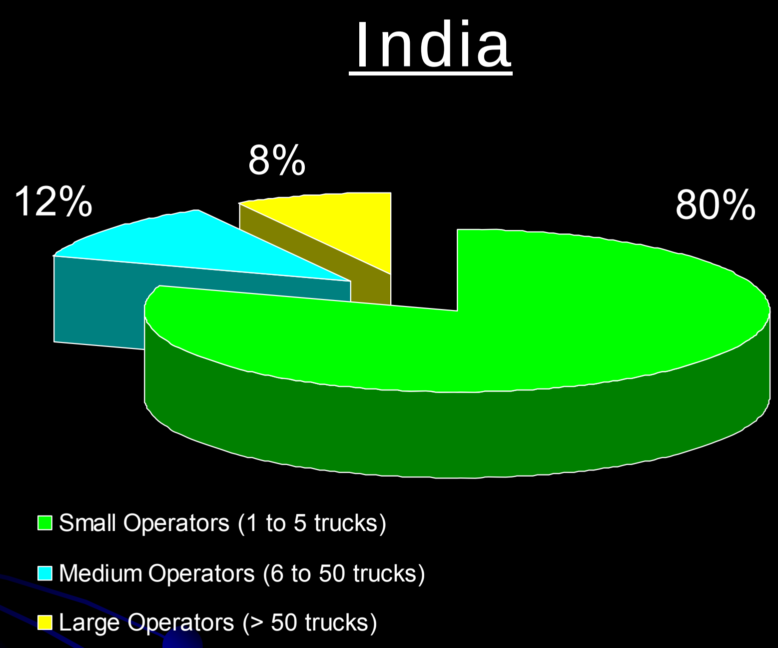
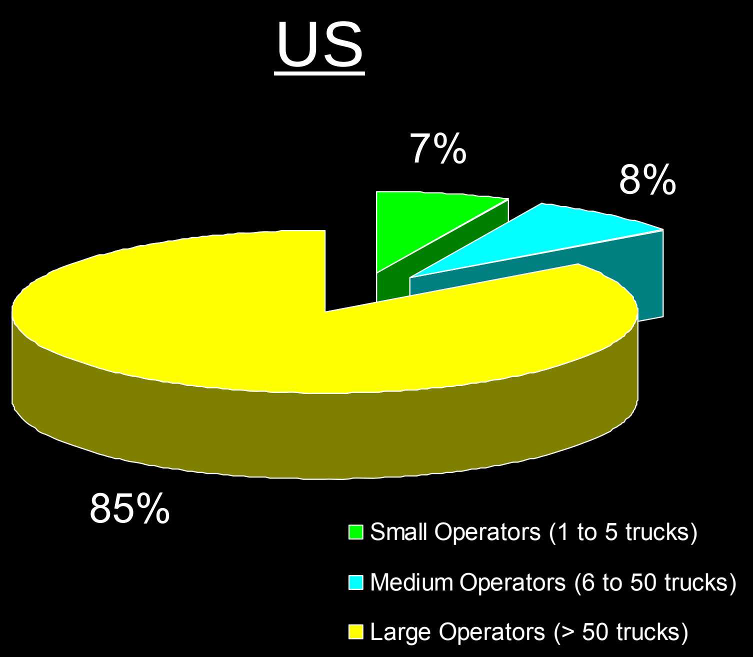
Truck Holding Pattern





- Truck is Livelihood
- Minimise Cost by all means
- Maximise Returns by all means

Source: Asian Institute of Road Transport and M&M Study

Overloading

Source: CRIS INFAC

The Most Common Garage

Spares

- Road side Availability
- Cost driven
- Spurious spares

Safety

- Illiterate Drivers
- Overloaded vehicles
- Poor infrastructure

Vehicle Life

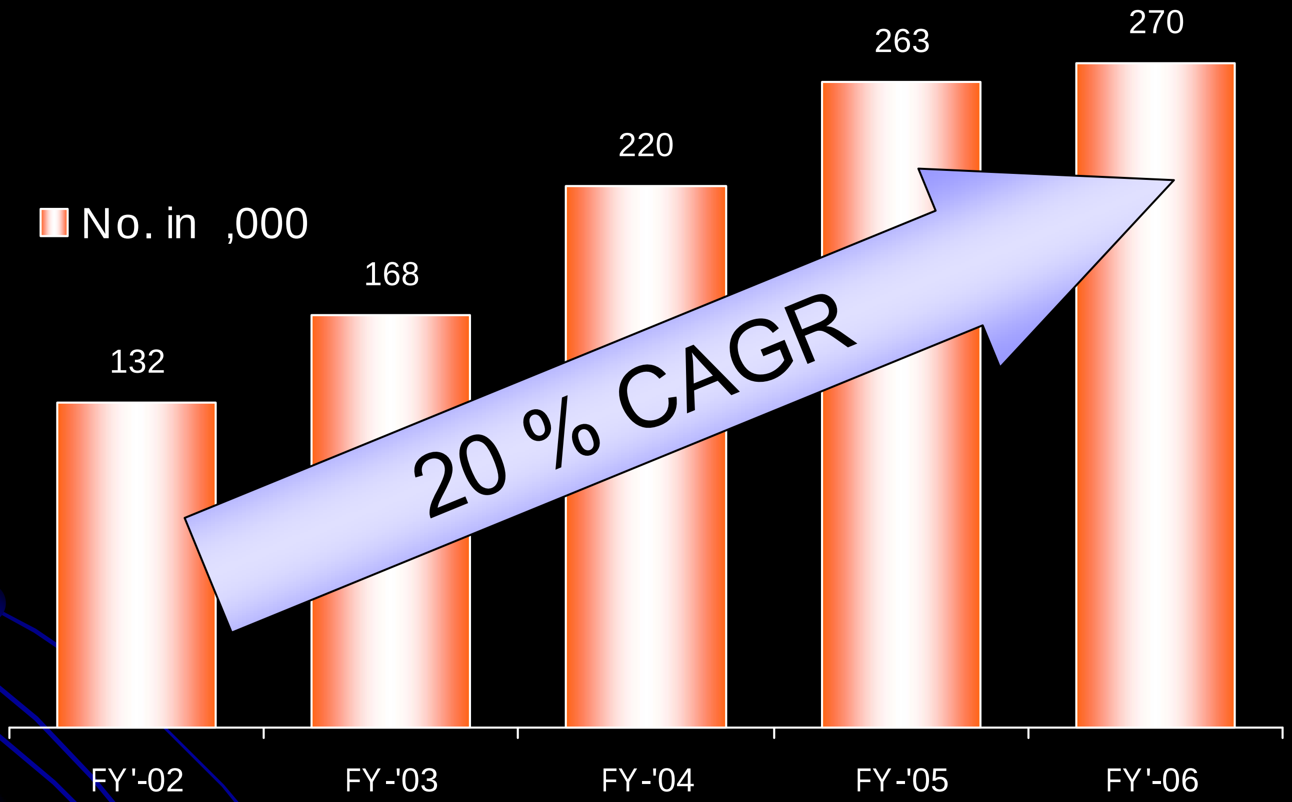
- Considered infinite

Will This Story Continue ?

India Changing Rapidly

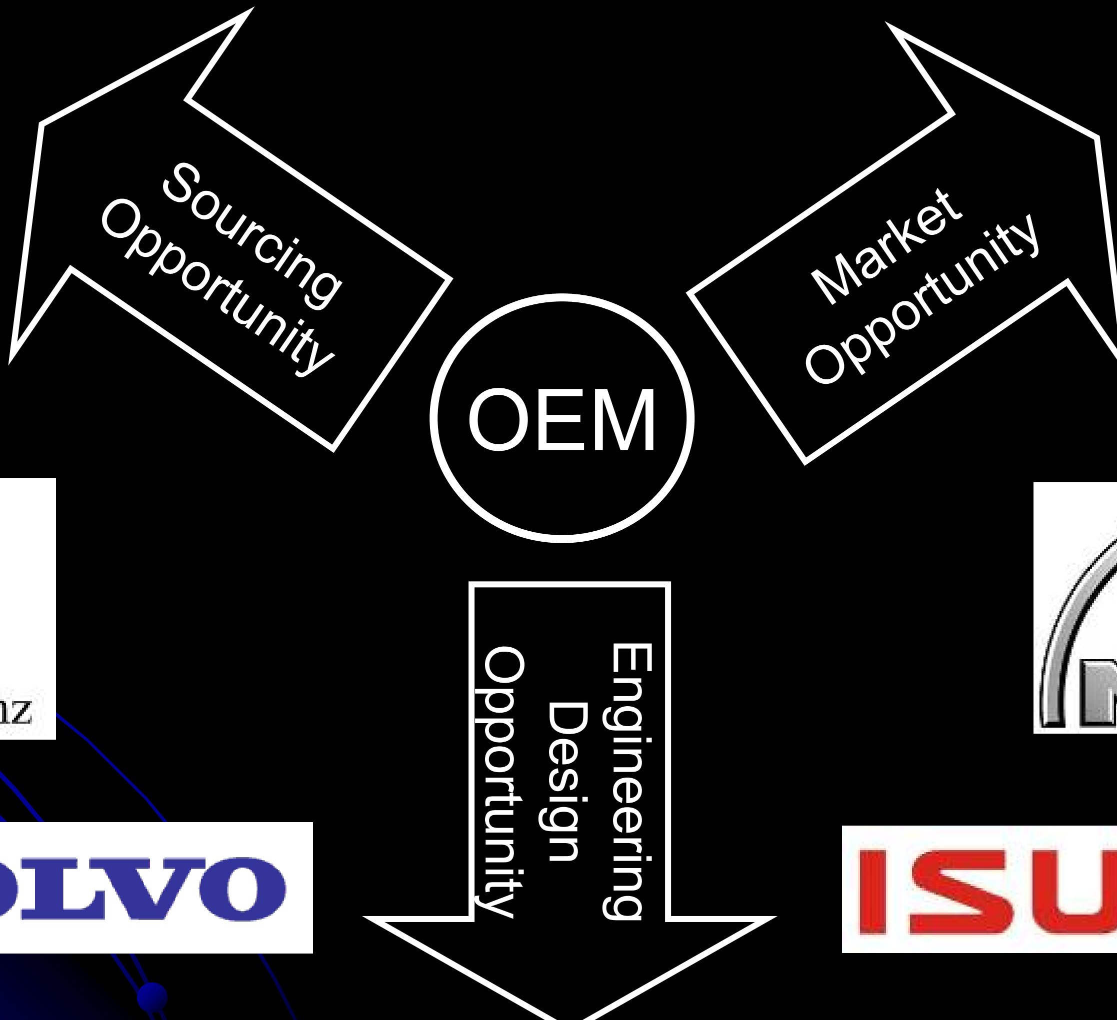
- Strong Economy
- Booming Automotive Market
- Strong Auto Component Industry
- Rapid Globalisation
- Infrastructure Development
- Environmental Awareness
- Off-Shoring Destination

The CV Market > 3.5T GVW

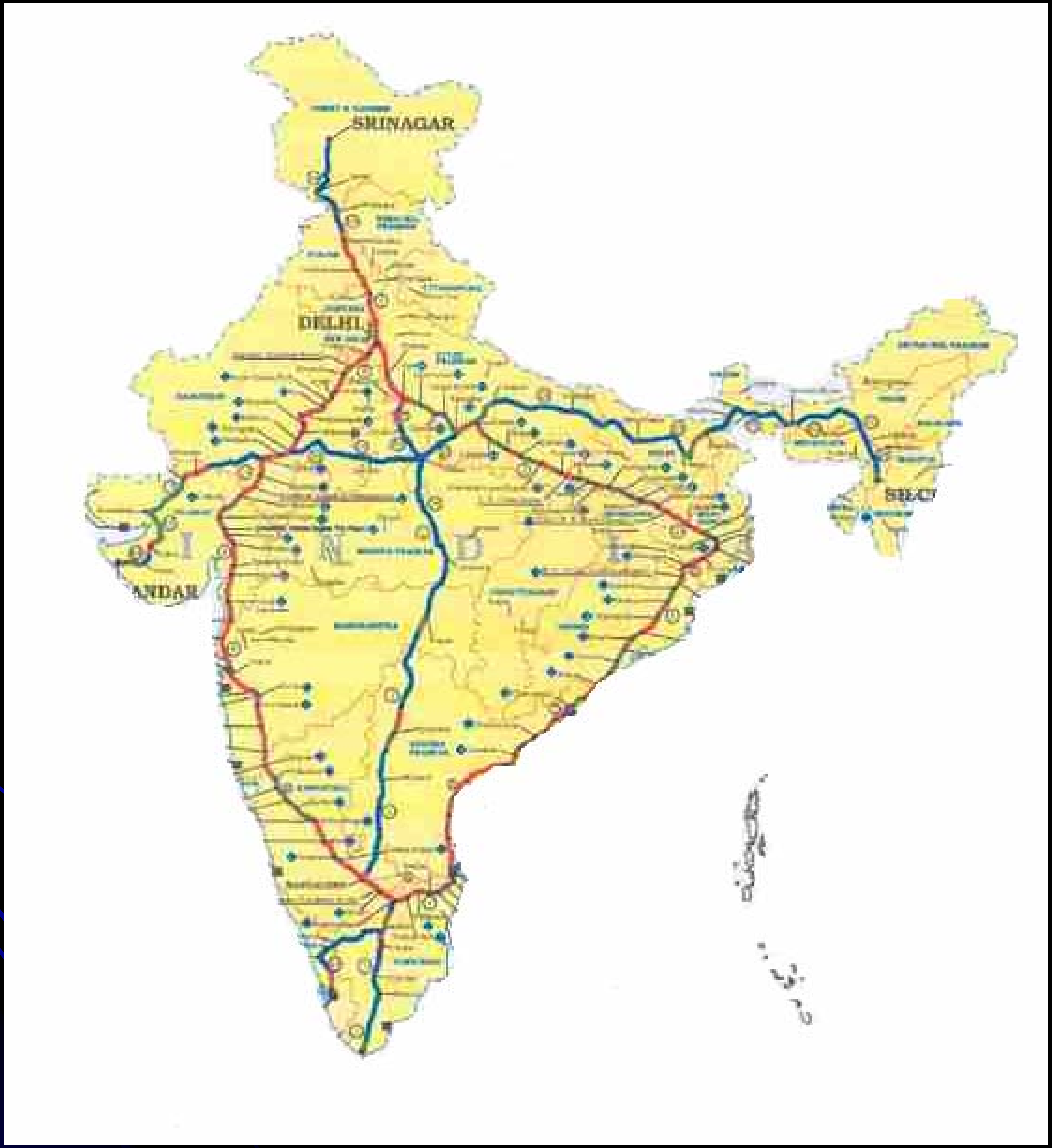


CAGR of 5.7 % over 25 years period

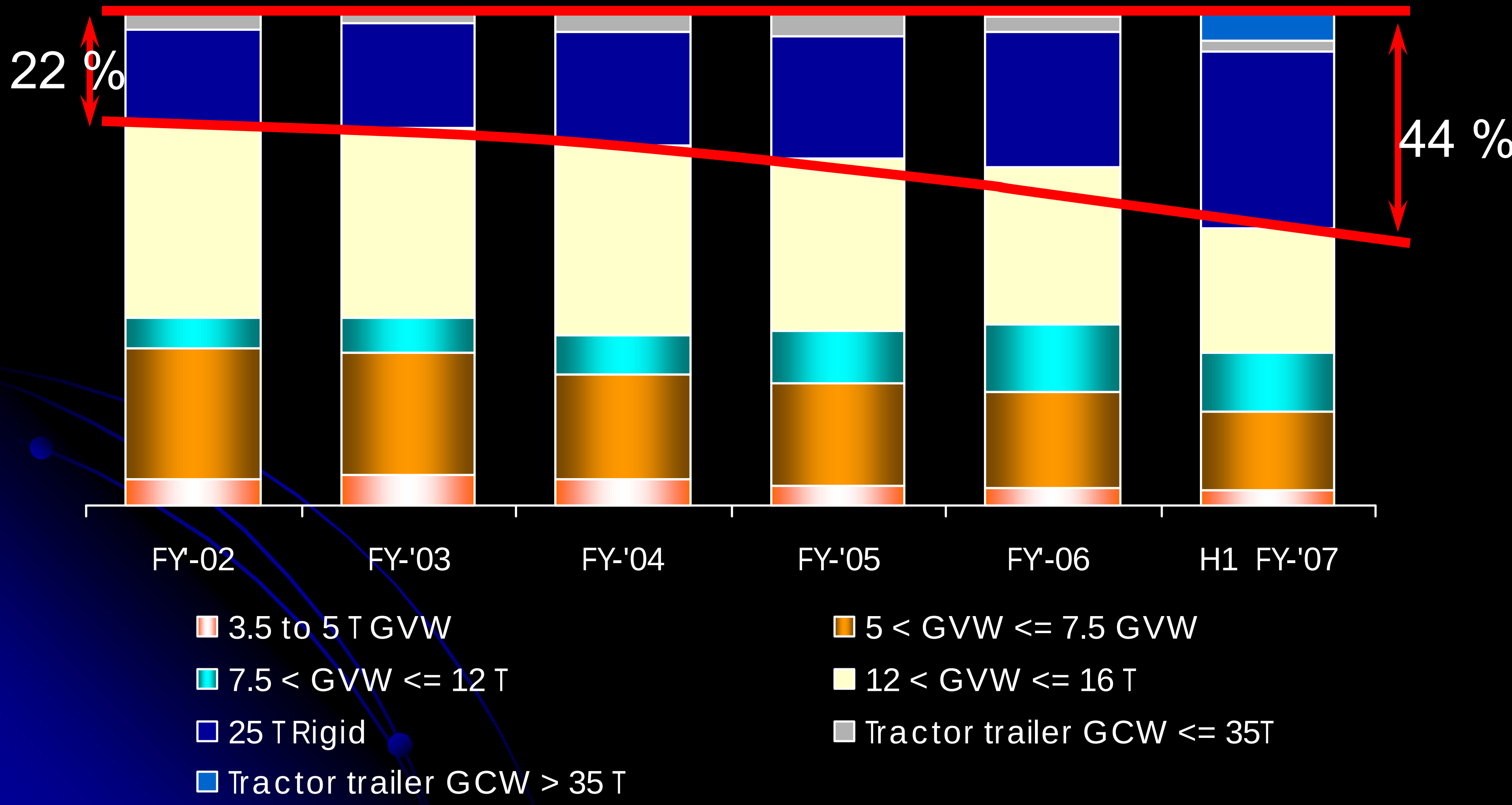
India Attractiveness



National Highways Under Construction



Hub and Spoke Model



Operating Economics

Transport economics

(Rs mn)	Rigid truck (16-tonne)	Multi-axle truck (25-tonne)	Tractor trailor (35-tonne)
Freight rate (Re/t-km)	1.32	1.32	1.32
Average payload	9	16	25
Return load	one-half	one-half	one-half
Capital cost of truck	650.0	1,100.0	1,325.0
Operating cost			
Fuel cost	421.6	758.3	910.0
Tyres	48.0	80.0	168.0
Accessories, R & M (20%)	97.5	165.0	198.8
Driver/cleaner + misc	72.0	84.0	120.0
Insurance, taxes, permit	50.0	60.0	90.0
	689.1	1147.3	1486.8
Operating cost/tonne-km	1.11	0.86	0.72
Interest	57.2	96.8	116.6
Depreciation	130.0	220.0	265.0
Capital cost-chgs/tonne-km	0.30	0.24	0.18
Total operating cost/tonne-km	1.41	1.10	0.90
Relative to 16-tonne (%)		**-21.7**	**-36.0**

Source: SSKI Research

Assumptions
1. Average distance travelled 240km / 24 days. Higher-tonnage vehicles are 20% more efficient
2. Fuel cost: Rs24.4 /litre
3. Amortisation over life cycle/borrowing term (5 years)

A 25 Ton MAV is 22 % cheaper than a 16 Ton Single axle truck on a per Ton mile basis. A Tractor Trailer will be even more cost effective at 36 % lesser.

Key Drivers to New Products

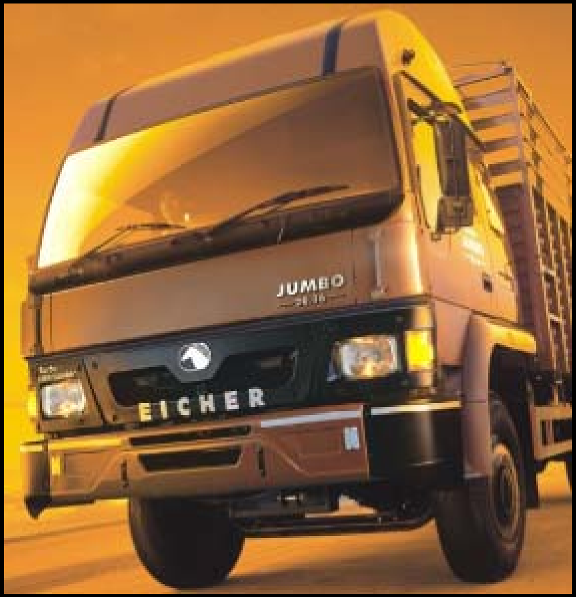
Legislation

- Emission regulation
- Safety

Customer

- Operating Economics
- Reliability and Durability
- Cabin style, utility and comfort

Cabin Style



Cabin Interiors and Utilities

Cabin Interiors

Driver Comfort & Ergonomics

Driver Comfort & Ergonomics

Take Away

- Three fold advantage to OEMs
- Shaping up of Hub and Spoke system
- Catching up in Technology
- Need to deliver value to customer

Construction Equipment Opportunity

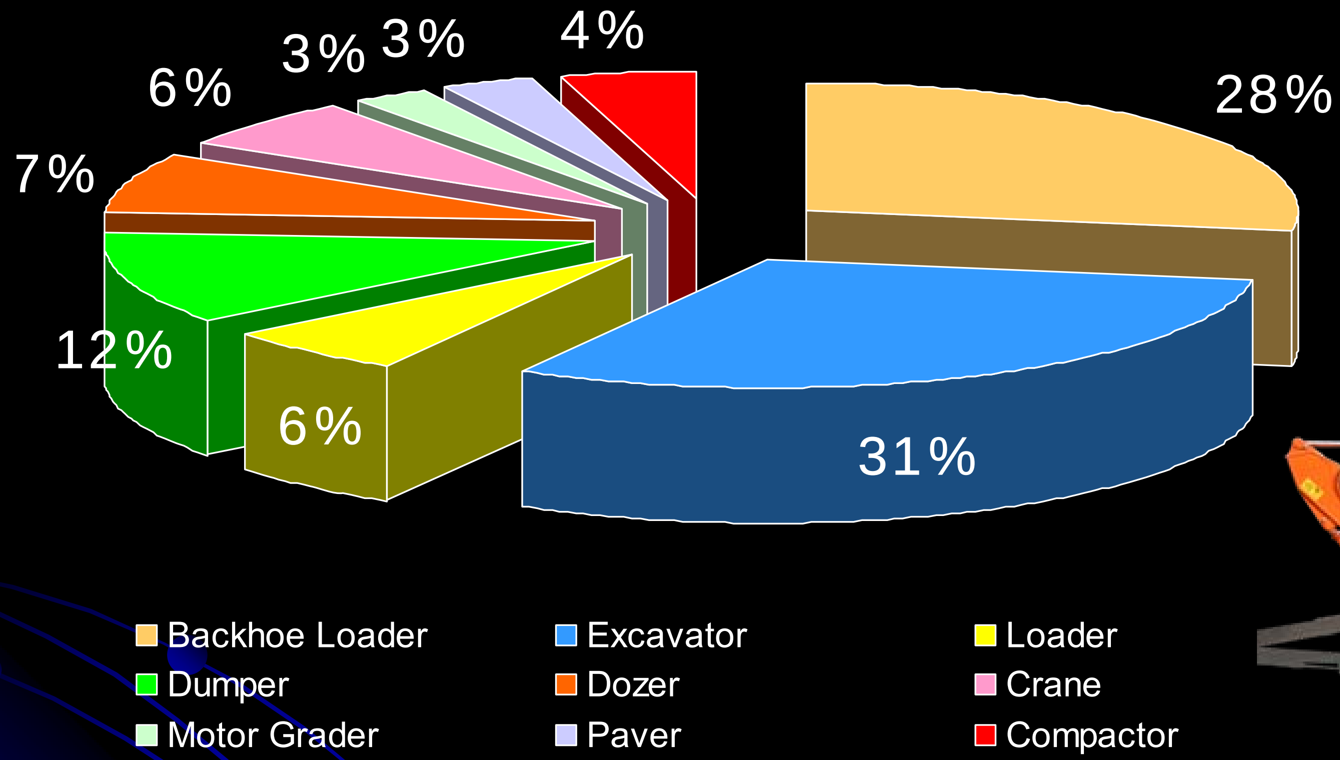
Growth Driven by

Infrastructure Development

Infrastructure Growth

- India is at the foothill of a decade of sustained investment in infrastructure.
- Total investment of over 180 bn. USD by 2010 for,
  - Irrigation
  - Roads, Ports, Airports
  - Urban Infrastructure & SEZ’s
  - Real Estate
  - Power

Market Share by Value



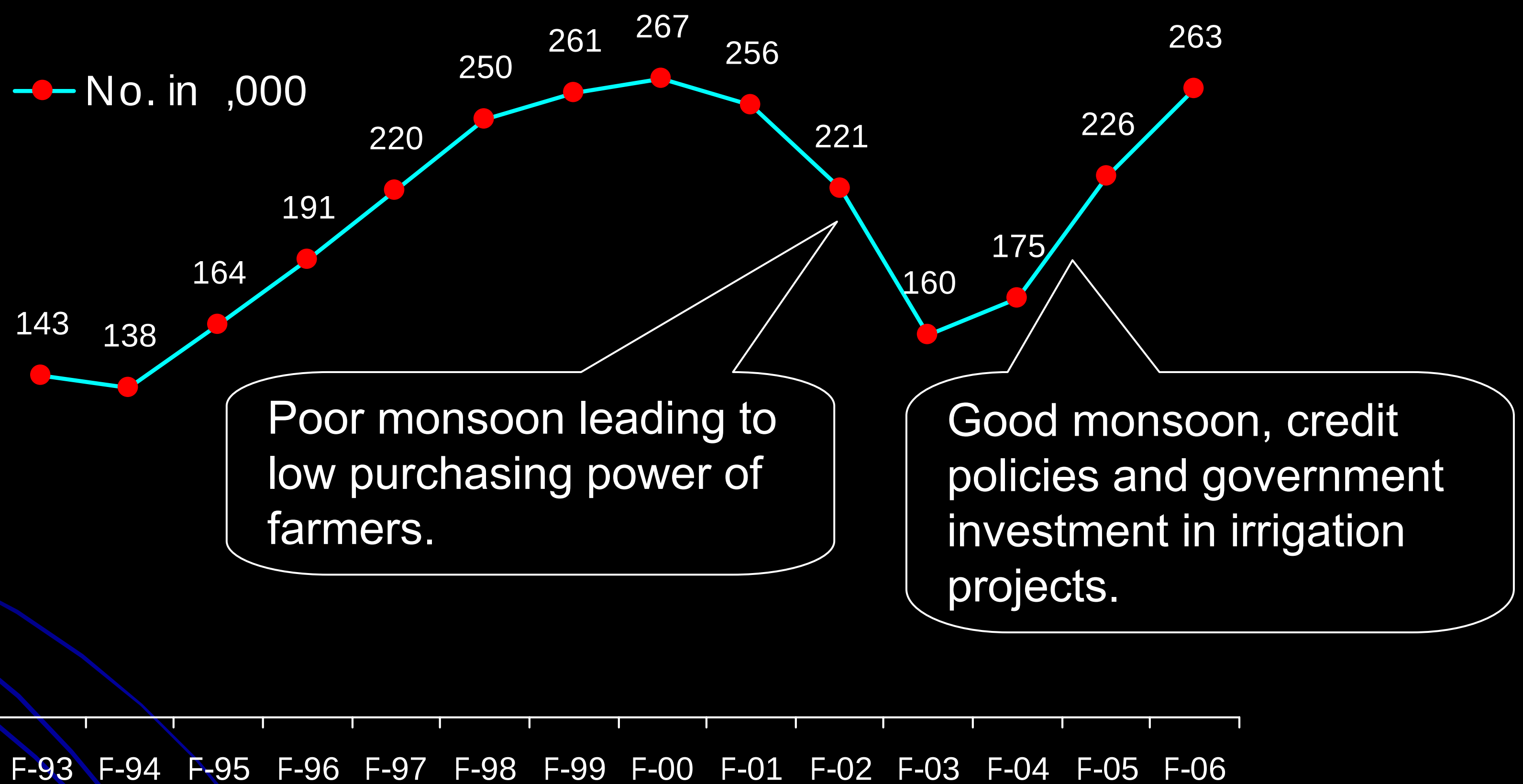
USD 3 bn. market in 2006

USD 5 bn. by 2010 (est.)

Presence of Global Players

Tractor Business Opportunity

Indian Tractor Market



Largest market in terms of numbers

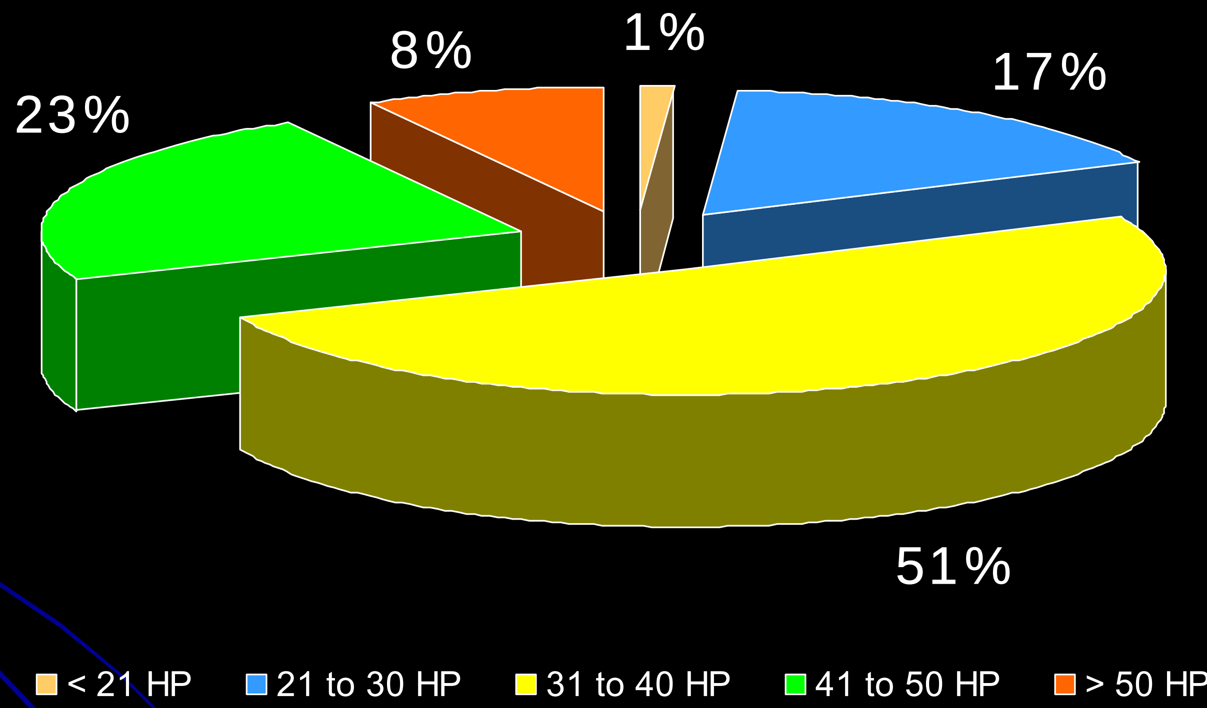
World Tractor Market

2005	
North America	246,181
South America	34,666
W. Europe	152,438
E. Europe	58,005
Asia	537,083
ANZ	16,710
Russia	25,117
Africa	20,000
Middle East	17,500
Total	1,107,700

2005	
India	247,455
S.Asia	4,228
S E Asia	11,000
Pakistan	43,200
China	161,000
Japan	62,000
Korea	8,200
Total	537,083

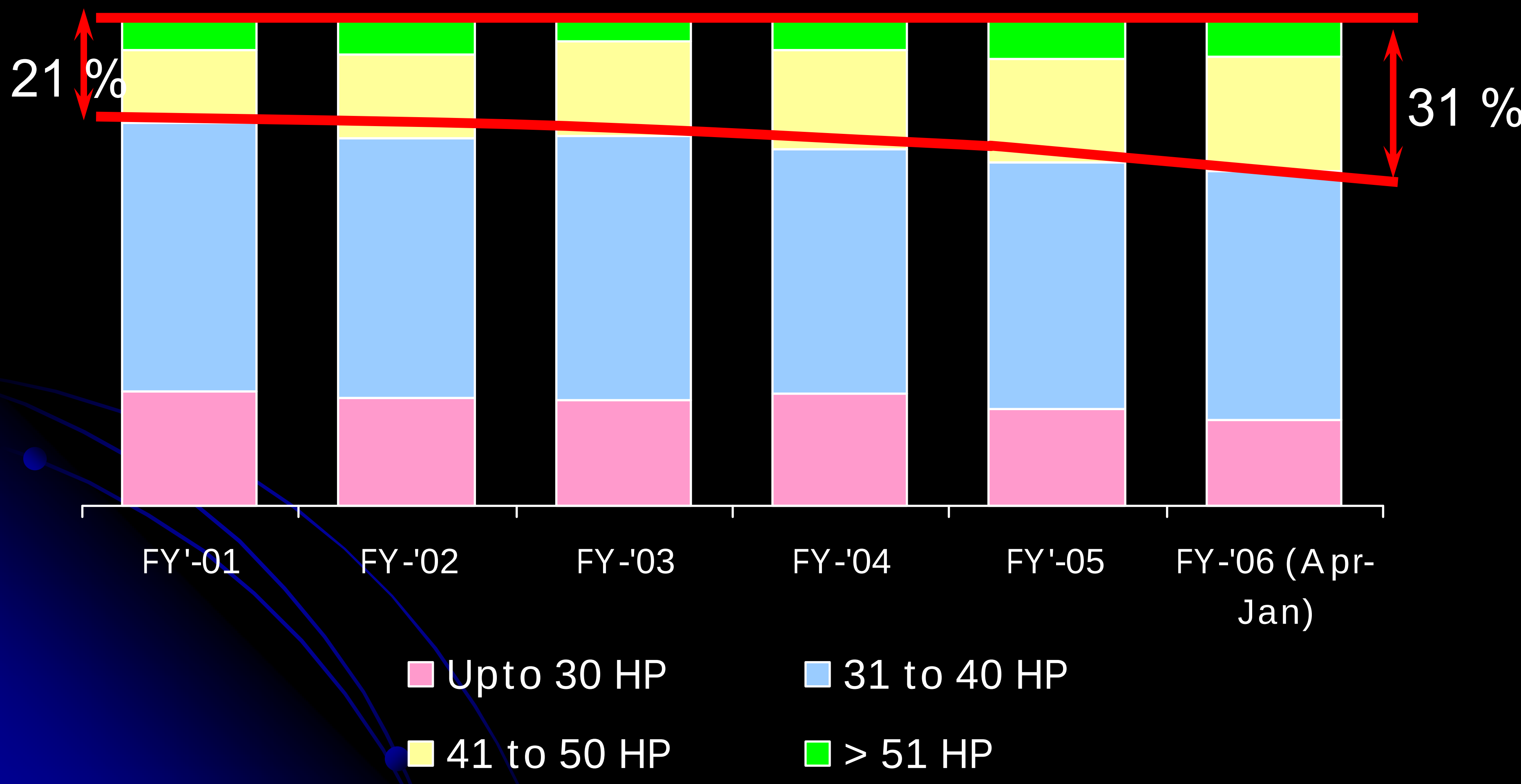
Source: Systematics

Market Segmentation



31 to 40 HP is the most dominant segment

Shift Towards Higher HP



Source: CRIS INFAC

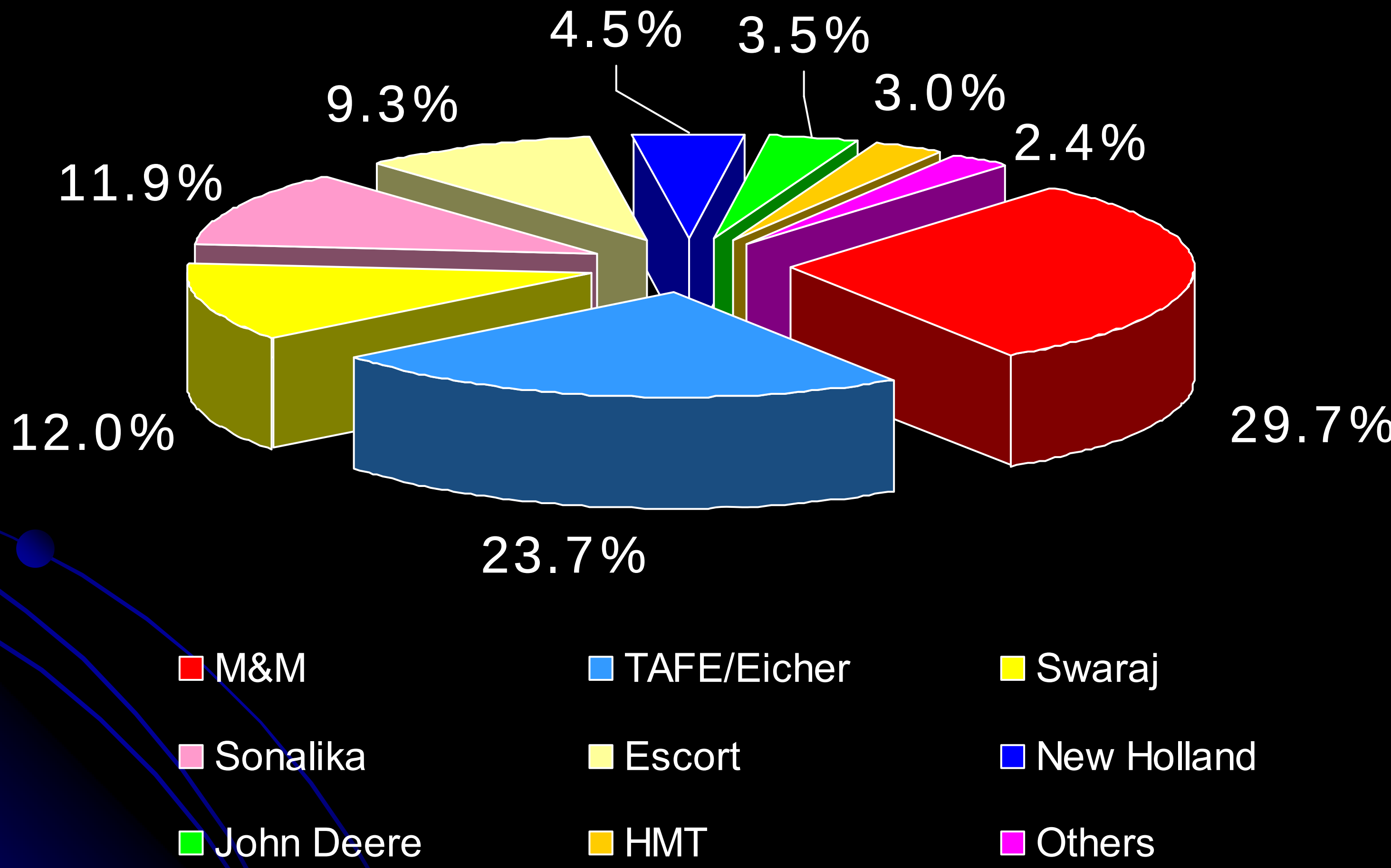
Indicative Prices

21 to 30 HP — 6,500 USD

31 to 40 HP — 8,000 USD

21 to 30 HP	6,500 USD
31 to 40 HP	8,000 USD
41 to 50 HP	9,500 USD
> 50 HP	11,000 USD

Split of the Pie



For the year f-2006

Opportunity Will Grow

- Domestic Market – very attractive
  - Worlds largest tractor market
  - Government focus on improving agricultural output
  - Improvement in irrigation infrastructure
  - Easy availability of credit
- Export from India opportunity

Thank You