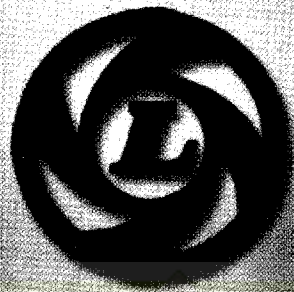
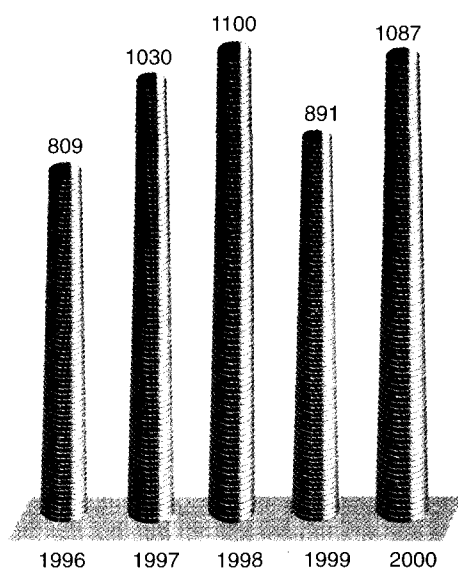


Annual Report 2000

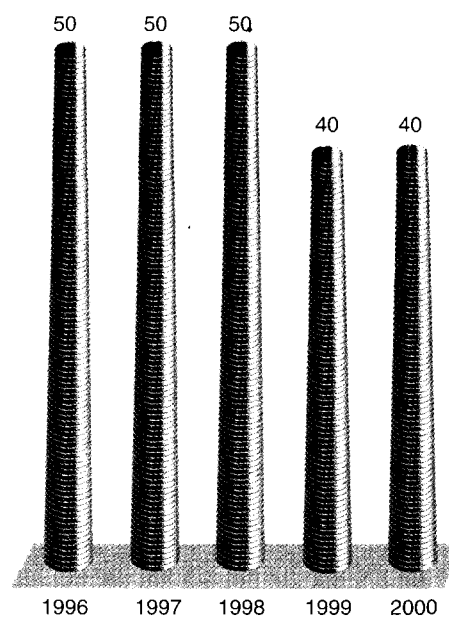


Ashok Leyland Finance Limited

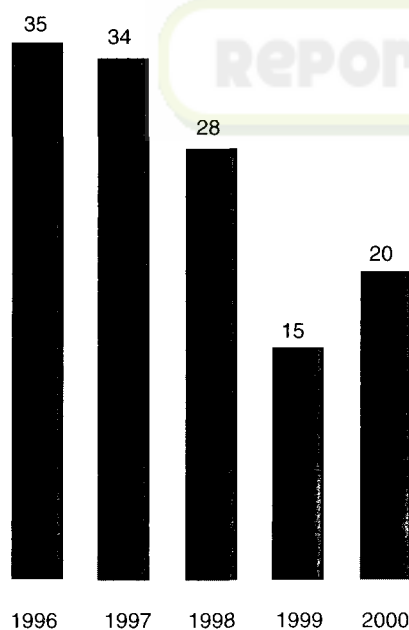
Stock On Hire - Rs. Crore



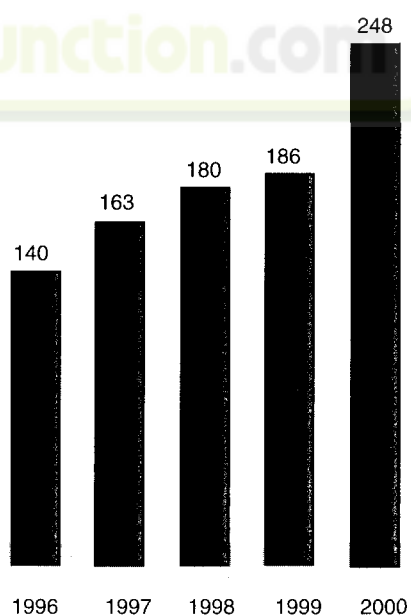
Dividend (%)



Profit After Tax - Rs. Crore



Networth - Rs. Crore





ASHOK LEYLAND FINANCE LIMITED

BOARD OF DIRECTORS

S. Venkitaramanan
Chairman

R.J. Shahaney
Vice Chairman

T. Anantha Narayanan
Bharat M. Sanghvi
A.C. Chakrabortti
S.C. Chawla (upto 22nd May, 2000)
B.D. Punjabi
K.C. Samdani
A.J. Sandil
R. Seshasayee
S. Solomon Raj (from 26th July, 2000)
S. Kuppuswami
Nominee of UTI
S. Nagarajan
Managing Director

CHAIRMAN EMERITUS

R.K. Talwar

SECRETARY

P. Ragunathan

REGISTERED OFFICE

Sudarsan Building
86 Chamiers Road
Chennai 600 018
Ph : 4356676, 4359457, 4359461
Fax : 44 - 4343646

FINANCIAL INSTITUTIONS

GE Capital Services India
ICICI Credit Corporation Limited
ICICI Limited
Small Industries Development Bank of India
Industrial Development Bank of India
Housing Development Finance Corporation Limited

BANKERS

State Bank of India
Central Bank of India
Punjab National Bank
Canara Bank
United Bank of India
The Hongkong & Shanghai
Banking Corporation Limited
ANZ Grindlays Bank p.l.c.
The Karur Vysya Bank Limited
Citibank, N.A.
State Bank of Hyderabad
The Federal Bank Limited
State Bank of Saurashtra
Bank of Baroda
UTI Bank Limited
UCO Bank
HDFC Bank Limited
Bank of America
ABN AMRO Bank N.V.
State Bank of Mysore
Bank of India
The Catholic Syrian Bank Limited
Centurion Bank Limited

AUDITORS

Prasad & Srinath
"Siddarth Apartment", Flat No. 4, First Floor,
40, C.P. Ramasamy Road,
Chennai 600 018.

TRUSTEE - ODD LOT SHARES

S. Prasad
Chartered Accountant
"Siddarth Apartment", Flat No. 4, First Floor,
40, C.P. Ramasamy Road, Chennai 600 018.

CONTENTS	PAGE
Highlights of Performance	2
Notice to the Shareholders	3
Explanatory Statement	5
Directors' Report	7
Auditors' Report	10
Balance Sheet	12
Profit and Loss Account	13
Schedules to the Accounts	14
Notes to the Accounts	20
Cash Flow Statement	24

HIGHLIGHTS OF PERFORMANCE

		Rs. Lakhs									
	1999-2000	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92	1990-91	1989-90
Gross Income	24772	28668	33064	28034	22445	17827	10114	7517	5069	3022	1761
Gross Profit	5461	5194	8656	7333	7163	6382	3429	2197	1503	1053	664
Profit Before Tax	2326	1712	4628	3453	4134	3736	1983	1289	990	719	448
Profit After Tax	2026	1502	2828	3443	3509	3021	1670	1274	919	719	403
Stock-on-Hire	108713	89094	110027	103018	80903	56626	39404	28674	18415	13706	8215
Assets on Lease	22339	28339	30463	29222	23261	16872	9893	6869	4086	2404	1481
Gross Assets	153728	141868	161099	154692	122198	99324	60333	40571	25329	17675	10704
Shareholders' Funds	24796*	18629	18036	16334	14017	11532	9535	3580	2441	1647	1040
Fixed Deposits	24604	29971	35137	36782	17029	11603	8007	4801	4012	3045	1986
Dividend (%)	40	40	50	50	50	50	45	40	40	35	30
Book Value (Rs.)	96.12	91.00	88.10	79.79	68.47	56.33	46.58 [@]	71.60 [#]	97.64	65.86	41.61
EPS (Rs.)	9.56	7.34	13.81	16.82	17.14	14.76	17.13 [@]	44.63 [#]	35.77	27.75	16.02

25,00,000 Shares issued during the year.

@ 1,54,72,000 Shares added – Bonus/Rights issue.

* Includes Rs.5118.01 lakhs Cumulative Convertible Preference Shares issued during the year.



NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the EIGHTEENTH ANNUAL GENERAL MEETING of the Company will be held at Satguru Gnanananda Hall (Narada Gana Sabha), 314, T.T.K. Road, Chennai 600 018 at 10.30 A.M. on Thursday, the 31st August 2000, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 30th June, 2000 and the Profit and Loss Account for the year ended on that date and the report of the Directors and Auditors.
2. To approve and ratify the interim dividend paid for the year 1999-2000 as final dividend.
3. To appoint a Director in the place of Mr. S Venkitaramanan who retires by rotation as per Article 42(1) of the Articles of Association of the Company and who, being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr. R J Shahaney who retires by rotation as per Article 42(1) of the Articles of Association of the Company and who, being eligible, offers himself for re-appointment.
5. To appoint a Director in the place of Mr. B D Punjabi who retires by rotation as per Article 42(1) of the Articles of Association of the Company and who, being eligible, offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration. The retiring Auditors M/s. Prasad and Srinath, Chartered Accountants, Chennai are eligible for re-appointment. In this connection to consider and if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:

"RESOLVED that M/s. Prasad and Srinath, Chartered Accountants, Chennai be and are hereby appointed as Auditors of the Company

to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on a remuneration of Rs.3,00,000/- (Rupees Three Lakhs only) in addition to reimbursement of out-of-pocket expenses".

SPECIAL BUSINESS:

7. To be moved as an Ordinary Resolution:

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

"RESOLVED that Mr. A J Sandil be and is hereby appointed as a Director of the Company".

8. To be moved as an Ordinary Resolution:

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

"RESOLVED that Mr. S. Solomon Raj be and is hereby appointed as a Director of the Company".

9. To be moved as an Ordinary Resolution:

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

"RESOLVED THAT in supersession of the resolution passed at the Annual General Meeting of the Company held on 19th October, 1995, the consent of the Company is hereby accorded in terms of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company, for borrowing from time to time any sum or sums of money which, together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's

bankers in the ordinary course of business) may exceed the aggregate of the Paid-up capital of the Company and its Free Reserves, that is to say, reserves not set apart for any specific purposes provided that, such excess as determined by the amount so borrowed by the Board shall not at any time exceed Rs.2000 crore (Rupees Two Thousand crore only)".

10. To be moved as an Ordinary Resolution:

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

'RESOLVED THAT consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company, for mortgaging and/or charging all movable and immovable properties of the Company, wheresoever situate, both present and future, and the whole or substantially the whole of the undertaking of the Company, and/or to hypothecate the current assets (excluding assets purchased on deferred payment terms and assets charged to Financial Institutions/Banks) in favour of the Trustees (to be appointed by the Board) for the holders of Non-convertible Debentures amounting to Rs.300 crore (which the Board of Directors is hereby authorised to issue from time to time upon the terms and conditions to be decided by them in accordance with the provisions and guidelines issued / to be issued thereunder) to secure the repayment of the said amount of debentures together with interest thereon, commitment charges, premium on redemption, trustee's remuneration, costs, charges, expenses and other monies.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to decide the terms and conditions

and to finalise all agreements/documents for creating mortgage and/or charge as aforesaid and to do all such acts, deeds and matters as may be necessary or expedient for giving effect to the above resolution".

By Order of the Board

Registered Office

Sudarsan Building
86 Chamiers Road
Chennai 600 018.

P. RAGUNATHAN
General Manager
(Legal & Taxation) &
Company Secretary

July 26, 2000

NOTES:

- A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company. The proxies, in order to be valid, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
- Please bring the admission slip with you duly filled in and hand over the same at the entrance of the Meeting Hall.
- It will be helpful if your Registered Folio Number is quoted in all your correspondence with the Company.
- The Explanatory Statement setting out the material facts in respect of the business under Item Nos. 7, 8, 9 & 10 of the accompanying Notice pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
- The Register of Members and Share Transfer Books of the Company will remain closed from 21.8.2000 to 31.8.2000 (both days inclusive).



- | | |
|--|--|
| <p>6. All documents referred to in the above Notice and Explanatory Statement are open for inspection at the Registered Office of the Company during Office Hours.</p> | <p>Shareholders who have not encashed the dividend warrants for the year ended 30.6.1996 and or any subsequent dividend payments are required to make their claim to the Company.</p> |
| <p>7. Consequent to amendment to Section 205A and establishment of Investors' Education and Protection Fund, the amount of dividend remained unclaimed for a period of seven years shall be transferred to the aforesaid fund.</p> | <p>Shareholders who have not encashed the dividend warrants for the earlier years (prior to June, 1996) are requested to claim the amount from the Registrar of Companies (Tamil Nadu), Shastri Bhavan, No.26 Haddows Road, Chennai 600 006.</p> |

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No. 7

Mr. A J Sandil was appointed as a Director of the Company in the casual vacancy caused by the resignation of Mr. V R Pappu with effect from 29th October, 1998. Mr. V R Pappu would have retired by rotation, had he been in office, in this Annual General Meeting. Under Section 257 of the Companies Act, 1956 any person other than a director retiring by rotation can be appointed as a Director of the Company at the Annual General Meeting only if the Notice of intention to propose his appointment at the said General Meeting has been given to the Company by a Member. Such a notice under that section along with requisite fee has been received from a Member intimating his intention to propose the appointment of Mr. A J Sandil as Director of the Company along with a resolution for his appointment as set out in Item No.7 of the notice convening the meeting.

None of the Directors except Mr. A J Sandil is interested in the resolution.

Item No. 8

Mr. S. Solomon Raj is appointed as Additional Director of the Company with effect from 26th July,

2000. He would vacate office at this Annual General Meeting. Under Section 257 of the Companies Act, 1956 any person other than a director retiring by rotation can be appointed as a Director of the Company at the Annual General Meeting only if the Notice proposing his appointment at the said General Meeting has been given to the Company by a Member. Such a notice under that section along with requisite fee has been received from a Member intimating his intention to propose the appointment of Mr. S. Solomon Raj as Director of the Company as set out in Item No. 8 of the notice convening the meeting.

None of the Directors except Mr. S. Solomon Raj is interested in the resolution.

Item No. 9

Under Section 293(1)(d) of the Companies Act, 1956 the Board of Directors shall not except with the consent of the Company in General Meeting, borrow monies (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) in excess of the aggregate of Paid-up Capital and Free Reserves of the Company. According to Explanation 1 to the

Section, every resolution passed in the General Meeting of the Company in relation to the exercise of the above power shall specify the total amount upto which monies may be borrowed by the Board of Directors over and above the aggregate of Paid-up Capital and Free Reserves. At the Annual General Meeting of the Company held on 19th October, 1995 the Members had authorised the Board of Directors to borrow monies not exceeding Rs.1500 crore.

Taking into account the requirements for additional finance for working capital in view of the increased volume envisaged in the years to come, it is proposed to obtain consent of the Members to increase the limit to Rs.2000 crore over and above the aggregate of Paid-up Capital and Free Reserves of the Company. Hence, the resolution as set out in Item No.9 is proposed.

None of the Directors is interested in this resolution.

Item No. 10

To augment long term funds to meet the growing need for resources and in view of the expanding operations, it is felt expedient to raise or borrow funds by issue of debentures from time to time upto Rs.300 crore.

In order to secure the repayment of the said debentures amounting to Rs.300 crore, the Company has to mortgage and/or charge its movable and immovable properties, wherever situate, in favour of the debenture trustees.

In accordance with Section 293(1)(a) of the Companies Act, 1956, the Board of Directors of the Company shall not, except with the consent of its shareholders in the general meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company.

Since mortgaging and/or charging by the Company of its movable and immovable properties in favour of the debenture trustees may be regarded as disposal of the Company's properties, the Board recommends the resolution as set out in Item No.10 of the accompanying Notice for approval of the shareholders.

None of the Directors is interested in this resolution.

By Order of the Board

Registered Office

Sudarsan Building
86 Chamiers Road
Chennai 600 018.

July 26, 2000

P. RAGUNATHAN

*General Manager
(Legal & Taxation) &
Company Secretary*



DIRECTORS' REPORT

Your Directors are pleased to present the Eighteenth Annual Report along with Audited Accounts for the year ended June 30, 2000.

FINANCIAL RESULTS

	2000 (Rs. lakhs)	1999 (Rs. lakhs)
Profit Before Tax	2325.80	1711.98
Less: Provision for Taxation	300.00	210.00
Profit After Tax	2025.80	1501.98
Add : Balance in Profit & Loss Account brought forward from previous year	916.87	1000.18
Debtenture redemption reserve no longer required	1130.55	687.50
Profit Available for appropriations	4073.22	3189.66
Appropriations		
Dividend on Equity - Interim paid	818.88	—
- Final	—	818.88
Dividend on CCPS	55.53	—
Tax on Dividend	102.30	90.08
General Reserve	1000.00	300.00
Statutory Reserve	410.00	300.50
Debtenture Redemption Reserve	253.61	763.33
Surplus Balance in Profit & Loss Account	1432.90	916.87

DIVIDEND

Interim dividend of 40% (Rs.4 per equity share of Rs.10 each) free of tax was paid during the year. The Board has recommended this as final dividend for the year.

A dividend @ 9% free of tax (Prorata) on Cumulative Convertible Preference Shares (CCPS) is declared as per the terms of the issue.

BUSINESS

Commercial vehicle industry, after a long spell of demand recession, witnessed 34% growth over previous year levels. Demand for cars, multi-utility vehicles, construction equipment and other segments in which your Company has presence, has also shown reasonable growth consequent to overall economic revival. Retail financing an area which was hitherto been the domain of NBFCs, over the last few years is facing competition from strong players comprising of Multi National Companies, Banks and Financial Institutions. Competitive pressures and the need for maintaining adequate capital adequacy ratio has impacted the growth of assets in NBFC sector.

Total disbursement for the current year at Rs.953 crore is higher by 5% (Rs.906 crore) over last year. Hire purchase disbursement was at Rs.939 crore as against Rs.890 crore last year and lease financing at Rs.13.87 crore as against Rs.15.85 crore last year.

The volume of trade bill discounted during the year was at Rs.173 crore as against Rs.149 crore last year.

Profit Before Tax for the current year has increased to Rs.23.26 crore from Rs.17.12 crore last year.

Profit After Tax has also increased to Rs.20.26 crore from Rs.15.02 crore last year.

FUTURE PROSPECTS

Despite subdued demand for medium / heavy commercial vehicles in the 2nd quarter of the current calendar year, commercial vehicles for the rest of the year is likely to register reasonable growth. NBFCs are facing intense competition from Banks, Financial Institutions and other large corporates in retail segment particularly in commercial vehicle, forcing them to accept lower