Contents

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- Strategies and Outlook
Indian Economy

- India GDP @ 1.85 TUSD Nominal GDP (2011) is the 9th largest; 3rd largest by PPP at 4.47 TUSD.
- Economy bounced back strongly from downturn in 2008-09 with 8% y-o-y GDP growth
- Favorable demographics, fast growing middle class; 1.2 Billion population, driving domestic demand
- High inflation, fiscal deficit, subsidies and slackness in public delivery mechanism impediments to growth

Despite Short term challenges, macro economy fundamentals remain strong
India Infrastructure Outlook

- 2011 – ’20 projected as decade of infrastructure with plan of 1 TUSD in 12th five year plan (2012-’17)
- 55455 kms Highway planned under the National Highway Development Project (NHDP) of which only 16800 completed – bulk of work in coming years
- NHDP needs investment of over 60 BUSD, 60% of which will come from Public Private partnerships
- Up gradation of highways registered 9% growth during April-Dec 2011, with addition of over 1200 kms
- On schedule to award 7300kms in current fiscal (2011-’12); 8,800 kms planned in 2012-’13 fiscal

Even an efficiency of 70% execution of planned investments in infrastructure will be strong boost for CV..

Note: Plan projections are at 2006-07 price levels. An exchange rate of $1= Rs.40 has been used to ensure comparison at 2006-07 price levels.
Strong Drivers for CV Segment

**Demand drivers**

- Strong domestic economy with untapped rural market
- 12th Five year plan ambition – huge focus on infrastructure
- Strict implementation of ban on overloading
- Growth of tier-2 cities – legal limit for town operations
- Focus on sustainable, efficient urban mobility systems

### 5-49 T CV Segment: Domestic and Exports

<table>
<thead>
<tr>
<th>Year</th>
<th>Buses (5T - 16.2T)</th>
<th>Trucks L&amp;MD (5T - 12T)</th>
<th>Trucks HD (16T &amp; Above)</th>
<th>Exports</th>
<th>Total</th>
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<tbody>
<tr>
<td>2002</td>
<td>27635</td>
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<td>35448</td>
<td>405634</td>
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<td>102972</td>
<td>237253</td>
<td>40134</td>
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</table>
...VECV Milestones since inception...

May 2008: Signing of definitive agreements
Jul – Aug 2008: Commencement of JV

May 2010: Launch of MDE Project

Oct 2008: Volvo Board Visit

Jan 2010: Launch of VE-series of Eicher HD trucks

Feb 2012: Ground Breaking ceremony for Bus Body Plant

Apr 2011: Reliability Lab Inauguration

Feb 2012: inauguration of State of the Art Transient Test Cells at Engine Development Centre

Dec 2011: Agreement signed up with UD for Cabin technology

Inauguration of a new 3 S dealership
Aggressive addition of Channel touch points – one every 2-3 weeks in 2011

Moving ahead’ incorporating the best of both worlds
VECV Strategic Direction

• To be recognized as the industry leader driving modernization in commercial transportation in India and the developing world

• Ambition to reach 100,000 unit Sales by 2015

• Innovative products covering the entire product range

• Comprehensive network with complete geographical coverage
**VECV Establishment**

- **Pithampur**
  - Eicher CV Manufacturing
- **Pithampur (SEZ)**
  - EEC Gearbox Facility
- **Dhar**
  - Bus Body Plant
- **Pithampur**
  - VEPT Plant
- **Dewas**
  - EEC Gear Plant
- **Thanе**
  - EEC Gear plant
- **Delhi**
  - VECV HQ
- **Bangalore**
  - Volvo Trucks office

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*Abbreviation:
- **EEC** – Eicher Engineering Components
- **VEPT** – VE Power Train
- **SEZ** – Special Economic Zone
- **HQ** – Head Quarter

*Includes outsourced employees

8475 Employees **strong…**
Strong Corporate Governance

- Institutionalized strong Corporate Governance at VECV
- 3 members from AB Volvo and 3 members from EML on VECV Board
- Strong Management Team.
VECV Board

Par Ostberg
VECV Board Chairman

Siddhartha Lal
EML

Bertil Thorén
AB Volvo JV Group

Philippe Divry
AB Volvo JV Group

Raul Rai
EML

Prateek Jalan
EML
VECV Executive Management Council

Vinod Aggarwal
CEO

Amanpreet S Bhatia
Sr VP HR

Gilles Boutte
CFO

G.V. Rao
Sr VP Strategic Planning

Ryouji Ono
Head – Quality Management Office

Rajesh Mittal
Sr VP – Manufacturing operations

G.Sekar
Sr VP Sales & Mktg

A.Sreerama Rao
Sr VP Aftermarket

B Anil Baliga
Sr VP Bus & Application Manufacturing

Arun Birla
Exec VP Technology

S.R. Mukherjee
VP - EEC

Curtis Hoff
President - EES

R.S. Sachdeva
Sr VP Product Development - Eicher
VECV Performance

2011 Performance

- Return on Equity (ROE): 24%
- Return on Capital employed (ROCE): 95%
- Operating Margin: 9.4%

Historical Parameters

- Cash generation since inception of JV: 12 BINR / 1.7 BSEK
- Capex Incurred: 7 BINR / 1 BSEK
- Dividend distributed to Shareholders: 1.7 BINR / 238 MSEK
- Cash Surplus added: 3 BINR / 420 MSEK
- Surplus cash on Balance sheet: 12 BINR / 1.7 BSEK

Strong recovery from downturn in 2008/09 with steady progress in Operating margin

1 SEK = 7.14 INR
Robust Industry growth .... outpaced by VECV

Industry grew by 14% CAGR in last 3 years, while VECV grew at CAGR of 27%.

Wide Product range from 5T to 49T GVW Trucks and 21 to 69 seater buses

Best known brand for Fuel Efficiency

Large opportunity in HD segment

Overall VECV market share in 5-49 T CV Segment grew 8.2% in 2008 to 11.3% in 2011
LMD Trucks: *on a strong footing*

- **2008**: 15804
- **2011**: 33320
- **Increase** from 27% to 31%

**Creating New Products & New Segments**

- **2010**
  - 10.55
  - 10.80 XP Tipper
  - 11.10 XP

- **2011/12**
  - New E2 plus
  - 11.14
  - 11.10 XP Container
  - 11.12 XP
  - 10.59 XP CNG
  - 10.95 CNG

**Increase Geographical Coverage**

**Increase Market Penetration**

**Enhance Value Delivery**
Buses: Dual Range, increased penetration

Creating New Products & New Segments

<table>
<thead>
<tr>
<th>Year</th>
<th>Skyline</th>
<th>Starline</th>
<th>10.90 L CNG</th>
<th>10.50 CNG</th>
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</thead>
<tbody>
<tr>
<td>2009/10</td>
<td>BS IV</td>
<td>20.15 Chassis</td>
<td>Skyline 20.15</td>
<td>Rear-Engine SLF</td>
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<tr>
<td>2011</td>
<td>Starline</td>
<td>10.90 L CNG</td>
<td>10.50 CNG</td>
<td></td>
</tr>
</tbody>
</table>

Increase Geographic Coverage

Market development through Brand building

Focus on growth in all customer segments
HD Trucks: *Strong inroads, biggest opportunity*

Creating New Products & New Segments

<table>
<thead>
<tr>
<th>Year</th>
<th>VE Series-Jan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>Terra 25</td>
</tr>
<tr>
<td>2011</td>
<td>Terra 16XP</td>
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</tbody>
</table>

- **Terra 25**
- **Terra 16XP**

**Specifications:**
- **2010:**
  - 35.31 26ft
  - 20.16 M FCWC
  - 20.16 R FCWC
- **2011:**
  - 30.25 All terrain

Increase Geographic Coverage
Augmenting Service & Parts availability
Focus Locations & Focus Products
Ramping Feet on Street
HD Gaining Momentum through VE Series

HD VE Series grew 6 times more than Industry.
Repeat purchases of VE Series account for almost 1/3 rd of sales.

Industry Grew by 12% Growth
VE Series Grew by 74% Growth
Volvo Trucks Product Range in India

Distributed by VECV

FM 370 / 400 6X4R
FM 400 8X4R
FMX 440 8X4R
FH 520 6X4 Puller
FM 400 6X4T
FM 400HD 6X4T
FM 480 6X6T

70% Market share in European segment…defining premium trucks business in India …
**VECV Trucks and Buses Distribution network**

**Eicher Truck & Bus Network**

- 144 3S touch points
- 76 Authorized service centers
- 20 Spare parts Distributors

220 touch points and growing…

**Volvo Truck & Bus Network**

- ~60% own Dealerships

Over 150 touch points with customized aftermarket model…
After-market Parts Proliferation

New Parts warehouse at Pithampur

Under commissioning

Front End Parts proliferation

Expanding consumption Touch points & Distribution reach

Use of Technology & Volvo best practices for planning & Logistics

Ordering & delivery of Parts in time
VECV Exports focus in emerging Markets

Presence in 22 Countries.

Export Strategy: Leveraging Volvo Distribution and develop Country-specific products
Product Development and Manufacturing

*Frugal Engineering and lean manufacturing setup*

- Product Development spend is 2.0~2.5% of the Turnover
- PD Manpower of 300 in 2011 will be going up to 450 by 2012
- HD Platform indigenously developed at very low cost.
- End – End product development capability – Fully Equipped Engine, Transmission & Vehicle Development Center
- Cab weld shop with robotic welding and integrated testing facilities
- State of the art CED Paint Shop under commissioning
- Extensive Supplier base with Strategic Ancillaries located around Indore

*VE COMMERCIAL VEHICLES
A VOLVO GROUP AND EICHER MOTORS JOINT VENTURE*
VE Powertrain (VEPT)

Paving way for technology leadership

- Global engine platform for Medium Duty Engines (5 litre and 8 litre) for Volvo Group.
- Investments of 3.25 BINR / 450 MSEK for industrial infrastructure and 1.25 BINR / 175 MSEK for Product development.
- Planned capacity of 100,000 engines in a phased manner; SOP July’13.
- Euro 6 compliant Engines for Volvo Group.
- Same engine platform being adapted for Euro 3 and Euro 4 needs for VECV as well as Volvo Group.
New Bus Body building plant

- Create in-house capability for building bus bodies
- Investment of 1.25 BINR / 175 MSEK in phase-1; 1.8 BINR / 252 MSEK in phase-2
- Annual Capacity: 10,000 units, Phase-1 capacity 5000 units
- Product Range: Light, medium and heavy buses
- Rear engine semi low floor buses for school, city and inter-city bus segments.
Other VECV Business Areas

Components and Engineering Solutions

Eicher Engineering Components (EEC)

• Strategic supplier of drive line components to Eicher Trucks and Buses, with ambition to supply to the Volvo Group in the future

• Annual turnover of 2700 MINR / 385 MSEK in 2011.

• Three production facilities: Thane, Dewas and SEZ, Pithampur

• New plant under construction in Dewas

Eicher Engineering Solutions (EES)

• Annual turnover of 581 MINR / 83 MSEK in 2011

• Comprehensive product development services - Class A surfacing, CAD, CAE, prototyping, etc.

• Supplying to Global Clients such as JCB, TEREX, Navistar, GM, Nissan etc besides in-house Eicher requirements.
Changing Landscape

- Road Infrastructure improving, hence faster movement possible
- Changing Transport economy dynamics
- Emission norms to BSIV (Euro 4)

Future

- Sustained Fuel-efficiency Edge
- Enhanced Reliability, Durability & comfort
- Contemporary design with value-added features

Current

Processes & Technology

Frugal Engineering & Local expertise
Key areas of Synergy with AB Volvo

- Product Development process
- Technology areas, like
  - Engine
  - Cabin
  - Vehicle analysis & Simulation Softwares
- Quality Management Office - CSI1 initiatives with support from UD.
- Productivity Management Office with support from UD
- Volvo Parts for effective Parts Proliferation
- Components business growth
- Leveraging Distribution network for Exports markets
- Selling and After Sales Processes