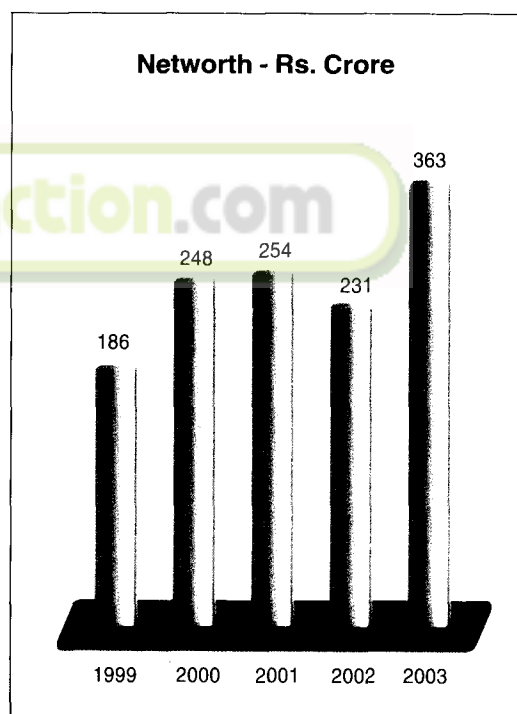
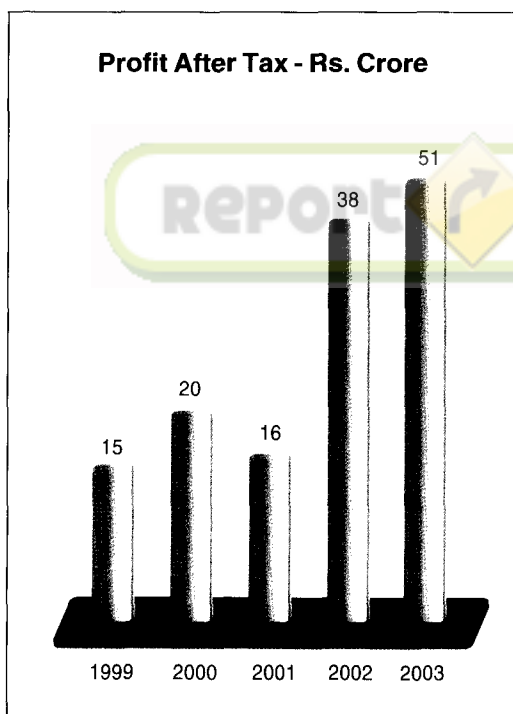
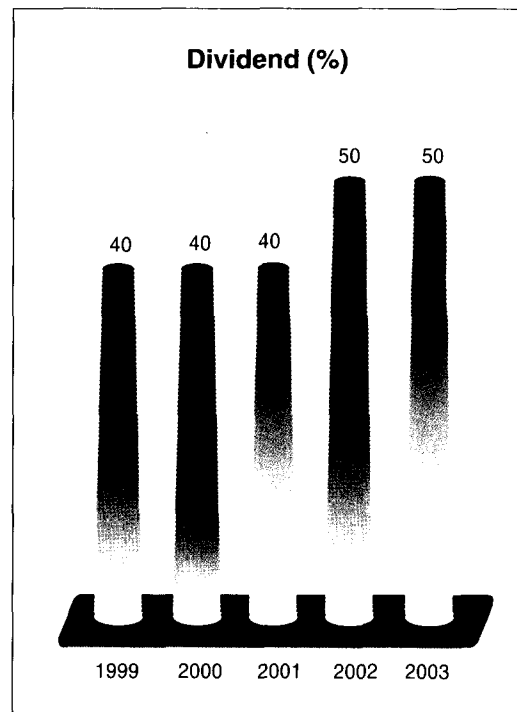
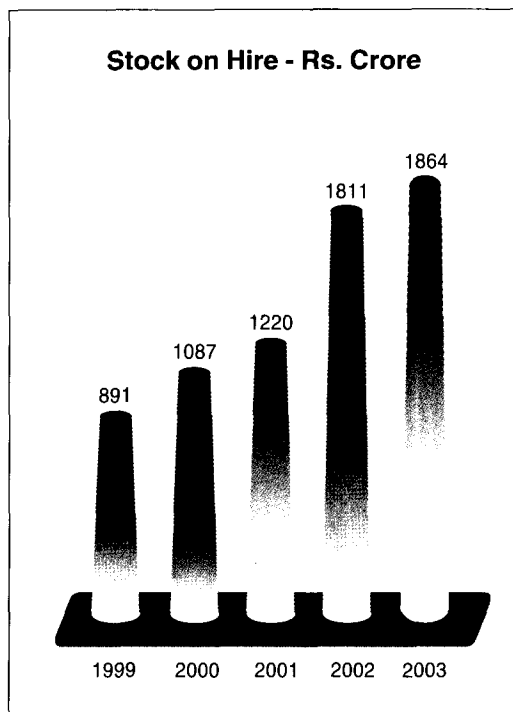


ANNUAL REPORT 2003



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Ashok Leyland Finance Limited





ASHOK LEYLAND FINANCE LIMITED

BOARD OF DIRECTORS

S. Venkitaramanan *Chairman*
R.J. Shahaney *Vice Chairman*
T. Anantha Narayanan
Bharat M. Sanghvi
A.C. Chakrabortti
R. Seshasayee
S. Solomon Raj
Dheeraj G. Hinduja
B.D. Punjabi *(Alternate to Mr D.G. Hinduja upto 2-5-03)*
Y.M. Kale *(Alternate to Mr D.G. Hinduja From 3-5-03)*
I.N. Chatterjee
S. Kuppaswami *(Nominee of UTI upto 24-1-03)*
S. Nagarajan *Managing Director*
D.J. Balaji Rao *(From 2-5-03)*

EXECUTIVE DIRECTORS

N. Sampath Kumar
S.V. Parthasarathy

SECRETARY

P. Ragunathan

REGISTERED OFFICE

Sudarsan Building
 86 Chambers Road
 Chennai 600 018
 Ph: 044 - 24356676, 24359457, 24359461
 Fax: 044 - 24343646

FINANCIAL INSTITUTIONS

GE Capital Services India
 Citicorp Finance (India) Limited
 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
 Standard Chartered Bank
 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
 State Bank of Travancore
 Bank of India
 State Bank of Bikaner & Jaipur

AUDITORS

Prasad & Srinath Chartered Accountants "Siddhartha Apartment", Flat No.4, First Floor, 40, C.P. Ramasamy Road, Chennai 600 018.	SNB Associates Chartered Accountants 12, 3 rd Floor, Gemini Parsn Complex, 121, Mount Road, Chennai 600 006.
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TRUSTEE - ODD LOT SHARES

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

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HIGHLIGHTS OF PERFORMANCE

		Rs. Lakh									
	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93
		(9 Months)									
Gross Income	35838	30776	19663	24772	28668	33064	28034	22445	17827	10114	7517
Gross Profit	10228	7935	4397	5461	5194	8656	7333	7163	6382	3429	2197
Profit Before Tax	7993	5806	2368	2326	1712	4628	3453	4134	3736	1983	1289
Profit After Tax	5088	3764	1618	2026	1502	2828	3443	3509	3021	1670	1274
Stock-on-Hire	186447	181100	121992	108713	89094	110027	103018	80903	56626	39404	28674
Assets on Lease	11889	17371	20430	22339	28339	30463	29222	23261	16872	9893	6869
Gross Assets	249915	234355	170861	153728	141868	161099	154692	122198	99324	60333	40571
Shareholders' Funds	** 36279	23132	25357	*24796	18629	18036	16334	14017	11532	9535	3580
Fixed Deposits	25653	23954	22436	24604	29971	35137	36782	17029	11603	8007	4801
Dividend (%)	50	50	\$40	40	40	50	50	50	50	45	40
Book Value (Rs.)	103.37	88	98.86	96.12	91.00	88.10	79.79	68.47	56.33	@46.58	#71.60
EPS (Rs.)	21.01	15.90	& 8.06	9.56	7.34	13.81	16.82	17.14	14.76	@17.13	#44.63

25,00,000 Shares issued during the year.

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

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

\$ Prorated for nine months.

& Annualised EPS.

** Includes Rs.10000 lakh of Redeemable Non convertible preference shares issued during the year on private placement basis.



NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the TWENTY FIRST ANNUAL GENERAL MEETING of the company will be held at Satguru Gnananandha Hall, (Narada Gana Sabha), New No.314, (Old No.254), TTK Road, Alwarpet, CHENNAI 600 018 at 2.45 PM on Tuesday, the 22nd July, 2003 to transact the following:

ORDINARY BUSINESS:

1. To receive consider and adopt the Balance Sheet as at 31st March, 2003 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 to Non-Convertible Redeemable Cumulative Preference Shareholders and Cumulative Convertible Preference Shareholders for the year 2002 – 2003.
3. To declare dividend to Equity Shareholders.
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 reappointment.
5. To appoint a Director in the place of Mr Bharat M Sanghvi who retires by rotation as per Article 42(1) of the Articles of Association of the company and who, being eligible, offers himself for reappointment.
6. To appoint a Director in the place of Mr S Solomon Raj who retires by rotation as per Article 42(1) of the Articles of Association of the company and who, being eligible, offers himself for reappointment.
7. To appoint Auditors and fix their remuneration. The retiring Auditors M/s Prasad and Srinath, Chartered Accountants, Chennai and M/s SNB Associates, Chartered Accountants, Chennai are eligible for reappointment. 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 and M/s SNB Associates, 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.4.50 lakh (Rupees Four lakh fifty thousand only) each in addition to reimbursement of out-of-pocket expenses".

SPECIAL BUSINESS:

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 Dheeraj Hinduja be and is hereby appointed as a Director of the Company.

9. To be moved as an Ordinary Resolution:

RESOLVED THAT Mr I N Chatterjee be and is hereby appointed as a Director of the Company.

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 Mr D J Balaji Rao be and is hereby appointed as a Director of the Company.

11. 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.500 crore (which the Board of Directors is hereby authorized 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 authorized 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".

12. 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, in favour of the banks that are in the consortium to secure facilities to be granted from time to time upto Rs.800 Crore together with interest at the respective agreed rates, costs, charges, expenses and all other monies payable by the company to the banks from time to time.

13. To be moved as a Special Resolution:

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

"RESOLVED THAT in terms of the Guidelines issued by the Securities and Exchange Board of India (SEBI) and subject to the provisions of the Companies Act, 1956 (including any statutory modification(s) or re enactment thereof for the time being in force and as may be

enacted hereinafter) and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), consent be and is hereby accorded to the Board to delist the Company's Equity Shares from The Calcutta Stock Exchange Association Limited at such time as the Board may in its absolute discretion, consider appropriate and on terms and conditions as may be stipulated and/or mutually agreed to in the best interests of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, usual or expedient to give effect to the above resolution".

14. 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 pursuant to provisions of Sec.94(2) of the Companies Act, 1956 the Authorized Capital of the company be and is hereby increased from the present amount of Rs.202 Crore (Rupees two hundred and two crore only) divided into 50000000 Equity Shares of Rs.10/- each, 10400000 Cumulative Convertible Preference Shares of Rs.50/- each 10000000 Non-Convertible Redeemable Cumulative Preference Shares of Rs.100/- each to Rs.255 Crore (Rupees two hundred and fifty five crore only) consisting of 50000000 equity shares of Rs.10/- each, 21000000 Cumulative Convertible Preference Shares of Rs.50/- each and 10000000 Non-Convertible Redeemable Cumulative Preference Shares of Rs.100 each.

15. 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 the existing clause V of the Memorandum of Association of the company be deleted and in its place the following be and is hereby inserted.

The Authorized Capital of the company is Rs.255 Crore (Rupees two hundred and fifty five crore only) divided into 50000000 equity shares of Rs.10 each, 21000000 Cumulative Convertible Preference Shares of Rs.50/- each and 10000000 Non-Convertible Redeemable Cumulative Preference Shares of Rs.100/- each.

16. To be moved as a Special Resolution:

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

RESOLVED THAT Article 3(a) of the Articles of Association of the Company be and is hereby altered by substituting the following for the existing articles:

The Authorised Capital of the company is Rs.255 Crore (Rupees two hundred and fifty five crore only) divided into 50000000 Equity Shares of Rs.10/- each, 21000000 Cumulative Convertible Preference Shares of Rs.50/- each and 10000000 Non-Convertible Redeemable Cumulative Preference Shares of Rs.100/- each.

17. To be moved as a Special Resolution:

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

RESOLVED THAT pursuant to provisions of Sec.81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or reenactment thereof) and the Articles of Association of the Company and subject also to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the company (hereinafter referred to as the "Board" which expression shall also include a committee thereof) as may be prescribed or imposed while granting such approvals, permissions, sanctions which may be agreed to or accepted by the Board, the consent of the company be and is

hereby accorded to the Board to make an issue of 20881438 7.5% Cumulative Convertible Preference Shares (CCPS) of Rs.50/- each for cash on Rights Basis to the Members of the company whose names appear on the Register of Members on such date as the Board may hereinafter determine in the ratio of 2 CCPS for every 3 Equity Shares held by such members.

FURTHER RESOLVED THAT the rights offer of CCPS shall be subject to the following terms and conditions.

That the entire amount of Rs.50/- shall be payable as application money.

The Members will have the option to apply for additional shares provided that the Member who has renounced his right in full or part shall not be entitled to apply for additional shares.

The CCPS offered now shall be compulsorily convertible at the end of 3 years from the date of allotment at a premium of Rs.40/- per share or at an average price of the Equity Shares quoted on the Madras Stock Exchange or any other Stock Exchange where the company's shares are frequently traded ("Frequently traded" means actively traded and as indicated by number of transactions in a calendar month), during the last six months prior to the conversion whichever is lower, subject to a minimum price of Rs.10/- per share. Such average will be computed based on the average monthly high/low prices of the Equity shares on the Stock Exchange. The equity shares arising out of the conversion shall be subject to the provisions of the Memorandum and Articles of Association of the company including the provisions of lien and transfer.

The offer of right shall include a right to renounce the shares in favour of any other person(s) provided such renunciation is made before closing of the offer and the Board of Directors of the Company shall have absolute discretion to reject any such nominee, without assigning any reason.

The unsubscribed shares, if any, from the shares offered to the Members of the Company shall be disposed of by the Board of Directors in such manner as they may think fit.

Shareholders shall not be entitled to any fractional coupon or any amount in lieu thereof and all fractional entitlement that arise will be ignored. However, those shareholders who are eligible for being offered fractional entitlement and who are not so offered are welcome to apply for 1 additional share for allotment on a preferential basis subject to availability of shares and at the discretion of the Board of Directors.

The issue and allotment of the said CCPS to Non-Resident Members of the Company shall be subject to the approval of Reserve Bank of India.

Application shall be made by the Company for listing of the said CCPS on the Stock Exchanges of Chennai, Mumbai and National Stock Exchange of India Limited.

RESOLVED FURTHER that for the purpose of giving effect to the above Resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things including allotments and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary or desirable, and to settle any question, difficulty or doubt that may arise in regard to the offer, issue and allotment of the said Preference Shares, as they may think fit.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to negotiate the rate of dividend with the investors which shall not exceed 7.5% and finalise the terms of issue including the date of redemption which shall not exceed 10 years from the date of issue.

RESOLVED FURTHER THAT pursuant to Sec.80(4) of the Companies Act, 1956 the proceeds of this issue be utilised for the redemption of 9% Non-Convertible Redeemable Cumulative Preference shares issued on Private Placement Basis in the year 2002 and that the Board be and is hereby authorized to do all such acts, deeds, matters and things including allotments and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary or desirable, and to settle any question, difficulty or doubt that may arise in regard to offer, issue and allotment of the said Preference Shares, as they may think fit".

By Order of the Board

Registered Office
Sudarsan Building
86 Chamiers Road
Chennai 600 018.

P RAGUNATHAN
General Manager
(Taxation & IA) and
Company Secretary

18. To be moved as a Special Resolution:

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

RESOLVED THAT pursuant to provisions of Sec.81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or reenactment thereof) the Board of Directors of the company (hereinafter referred to as the "Board" which expression shall also include a Committee thereof) be and is hereby authorized to issue 10000000 Non-Convertible Redeemable Cumulative Preference Shares of Rs.100/- each on Private Placement Basis to Mutual Funds, Bodies Corporate, Banks, Financial Institutions, Other Statutory or Non-Statutory Authorities, Government or Quasi Governmental Bodies, Individuals, Other Entities and such other person(s) as the Board may decide.

June 13, 2003

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 Client ID No. 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. 8 to 18 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 16th July 2003 to 22nd July 2003 (both days inclusive).

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.

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.

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.

Shareholders who have not encashed the dividend warrants for the earlier years (prior to June 1995) are requested to claim the amount from the Registrar of Companies (Tamil Nadu), Shastri Bhavan, No.26, Haddows Road, Chennai – 600 006.

In terms of SEBI Circular dated 27th December 2002, M/s Integrated Enterprises (India) Ltd., 2nd Floor, "Kences Towers", No.1 Ramakrishna Street, North Usman Road, T.Nagar, Chennai 600 017 have been appointed Registrar and Share Transfer Agents for both physical and demat shares. The shareholders are requested to send all correspondences to the address of the Registrar.

At this Annual General Meeting Mr R J Shahaney, Mr Bharat M Sanghvi and Mr S Solomon Raj retire by rotation and being eligible offer themselves for reappointment.

As per Clause 49 of the Listing Agreement with the Stock Exchanges a brief background, functional expertise of the Directors proposed for appointment/reappointment are furnished

below along with details of Companies in which they are Directors and the Committees of which they are members.

Mr R J Shahaney aged about 72 years, is a graduate from University of London (B.Sc. (Engg.)) and an Associate of the City & Guilds Institute (ACGI). He is the Past President of Confederation of Indian Industry (CII), Association of the Indian Automobile Manufacturers (AIAM) and Indian Institute of Welding (IIW). He is the Chairman of Ashok Leyland Ltd., flagship company of the Hinduja Group in India.

Directorship	Committee Membership
Chairman	
Ashok Leyland Limited	Shareholders/ Investors Grievance Committee Share Transfer Committee
Ashok Leyland Project Services Limited	
Hinduja National Power Corporation Limited	
IndusInd Bank Limited	
Ennore Foundries Limited Dy. Chairman	Share Transfer Committee
Director	
AMAS Investment Project Services Limited, London	
Lanka Ashok Leyland Limited	

Mr Bharat M Sanghvi aged about 57 years is the Managing Director of Automotive Manufacturers Private Limited and has been in Automobile dealership business. He is the past President of Federation of Automobile Dealers Associations and Automobile Dealers Association of Maharashtra and currently the Vice President of Indian Roads & Transport Development Association.

Directorship	Committee Membership
Automotive Manufacturers Private Limited - Managing Director	
M P Sanghvi Investment Private Limited - Director	

Mr S Solomon Raj aged about 68 years, had put in 37 years of service with State Bank of India, the premier banking institution of the country. The important assignments held by him in SBI were CEO, Singapore Off-shore Banking Unit, Chief General Manager, Bombay Circle covering Maharashtra and Goa and Deputy Managing Director (International Banking). He has also served as the Managing Director of IndusInd Bank Limited and is currently the Executive Vice Chairman of Hinduja TMT Limited.

Directorship	Committee Membership
Hinduja TMT. Limited - Executive Vice Chairman	Compensation Committee
	Investor Grievance Committee, Committee of Directors
Director	
IndusInd Entertainment Limited	
Planet E shop Holdings India Private Limited	
Grant Investrade Limited	
Shop24 Seven India Private Limited	
IN2 Cable (India) Limited	

Mr Dheeraj Hinduja aged about 32 years is a graduate from University College, London (B.Sc. Hons) and M.B.A (Specialisation in Project Management) from University of London. He has worked with Ashok Leyland Ltd., in Project Development

Directorship	Committee Membership
Ennore Foundries Limited	
Hinduja Group India Limited	
Ashok Leyland Limited	Audit Committee
Ashok Leyland Project Services Limited	Remuneration Committee
Hinduja TMT Limited	
Amas National Power Holding (Regd. in UK)	
Amas National Power Utilities (Regd. in UK)	
HTMT (Europe) (Regd. in UK)	
HTMT Inc (Regd. in USA)	
LRLIH Limited (Regd. in UK)	

Mr I N Chatterjee aged about 58 years is a Cost Accountant and Company Secretary and M.B.A (Specialisation in Finance and Marketing) from Indian Institute of Management, Calcutta. He has an outstanding career record in the corporate sector for a period of nearly 3 decades and has been working in diverse areas of business in different locations. His last assignment was Director – Finance in ONGC.

Directorship	Committee Membership
Director	
Gulf Oil Corporation Limited	Audit Committee Shareholders/ Investors Grievance Committee, Committee of Directors
Ashok Leyland Limited (Alternate Director)	