Investor Meet
September 2012

Presentation Outline

Hinduja Group Overview

HINDUJA

- Hinduja group was established in 1914 in Mumbai
- Employs more than 50,000 personnel worldwide
- Global presence across 30 countries

Automotive

Ashok Leyland is India's second largest commercial vehicles and diesel engine manufacturer and Hinduja Group's flagship company in India.

Energy & Chemicals

Gulf Oil is arguably one of the most evocative names in the oil industry – serving the needs of the motorist and of industry for more than a century.

IT/ ITES

HTMT IT Services spearheads the Group's IT activities by providing professional resources of highest quality services and full range of software solutions across several industries for clients in India and overseas.

Banking & Finance

Led by the Hinduja Bank in Geneva, and the IndusInd Bank in India, offers a range of services to its ever-growing international client base

Media & Entertainment

The Hinduja presence in media & communications helps realize innumerable exciting infotainment products

Infrastructure

Hinduja Group is engaged in real estate development projects, involving both commercial and residential property

CV Industry Trend and Outlook

Weak Q1FY13 Environment

- **Cumulative July'12 Index of Industrial Production grew:** (0.1%)
- **Truck rentals on trunk routes lower by:**
  - 1QFY13: 8-10%
  - Aug'12: 3-4%
- **Drop in cargo availability:** 15-20%
- **Waiting period for return load:** 4-5 days
- **Prices of second hand vehicles down:** 15-20%
- **Several key cargo generating sectors underperforming:** Agricultural, auto components/parts, electrical goods and steel

Turnaround Could be Near

- **Growth projections for FY13:**
  - IIP: 4.1%
  - GDP: 6.5%
- **Diesel price hike led to more than proportionate increase in freight rates**
- **Demand in freight market expected to pick up**
  - Higher consumer spending in forth coming festival season (Oct-Dec)
  - Monsoon deficiency has considerably reduced; Agriculture sector expected to register marginal growth
  - Certain sectors, especially those focused on consumers continue to do well i.e. pharma, FMCG
  - Railways posted 4.4% growth in freight traffic during Apr-July'12
  - Construction activity usually gains momentum post monsoon
  - Coal imports expected to grow by 31% due to increasing demand

Forecast for Key Freight Generating Sectors

	2012-13 Forecast	2011-12 Estimate
Food Grain Production	(2.0%)	4.9%
Steel	7.4%	7.0%
Cement	7.5%	6.6%
Coal	6.8%	1.2%
Port Cargo Traffic	4.2%	(1.7%)
IIP	4.1%	2.9%

Source CMIE, Sep'12

Policy Changes: Initiated

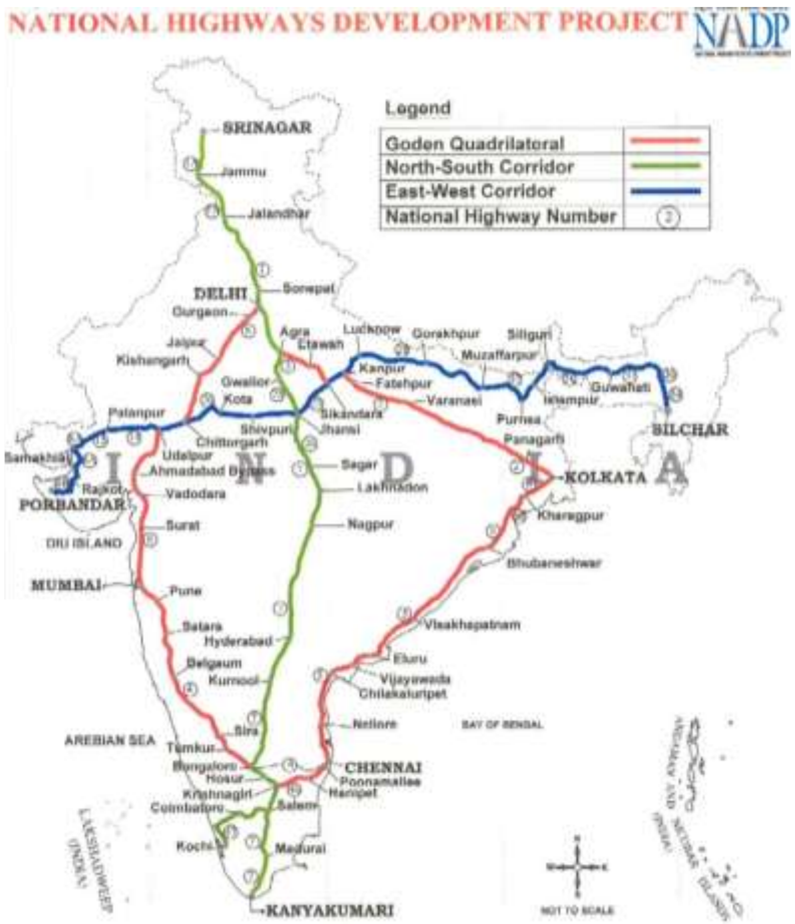
ASHOK LEYLAND

Retail	• FDI in multi-brand retailing coupled with higher rural purchasing power expected to boost consumption
Coal Mining	• Scrapping of go/no-go classification of coal blocks • Expeditious environment and forestry clearance • Approaching State Government for necessary assistance in land acquisition, etc. • Planning Commission likely to support privatization of coal mining as done for petroleum and natural gas industry[1]
Steel	• Partial lift of ban imposed by Karnataka Government with lease holders expected to resume operations after securing state approvals
Sand Mining	• Various State Government are in the process of finalizing new sand mining policies • Andhra Pradesh is expected to finalize the policy by Sep'12[2] • Bihar's revenue from sand mining is increasing steadily (2011-12 estimate: INR 1,470 Mn) • New policy expected in Jan'13[3]
Infrastructure	• In Jul'12, Government announced that it will launch Jn-NURM Phase II to cover infrastructure deficit and target massive urbanization (Project value: INR 200 Bn)[4]

Source CMIE, Sep'12

Notes
1. Source: Business Today dated. 19.09.12
2. Source: The Hindu dated 12.09.12
3. Source: Times of India dated: 06.03.12
4. Source: Economic Times: 02.07.12

Focus on Road Network Continues



Note
1. National Highway Association of India

NHAI Projects[1]	Kms
Total length	50,412
Completed (till Jun'12)	18,376 (36%)
Under Imp. / Balance	32,036 (64%)

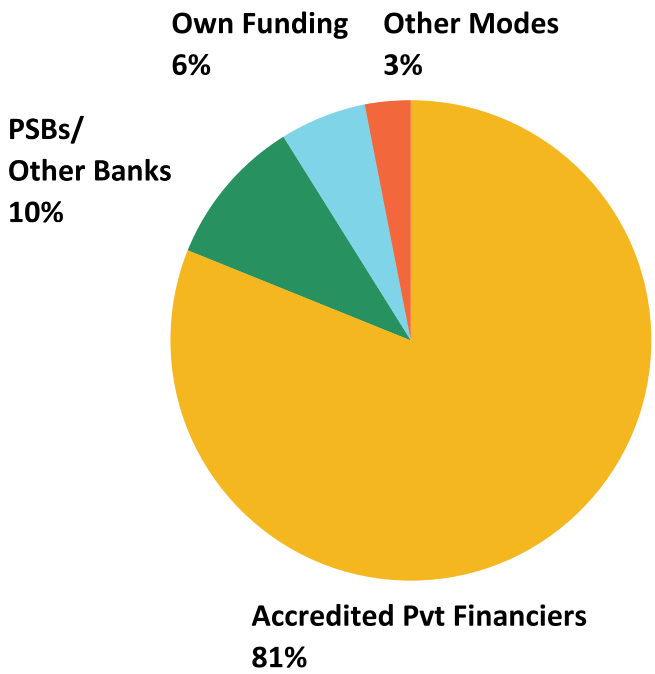
NHAI Project[1]	Total	Completed	
	Kms	Kms	%
Golden Quad	5,846	5,842	100
NS-EW Ph I & II	7,300	6,031	84
NHDP Ph III	12,109	4,071	34
NHDP Ph IV	14,799	2	-
NHDP Ph V	6,500	1,052	16
NHDP Ph VI / VII	1,700	16	1
Port conn/Others	2,158	1,362	63

- NHAI[1] has completed
  - Over 2,200 kms in FY'12
  - Over 2,000 kms in FY'11
  - Over 2,400 kms in FY'10
- Pace of awarding contracts for road construction expected to pick up

Financing Remains Available

Split of Financing Options for Q1 FY'13

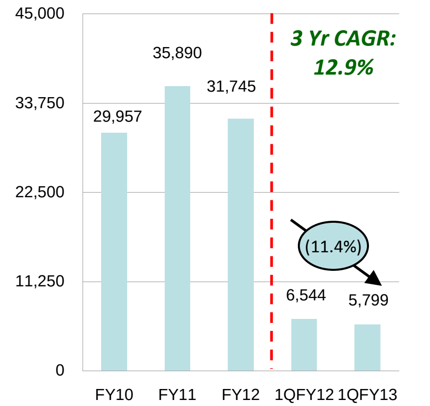
%



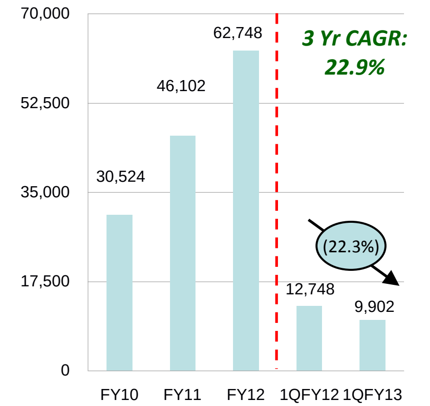
- No constraints in availability of finance
- NBFCs and Private Banks have been aggressive in capturing business and have lowered rates by 50-100 bps across customer categories
- Current interest rates ranges from
  - First time users: 12.5% - 17.0%
  - Small road transport operators: 12.0% - 15.0%
  - Large fleet operators: 10.5% - 14.0%
- Stress in auto segment (including commercial vehicles) restricted to some products for some banks only and not a widespread phenomenon
  - No adverse movement of NPAs of NBFCs (< 1%)

India CV Market Performance: Trucks

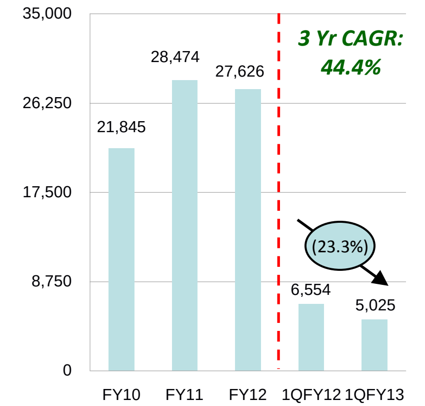
Haulage (16T)



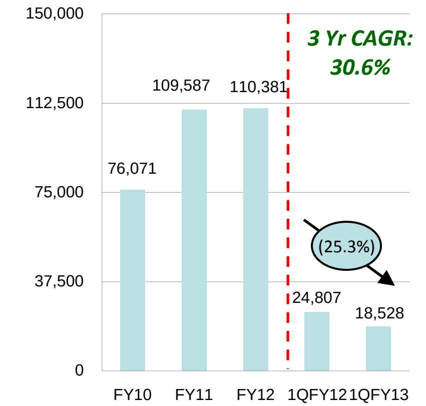
Tippers (16 - 31T)



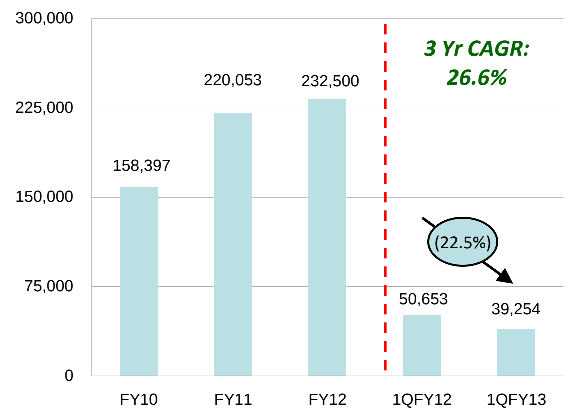
Tractor Trlrs (30 - 49T)



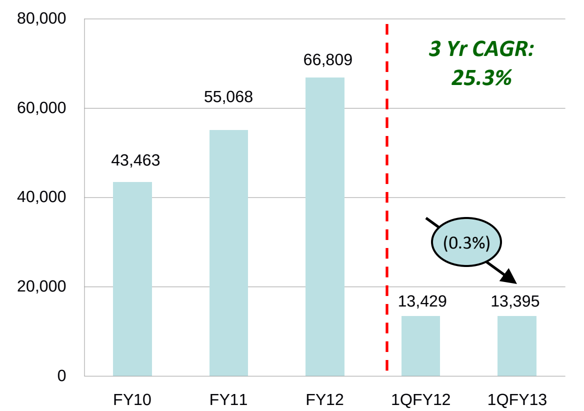
MAV (22 – 31T)



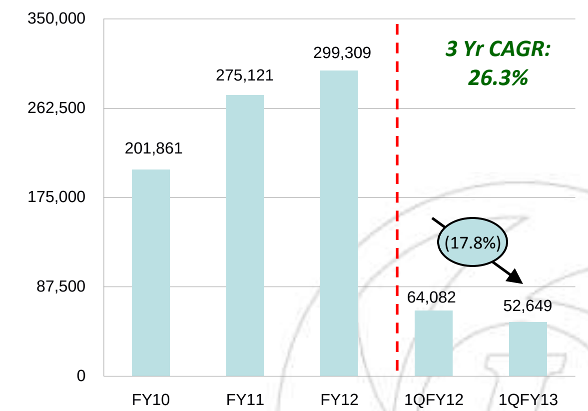
Total HCV – Trucks



ICV (9T–15T)



M&HCV – Trucks

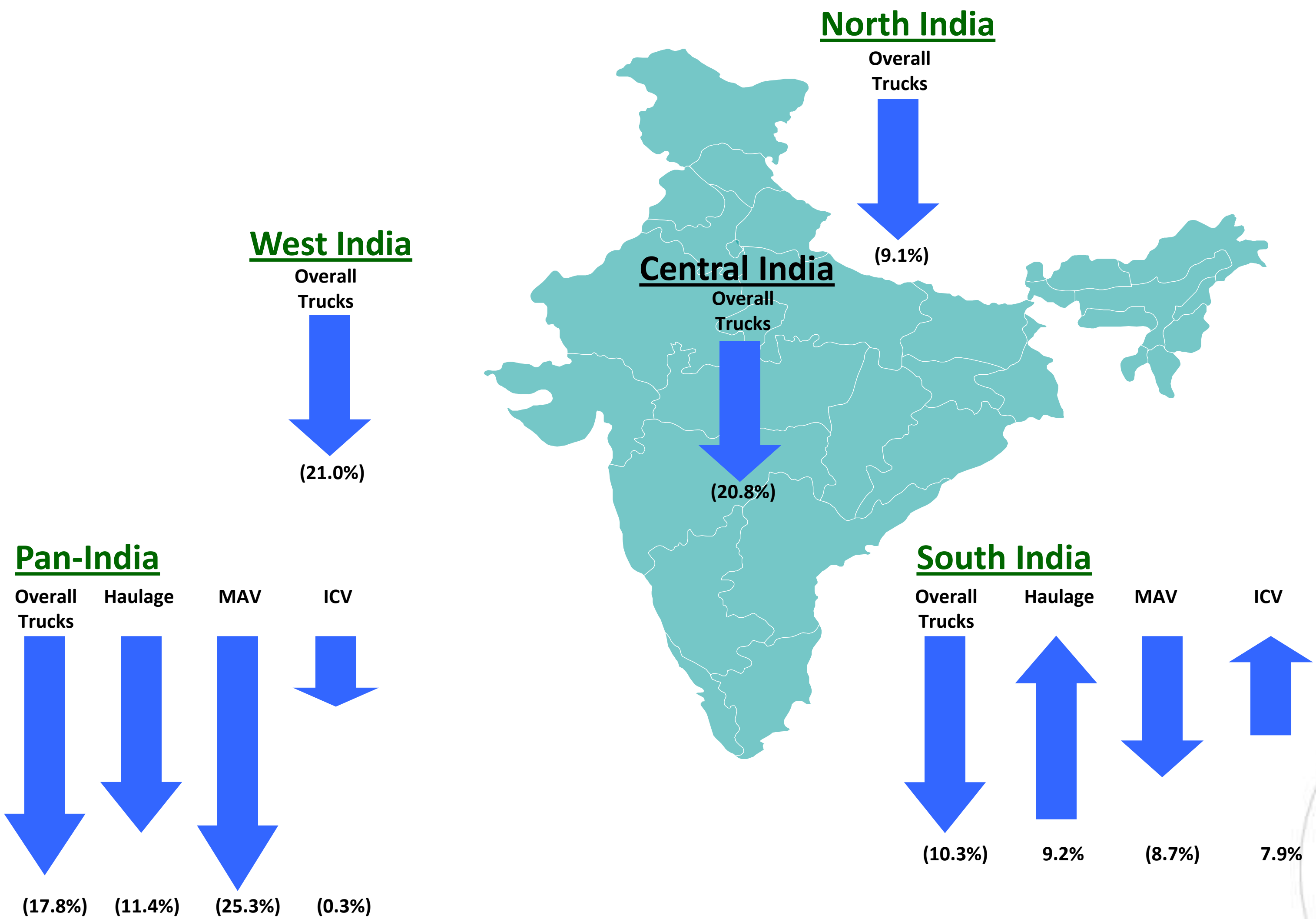


Note
1. FY ending 31 March

HCV Trucks Grew by 27% Over Last 3 Years While ICVs Grew by 25%

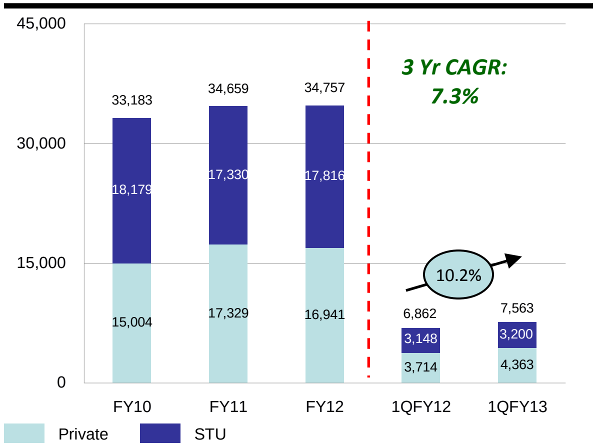
South India Market Stands Out

YoY Performance for 1QFY13

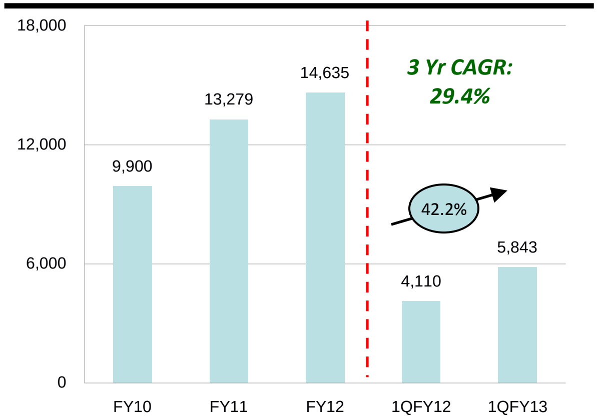


CV Market Performance - Buses

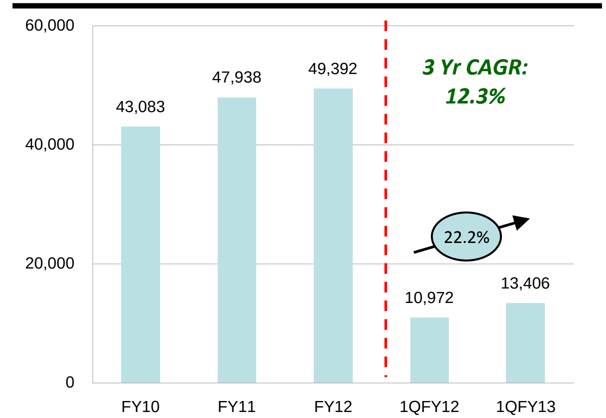
Total HCV - Buses



ICV



M&HCV - Buses



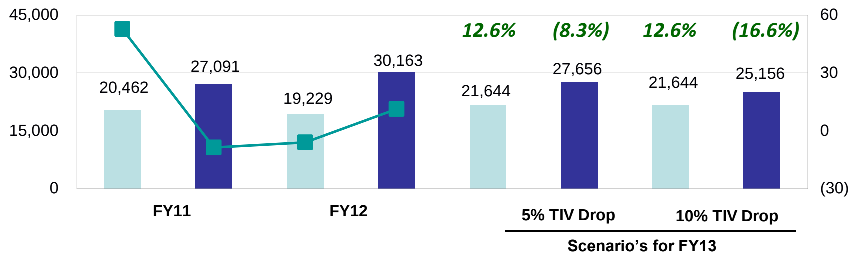
HCV Buses Grew by 7% Over Last 3 Years While ICVs Grew by 29%

- **Key 1QFY13 vs. 1QFY12 trends:**
  - Healthy growth in LCV bus TIV across regions
  - Overall private passenger TIV grew well, with South region leading the pack
- **Demand to be driven by**
  - Expanding city boundaries and development of satellite towns would create demand for greater mobility
  - Rising fuel cost could drive the shift to public transport
  - Improving national highway infrastructure would boost inter-city travel by road
  - Demand from niche segments viz., IT, BPO, schools and corporates to boost demand for buses in cities for captive use

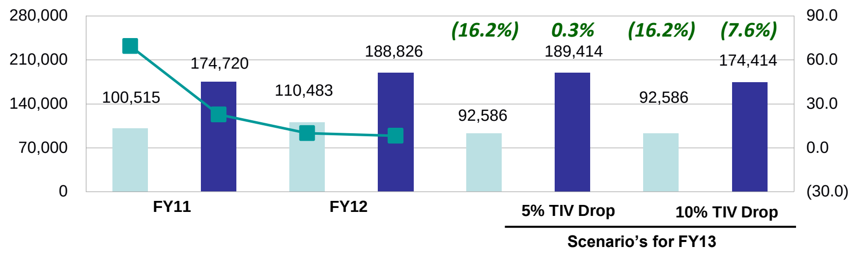
Note
1. FY ending 31 March

M&HCV – TIV Outlook

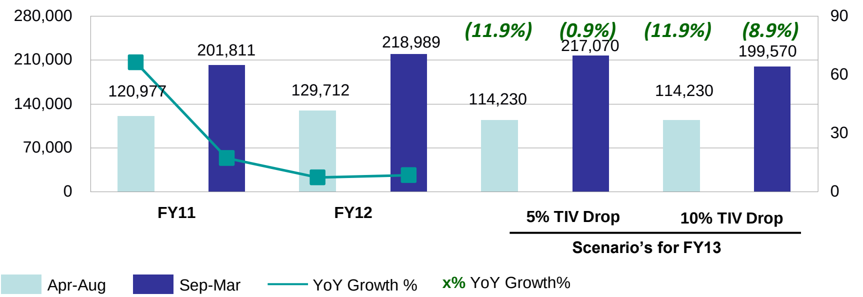
Buses



Trucks



M&HCV



Two likely scenarios:

- Drop in trucks TIV likely to be higher than drop in Bus TIV
- 2H FY13 growth could mitigate steep fall in first half
- A flat growth in 2H FY13 could still mean less than 5% reduction in full year TIV

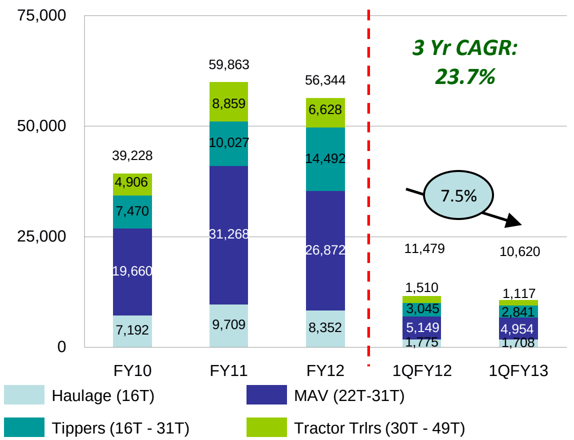
Note
1. FY ending 31 March

Ashok Leyland's Performance

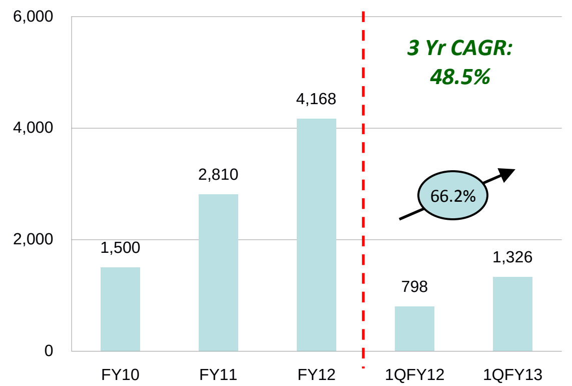
Trucks

ASHOK LEYLAND

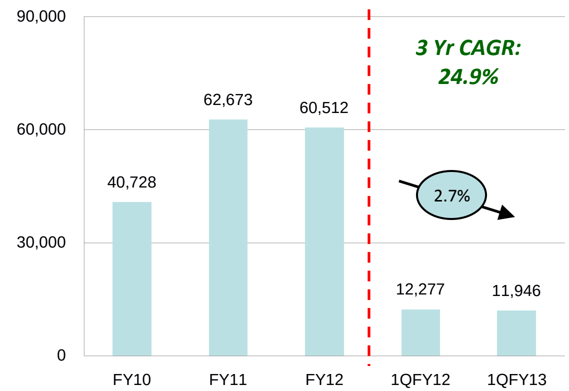
Total HCV - Trucks



ICV (9T - 15T)



M&HCV - Trucks



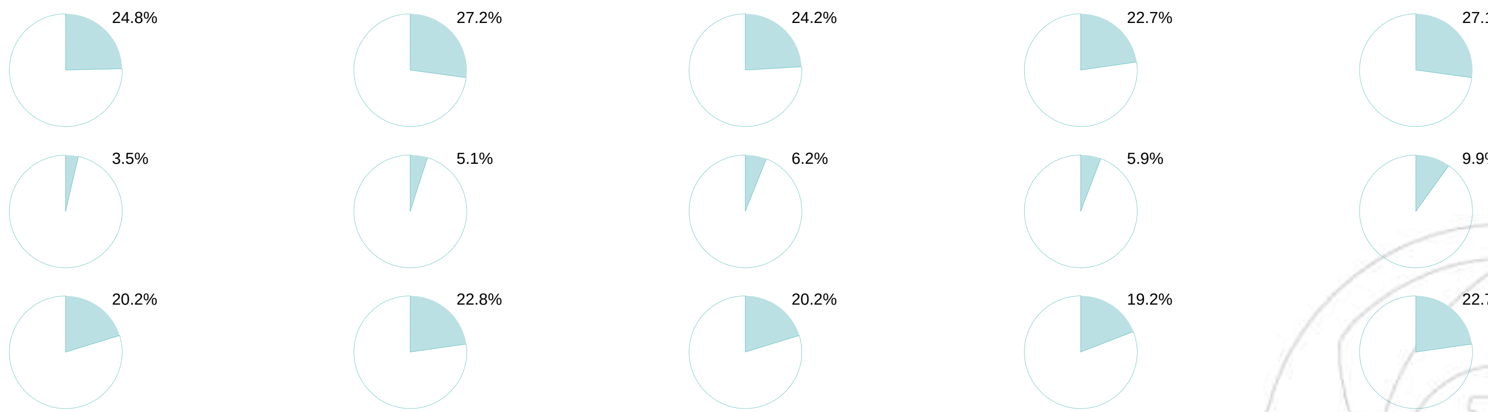
Market Share

FY10 | FY11 | FY12 | 1QFY12 | 1QFY13

HCV

ICV

M&HCV

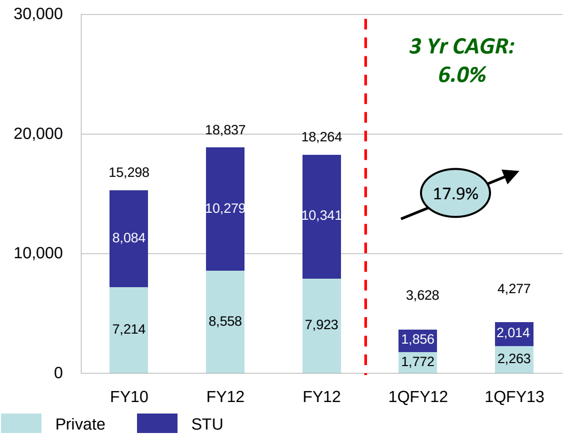


- Market share in ICV increased; while HCV segment dropped by 60 bps over 2010-12
- Gained market share in HCV segment in 1QFY13 and increased market share in ICV segment
- YTD Aug12, maintained market share in HCV, while grew in ICV segment

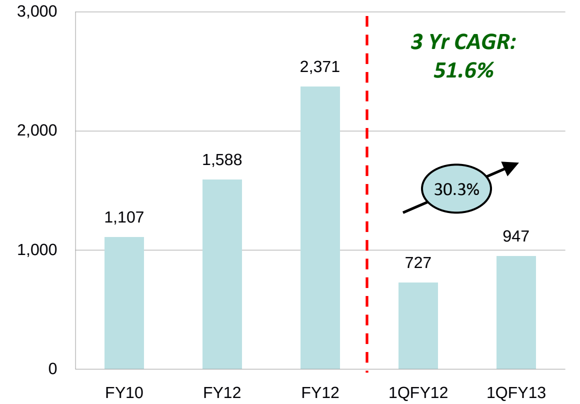
Note
1. FY ending 31 March

Buses

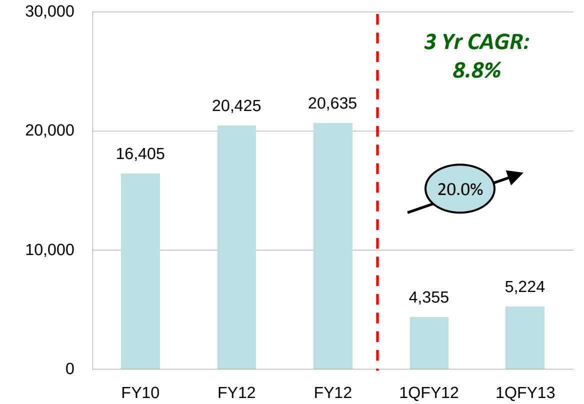
Total HCV - Buses



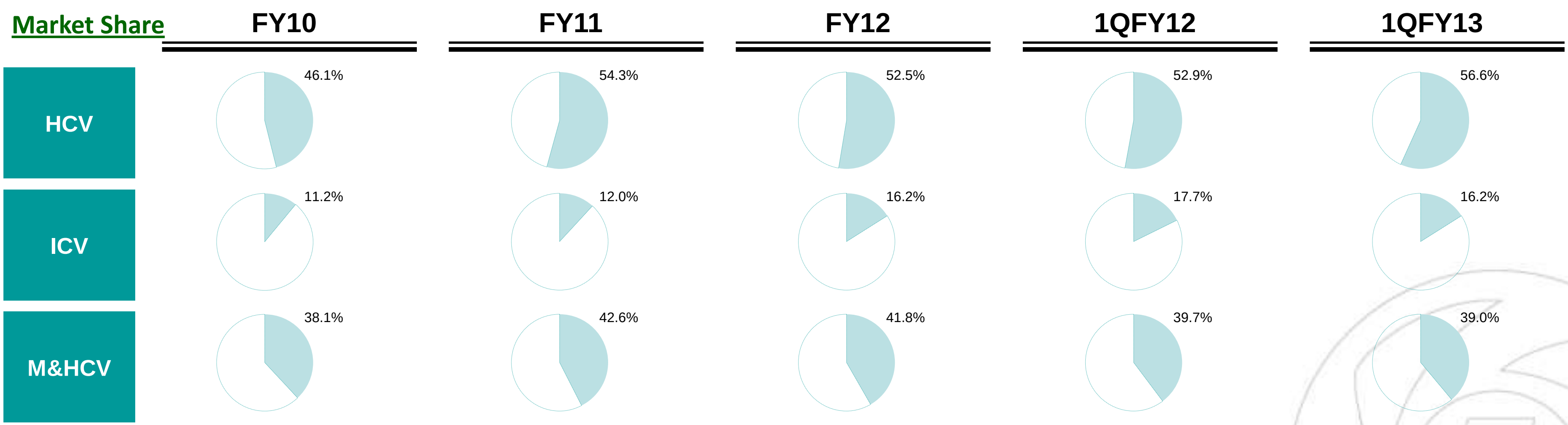
ICV



M&HCV - Buses



Market Share

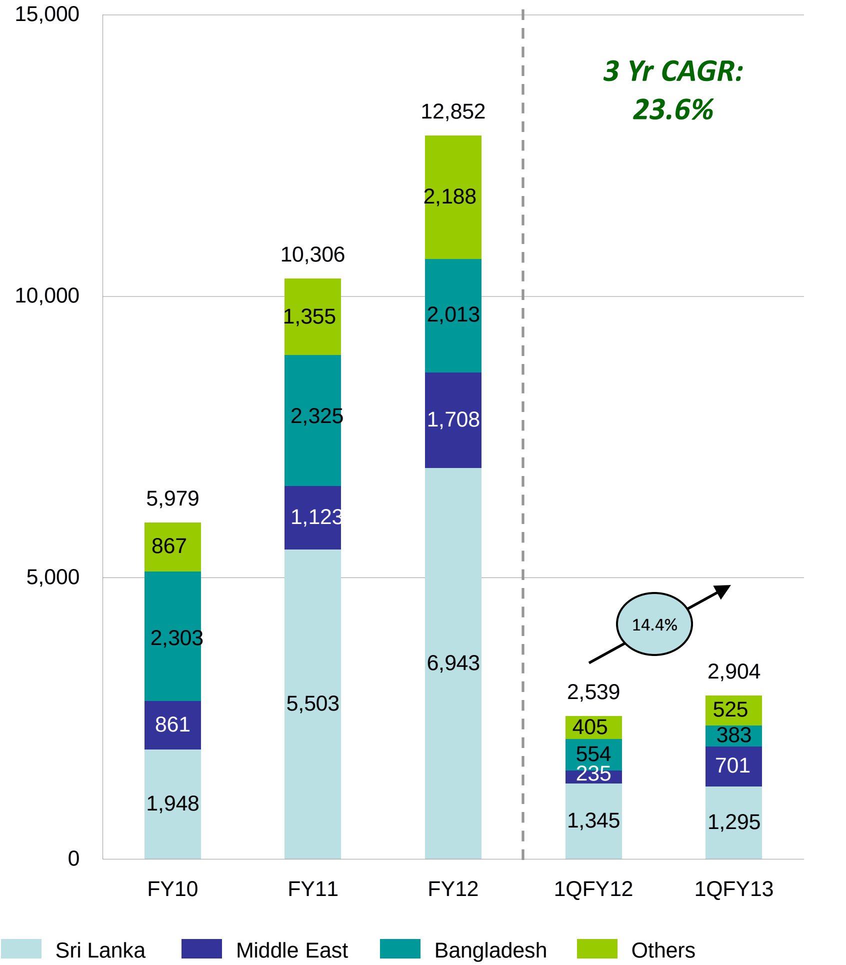


- Market share in both HCV and ICV increased over 2010-12
- Gained market share in HCV segment in 1QFY13
- Overall M&HCV-Buses market share as of YTD Aug'12 stood at 38.3%

Note
1. FY ending 31 March

Export Performance

Exports Volumes (Units)



Note
1. FY ending 31 March

- **Strong performance**
  - 1QFY13 Vs. 1QFY12: 14%
  - FY12 Vs. FY11: 25%
- **Growth in Middle East market sustained** while Sri Lanka and Bangladesh markets sluggish
- Entered **new markets**: West/East Africa (500 vehicles), Russia (196 vehicles), Ukraine & Latin America
- YTD Aug'12 export volumes : 4,365 vehicles Vs. YTD Aug'11 : 4,649 vehicles
- **Targeting to export 12,000 vehicles** in FY13
- Share of exports in total volume expected to reach 15% in 2-3 years

DOST: Ashok Leyland's Latest Success

- India's **2nd Largest CV brand** in its segment
- **12,886 vehicles sold** during Apr-Aug'12
- **20% Nationwide market** share in 2-3.5T segment
- **Total touch points: 45** (36 dealers; 3 show windows & 6 addl. touch points)
  - Representation in 7 states covering South, West India & Rajasthan

1QFY13 & FY12 Financial Performance

INR Cr	QoQ		YoY	
	1QFY13	1QFY12	FY12	FY11
Net Sales	3,007	2,513	12,842	11,177
% Growth	*19.7%*		*14.9%*	
Raw Materials	2,189	1,812	9,462	8,173
COGS as a % of Sales	*72.8%*	*72.1%*	*73.7%*	*73.1%*
Employee Cost	268	250	1,020	960
Other Expenditure	308	207	1,093	826
Gross Operating Income	241	245	1,256	1,214
Gross Operating Margin	*8.0%*	*9.7%*	*9.8%*	*10.9%*
Financial Expenses	83	57	255	189
Profit before Tax	81	111	690	802
PBT Margin	*2.7%*	*4.4%*	*5.4%*	*7.2%*
Tax	14	24	124	171
Net Profit	67	86	566	631
Net Profit Margin	*2.2%*	*3.4%*	*4.4%*	*5.6%*

1Q FY13 vs. 1Q FY12:

- Revenue up primarily due to pricing actions (in CY & PY) and also due to higher spares and LCV Dost Sales
- Higher material cost escalation and Dost Trading activity impacted margins adversely by 70 bps
- Higher operating cost have resulted in lower operating margin (by 170 bps)
- Higher working capital levels resulted in higher interest costs

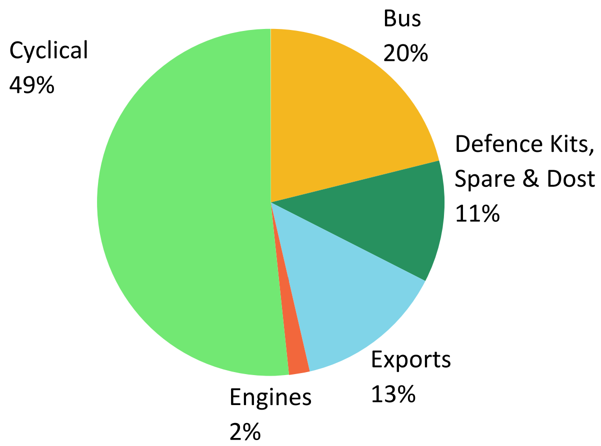
Note
1. FY ending 31 March

Ashok Leyland's Strategies/Plans

De-risking Revenue

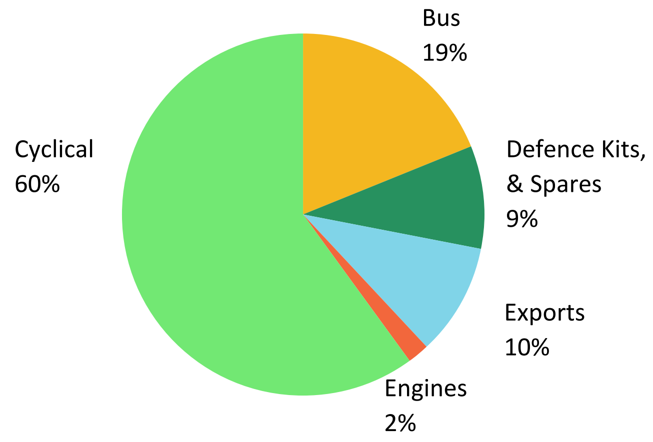
1QFY13 Split of Revenue by Segments

%



1QFY12 Split of Revenue by Segment

%



- Share in cyclical business has come down from 60% in 1QFY12 to less than 50% in 1QFY13
- Reduction led by higher revenue from Dost Sales and exports volumes
- Targeting to increase non-cyclical revenue share in the coming years

Note
1. FY ending 31 March

New Product Line & Engine Platform

ASHOK LEYLAND

New Product Launch in MDVs: Jan Bus

World's first front engine, single step entry bus with full flat floor

New Product Launch in MDVs: 10x2

India's first 5 axle rigid truck

Expansion of the LCV Range: DOST CNG

Engine Platform – Neptune Series

- **The NEPTUNE engine range**
  - A new family of 4 and 6 cylinder inline engines ranging from:
    - 160 – 230 hp in 4 cylinder engines
    - 270 – 380 hp in 6 cylinder engines
  - Modular capacity from 4.7 litre to 8 litre – BS3 and BS4 / Euro IV compliant and protected for Euro-V, with cooled EGR and SCR options
  - Quieter, stronger and more reliable by design, with higher power and torque and better fuel efficiency
  - Also benchmarked for lowest operating and maintenance costs
- **Next Generation cabins to be introduced in Jan'13 with defined targets for:**
  - Best In Class weight and costs
  - Ride, Handling and Noise Vibration Harshness (NVH) levels
  - Durability and reliability features

Expanding Network & Servicing

Network Expanded by 15%

- Over 400 full service outlets
- 60+ new outlets added during FY12
  - 9 outlets added in 1QFY13
- More presence in the North than in South India

Customer Care: Raising the Bar

LEYLAND DIRECT
1800-266-3340

The national helpline comes with the promise of

तत्कAL
Assured Emergency Response

- Response within 4 hours anywhere on the Golden Quadrilateral
- Restoration (vehicle back on road) in 48 hours
- If not restored, Ashok Leyland will pay INR 1000/day of delay

Hinduja Leyland Finance

- Operations have spread to 440 locations with manpower strength of c. 1,200
- Disbursements of over INR 21,000 Mn in FY’12
  - Disbursements of c. INR 9,000 Mn during Apr-Aug’12
- Equity capital of INR 3,250 Mn contribution by Ashok Leyland & other group companies
- Financed c. 4,500 Ashok Leyland vehicles in FY12 and 1,452 vehicles during Apr-Aug’12
- Plans to raise equity through private placement
- Target to step-up vehicle finance support for at least 10% of Ashok Leyland’s domestic volumes

Optimizing Production

Pantnagar Ramped up to Full Capacity

- Pantnagar produced over 40,000 vehicles
- Production reached 4,001 units in Mar'12; Full capacity 50k vehicles/year
- For YTD Aug'12: produced 12,075 vehicles
  - Plan to produce total of 36,000 vehicles in FY13
- Tax benefits available at INR 60,000/Vehicle
  - Current localization at Uttarakhand (Pantnagar) is 37%; likely to improve in coming months

RAK Plant Reached Full Capacity

- Rolling out 4 buses per day
- Feeding the Middle East and African markets
- A vital manufacturing facility to feed GCC and African markets. (Amount invested INR 1,100 Mn)
- Part of AL's global Bus and Coach strategy

Joint Ventures & Acquisitions

Light Truck JV with Nissan

- LCV JV (50:50); Arrangement with JV for manufacturing and marketing
- First LCV product "DOST" (with five variants) was launched during Jul '11. (Payload 1.25 Tonnes)
  - 3 Cyl. 1.5L TDCR engine; meets BS-3 & BS-4 (Euro-3 & Euro-4) emission standards
- Total sales YTD Aug'12 : 12,886 vehicles
  - Sales within Tamil Nadu (Booked by JV): 3,847 vehicles
  - Sales outside Tamil Nadu (Booked by AL): 9039 vehicles
- Extremely well received by the market
  - Awarded LCV Cargo of the year 2011 by Apollo-CV Awards
  - 20% market share in 2-3.5T segment
- Stile & Partner unveiled in Jan'12 Auto Expo
- Investments in the JV
  - AL investment till Aug'12: INR 3,180 Mn
  - Next phase of production in green field site with AL's investment likely to be ~ INR 5,000 Mn

Construction Equipment JV with John Deere

- 50:50 partnership with John Deere
  - AL supplies engines for these equipments
- Product: Backhoe Loader "435"
  - Launched in Nov'11
  - Current focus on Southern India; Pan-India launch planned in FY'13
- Sales volume
  - 221 units sold within 4 months of launch (till Mar'12)
  - YTD Aug'12 sales of 182 units
  - Next few years to scale up volumes to > 8,500 units
  - Targets to achieve 15% market share by 2015
- Total Project cost is INR 2,000 Mn
  - Capex incurred till Aug'12 INR 1,640 Mn
  - AL investment in JV as of Aug'12 is INR 800 Mn

Joint Venture with ALTEAMS

- Plant inaugurated in January 2010
- Fully established to meet both telecom and automobile sector requirements
- Supplying Gear box casing, case oil coolers & connection housings to AL (meets 65% of AL’s requirements) .
- High Pressure Die Casting Technology ensures savings in material consumption by 10%
- Future supplies to include cylinder head cover & inlet manifold
- Secured LOI from other Auto OEMs
- YTD Aug’12 sales over 1,800 Tons; Revenue of INR 570 Mn
- Total Project cost is INR 1,610 Mn
  - Investment by AL is INR 400 Mn (till Aug’12)

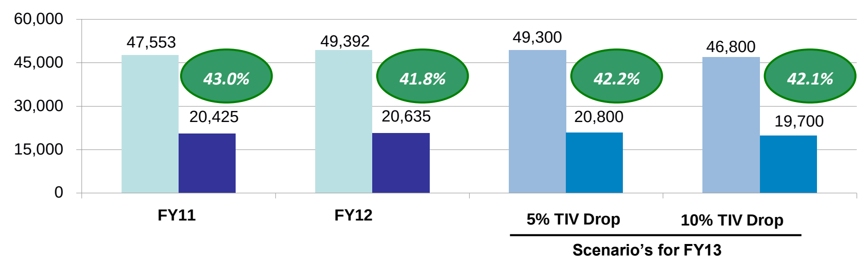
Investment in Optare plc (UK)

- Acquisition part of Global Bus and Coach Strategy
- Acquired controlling stake (75.1%)
- Optare is known for its low carbon range, low floor, mid buses and modern range of city buses
- Several orders secured for Optare's electric bus as more countries in Europe promote cleaner, greener mobility

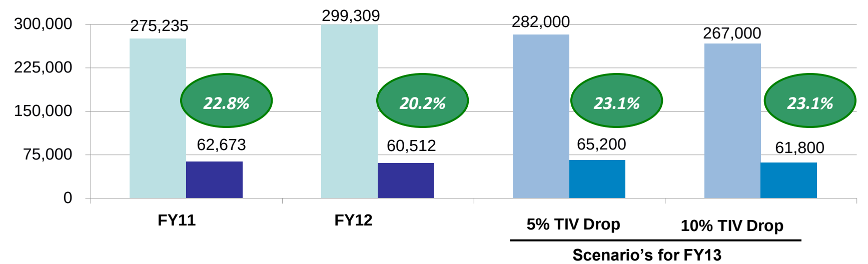
Volumes and Margin outlook

Outlook on Volumes

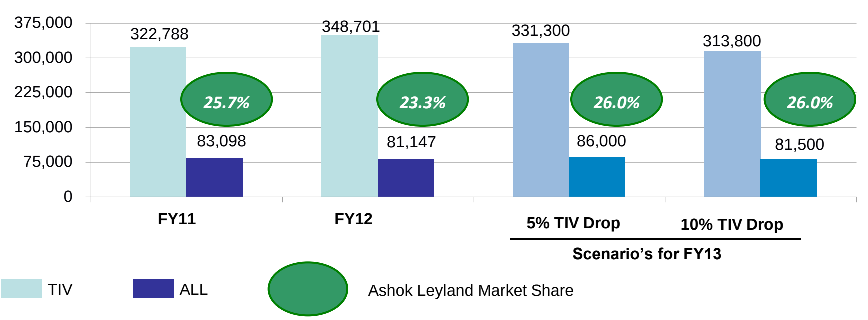
Buses



Trucks



M&HCV



- Including exports of 12,000 vehicles and LCV passenger sales, Ashok Leyland is likely to achieve volumes higher than FY12 even in scenario 2 i.e. 10% drop in TIV
- LCV Dost, which is expected to do achieve sales of c. 32,000 in FY13 will further increase total sales
- Current capacity 150K vehicles/year adequate to meet next 2 years' requirements

Note
1. FY ending 31 March

Margin Outlook

Key Drivers for Q1FY13

- **Price increase neutralized by additional discounts/ incentives**
  - Took price increase/vehicle of c. INR 14K in May’12 and again INR 13K in Sep’12
  - Incentives increased by c. INR 25K to INR 75k / vehicle as of YTD Aug’12
- **No significant pressures on margins from commodity prices**
- **Trading activity of LCV DOST deflated operating margin by 100-150 bps**

Targets for FY13

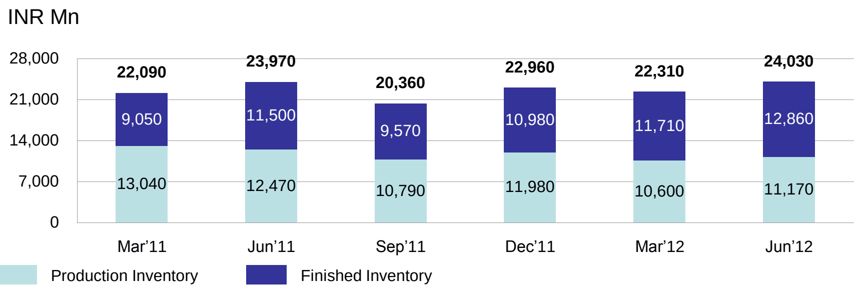
- Stringent controls on operating cost / working capital levels – **Target to reduce average working capital by INR 7,500 Mn**
- Target to maintain **operating margins at c. 10% of Revenue for FY ’13**

Note
1. FY ending 31 March

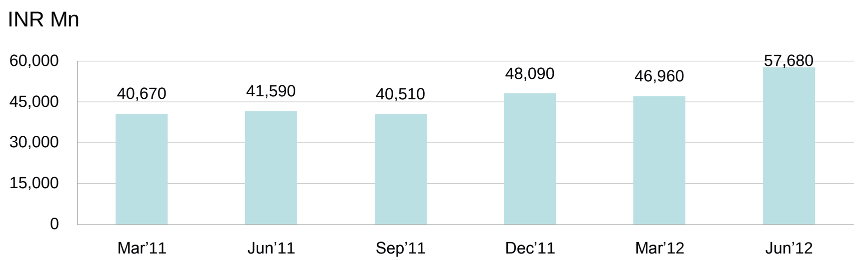
Working Capital

ASHOK LEYLAND

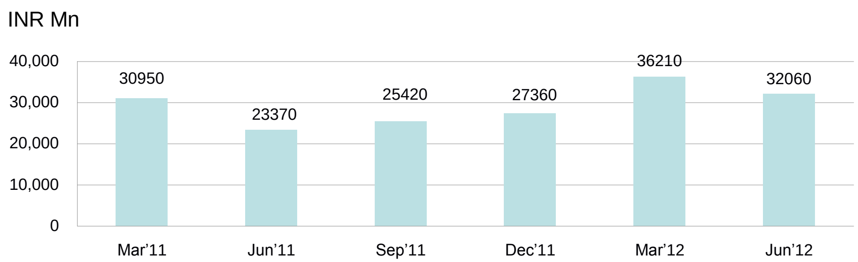
Inventory



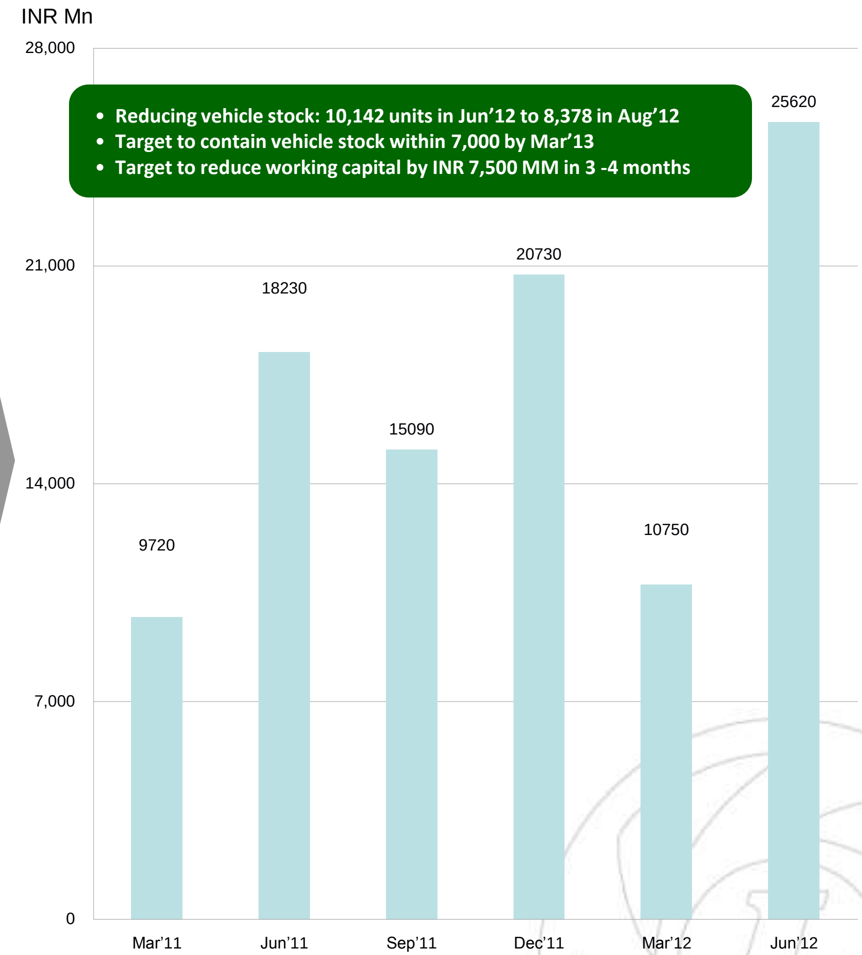
Total Current Assets



Creditors



Working Capital



Funding plans

Current Debt Position

- Total loan **outstanding of c. INR 47,500 Mn** as on 30 Jun '12
  - Including working capital loans of INR 13,000 Mn
  - **Avg. cost of total debt c. 6% p.a.**
  - Plan to contain fresh borrowings (Term funding) within INR 12,000 Mn during FY'13
- During Q1FY'13 drawn down ECB loans US$ 60 Mn (INR 3,000 Mn) at below 5% p.a.

Expected Outflows (2012-13)

- **Capex: INR 4,500 Mn** (Mainly PNR, LCV, NGC, Neptune, R&D, etc.)
- **Investment in JVs: INR 7,500 Mn** (Nissan, John Deere, Hinduja Foundries, etc.)
- **Loan repayments: INR 6,800 Mn**
  - Around INR 4,000 Mn repaid in Q1FY'13

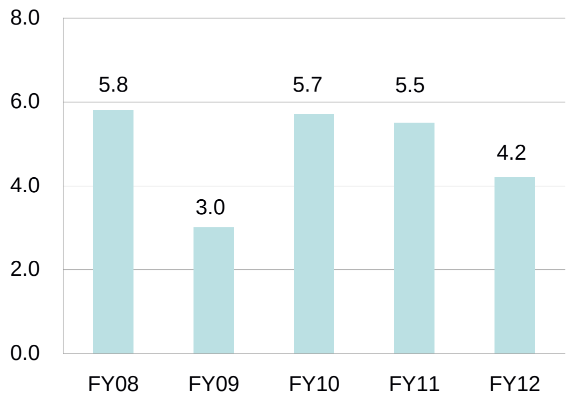
Debt /Equity levels likely to be around 1:1 by Mar'13

Note
1. FY ending 31 March

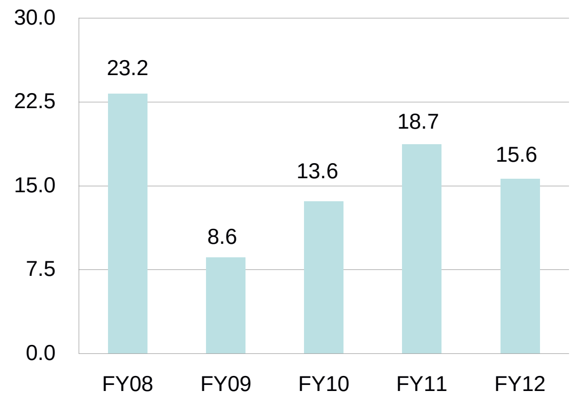
Key Financial Performance Metrics

ASHOK LEYLAND

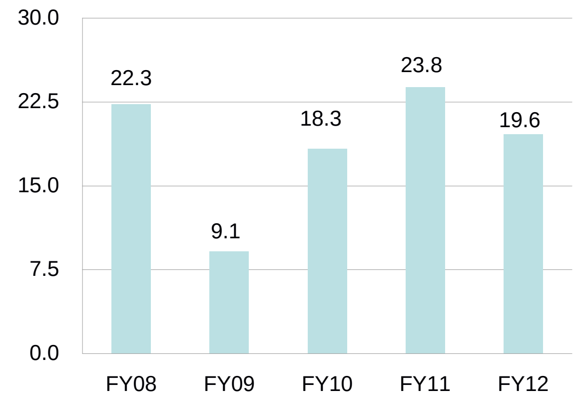
PAT %



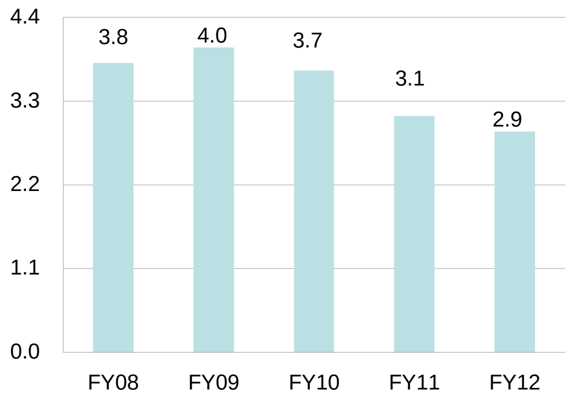
ROCE %



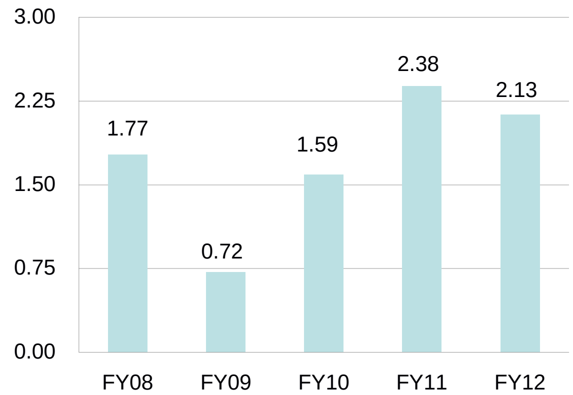
ROE %



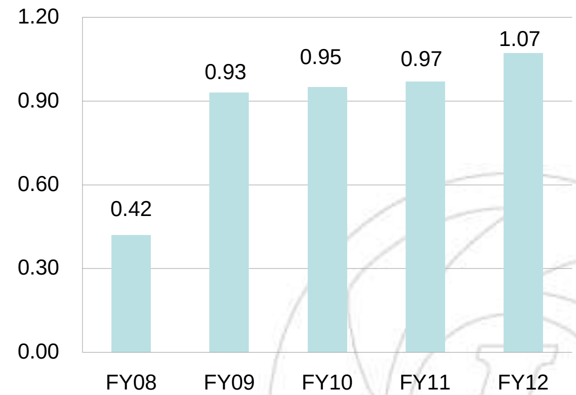
Dividend Yield %



EPS (INR)



Debt: Equity



Note
1. FY ending 31 March

Value Creation - Upside potential

Capacity not a constraint; No need for capex to add M&HCV capacity

Optimal utilization of capacity: (a) Production of LCVs in existing plant (Hosur) for AL-Nissan JV (b) Increased localization at Pant Nagar facility for tax benefits

Leveraging JVs: (a) Additional contribution through contract manufacturing and sale of 'Dost' vehicles (b) John Deere JV complimenting business in addition to sale of engines to AL-JD JV

Reduced dependence on cyclical products: "M&HCV Truck" demand in domestic market

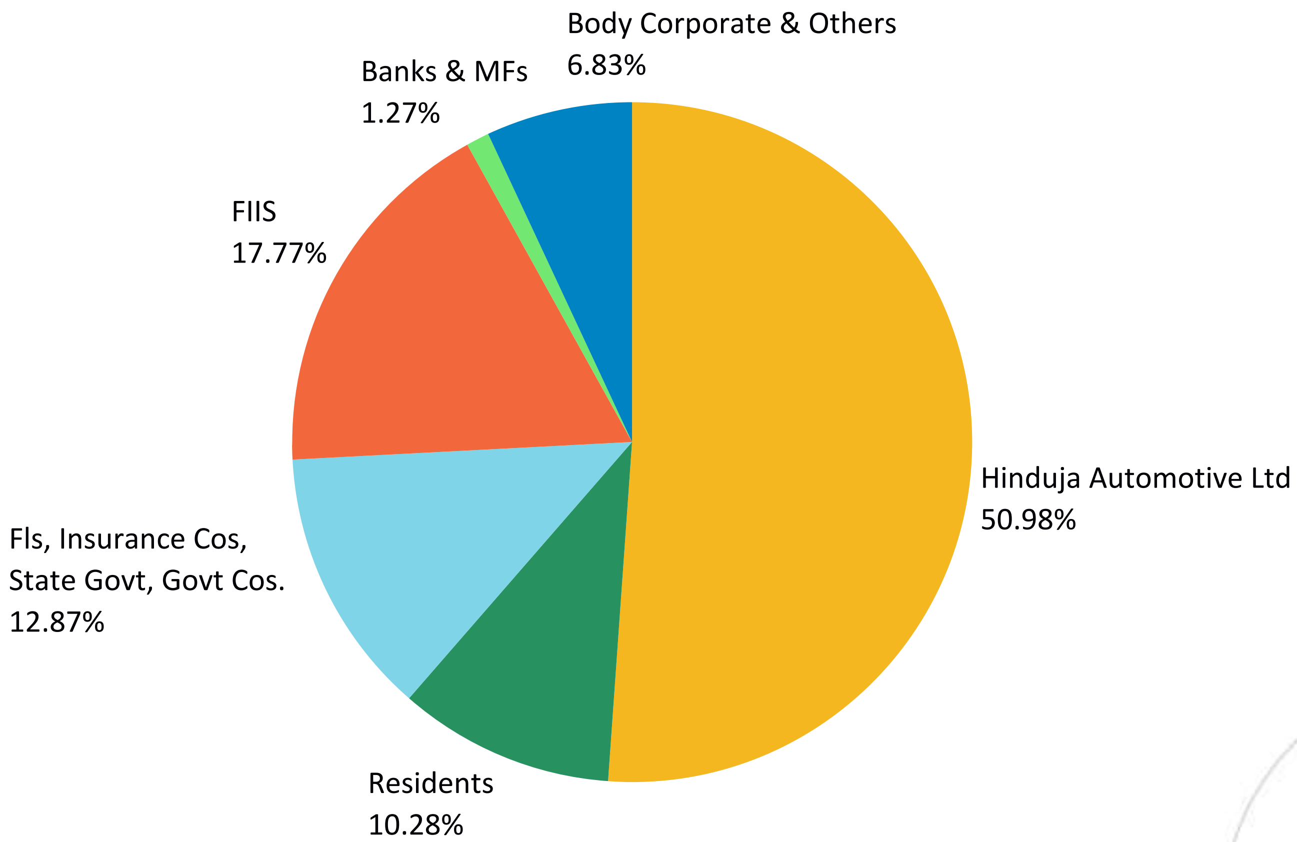
New and improved product offerings with higher HP engines (Neptune) / Improved cab (NGC) opens up new export market opportunities

Plans to unlock EV of new initiatives started in last few years

Ashok Leyland Shareholding Pattern

Shareholding Pattern as of Jun’12

%



Thank You