



ASHOK LEYLAND

FAX TRANSMISSION

December 20, 2011

Madras Stock Exchange Limited, Secretary
National Stock Exchange of India Limited, Manager – Listing
Bombay Stock Exchange Limited, General Manager – DCS
Secretary, London Stock Exchange
(Company Announcement Office) **AVS NO.824972**

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Dear Sirs,

Additional Investment in Optare plc

The Board of Directors of the Company at their meeting held today approved the proposal for making additional investment upto GBP 4,004,495 in Optare plc. U.K.

We attach herewith the text of the Press Release being given to the media today.

Thank you.

Yours faithfully,
for ASHOK LEYLAND LIMITED


A R Chandrasekharan
Executive Director &
Company Secretary
(Compliance Officer)

Encl :a/a

ASHOK LEYLAND LIMITED

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HINDUJA GROUP



ASHOK LEYLAND

Press Release

Ashok Leyland increases stake in Optare plc to 75.1%

CHENNAI, December 20, 2011: Ashok Leyland, the Hinduja Group flagship in India, together with its associate companies, will increase its stake in the British bus maker, Optare plc, to 75.1% (subject to approval by the shareholders of Optare plc) thanks to a re-financing agreement announced today. The Company had initially acquired 26% stake in Optare in July 2010 as part of a long-term strategic partnership. This move fully integrates Optare into Ashok Leyland's global strategy for buses.

The re-financing has been achieved by Ashok Leyland facilitating a credit-line to support Optare's re-banking options and providing a substantially improved working capital facility for the business. Alongside, Ashok Leyland will reach 75.1% of the company's share capital through placing of shares raising new equity.

Executive comments:

Dheeraj G. Hinduja, Chairman, Ashok Leyland: "We are confident that, together, we can surge ahead with Optare taking advantage of the large opportunities for growth and development we see based on synergy and integration with Ashok Leyland's bus business."

Vinod Dasari, Managing Director, Ashok Leyland: "We see this as an important element in realizing our vision of being among the top 5 bus manufacturers globally. Through leveraging the synergies of the two companies, we are confident that going forward we will be able to accelerate technology sharing, develop future-ready products and substantially and quickly increase our global footprint."

Jim Sumner, Chief Executive Officer, Optare: "This is great news for Optare's customers, employees and suppliers and secures stability and the long-term future of the business. The re-banking represents a defining moment in the company's 3-year turnaround plan which commenced in June 2009."



ASHOK LEYLAND

“In addition, our recent move to a new factory in Sherburn gives us the capacity and modern assembly facilities necessary to fully capitalise on the additional sales and joint product development opportunities which our deeper partnership with Ashok Leyland will undoubtedly deliver,” he also said.

John Fickling, Chairman, Optare: “Given the global economic challenges we all face, this is a game changing deal for Optare. It ensures that Optare can grow and prosper given the challenging dynamics in an ever-changing market place.”

About the Hinduja Group

Hinduja Group is an investment and banking group with a diversified global portfolio of holdings across the manufacturing services and banking sectors. The Group, founded by Shri P.D. Hinduja in 1914 has activities across three core areas: Investment Banking, International Trading and Global Investments. It also supports charitable and philanthropic activities across the world through the Hinduja Foundation. As part of its Global investments, the Group owns businesses in Automotive, Information Technology, Media, Entertainment & Communications, Banking & Finance, Infrastructure Project Development, Chemicals & Agri business, Energy, Real Estate, Trading and Healthcare.
www.hindujagroup.com.

About Ashok Leyland

Ashok Leyland is the flagship of the Hinduja Group and a leading manufacturer of commercial vehicles in India with a turnover of US \$ 2.5 billion. With seven manufacturing locations at Chennai, Hosur (three plants), Alwar, Bhandara and Pantnagar (Uttarakhand), the Company has a production capacity of 150,000 vehicles. Ashok Leyland has associate companies in the Czech Republic, the UAE and a joint venture in Sri Lanka, besides exports to over 20 countries worldwide.
www.ashokleyland.com

About Optare:

Optare is Britain’s leading maker of advanced low-floor integral buses and employs around 500 people across the group, principally at its new assembly facility in Sherburn in Elmet, Yorkshire. The company produces a wide range of fuel efficient buses of its own integral design. In addition Optare has pioneered its ‘EcoDrive’ programme across all of its products which deliver a wide range of low carbon power options, including hybrid, full electric and dual fuel models.