

## INDEPENDENT AUDITORS' REVIEW REPORT

To the Board of Directors of  
Ashok Leyland Limited

1. We have reviewed the accompanying Statement of Standalone Unaudited financial results of **Ashok Leyland Limited** ("the Company") for the quarter and six months ended September 30, 2014 ("the Statement") being submitted by the Company pursuant to Clause 41 of the Listing Agreements with the stock exchanges, except for the disclosures in Part II of the Statement referred to in Paragraph 4 below. This Statement (initialled by us for identification) is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the statement based on our review.
2. We conducted our review of the Statement in accordance with Standard on Review Engagements (SRE) 2410 '*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*', issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
3. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the Accounting Standards specified under the Companies Act, 1956 (which are deemed to be applicable as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014) and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with the Stock Exchanges, including the manner in which it is to be disclosed, or that it contains any material misstatement.
4. Further, we also report that we have traced the number of shares as well as the percentages of shareholdings in respect of aggregate amount of Public shareholding and the number of shares as well as the percentages of shares pledged/ encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding in terms of Clause 35 of the Listing Agreements and the particulars relating to the investor complaints disclosed in part II of the Statement from the details furnished by the Company/ Registrars.

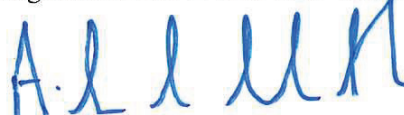
For M.S. KRISHNASWAMI & RAJAN  
Chartered Accountants  
Registration No. 01554S



M. S. Murali  
Partner  
Membership No. 26453



For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants  
Registration No. 117366W/W-100018



A. Siddharth  
Partner  
Membership No. 31467

Chennai, November 6, 2014



| ASHOK LEYLAND LIMITED                                                                               |                                                                                                  |                    |                    |                    |                   |                     |
|-----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|-------------------|---------------------|
| Regd. Office : 1 Sardar Patel Road, Guindy, Chennai - 600 032                                       |                                                                                                  |                    |                    |                    |                   |                     |
| STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED 30-09-2014 |                                                                                                  |                    |                    |                    |                   |                     |
| Rs. Lakhs                                                                                           |                                                                                                  |                    |                    |                    |                   |                     |
|                                                                                                     |                                                                                                  | Three Months ended | Three months ended | Three months ended | Six months ended  | Six months ended    |
|                                                                                                     |                                                                                                  | 30.09.2014         | 30.06.2014         | 30.09.2013         | 30.09.2014        | 30.09.2013          |
|                                                                                                     |                                                                                                  | Unaudited          | Unaudited          | Unaudited          | Unaudited         | Unaudited           |
|                                                                                                     |                                                                                                  |                    |                    |                    |                   | Previous year ended |
|                                                                                                     |                                                                                                  |                    |                    |                    |                   | Audited             |
| <b>Part - I</b>                                                                                     |                                                                                                  |                    |                    |                    |                   |                     |
| 1.                                                                                                  | <b>Income from Operations</b>                                                                    |                    |                    |                    |                   |                     |
|                                                                                                     | a. Net Sales / Income from operations (Net of excise duty)                                       | 315,036.91         | 243,461.99         | 249,828.28         | 558,498.90        | 481,149.56          |
|                                                                                                     | b. Other Operating Income                                                                        | 6,730.95           | 4,318.37           | 5,134.03           | 11,049.32         | 10,193.95           |
|                                                                                                     | <b>Total Income from Operations (net)</b>                                                        | <b>321,767.86</b>  | <b>247,780.36</b>  | <b>254,962.31</b>  | <b>569,548.22</b> | <b>491,343.51</b>   |
| 2.                                                                                                  | <b>Expenses</b>                                                                                  |                    |                    |                    |                   |                     |
|                                                                                                     | a. Cost of materials consumed                                                                    | 205,742.31         | 171,483.71         | 145,669.81         | 377,226.02        | 299,654.41          |
|                                                                                                     | b. Purchases of stock-in-trade - trading goods                                                   | 40,000.00          | 27,313.75          | 31,180.49          | 67,313.75         | 59,408.58           |
|                                                                                                     | c. Changes in inventories of finished goods, work-in-progress and stock-in-trade                 | (8,922.69)         | (17,209.16)        | 17,721.55          | (26,131.85)       | 13,877.14           |
|                                                                                                     | d. Employee benefits expense                                                                     | 29,149.86          | 28,313.66          | 25,457.24          | 57,463.52         | 51,276.13           |
|                                                                                                     | e. Depreciation and amortisation expenses (Refer Note - 4)                                       | 10,307.97          | 10,331.51          | 9,008.43           | 20,639.48         | 18,525.78           |
|                                                                                                     | f. Other expenses                                                                                | 32,359.42          | 26,269.73          | 29,306.15          | 58,629.15         | 59,174.47           |
|                                                                                                     | <b>Total Expenses</b>                                                                            | <b>308,636.87</b>  | <b>246,503.20</b>  | <b>258,343.67</b>  | <b>555,140.07</b> | <b>501,916.51</b>   |
| 3.                                                                                                  | <b>Profit / (Loss) from operations before other income, finance costs and exceptional items</b>  | <b>(1 - 2)</b>     | <b>13,130.99</b>   | <b>1,277.16</b>    | <b>14,408.15</b>  | <b>(10,573.00)</b>  |
| 4.                                                                                                  | Other income                                                                                     |                    | 2,569.85           | 2,311.66           | 4,881.51          | 3,537.17            |
| 5.                                                                                                  | <b>Profit / (Loss) from ordinary activities before finance costs and exceptional items</b>       | <b>(3 + 4)</b>     | <b>15,700.84</b>   | <b>3,588.82</b>    | <b>19,289.66</b>  | <b>(7,035.83)</b>   |
| 6.                                                                                                  | Finance costs                                                                                    |                    | 10,074.55          | 10,633.98          | 20,708.53         | 22,509.29           |
| 7.                                                                                                  | <b>Profit / (Loss) from ordinary activities after finance costs but before exceptional items</b> | <b>(5 - 6)</b>     | <b>5,626.29</b>    | <b>(7,045.16)</b>  | <b>(1,418.87)</b> | <b>(29,545.12)</b>  |
| 8.                                                                                                  | Exceptional items (Refer Note - 7)                                                               |                    | 10,897.28          | -                  | 10,897.28         | 3,724.61            |
| 9.                                                                                                  | <b>Profit / (Loss) from ordinary activities before tax</b>                                       | <b>(7 + 8)</b>     | <b>16,523.57</b>   | <b>(7,045.16)</b>  | <b>9,478.41</b>   | <b>(25,820.51)</b>  |
| 10.                                                                                                 | Tax expense - Income Tax (Refer Note - 9)                                                        |                    | 4,454.70           | (2,250.00)         | 2,204.70          | (9,140.00)          |
| 11.                                                                                                 | <b>Net Profit / (Loss) from ordinary activities after tax</b>                                    | <b>(9 - 10)</b>    | <b>12,068.87</b>   | <b>(4,795.16)</b>  | <b>7,273.71</b>   | <b>(16,680.51)</b>  |
| 12.                                                                                                 | Extraordinary item (net of tax)                                                                  |                    | -                  | -                  | -                 | -                   |
| 13.                                                                                                 | <b>Net Profit / (Loss) for the period</b>                                                        | <b>(11 - 12)</b>   | <b>12,068.87</b>   | <b>(4,795.16)</b>  | <b>7,273.71</b>   | <b>(16,680.51)</b>  |
| 14.                                                                                                 | Paid-up equity share capital (Face value per share Re.1) (Refer Note - 8)                        |                    | 28,458.80          | 26,606.80          | 28,458.80         | 26,606.80           |
| 15.                                                                                                 | Reserve excluding Revaluation Reserves                                                           |                    |                    |                    |                   | 300,788.96          |
| 16.                                                                                                 | Debt Redemption Reserve                                                                          |                    |                    |                    |                   | 7,250.00            |
| 17.                                                                                                 | Earnings Per Share (EPS) (Basic and Diluted) (Rs.) (of Re.1 each - Not annualised)               |                    | 0.42               | (0.18)             | 0.26              | (0.63)              |
| 18.                                                                                                 | Dividend Per Share (Rs.)                                                                         |                    |                    |                    |                   | -                   |
| 19.                                                                                                 | Debt Equity Ratio                                                                                |                    |                    |                    | 0.85              | 1.33                |
| 20.                                                                                                 | Debt Service Coverage Ratio                                                                      |                    |                    |                    | 0.47              | 0.26                |
| 21.                                                                                                 | Interest Service Coverage Ratio                                                                  |                    |                    |                    | 2.69              | 0.66                |
| <b>Part - II</b>                                                                                    |                                                                                                  |                    |                    |                    |                   |                     |
| A.                                                                                                  | <b>Particulars of Shareholding</b>                                                               |                    |                    |                    |                   |                     |
| 1.                                                                                                  | Public shareholding                                                                              |                    |                    |                    |                   |                     |
|                                                                                                     | - Number of shares                                                                               | 1,412,029,595      | 1,226,829,595      | 1,304,239,070      | 1,412,029,595     | 1,304,239,070       |
|                                                                                                     | - Percentage of shareholding                                                                     | 49.62              | 46.11              | 49.02              | 49.62             | 49.02               |
| 2.                                                                                                  | Promoters and Promoter group Shareholding                                                        |                    |                    |                    |                   |                     |
| a.                                                                                                  | Pledged / Encumbered                                                                             |                    |                    |                    |                   |                     |
|                                                                                                     | - Number of shares                                                                               | 474,104,204        | 474,104,204        | 474,104,204        | 474,104,204       | 474,104,204         |
|                                                                                                     | - Percentage of Promoters and Promoter group                                                     | 33.07              | 33.07              | 34.95              | 33.07             | 34.95               |
|                                                                                                     | - Percentage of total share capital                                                              | 16.66              | 17.82              | 17.82              | 16.66             | 17.82               |
| b.                                                                                                  | Non-encumbered                                                                                   |                    |                    |                    |                   |                     |
|                                                                                                     | - Number of shares                                                                               | 959,742,835        | 959,742,835        | 882,333,360        | 959,742,835       | 882,333,360         |
|                                                                                                     | - Percentage of Promoters and Promoter group                                                     | 66.93              | 66.93              | 65.05              | 66.93             | 65.05               |
|                                                                                                     | - Percentage of total share capital                                                              | 33.72              | 36.07              | 33.16              | 33.72             | 33.16               |
| <b>B. Investor Complaints</b>                                                                       |                                                                                                  |                    |                    |                    |                   |                     |
| 1.                                                                                                  | Pending at the beginning of the quarter                                                          |                    | 1                  |                    |                   |                     |
| 2.                                                                                                  | Received during the quarter                                                                      |                    | 125                |                    |                   |                     |
| 3.                                                                                                  | Disposed during the quarter                                                                      |                    | 119                |                    |                   |                     |
| 4.                                                                                                  | Remaining unresolved at the end of the quarter                                                   |                    | 7                  |                    |                   |                     |



**Notes:**

- (1) The above standalone financial results were reviewed by the Audit Committee and then approved by the Board of Directors at its meeting held on November 6, 2014.
- (2) The statutory auditors have conducted a limited review of the above standalone financial results.
- (3) Statement of Assets and Liabilities:

Rs. Lakhs

|           | Particulars                                | As at               |                     |
|-----------|--------------------------------------------|---------------------|---------------------|
|           |                                            | 30.09.2014          | 31.03.2014          |
| <b>A.</b> | <b>EQUITY AND LIABILITIES</b>              | Unaudited           | Audited             |
| 1)        | <b>Shareholders' funds</b>                 |                     |                     |
|           | a) Share capital                           | 28,458.80           | 26,606.80           |
|           | b) Reserves and surplus                    | 481,277.76          | 418,181.63          |
|           | <b>Sub total - Shareholders funds</b>      | <b>509,736.56</b>   | <b>444,788.43</b>   |
| 2)        | <b>Non-current liabilities</b>             |                     |                     |
|           | a) Long-term borrowings                    | 290,290.51          | 329,650.51          |
|           | b) Deferred tax liabilities (Net)          | 42,881.39           | 40,676.69           |
|           | c) Other long term liabilities             | 297.70              | 237.12              |
|           | d) Long-term provisions                    | 6,290.29            | 6,786.62            |
|           | <b>Sub total - Non current liabilities</b> | <b>339,759.89</b>   | <b>377,350.94</b>   |
| 3)        | <b>Current liabilities</b>                 |                     |                     |
|           | a) Short-term borrowings                   | 79,506.34           | 58,740.81           |
|           | b) Trade payables                          | 224,571.20          | 221,415.37          |
|           | c) Other current liabilities               | 154,792.82          | 169,691.35          |
|           | d) Short-term provisions                   | 8,704.42            | 8,812.67            |
|           | <b>Sub total - Current liabilities</b>     | <b>467,574.78</b>   | <b>458,660.20</b>   |
|           | <b>TOTAL - EQUITY AND LIABILITIES</b>      | <b>1,317,071.23</b> | <b>1,280,799.57</b> |
| <b>B.</b> | <b>ASSETS</b>                              |                     |                     |
| 1)        | <b>Non-current assets</b>                  |                     |                     |
|           | a) Fixed assets                            | 564,130.87          | 584,139.44          |
|           | b) Non-current investments                 | 245,728.61          | 240,531.11          |
|           | c) Long-term loans and advances            | 70,080.48           | 67,276.53           |
|           | d) Other non-current assets                | 1,362.15            | 3,308.99            |
|           | <b>Sub total - Non current assets</b>      | <b>881,302.11</b>   | <b>895,256.07</b>   |
| 2)        | <b>Current assets</b>                      |                     |                     |
|           | a) Current investments                     | 39,832.55           | 38,437.48           |
|           | b) Inventories                             | 154,902.08          | 118,870.31          |
|           | c) Trade receivables                       | 147,481.17          | 129,901.05          |
|           | d) Cash and Bank balances                  | 2,605.18            | 1,169.06            |
|           | e) Short-term loans and advances           | 82,934.45           | 80,071.10           |
|           | f) Other current assets                    | 8,013.69            | 17,094.50           |
|           | <b>Sub total - Current assets</b>          | <b>435,769.12</b>   | <b>385,543.50</b>   |
|           | <b>TOTAL - ASSETS</b>                      | <b>1,317,071.23</b> | <b>1,280,799.57</b> |

- (4) In terms of the proviso to clause 3(i) of Part A of Schedule II to the Companies Act, 2013 (the Act), the Company, after technical assessment, decided to retain the useful life / residual value hitherto adopted for various categories of fixed assets, which are in certain cases, different from those prescribed in Schedule II to the Act.



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- (5) Exchange difference on translation or settlement of long term foreign currency monetary items at rates different from those at which they were initially recorded or as at April 1, 2007, in so far as it relates to acquisition of depreciable assets are adjusted to the cost of the assets. In other cases, such exchange differences, arising effective April 1, 2011, are accumulated in "Foreign currency monetary item translation difference account" and amortized by recognition as income or expense in each year over the balance term till settlement occurs but not beyond March 31, 2020. This is in line with Notification No. G.S.R 913 (E) dated December 29, 2011 issued by the Ministry of Corporate Affairs, Government of India, amending the Companies (Accounting Standards) Rules, 2006.

Accordingly,

- a) Foreign exchange (Gain) / Loss relating to acquisition of depreciable assets, capitalized during the half year ended September 30, 2014 aggregated Rs. 5,228.40 Lakhs [quarter ended June 30, 2014 Rs. 1,216.45 Lakhs; half year ended September 30, 2013 Rs. 30,160.31 Lakhs; year ended March 31, 2014 Rs. 22,571.55 Lakhs] and
- b) The un-amortized net exchange difference in respect of long term monetary items relating to other than acquisition of depreciable assets, is a loss of Rs. 1,015.98 Lakhs as at September 30, 2014 [June 30, 2014: loss of Rs. 518.41 Lakhs; September 30, 2013: loss of Rs. 564.94 Lakhs; March 31, 2014 : Loss of Rs. 592.89 Lakhs]. These amounts are reflected as part of the "Reserves and Surplus" in line with the guidelines issued by the Institute of Chartered Accountants of India.
- (6) The Company's primary segment is identified as business segment based on nature of products, risks, returns and the internal business reporting system and secondary segment is identified based on the geographical location of the customers as per Accounting Standard 17. The Company is principally engaged in a single business segment viz., commercial vehicles and related components.
- (7) Exceptional items consist of:

Rs in Lakhs

| Description                                   | Three Months ended |            |                 | Year to Date Figures |                 | Year Ended       |
|-----------------------------------------------|--------------------|------------|-----------------|----------------------|-----------------|------------------|
|                                               | 30.09.2014         | 30.06.2014 | 30.09.2013      | 30.09.2014           | 30.09.2013      | 31.03.2014       |
| Net Profit on sale of Long – term Investments | -                  | -          | 4,831.93        | -                    | 4,831.93        | 36,870.91        |
| Profit on sale of Immovable Properties        | 10,897.28          | -          | -               | 10,897.28            | -               | 19,327.24        |
| Diminution in the value of investments        | -                  | -          | (456.16)        | -                    | (1,107.32)      | (957.32)         |
| Voluntary Retirement Scheme                   | -                  | -          | -               | -                    | -               | (4,674.94)       |
| <b>Total</b>                                  | <b>10,897.28</b>   | <b>-</b>   | <b>4,375.77</b> | <b>10,897.28</b>     | <b>3,724.61</b> | <b>50,565.89</b> |

- (8) The Company issued and allotted on July 4, 2014, 18,52,00,000 equity shares of Re. 1 each at a premium of Rs. 35 per share through Qualified Institutional Placement (QIP). The Company raised funds aggregating to Rs. 66,672.00 Lakhs of which an amount of Rs. 1,852.00 Lakhs was towards the equity share capital with Face value of Re. 1 each and balance of Rs. 64,820.00 Lakhs representing share premium was credited to Securities Premium account. Share issue expenses of Rs. 1,482.84 Lakhs have been debited to Securities premium account. The net proceeds of the issue have been utilized for repayment of existing loans and general corporate purposes.
- (9) Tax expense comprises Current Tax, where applicable in respective periods, and Deferred Tax. Deferred tax asset has been recognized mainly on unabsorbed depreciation.
- (10) The Company had adopted the principles of Accounting Standard 30 – Financial instruments: Recognition and measurement, issued by the Institute of Chartered Accountants of India, with effect from April 1, 2008, in respect of forward contracts for firm commitments and highly probable forecast transactions meeting necessary criteria for designation as "Cash flow hedges". The gains and losses on effective Cash flow hedges are recognized in Hedge Reserve Account till the underlying forecast transaction occurs.



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- (11) The Company would be disclosing at the year end, i.e. March 31, 2015, its Consolidated Financial Statements.
- (12) The formulae for computing Ratios mentioned in Sl. No 19, 20 and 21 is given below:

| Sl. No Ref. | Ratio                           | Formula                                                                                                                                                                                            |
|-------------|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 19          | Debt Equity Ratio               | Total Borrowings / (Share Capital + Total Reserves)                                                                                                                                                |
| 20          | Debt Service Coverage Ratio     | (Profit from ordinary activities before Tax + Interest charge on borrowings + Depreciation and Amortisation – Tax expense) / (Interest charge on borrowings + Principal repayments for Term loans) |
| 21          | Interest Service Coverage Ratio | (Profit from ordinary activities before Tax + Interest charge on borrowings + Depreciation and Amortisation) / Interest charge on borrowings                                                       |

- (13) The figures for the previous periods have been reclassified / regrouped / amended, wherever necessary.

For and on behalf of the Board



**VINOD K DASARI**  
Managing Director

Place : Chennai  
Date : November 6, 2014



