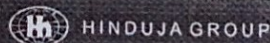


DRIVING THE GREEN AMBITION

Annual Report 2014 - 15

Reviewed By - Vishal Khandelwal
Safalniveshak.com



Disclosure - No holdings

CHAIRMAN'S MESSAGE



Dear Shareholder,

I am happy as always to connect with you to reflect on the performance of Ashok Leyland in the year that went by and share with you our aspirations for the future.

Clearly, 2014-15 has been a watershed year for Ashok Leyland. Though the commercial vehicle industry had not fully recovered from the preceding years of slow down, Your Company posted commendable all-round performance. This was possible to a large measure due to the relentless pursuit of internal efficiencies, product and market actions and above all a greater thrust in customer orientation. The highlights of performance include

- ❖ Increase in market share of the Medium & Heavy Commercial Vehicle (M&HCV) segment from 26.1% to 28.6% in the face of fierce competition → Good performance
- ❖ Increase in market share in the intermediate vehicle domain enabled by the newly introduced BOSS range
- ❖ Growth in export volume by 31.7% and maintaining leadership position in Sri Lanka, Middle East and Africa
- ❖ Strong growth in Defence and After-market businesses
- ❖ More than 11 times growth in profit after tax → Out of deep trouble, so a low base effect
- ❖ Among the best performing auto stocks globally → Eye on the stock price?

I would like to extend my appreciation to the entire Ashok Leyland team for their determination and efforts to make this possible. I truly believe that it is not a chance occurrence but a sustainable performance since structural changes have been effected in the operating business model. We should obviously not rest on our laurels or allow a sense of complacency to set in. With general economic conditions set to ease further, Your Company is poised to achieve even better in all areas in the coming year.

As Your Company marches another step in 2015-16 towards the Vision of becoming a global player of substance, due attention will be given to the concerns of our ecosystem, especially air pollution. It is not pleasant to read reports that Delhi is the most polluted city in the world and India has 13 of the global top 20 polluted cities and not act on it as responsible corporate citizens.

Your Company has always been at the forefront of pioneering new technologies into the Indian market even ahead of times, whether it be in trucks or buses and

→ CV industry has been cyclical, and Ashok Leyland's past performance has been very volatile ... so this statement seems a case of Recency Bias.

A HISTORICAL PERSPECTIVE OF THE COMPANY

	₹ lakhs										
	23.2		5.5		13.4		6.5				
Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	CAGR
Sales Volume											
Vehicles (numbers)	61,655	83,094	83,307	54,431	63,926	94,106	101,990	114,611	89,337	104,902	6.1%
Engines (numbers)	7,171	8,202	11,757	21,447	19,050	17,377	16,170	21,757	17,441	14,023	7.7%
Spare parts and others	78,380	54,684	79,124	79,969	88,506	106,194	155,400	181,458	121,257	139,169	6.6%
Revenue (Gross sales)	605,310	830,472	894,715	666,664	787,260	1,215,300	1,372,081	1,329,856	1,056,085	1,448,593	10.2%
Profit before tax	45,230	60,451	63,815	20,845	54,477	80,180	68,998	47,071	(9,122)	44,220	-0.3%
Profit after tax	32,732	44,129	46,931	19,000	42,367	63,130	56,598	43,371	2,938	33,481	0.3%
Net Margin (%)	5.4			2.9			4.1			2.3	
Assets											
Fixed assets	108,470	154,452	205,479	439,741	481,103	499,176	546,171	597,081	584,139	537,570	19.5%
Non-Current Investments	36,818	22,109	60,990	26,356	32,615	123,000	153,448	233,763	240,531	224,038	
Long term loans and advances	5,690	17,021	13,550	10,020	20,145	38,463	60,824	49,934	100,146	98,292	
Other non-current assets	420	2,330	2,076	823	363	316	743	1,203	3,309	1,950	
Non-Current Assets	151,398	195,912	282,095	476,940	534,226	660,955	761,186	881,981	928,126	861,850	
Current Investments	-	-	-	-	-	-	-	-	38,438	40,845	
Inventories	90,256	107,032	122,391	133,001	163,824	220,890	223,063	189,602	118,870	139,853	
Trade Receivables	42,434	52,288	37,583	95,797	102,206	116,450	123,076	141,941	129,901	125,769	
Cash and Bank balances	60,288	43,494	45,137	8,808	51,892	17,953	3,256	1,394	1,169	75,129	
Short Term loans and Advances	24,573	49,937	68,864	68,934	75,901	33,439	72,657	87,134	47,201	56,882	
Other current assets	310	112	154	146	155	9,644	8,337	7,618	17,095	30,821	
Current assets	217,861	252,863	274,129	306,686	393,978	398,376	430,389	427,689	352,674	469,300	
Total	369,259	448,775	556,224	783,626	928,204	1,059,331	1,191,575	1,309,670	1,280,800	1,331,149	
Financed by											
Share capital	12,216	13,239	13,303	13,303	13,303	13,303	26,607	26,607	26,607	28,459	
Reserves and surplus	129,029	176,218	201,595	334,470	352,327	382,993	394,626	418,903	418,182	483,411	
Shareholders funds	141,245	189,457	214,898	347,773	365,630	396,296	421,233	445,510	444,789	511,869	15.4%
Long term borrowings	60,641	46,152	70,632	185,826	211,819	234,813	229,335	273,784	329,650	256,634	
Deferred tax liability - Net	17,969	19,693	25,382	26,344	38,454	44,389	49,037	52,737	40,677	51,027	
Long-term provisions and Liabilities	7,113	8,860	9,286	9,410	11,421	7,846	7,656	8,029	7,024	8,067	
Non-current liabilities	85,723	74,705	105,300	221,580	261,694	287,048	286,028	334,550	377,351	315,728	
Short-term borrowings	69	14,328	-	-	-	-	10,175	76,698	58,741	2,500	
Trade payables	104,595	143,368	173,511	177,129	233,168	230,851	257,097	248,537	221,415	282,832	
Other current liabilities	18,578	25,354	37,278	19,746	42,264	103,442	175,005	173,507	169,691	192,615	
Short-term provisions	19,049	1,563	25,237	17,398	25,449	41,694	42,037	30,868	8,813	25,605	
Current liabilities	142,291	184,613	236,026	214,273	300,880	375,987	484,314	529,610	458,660	503,552	
Total	369,259	448,775	556,224	783,626	928,204	1,059,331	1,191,575	1,309,670	1,280,800	1,331,149	
Basic Earnings Per Share (₹)	2.74	3.38	3.53	1.43	3.18	2.37*	2.13*	1.63*	0.11*	1.20*	
Dividend per share (₹) (Face value ₹ 1 each)	1.20	1.50	1.50	1.00	1.50	2.00	1.00	0.60	-	0.45	
Employees (numbers)	11,845	12,125	13,304	11,938	13,662	15,812	15,734	14,668	11,552	11,204	

*Post Bonus Issue

Note: Though Figures for the periods prior to 2010-11 have been reclassified / rearranged / regrouped, wherever material, as per Revised Schedule - VI to the Companies Act, 1956 it may not be strictly comparable with figures for Financial year 2011-12 to Financial year 2014-15.

* Cyclicity clearly seen in volume sales, profits, margins and ROE. So, management's talks of "sustainable growth" is highly doubtful.

DIRECTORS' REPORT

Performance / Operations

The Directors have pleasure in presenting the Annual Report of the Company, together with the financial statements, for the year ended March 31, 2015.

Financial Results

₹ Lakhs

	2014-15	2013-14
Profit before tax	44,219.67	(9,121.89)
Less: Tax Expense	10,739.07	(12,060.00)
Profit after tax	33,480.60	2,938.11
Balance profit from last year	115,169.99	110,486.65
Transfers:		
a) From Debenture Redemption Reserve to Statement of Profit and Loss	-	1,750.00
b) From Statement of Profit and Loss to Debenture Redemption Reserve	19,625.00	-
c) Adjustment pursuant to amalgamation	-	(4.77)
Profit available for appropriation	129,025.59	115,169.99
Appropriation:		
Proposed dividend	12,806.44	-
Corporate dividend tax thereon	2,607.09	-
Balance profit carried to Balance Sheet	113,612.06	115,169.99
Earnings Per Share (Face value ₹ 1/-)		
- Basic and Diluted (in ₹)	1.20	0.11

Company Performance

During the year under review, your Company witnessed a modest recovery in the Indian economy, enabling the **Medium & Heavy Commercial Vehicle (M&HCV) industry to signal an uptrend after two years of down cycle**. Whilst overall commercial vehicle volumes declined by 2.8% over the previous year, the M&HCV segment volumes increased by 16%. Your Company improved its market share from 26.1% to 28.6% in the M&HCV segment, facilitated by appropriate product mix in the growth segments, a sustained focus on meeting customer requirements and initiatives in network expansion. **M&HCV export volumes grew by 31.7%** to 11,218 units from 8,511 units last year, enabled by growth in target export markets.

In the Light Commercial Vehicle segment, the industry volumes contracted by 13.4%. However, your Company has been able to sustain the market share in the small Commercial Vehicle (2-3.5T) segment supported by sustained product improvements and variants on DOST, which is the 2nd largest player in the segment. The new PARTNER range of products has also achieved significant market share in the 6-7.5T segment, its first full year after launch.

Power Solutions Business continued to have subdued demand due to improved power availability and slowdown in Industrial / Agricultural segments. The Spare Parts volumes have bounced back due to higher demand and focused actions at improving parts availability and competitiveness.

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

Dividend

The Directors recommend a dividend of 45% (₹ 0.45 per equity share of ₹ 1/- each) for the financial year ended March 31, 2015. Payment of dividend is subject to the approval of shareholders at the ensuing Annual General Meeting.

Fund Raising

Equity - Qualified Institutional Placement

During the year under review, your Company successfully placed 185,200,000 equity shares through the process of Qualified Institutional Placement (QIP) and raised an amount of ₹ 666.72 crore. The proceeds received through QIP were utilised for the purpose for which it was raised.

Consequent to the above, the paid up value of the equity share capital of the Company stands increased from ₹ 266.07 crore to ₹ 284.59 crore.

Debt

Secured Non-Convertible Debentures (NCD)

During the year, your Company redeemed in full NCD Series AL 14 placed in July 2010 amounting to ₹ 70 crore. No fresh NCDs were issued during the year.

Rupee Term Loans

Your Company has repaid or prepaid Secured Rupee Term Loan availed from Banks to the tune of ₹ 450 crore during the year. No fresh Term Loan was availed during the year.

External Commercial Borrowings (ECBs)

During the year under review, your Company repaid ECB loan instalments that fell due, equivalent to USD 71.66 Mn.

Your Company availed fresh ECBs for USD 20 Mn, from a Bank for an average tenor of 5 years on unsecured basis. The funds drawn under ECBs were utilised to fund capital expenditure program of the Company and other approved end uses as per extant Reserve Bank of India Guidelines and the terms of the loan.

As at March 31, 2015, long term borrowings stood at ₹ 3,325 crore as against ₹ 4,103 crore on March 31, 2014.

Corporate Matters

Human Resources

People are our most valuable asset and your Company places the engagement, development and retention of talent as its highest priority, to enable achievement of organisational vision. Structure, Process and Culture are the cornerstones of our Human Resources strategy and we have made strides in each area during the last year.

Employee involvement across Indian and International locations and recognition for individual and team achievements received another fillip. Chairman's Awards were celebrated with much fanfare with careful selection amongst highest contributing initiatives by an eminent external jury panel. IMPROVE, our signature program for cross functional teams to participate in innovation on an enterprise wide level, reached a new benchmark with more than 10,000 participants. The BLESSING scheme at Pantnagar delivered its first 133 graduates of the four year NTTF program being hosted by your Company for students from Uttarakhand. All of them qualified the rigorous technical test for absorption into the Company's Diploma Trainee program and have been posted to functions across locations for further inputs.

→ Selective disclosure — When mkt. share is high/rising, they share the numbers. When mkt. share is small, they avoid sharing details!

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

A. MARKET TRENDS

Economy – India

In 2014, the global economy grew by 2.6% (United Nations WESP report 2015). Growth was driven by developing economies, sustained growth in the United States (US) and a moderate revival in European Union.

The Indian economy posted 7.4% growth in the financial year 2014-15 (Central Statistics Office 2011-12 base years, Advance Estimates) as against 6.9% in the financial year 2013-14. Industrial sector gained momentum with Manufacturing, Construction and Electricity & Utilities growing by 6.8%, 4.5% and 9.6% respectively as against 5.3%, 2.5% and 4.8% in the previous year. However mining slowed down to 2.3% from 5.4% and the Agricultural sector slowed down to 1.1% from 3.7% in the previous year. Overall, improved business sentiment, lower oil prices and policy measures helped the economy to build momentum.

According to International Monetary Fund, the global economy is expected to grow at 3.5% in 2015 and 3.8% in 2016. However, Global recovery will continue to be moderate and uneven. While developed economies are expected to strengthen, aided by lower oil prices and low interest rates, most emerging economies are expected to slow down moderately, due to country specific reasons-with India being an exception. The Indian economy is expected to grow by 7.5% in 2015-16.

Most economists believe that the Indian economy is at an inflexion point and is set for sustained growth in coming years. Lower oil prices, contained inflation, stable financial sector and expected policy actions will support growth this year. Year 2015-16 is also expected to see growth picking up in the mining sector, particularly Iron Ore and Coal.

Downside risks include poor monsoon, increase in interest rates in US leading to capital outflow, infrastructure bottlenecks and pending structural reforms.

Commercial Vehicle industry

The domestic Commercial Vehicle industry, while continuing to contract on an overall basis, has shown significant growth in select segments. After a decline of 2% and 20.2% in the financial years 2012-13 and 2013-14 respectively, the total industry volumes further contracted by 2.8% in the financial year 2014-15.

Medium & Heavy Commercial Vehicle (M&HCV) segment, after dropping by 23% and 25% in the financial years 2012-13 and 2013-14 respectively, grew by 16% in the financial year 2014-15. However Light Commercial Vehicle (LCV) segment, which grew by 14% in the financial year 2012-13 and dropped by 17.6% in the financial year 2013-14, continued to contract by 11.6% in the financial year 2014-15.

Exports of Commercial Vehicles in the financial year 2014-15 grew by 11.3% to reach 85,782 vehicles overall.

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

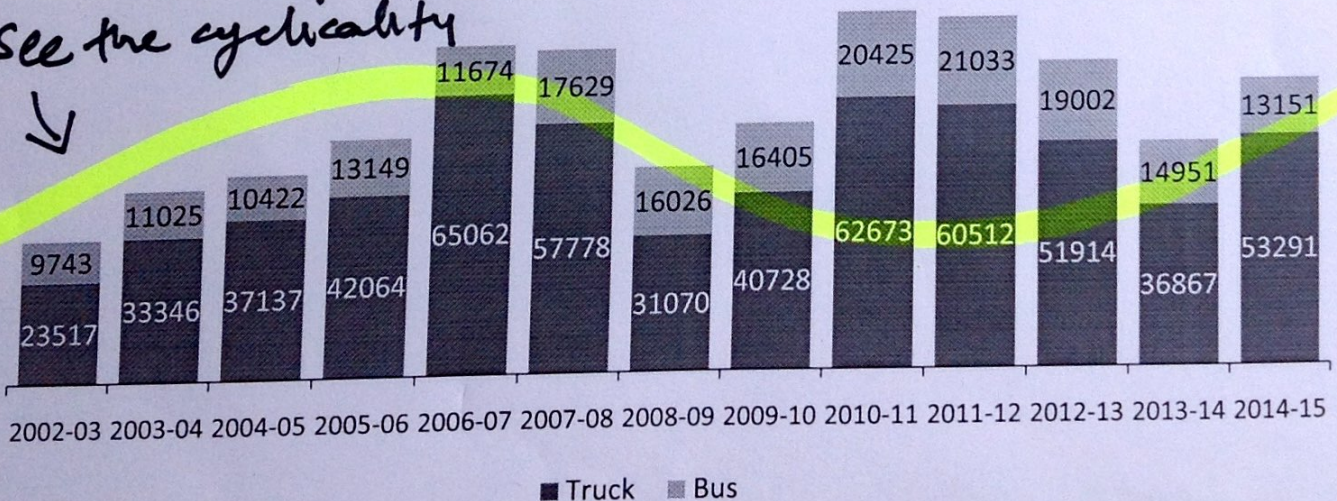
Segment	Domestic			Exports		
	2014-15	2013-14	Change (%)	2014-15	2013-14	Change (%)
M&HCV Buses	36,837	38,709	-4.8%	11,980	7,104	68.6%
M&HCV Trucks	195,918	161,909	21.0%	18,672	16,709	11.7%
M&HCV Total	232,755	200,618	16.0%	30,652	23,813	28.7%
LCV Buses	44,816	42,799	4.7%	4,064	2,254	80.3%
LCV Trucks	337,390	389,434	-13.4%	51,066	50,983	0.2%
LCV Total	382,206	432,233	-11.6%	55,130	53,237	3.6%
CV Total	614,961	632,851	-2.8%	85,782	77,050	11.3%

Given the expected growth in industrial, construction and mining sectors, M&HCV sales are likely to keep up the momentum in the financial year 2015-16. For the year 2015-16, Society of Indian Automobile Manufacturers (SIAM) has projected growth rates of 13%-15% for M&HCV's and 3%-5% for LCV's.

B. ASHOK LEYLAND – THE YEAR (2014-15) IN BRIEF

Due to its continued investments in product and network, Ashok Leyland increased its market share in the domestic market in the year 2014-15. Your Company sold 66,442 M&HCV in the domestic market, which included 13,151 M&HCV buses and 53,291 M&HCV Trucks. 28% growth in M&HCV volumes demonstrated the agility of the Company in exploiting upturns in the M&HCV space.

* See the cyclicality



ANNEXURE D TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

* Exports doing well; True for most Indian auto companies

M&HCV export volumes grew by 31.8% to 11,218 units from 8,511 units (including defence vehicles) last year, supported by robust volumes in most major export markets, in particular, Your Company maintained its leadership in the Middle East and Sri Lankan bus segments, and also grew in Africa.

Your Company has been giving considerable emphasis on product development to meet evolving customer expectations. BOSS range of Intermediate Commercial Vehicles (ICV) has achieved leadership in premium ICV segment. BOSS sales have significantly contributed to the overall market share in the ICV segment.

The CAPTAIN series of next generation Heavy Commercial Vehicles (HCV) has been launched in select markets. CAPTAIN has established new benchmarks in reliability, performance and "ride comfort". With economic activity picking up in Iron Ore and Coal mining, the CAPTAIN range of products are strategically positioned to exploit growth in these sectors.

In the 10x2 Multi Axle Vehicle (MAV) segment, 3718 model has maintained its dominant leadership position for the 2nd year since launch, with the customers gaining from higher operating efficiency.

Your Company continued to spread its network not only widely but also smartly. 58 new outlets were dedicated to customer service this year, in various innovative formats, adding up to an overall total of 545 outlets, for M&HCV alone. Improved customer experience and engagement have continued to be the focus of the pre-sales, sales and service processes.

In 2014-15, Your Company completed its third full year of participation in LCV segment. This year, Your Company, in partnership with Nissan, improved the range of products in the LCV segment by launching DOST Strong, four tyre version of PARTNER and an improved MiTR bus. We added around 50 touch points to the existing LCV network bringing the total to 350 touch points. Nearly 100,000 nos of DOST, our premium Small Commercial Vehicle, are on the road. In a contracting market and facing tough competition, DOST maintained its market share and sold over 25,000 nos this year. The new PARTNER range of products (6-7.5T segment), has achieved substantial market share in its first full year after launch. Ashok Leyland's LCV models are perceived to be technologically superior to those on offer and command premiums. Your Company continues to expand its export markets with 51% growth coming this year.

The Power Solutions Business continued to be affected by demand contraction. Improved power availability, de-growth in Industrial segment and the un-seasonal monsoon resulting in poor harvest as well as poor fishing seasons pulled down the overall engines demand.

Revenue from the Spare Parts business improved by 14.9% based on better demand and improved operations. Improved service inflow in workshops and competitive presence in independent aftermarket helped to create a "pull" for parts.

The Defence business gained momentum this year with increased domestic kits dispatches as well as substantial export volumes. Your Company has also won major tenders from Defence establishments with newer products this year.

Your Company is on the path to building capabilities in the identified five focus areas – quality, people, brand, innovation and efficiency which will position Your Company among high performers in the industry.

In summary, Your Company having used the recent challenging economic scenario to transform itself in to an agile player, is appropriately positioned for sustainable growth as well as to effectively exploit market upturns.

C. OPPORTUNITIES AND THREATS

Having lowered the breakeven point in last two years through various cost measures, any significant upturn in industry volumes will significantly improve the profitability of Your Company. In addition, Your Company has adequate production capacity to meet the surge in demand. Restart in mining activity is expected to stimulate tipper segment in which Your Company has competitive product portfolio. Lower oil prices will continue to benefit customers and will support faster replacement cycle.

Enforcement of overload regulation will change the industry habits and accordingly the products needs re-adjustment to retain competitiveness. Though the industrial sector is showing growth, the same needs to be supported and sustained by newer investments aided by policy actions.

D. RISK MANAGEMENT

During the year, Your Company's rate of growth in sales volumes has outgrown the industry growth rate, which was made possible through several measures implemented by the Management. Managing risks while strategising was key in the successful outcome of these initiatives. Enhancing service outlets and brand image, new product launches, targeting new domestic markets particularly in the North, developing alternate International Markets and focusing on cost control and debt reduction were some of the key risk mitigation actions executed during the year. These measures have enabled the Company to deliver superior value to its customers, strengthen dealer relationship and achieve substantial reduction in interest cost.

Impending legislation of emission norms and safety standards continue to put pressure on improving the technology level requiring enhanced investment with attendant increase in product cost. To address these emerging risks, Your Company has proactively launched programs with strategic partners to develop powertrains and vehicles that would meet upcoming regulatory prescriptions. Other expected legislative norms like bus body code etc., are being adequately addressed through upcoming products in a full measure by the Company.

The Company is also continually developing and launching new and improved products to stay ahead of competition. In both the value and premium product segments, Your Company has introduced models and variants which promise customers, superior value and lower cost of ownership than the competition.

The Company has an established Enterprise Risk Management function that engages with all the business verticals for risk assessment, ensures that the risk mitigation plans are in place and validates the risk mitigation status regularly. Action plans are incorporated into the corporate plans of Your Company.

The Steering Committee (Committee) consisting of core Business vertical Heads oversees the Risk Management process including risk identification, impact assessment, effective implementation of the mitigation plans and risk reporting. The Committee, chaired by the Managing Director, reviews on a quarterly basis the enterprise risks to the achievement of the business objectives. The Steering Committee updates the Risk Management Committee comprising of Independent Directors and Non-executive Director on the enterprise risks and the actions taken thereon.

Corporate numbo-jumbo! Most companies talk like this instead of simply sharing what exactly they plan to do.

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2015.

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

I REGISTRATION AND OTHER DETAILS:

CIN	L34101TN1948PLC000105
Registration Date	September 7, 1948 <i>6 + decades</i>
Name of the Company	M/s Ashok Leyland Limited
Category / Sub-Category of the Company	Company limited by shares/ Indian- non Government Company
Address of the Registered office and contact details	No. 1, Sardar Patel Road, Guindy, Chennai 600 032, Tamil Nadu. reachus@ashokleyland.com Ph: 044-2220 6000 Fax: 044- 2220 6001
Whether listed company Yes / No	Yes

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Trucks	29102	57.7%
2	Bus	29109	22.0%

III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name of the Company	Address of the Company	CIN	Holding/ Subsidiary/ Associate Company	% of shares held	Applicable Section under Companies Act, 2013
1.	Hinduja Automotive Limited, U.K	New Zealand House, 80 Haymarket, London, SW1Y4TE	Foreign Company	Holding	50.38	2(46)
2.	Global TVS Bus Body Builders Limited (formerly Irizar TVS Limited)	TVS Building, 7-B West Veli Street, Madurai 625 001	U35202TN1998PLC041466	Subsidiary	66.67	2(87)
3.	Lanka Ashok Leyland PLC	Panagoda, Homagama, Sri Lanka	Foreign Company	Associate	27.85	2(6)
4.	Gulf Ashley Motor Limited	No.1, Sardar Patel Road, Guindy, Chennai 600 032	U34102TN2004PLC052489	Subsidiary	91.62	2(87)
5.	Ashok Leyland (UAE) LLC	P. O. Box 31376, N-176, RAK Manamma Highway, Ras Al Khaimah, UAE	Foreign Company	Associate	49	2(6)
6.	Mangalam Retail Services Limited	XI Floor, Eastwing Thaalammuthu Natarajan Building, 1, Gandhi Irwin Road, Egmore, Chennai 600 008	U51909TN2006PLC059710	Associate	37.51	2(6)
7.	Albonair GmbH	Carlo-Schmid-Allee 1, 44263 Dortmund, Germany	Foreign Company	WOS	100	2(87)
8.	Albonair Automotive Technology Co., Ltd, China	East Shanghai Road, Caifu Building, Room 501, 215400 Taicang, Jiangsu Province, P. R. China	Foreign Company	WOS	100	2(87)
9.	Ashok Leyland Nissan Vehicles Limited	Kochar Towers, 19 Venkatnarayana Road, T. Nagar, Chennai 600 017	U34102TN2008PLC067839	Subsidiary	51	2(87)

BALANCE SHEET AS AT MARCH 31, 2015 (Standalone)

Particulars	Note No.	As at March 31, 2015		As at March 31, 2014	
		₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	1.1	28,458.80		26,606.80	
Reserves and surplus	1.2	483,410.58		418,181.63	
			511,869.38	444,788.43	
Non-current liabilities					
↓ 22% Long-term borrowings	1.3	256,633.61		329,650.51	
Deferred tax liabilities (Net)	1.4	51,026.69		40,676.69	
Other Long term liabilities	1.5	206.04		237.12	
Long-term provisions	1.6	7,861.36		6,786.62	
			315,727.70	377,350.94	
Current liabilities					
↓ 96% Short-term borrowings	1.7	2,500.00		58,740.81	
Trade payables	1.8	282,831.87		221,415.37	
Other current liabilities	1.9	192,615.47		169,691.35	
Short-term provisions	1.10	25,604.60		8,812.67	
			503,551.94	458,660.20	
TOTAL			1,331,149.02	1,280,799.57	
ASSETS					
Non-current assets					
Fixed assets					
Tangible assets	1.11	488,248.30		522,192.70	
Intangible assets	1.12	37,306.99		43,794.02	
Capital work-in-progress	1.11	6,979.70		15,513.03	
Intangible assets under development	1.12	5,034.66		2,639.69	
		537,569.65		584,139.44	
Non-current investments	1.13	224,038.13		240,531.11	
Long-term loans and advances	1.14	98,291.76		100,146.29	
Other non-current assets	1.15	1,949.96		3,308.99	
			861,849.50	928,125.83	
Current assets					
Current investments	1.16	40,845.20		38,437.48	
Inventories	1.17	139,852.72	(35)	118,870.31	(41)
Trade receivables	1.18	125,769.25	(32)	129,901.05	(45)
Cash and bank balances	1.19	75,128.75		1,169.06	
Short-term loans and advances	1.20	56,882.17		47,201.34	
Other current assets	1.21	30,821.39		17,094.50	
			469,299.52	352,673.74	
TOTAL			1,331,149.02	1,280,799.57	

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

Gopal Mahadevan
Chief Financial Officer

* Improved working cap. management.

For and on behalf of the Board

N. Ramanathan

Dheeraj G. Hinduja

Vinod K. Dasari

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015 (standalone)

Particulars	Note No.	Year ended	Year ended
		March 31, 2015	March 31, 2014
		₹ Lakhs	₹ Lakhs
Income			
Revenue from operations	2.1	1,448,593.35	1,056,084.53
Less: Excise Duty		92,374.99	61,741.86
Revenue from operations (Net) ↑ 36%		1,356,218.36	994,342.67
Other income	2.2	12,447.13	11,619.54
Total Revenue		1,368,665.49	1,005,962.21
Expenses			
Cost of materials consumed	2.3	862,663.52	590,969.47
Purchases of Stock-in-Trade - Traded goods	2.4	139,118.72	126,902.76
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	2.5	(5,261.26)	42,387.10
		996,520.98	760,259.33
Employee benefits expense	2.6	118,400.38	99,967.23
Finance costs	2.7	39,350.75	45,292.48
Depreciation and amortisation expense	2.8	41,633.67	37,703.60
Other expenses	2.9	138,633.63	122,427.35
Total Expenses		1,334,539.41	1,065,649.99
Profit / (Loss) before exceptional items and tax		34,126.08	(59,687.78)
Exceptional items	2.10	10,093.59	50,565.89
Profit / (Loss) before tax		44,219.67	(9,121.89)
Tax expense:			
Current tax (Refer Note 3.12 to the Financial Statements)		-	-
Deferred tax		10,350.00	(12,060.00)
		10,739.07	(12,060.00)
Profit for the year from continuing operations ↑ 11x (on low base)		33,480.60	2,938.11
Earnings per share (Face value ₹ 1 each) - Basic and Diluted (in ₹) [Refer Note 3.3 to the Financial Statements]		1.20	0.11

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

Gross Margin → 26.5% 23.5%
 Net Margin → 2.5% 0.3%

Gopal Mahadevan
Chief Financial Officer

For and on behalf of the Board

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015 (Standalone)

Particulars	March 31, 2015	March 31, 2014
	₹ Lakhs	₹ Lakhs
Cash flow from operating activities		
Profit / (Loss) before tax	44,219.67	(9,121.89)
Adjustments for :		
Depreciation, amortisation and impairment - net of capitalisation	41,633.67	37,703.60
Other amortisations	188.01	189.04
Bad and doubtful debts / advances provided / written-off (net of recovery)	8.84	524.85
Foreign exchange (gains) / losses	323.31	733.26
Profit on disposal of tangible assets	(37,074.67)	(20,266.16)
Loss / (Profit) on sale of investments	4,030.33	(36,870.91)
Provision for diminution in value of long-term investments	22,419.47	957.32
Voluntary Retirement Scheme expense	-	4,674.94
Finance costs - net of capitalisation	39,350.75	45,292.48
Interest income	(2,623.69)	(1,733.54)
Dividend income	(277.32)	(470.52)
Operating profit before working capital changes	112,198.37	21,612.47
Adjustments for changes in :		
Liabilities and provisions	108,062.45	(33,756.72)
Trade receivables	4,400.35	11,680.51
Inventories	(20,982.41)	70,731.77
Loans and Advances	(19,289.61)	(8,448.02)
Other non-current and current assets	(2,715.06)	1,472.01
Voluntary Retirement Compensation paid - Exceptional item	-	(4,674.94)
Cash generated from operations	181,674.09	58,617.08
Income tax paid	(5,018.90)	(2,974.07)
Net cash flow from operating activities	[A] 176,655.19	55,643.01
Cash flow from investing activities		
Payments for acquisition of assets	(21,123.90)	(21,975.40)
Proceeds on sale of fixed assets	536.39	1,269.65
Proceeds on sale of immovable properties - Exceptional item	30,004.86	9,733.47
Proceeds from sale of long-term investments - Exceptional item	2,572.24	50,965.55
Purchase of long-term investments *	(9,995.81)	(53,792.90)
Movement in other bank balances	(4,000.00)	-

** One good year can massively improve cash flows for auto cos.*

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2015	As at March 31, 2014
	₹ Lakhs	₹ Lakhs
1.21 OTHER CURRENT ASSETS		
a) Interest accrued :		
- Loans and advance to Related Parties [Refer Note 3.5 to the Financial Statements]	913.63	961.62
- Others	68.43	75.62
b) Export incentive receivables	7,253.53	5,001.74
c) Receivable on sale of immovable properties	20,000.00	10,623.04
d) Current portion of unamortised loan raising expenses	404.06	432.48
e) Foreign exchange gain / (loss) on Forward Contracts - net	472.72	-
f) Earmarked Bank Balance in Escrow account (Receivable in respect of sale of long-term investment)	1,709.02	-
	30,821.39	17,094.50

	Year Ended March 31, 2015	Year Ended March 31, 2014
	₹ Lakhs	₹ Lakhs
2.1 REVENUE FROM OPERATIONS		
a) Sale of products		
- Commercial Vehicles		
Manufactured (81% of total revenue)	1,170,643.28	793,811.00
Traded (7%)	98,941.25	103,960.68
- Engines and Gensets (2%)	36,315.47	41,783.90
* - Spare parts and others (10%) * Second largest business segment	139,169.45	121,257.30
	1,445,069.45	1,060,812.88
b) Revenue from services (B)	13,847.25	10,248.62
c) Other operating revenues		
- Contract manufacturing	9,083.03	9,430.02
- Export Incentives	7,195.41	4,140.48
- Scrap sales	8,768.62	7,159.13
- Others	56.82	39.68
(C)	25,103.88	20,769.31

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2015

Particulars	Note No.	As at	As at
		March 31, 2015	March 31, 2014
		₹ Lakhs	₹ Lakhs
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1.1	28,458.80	26,606.80
Reserves and surplus	1.2	422,671.76	372,316.16
		451,130.56	398,922.96
Minority interest			
		26,314.86	65,211.15
Non-current liabilities			
Long-term borrowings	1.3	621,940.30	549,118.41
Deferred tax liabilities (Net)	1.4A	51,030.78	41,141.98
Other long-term liabilities	1.5	821.38	962.54
Long-term provisions	1.6	13,954.22	12,671.94
		687,746.68	603,894.87
Current liabilities			
Short-term borrowings	1.7	82,663.57	126,448.80
Trade payables	1.8	308,194.61	259,243.96
Other current liabilities	1.9	350,449.14	286,735.29
Short-term provisions	1.10	45,963.07	12,973.96
		787,270.39	685,402.01
TOTAL		1,952,462.49	1,753,430.99
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets			
Intangible assets	1.11	538,665.37	626,235.34
Capital work-in-progress	1.12	45,673.69	52,856.63
Intangible assets under development	1.11	16,578.76	27,015.17
	1.12	5,034.08	2,639.69
Goodwill (on consolidation)		68,566.66	78,173.00
Non-current investments	1.13	80,637.07	69,018.46
Deferred tax assets (Net)	1.4B	2,179.86	1,000.97
Long-term loans and advances	1.14	425,394.33	271,351.52
Other non-current assets	1.15	12,961.53	26,216.91
		1,195,691.35	1,154,507.69
Current assets			
Current Investments	1.16	69,300.29	47,438.06
Inventories	1.17	156,644.89	154,404.95
Trade receivables	1.18	135,377.11	138,108.69
Cash and bank balances	1.19	90,508.78	11,341.53
Short-term loans and advances	1.20	260,928.50	214,805.36
Other Current assets	1.21	44,011.57	32,824.71
		756,771.14	598,923.30
TOTAL		1,952,462.49	1,753,430.99

* 1.6x D/E against 1.7x last year and 0.5x for standalone business

(overpayment for acquisitions)

Gopal Mahadevan
Chief Financial Officer

For and on behalf of the Board

N. Ramanathan
Company Secretary

Dheeraj G. Hinduja
Chairman
DIN : 00133410

Vinod K. Dasari
CEO and Managing Director
DIN : 00345657

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

For M.S. Krishnaswami & Rajan
Chartered Accountants

For Deloitte Haskins & Sells LLP
Chartered Accountants

M. S. Murali
Partner
May 12, 2015
Chennai

A. Siddharth
Partner
May 12, 2015
Mumbai

* Ashok Ley. Nissan Vehicles → Biggest subsidiary; Deep in losses currently.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

Particulars	Note No.	Year ended	Year ended
		March 31, 2015	March 31, 2014
		₹ Lakhs	₹ Lakhs
Income			
Revenue from operations	2.1	1,627,471.26	1,211,437.89
Less: Excise Duty		93,382.51	62,765.93
Revenue from operations (Net) <i>↑ 34%</i>		1,534,088.75	1,148,671.96
Other income	2.2	18,882.72	9,244.94
Total Revenue		1,552,971.47	1,157,916.90
Expenses			
Cost of materials consumed <i>* Standalone Revenue is 88% of Consolidated</i>		982,457.70	703,011.90
Cost of services availed		1,398.48	1,278.52
Purchases of Stock-in-Trade - Traded goods		64,551.29	73,250.47
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		(4,145.84)	36,306.25
		1,044,261.63	813,847.14
Employee benefits expense	2.3	153,611.01	134,558.33
Finance costs	2.4	87,229.28	80,548.82
Depreciation and amortization expense	2.5	57,991.19	52,996.51
Other expenses	2.6	184,502.58	158,064.13
Total Expenses		1,527,595.69	1,240,014.93
Profit / (Loss) before exceptional items and tax		25,375.78	(82,098.03)
Exceptional items	2.7	(29,531.61)	52,077.41
Profit / (Loss) before tax		(4,155.83)	(30,020.62)
Tax expense:			
Current tax		7,963.59	5,465.50
Deferred tax		9,277.99	(12,315.34)
		17,241.58	(6,849.84)
Profit/ (Loss) after tax before Minority interest from continuing operations		(21,397.41)	(23,170.78)
Share of profit of associates (net)		924.44	992.43
Minority interest		(33,861.98)	(5,766.11)
Profit / (Loss) for the year <i>* Marginal improvement</i>		13,389.01	(16,412.24)
Earnings per share (Face value ₹ 1 each)- Basic and Diluted (in ₹) [Refer Note 3.3 to the Consolidated Financial Statements]		0.48	(0.62)

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

Gross Margin → 32% 29%

Gopal Mahadevan
Chief Financial Officer

For and on behalf of the Board

N. Ramanathan
Company Secretary

Dheeraj G. Hinduja
Chairman

Vinod K. Dasari
CEO and Managing Director

* Notes

Commercial Vehicles (CV) Volume Growth CAGR

(%)	3-YR	5-YR	10-YR
Ashok Leyland	0.9	10.4	6.1 8.4
Tata Motors	-14.7	-3.2	4.4

→ Clearly a better performer over the years

OBSERVATIONS

NOTES

- * Sharp recovery in FY15, but won't read too much into it given the excessive cyclicality of the industry. ~~But positively~~ Better to remain cautiously optimistic.
- * CVs are most cyclical within the auto industry, and Ashok's past 10 yr. performance proves that. But if you were to believe the mgt. and recent performances, it suggests the beginning of an upcycle. Things ~~will~~ will improve "only" if the economic momentum picks up.
- * Ashok's performance has been better than industry's... but then it was earlier worse than industry's. Co. is still selling $\approx 75\%$ number of vehicles of what it sold in the last peak 3-yr. back... so room for further improvement.
- * Had a strong network in South India, but now expanding in other mkt's \rightarrow a good sign. Network expansion during bad times now set to pay off.
- * Watch out for rising competition from deep-pocket players — Benz, Michelin, Force Motors

Disclosure — No holdings.
Date — 14th Aug. 2015