 Rama Rao A	57	GM-Project Planning	01.04.75	40,43,800	BE	34	—
90 Ramachandran S *	60	Head-Corporate Quality Engg	01.07.74	35,25,282	BE, Dip in SQC & OR	34	—
91 Ramadurai SG	57	Special Director - Projects	10.05.82	56,14,512	B.E.	34	Sales Executive, Greaves Cotton & Co. Ltd.
92 Ramakumar M	59	DGM-Product Development	01.01.75	38,03,909	DME, BS	34	—
93 Raman KS	56	DGM-Parts	10.08.85	32,65,803	BE, DIM	35	Asst Sales Manager, Shardlow India Ltd
94 Ramani NV	51	Regional Manager-West	23.04.83	27,59,604	BE, MBA	26	—
95 Ramesh V	51	GM-Product Development	28.02.83	34,78,132	B.Tech.	26	—
96 Ranji Narayanawamy	56	GM-South	01.03.81	42,90,635	BE	35	Sales Asst, Kavery Structural
97 Ramkumar K	45	DGM-Corporate Treasury	07.03.96	34,76,467	M.Com, AICWA, ACS	21	Manager-Finance, MAC Industries
98 Ranganathan PK	51	DGM-Finance	13.11.85	40,15,147	B.Com, ACA, AICWA	26	Sr Asst, S Viswanathan, Chartered Accountants
99 Ranganathan TR	51	DGM-Production	19.01.83	36,32,000	BE, MBA	26	—
100 Rao RN	55	Special Director-Sales & Service	30.09.93	58,31,398	B.E. MMM	32	Sales Engineer , Lucas TVS Ltd
101 Ravi OR	54	DGM - Planning, Ennore	10.12.80	25,44,056	BE, DIIT, PGDBA	32	—
102 Ravichandran K	51	DGM-Strategic Sourcing	23.10.81	33,03,622	BE	27	—
103 Ravichandran VS	53	Regional Manager-North	12.09.79	32,18,201	BE	29	—
104 Ravindran SN	60	AGM - Exports - Corporate	02.07.84	27,38,682	BE (Elec)	38	—

NAME	AGE	DESIGNATION	DATE OF COMMENCEMENT OF EMPLOYMENT	REMUNERATION RECEIVED / RECEIVABLE Rs.	QUALIFICATION	TOTAL EXPERIENCE (YEARS)	PARTICULARS OF PREVIOUS EXPERIENCE
105 Saravanan N Dr	43	Special Director -Product Development	25.09.05	63,49,930	BE, MS, PhD, MBA	14	Strategic Planning Manager, Intel Corporation, USA
106 Sasikaran G	51	GM-Personnel & Admn, Ennore	10.07.03	30,97,880	BA, MA (SW)	28	DGM-P&A, Hindustan Aeronautics Ltd
107 Sathya Prasad M Dr	41	Section Head-Advanced Engg	18.04.04	30,98,108	BE, MS, PhD	18	Principal Engineer, Dana Corporation, USA
108 Sathyarayanan A	49	DGM-Systems	19.01.83	33,34,396	BE (Hons)	26	—
109 Seetharaman P	55	DGM-Export Finance	04.02.81	32,53,428	B.Com, ICWAI	33	Accounts Asst, Indian Organic Chemicals
110 Sekar J	51	DGM - Tech Centre	23.07.80	24,29,970	DME, BS, M. Tech.	30	Supervisor, Krishna Fabrications P Ltd
111 Seshadri A	53	DGM-Mission Summit	12.09.79	31,31,766	B.Sc., DMIT, MBA	29	—
112 Seshadri KS	56	DGM-Product Development	01.04.75	33,67,859	DME, B.Tech.	34	—
113 Seshan N	58	AGM - Purchase BOR , Ennore	01.09.75	29,30,519	DME	37	Asst Foreman, Vispa Corpn Ltd
114 Seshasayee R	61	Managing Director	21.01.76	2,09,23,926	B.Com., A. C.A.	38	Manager - Accounts, Hindustan Lever Ltd.,
115 Shekhar Arora	56	Executive Director -HR	02.01.81	76,89,135	B.A., MSW	32	Personnel Officer, Oswal Steel
116 Sivaraman L	48	DGM-Product Development	15.10.07	34,30,361	BE, PGDBA	24	Joint GM, L&T e-Engg Solutions
117 Soundararajan G	60	General Manager - Hosur I	01.03.74	45,03,817	B.E. DIM	34	—
118 Sridharan Balaji K	54	GM-Manufacturing	21.10.79	37,02,013	BE	29	—
119 Sridharan K	54	Chief Financial Officer	06.03.82	1,13,38,009	B.Com., ACA, Grad.CWA	32	Sr.System Analyst, Tata Consultancy
120 Srikanth Srinivasan	52	Spl. Director - HR	26.03.82	25,92,236	B.Com. , MA (Pers Mgt)	30	Personnel Officer, ACC Ltd.
121 Srinivasan Anand	54	DGM - Sales Finance, Corporate	26.02.07	25,29,008	B.Com., ACA	31	GM-Operations, Sakthi Finance Ltd
122 Srinivasan R	60	General Manager -Finance	01.08.76	42,87,355	B.Sc., ACA	32	—
123 Srinivasan R	52	DGM - Planning, Ennore	21.07.80	27,11,165	BE	29	—
124 Srinivasan S	61	AGM- Technical Centre VVC	02.09.79	25,19,763	BE, Dip in SQC & OR	39	Asst Supdt, Telco
125 Srinivasan SR	56	GM - Internal Audit	10.07.82	32,83,989	B.Com, ACA	31	Chief Accountant, Cymax Distributors P Ltd
126 Stanley Johnstone	55	DGM-Chassis Assembly	06.01.80	33,34,717	BE	29	—
127 Subramanian KV	59	GM-Project Planning	01.07.74	37,72,715	BE, DIIT	34	—
128 Sudhir Kumar Jaiswal *	42	SD-Projects	12.11.07	14,02,479	B.Sc.(Engg), CFA, MBA	19	Chief, Corp & Project Finance, Tata Steel
129 Sumit Vyas	41	DGM - Engines, Delhi	01.09.05	24,19,318	BE, ME, PGDBA	20	Branch Manager, Honda Stiel Power Products Ltd
130 Sundaram Parthasarathi	56	Special Director - Business Planning	01.10.78	58,49,245	B.E., M.S. (U.S.A.)	30	—
131 Sundararajan MS	52	DGM-Quality Engg	25.07.80	30,60,510	BE	28	—
132 Sundararajan N *	59	Executive Director	05.06.96	87,58,930	B.Com., AICWA, FCS, PGDBM	37	President, Sundaram Industries Ltd.,
133 Sundararaman CN	58	DGM-Improvement Cell, Ennore	28.01.82	25,54,966	BE, PGIE, PGTD	34	Junior Exec, Fertilizer Corpn of India
134 Surendran J	56	DGM-Manufacturing	20.06.96	34,95,045	BE	31	—
135 Surendranath M	49	DGM-Technical Services	14.10.84	34,62,920	BE, MBA	24	—
136 Swaminathan R	58	DGM-Customer Support Group	01.11.75	27,78,242	BE, MBA	33	—
137 Tiwari SD	52	DGM-Production & Plant Engg	27.11.83	36,73,039	BE	26	—
138 Udayashanker BM	59	Executive Director - Manufacturing	01.07.74	1,10,95,842	B.E.	38	—
139 Umopathy K	64	DGM-Product Development	05.10.78	34,43,696	DME, DBM	41	Engineer-IED, Enfield India Ltd
140 Umesh Chandra*	49	CEO-ADES	06.06.07	17,85,598	BE, MBA, M. Tech.	22	Director-Engg Services, Quest Engg & Software Technologies P Ltd
141 Umesh Gautam	54	DGM - Exports, Sri Lanka	31.03.78	28,63,849	DAE, BA	34	Jr Foreman, UPSRTC

NAME	AGE	DESIGNATION	DATE OF COMMENCEMENT OF EMPLOYMENT	REMUNERATION RECEIVED / RECEIVABLE Rs.	QUALIFICATION	TOTAL EXPERIENCE (YEARS)	PARTICULARS OF PREVIOUS EXPERIENCE
142 Usha Soman	55	DGM-Training	09.12.96	30,26,939	B.Sc., MBA	31	Sr Exec-CHRM, National Dairy Development Board
143 Varadarajan V *	52	GM-Systems	13.11.81	41,59,631	B.TECH, PGDBM, AMIE, PGDFM, PGDMM, ERP(SAP), SMS&DDS	27	—
144 Vasudevan NS	61	GM-Projects	19.08.81	45,88,878	B.Sc., DMIT	37	Senior Engineer, International Instruments Ltd
145 Ved Parkash*	52	DGM-Quality Assurance, Hosur 2	01.10.08	13,84,254	B.Sc. (Engg)	29	Associate Vice-President, Hi Tech Gears Ltd
146 Venkat Subramaniam B	47	Special Director-Marketing	01.08.03	58,71,068	B.Tech. PGDBM	22	GM - Sales , TVS Motor Co.
147 Venkata Subramanian SH Dr.	47	Section Head-Advanced Engg	23.06.04	32,75,416	BE, M.Tech., Ph.D	20	Mechanical Engineer, GE India Tech Centre P Ltd
148 Venkatesh Natarajan	46	GM-Systems	15.03.00	38,60,901	BE, ME (MGT), M.Tech, PGD in Computer	23	ERP Consultant, Continental Information
149 Venkatraman S	51	DGM-Legal	22.11.04	34,28,941	B.Com., BL	25	Sr Manager-Legal, Tata Teleservices Ltd
150 Venkatramani N	58	GM-Projects	30.11.79	40,55,237	BE	34	Jr Executive, Dalal Consultants & Engineers
151 Venugopalan R	57	GM - Finance, Ennore	01.12.83	34,53,695	B.Com, ACA	31	Accounts-cum-Admn Officer, Geep Industrial Syndicate Ltd
152 Vijayakumar Unni VK	55	GM-Project Planning	29.03.79	29,19,433	BE	33	Engineer, ACC Vickers Babcock Ltd
153 Vinod K Dasari	42	Whole-time Director & Chief Operating Officer	01.04.05	1,62,10,516	BS (Engg) Kentucky, USA ; MEM, Northwestern University, USA ; MBA Kellogg School of Management, USA	20	JMD, Cummins India Ltd.
154 Viswanathan G	55	GM-Product Development	26.05.78	34,04,429	BE, MS	30	—

* Part of the year

1. Gross remuneration shown above is subject to tax and comprises Salaries, Bonus, Allowances, medical benefits. Leave Travel Assistance as applicable in accordance with the Company's rules, Commission, Company's Contribution to Provident Fund and Superannuation Fund and perquisites evaluated as per Income-Tax rules. In addition to the above, the employees are entitled to Gratuity.
2. All appointments are contractual.
3. None of the employees is a relative of any Director of the Company.
4. The above list does not include employees on deputation.



ASHOK LEYLAND
ENGINEERING YOUR TOMORROWS

ASHOK LEYLAND LIMITED

Corporate Office: No. 1 Sardar Patel Road, Guindy, Chennai – 600 032.
Tel.: +91 44 2220 6000; Fax +91 44 2220 6001; www.ashokleyland.com

