ASHOK LEYLAND
Koi Manzil Door Nahin

November 20, 2026

National Stock Exchange of India Limited
Exchange Plaza,
C-1, Block G
Bandra Kurla Complex
Bandra (E), Mumbai - 400 051

SCRIP CODE: ASHOKLEY

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001

SCRIP CODE: 500477

Dear Sir/Madam,

Sub: Concall Transcription

Pursuant to Regulations 30 and 46(2) (oa) (ii) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we attach herewith the transcript of the Company's Analyst Call/ Earning's call held on November 16, 2026 to discuss the unaudited financial results for the quarter and half year ended September 30, 2026.

Meeting start time – 11.00 A.M. IST
End time – 12.00 Noon IST

We request you to take the above on record.

Thanking you,

Yours faithfully,
for ASHOK LEYLAND LIMITED

NATARAJAN RAMANATHAN
Digitally signed by NATARAJAN RAMANATHAN
Date: 2026.11.20 14:20:50 +05'30'

N Ramanathan
Company Secretary

Encl.: a/a

“Ashok Leyland Limited

Q2 FY27 Earnings Conference Call”

November 16, 2026

MANAGEMENT: **MR. SHENU AGARWAL – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – ASHOK LEYLAND LIMITED**
MR. K.M. BALAJI – WHOLE-TIME DIRECTOR AND CHIEF FINANCIAL OFFICER – ASHOK LEYLAND LIMITED

MODERATOR: **MR. RISHI VORA – KOTAK SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Ashok Leyland Limited Q2 FY27 Earnings Conference Call, hosted by Kotak Securities Limited. As a reminder, all participants' line will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rishi Vora from Kotak Securities. Thank you, and over to you, sir.

Rishi Vora: Thank you, Iqra. Good morning, everyone. On behalf of Kotak Securities, I welcome you all to Q2 FY27 results conference call of Ashok Leyland. I also welcome the senior management of Ashok Leyland, Mr. Shenu Agarwal, Managing Director and CEO; Mr. K.M. Balaji, Whole-Time Director and CFO, and the Investor Relations team.

With this, I will hand it over to Mr. Shenu Agarwal for the opening remarks. Over to you, sir.

Shenu Agarwal: Thank you, Rishi. Good morning, ladies and gentlemen. Thank you for joining us and for your continued trust in Ashok Leyland, as always. The second quarter of FY27 witnessed strong growth in the Indian commercial vehicle industry, supported by resilient economic activity, sustained freight movement, and healthy demand across key customer segments. Despite an environment marked by elevated commodity prices and continuing geopolitical uncertainty in West Asia, Ashok Leyland delivered a strong operating performance and made further progress on its strategic priorities.

The domestic M&HCV industry recorded volume growth of 39% year-on-year during the quarter, while the domestic LCV industry grew by 24%. The growth reflects the continued strength of the underlying demand environment, supported by replacement demand, infrastructure activity, improving fleet utilization, and the growing requirements of the consumption-led economy. Against this backdrop, Ashok Leyland's domestic M&HCV volumes grew by 44% year-on-year, outperforming the industry.

Our domestic M&HCV market share for the quarter stood at 32.1%, representing an improvement of 120 basis points year-on-year. Our performance was particularly encouraging in domestic M&HCV trucks, where the traction for our differentiated products and our sharper focus on customer service helped us grow much higher than the industry, gaining market share of 150 basis points during the quarter on year-on-year basis.

In the domestic LCV business, volumes were 21,371 units, representing growth of 21% year-on-year. Our LCV VAHAN market share improved to 13.6%, a gain of 30 basis points year-on-year. The performance of the LCV business corroborates our strategy of expanding participation across the addressable market through differentiated products offering best-in-class TCO, wider applications, and continued strengthening of our sales and service reach.

Overall, Ashok Leyland’s domestic CV volumes, excluding Defence vehicles, for the quarter stood at 59,575 units, higher by 34% year-on-year. This represents highest ever Q2 domestic

CV volumes. For H1, domestic CV volumes stood at 105,877 units, higher by 24% year-on-year, and again, highest ever H1 volumes.

Our international operations recorded volumes of 5,102 units during the quarter, representing 7% growth year-on-year. Demand across key international markets remains strong. However, the continuing crisis in West Asia continued to create significant logistics and operating challenges, particularly in relation to shipping availability, freight costs, transit times, and operations connected with our Ras Al Khaimah facility.

While underlying customer demand in GCC remains strong, these disruptions affected production and dispatches. We are closely monitoring the situation and taking appropriate steps to protect supplies and navigate logistical challenges. Our non-CV businesses continue to broaden the quality and resilience of our revenue base.

Domestic aftermarket revenue grew by 20% year-on-year. Revenue from the Power Solutions business increased by 33%, while Defence revenue, including that from our Defence subsidiary, grew by 66%, achieving quarterly revenue of about INR400 crores.

The Defence order book and the tender pipeline remain strong, providing healthy visibility for the future. Our emphasis on aftermarket, Power Solutions, Defence, and international operations continues to support a more balanced business and profitability profile.

Coming to our financial performance, revenue for Q2 FY27 was INR13,364 crores, higher by 39% year-on-year. EBITDA for the quarter was INR1,350 crores, compared with INR1,162 crores in Q2 of the previous year.

EBITDA margin stood at 10.1%, at the same level as Q1 FY27, and lower compared with 12.1% in Q2 of FY26. Profit before tax was at INR1,187 crores, while profit after tax stood at INR869 crores, registering year-on-year growth of 14% and 13% respectively.

The strong growth in industry and company volumes resulted in meaningful operating leverage. However, profitability during the quarter was impacted by a sharp increase in commodity prices, particularly steel, natural rubber, forex, fuel, and conversion costs.

Material cost as a percentage of revenue increased to 74.9% compared with 71.5% in Q1 of this year, an increase of 340 basis points quarter-on-quarter. Despite this significant increase, the EBITDA in Q2 remained same at 10.1% as in quarter one of this year. Higher price recovery, better product and business mix, continued cost control measures, and operating leverage helped reduce the impact of commodity inflation.

Capex for the quarter was INR240 crores, taking cumulative capex for the first half to INR393 crores. Investment in subsidiaries was INR472 crores, taking first half total to INR483 crores. During the quarter, INR324 crores of investments were made for repayment of Switch UK loan and INR150 crores in OHM, our e-mobility subsidiary.

This transcript has been edited for readability and doesn't purport to be the verbatim record of the proceedings.

Our cash position, net of debt, stood at a surplus of INR3,546 crores at the end of September 2026, a positive swing of INR2,556 crores year-on-year. Our strong operating performance and cash generation have further strengthened our balance sheet.

Against this backdrop, the board has recommended an interim dividend of INR1 per share on face value of INR1 per share, reflecting confidence in the business and our commitment to consistently returning value to shareholders while continuing to invest for long-term growth.

Product innovation and premiumization remain central to our profitable growth strategy. During the quarter, we launched India's first air suspension multi-axle trucks, offering payload advantage of up to 4 tons, superior vehicle stability, ride comfort, and tire life, resulting in best-in-class total cost of ownership for the customer.

These launches strengthen our participation in the premiumization journey, wherein we improve market position by offering better TCO. We continue to witness encouraging customer traction for our recently introduced HIPPO tractors and TAURUS tippers.

We further strengthened these new product lines with launch of our 360 horsepower tippers and tractors. These products offer superior power, torque, payload, turnaround time, and total cost of ownership, strengthening our competitive position in the higher horsepower and heavy-duty segments.

In M&HCV Bus segment, we launched GARUD 15-meter front-engine multi-axle coach, offering superior passenger experience and best-in-class fuel economy and passenger capacity. Our product development pipeline remains robust, with further launches planned across M&HCV, LCV, buses, alternative fuels, and electric mobility.

We remain focused not merely on increasing product coverage, but on bringing differentiated products that create demonstrable value for our customers and support both market share and margin improvement.

In our premiumization journey, in addition to innovative products, we continue to strengthen our service delivery. Our service transformation project called Project Dhruv continues to make progress as we deploy more digital tools, additional analytics, and artificial intelligence to enhance workshop productivity and customer experience.

We added more touchpoints during the quarter. The new addition was 43 touchpoints in M&HCV and LCV businesses. The focus of new additions continues in north and east regions, where we have higher headroom. At the end of the quarter, Ashok Leyland network has a total of 2,175 touchpoints, 1,205 for M&HCV and 970 for LCV.

The strength of demand was also visible in the utilization of our manufacturing assets. During the quarter, we operated at close to 90% capacity utilization. We have been taking proactive steps to ensure that capacity does not become a constraint to our growth.

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In the near term, we are pursuing focused debottlenecking initiatives across our existing facilities to unlock additional capacity with limited capex. In parallel, we are also progressing our plans for a greenfield manufacturing facility to support the next phase of growth.

We are working closely with our key suppliers to augment capacities for critical components in line with our future volume requirements. We are identifying potential bottlenecks in supply chain as well, securing capacity commitments and alternate sources, and aligning supplier investments with our growth plans.

I am also happy to report that all approvals are now in place for our new battery pack facility at Pillaipakkam near Chennai. The construction work has started, and start of production is expected to start in Q3 of next year.

Our sustainability commitments remain integral to the way we operate. Renewable energy accounted for 79% of our energy requirements, while our Road to School and Road to Livelihood programs reached approximately 7 lakh students now.

Coming to our subsidiaries, Switch Mobility India delivered 439 electric buses and 732 electric LCVs during the first half of the year. Now, its order book stood at approximately 2,800 e-buses at the end of September 2026. OHM Mobility increased its operating fleet to around 2,100 electric buses and continues to progress towards its profitability objectives.

OHM has also received an order of deploying over 200 trucks for cement distribution on fixed routes under e-MaaS model. The NCLT order related to merger of Hinduja Leyland Finance with NDL Ventures was received on 6th of November 2026.

As per this order, NDL will be the legal and accounting acquirer of HLF, and 1st April 2026 is the appointed date of the merger. NDL, in its board meeting held on last Friday, adopted its Q2 results basis acquisition accounting, fair valuing all assets and liabilities of HLF, and treating NCLT order as an adjusting event.

Ashok Leyland and its statutory auditors, PwC, after due consultations, have decided to consolidate the financials of NDL or HLF in Ashok Leyland on cost accounting basis, thus ignoring all fair value or purchase price adjustments.

Consolidated book value of Hinduja Leyland Finance and Hinduja Housing Finance, as reflected in Ashok Leyland consolidated results, stood at INR8,313 crores with a PAT of INR174 crores for quarter two of this fiscal year. NDL shall, in due course, apply for the NBFC license and complete other actions to make the merger scheme effective, paving way for the merged NBFC entity to get listed.

We expect that within Q4 of this fiscal, this process should be completed. Once the scheme is effective, HLF will dissolve and cease its business operations. However, the current auditors of HLF have pointed out certain discrepancies in transactions and loan balances between the various underlying systems of the company.

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The impact of these on financial statements is currently not ascertainable. The company is in the process of appointing an independent agency to conduct a comprehensive review of the related systems and processes.

Upon completion of this review, the company and its Board shall evaluate and take appropriate actions as may be necessary. In summary, Q2 FY27 was a quarter of strong growth, launch of market-defining products, and reasonable market share gains.

Although at the same time, the quarter was also marked by significant external cost pressures. The underlying demand environment Commercial Vehicles remain quite positive. Our recent launches and forthcoming product pipeline positions Ashok Leyland well to participate in this growing market.

At the same time, we remain mindful of elevated commodity prices and ever-evolving geopolitical situation. We will continue to address these challenges through higher price realization, better business and product mix, accelerated cost savings, capacity interventions, and a disciplined focus on profitable growth.

Our foundations remain strong. We have a differentiated product portfolio, expanding market presence, increasingly diversified businesses, a wide service network, and a strong balance sheet. Basis this, we remain confident in our ability to create sustainable long-term value for all our shareholders. Thank you once again for your continued trust in Ashok Leyland.

I now hand the call back to the moderator.

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Chandramouli from Goldman Sachs. Please go ahead.

Chandramouli: Hi, good morning, and thank you for taking my questions. The first question is just around the festive period. I think we have seen CV demand, if you look at the VAHAN portal, grow pretty well. We are, of course, back half the entire auto industry is up against a slightly higher base. Just want to understand the demand momentum. You mentioned you see healthy demand in the back half remainder of the year as well. Just want to understand what your range of growth expectation is for the CV industry and where you think Ashok Leyland could move.

If you could also give us a little bit of clarity on the export environment. You mentioned freight and shipping challenges. Middle East is an important market for you. So just some color on how underlying demand is there, and if and when there is an improvement in the shipping situation, what sort of pent-up opportunity you might have.

Shenu Agarwal: Yes, thank you for the question, Chandramouli. Last time when we spoke, we all were thinking that how October will go, because October was the first month where we would encounter a higher base for the industry. Now, we all know the October numbers for the industry, and we are very positive to see October numbers, because even on a higher base, October numbers stand very good, both on the M&HCV side and the LCV side. So, that is giving us a lot of strength in our outlook for the rest of the year.

Basically, we think that there is a fundamental growth momentum that has set up in the industry. We have been talking about the aging of the fleets in the past. We have been talking about the trigger that was created in the last year, September, October timeframe, because of GST rationalization.

So right now, we are of the view that this momentum shall continue and will continue strongly. We think that already November, we are seeing that the sentiment is very positive in our customers in various segments, and we think this will carry forward to the whole year.

As far as the numbers are concerned, for the year, we do think that it will be double digit. We also think that it could go to mid-teen kind of a growth for the whole year for the CV industry, especially M&HCV I am talking about. LCV also is going very strong, so LCV should also register a similar growth.

Coming to export environment, I should tell you that even in quarter two, we had a degrowth in our GCC volumes to the extent of about 20%. The good news is that during the quarter, we have come around quite a bit in our Ras Al Khaimah facility. So, the supply chain is back to almost normal, I would say. The plant is again running to almost full capacity.

And therefore, we think that GCC should see a turnaround in quarter three and quarter four going forward. However, in quarter two, the other markets did very well. For example, SAARC and Africa did very well for us, registering very good growth in both the markets. And therefore, our total numbers, which were a slight negative or de-growth in Q1, has come out to be positive for the current quarter.

Although the number is 7% only, growth in exports volume for second quarter, but we do hope with the strengthening of our supply chain conditions and rest of the production environment in Ras Al Khaimah, I think we should post very good growth numbers in Q3 and then better in Q4, actually.

Chandramouli: Got it. That is helpful. Just as a follow-up to that, just trying to understand, when we look at freight rates and compare them with what has happened to diesel prices, ever since the West Asia conflict broke out, it looks like freight rates have not adjusted upwards to the same extent as what diesel prices have been increased.

And also, I think into the back half, there is an expectation that interest rates might move higher. So, just want to understand your thoughts on what these two factors could imply for the demand environment over the next 12 months?

Shenu Agarwal: Yes. So, as far as freight rates are concerned, I think there is an upward movement in freight rates, so that is really helping. There is a lot of upward movement in freight demand also. So both those things are kind of positive. But we do expect freight rates to continue to go up in the future as well. The overall economic activity is very good, which is creating demand.

But also the fact that people have now realized that they can't afford to keep their older trucks on the road anymore, because they have clearly determined or understood that the TCO for a newer BS6 truck is far better than a TCO of a BS2, BS3, or BS4 truck. So, I think that mental

shift has happened, and that is driving both the replacement demand and also the new fleet requirement because of the economic activity.

So when we speak to our customers, the sentiment remains very positive, and that we have seen in the October numbers also. Q2 itself was very, very strong, beyond even our expectations, because the M&HCV industry grew by 38%, 39%, and we all were hoping possibly that it will grow 20% to 25% in that region.

So, I think the momentum is quite strong. Interest rates also have a bearing, definitely, and we think there might be one more round of interest rate hikes. But right now, given the positive sentiment and the underlying activity of the freight and the rates, etcetera, we think that this will not have a major impact on the overall CV demand in the next two quarters.

Chandramouli: Got it. That's helpful. Just last…

K.M. Balaji: On the other side…

Chandramouli: Okay, good. Go ahead, Balaji.

K.M. Balaji: Question on this freight thing. We had to concede the freight increases with reference to the freight rates which we pay to our transporters for transporting the vehicles across the country. That is part of the other expenditure where you would see. We will have to concede a bit on the freight rate movement, freight rate increases because of this diesel price movements and the demand from the transport operators.

Shenu Agarwal: Yes, I can tell you that if you compare like a percentage of our freight cost that the trucks and buses we move from our factories to the dealers, that has gone up by more than 50% per vehicle over last one year or so. So definitely, still, that affects our P&L, but we are happy that the freight rates in the market are moving up, which will support the industry.

Chandramouli: Makes sense. Makes sense. This last question is on profitability. I think the first half, because of the higher steel prices, which may not be fully passed on to customers, there has been about 150 basis points of margin dilution year-over-year and then next six to nine month period, at this stage, it appears that the non-steel metals are the ones that are correcting.

The steel prices have not yet come off. So just trying to understand over the next six to nine months how you are thinking about profitability in that context if, I think, one of your primary raw materials, which is steel, is refusing to come off in the near term.

K.M. Balaji: Thanks for this question, Chandra. Actually, we should temporarily stop looking at the margins in terms of percentage of revenue. I would say that why I am saying that is we are in a situation where we are looking at a good increase in the volumes, whereas on the margin side, it is significantly pressurized because of this higher commodity cost movements.

While you will certainly see in absolute terms the profits as well as the revenue and all these metrics going up, profits and margins in terms of percentage of revenue, I think temporarily we will have to suspend looking at that. We should look at it relatively in absolute terms with

reference to the previous year till this commodity cost escalation recedes a bit. That will be my suggestion to everybody in the market.

Shenu Agarwal: But specifically to your question about the timing gap between the inflation and the pass-on of the inflation to the market, of course, that is always the case in the last few quarters because the prices, inflation is happening at a rapid pace, and we just cannot pass on the entire increase to the market in one go. So therefore, when this thing halts or stops or moderates the inflation phenomena, we will have a large amount in unrealized price pass-on, which should benefit us. Now, the question is whether the inflation would moderate in quarter three or quarter four.

Right now, it seems that quarter three would also be a bad quarter in terms of inflation. We are already seeing some signs of that, especially on the steel side and natural rubber side. But at any given point of time, let us say in quarter four, the material cost pressures recede, we would have in our hands a lot of price increase, which is not getting reflected in the P&L because of the timing issues.

Chandramouli: Got it. Got it. That's helpful. Thank you very much and all the best.

Moderator: Thank you. The next question is from the line of Raghunandhan NL from Nuvama Research. Please go ahead.

Raghunandhan NL: Thank you, sir, for the opportunity, and congratulations on market share gains. My first question was on the demand side. In domestic market, within the various categories, how do you see the performance in ICV, HCV, and buses side?

And also, if you can talk about the initial acceptance of your higher payload truck, and in this category or in this form factor of providing a higher payload and better TCO for transporters, can we expect more launches to happen going forward?

Shenu Agarwal: Yes. Thank you, Raghu, for that question. Now as far as the demand is concerned, we are seeing a huge surge in demand in basically all the categories, as far as Q2 is concerned. I think the lowest was buses, which also grew by 22%, right? So I mean, the demand is very comprehensive. It is spread out.

ICV truck actually is on the top of the table, as it has been for last few quarters since GST rationalization, because we know that that is the most price-sensitive market, and therefore, any reduction in the price there because of the tax cut helps that market more than the other segments. But other segments like heavy-duty trailer, truck trailers, tippers, the multi-axle vehicles, they're all showing very, very strong growth. So, we are happy that the growth is very comprehensive.

Actually, the growth in the tipper among the heavy-duty trucks is the lowest right now, but we do think coming November, December, etcetera, and Q4 as well, that demand will grow because of the heightened activity in the infrastructure and construction segments. So, coming to the products that we have launched, like we told you earlier, that our theory or our mindset now behind every product launch is that of a premiumization.

And by premiumization, basically, we do not necessarily mean just hiking the price of the truck, but justify manyfold the hike in the price through the value that we provide to the customer in terms of improvement of TCO. So the HIPPO tractor, right now, we are getting huge traction in the market, and that is the reason -- that is one of the reasons we are getting a better market share overall in M&HCV, but specifically in M&HCV trucks, we have had good market share gains in Q2.

Also, the TAURUS tipper that we have launched also is very unique and we are seeing great acceptance of that as well. So we do think that because of these two products, we will continue to gain market share for many quarters, as these products are very unique in nature when it comes to fuel economy or reliability or the kind of aggregates we have used, or the kind of industry-leading torque it provides for tough applications.

Also, we launched this air suspension truck in the MAV category, and we have launched only three models. So I think there are a lot of -- this whole concept needs to be translated into many more models and variants. We have launched only a few of those right now. So even in Q3, we are planning to scale up the new 360 horsepower, which is part of the same series or the same family, HIPPO TAURUS family.

So I think Q3 and Q4 will be very, very busy in extending this whole concept that we have created around premiumization to many more models and many more segments. So that should also help us kind of to continue to make more inroads into the market and hopefully get some market share gains as well.

K.M. Balaji: We are seeing a strong increase here on the multi-axle vehicle side. Multi-axle vehicle volumes have gone up. The share of the multi-axle vehicles with reference to the overall volume, truck volume, has gone up by about 5% in Q2. It was 20% in Q1, it has gone up to 25%. This augurs well for us, and this is also a reflection of the good performance of the new products that have been launched in the market.

Raghunandhan NL: Thank you, sir. That is very helpful and best wishes for future. On the EBITDA, even if I take absolute EBITDA, there has been a good number, and even EBITDA per unit has seen an increase for Q-o-Q. So, great performance in terms of challenging times. Can you indicate what are the pricing actions you are taking in Q2? How much was implemented and retained? And in Q3, what is the plans of the price hikes?

K.M. Balaji: See, every quarter we have been trying to improve on the net sale realization. Although sometimes we may not come out with a price increase by way of increase in the price circulars, we have been consistent enough in raising the net sale realization anywhere between 1%-1.25% every quarter, so that way, you can clearly see that the prices have gone up. From the year beginning, it has gone up by about 2%-2.5%. And in the Q3 also, we will strive and continue to do the same kind of the price increases. We will try and build the same kind of momentum on the price recovery.

Shenu Agarwal: Yes, I just want to add, Raghu, that, I mean, we do a lot of analysis around how much the market can take in terms of price increase. And based on that, we do believe that there is more

potential for us to increase the prices for our products and at the industry level as well. However, we have to do it in chunks, in tranches. We can't just increase the price, because at the same time, we don't want to dent the market momentum as well, right? So we are taking very calibrated approach, but we do think there is more capacity to increase the prices in future. In Q3, we have already taken a price increase, so that should get reflected when we see Q3 financials.

K.M. Balaji: Your observation is also right, Raghu, on the quarter-on-quarter growth momentum. Revenue has gone up by about 39%, and our EBITDA has also gone up by 39%. So, I mean, quarter-on-quarter, it has been good for us.

Moderator: Thank you. The next question is from the line of Vedant from UBS Securities. Please go ahead. Vedant, you may please proceed with your question. Since there is no response from the participants, we will move to the next participant. The next question is from the line of Amyn Pirani from JPMorgan. Please go ahead.

Amyn Pirani: Hi, good morning to the team, and thanks for the opportunity. Sir, actually, my first question is on this Hinduja Leyland Finance. So this observation, which you as well as NDL Ventures has made on the differences in balances, can you give us some more context as to what is this regarding and I know that you have not ascertained any impact, but just for our understanding, what is the discrepancy which is there?

Shenu Agarwal: Yes. So, see, basically the discrepancies are in the underlying transactions related to the loan balances between the various underlying systems of the company. So, like you said, the impact is difficult to ascertainable in a short time. I think we will need about four to six weeks. The Board has decided to initiate a system audit, which is in place.

The Board is also in the process of appointing an independent agency, because the idea is to understand completely what kind of processes need to get changed. So I think just be little patient, give us some time, we will come up as soon as this comprehensive review is over, and we will let you know as to what needs to be done as far as HLF financial statements are concerned.

Amyn Pirani: Okay. We look forward to that. And with regard to the transaction itself, so now HLFL has already been transferred to NDL, or that because NCLT approval has come, but has the share swap already happened, or that is yet to happen?

Shenu Agarwal: No. So let me just clarify this. So as per the NCLT order that was received, I think on 5th of November, it was specifically mentioned that the NDL will be the legal and the accounting acquirer of HLF. And now as you also know that there are two different streams here. One is a legal stream and one is the accounting stream.

So for the accounting stream, NDL regarded the NCLT order as an adjusting event, and they went ahead in Q2 and did, as far as accounting is concerned, they did the merger accounting as per the Indian Accounting Standards by fair valuing all the assets and liabilities of HLF. So, if you have access to NDL financials, you will see that they have taken some amount of

adjustments on loans, on investments, etcetera. Now that is as far as the accounting treatment is concerned.

As far as the legal treatment of this order is concerned, there is a process to be followed before the share swap or the listing can happen. Now that involves NDL to apply for a NBFC registration from RBI, so that process will be undergoing very shortly. And then they need to get a certified copy of the NCLT order, which is just an administrative matter and then they will have to apply to ROC. So I think that will take another four to six weeks, hopefully, maybe a little bit longer, but by end of December, we hope that this legal part of the acquisition should also be through.

K.M. Balaji: Just to touch on this…

Amyn Pirani: Sorry. Yes, sir.

K.M. Balaji: Yes, Amyn.

Amyn Pirani: No, please go ahead.

K.M. Balaji: Even though the order has come in the first week of November, Amyn, the condition of this merger was existing during the first two quarters. Under the accounting standards this as an adjusting event and till the 30th September accounts can consider the merger. So, taking that accounting standard requirement, NDL has then considered this as an adjusting event, and they have merged it. The effective date of merger as given by the NCLT is 1st April, 2026.

Amyn Pirani: Okay. And sir, just one last thing on this one. Once the legal process, everything, share swap is over, you will then own a stake in NDL, but you have also invested separately in Hinduja Housing, right? So, that you will continue to own as an 8% separately from your ownership of NDL, right?

K.M. Balaji: Yes. The investment is set to happen, Amyn. Although we have got the approval from the board, I think last quarter we got the approval from the Board, and we will invest this INR500 crores at an appropriate time.

Amyn Pirani: Okay. Whenever you do that, you will continue to have two streams of ownership. You will own NDL and you will also own Hinduja Housing separately.

Shenu Agarwal: Yes, separately.

K.M. Balaji: Yes, that is correct.

Amyn Pirani: Sorry. One last question on the operations, now that this is clear. Some NBFCs, especially in the truck segment, had highlighted some small challenges as far as asset quality is concerned. Are you getting any sense of that when you are speaking to your customers, or are the financial positions of your customers generally healthy, or are you seeing any stress?

Shenu Agarwal: No. In fact, on the contrary, we see there is lot of NBFCs and even banks who are trying to get higher share of the CV market. So I think -- and the market is growing at such a rapid pace, it

also indicates that there is an underlying strength in the credit supply to the market also. So I do not know if one or two NBFCs have any issues, but largely we do not think there is a problem.

Amyn Pirani: Okay. That's great to know, sir. Thank you. I'll come back in the queue.

Moderator: Thank you. The next question is from the line of Vedant from UBS Securities. Please go ahead.

Vedant: Hi, sir. Thanks for the opportunity. Can you hear me?

Shenu Agarwal: Yes, Vedant. Please go ahead.

Vedant: Yes. So just wanted to understand on these disclaimer of opinion that the auditors have raised in regards to the loan balances. So if you could just help us understand, is there any sort of major risk over here? Just wanted to get an idea from you.

Shenu Agarwal: Yes, so as I just explained on the previous question, the auditors of HLF had pointed out some differences in the transactions and the loan balances between the various underlying systems, especially related to the loan balances. Now, for us to determine the exact issue, we have to have a comprehensive review.

The Board has already started a system audit so as to know whether systems and processes are working fine and why these differences have emerged, and also to understand the quantum of this. So like I requested, please give us a time because there are lakhs and lakhs of loan accounts, this company has. It's a very old NBFC. For many, many years, it has been in existence.

So just give us some more time, and as soon as we have the review completed, we'll get back to you on both the nature of the differences and also the amounts, if there are any involved. I mean, in absence of such a review, it would not be possible for us to say what is the amount involved here. It will be very difficult to say.

And the same reason, when there was a discussion with HLF auditors, they were of the same view that unless this review is completed, it will be very difficult for even them to say what is the nature of the difference and the amounts and therefore, this disclaimer has been given.

Vedant: Okay. Thank you, sir, and all the best.

Moderator: Thank you. The next question is from the line of Kapil Singh from Nomura. Please go ahead.

Kapil Singh: Yes. Hi, sir. Just a quick follow-up on this issue of HLFL. Just wanted to know how these discrepancies were identified. Was it part of a regular audit or merger-related or something else?

Shenu Agarwal: Yes, so, I mean, what we know as a parent is that since there was this merger that had to be taken place, and it was because the order had come on 5th or 6th of November itself, and there

was a short time, so there was some extra scrutiny that was happening into the loan books just to make sure that the merger happens rightfully.

And in that scrutiny, there were some differences that came up. So, like I said, the board of the company has decided to do a very comprehensive review so that when the merger accounting happens in future also, we do have full clarity on that.

Kapil Singh: Sure, sir. And sir, the second question was on electrification. If you could just talk about how you are thinking about electrification both for M&HCVs and LCVs. And in terms of battery pack capacity, what are the kind of plans you have, and by when will it be on stream?

Shenu Agarwal: Yes, so I think -- I think it is very clear to everyone. I think that electric mobility will continue to gain a lot of momentum in our country. I mean, especially in three-wheelers and two-wheelers, we have seen what kind of numbers they are showing. Also in passenger cars, it's constantly growing now. As far as CV is concerned, on the LCV side, it will happen faster. M&HCV will take some more time. On the side of the public transport buses, of course, it's happening at a very rapid pace.

Now, we understand this whole shift that is happening and will continue to happen in the future, and therefore, we want to be prepared not just with the technology that is related to electric trucks, but also the supply chain that needs to be looked at. And therefore, like we have told you earlier, we are looking at battery as a strategic investment, and phase one of that was to invest in a battery pack manufacturing facility. The initial capacity that we are looking at is about 4 gigawatts, which will be sufficient for our own captive demand from both Ashok Leyland and Switch.

And in future, of course, we are preparing the factory, we're building the factory in a way that we can expand it to go to even 8 gigawatts or 12 gigawatts. So, that start of production should happen sometime in Q3 of next year and of course, that will also give us a lot of benefit commercially because of the duty structure and other things.

Kapil Singh: And sir, on the cells, have we given a thought, or it's too early for us to decide right now on the cell manufacturing investments?

Shenu Agarwal: Yes, that would be phase two of our whole plan, of our whole strategy around the battery. But that needs a lot of more working and a lot of more thinking around the technology, etcetera. So, that will take more time. I would say, we might take a decision sometime in the next financial year as far as cells are concerned. Our first priority is to make sure that we have this factory for the packs up and running, and we are delivering good quality and good efficiency in the production system at the right cost.

Kapil Singh: Okay. Thank you, sir, and best wishes.

Shenu Agarwal: Thank you.

Moderator: Thank you. The next question is from the line of Amit Hiranandani from PhillipCapital. Please go ahead.

Amit Hiranandani: Sir, thanks for the opportunity. Most of the questions have been answered, just a few bookkeeping one. Sir, just wanted to understand, it has been observed that generally the other income is higher in the second quarter as compared to the first quarter, but this time it is reversed, and we have seen a Q1 to Q2 drop in other income. So, wanted to understand any one-offs here?

K.M. Balaji: So actually, last year we had some one-off, Amit. Last year we had this fair valuation of some of the investments in the subsidiaries has been made, and we got a gain of about INR50 crores in that in the Q2 of last financial year. That is why you see the sundry income of last financial year slightly better off. Otherwise, no, in the trending also, if you see, Q2 could be slightly higher because we get the dividend from some of the subsidiaries in Q2. That could also be one of the reason.

But last year we got this, and we also got some refund from the income tax last year and some of the tax-related thing, right? I remember we got some about INR10 crores of refund on that also. So all this have added to the higher sundry income in Q2 of last financial year, Amit.

Amit Hiranandani: Okay, noted, sir. Secondly, just on the capex outlook for this and coming years, and where are we going to deploy the same? Also, if you can highlight on the discounting situation in the second quarter, how has been it on a Q1, Q basis?

Shenu Agarwal: I think the capex so far for H1 is close to INR400 crores on a cumulative basis, and we do hope that it will go to INR1,000 crores to INR1,200 crores for the whole year. So, that is that. And on the discounting part, we have already declared that there is no, I mean, discounting, there is no provision to discount the prices right now.

Rather, the challenge is that how we can accelerate our realization per vehicle going forward, which we have been able to do it successfully, but we still have a gap as far as inflation is concerned. So in Q3 also, we are trying to take about 100 to 150 basis points of price increase. Q4, we will go ahead with one more, most likely, and then we will see how the situation is at end of this fiscal.

K.M. Balaji: We track only the net sale realization, Amit, which is both the discounts, and discounts beyond a point, no, we do not track at all. I mean, because it does not have any relevance as long as your net sale realization goes up. We consistently monitor that, and we do that.

Amit Hiranandani: Right, sir. Just last one question. I know the situation is tough. Just wanted to understand whether are we maintaining the mid-teens margin target for the next one to two years, or is there any revision to the same looking at the input cost pressures?

Shenu Agarwal: No, no, definitely that's our medium-term goal. We don't want to sacrifice that. We think that this inflation phenomena is only temporary.

Amit Hiranandani: Yes.

Shenu Agarwal: It will come back. Timing is hard to say, but it will come back to normal. In any case, like I said, we always have this balance price realization, which is not reflected in the P&L because of the timing gap with inflation.

But structurally, I don't think there is any change in our business. The demand is very robust. India will need many more trucks and buses in future. If India were to achieve its dreams of Viksit Bharat, and the kind of economic activity we are seeing, India will definitely need lots of trucks and buses.

So I think the kind of value also that we are providing in trucks and buses in terms of the customer TCO, which has really improved quite a lot since BS4 time, right? So there is enough capacity in that way in the system to have better trucks and buses and to pay extra for those. I think that mind shift has already happened in India.

The way we see our 320 and 360 horsepower tippers and trucks going, and the demand being so robust while they are so much more expensive than the originally or the earlier 250 horsepower tells us a lot of things as to how this Indian CV industry is going to be in the future.

K.M. Balaji: See, on the business model also, we have been consistently working. Our non-truck revenues have been consistently been at a good shape, and our contribution from the non-truck business is also quite good, which brings stability to our margin, which you are witnessing it. I mean, despite this truck volumes going up by 40%, the M&HCV volumes going up by 40%, where its share in the revenue is significantly, it has gone up.

And we all know that amongst the businesses, truck is the least profitable or the lower margin business, still you are seeing the stability in the margin. So all this are actually acting as a very good test to our business model, which you are witnessing every quarter.

Amit Hiranandani: Great, sir. Fantastic. All the best. Thank you so much.

Shenu Agarwal: Thank you.

Moderator: Thank you. The next question is from the line of Yash Agarwal from Nirmal Bang Securities. Please go ahead.

Yash Agarwal: Hi, sir. Thank you for the opportunity. My first question is on LCV. As we continue to gain market share, and our market share gain has been around 100 basis points in last two quarters. So what is driving this gain?

Shenu Agarwal: Yes. Yash, thank you for this question, but I personally believe and the management believes that the kind of headroom we have on LCV is humongous for us, right? You know that we historically, we have been participating only in 50% of the market. And practically speaking, we are a newcomer in the LCV market, so our first attention was in our stronger markets, which was South and West, and therefore, there's a huge amount of headroom still that needs to be explored in the Northeastern and Central regions, right?

On LCV, in a long-term basis, we are very, very optimistic about our position in the LCV segment. Having said that, we have done few things over last two, three years. For example, we created a, not an exact sub-2-ton platform, but we created a model called Saathi, which was catering to the premium end of the sub-2-ton customers, which means the sub-2-ton customers who want to advance into higher payload vehicles, Saathi was providing them a very good option. At the same time, we have also done a lot of improvements on our existing Dost and Bada Dost platforms, right?

That is giving us market share push along with the reason that we are expanding our network in Northeastern and Central parts. The major jump on this would happen when we create some new platforms in future, which we are thinking about, and we'll come back to you, right, as to how we can take our market participation to about 80%, 85% levels from currently 55%, 60%. Despite that, we have a huge headroom to grow, and we'll continuously focus on both network expansion and product expansion.

Yash Agarwal: Thank you, sir. And my second question is, as we are setting up battery pack plant, where do other technologies like hydrogen, LNG, CNG fit in for long-haul trucks, and which of these do you expect to scale first in India?

Shenu Agarwal: Yes, very excellent question, Yash. So this is a debate that is going on in the entire country, especially for the heavy-duty trucks, as to which technology or which alternative fuel will take precedence. So I think more or less the opinion is that electric mobility is something that will happen first. For long haul, LNG definitely is a viable option. Hydrogen will take some time, but hydrogen is an excellent option for future also.

Now as a company or as an industry, we have no choice but to follow all the three streams, definitely with different priorities or different timing of priorities. So right now, we are very focused on electric mobility. We are also preparing our products, and you will hear that from us in the next meeting, what we are doing on the LNG side, we are going to launch some new products there as well.

And hydrogen, we are working slowly and steadily. You know that we have the largest fleet of hydrogen trucks in the country. We also have some buses that we have put in on the road in partnership with NTPC. So we are following up all the streams, but Yes, specifically to your question, electric mobility will happen first definitely on the LCV and the buses and even on the heavy-duty truck side, LCV volumes for the next two, three years should go substantially up.

Yash Agarwal: Okay, sir. Sir, one last question on other expenses have gone up 20% Q1, Q2. Any particular reason for that?

K.M. Balaji: That other expenditure actually, it comprises of both variable and fixed. The variable expenditure would be in the form of the factory-related expenditure, the production overheads comprising of the power, the in-plant logistic expenses, the tools, consumables, etcetera. All this, they move in tandem with the volumes.

Similarly, it also has the sales overheads comprising of warranty, free service, packing and forwarding expenses, etcetera. All these also, especially on the warranty side, we will have to make a provision for the six years. We will have to make an estimate of this warranty and make a provision on day one, on the month in which the vehicle gets sold for the six years. We have a six-year warranty period.

So all this, it gets accounted. You are seeing a volume increase also. Correspondingly, it has both fixed and variable. While fixed will remain fixed, variable will track the volume growth. So accordingly, you see that the growth has been only partial. It is not in line with the growth of the volume. If it is in line with the volume, then it is a point of concern because we are not able to get the leverage of this fixed cost. So as long as it is much lower, we will be able to get the leverage from the fixed cost. I hope I have answered your query on this.

Yash Agarwal: Yes, sir. Thank you so much. That is it from my side.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I would now like to hand the conference over to the management for closing comments. Over to you, sir.

Shenu Agarwal: Thank you very much again for the trust that you have always shown in Ashok Leyland. Q2 of 2027 was a record quarter for us with very strong growth, launch of some market-defining products, and excellent gain in our market shares backed from our products and services. The underlying demand environment, like I said, for Commercial Vehicles is continuing to be very strong.

We were hoping that October will give us a good indication as to how the full year has gone, and October itself has been very, very strong. The environment on inflation is very challenging, but as I said, we will continue to address these challenges through better price realization, better mix, accelerated cost savings, and capacity interventions and also, our focus on disciplined, profitable growth will continue.

We are happy that we are in a very, very strong cash position, having increased our cash by more than INR2,500 crores in the year so far. So, our foundations do remain strong. We have a differentiated product portfolio, expanding market presence, increasingly diversified businesses, and a much better service network and we believe that we have a lot of headroom to grow and with a strong balance sheet. So I just want to thank you once again for your participation in this call and your continued trust in Ashok Leyland.

Moderator: Thank you. On behalf of Kotak Securities Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.