

January 1, 2009 - December 31, 2009

Solid Performance



Board of Directors

S Sandilya, Chairman
Siddhartha Lal, Managing Director & Chief Executive Officer
Priya Brat
M J Subbaiah
Prateek Jalan

Company Secretary

Shaila Aggarwal

Auditors

Deloitte Haskins & Sells, Chartered Accountants

Bankers

HDFC Bank Limited
Indian Overseas Bank
ICICI Bank Limited
State Bank of India

Registered Office

Eicher House
12, Commercial Complex,
Greater Kailash II (Masjid Moth)
New Delhi - 110 048
Tel: 011 – 41437600
Web-site: <http://www.eicherworld.com>

Plant Location:**Two Wheelers**

Royal Enfield
Thiruvottiyur, Chennai 600 019
(Tamil Nadu)

Registrar & Share Transfer Agent

MCS Limited
F-65 Okhla Industrial Area,
Phase I,
New Delhi 110 020
Phone No. (011) 41406149
Fax No. (011) 41709881
E-mail: admin@mcsdel.com

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NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 28TH ANNUAL GENERAL MEETING OF THE MEMBERS OF **EICHER MOTORS LIMITED** WILL BE HELD AT **10.00 A.M. ON MONDAY, MARCH 15, 2010** AT LTG AUDITORIUM, COPERNICUS MARG, NEW DELHI-110 001 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit & Loss Account for the year ended December 31, 2009 and the Balance Sheet as at that date together with Auditors' & Directors' Report thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr S. Sandilya who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Statutory Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company, and to fix their remuneration

The Company has received a confirmation from M/s Deloitte Haskins & Sells, Chartered Accountants, the retiring Statutory Auditors, that their reappointment if made, will be in accordance with the limits specified in Sub Section (1B) of Section 224 of the Companies Act, 1956

SPECIAL BUSINESS:

5. To consider and if thought fit to pass the following resolution with or without modification, as Special resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198 and 309 and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act") (including any amendment thereto for the time being in force) consent of the Company be and is hereby accorded for the payment of remuneration by way of commission to the Non-executive Directors of the Company (other than Managing Director and Whole Time Director, if any) with effect from the financial year ending on December 31, 2009 for a period of five years.

RESOLVED FURTHER THAT Mr. Siddhartha Lal, Managing Director of the Company be and is hereby authorized to decide the amount of commission to be paid to each Non-Executive Director of the Company from time to time provided that the overall commission payable to Non-executive Directors of the Company shall not exceed 1% (One percent) of the net profits of the Company calculated in accordance with the provisions of the Act.

RESOLVED FURTHER THAT Directors of the Company, Mr. Vinod Aggarwal - Chief Financial Officer, Mr. Ravi Sikka - Vice President - Group Affairs and Taxation and Company Secretary of the Company be and are hereby severally authorized to do such acts, deeds and things as may be necessary and incidental to give effect to the aforesaid resolution."

6. To consider and if thought fit to pass the following resolution with or without modification as an Ordinary resolution:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereto (including any statutory modification or re-enactment thereof) and such other approvals, permissions and sanctions, as may be required, consent of the Company be and is hereby accorded to provide rent free accommodation to the Managing Director of the Company w.e.f 1st September, 2008 till the expiry of his tenure as the Managing Director of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to take such steps as it may consider necessary or expedient to give effect to the aforesaid resolution."

By order of the Board

Place : New Delhi
Date : February 13, 2010

Shaila Aggarwal
Company Secretary

Notes:

1. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, which sets out details relating to Special Business to be transacted at the meeting, is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE (ON A POLL ONLY) INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. **THE SAME SHOULD BE DULY SIGNED AND STAMPED IN ORDER TO BE EFFECTIVE.**
3. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, March 9, 2010 to Monday, March 15, 2010 (both days inclusive) in terms of Section 154 of the Companies Act, 1956.
4. The dividend as recommended by the Board of Directors and if approved by the Members at the Annual General Meeting to be held on Monday, March 15, 2010, shall be paid to those members whose names appear on the Register of Members of the Company on Monday, March 15, 2010.

EICHER MOTORS LIMITED

In respect of shares held in electronic form, the dividend shall be paid to the beneficial owners of the shares as on closing hours of business on Friday, March 12, 2010 as per details furnished by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited, Depositories for this purpose.

5. The relevant details of Item no.3 pursuant to Clause 49 of the Listing Agreement is annexed hereto.
6. Pursuant to provisions of Section 205A(5) of the Companies Act, 1956, the amount of dividend which remains unpaid/unclaimed for a period of 7 years is transferred to the "Investor Education and Protection Fund" (IEPF), constituted by the Central Government and member(s) would not be able to claim any amount of dividend so transferred to the IEPF. As such, member(s) who have not yet encashed his/their dividend warrant(s) is/are requested in his/their own interest to write to the Company immediately for claiming outstanding dividend declared by the Company during the years 2003 and onward.
7. As per the Circular No. MRD/Dop/Cir-05/2009 dated May 20, 2009 issued by Securities and Exchange Board of India (SEBI) it is mandatory to quote PAN for transfer of shares in physical form. Therefore, the transferee(s) is required to furnish a copy of their PAN card to the Company/ Registrar and Share Transfer Agent of the Company for registration of transfer of shares.
8. Please intimate change in your address/Bank Mandate/ECS Details if any, for physical shares to MCS Limited, Share Transfer Agents, F-65 Okhla Industrial Area, Phase I, New Delhi 110 020. In case shares are held in electronic mode, the aforesaid intimation has to be given to the respective Depository Participants.
9. Members are requested to quote their folio numbers /Client ID No. and contact details in all correspondence with the Company/ Registrar and Share Transfer Agent.
10. Pursuant to provisions of Section 109 A of the Companies Act, 1956, every member or joint holders holding shares in physical form may nominate, in the prescribed manner, a person to whom all the rights in the shares shall vest in the event of death of the sole holder or the joint holders. Members or joint holders holding shares in demat form may contact their respective DP for availing this facility.
11. In case you intend to raise any queries in the forthcoming Annual General Meeting, you are requested to please forward the same at least 10 days before the date of the Meeting to Ms. Shaila Aggarwal, Company Secretary at the following address so that the same may be attended to appropriately to your entire satisfaction.

By order of the Board

Shaila Aggarwal

Company Secretary

Eicher Motors Limited

Eicher House, 12, Commercial Complex

Greater Kailash-II (Masjid Moth)

New Delhi - 110 048

Tel No. 011 - 41437600

E-mail: saggarwal1@eicher.in

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 5

In pursuance to the provisions of the Companies Act, 1956, the Non- executive Directors of the Company can be paid remuneration by way of commission upto 1% of the net profits of the Company, in addition to the sitting fees paid for attending the Meetings of the Board and/or Committee thereof, if the shareholders of the Company by special resolution authorizes such payment.

In view of the time spent and the responsibilities undertaken by the Non- executive Directors of the Company, it is felt that the remuneration by way of Commission should be paid to them. Your approval is being sought in order to encourage the Non- Executive Directors for their active participation in the Meetings of the Board and/or Committees thereof and to attract their best professional expertise and talent accentuated for the growth of the Company.

The aforesaid approval shall be valid for five years commencing from financial year ending on December 31, 2009. Your directors recommend the resolution for approval.

All the Non- executive Directors of the Company may be deemed to be concerned or interested in the said resolution.

Item No. 6

Mr. Siddhartha Lal was appointed as the Managing Director of the Company w.e.f May 1, 2006 for a period of five years. Consequent to transfer of Commercial Vehicle business of the Company with effect from July 1, 2008 to its subsidiary company namely VE Commercial Vehicles Limited (VECV), Mr. Siddhartha Lal has been nominated as 'Managing Director and Chief Executive Officer' of VECV with effect from 26th May, 2008 and is being paid remuneration from VECV with effect from 1st September, 2008. As per the terms of his appointment as Managing Director and CEO of VECV, he is entitled for furnished rent free accommodation.

Mr. Siddhartha Lal is continuing as the Managing Director of Eicher Motors Ltd., (EML) however not withdrawing any remuneration from EML after August 31, 2008. The Board of Directors of EML had revised the remuneration payable/paid to the Managing Director with effect from May 1, 2008 and the same had been approved by the shareholders in the Annual General Meeting of the Company held on 4th June, 2008. The remuneration approved by the shareholders in the said meeting inter alia had a perquisite of free furnished residential accommodation provided by the Company. Although Mr. Siddhartha Lal is not drawing any remuneration from EML, however he has continued staying in the same accommodation provided by EML. EML is not incurring any cost on maintaining the said house as the same is being taken care by its subsidiary company VECV. In the other words, except having the facility of free accommodation, Mr. Siddhartha Lal is not withdrawing any remuneration from EML after August 31, 2008.

The Board has recommended continuing providing the aforesaid accommodation to the Managing Director from EML itself till the continuance of his tenure as Managing Director of EML.

This Explanatory statement together with accompanying notice should be treated as an abstract of the variation in terms of remuneration of Managing Director of the Company and a Memorandum of concern or interest of Director as required under section 302 of the Companies Act, 1956.

Your directors recommend the resolution for approval.

Except Mr. Siddhartha Lal, none of the directors of the Company are interested / concerned in the above resolution.

Additional information as per Clause 49 of the Listing Agreement

A brief resume of Mr. S.Sandilya, Director recommended for re-appointment at the Annual General Meeting is given below:

Mr S Sandilya is a Chairman of the Board and the Company in a non-executive capacity. He has been associated with Eicher since 1975 in various capacities. Mr S Sandilya is a Commerce graduate with an MBA from IIM, Ahmedabad. He has over 40 years of experience. Mr S. Sandilya prior to joining Eicher Group in 1975 was employed with Union Carbide India Limited.

He is also the Deputy President of Association of Indian Automobile Manufacturers.

Name of the Companies in which Mr. S. Sandilya holds the Directorship and the Chairmanship / membership of Committees of the Board:

Name of the Company	Board	Audit Committee	Shareholders' and Investors' Grievance Committee
Eicher Motors Limited	Chairman & Non-executive	Member	Member
Tube Investments of India Limited	Director	Chairman	-
Rane Brake Lining Limited	Director	Chairman	-
Royal Enfield Motorcycles Limited	Director	-	-
GMR Industries Limited	Director	-	-
Lean Management Institute of India Limited	Director		

Mr. S.Sandilya holds 12766 equity shares in the Company and is not related to any Director of the Company.

Financial Position at a Glance - EML Consolidated

(Rs. in Crores)

Balance Sheet	31.12.08*	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00
Gross Fixed Assets	730.1	630.6	556.9	523.3	641.6	576.9	207.2	174.1	129.5	99.1
Net Fixed Assets	381.0	334.2	310.2	313.6	388.6	364.7	152.2	130.2	95.0	70.4
Investments	6.2	261.2	261.30	258.0	2.7	2.7	2.7	2.6	-	-
Inventories	338.1	210.4	168.9	161.2	161.3	126.3	36.1	29.3	24.1	27.4
Debtors	180.2	148.2	195.0	123.1	158.1	154.9	51.9	50.4	32.5	28.6
Cash and Bank Balances	1260.1	51.9	48.1	27.5	31.0	33.2	0.9	0.6	1.5	8.2
Other Current Assets	122.7	229.2	207.3	177.4	154.8	101.4	26.9	26.0	31.2	26.6
Current Liabilities and Provisions	503.2	544.4	536.8	392.8	456.0	334.3	109.0	94.9	66.1	61.9
Net Current Assets	1397.9	95.3	82.5	96.4	49.1	81.5	6.8	11.4	23.2	28.9
Deferred Tax Assets (net)	14.7									
Miscellaneous expenditure	-	-	0.6	2.1	5.9	8.1	-	0.1	0.1	0.2
Total	1799.8	690.7	654.6	670.1	446.3	457.0	161.7	144.3	118.3	99.5
Share Capital	28.1	28.1	28.1	28.1	28.1	28.1	20.0	20.0	20.0	20.0
Reserves & Surplus	1075.6	407.8	372.2	412.2	212.9	166.8	80.9	51.3	62.8	43.7
Net Worth	1103.7	435.9	400.3	440.3	241.0	194.9	100.9	71.3	82.8	63.7
Minority Interest	530.5									
Deferred Tax Liability (net)	-	35.3	36.6	42.6	67.1	66.4	34.6	31.7	-	-
Borrowings	165.6	219.5	217.7	187.2	138.2	195.7	26.2	41.3	35.5	35.8
Total	1799.8	690.7	654.6	670.1	446.3	457.0	161.7	144.3	118.3	99.5
No. of Shares	28093950	28093950	28093950	28093950	28093950	28093950	19999200	19999200	19999200	19999200
Book Value per Share (Rs.)	388.1	145.7	132.7	142.9	62.3	46.8	38.3	22.5	37.6	27.8
Market Value per Share (Rs.)	235.0	250.5	247.7	302.4	310.2	224.4	67.1	42.3	23.3	42.6
Market Value to Book Value per Share	0.6:1	1.7:1	1.9:1	2.1:1	5.0:1	4.8:1	1.8:1	1.9:1	0.6:1	1.5:1
Market Capitalisation	17483.8	6601.0	7038.0	6958.0	8494.0	8713.0	6304.0	1342.0	845.0	465.0
Debt Equity Ratio	0.1:1	0.1:1	0.4:1	0.4:1	0.4:1	0.6:1	1:1	0.3:1	0.6:1	0.4:1

*The accounting year changed to January to December w.e.f 01.04.2008.

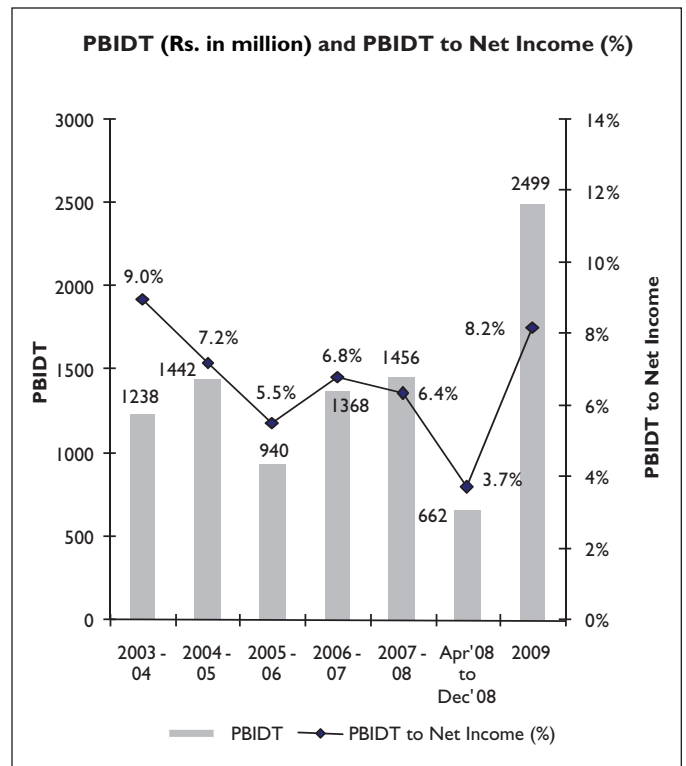
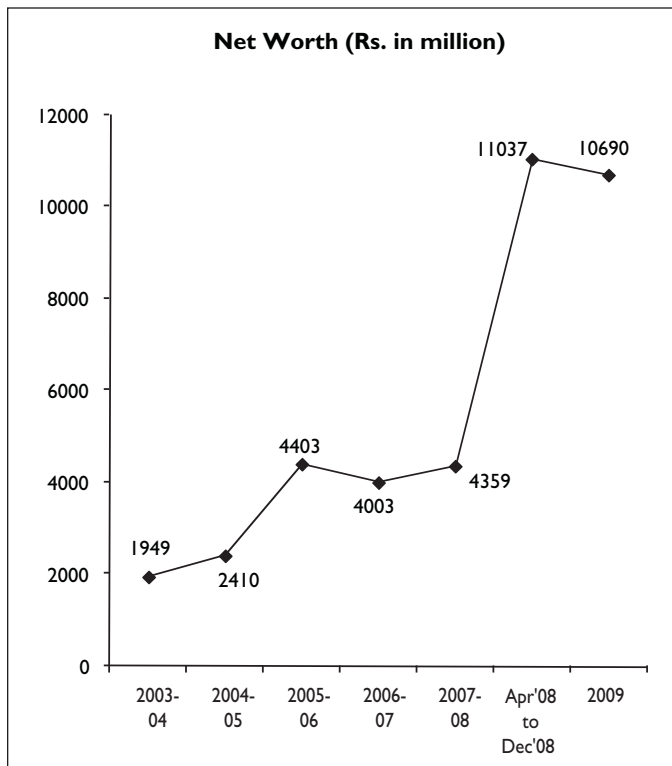
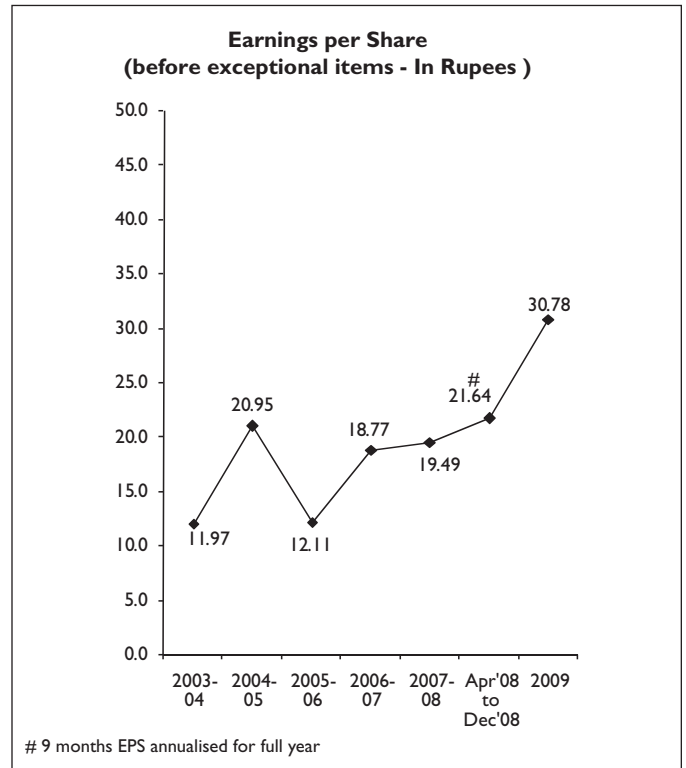
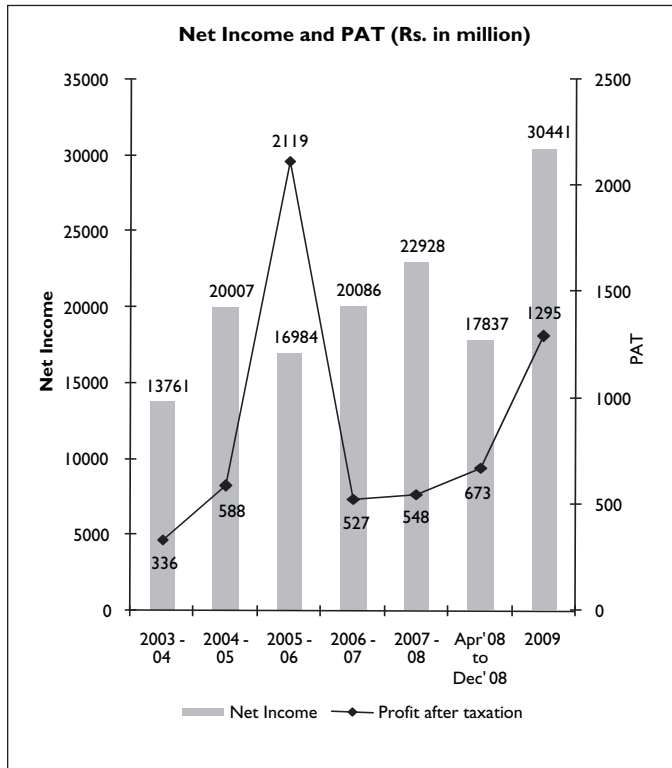
Operational Highlights at a Glance - EML Consolidated

Rs. in millions

Profit & Loss Account	2009	Apr'08 to Dec'08 *	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Sales Volume:										
Commercial Vehicles (Nos.)	25164	15436	29828	28072	23604	23004	15885	12717	9630	8438
Two Wheelers (Nos.)	51955	32566	38528	32612	30777	29475	28361	-	-	-
Gears (Including Inter Segment Sales)	1308.7	1058.8	1130.5	1287.8	996.0	1072.1	814.0	-	-	-
Sales Revenue (Excluding Inter Segment Sales)	31122.2	18824.8	25726.0	22528.0	18808.0	22115.8	15647.5	6983.6	5309.3	4450.9
Other Income	1054.4	657.5	302.0	266.0	312.0	181.2	114.0	57.0	17.1	20.4
Total Income	32176.6	19482.3	26028.0	22794.0	19120.0	22297.0	15761.5	7040.6	5326.4	4471.3
Less: Excise Duty	1735.9	1645.2	3100.0	2708.0	2136.0	2290.2	2000.5	717.6	515.2	529.9
Net Income	30440.7	17837.1	22928.0	20086.0	16984.0	20006.8	13761.0	6323.0	4811.2	3941.4
Manufacturing and other expenses	27942.1	17174.8	21466.0	18703.0	16023.0	18498.2	12447.0	5532.8	4381.8	3588.6
Miscellaneous expenditure written off	-	-	6.0	15	21.0	66.6	75.9	-	-	-
Profit before interest, depreciation, exceptional items & tax (PBIDT)	2498.6	662.3	1456.0	1368.0	940.0	1442.0	1238.1	790.2	429.4	352.8
PBIDT to Net Income (%)	8.2%	3.7%	6.4%	6.8%	5.5%	7.2%	9.0%	12.5%	8.9%	9.0%
Interest	86.7	99.3	190.0	148	169.0	223.3	239.7	42.6	34.9	33.7
Depreciation	538.8	368.9	508	451	501.9	483.7	422.8	160.5	94.4	62.0
Profit before exceptional items and tax	1873.1	194.1	758.0	769.0	269.1	735.0	575.6	587.1	300.1	257.1
PBT to Net Income (%)	6.2%	1.1%	3.3%	3.8%	1.6%	3.7%	4.2%	9.3%	6.2%	6.5%
Exceptional Items	-	393.5	-	-	1666.6	-	-	-	-	-
Profit before tax for the year	1873.1	587.6	758.0	769.0	1935.7	735.0	575.6	587.1	300.1	257.1
Provision for taxation	578.2	-85.3	210.0	242	-183.0	146.5	239.4	212.5	115.3	21.8
Profit after taxation (PAT)	1294.9	672.9	548.0	527.0	2118.7	588.5	336.2	374.6	184.8	235.3
PAT to Net Income (%)	4.3%	3.8%	2.4%	2.6%	12.5%	2.9%	2.4%	5.9%	3.8%	6.0%
Minority Interest	461.0	46.9	-	-	-	-	-	-	-	-
Profit after taxation and minority interest	833.9	626.0	548.0	527.0	2118.7	588.5	336.2	374.6	184.8	235.3
Dividend including Corporate Dividend Tax	218.7	164.4	164.4	929.0	128.2	128.2	111.2	79.0	50.0	44.1
Equity Dividend (%)	70%	50%	50%	290%	40%	40%	35%	35%	25%	20%
Basic Earnings per Share (Rupees) (before exceptional items)	30.78	16.23	19.49	18.77	12.11	20.95	11.97	18.73	9.24	11.77
Diluted Earnings per Share (Rupees) (before exceptional items)	30.69	16.23	19.46	18.74	12.11	20.95	11.97	18.73	9.24	11.77

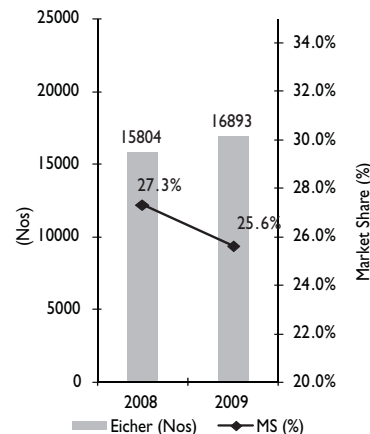
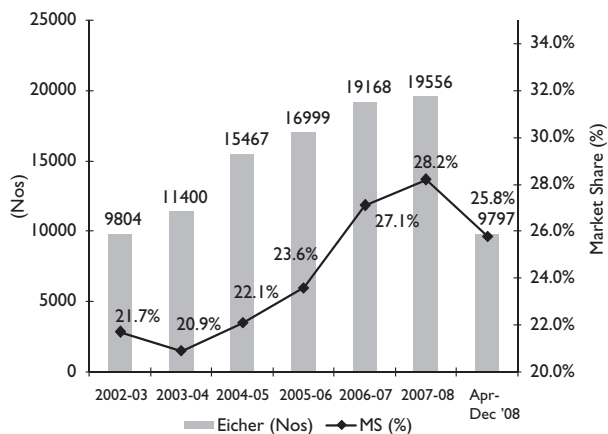
*Represents the figures for nine months due to change in accounting year to January to December with effect from 01.04.2008.

Financial Highlights - EML Consolidated

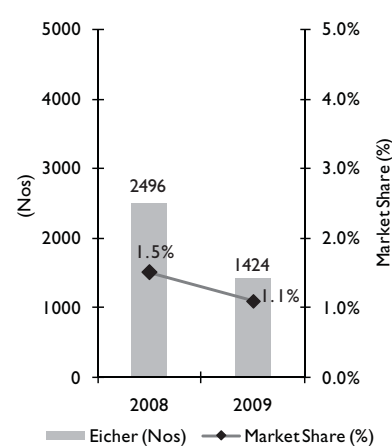
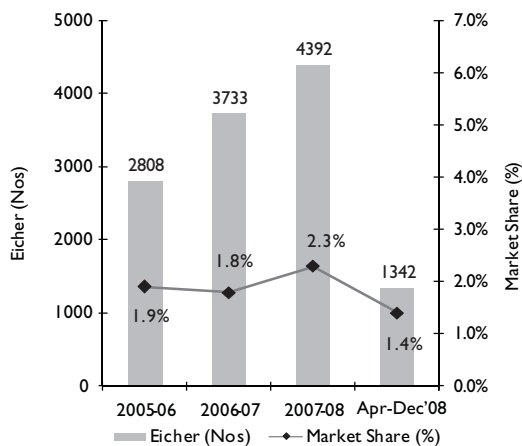


Commercial Vehicle Sales Highlights

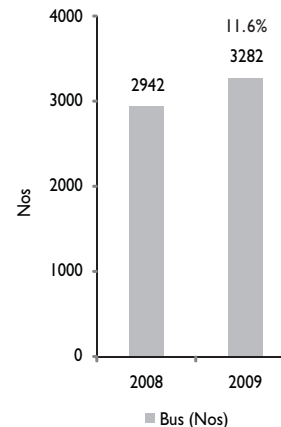
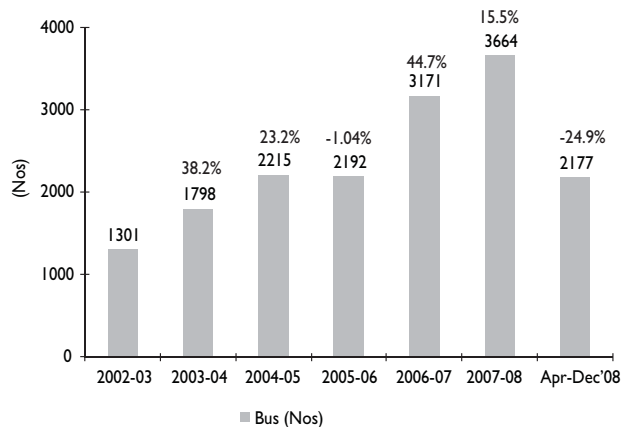
Eicher 5-12 Ton Cargo Domestic (Nos) and Market Share (%)



Eicher 16Ton & above Cargo Domestic (Nos) and Market Share (%)

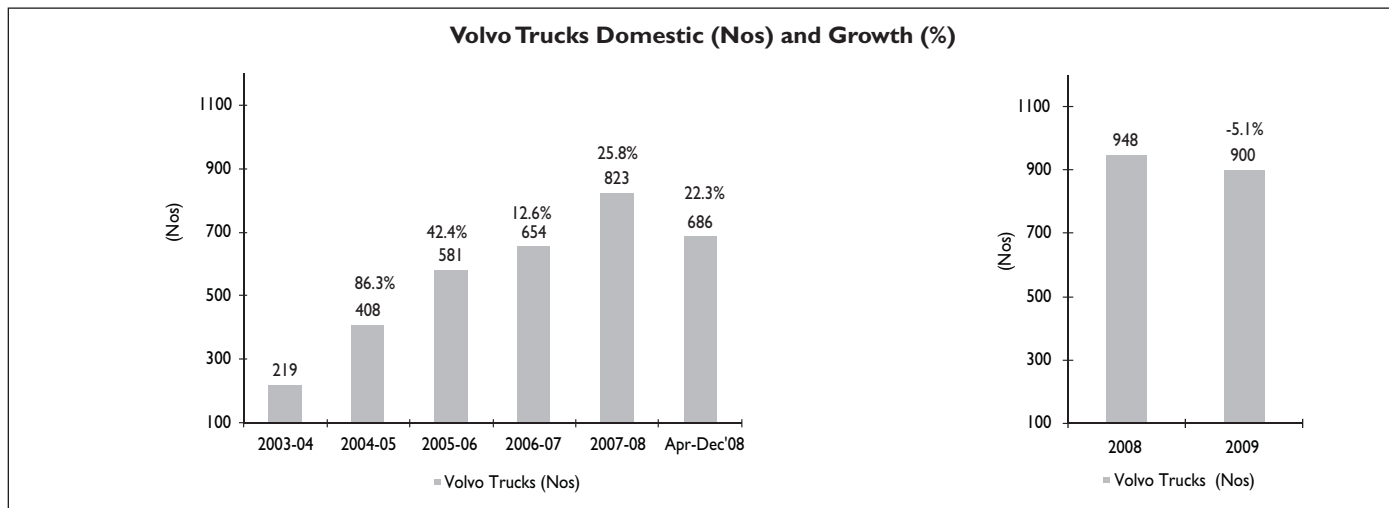
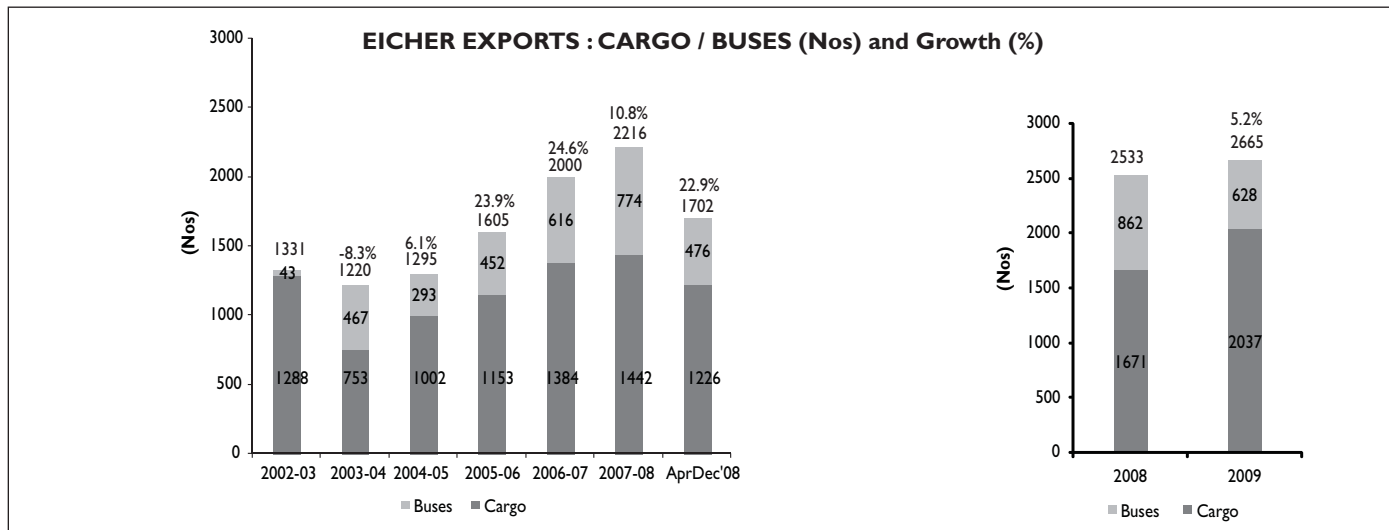


Eicher : Buses Domestic (Nos) and Growth (%)

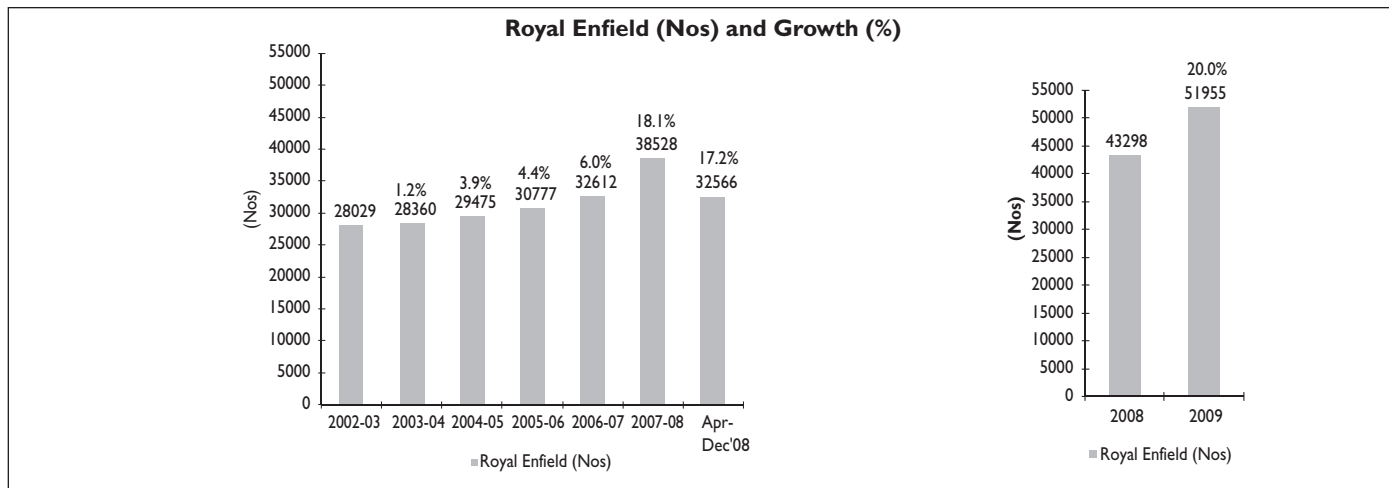


Source : SIAM / Company data

Commercial Vehicle Sales Highlights



Two Wheeler Sales Highlights



Source : SIAM / Company data

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors has pleasure in presenting the Twenty Eighth Annual Report along with the Audited Accounts for the year ended December 31, 2009.

BUSINESS ENVIRONMENT

Indian economic growth is steadily picking momentum. After experiencing recessionary situation in last quarter of 2008 and the first quarter of 2009, the economy has bounced back from the second quarter of 2009 with an expected GDP growth of 7% plus for the year 2009. Automobile Industry also recorded a smart recovery in second half of year 2009. Your Company is a niche player in 350cc and above segment of two wheeler industry and in line with improvement in business environment; two wheeler industry registered a growth of 16% during the year 2009.

The Commercial vehicle industry in which your company operates through the Subsidiary Company namely VE Commercial Vehicles Limited (VECV), also recovered in the second half of 2009 with handsome gains in last quarter of 2009 in all the vehicle segments.

FINANCIAL RESULTS

Your Company achieved impressive top line growth during the financial year 2009 with total Income at 3780.1 MINR. The previous period figures are not comparable as those are for nine months and also include revenue from Commercial Vehicle and related components/ Engineering Services business for the quarter April to June 2008, that was transferred to VECV w.e.f July 1, 2008. The operating profit before depreciation and interest amounted to 279.3 MINR @ 7.4% of the total income. After accounting for interest and dividend income of 292.2 MINR, interest expense of 4.2 MINR and depreciation of 101.0 MINR, profit before tax amounts to 466.3 MINR. Profit after tax amounts to 375.3 MINR after income tax provision of 91.0 MINR.

The financial results are summarized below:

(Rs. in millions)

	As at December 31, 2009	As at December 31, 2008 (April to December)
Gross sales	4079.9	7717.8
Less : Excise duty	329.0	843.2
Net sales	3750.9	6874.6
Other income	29.2	51.2
Total income	3780.1	6925.8
Operating profit before depreciation and interest (EBIDTA)	279.3	120.8
Interest	4.2	35.9
Depreciation	101.0	152.0
Profit before other income, exceptional item & tax	174.1	(67.1)
Interest and dividend income*	292.2	212.5
Profit before exceptional item and tax	466.3	145.4
Exceptional item	-	204.2
Profit before tax	466.3	349.6
Provision for tax (including Deferred tax)	(91.0)	40.4

	As at December 31, 2009	As at December 31, 2008 (April to December)
Net profit after tax	375.3	390.0
Balance brought forward from previous period/year	3565.0	3378.4
Dividend on bought back and extinguished equity shares no longer payable	7.0	-
Corporate Dividend Tax on above dividend	1.2	-
Premium paid on buy back of equity shares	(960.5)	-
Amount available for appropriation	2988.0	3768.4
Proposed Dividend	186.9	140.5
Corporate Dividend Tax	8.7	23.9
Transfer to General Reserve Account	40.0	39.0
Balance carried to Balance Sheet	2752.4	3565.0
Earnings per share		
- Basic (Rs.)	13.85	13.88
- Diluted (Rs.)	13.81	13.88

* Dividend @ Rs. 25 per equity share was declared by VECV in its shareholders' meeting held on February 8, 2010. An amount of 136 MINR being dividend income on investments in VECV has been accounted for in the above financial results.

DIVIDEND

The Directors are pleased to recommend a dividend of 70% (Rs.7/- per Equity Share of Rs.10/- each) for the year ended December 31, 2009.

BUY BACK OF EQUITY SHARES OF THE COMPANY

During the year, your Company successfully completed the buy back of 1408969 equity shares of Rs. 10 each at a price of Rs. 691.68 per share. An amount of 974.6 MINR including premium of 960.5 MINR was used for this purpose. The promoters' group and AB Volvo, Sweden did not participate in that.

TWO WHEELERS BUSINESS

The year 2009 has been an extremely good year for your Company with an all time high sales of 51955 motorcycles against 43298 motorcycles during 2008, thus registering a growth of 20%. Performance was good in both domestic as well as export markets with sale of 50002 motor cycles (previous year 41542) and 1953 motorcycles (previous year 1756) respectively.

Spare parts sales also recorded a good growth with sales at 397.8 MINR in 2009 (Previous period 250.9 MINR)

Your Company experienced a very good demand throughout the year and production lagged the demand month after month. Based on productivity improvements, investments made in balancing equipment and also outsourcing of some operations, your Company was able to increase the production capacity of motorcycles during the year to 5000 motorcycles per month as against the previous year capacity of 3750 motorcycles per month. Necessary steps are being taken to jack up the capacity further during the current year 2010.

Your company operates in the "Leisure Cruiser" segment with engine capacity of 350 cc and above and it continues to be the only domestic player in this segment in Indian market.

Another major highlight of the year 2009 was introduction of “Classic” bike in the two categories of 350cc and 500cc. The “Classic” bikes are powered by a single cylinder 500 cc Unit Construction Engine (UCE) supported by Electronic Fuel Injection (EFI). The UCE has an integrated assembly for the engine, gear box and clutch and this reduces the friction between the movable parts, resulting in lower transmission losses. These bikes received tremendous response from the market and also got an excellent media coverage.

MARKET AND FUTURE PROSPECTS

The two wheeler industry outlook has been positive in 2009 with 18% growth in domestic volumes as compared with 2008. The economy segment (100 cc) that had stagnated last year has also seen a revival, posting a growth of 16%. In future, a fraction of this huge segment is likely to upgrade to higher capacity products which may ensure long term prospects for the premium and executive segments.

The Power Style and Technology Segment (PST), represented by motorcycles over 125cc is continuing to show a healthy growth. This segment has grown by 9% during the year under review. One indicative example of the good reception in the domestic market for PST segment is the staggering growth registered by the Completely Built Units (CBU) imports by International brands.

Further the advent of the biking culture and lifestyle orientation in the bigger cities in Indian market will trigger growth in this segment. The Internationally popular players are also focusing now in India which will help the Leisure Cruiser segments to register stable growth levels.

Your Company will achieve 100% change over to Unit Construction Engine (UCE) architecture with effect from April 2010. The new UCE engine meets the mandatory emission norms that are becoming applicable from April 1, 2010.

EXPORTS:

A number of new introductions are planned in overseas markets in the current year. These include:

1. A chrome version of Classic and Battle Green version of Classic in the world market. These products were unveiled in the January, 2010 Auto Expo at Delhi.
2. Classic 350 version in Japan which will increase the off-take for Japan.
3. Classic models in the State of California USA after meeting the evaporative emission standards. This initiative will yield significant sales potential for your Company in the California State for the first time.
4. Introduction in new markets namely Canada, Mexico, Brazil and Belgium.

With all the above initiatives, the potential for further sales growth is very high during the year 2010 for your Company.

MERGER OF EICHER GOODEARTH INVESTMENTS LIMITED (EGIL)

Pursuant to the Composite Scheme of Arrangement (“the Scheme”) between EGIL, Eicher Goodearth Private Limited (EGPL) and Eicher Motors Limited (the Company) under section 391 to section 394 of the Companies Act, 1956, approved by the Hon’ble High Court of Delhi vide its order dated October 27, 2009, the “Residual EGIL”, subsequent to demerger of Investment Business of EGIL into EGPL

was transferred to and vested in the Company in accordance with section 2 (1B) of the Income tax Act, 1961.

EGIL’s main assets were the investments in the equity shares of your Company and on merger, these investments of EGIL got cancelled and in lieu thereof, your Company has issued and allotted on January 5, 2010, 14032764 shares of Rs. 10 each aggregating Rs. 140.3 millions to the members of residual EGIL in the proportion in which they held equity shares in Residual EGIL. The details are given in Note 3 of Schedule 12- Notes to the Accounts forming part of the “Annual Report”.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

CONSERVATION OF ENERGY

The following new initiatives were taken to conserve energy :

- Installation of timer on Hydraulic power pack (Boring Machines) for reduction of power consumption during machine idle time
- Interlocking of machine accessories (Drilling Machines) units for reduction of power consumption during machine idle time.
- Reduction in power consumption in Machine shop due to introduction of transparent roof system thereby using natural light
- Installation of 47 Nos of Turbo Vents in various areas in the shop floor which will enhance the ventilation at work place without consuming power

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Electronic Fuel Injection (EFI) technology that was hitherto introduced in overseas market only, was introduced in the domestic market as well in the new Classic 500cc bikes segment that was launched during the year 2009.

UCE with Twin Spark ignition has been used in the domestic model Classic 350cc as well as Classic 500cc launched in November, 2009.

This UCE Engine will replace the present ‘Cast Iron’ engines in Electra and Standard bikes as well to meet the Indian emission norms of BS II (Euro III) effective from April 2010.

RESEARCH AND DEVELOPMENT

The focus on research and development activities continued with development of new products and variants thereof apart from improving the existing products and value engineering projects. An amount of 6.4 MINR was incurred on capital account and 77.7 MINR on revenue account in Research and Development.

Please also refer Note No.5 of Schedule 12 of Notes to Accounts forming part of Annual Report for further details of Research and Development.

FOREIGN EXCHANGE EARNINGS / EXPENDITURE

During the current year export of two wheelers were 285.4 MINR (FOB value) (Previous period 157.5 MINR)

Foreign Exchange amounting to 100 MINR (Previous period 70 MINR) was used on account of import of components, spare parts, capital goods, business travel and consulting fees during the accounting year under review.

Currently Royal Enfield motorcycles are primarily exported to western countries which include UK, USA, Germany, France, Spain and Italy. New export markets planned for expansion are the Latin America, California and Canada.

In order to assess potential in these markets, marketing initiatives like product displays, participation in new exhibitions and market research are planned during the current year.

Please also refer point No. 7 and 8 of Statement of Additional Information forming part of Annual Accounts for further details of Foreign Exchange earnings and expenditure.

EMPLOYEES STOCK OPTION SCHEME 2006

There has been no further issue of stock options during the year ended December 31, 2009. 181000 options (net of lapsed options) that were granted on September 30, 2006 under the Employee Stock Option Plan 2006 have vested with employees' on October 1, 2009. Out of these, 7900 options have been exercised by the employees during the year under review.

The Statement giving complete details as at December 31, 2009, pursuant to Clause 12 (Disclosure in the Directors' Report) of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, forms part of the Directors' Report.

PUBLIC DEPOSITS

As at December 31, 2009, there are 181 deposits aggregating to 14.7 MINR. During the year under review, 203 deposits aggregating to 16.3 MINR matured and also have been repaid or renewed. There are no deposits that remain unclaimed. Considering the surplus funds available with the Company, the Board decided not to renew/accept the fixed deposits after May 29, 2009.

BOARD OF DIRECTORS

Mr S.Sandilya - Director, retires by rotation and, being eligible, offers himself for reappointment.

VE COMMERCIAL VEHICLES LIMITED (VECV) - A SUBSIDIARY COMPANY OF EICHER MOTORS LIMITED

VECV achieved impressive top line growth during the financial year 2009 with total operating income at 25385 MINR as against 9914 MINR during the previous financial period of six months ended December 2008. The operating profit amounted to 1354 MINR @ 5.3% of the operating income as against operating loss of 5.8 MINR during the previous period. After accounting for interest income of 735.5 MINR (previous period 342.9 MINR), interest expense of 71.2 MINR (previous period 53.7 MINR) and depreciation of 377 MINR (previous period 175.4 MINR), profit before tax and exceptional items amounts to 1641.1 MINR (previous period 108 MINR). Due to carry forward loss situation and erosion of net worth in the subsidiary company EES Inc USA, the entire investments made in the equity capital of EES Inc amounting to 234.4 MINR has been treated as impaired and carrying cost of investment has been reduced to NIL

and fully provided for. After providing for tax of 457.4 MINR, profit after tax amounts to 949.3 MINR (previous period 165.5 MINR).

The financial results are summarized below: -

	(Rs. in millions)	
	As at Dec 31, 2009	As at Dec 31, 2008 (Mar 7 to Dec 31, 2008)
Gross sales	26638.6	10651.8
Less : Excise duty	1406.9	802.0
Net sales	25231.7	9849.8
Other operating income	153.1	63.8
Total operating income	25384.8	9913.6
Operating profit before depreciation and interest (EBIDTA)	1353.8	(5.8)
Interest	71.2	53.7
Depreciation	377.0	175.4
Profit before other income, exceptional item and tax	905.6	(234.9)
Interest income	735.5	342.9
Profit before exceptional item and tax	1641.1	108.0
Exceptional item	(234.4)	-
Profit before tax	1406.7	108.0
Provision for tax (including Deferred tax)	(457.4)	57.5
Net profit after tax	949.3	165.5

Another significant improvement in the last financial year has been the extraction of a huge amount of 2285 MINR from the working capital with major reduction in inventories and other items of working capital.

AN OVERVIEW OF SUBSIDIARY COMPANY'S BUSINESSES

Eicher Trucks and Buses (ETB):

The Commercial vehicle industry (5T and above) has slowly and steadily recovered during the year 2009. The first quarter of January to March 2009 was the worst affected with industry dropping by 48.1% as compared to the corresponding previous year's quarter. However the situation kept on improving quarter after quarter with growth of 106.8% in October to December 2009 quarter. Overall the industry ended at 272486 units for the year 2009 as against 306573 during 2008 with a drop of 11.1%.

As against this, ETB had a marginal growth in 2009 over 2008 with sales of 24264 against 23775 with a growth of 2.1%.

Within the CV Industry, Light and Medium duty segment of 5 to 12 Ton (L&MD) in which VECV continues to be a strong player, ended the year 2009 with sales of 104162 as against 97633 in 2008 thus recording a growth of 6.7%. The domestic cargo segment of L&MD

industry ended with a handsome growth of 13.8% with sales of 65877 during 2009. The Buses segment of L&MD recorded a growth of 20.4% with sales at 27944 and exports dropped to 10341 from 16508 during 2008 with drop of 37.4%.

VECV had sales of 21682 Trucks and Buses in L&MD segment as against 20430 during 2008 thus recording a growth of 6.1% almost in line with industry growth of 6.7%. VECV had a growth of 6.9% in the domestic Cargo segment with sales of 16893 trucks. In domestic Buses segment of L&MD industry, the growth for VECV was 17.7% with sales of 3128 Buses. The exports in L&MD segment for VECV dropped by 15.6% with exports of 1661 Trucks and Buses as against industry drop of 37.4%.

Within the 5 to 12 Ton, VECV sales dropped by 6.2% in 5 Ton segment even though the industry grew by 22% in 2009. This was due to the financing constraint faced specifically in this segment as this segment is mostly represented by small operators and the financing was a bit difficult for small operators and companies with captive financing operations made handsome gains. In 7 to 12 T domestic cargo segment, VECV maintained its strong position with market share of close to 36% during 2009 with introduction of a new improved E2 plus series of Trucks in this segment.

The Heavy Duty segment of 16 Ton and above (HD) was the worst affected in the first two quarters of the year 2009 with drop of 55.7% in January to March Quarter and 41.2% drop in April to June Quarter over corresponding previous year quarters. However the situation improved from July to September Quarter with drop of just 4.3% and last quarter of October to December recorded a whopping growth of 110.9%.

Overall for the year, HD segment dropped by 19.4% with sales of 168324 against 208940 in 2008. Within this, the drop in domestic Cargo segment was 23.4% with sales at 124231 Trucks. Sales of Buses grew marginally to 29273 Buses against 29174 during 2008 based on procurement of buses under "Jawaharlal Nehru National Urban Renewal Mission" (JNNURM) scheme of Government of India.

Exports in HD industry dropped by 16.2% to 14820 trucks and buses over previous year.

VECV sold 2582 trucks and buses in HD segment as against 3345 in the previous year with a decline of 22.8% as against decline of 19.4% in the industry. The decline in domestic cargo segment was high at 42.9% with sales of 1424 trucks. Exports for VECV recorded a handsome growth of 77.7% in HD segment with sale of 1004 trucks and buses in overseas market.

During the year 2009, VECV worked extensively on its HD products to improve the performance and reliability of these products. A number of steps were also initiated to tune up the after sales network. After various improvements and value enhancements, a new series named "VE" series of HD trucks has been introduced in the Auto Expo in January 2010.

Volvo Trucks India (VTI)

Volvo Trucks India operates in select premium heavy duty truck segments. Volvo Truck's main offerings are customized to mining, heavy construction, over-dimensional-cargo and other special applications e.g. fire trucks, aviation refueling, sky lift, boom pump.

Volvo trucks market was affected in the first half of the year due to the liquidity crunch and the delay in projects maturity due to general

elections in April and May 2009. The demand picked up in the second half of 2009. VECV continued its strong hold in the premium high end of the market represented by European players including Mercedes and Scania apart from Volvo. VECV continued to control around 70% market share of this premium segment. The after sales network was further strengthened with addition of new dealerships at Bilaspur and Goa and also upgradations of existing dealerships.

Eicher Engineering Components (EEC)

During the year 2009, Eicher Engineering Components achieved a turnover of 1308.7 MINR (including inter segment sales) registering a growth of 6%.

The automobile industry in India has been on steady recovery path led by strong growth in passenger cars segment and an impressive recovery in CV segment during the year 2009. The fortunes of domestic Components Industry improved significantly with recovery in Automobile Industry. However due to heavy downturn in US, the component exports suffered very badly in the year 2009.

VECV has also been successful in registering itself as approved supplier to large corporations like John Deere, CNH and Caterpillar. This would offer a very large potential of business in future.

The replacement market sales observed growth with the expansion of both product range and distribution network.

During the year 2009, expansion at Dewas plant was successfully completed in transmission gears and Crown-Wheel Pinion and the plant started meeting 100% captive requirements of Eicher Trucks and Buses.

The Gear Box Assembly facility at Special Economic Zone (SEZ), Pithampur was also made operational during 2009.

Eicher Engineering Solutions (EES)

This business is operated through an Engineering Design centre at Gurgaon along with Eicher Engineering Solution Inc., (USA) and its two subsidiaries in China namely M/s Hoff Automotive Design Company (HADCO) and M/s Hoff Technology Service Company (HTSC).

Overall this business remained depressed during 2009 as auto business in USA is yet to recover from sluggish demand. Both assignments of projects as well proto development jobs were affected adversely in Detroit, the hub of auto industry in USA, as a result of which not much off shoring of the design jobs could be done to the Gurgaon Design centre.

Income at EES Inc USA dropped to USD 8.6 Million resulting in a loss of USD 1.7 Million for the year 2009. The situation is likely to improve from 2010.

MARKET AND FUTURE PROSPECTS OF SUBSIDIARY COMPANY'S BUSINESSES

Eicher Trucks and Buses (ETB):

The Commercial vehicle industry saw a smart recovery in the second half of 2009 and the industry is continuing the growth path in 2010 as well with January 2010 recording all time high sales of more than 10000 vehicles in L&MD segment (5 to 12 ton) and more than 20000 in HD segment.

The government has shown a renewed commitment to road infrastructure with potential investments of more than Rs. 1000

billion in next 3 years. This is expected to boost Commercial Vehicles Industry sales, and in particular HD truck volumes driven by construction sector demand as well as enhanced goods movement.

HD bus sales are expected to grow significantly backed by orders under “JNNURM” scheme of Government of India.

On the whole, a robust domestic economy and recovery of global financial markets is expected to launch a strong business cycle for the industry. However continued availability of credit will be critical to sustain the revival in the industry amidst rising inflation and concerns of higher interest rates.

Volvo Trucks India (VTI)

Volvo trucks has undertaken different initiatives to grow business in India. This includes the introduction of Volvo Truck's new as well as present product range into different emerging application segments like concrete boom pumps, fire trucks, aerial ladder trucks, tunneling operations and airport runway sweepers.

The recent launch of the 'most powerful truck on Indian road', the Volvo FH 520 puller will further strengthen Volvo's position in the premium trucks segment.

With a focus on high performance select segments, VECV is confident to further consolidate its presence in the high growth mining segment and over-dimensional-cargo segment.

Eicher Engineering Components (EEC)

EEC's captive business from ETB is expected to grow on account of higher share of business and also the aggressive plans to capture higher Market share in HD range. There is also significant opportunity to get business from Volvo Group worldwide.

On domestic front, the business is expected to be in line with manufacturing plans of the domestic OEMs. However, due to higher share of business with OEMs, development of new products, upgradation of technology and acquisition of new strategic customers would be main contributing factors taking company's growth to significant levels.

VECV's exports to US in the short term are expected to be impacted by the present conditions in US. However, in the long term, based on new customer acquisitions, company expects to grow significantly in all segments especially in aggregate assembly business and outsourcing business. VECV's ability to offer design and build services will add to its ability to attract business. In the export market other than US, company's volume is likely to grow significantly with some new customer acquisitions.

On supplier's front, Steel, Forgings and other raw materials prices are showing the upward trend. Recovery of higher input cost specifically in export and replacement market will be big challenge.

Eicher Engineering Solutions (EES)

The outlook for this business at this time looks very challenging as the Automobile market in USA is going through recession and recovery is on very slow path and the business is heavily dependent on Auto sector in US. However, Company's strategy of shifting from auto sector to other sectors would help in growth of business.

VECV is also exploring further business opportunities in the field of Engineering Design Services along with Vinn Group AB of Sweden by aligning the existing business with Vinn Group AB through an efficient structure. A non binding Memorandum of understanding was signed with Vinn Group AB during the year.

PARTICULARS UNDER SECTION 212 OF THE COMPANIES ACT, 1956

In terms of approval granted by the Central Government under Section 212 (8) of the Companies Act, 1956, copy of Balance Sheets, Profit and Loss accounts, reports of the Board of Directors and Auditors' Report of the subsidiaries (including step down subsidiaries) have not been attached with the Balance Sheet of the Company. These documents will be made available upon request by any investor of the Company or subsidiary companies and shall be kept for inspection by any investor at the Registered Office of the Company.

However, as directed by the Central Government the financial data of the subsidiaries have been furnished under Financial Information of Subsidiary Companies forming part of the Annual Report. Further, pursuant to Accounting Standard AS-21 specified in the Companies (Accounting Standards) Rules, 2006, the Consolidated Financial Statements presented by the Company includes financial information of its Subsidiaries.

The statement pursuant to Section 212 of the Companies Act, 1956 forms part of the Annual Report.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with Clause 32 of the Listing Agreement, the Consolidated Audited Financial Statements and Cash Flow Statement are provided in the Annual Report.

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, have expressed their willingness to continue in office as Statutory Auditors, if re-appointed. A certificate has been obtained from them to the effect that the appointment, if made, will be in accordance with the limits specified in sub-section (1B) of section 224 of the Companies Act, 1956.

COST AUDITORS

In conformity with the directives of the Central Government, the Company has appointed Mr V. Kalyanaraman, Cost Accountants, Chennai, as the Cost Auditors under Section 233B of the Companies Act, 1956 for the audit of cost accounts for the motorcycles business for the year ending on December 31, 2009.

CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement with Stock Exchanges, a Management Discussion and Analysis is annexed to this report. A report on Corporate Governance together with the Auditors' Certificate regarding the compliance of conditions of Corporate Governance forms part of the Annual Report.

PARTICULARS OF EMPLOYEES

The statement of particulars of employees as per sub-section (2A) of section 217 of the Companies Act, 1956, read with Companies (Particular of Employees) Rules, 1975, for the year ended December 31, 2009 is annexed hereto and forms part of this Annual Report.

STATEMENT OF RESPONSIBILITY

As required under section 217 (2AA) of the Companies (Amendment) Act, 2000, the Board of Directors confirms that:

- a. the applicable accounting standards have been followed in preparation of the annual accounts;
- b. the accounting policies have been applied consistently, judgements and estimates have been reasonable and prudent thereby giving a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year;
- c. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- d. the annual accounts have been prepared on a going concern basis.

ACKNOWLEDGEMENT

Your Directors place on record their sincere gratitude to the continuing patronage and trust of our valued customers, bankers and financial institutions, business associates, shareholders and other statutory authorities who have extended their precious continued support and encouragement to your Company. Your Directors wish to convey their deep appreciation to the dealers of the Company for their achievements in the area of sales and service, and to suppliers / vendors and other business associates for their valuable support.

Your Directors also place on record, their sincere appreciation to the enthusiasm and commitment of its employees for the growth of the Company and look forward to their continued involvement and support.

For and on behalf of the Board

Place : New Delhi
Date : February 13, 2010

Siddhartha Lal
Managing Director

S. Sandilya
Chairman

ANNEXURE TO THE DIRECTORS' REPORT TO THE SHAREHOLDERS**EMPLOYEE STOCK OPTION SCHEME**

Statement as at December 31, 2009, pursuant to Clause 12 (Disclosure in the Directors' Report) of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

- | | |
|---|--|
| a) Number of Options granted | 1) 301400 options granted in financial year 2006-07
2) 289200 options granted in financial year 2007-08 |
| b) (i) Pricing Formula | In financial year 2006-07 and 2007-08, Options were granted at the closing market price of the Ordinary Shares of the Company on NSE/BSE on the day preceding the date of grant of Options |
| (ii) Exercise Price (Rs.) | 1) 297 for options granted in financial year 2006-07
2) 462 for options granted in financial year 2007-08 |
| c) Total number of Options vested | 173100 |
| d) Total number of Options exercised | 7900 |
| e) Total number of Ordinary Shares arising as a result of exercise of Options. | 7900 |
| f) Total number of Options forfeited | 198300 |
| g) Variation of terms of Options | Nil |
| h) Money realized by exercise of Options | Nil |
| i) Total number of Options in force | 384400 |
| j) Details of Options granted during the period | Nil |
| i) Any other employee who received a grant in any one year of Options amounting to 5% or more of the Options granted during that year. | None |
| ii) Identified employees who were granted Options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant. | None |
| k) Diluted Earnings per Share (EPS) pursuant to issue of Ordinary Shares on exercise of Options calculated in accordance with Accounting Standard (AS) 20 'Earning Per Share'. | Rs 13.81 |

- l) (i) Method of calculation of employee compensation cost. The employee compensation cost has been calculated using the intrinsic value method of accounting to account for Options issued under the Eicher Employee Stock Option Scheme. The stock based compensation cost as per intrinsic value method for the period January-December 2009 is Nil.
- (ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the Options. Rs 2.91 crores on account of Options granted in financial year 2006-07 and 2007-08
- (iii) The impact of this difference on profits and on EPS of the Company. Had the fair value method been used, in respect of stock options granted in financial year 2006-07 and 2007-08, the employee compensation cost would have been higher by Rs 2.91 crores, Profit after tax lower by Rs 2.91 crores and the basic and diluted earnings per share would have been lower by Re 0.88 and Re 0.86 respectively
- m) Weighted average exercise prices and weighted average fair values of Options granted for Options whose exercise price either equals or exceeds or is less than the market price of the stock.
- | Options grant date | Exercise price (Rs) | Fair value (Rs) |
|--------------------|---------------------|-----------------|
| 1-Oct-06 | 297 | 154.62 |
| 22-Oct-07 | 462 | 243.90 |
- n) A description of the method and significant assumptions used during the year to estimate the fair values of Options. The fair value of each Option granted on 1st October 2006 and 22nd October 2007 is estimated using the Black-Scholes Option Pricing Model after applying the following key assumptions:
- | | 1 st October 2006 | 22 nd October 2007 |
|--|------------------------------|-------------------------------|
| i) Risk free interest rate | 7.68% | 7.95% |
| ii) Expected life | 10 years | 10 years |
| iii) Expected volatility | 49.86% | 49.66% |
| iv) Expected dividends | 1.58% | 1.49% |
| v) The price of the underlying share in market at the time of Option grant | 296.80 | 461.80 |

For and on behalf of the Board

Place : New Delhi
Date : February 13, 2010

Siddhartha Lal
Managing Director

S. Sandilya
Chairman

ANNEXURE TO THE DIRECTORS' REPORT TO THE SHAREHOLDERS**MANAGEMENT DISCUSSION AND ANALYSIS****1. INDUSTRY STRUCTURE AND DEVELOPMENT**

The overall two wheeler industry has revived from marginal growth of 2% in 2008 to a robust 16% growth in 2009. The volume has grown to 9706387 Nos. in the Calendar year 2009 compared to 8358571 Nos. in the same period in 2008.

The major reason for this healthy growth is due to the high growth of 21.5% in the Economy segment (less than 125 cc). The 125 cc to 250 cc segment has grown by 8.5% and the more than 250 cc segment which is dominated by Royal Enfield has grown by 20.4% in domestic market during the same period.

The market situation of sales in two-wheeler industry is as follows:

	2009	2008	Increase
2 Wheeler Industry (Nos)	9706387	8358571	16.00%
Motorcycles (Nos)	7832850	6751102	16.10%

In the Power Style Technology (PST) segment, entry of players with Completely Built Units (CBU) imports from Yamaha, Suzuki, Kawasaki, Ducati and Harley Davidson besides model ramping by Bajaj Pulsar LS, Apache RTR, Yamaha FZ, Karizma and Royal Enfield have all triggered the enthusiasm and response from the younger consuming class of India registering significant growth in this segment.

2. OPPORTUNITIES, THREATS AND OUTLOOK

The Revival of economy and increase in rural income augurs well for the industry. With the augment in earning levels of rural households, more and more villages and small towns are turning into attractive market for consumer products including two-wheelers.

Another good development has been the entry of all major international players in two wheeler performance platform that has created a good visibility and inspirational effect which in turn could work favorably for Royal Enfield.

The retail financing norms for two wheeler industry continue to be quite tough and the number of financiers are currently very less due to low risk appetite of financiers for two wheelers financing.

The demand for Royal Enfield motorcycles was high through the year and outstripped the supply due to production capacity constraints. There were thus long waiting periods for delivery of new models.

3. BUSINESS PERFORMANCE

Your Company's business activities falls within a single primary business segment viz. "Automobile products and related components" and is a single geographical segment.

Your Company received the following recognitions during the year:-

- 1) Bike of the year above 250cc - Royal Enfield Classic 500 - Zigwheels

- 2) Motor Cycle of the year above 250cc- Car & Bike awards - NDTV
- 3) Best PR & Communication Team - Car & Bike awards - NDTV
- 4) Best Brand award - Auto India
- 5) Viewers choice of the year 2009 - Royal Enfield Classic 500 - Zigwheels

The new Royal Enfield Classic 500 and Classic 350 were launched in New Delhi on 4th Nov 2009 with massive media coverage. This was followed by regional launches in 8 locations across the country.

4. RISKS AND CONCERNS

Your Company continues to operate in a "Niche" segment and is the only player in that segment. It is thus amenable to more risks. Any increase in raw materials or parts price impacts the contribution as it is not easy to pass on the same to the market due to highly competitive forces. Your Company is continuously focusing on cost reduction through value engineering, vendor rationalization and lean management initiatives.

Some of other risks identified are as under:

1. High Dependence on single source vendors for supply of parts.
2. Vendor capacity constraints to take care of additional requirement due to increase in demand.
3. High dependence of sale on northern region.

Management has put in place a comprehensive "Risk Management Mechanism" to manage these risks and actions to mitigate the risks are reviewed periodically with the Board of Directors.

5. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has proper and adequate systems of internal controls in order to ensure that all assets are safeguarded against loss from unauthorized use or disposition and that all transactions are authorized, recorded and reported correctly.

Your Company has institutionalized a proper system to monitor internal control compliances for all important financial internal control processes.

Qualified and experienced personnel have been positioned appropriately in the organization to ensure internal control compliances. The finance personnel play an important role in financial planning and monitoring of the Company's operations.

The Company has an Internal Audit system, which commensurate with the size and nature of the business. Regular internal audits and checks are carried out to ensure that the responsibilities are executed effectively and that adequate systems are in place. The audit findings are reported on a quarterly basis to the Audit Committee of the Board headed by a non-executive Independent Director.

Your Company has a robust ERP System based on SAP platform. This ensures a high level of system-based checks and controls.

6. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The details of the financial performance of the Company are appearing in the Balance Sheet, Profit and Loss Account and other financial statements appearing separately. Please refer the Directors' Report for highlights.

7. HUMAN RESOURCES

During the year under review, the Company had undertaken extensive steps for optimizing the use of its manpower through automation and role enrichment. There is a continuous focus on enhancing productivity in all facets of our operations. Industrial relations were cordial throughout the year.

As on 31st December 2009, the total number of full time salaried employees stood at 646 Nos.

8. CAUTIONARY STATEMENT

Certain statements in the Management Discussion and Analysis describing the Company's views about the Industry, expectations/

predictions, objectives etc. may be forward looking within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed in the statement. Company's operations may be affected with the supply and demand situations, input prices and their availability, changes in Government regulations, tax laws and other factors such as Industrial relations and economic developments etc. Investors should bear the above in mind.

For and on behalf of the Board

Place : New Delhi
Date : February 13, 2010

Siddhartha Lal
Managing Director

S. Sandilya
Chairman

REPORT ON CORPORATE GOVERNANCE
1. THE COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Eicher has been one of the frontrunners in India to adopt a "Code of Corporate Governance".

In Eicher, effective corporate governance stemmed from the need to internalize and adopt a core set of values which further strengthen management and decision making processes resulting in creation of value and wealth for the stakeholders on a sustainable and long term basis.

The code of conduct and the governance are based on the corporate principles and strong emphasis laid on transparency, accountability, integrity and due compliance.

A series of steps have been taken by the Company including setting up of sub-committees of the board to oversee the functions of executive management. These sub-committees of the board mainly consist of non-executive directors and independent directors, which meet and deliberate regularly to discharge their obligations.

2. BOARD OF DIRECTORS

As on December 31, 2009, the Company's Board consists of five members. The Board is responsible for the management of the affairs of the Company's businesses.

The Board of Directors comprises of Mr. S. Sandilya – Non-executive Chairman, Mr. Siddhartha Lal – Managing Director, Mr. Priya Brat - Non-executive Independent Director, Mr. M. J. Subbaiah – Non- executive Independent Director and Mr. Prateek Jalan, Non-executive Independent Director. Your Company's Board has an optimum combination of executive, non-executive and independent directors as per requirements of Clause 49 of the Listing Agreement.

The details of composition and directorship held in other companies / board committees by each member of the Board of Directors of the Company as on December 31, 2009 is as under:

S. No.	Name of the Director/DIN No.	Category (Independent/ Non executive / Executive)	Number of Directorships held in other companies	Number of Board Committee memberships / Chairmanships held in other companies*	
				Membership	Chairmanships
1.	Mr. S.Sandilya – Chairman DIN No. 00037542	Non-executive	5	-	2
2.	Mr. Siddhartha Lal – Managing Director DIN No. 00037645	Executive	5	1	-
3.	Mr. Priya Brat – Director DIN No. 00041859	Independent and Non-executive	3	2	1
4.	Mr. M. J. Subbaiah – Director [^] DIN No.00044799	Independent and Non-executive	1	-	-
5.	Mr. Prateek Jalan – Director DIN No. 02170139	Independent and Non-executive	2	-	-

[^] Mr. M.J.Subbaiah continued as ICICI Nominee Director of the Company upto April 27, 2009 and was subsequently reappointed as Independent and Non- executive Director of the Company w.e.f April 30, 2009.

* None of the Directors hold Chairmanship of the Board Committees in excess of the maximum ceiling of five and membership in excess of the maximum ceiling of ten as specified in clause 49 of the Listing Agreement.

* For the purpose of reckoning the limit under this sub-clause, chairmanship/membership of the Audit Committee and the Shareholders' Grievance Committee alone has been considered.

Details of Shareholding of Directors as on December 31, 2009

The details of Shareholding of Directors are as under:

S.No.	Name of the Director	No. of Shares
01.	Mr. S.Sandilya	12766
02.	Mr. Siddhartha Lal	285717

Mr. Priya Brat, Mr. M.J. Subbaiah and Mr. Prateek Jalan do not hold any shares in the Company.

Meetings and Attendance

Attendance of Directors at Board Meetings and Annual General Meeting (AGM).

S. No	Name of the Director	No. of Board Meetings held	No. of Board Meetings attended	Whether attended the 27 th AGM held on May 29, 2009
1.	Mr.S.Sandilya – Non-executive Director and Chairman	7	7	Yes
2.	Mr. Siddhartha Lal – Managing Director	7	7	Yes
3.	Mr. Priya Brat – Non-executive and Independent Director	7	7	Yes
4.	Mr. M. J. Subbaiah - Non-executive and Independent Director	7	3	Yes
5.	Mr. Prateek Jalan – Non executive and Independent Director	7	6	Yes

Meetings of the Board of Directors were held on March 7, 2009, March 24, 2009, March 28, 2009, April 30, 2009, May 29, 2009, July 25, 2009, and October 31, 2009.

3. COMMITTEES OF THE BOARD

(i) Audit Committee

In terms of provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement, Audit Committee of the Board of Directors was formed by the Board of Directors on July 23, 2001 and presently consists of four non-executive Directors out of which three are independent Directors. The role of Audit Committee is to provide directions to and oversee the internal audit and risk management functions, review of financial results and annual financial statements, interact with statutory auditors and such other matters as are required in terms of the Companies Act, 1956 and Listing Agreement with the Stock Exchanges.

Meetings and Attendance

S. No.	Name of the Member	No. of meetings held	No. of meetings attended
1.	Mr. M. J. Subbaiah–Chairman - Non-executive and Independent	5	2
2.	Mr. Priya Brat – Non-executive and Independent	5	5
3.	Mr. S.Sandilya – Non-executive	5	5
4.	Mr. Prateek Jalan * - Non- executive and Independent	5	1

* Mr. Prateek Jalan was appointed as the Member of the Audit Committee of the Board of Directors of the Company with effect from July 25, 2009.

Meetings of the Audit Committee of Board of Directors were held on February 28, 2009, March 28, 2009, April 30, 2009, July 25, 2009 and October 31, 2009.

The Managing Director, Chief Financial Officer, Vice President – Group Affairs and Taxation, Vice President – Internal Audit and the Statutory Auditors are permanent invitees at the Audit Committee meetings.

The Company Secretary acts as the Secretary of the Audit Committee

(ii) Shareholders' and Investors' Grievance Committee

In terms of provisions of Clause 49 of the Listing Agreement, Shareholders' and Investors' Grievance Committee of the Board of Directors was formed by the Board of Directors on July 23, 2001 and presently consists of two Non-executive Directors. The Committee is required to look into the redressal of shareholders' and investors' complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend, etc.

Meetings and Attendance

S.No.	Name of the Member	No. of meetings held	No. of meetings attended
1.	Mr. Priya Brat – Chairman - Non-executive and Independent	3	3
2.	Mr. S.Sandilya – Non-executive	3	3

Meetings of the Shareholders and Investors Grievance Committee of Board of Directors were held on March 28, 2009, July 25, 2009 and October 31, 2009.

The Managing Director, Chief Financial Officer and Vice President – Group Affairs and Taxation are the permanent invitees at the Shareholders' and Investors' Grievance Committee meetings.

The Company Secretary acts as the Secretary and Compliance Officer of the Shareholders' and Investors' Grievance Committee.

(iii) Compensation Committee

In terms of provisions of Clause 49 of the Listing Agreement, the Compensation Committee of the Board of Directors was formed by the Board of Directors on June 9, 2006 and presently consists of three Directors.

The terms of reference of the Compensation Committee are for the purpose of administration and superintendence of Employee Stock Option Scheme – 2006 (ESOS - 2006), formulation of the detailed terms and conditions of the ESOS including total number of options to be granted, identification of classes of employees entitled for participation, requirements of vesting and period of vesting, exercise price, exercise period and the process of exercise, appraisal process for determining the eligibility of the employees, maximum number of options to be issued per employee and in aggregate, disclosure and accounting policies and method of option valuation.

Meetings and Attendance

S.No.	Name of the Member	No. of meetings held	No. of meetings attended
1.	Mr. Siddhartha Lal – Managing Director	1	1
2.	Mr. Priya Brat – Non-executive and Independent	1	1
3.	Mr. S. Sandilya- Non-executive	1	1

Meeting of the Compensation Committee of Board of Directors was held on October 31, 2009.

The Company Secretary acts as the Secretary and the Compliance Officer of the Compensation Committee.

(iv) Share Transfer Committee

Share Transfer Committee consists of four members i.e. Mr. Siddhartha Lal – Managing Director, Mr. Vinod Aggarwal – Chief Financial Officer, Mr. P.K. Kapse- Chief Executive and Mr. Ravi Sikka – Vice President – Group Affairs and Taxation to look after and approve transfer of equity shares including dematerialization, issue of duplicate certificates, transmission of securities, etc. During the year ended December 31, 2009, 27 meetings of the Committee were held whereby 885447 shares were transferred by the Committee.

(v) Remuneration of Directors (for the year ended on December 31, 2009)

The remuneration of the Managing Director is fixed by the Board of Directors and approved by shareholders in the Annual General Meeting. The Managing Director of the Company is being provided only rent free accommodation from the Company till the continuance of his tenure for which requisite shareholders' approval is being obtained in the ensuing Annual General Meeting (AGM). Please refer AGM notice for details.

The sitting fees paid to non-executive and independent directors during the year ended on December 31, 2009 is as under:

Non-executive Directors

Name of the Director	Sitting Fees* (Amount in Rs.)
Mr. S. Sandilya – Chairman – Non-executive	2,90,000
Mr. Priya Brat – Non-executive and Independent	2,90,000
Mr. M. J. Subbaiah – Non-executive and Independent	1,00,000
Mr. Prateek Jalan – Non-executive and Independent	1,40,000

In addition to the sitting fees mentioned above, the Non executive and Independent Directors of the Company shall be entitled to remuneration by way of commission upto the maximum of 1% of the net profits of the Company calculated in accordance with the applicable provisions of the Companies Act, 1956 w.e.f from the financial year ended on December 31, 2009 for which requisite shareholders' approval is being obtained in the ensuing Annual General Meeting (AGM). Please refer AGM notice for details. Further, there has been no other pecuniary relationship or business transactions by the Company with any non-executive and independent directors of the Company.

* Remuneration paid to Non-executive directors represents sitting fees as approved by the Board of Directors for attending the Board Meetings and Committee Meetings thereof.

Notes: - The Non-executive Directors are paid sitting fees @ Rs.20,000 for attending each meeting of the Board, Audit Committee and Compensation Committee.
- The Non-executive Directors are paid sitting fees @Rs.10,000 per meeting for attending Shareholders' and Investors' Grievance Committee Meeting.

4. DISCLOSURES

(i) Related Party Transactions

In terms of the Accounting Standard – 18 “Related Party Disclosures”, as specified in (Accounting Standards) Rules, 2006, the Company has identified the related parties covered therein and details of transactions with such related parties have been disclosed in the Note No. 14 to Schedule 12 - Notes to Accounts forming part of this Annual Report.

The Company has not had any transactions of material nature with the Directors and / or their relatives, promoters, management during the year ended on December 31, 2009 that may have conflict with the interests of the Company.

(ii) Compliances by the Company

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities relating to the above.

(iii) Code of Conduct for Directors and Senior Management

The Board of Directors of the Company has adopted a Code of Conduct for Directors and Senior Management and the same is posted on the website of the Company.

(iv) CEO / CFO certification

The CEO and the CFO of the Company have certified to the Board with regard to the compliance made by them in terms of Clause 49 (V) of the Listing Agreement, a certificate forms part of Annual Report.

(v) Non-Mandatory requirements

The Company has not adopted the non-mandatory requirements as specified in Annexure ID of Clause 49 of the Listing Agreement.

(vi) Accounting treatment

The financial statements are prepared under the historical cost convention and have been prepared in accordance with applicable Accounting Standards and relevant presentational requirements of the Companies Act, 1956.

(vii) Risk Management

The Company has established a comprehensive risk management process that includes risk identification, risk assessment, risk mitigation and periodical monitoring.

During the year 2009, the Company conducted the second workshop on Risk Management wherein the Senior Management officials of the company participated and took stock of risks inventory and the countermeasures to mitigate these risks.

As part of the Risk Management Mechanism, identified risks are regularly reviewed along with action plans by the Management through monthly business review meetings. These are reported to the Board of Directors on a half yearly basis for the inputs and further suggestions for effective management of risks.

5. MEANS OF COMMUNICATION

(i) The consolidated quarterly and annual results are published in the Business Standard (English) – All Editions and Business Standard (Hindi), Delhi and are also posted on SEBI’s website at www.sebidifar.nic.in. The Stand alone and Consolidated quarterly and annual results of the Company are available on Company’s website at www.eicherworld.com.

(ii) The Stand alone and Consolidated quarterly and annual results are filed with the Stock Exchange(s) in terms of Clause 41 of the Listing Agreement.

(iii) The following are displayed on the Website of the Company i.e. www.eicherworld.com:

- Annual Report of the Company;
- Stand alone and Consolidated Quarterly and Annual Financial Results of the Company
- Shareholding Pattern;
- Company Profile;
- Press Releases;
- Code of Conduct for the Directors and Senior Management;
- Contact us - for solving any queries.

(iv) Management Discussion and Analysis Report forms part of the Report of the Directors.

6. SHAREHOLDER INFORMATION

(i) **Day, date, time and venue of the Annual General Meeting** : Monday, March 15, 2010 at 10.00 A.M
at LTG Auditorium, Copernicus Marg, New Delhi - 110 001

(ii) **Financial Year**

The current year is for 12 (twelve) months from January 1, 2009 to December 31, 2009

(iii) General Body Meetings

Year	Date	Day	Time	Location	Whether passed any Special Resolution
March 31, 2007	29.06.2007	Friday	10.30 A.M.	LTG Auditorium, Copernicus Marg, New Delhi – 110 001.	No
March 31, 2008	04.06.2008	Wednesday	11.00 A.M.	LTG Auditorium, Copernicus Marg, New Delhi – 110 001.	No
December 31, 2008*	29.05.2009	Friday	10.00 A.M.	Royal Park Hall, Masjid Moth, GK-II, New Delhi- 110 048	No

*Previous accounting period was for nine months i.e. from April 1, 2008 to December 31, 2008.

(iv) Financial Calendar – 2009

Adoption of Quarterly/ Annual Results for the quarter ended	Date of Board Meeting	Date of publication	Name of Newspapers
March 31, 2009	30.04.2009	01.05.2009	Business Standard – All Editions (English) and Business Standard (Hindi), Delhi
June 30, 2009	25.07.2009	27.07.2009	Business Standard – All Editions (English) and Business Standard (Hindi), Delhi
September 30, 2009	31.10.2009	02.11.2009	Business Standard – All Editions (English) and Business Standard (Hindi), Delhi
December 31, 2009 (Annual)	13.02.2010	15.02.2010	Business Standard – All Editions (English) and Business Standard (Hindi), Delhi

Tentative Financial Calendar – 2010

Quarterly results for the quarters ending March, 2010, June, 2010, September, 2010 and annual results for the year ending December, 2010 shall be approved in the Board Meetings which are generally held in the last week of April, 2010, July, 2010, October, 2010 and March, 2011 respectively (subject to the finalization of dates by the Board of Directors). The Consolidated quarterly and annual results shall be published in the Business Standard (English) – All Editions and Business Standard (Hindi), Delhi and shall also be posted on SEBI's website at www.sebidifair.nic.in. The Stand alone and Consolidated quarterly and annual results are intimated to Stock Exchanges. Additionally, the same are also posted on Company's website at www.eicherworld.com.

(v) **Book Closure Dates** : Tuesday, March 9, 2010 to Monday, March 15, 2010 {Both days inclusive}

(vi) **Dividend payment date** : Monday, March 22, 2010

(vii) Listing on Stock Exchanges

The Equity Shares of the Company are listed on the Stock Exchanges i.e. Bombay Stock Exchange Limited, Mumbai and National Stock Exchange of India Limited, Mumbai. The Company confirms that it has paid annual listing fees due to both Stock Exchanges for the financial year 2009-10.

(viii) Name of Depositories for dematerialization of equity shares

Name of the depository	ISIN No.
National Securities Depository Limited (NSDL)	INE 066A 01013
Central Depository Services (India) Limited (CDSL)	INE 066A 01013

The equity shares are quoted under the following Codes

Stock Exchange	Code / Symbol
Bombay Stock Exchange Limited, Mumbai (BSE)	505200
National Stock Exchange of India Limited, Mumbai (NSE)	EICHERMOT

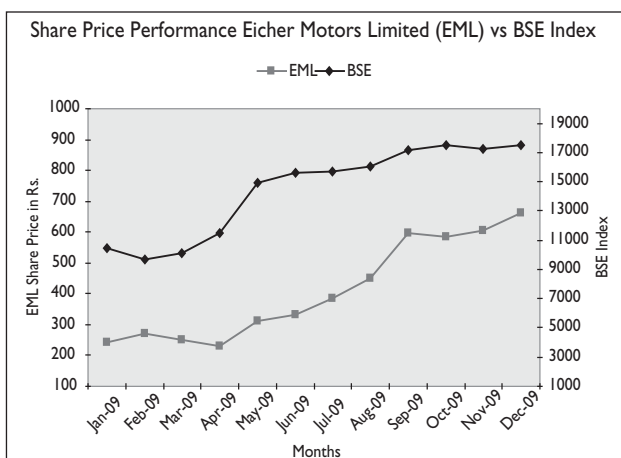
(ix) Registrar and Share Transfer Agent / Address for correspondence :

Share transfers and other communication } M/s. MCS Limited
 regarding change of address, dividends, } Registrar and Share Transfer Agent
 share certificates, investor complaints, } F-65 Okhla Industrial Area,
 etc. may be addressed to } Phase I,
 New Delhi 110 020
 Phone No. (011) 41406149
 Fax No. (011) 41709881
 E-mail: admin@mcsdel.com

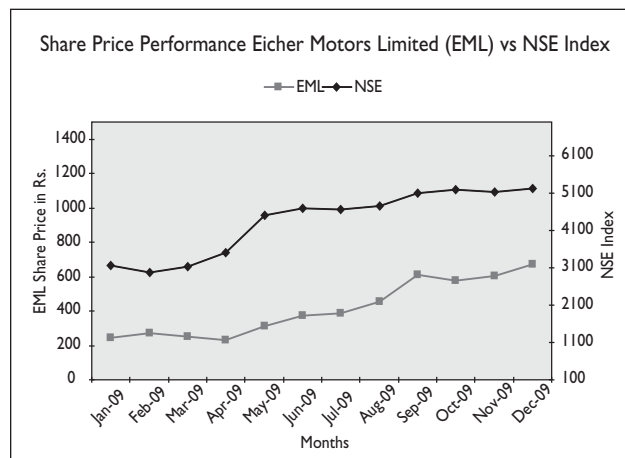
Members may write for any queries / information to the Company Secretary, Eicher Motors Limited, Eicher House, 12, Commercial Complex, Greater Kailash-II, Masjid Moth, New Delhi-110 048 or any query can be sent by email to saggarwalli@eicher.in.

(x) **Market Price Data at BSE and NSE :**

January 2009 to December 2009	Bombay Stock Exchange Limited			National Stock Exchange of India Limited		
	High (Rs. Per share)	Low (Rs. per share)	Volume (No. of shares)	High (Rs. per share)	Low (Rs. per share)	Volume (No. of shares)
January 2009	243.90	206.05	118642	246.00	210.00	192554
February 2009	271.50	204.95	1732920	273.90	203.00	3070845
March 2009	252.20	206.35	295595	252.00	206.00	454145
April 2009	230.00	184.00	1165057	228.00	184.10	1700995
May 2009	311.65	195.50	532651	313.50	195.30	705589
June 2009	333.00	270.00	208093	375.00	268.60	486040
July 2009	385.00	300.00	131925	388.00	299.00	303118
August 2009	451.95	334.90	215044	452.00	373.30	551308
September 2009	595.00	435.20	234375	610.00	440.15	595913
October 2009	585.00	484.00	126998	580.00	482.10	249576
November 2009	604.75	476.00	106091	607.00	472.25	264423
December 2009	664.00	550.00	476707	670.00	580.00	881594



Note: Based on the monthly high price of share of Eicher Motors Limited (Rs. per share) and BSE Index (pts.)



Note: Based on the monthly high price of share of Eicher Motors Limited (Rs. per share) and NSE Index (pts.)

(xi) **Share transfer system**

Shares of the Company are transferred through M/s. MCS Limited who is the Registrar and Share Transfer Agent of Company and the Share Transfer Committee of the Company approves the said share transfers.

Total number of shares transferred during the year ended on December 31, 2009 was 885447 shares. The details of time taken by the Company to complete the share transfers are given below:

Transfer period in days	No. of shares	Percentage
I to 10 days	860555	97.19
II to 15 days	23500	2.65
*16 days and above	1392	0.16
Total	885447	100.00

*The delays beyond 16 days were due to defects in the documents.

There was no pendency of share transfers as on December 31, 2009.

(xii) Dematerialization of Shares and Liquidity:

As per SEBI's circular dated February 21, 2000, the Company's equity shares w.e.f. March 22, 2000 are under the Compulsory Demat Category and can now only be traded in the dematerialized form.

Members are requested to avail the facility of the depository system by opening of Demat account with any of the Depository Participant (DP). Members who hold shares in dematerialised form, should send all their communications concerning dematerialisation / rematerialisation of share certificates, transfers/transmissions, dividends, change of address, change in mandate, nominations, etc. to the concerned DPs with whom they have opened Demat Account.

As on December 31, 2009, 15263137 shares constituting 57.18% of the total paid up equity of the Company have been dematerialized with NSDL and CDSL.

(xiii) Shareholding Pattern*

Category	No. of Shares	Percentage
Promoters	14902730	55.83
Institutional Investors	5518840	20.68
Body Corporate	2789031	10.45
Individuals	3482282	13.04
Total	26692883	100.00

(xiv) Distribution of shareholding*

No of equity shares held	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Shareholding
1-500	24252	96.92	2146021	8.04
501-1000	447	1.79	337368	1.27
1001-2000	142	0.56	205994	0.77
2001-3000	43	0.17	107675	0.40
3001-4000	30	0.12	105632	0.39
4001-5000	15	0.06	69348	0.26
5001-10000	25	0.10	176761	0.67
10001-50000	40	0.16	934009	3.50
50001-100000	7	0.03	496286	1.86
100001 and Above	22	0.09	22113789	82.84
Total	25023	100.00	26692883	100.00

*The above shareholding pattern and distribution schedule is after considering the effect of Composite Scheme of Arrangement ("the Scheme") between Eicher Goodearth Investments Limited (EGIL), Eicher Goodearth Private Limited (EGPL) and the Company under section 391 to section 394 of the Companies Act, 1956, approved by the Hon'ble High Court of Delhi vide its order dated October 27, 2009. The equity shares have been allotted on January 5, 2010 to the equity shareholders of EGIL.

The Company has not issued any GDRs / ADRs and there are no warrants or any convertible instruments.

(xv) Transfer of Unclaimed / Unpaid Dividend:

The Company shall be transferring the unclaimed / unpaid dividends as mentioned hereunder to the Investor Education and Protection Fund, established by the Central Government, in terms of the provisions of Section 205 A and 205 C of the Companies Act, 1956.

The tentative schedule for unclaimed dividend to be transferred to Investors Education and Protection Fund is as under:

For the Financial Year	Due for transfer to the Central Govt.
2002-03	August 31, 2010
2003-04	October 31, 2011
2004-05	September 20, 2012
2005-06	August 6, 2013
2006-07	April 13, 2014
2007-08	July 8, 2015
01.04.08- 31.12.2008	July 5, 2016

Members who have not encashed their Dividend Warrants for the above financial years, may approach the Company for obtaining duplicate Dividend Warrants/Revalidation of Dividend Warrants.

(xvi) Investors' services

Correspondence / complaints received during the year ended on December 31, 2009

S.No.	Nature of correspondence / complaints	Received (in Nos)	Cleared (in Nos)
1.	Non-receipt of share certificates	32	32
2.	Letters from Stock Exchange (s), SEBI, Advocate Letters, etc.	15	15
3.	Non receipt of Dividend Warrants / Annual Reports	75	75
Total		122	122

The Company has attended to most of the investors' grievance/correspondence within a period of 10 days from the date of receipt of complaint for the year ended on December, 31, 2009.

There was no pendency of correspondence / complaints as on December 31, 2009.

(xvii) Nomination facility

The Companies (Amendment) Act, 1999 had provided for a facility of nomination in the shares of a company. Your Company is pleased to offer the facility of nomination to members. A format of the Nomination Form (Form 2 B) along with the instructions is attached to the Booklet of Notice of Meeting as enclosed along with this Annual Report. In case the members wish to avail this facility, they are requested to send the duly completed form to the Registrars of the Company for the shares held in physical mode and/or to the respective DP for the shares held in demat mode.

(xviii) Consolidation of folios and avoidance of multiple mailing

In order to enable the Company to reduce costs and duplicity of efforts for investor servicing, members who may have more than one folio in their individual name or jointly with other persons mentioned in the same order, are requested to consolidate all similar holdings under one folio. This would help in monitoring the folios more effectively. Members may write to the Registrars at the address given at Para (xx), indicating the folio numbers to be consolidated.

(xix) Mandate/Electronic clearing services

In order to avoid fraudulent encashment of dividend warrants, members who hold shares in the physical form, are requested to advise their bank account details as per the dividend mandate form as enclosed along with this Annual Report.

The members who hold shares in the demat form are requested to send the Bank particulars to their respective DP.

Under the ECS facility, the amount due is directly credited to the bank account of the member without issuing dividend warrants. Members who wish to avail the ECS facility may fill in the respective particulars as per the ECS form as enclosed along with this Annual Report.

(xx) Plant location of the Company

Royal Enfield:

Thiruvottiyur High Road, Thiruvottiyur, Chennai 600019 (Tamil Nadu)

(xxi) Address for Correspondence

M/s. MCS Limited

Registrar and Share Transfer Agent

F-65 Okhla Industrial Area Phase I,

New Delhi 110 020

Phone No. (011) 41406149

Fax No. (011) 41709881

E-mail: admin@mcsdel.com

This is to certify that the information given above is true and correct.

for **Eicher Motors Limited**

Place : New Delhi

Date : February 13, 2010

Siddhartha Lal

Managing Director

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have affirmed to the compliance with the Code of Conduct for the year ended on December 31, 2009.

for **Eicher Motors Limited**

Place : New Delhi

Date : February 13, 2010

Siddhartha Lal

Managing Director

EICHER MOTORS LIMITED

AUDITORS' CERTIFICATE ON THE COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

TO THE MEMBERS OF EICHER MOTORS LIMITED

We have examined the compliance of conditions of Corporate Governance by Eicher Motors Limited for the year ended on December 31, 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells**
Chartered Accountants

Jaideep Bhargava
Partner
Membership No. 90295

Place : Gurgaon
Date : February 13, 2010

CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

We, Siddhartha Lal—Chief Executive Officer & Managing Director and Vinod Aggarwal - Chief Financial Officer, hereby certify that:

- a) we have reviewed the financial statements and cash flow statement for the year ended December 31, 2009 and to the best of our knowledge and belief :
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) to the best of our knowledge and belief, no transactions entered into by the Company during the year ended December 31, 2009 are fraudulent, illegal or in violation of the Company's Code of Conduct.
- c) we accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the Auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d) we have indicated to the Auditors and Audit Committee that :
 - (i) there have not been any significant changes in internal controls over financial reporting during the year ended December 31, 2009;
 - (ii) there have not been any significant changes in accounting policies during the year ended December 31, 2009 and that the same have been disclosed in the notes to the financial statements; and
 - (iii) there has not been any instance during the year ended December 31, 2009 of significant fraud with involvement therein of the management or any employee having a significant role in the company's internal control system over financial reporting.

Place : New Delhi
Date : February 13, 2010

Vinod Aggarwal
Chief Financial Officer

Siddhartha Lal
Chief Executive Officer &
Managing Director

ANNEXURE TO THE DIRECTORS' REPORT TO THE SHAREHOLDERS

Statement of Particulars of Employees Pursuant to the Provisions of Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 forming part of the Directors Report for the year ended December 31, 2009.

(a) Name (b) Age (c) Qualifications (d) Experience (e) Date of Commencement of Employment (f) Designation (g) Remuneration (h) Last employment

A. Employed for the the year from 01.01.2009 to 31.12.2009 in receipt of remuneration not less than Rs.2,00,000/- per month.

Name	Age	Qualifications	Experience	Date of commencement of employment	Designation	Remuneration (in Rupees)	Last Employment
R L RAVICHANDRAN	60	B.Com., PGDBM	39	July 2005	CHIEF EXECUTIVE	8,733,693	BAJAJ AUTO LTD
R.ANBUSELVAN	49	Bsc., B.Tech	26	July 1983	DIV. GENERAL MANAGER - PRODUCT DEVELOPMENT	3,051,295	ROYAL ENFIELD
SHAJI KOSHY	49	B.Tech.	24	May 2006	GENERAL MANAGER	3,597,231	HINDUSTAN MOTORS LTD.
K RAMESH	51	M.Com., AICWA	26	June 2006	DIV. GENERAL MANAGER - FINANCE & HR	2,706,218	INDIA MOTORS PARTS LTD
VENKATESH PADMANABHAN	46	B.Sc., MS, PhD	21	December 2008	CHIEF OPERATING OFFICER	5,771,586	MERCEDES CAR GROUP/CHRYSLER GROUP (DC)

Notes :

1. Remuneration includes basic salary, allowances, company's contribution to provident fund and other funds and monetary value of perquisites as per Income Tax Rules, 1962.
2. The nature of employment in all cases is/was contractual.
3. None of the above employees is/was related to any director of the company.
4. The aforesaid employees do not hold any equity shares of the Company. Hence, no disclosure is required under section 217(2A)(a)(iii) of the Companies Act, 1956.

**AUDITORS' REPORT
TO THE MEMBERS OF EICHER MOTORS LIMITED**

1. We have audited the attached balance sheet of Eicher Motors Limited as at December 31, 2009, the profit and loss account and also the cash flow statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph 3 above :
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - c) the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
 - f) in our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - in the case of the balance sheet, of the state of affairs of the Company as at December 31, 2009;
 - in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and
 - in the case of the cash flow statement, of the cash flows for the year ended on that date.

For Deloitte Haskins & Sells
Chartered Accountants

Jaideep Bhargava
Partner
Membership No. 90295

Place : Gurgaon
Date : February 13, 2010

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDITORS' REPORT TO THE MEMBERS OF EICHER MOTORS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2009

- (i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a programme of physically verifying all of its fixed assets over a period of three years and in accordance therewith, physical verification of certain fixed assets of the Company was carried out during the year. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of the fixed assets has not been disposed off by the Company during the year.
- (ii) (a) During the year, the inventories have been physically verified by the management except for inventory lying with third parties at the end of the year for which confirmations have been obtained in most of the cases. In our opinion, the frequency of the verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventories, we are of the opinion that, the Company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) (a) According to the information and explanations given to us, the Company has, during the year, not granted any loan, secured or unsecured to companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii) (b) (c) and (d) of the Companies (Auditor's Report) Order, 2003 (hereinafter referred to as the Order) are not applicable.
- (b) According to the information and explanations given to us, the Company has, during the year, not taken any loans, secured or unsecured, from companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii) (f) and (g) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods. There are no sale of services during the year. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have been informed of any instance of major weaknesses in the aforesaid internal control system.
- (v) (a) According to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5 lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant times.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, with regard to deposits accepted from the public. As per information and explanations given to us, no order under aforesaid sections has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government, the maintenance of cost records has been prescribed under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us and the records of the Company examined by us, the Company has been regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, customs duty, service tax, excise duty, cess and other material statutory dues applicable to it. We are informed that there are no undisputed statutory dues as at the year end outstanding for a period of more than six months from the date they become payable.

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no disputed dues of customs duty, wealth tax, and cess matters.

According to the information and explanations given to us and the records of the Company examined by us, the details of disputed dues of sales tax, income tax, service tax and excise duty dues as at December 31, 2009 are as follows:

Nature of the Statute	Nature of dues	Forum where pending	Amount* (Rs. in millions)	Amount paid under protest (Rs. in millions)	Period to which amount relate
Central Excise Act	Excise duty	-Commissioner of Central Excise	36.5	2.3	1991-92 to 1993-94, 1998-99 to 2000-01, 2003-04 to 2004-2005
		-CESTAT	543.6	1.8	1995-96 to 2004-05
Sales Tax Act	Sales Tax	- Assessing Authority	16.2	2.8	1986-87, 1987-88, 1991-92, 1994-95 to 1998-99, 2000-01,
		-Appellate Authority upto Commissioner's level	23.1	7.9	1987-88, 1993-94, 1998-99 to 2007-08,
		- Appellate Tribunal	77.7	12.4	1986-87 to 2003-04
		- High Court	16.8	4.1	1984-85 to 1986-87, 1988-89, 1992-93, 1994-95, 1999-00 to 2001-02
Service Tax Act	Service Tax	Commissioner	9.5	-	2000-01 to 2004-05 and 2006-07
Income Tax Act	Income Tax	-Appellate Authority upto Commissioner's level	56.7	10.5	1996-97, 2002-03, 2004-05 to 2006-07

* Amount as per demand orders including interest and penalty wherever indicated in the order.

The details of matters decided in favour of the Company where the department has preferred appeals at higher levels have not been considered in the above table.

- (x) The Company does not have accumulated losses at the end of the year ended December 31, 2009. Further, the Company has not incurred any cash losses during the year ended December 31, 2009 and in the immediately preceding nine months period ended December 31, 2008.
- (xi) According to the records of the Company examined by us and the information and explanations given to us, the Company, during the year, has not defaulted in repayment of dues to financial institutions and banks. The Company has not issued debentures during the year.
- (xii) As the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4(xii) of the Order is not applicable.
- (xiii) According to information and explanations given to us, the provision of any special statute applicable to chit fund/ nidhi/ mutual benefit funds/society, as specified under paragraph 4 (xiii) of the Order are not applicable to the Company.
- (xiv) As the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xiv) of the Order is not applicable.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by others from banks are prima-facie not prejudicial to the interest of the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the terms loans taken by the Company have been applied for the purpose for which they were obtained.

-
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that short term funds have not been used to finance long term investments.
- (xviii) As the Company has not made any preferential allotment of shares during the year, paragraph 4(xviii) of the Order is not applicable.
- (xix) As the Company has not issued any debentures during the year, paragraph 4(xix) of the Order is not applicable.
- (xx) Since the Company has not raised any money by way of public issue during the year, paragraph 4(xx) of the Order is not applicable.
- (xxi) During the course of our examination of the books of account and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year nor have we been informed of such case by the management.

For Deloitte Haskins & Sells
Chartered Accountants

Place : Gurgaon
Date : February 13, 2010

Jaideep Bhargava
Partner
Membership No. 90295

EICHER MOTORS LIMITED

BALANCE SHEET AS AT DECEMBER 31, 2009

		Rs. in millions	
	Schedule	As at December 31, 2009	As at December 31, 2008
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	126.6	280.9
Capital suspense (Refer note 3 (ii) (b) of schedule 12)		140.3	-
Reserves and surplus	2	3,758.1	4,528.0
		<u>4,025.0</u>	<u>4,808.9</u>
Loan funds			
Secured	3	87.5	33.7
Unsecured		36.5	46.8
		<u>124.0</u>	<u>80.5</u>
Deferred tax liabilities (net)	4	15.6	22.2
Total		<u>4,164.6</u>	<u>4,911.6</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	1,459.3	1,357.3
Less: Depreciation		821.6	738.6
Net block		<u>637.7</u>	<u>618.7</u>
Capital work in progress		17.0	19.5
		<u>654.7</u>	<u>638.2</u>
Investments	6	2,995.5	116.8
Current assets, loans and advances			
Inventories	7	220.3	193.7
Sundry debtors		51.9	50.8
Cash and bank balances		1,140.0	4,718.8
Other current assets		60.2	110.2
Loans and advances		387.1	172.0
		<u>1,859.5</u>	<u>5,245.5</u>
Less :			
Current liabilities and provisions			
Current liabilities	8	1,036.7	821.1
Provisions		308.4	267.8
		<u>1,345.1</u>	<u>1,088.9</u>
Net current assets		<u>514.4</u>	<u>4,156.6</u>
Total		<u>4,164.6</u>	<u>4,911.6</u>
NOTES TO ACCOUNTS			
	12		

Per our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Jaideep Bhargava
Partner
Membership No. 90295

Shaila Aggarwal
Company Secretary

Vinod Aggarwal
Chief Financial Officer

S. Sandilya : Chairman
Siddhartha Lal : Managing Director
Priya Brat : Director
M. J. Subbaiah : Director
Prateek Jalan : Director

Place : Gurgaon
Date : February 13, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2009

	Schedule	For the year ended December 31, 2009	Rs. in millions For the nine months period ended December 31, 2008
INCOME			
Sales		4,079.9	7,717.8
Less: Excise duty		329.0	843.2
Net sales		3,750.9	6,874.6
Other income	9	321.4	263.7
		4,072.3	7,138.3
EXPENDITURE			
Manufacturing and other expenses	10	3,500.8	6,805.0
		3,500.8	6,805.0
Profit before interest, depreciation, exceptional items and taxation		571.5	333.3
Interest	11	4.2	35.9
Depreciation	5	101.0	152.0
Profit before exceptional items and taxation		466.3	145.4
Items considered exceptional items (Refer note 2 of schedule 12)			
Loss on sale of CV Business		-	(189.3)
Non-compete consideration on sale of CV Business		-	393.5
Profit before taxation		466.3	349.6
Provision for taxation			
Current tax		97.2	317.2
Deferred tax charge / (benefit)		(6.6)	(374.6)
Taxation relating to previous periods		-	12.7
Fringe benefit tax		0.4	4.3
Profit after taxation		375.3	390.0

Profit from continuing operations before taxation	582.7	208.8
Provision for taxation		
Current tax	118.4	46.4
Deferred tax charge / (benefit)	11.8	(12.4)
Fringe benefit tax	0.4	1.6
Profit from continuing operations after taxation	452.1	173.2
Profit / (loss) from discontinuing operations before taxation		
Provision for taxation		
Current tax	(21.2)	16.0
Deferred tax charge / (benefit)	(18.4)	(13.6)
Taxation relating to previous periods	-	12.7
Fringe benefit tax	-	2.7
Profit / (loss) from discontinuing operations after taxation	(76.8)	(81.2)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2009 (Continued)

Rs. in millions

	Schedule	For the year ended December 31, 2009	For the nine months period ended December 31, 2008
Profit / (loss) from disposal of assets and settlement of related liabilities etc. of discontinuing operations (refer note 2 of schedule 12)			
Loss on sale of CV business		-	(189.3)
Non-compete consideration on sale of CV Business		-	393.5
Profit before taxation		-	204.2
Provision for taxation			
Current tax		-	254.8
Deferred tax charge / (benefit)		-	(348.6)
Profit from disposal of assets and settlement of related liabilities etc. of discontinuing operations after taxation		-	298.0

Profit after taxation	375.3	390.0
Balance brought forward from the previous period / year	3,565.0	3,378.4
Dividend on bought back and extinguished equity shares no longer payable	7.0	-
Corporate dividend tax on above dividend	1.2	-
Premium paid on buy back of equity shares (refer note 17 of schedule 12)	(960.5)	-
Amount available for appropriation	2,988.0	3,768.4
APPROPRIATIONS		
Dividend		
Proposed	186.9	140.5
Corporate dividend tax	8.7	23.9
General reserve account	40.0	39.0
Balance carried to balance sheet	2,752.4	3,565.0
Earning per share (in rupees)		
Basic	13.85	13.88
Diluted	13.81	13.88

NOTES TO ACCOUNTS

12

Per our report attached to balance sheet

For Deloitte Haskins & Sells

Chartered Accountants

Jaideep Bhargava

Partner

Membership No. 90295

 Shaila Aggarwal
Company Secretary

 Vinod Aggarwal
Chief Financial Officer

S. Sandilya	: Chairman
Siddhartha Lal	: Managing Director
Priya Brat	: Director
M. J. Subbaiah	: Director
Prateek Jalan	: Director

Place : Gurgaon

Date : February 13, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2009

PARTICULARS	Rs. in millions	
	Year ended December 31, 2009	For the nine months period ended December 31, 2008
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before exceptional items and taxation	466.3	145.4
Adjustments for:		
Depreciation	101.0	152.0
Profit on sale of fixed assets	(0.7)	(0.9)
Fixed assets discarded	0.9	0.5
Dividend on non trade current investments	(58.7)	(20.1)
Dividend on long term trade investment from subsidiary company	(136.0)	-
Loss on sale of fixed assets	0.5	7.0
Interest income	(97.5)	(192.7)
Interest expense	4.2	35.9
Operating profit before changes in working capital	280.0	127.1
Adjustments for changes in:		
Inventories	(26.6)	69.8
Trade and other receivables	(36.1)	(103.9)
Trade and other payables	280.0	517.8
Cash generated from operations	497.3	610.8
Direct taxes paid *	(277.7)	(272.8)
Net cash from operating activities(A)	219.6	338.0
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(119.5)	(228.8)
Sale of fixed assets	2.0	9.0
Net Investments made		
- Purchase of shares of subsidiary	-	(53.9)
- Non trade current investment	(2,878.7)	(30.0)
Redemption of NABARD capital gain bonds	-	2,580.0
Dividend on non trade current investment	58.7	20.1
Interest received	147.5	153.7
Net cash generated from investing activities before exceptional items	(2,790.0)	2,450.1
Proceeds from sale of Commercial Vehicles (CV) Business #	-	1,857.6
Non-compete consideration on sale of CV Business #	-	393.5
Net cash from investing activities (B)	(2,790.0)	4,701.2

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2009 (Continued)

PARTICULARS	Rs. in millions	
	Year ended December 31, 2009	For the nine months period ended December 31, 2008
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term borrowings	(12.6)	(18.1)
Proceeds/(repayment) from / (of) short term borrowings (net)	54.2	(300.8)
Interest paid	(5.3)	(16.5)
Buy back of equity share capital ###	(974.6)	-
Proceeds from issue of equity share capital	2.3	-
Dividend paid	(158.3)	(139.6)
Corporate dividend tax	(22.7)	(23.9)
Net cash from financing activities (C)	(1,117.0)	(498.9)
Net Increase / (decrease) in cash and cash equivalents(A)+(B)+(C)	(3,687.4)	4,540.3
Cash and cash equivalents at the beginning of the year/ period		
Cash and bank balances	4,718.8	489.8
Cash and cash equivalents transferred pursuant to sale of CV Business	-	(311.3)
Cash and cash equivalent transferred from Residual EGIL @	108.6	-
Cash and cash equivalents at the end of the year/ period		
Cash and bank balances	1,140.0	4,718.8

* Includes Rs.108.0 millions (Rs. Nil) transferred in pursuant to amalgamation of Residual EGIL with the Company (refer note 3 of schedule 12)

Refer note 2 of schedule 12

Refer note 17 of schedule 12

@ Refer note 3 of schedule 12

Per our report attached to the balance sheet

For Deloitte Haskins & Sells

Chartered Accountants

Jaideep Bhargava

Partner

Membership No. 90295

Shaila Aggarwal
Company Secretary

Vinod Aggarwal
Chief Financial Officer

S. Sandilya : Chairman
Siddhartha Lal : Managing Director
Priya Brat : Director
M. J. Subbaiah : Director
Prateek Jalan : Director

Place : Gurgaon

Date : February 13, 2010

SCHEDULES I TO 12 ANNEXED TO AND FORMING PART OF ACCOUNTS
I. SHARE CAPITAL

	As at December 31, 2009	Rs. in millions As at December 31, 2008
Authorised		
30,000,000 (30,000,000) Equity shares of Rs. 10 each	300.0	300.0
101,000 (101,000) Redeemable cumulative preference shares of Rs.100 each	10.1	10.1
	<u>310.1</u>	<u>310.1</u>
Issued		
12,660,119 (28,093,950) Equity shares of Rs. 10 each	126.6	280.9
	<u>126.6</u>	<u>280.9</u>
Subscribed and paid up		
12,660,119 (28,093,950) Equity shares of Rs. 10 each	126.6	280.9
Less :Allotment money in arrears (# Rs.12000)	#	#
	<u>126.6</u>	<u>280.9</u>

Notes:
1) Subscribed and paid up capital :

- a) Includes 8,093,950 (8,093,950) Equity shares of Rs 10 each allotted as fully paid for consideration other than in cash pursuant to the Composite Scheme of Arrangement relating to demerger of Automobile Undertaking of Eicher Limited into the Company which became effective on August 16, 2004 from the appointed date i.e. April 1, 2003.
 - b) Stands reduced by 14,032,762 (Nil) equity shares aggregating to Rs 140.3 millions (Rs. Nil) in terms of the Composite Scheme of Arrangement referred to in note 3 of schedule 12
- 2) 1,408,969 (Nil) equity shares of face value of Rs. 10 each fully paid up bought back and extinguished during the year in accordance with Section 77A of the Companies Act, 1956. (refer note 17 of schedule 12)
- 3) **Under Eicher Employee Stock Option Scheme, the Company has granted (net of options lapsed);**
- a) 181,000 (224,800) options on September 30, 2006, exercisable over a period of seven years after vesting on October 1, 2009 at an exercise price of Rs.297 (including premium of Rs 287) per option. Consequently, 7,900 (Nil) equity shares were issued and allotted during the year as fully paid up at an exercise price of Rs 297 (including premium of Rs 287 each) per equity share.
 - b) 211,300 (248,100) options on October 22, 2007 exercisable over a period of seven years after vesting on October 23, 2010 at an exercise price of Rs 462 (including premium of Rs 452) per option.
 - c) Each option entitles the holders thereof to apply for and be allotted one equity share of the face value of Rs. 10 each.

2. RESERVES AND SURPLUS

Description	Rs. in millions			
	As at December 31, 2008	Additions	Deductions	As at December 31, 2009
Capital reserves				
Capital subsidy	2.5	-	-	2.5
Capital redemption reserve account	-	14.1 *	-	14.1
Securities premium account		2.3 @		2.3
Revenue reserves				
General reserve account	960.5	40.4 #	14.1 *	986.8
Surplus in profit and loss account	3,565.0		812.6	2,752.4
Total	<u>4,528.0</u>	<u>56.8</u>	<u>826.7</u>	<u>3,758.1</u>
Previous period	4,302.4	225.6	-	4,528.0

* Transferred from general reserve account pursuant to section 77AA of the Companies Act, 1956.

@ Represents premium @ Rs. 287 per equity share on 7,900 equity shares issued and allotted during the year under Employee Stock Option Scheme.

Includes:

i) Rs. 40.0 millions transferred from surplus in profit and loss account.

ii) Rs. 0.4 million created pursuant to amalgamation of Residual EGIL with the Company (refer note 3(ii)(d) of Schedule 12).

3. LOAN FUNDS

		Rs. in millions	
		As at December 31,2009	As at December 31,2008
Secured			
Banks			
Term loans	[1]	-	0.4
Cash credits	[2]	87.5	33.3
		87.5	33.7
Unsecured			
Deposits			
Fixed	[3]	14.7	25.6
Others		16.0	15.4
Other loans and advances			
Interest free sales tax deferral		5.8	5.8
		36.5	46.8
		124.0	80.5

Notes :
1) Includes:

(a) Rs. Nil (Rs. 0.4 millions) secured by hypothecation of the specific assets acquired out of the loan.

(b) Repayable within one year Rs. Nil (Rs. 0.3 million)

2) Rs. 87.5 millions (Rs. 33.3 millions) secured by a first charge by way of hypothecation of all current assets of the Company.

3) Repayable within one year Rs. 8.35 millions (Rs. 12.5 millions)

4. DEFERRED TAX LIABILITIES (NET)

		Rs. in millions	
		As at December 31,2009	As at December 31,2008
Deferred tax liability on			
Accelerated depreciation		75.0	78.9
		75.0	78.9
Less:			
Deferred tax assets on			
Accrued expenses deductible on payment		14.4	14.9
Provision for gratuity		17.9	15.4
Provision for leave encashment		6.6	5.7
Provision for doubtful debts and advances		1.7	2.0
Voluntary retirement scheme		0.4	5.1
Others		18.4	13.6
		59.4	56.7
Net deferred tax liabilities		15.6	22.2

5. FIXED ASSETS

Rs. in millions

Assets	Gross block (At cost)					Depreciation					Net block	
	As at December 31, 2008	Additions during the year / period	Transferred pursuant to sale of CV business#	Deductions during the year / period	As at December 31, 2009	As at December 31, 2008	For the year / period	Transferred pursuant to sale of CV business#	Adjustments	As at December 31, 2009	As at December 31, 2009	As at December 31, 2008
Land*												
Freehold	22.5	-	-	-	22.5	-	-	-	-	-	22.5	22.5
Leasehold	33.5	-	-	-	33.5	3.6	0.3	-	-	3.9	29.6	29.9
Buildings*	266.8	6.0	-	-	272.8	79.0	9.7	-	-	88.7	184.1	187.8
Plant and machinery	715.8	94.8	-	7.5	803.1	452.9	62.3	-	6.1	509.1	294.0	262.9
Furniture and fittings	23.0	2.5	-	0.5	25.0	15.4	2.2	-	0.2	17.4	7.6	7.6
Office equipment	99.5	5.5	-	2.9	102.1	47.0	7.4	-	2.7	51.7	50.4	52.5
Vehicles	22.4	9.8	-	3.9	28.3	11.4	4.4	-	3.1	12.7	15.6	11.0
Intangible assets												
- Product designs, prototypes etc.	148.0	0.1	-	-	148.1	104.9	13.3	-	-	118.2	29.9	43.1
- Computer Software	25.8	4.0	-	5.9	23.9	24.4	1.4	-	5.9	19.9	4.0	1.4
Total	1,357.3	122.7	-	20.7	1,459.3	738.6	101.0	-	18.0	821.6	637.7	
Previous period	5,815.2	122.8	4541.4	39.3	1,357.3	2,765.7	152.0	2155.3	23.8	738.6		618.7
Capital work in progress (including advances on capital account of Rs. 8.9 millions (Rs. 5.4 millions))											17.0	19.5
											654.7	638.2

Refer note 2 of schedule 12

*Title deeds for land and other properties at Faridabad, Thiruvottiyur and Jaipur are pending for mutation /endorsement in favour of the Company.

6. INVESTMENTS

Rs. in millions

	As at December 31, 2009	As at December 31, 2008
LONG TERM @		
Unquoted -		
Trade -		
12,498 (12,498) Equity shares of Rs.10 each fully paid up of Eicher Motors Finance Limited	0.1	0.1
Investment in subsidiary		
5,440,000 (5,440,000) Equity shares of Rs.10 each fully paid up of VE Commercial Vehicles Ltd.	54.4	54.4
Non -Trade -		
3,230 (3,230) capital gains bonds of Rs 10000 each issued by Rural Electrification Corporation Ltd.	32.3	32.3
Government securities		
National Savings Certificates (# Rs.13,000) (Pledged with Government authorities)	#	#
	86.8	86.8

6. INVESTMENTS (Continued)

Rs. in millions

As at	As at
December 31, 2009	December 31, 2008

Current Investments @@
Non -Trade -
Unquoted -
In debt mutual funds

100,161,472 (Nil) units of face value of Rs.10 each of SBI Debt Fund Series - 13 Months - 9 - Institutional Growth	1001.6	-
75,000,000 (Nil) units of face value of Rs.10 each of SBI Debt Fund Series - 13 Months - 10 - Institutional Growth	750.0	-
6,000,000 (Nil) units of face value of Rs.10 each of Kotak FMP 18M Series - I Growth	60.0	-
40,000,000 (Nil) units of face value of Rs.10 each of Kotak FMP 13 M Series - 5 Growth	400.0	-
Nil (19,495,377) units of face value of Rs.10 each of Birla Sunlife Mutual Fund	-	30.0
2,438,877 (Nil) units of face value of Rs.100 each of ICICI Prudential Flexi Income Plan Daily Dividend	244.0	-
16,117,125 (Nil) units of face value of Rs.10 each of HDFC Cash Management fund Saving plus plan	161.7	-
2,992,450 (Nil) units of face value of Rs.10 each of Birla Sunlife Short Term Fund - Institutional - Daily Dividend	29.9	-
8,860,690 (Nil) units of face value of Rs. 10 each of Reliance Medium Term Fund - Daily Dividend Plan	151.5	-
10,966,850 (Nil) units of face value of Rs. 10 each of SBI Magnum Insta Cash Fund	110.0	-
Repurchase price of Rs. 3038.9 millions (Rs 30.0 millions)	2,908.7	30.0
	2,995.5	116.8

@ At cost as reduced by diminution in value, if any.

@@ At cost or fair value, whichever is lower.

The following non trade unquoted current investments were purchased and redeemed during the year
Mutual Funds
Debt Fund

Rs. in millions

	Purchased		Redeemed	
	Units	Amount	Units	Amount
SBI Debt Fund Series -13 Months - 9 - Institutional Growth Units of face value of Rs.10 each	1,00,161,472	1,001.6	-	-
75,000,000 (Nil) units of face value of Rs. 10 each of SBI Debt Fund Series - 13 months - 10 Institutional Growth	75,000,000	750.0	-	-
Kotak FMP 18M Series - I Growth Units of face value of Rs.10 each	6,000,000	60.0	-	-
Kotak FMP 13 M Series - 5 Growth Units of face value of Rs.10 each	40,000,000	400.0	-	-
ICICI Prudential-Flexible Income Plan Dividend-Daily Units of face value of Rs.100 each	158,679,099	1,956.2	156,240,222	1,726.2
HDFC Cash Management fund Saving plus plan Units of face value of Rs.10 each	125,695,859	1,294.1	109,578,734	1,139.0
PNB Principal Cash Management Units of face value of Rs.10 each	156,296,853	1,560.1	156,296,853	1,564.0
Birla Sunlife Short Term Fund - Institutional - Daily Dividend Units of face value of Rs.10 each	189,388,892	2,050.4	205,891,819	2,061.5
Reliance Medium Term Fund - Daily Dividend Plan Units of face value of Rs.10 each	107,237,297	1,425.6	98,376,607	1,284.7
TATA Floater Fund Daily Dividend Units of face value of Rs.10 each	50,312,705	1,000.1	50,312,705	1,000.5
Reliance Liquidity Fund - Daily Dividend Units of face value of Rs.10 each	18,996,269	190.0	18,996,269	190.0
UTI Treasury Advantage Fund Units of face value of Rs. 1000 each	1,985,354	2,000.2	1,985,354	2,004.6
IDFC Money Manager Fund Units of face value of Rs. 10 each	100,537,351	1,000.1	100,537,351	1,005.6
Kotak Liquid Fund Units of face value of Rs. 10 each	59,257,204	654.1	59,257,204	654.8
SBI Magnum Insta Cash Fund Units of face value of Rs. 10 each	120,594,636	1,610.0	109,597,786	1,501.7
		16,952.5		14,132.6

7. CURRENT ASSETS, LOANS AND ADVANCES

	Rs. in millions	
	As at December 31, 2009	As at December 31, 2008
Current assets		
Inventories		
Stores and machinery spares *	5.7	4.6
Loose tools *	4.8	4.1
Stock-in-trade **		
Raw materials and components	97.7	98.6
Work in progress	24.0	17.0
Finished goods	88.1	69.4
	<u>220.3</u>	<u>193.7</u>
* Valued at cost or under		
** Valued at lower of cost and net realisable value		
Sundry debtors		
Debts exceeding six months		
Secured - considered good	11.3	1.1
Unsecured - considered good	3.0	2.8
- considered doubtful	5.0	5.9
Other debts		
Secured - considered good	8.5	5.0
Unsecured - considered good	29.1	41.9
	<u>56.9</u>	<u>56.7</u>
Less: Provision for doubtful debts	5.0	5.9
	<u>51.9</u>	<u>50.8</u>
Cash and bank balances		
Cash in hand	0.7	0.1
Cheques on hand and in transit	6.8	35.0
Balances with scheduled banks		
On current accounts	28.6	294.3
On deposit accounts @	1,102.2	4,386.3
Balances with non scheduled banks		
On current account *	1.7	3.1
	<u>1,140.0</u>	<u>4,718.8</u>
* Balance with National Westminster Bank Plc, London, UK Maximum balance during the year Rs. 14.7 millions (Rs. 5.2 millions)		
Other Current Assets		
Interest accrued on deposits and investments	60.2	110.2
Loans and advances		
Advance recoverable in cash or kind or for value to be received		
Unsecured		
- Considered good #	178.1	128.1
Dividend declared by subsidiary company	136.0	-
Income-tax payments (net of provision)	44.1	-
Balances with central excise and customs on current accounts	28.9	43.9
	<u>387.1</u>	<u>172.0</u>
	<u>1,859.5</u>	<u>5,245.5</u>

@ Includes amounts lodged as security deposits/on lien to a bank/Government authorities Rs. 2.2 millions (Rs. 2.0 millions)

Includes amount due from Eicher School Rs. Nil (Rs. 7.7 millions) which is recallable on demand, maximum amount outstanding during the year / period Rs. 7.7 millions (Rs. 7.7 millions).

8. CURRENT LIABILITIES AND PROVISIONS

	Rs. in millions	
	As at December 31, 2009	As at December 31, 2008
Current liabilities		
Acceptances	166.1	162.6
Sundry creditors:		
Dues of Micro and small enterprises #	17.2	19.1
Dues of other than Micro and small enterprises ##	651.0	539.9
Investor Education and Protection Fund* shall be credited by the following amounts namely :		
- unpaid dividend	23.0	47.8
- unpaid matured deposits	-	1.8
- interest accrued on matured fixed deposits	-	0.2
Interest accrued but not due on deposits	2.0	2.9
Advances from customers	177.4	46.8
	<u>1,036.7</u>	<u>821.1</u>
Provisions		
Gratuity	52.6	45.5
Leave encashment and other employee benefits	19.4	16.7
Warranty	40.8	13.2
Income-tax provisions (net of payments)		28.0
Proposed dividend	186.9	140.5
Corporate dividend tax	8.7	23.9
	<u>308.4</u>	<u>267.8</u>
	<u>1,345.1</u>	<u>1,088.9</u>

Refer note 8 of schedule 12

Includes Rs. 0.3 million (Rs. 0.8 million) due to subsidiary Company

* Does not include any amounts outstanding as on December 31, 2009 which are required to be credited to Investor Education and Protection Fund

9. OTHER INCOME

	Rs. in millions	
	For the year ended December 31, 2009	For the nine months period ended December 31, 2008
Income from vehicle loans / hire purchase contracts	-	1.4
Profit on sale of fixed assets	0.7	0.9
Dividend on non trade current investments	58.7	20.1
Dividend on long term trade investment from subsidiary company	136.0	-
Interest income *		
- on vehicle loan contracts	-	1.1
- on investment in non-trade long term capital gains bonds	1.8	67.4
- from banks on deposits	95.7	125.0
- from others	0.1	0.3
Excess liability no longer required written back	0.4	12.2
Export benefits	23.1	30.5
Others	4.9	4.8
	<u>321.4</u>	<u>263.7</u>

* Income -tax deducted at source Rs. 44.2 millions (Rs 3.5 millions)

10. MANUFACTURING AND OTHER EXPENSES

	Rs. in millions	
	For the year ended December 31, 2009	For the nine months period ended December 31, 2008
Materials consumed		
Raw materials and components	2,242.1	4,650.5
Decrease / (Increase) in finished goods and work in progress		
Opening stock		
Finished goods	69.4	1,090.4
Work in progress	17.0	120.7
	86.4	1,211.1
Add: Purchase of finished goods	143.3	395.2
	229.7	1,606.3
Less : Stock transferred out on sale of CV Business #		
Finished goods	-	862.7
Work in progress	-	106.2
	229.7	637.4
Less :		
Closing stock		
Finished goods	88.1	69.4
Work in progress	24.0	17.0
	112.1	86.4
	117.6	551.0
Total consumption	2,359.7	5,201.5
Less: Scrap sales	11.2	27.2
Less: Vehicles capitalised	-	1.2
Increase /(decrease) in excise duty on finished goods	0.2	(31.4)
Net consumption	2,348.7	5,141.7
Other expenses:		
Payments to and provisions for employees		
Salaries, wages and gratuity	268.1	413.0
Contribution to provident and other funds	15.0	22.5
Welfare expenses	34.3	46.3
Stores and machinery spares consumed (including loose tools)	72.3	88.8
Loss on sale of fixed assets	0.5	7.0
Fixed assets discarded	0.9	0.5
Power and fuel	50.3	54.8
Insurance	5.1	5.0
Repairs and maintenance		
Buildings	7.5	9.7
Plant and machinery	22.7	31.9
Others	18.0	24.3
Rates and taxes	21.8	8.2
Advertisement	36.3	45.7
Freight	57.4	136.3
Incentives	39.9	143.2
Warranty	100.3	87.8
Other selling and distribution expenses	85.6	113.3
Rent	20.7	25.1
Legal and professional charges	44.1	104.7
Travelling expenses	30.8	46.5
Development expenses	18.5	47.6
Bad debts / advances written off	1.4	25.6
Less: Charged against provision for doubtful debts and advances	1.4	24.6
Provision for doubtful debts and advances	0.5	29.3
Exchange loss	1.8	35.6
Contractual liability ###	116.4	40.0
Miscellaneous	83.3	95.2
	3,500.8	6,805.0
# Refer note 2 of schedule 12		
### Refer note 2(d) of schedule 12		

11. INTEREST

	Rs. in millions	
	For the year ended December 31, 2009	For the nine months period ended December 31, 2008
On loans for fixed periods	2.6	21.7
On others	1.6	14.2
	4.2	35.9

12. NOTES TO ACCOUNTS**I. SIGNIFICANT ACCOUNTING POLICIES:****i) Accounting convention**

The financial statements are prepared under the historical cost convention and have been prepared in accordance with applicable Accounting Standards and relevant presentational requirements of the Companies Act, 1956.

ii) Fixed assets, including intangible assets, and depreciation

Fixed assets including intangible assets are stated at cost less accumulated depreciation. Cost of acquisition or construction is inclusive of freight, duties, taxes, incidental expenses and financing cost of borrowed funds relating to acquisition of fixed assets up to the date of commissioning/commercial exploitation of assets.

Leasehold land is amortised over the lease period.

Depreciation on fixed assets (other than land and intangible assets) is charged on a pro-rata basis from the month the assets are put to use at the straight line method rates prescribed in schedule XIV to the Companies Act, 1956. In addition, diminution in value of fixed assets, if any, is included under depreciation.

Intangible assets comprising of product designs, prototypes, etc, either acquired or internally developed, are amortised over a period of ten years, the estimated minimum useful life of the related products. Cost of software is amortised over a period of 5 years or less depending on the estimated useful life of the asset.

iii) Inventories

Loose tools, stores and machinery spares are valued at cost or under. Stock-in-trade is valued at the lower of cost and net realisable value.

The bases of determining cost of various categories of inventories are as follows:

Raw materials, components, loose tools, stores and machinery spares	-	Moving weighted average rates
Work in progress and finished goods	-	Material cost plus appropriate share of labour and overheads

iv) Employee benefits

Company's contributions paid/ payable during the year to provident fund, superannuation fund, and Employees' State Insurance Corporation (ESIC) are recognized in the profit and loss account. In respect of certain employees, provident fund contributions are made to a Trust administered by the Company. The interest rate payable to the members of this Trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. The remaining contributions are made to a government administered provident fund towards which the Company has no further obligations beyond its monthly contributions.

Defined benefits and other long term employee benefits are provided on the basis of an actuarial valuation made at the end of each accounting year. Actuarial gains or loss arising from such valuation are charged to revenue in the year in which they arise.

v) Research and development

Revenue expenditure on research and development is expensed off under the respective heads of account in the year in which it is incurred. Expenditure, which results in creation of capital assets, is treated in the same way as expenditure on the fixed assets.

vi) Revenue recognition

Sales are recognised at the point of despatch of goods to customers and include excise duty but exclude sales taxes/value added taxes.

vii) Investments

Long term investments are stated at cost as reduced by diminution in value. Current investments are valued at lower of cost and fair value.

viii) Foreign currency transactions

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transactions. Monetary items (assets and liabilities) denominated in foreign currency are translated into rupees at the exchange rates prevailing on the balance sheet date.

Premium paid on Forward cover is amortised over the period of cover. Exchange differences on such contracts are recognised in profit and loss in the year in which the exchange rate change arises. Exchange differences on translation of foreign currency assets and liabilities and realised gains and losses on foreign exchange transactions are recognised in the profit and loss account.

ix) **Provision for warranty**

Provision for warranty has been computed on the total sales made during the year, based on past experience.

x) **Taxation**

The provision for taxation for the year ended December 31, 2009 comprises the residual tax liability for the assessment year 2009-10 relevant to the year April 1, 2008 to March 31, 2009 and the liability, which has accrued on the profit for the period April 1, 2009 to December 31, 2009, under the provisions of the Income tax Act, 1961.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognised on unabsorbed depreciation and carried forward of losses based on virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

xi) **Provisions and contingent liabilities**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and is probable that there will be an out flow of resources. Contingent liabilities are not recognised but are disclosed in the notes.

2. a) During the previous period, the Commercial Vehicles business along with Components (including Gears) and Engineering Design Services business of the Company together with related assets (collectively hereinafter referred to as "CV Business") has been transferred by way of a Slump Sale as defined under Section 2(42C) of Income Tax Act, 1961 on a "going concern" basis to VE Commercial Vehicles Limited (VECVL, subsidiary of the Company) as per the Business Purchase Agreement (BPA) signed between VECVL and the Company.
- b) The following statement shows the revenue and expenses and assets and liabilities of continuing and discontinuing operations i.e. CV Business.

Rs. in millions

Particulars	Continuing Operations		Discontinuing Operations		Total	
	This year	Previous period	This year	Previous period	This year	Previous period
Sales	4079.9	2386.9	-	5330.9	4079.9	7717.8
Less: Excise duty	329.0	267.3	-	575.9	329.0	843.2
Net sales	3750.9	2119.6	-	4755.0	3750.9	6874.6
Other income	321.4	234.2	-	29.5	321.4	263.7
Total income	4072.3	2353.8	-	4784.5	4072.3	7138.3
Manufacturing and other expenses	3384.4	2073.2	116.4	4731.8	3500.8	6805.0
Interest	4.2	7.0	-	28.9	4.2	35.9
Depreciation	101.0	64.8	-	87.2	101.0	152.0
Total Expenditure	3489.6	2145.0	116.4	4847.9	3606.0	6992.9
Profit before exceptional items and taxation	582.7	208.8	(116.4)	(63.4)	466.3	145.4
Items considered exceptional items						
Loss on sale of CV Business	-	-	-	(189.3)	-	(189.3)
Non-compete consideration on sale of CV Business	-	-	-	393.5	-	393.5
Profit before taxation	582.7	208.8	(116.4)	140.8	466.3	349.6
Provision for taxation	130.6	35.6	(39.6)	(76.0)	91.0	(40.4)
Profit after taxation	452.1	173.2	(76.8)	216.8	375.3	390.0
Assets	5509.7	6000.5	-	-	5509.7	6000.5
Liabilities	5509.7	6000.5	-	-	5509.7	6000.5

- (c) The following statement discloses the net cash flows from operating, investing and financing activities of discontinuing operations:

	Rs. in millions			
	Continuing operations		Discontinuing operations	
	This year	Previous period	This year	Previous period
Net cashflows from operating activities	321.6	127.0	(102.0)	211.0
Net cashflows from investing activities	(2790.0)	2678.9	-	2131.6
Net cashflows from financing activities	(1117.0)	(201.2)	-	(297.7)

- d) Expenses for contractual liability represent indemnified loss on account of certain receivables pertaining to erstwhile Commercial Vehicle business.
3. Pursuant to the Composite Scheme of Arrangement (“the Scheme”) between Eicher Goodearth Investment Limited (EGIL) and Eicher Goodearth Private Limited (EGPL) and Eicher Motors Limited (the Company) under section 391 to section 394 of the Companies Act, 1956, approved by the High Court of Delhi vide its order dated October 27, 2009, which became effective on November 12, 2009 on filing of certified copy of the Order of High Court in the office of Registrar of Companies, NCT of Delhi:
- i) The Residual EGIL, subsequent to demerger of Investment Business of EGIL into EGPL, stands transferred to and vested in the Company w.e.f. the appointed date i.e. January 1, 2009 in accordance with section 2 (1B) of the Income tax Act, 1961. As a result, the following net assets have been transferred to and vested in the Company :

Particulars	Rs. in millions	
Assets		
A. Investments		192.3
(14032762 equity shares of Rs.10 each of the Company) #		
B. Net current assets:		
Current assets, loans and advances		
Cash and bank balances	108.6	
	108.6	
Less: Current liabilities and provisions		
Unpaid dividend	0.6	
Provisions	107.6	
	108.2	
Net current assets		0.4
C. Total assets		192.7

see note ii (a) below

Further, in terms of the Scheme, any claims arising out of or related to contingent liability of Residual EGIL, as on the appointed date, discharged by the Company post effectuation of the Scheme will be indemnified by the promoters of Residual EGIL, provided that the Company promptly notifies the promoters of Residual EGIL, in writing of any such claims incurred by it.

- ii) Consequent to effectuation of the Scheme;
- a) the investment held by residual EGIL in the equity share capital of the Company stands cancelled and accordingly the issued and paid up share capital of the Company stands reduced to the extent of Rs. 140.3 millions being the face value of 14032762 equity shares held by Residual EGIL in the Company as on the appointed date;
- b) the Company, subsequent to the year end, on January 5, 2010, has issued and allotted 14032764 shares of Rs. 10 each (rounded off to the nearest integer in terms of the Scheme) aggregating Rs.140.3 millions to the members of residual EGIL in the proportion in which they held equity shares in Residual EGIL. Since the shares had not been allotted till December 31, 2009, an amount of Rs.140.3 millions representing the aggregate nominal value of such shares has been included in these accounts as ‘Capital suspense’ under the head ‘Shareholders fund’;
- c) in accordance with Accounting Standard (AS) – 14 “Accounting for Amalgamations”, the merger of Residual EGIL with the Company has been accounted for under the ‘Pooling of interest’ method. In terms of the Scheme, all the assets and liabilities, including reserves and profit and loss of Residual EGIL have vested in the Company at their book values as appearing in the books of account of Residual EGIL;
- d) the excess of net assets (after adjusting for the cancellation of investments held in the Company) of Residual EGIL over the value of share capital to be issued to the shareholders of Residual EGIL amounting to Rs. 0.4 million has been credited to General reserve account in schedule 2 ‘Reserves and surplus’.

4. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 67.0 millions (Rs. 30.7 millions).

5. Research and development expenses:

Revenue expenditure on research and development incurred and charged during the year/ period through the appropriate heads of account aggregate Rs. 77.7 millions (Rs. 125.0 millions). The capital expenditure incurred during the year/ period for research and development purposes aggregate Rs 6.4 millions (Rs. 27.6 millions). Details of expenses are as follows:

	Rs. in millions	
	This year	Previous period
Revenue expenditure		
Employee Cost	22.3	27.1
Overheads	22.4	23.6
Development Cost	15.7	44.2
Depreciation	17.3	30.1
Total	77.7	125.0
Capital expenditure		
Plant and Machinery	2.7	2.9
Furniture and Fixtures	0.5	0.7
Office Equipment	1.9	2.0
Vehicles	1.3	0.1
Intangible Assets	-	17.6
Capital Work in progress	-	4.3
Total	6.4	27.6

6. Provision for liabilities, other than for taxes on income and employee benefits:

	Rs. in millions	
	This year	Previous period
Warranty provisions		
Opening balance	13.2	142.4
Additions during the year/ period #	100.3	87.8
Amount used during the year/ period	72.7	86.3
Amount transferred on sale of CV Business	-	130.7
Closing balance	40.8	13.2

Warranty provisions are made for future cash outflows and computed on the total sales made during the year, based on past experience.

Addition during the year includes campaign warranty amounting to Rs. 70.3 millions (Rs. Nil) computed on the basis of expected cost of corrective actions for technical problem observed in products sold, out of which unutilized amount of Rs.22.6 millions (Rs. Nil) is lying in the closing balance.

7. Contingent liabilities not provided for in respect of:

	Rs. in millions	
Particulars	As at December 31, 2009	As at December 31, 2008
a) In respect of demands contested by the Company:		
- Sales tax matters	115.3	93.7
- Excise duty matters	580.1	558.2
- Income tax matters	56.7	42.1
- Service tax matters	9.5	4.8
b) Claims against the Company not acknowledged as debts	9.5	10.1
c) Guarantees given:		
i) to certain finance companies and banks for recovery of their dues against auto finance business of VECVL, a subsidiary	350.0	360.0
- Dues outstanding in the books of VECVL	-	3.4
(ii) to VECVL, a subsidiary, for certain receivables transferred pursuant to BPA signed by the Company with VECVL	12.3	183.8

EICHER MOTORS LIMITED

All the above matters other than guarantees are subject to legal proceedings in the ordinary course of business. The legal proceedings when ultimately concluded will not, in the opinion of management, have a material effect on the result of operations or the financial position of the Company.

8. Disclosure as per Micro, Medium and Small Enterprises Development Act, 2006 (MSMED)

		Rs. in millions	
Particulars		This year	Previous period
a)	Amount payable to supplier under MSMED (suppliers) as at the end of year / period		
	- Principal	17.2	19.1
	- Interest due there on	-	-
b)	Payment made to supplier beyond the appointed day during the year / period		
	- Principal	-	-
	- Interest due there on	-	-
c)	Amount of interest due and payable for delay in payment (which has been paid but beyond the appointed day during the year) but without adding the interest under MSMED	-	-
d)	Amount of interest accrued and remaining unpaid as at the end of year / period	-	-
e)	Amount of interest remaining due and payable to suppliers disallowable as deductible expenditure under Income Tax Act, 1961	-	-

Note: The information has been given in respect of such vendors to the extent they could be identified as micro and small enterprises as per MSMED on the basis of information available with the Company.

9. (a) Managerial remuneration

		Rs. in millions	
		This year	Previous period
Managing Director			
-	Remuneration @	-	2.9
-	Contribution to provident and other funds	-	0.4
-	Perquisites *	0.9	0.8
Total		0.9	4.1
Non-executive Director			
-	Commission*	4.6	-
		5.5	4.1
(b)	Directors' sitting fees	0.9	0.9
(c)	Computation of net profits in accordance with Section 198 / 349 of the Companies Act, 1956.		

		Rs. in millions	
		This year	Previous period
Profit before taxation, as per profit and loss account		466.3	349.6
Add:			
Managerial remuneration		5.5	4.1
Directors' sitting fees		0.9	0.9
Loss on sale of CV Business		-	189.3
		472.7	543.9
Less:			
Non-compete consideration on sale of CV Business		-	393.5
Net profit under section 198/349 of the Companies Act, 1956		472.7	150.4
Maximum managerial remuneration to whole-time Director (including commission) at 5% of net profit.		23.6	7.5

	This year	Previous period
Restricted to	0.9	4.1
Maximum commission to Non executive director at 1% of net profit.	4.7	1.5
Restricted to	4.6	-

Note:

@ Does not include provisions for incremental gratuity and leave encashment liabilities, since the provisions are based on actuarial valuations for the Company as a whole.

* Managing director remuneration amounting to Rs. 0.9 million together with Rs. 0.3 million relating to previous period as well as commission amounting to Rs. 4.6 millions to non- executive directors are subject to shareholders' approval at ensuing General Meeting.

10. Disclosures under Accounting Standard 15 (Revised):

The Company has calculated the various employee benefits provided to employees as under:

	Rs. in millions	
	This year	Previous period
A. Employee Plans:		
a) Provident Fund	11.4	16.4
b) Superannuation Fund	3.6	6.1
c) ESIC	0.8	0.6

Out of the total contribution made for employees' provident fund, Rs.1.6 millions (Rs. 8.2 millions) is made to Eicher Executive Provident Fund Trust, while the remainder contribution is made to government administered provident fund.

The total plan liabilities under the Eicher Executive Provident Fund Trust as at March 31, 2009 is Rs.225.0 millions as against the total plan assets of Rs.245.1 millions. The funds of the trust have been invested under various securities as prescribed under the rules of the trust.

B. Defined Benefit Plans:

Reconciliation of opening and closing balances of the present value of defined benefit obligation

	Rs. in millions			
	This year		Previous period	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Present value of obligations as at the beginning	45.5	7.7	161.3	34.3
Current service cost	6.9	3.0	11.3	3.3
Interest cost	3.1	0.5	4.7	0.9
Benefit paid	(2.6)	(0.7)	(4.8)	(2.1)
Net actuarial (gain) / loss recognized	(0.3)	(0.8)	0.5	(3.0)
Transferred on sale of CV Business	-	-	(127.5)	(25.7)
Present value of obligations as at the end	52.6	9.7	45.5	7.7

Reconciliation of present value of defined benefit obligation and fair value of plan assets:

	Rs. in millions			
	This year		Previous period	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Present value of obligations as at the end	52.6	9.7	45.5	7.7
Fair value of plan assets	-	-	-	-
Net asset/(liability) recognized in balance sheet	(52.6)	(9.7)	(45.5)	(7.7)
Cost for the year/ period				

	This year		Previous period	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Cost for the year/period				
Current service cost	6.9	3.0	11.3	3.3
Interest cost	3.1	0.5	4.7	0.9
Net actuarial (gain) / loss recognized	(0.3)	(0.8)	0.5	(3.0)
Net cost recognized	9.7	2.7	16.5	1.2
Principal assumption:				
Discount rate	7.00%	7.00%	8.00%	8.00%

The estimates of future salary increases considered in the actuarial valuation takes into account inflation, seniority promotion and other relevant factors such as supply and demand in the employment market.

11. Auditors' remuneration: (excluding service tax):

Description	Rs. in millions	
	This year	Previous period
As Auditors		
- Audit fee	1.4	1.3
In other capacity:		
- Limited review of unaudited financial results	0.8	1.0
- Audit of accounts for fiscal year	0.3	-
- For miscellaneous certificates and other services	0.1	1.2
Reimbursement of expenses	-	0.1

12. Earnings per share

Description	This year	Previous period
a) Profit after taxation, per profit and loss account (Rs. in millions)	375.3	390.0
b) Weighted average number of equity shares (Nos.)	27094856*	28093950
c) Effect of potential dilutive equity shares on Employee Stock Options outstanding	80254	-
d) Weighted average number of equity shares in computing diluted earnings per share [(b)+(c)]	27175110	28093950
e) Earnings per share (in rupees) (not annualised) : (face value-Rs 10 per share)		
Basic [(a)/(b)]	13.85	13.88
Diluted [(a)/(d)]	13.81	13.88

* Refer to note 3 (ii) (b) above

13. Segment reporting

As the Company's business activities falls within a single primary business segment viz. "Automobile products and related components" and is a single geographical segment, the disclosure requirements of Accounting Standard – 17 "Segment Reporting" specified in the Companies (Accounting Standards) Rules, 2006 are not applicable.

14. Related party disclosure:
a. Name of related parties and their relationship:

Name of related party		Nature of relationship
Eicher Goodearth Investments Limited*	(EGIL)	Party for which the Company is Associate
VE Commercial Vehicles Ltd.	(VECVL)	Subsidiary Company
Eicher Engineering Solutions, Inc., U.S.A.	(EES, Inc.)	Subsidiary Company of VECVL
Royal Enfield Motorcycles Limited	(REML)	Significant influence of key management personnel
ECS Limited**	(ECS)	Significant influence of key management personnel
Eicher Goodearth Private Limited	(EGPL)	Significant influence of key management personnel

* Ceased to exist w.e.f January 1, 2009. (refer to note 3 above)

** Ceased to be a related party w.e.f December 24, 2008

b. Key management personnel:

Mr. Siddhartha Lal Managing Director

Transactions with the above key management personnel:

Refer to note 9 for managerial remuneration in respect of the above personnel

Transactions with the above parties during the year/period:

Rs. in millions

Particulars	EGIL		EGPL		ECS		EES, Inc.		REML		VECV		Total	
	This year	Previous period	This year	Previous period	This year	Previous period	This year	Previous period	This year	Previous period	This year	Previous period	This year	Previous period
Sale of finished goods / Services	-	-	-	-	-	-	-	11.9	-	-	-	-	-	11.9
Purchase of Services	-	-	-	-	-	-	-	-	-	-	1.0	-	1.0	-
Dividend paid on Equity Shares	70.2	81.5	-	-	-	-	-	-	-	-	-	-	70.2	81.5
Dividend Income	-	-	-	-	-	-	-	-	-	-	136.0	-	136.0	-
Miscellaneous Income	-	-	-	-	-	1.1	-	-	-	-	-	-	-	1.1
Miscellaneous Expenses	-	-	-	1.8	-	-	-	-	-	-	19.6	7.1	19.6	8.9
Subscription towards "Brand Equity and Business Promotion Agreement"	-	-	-	9.7	-	-	-	-	-	-	-	-	-	9.7
Sale of CV Business	-	-	-	-	-	-	-	-	-	-	-	1857.6	-	1857.6
Investment in share capital	-	-	-	-	-	-	-	-	-	-	-	53.9	-	53.9
Aggregate balances outstanding as at the year / period end														
- Receivables	-	-	-	0.5	-	0.5	-	-	-	0.8	136.0	-	136.0	1.8
- Payable	-	-	-	-	-	-	-	-	-	-	0.3	0.8	0.3	0.8

15. The details of disputed excise duty, sales tax and service tax dues as on December 31, 2009 which have not been deposited are as follows:

Nature of the Statute	Nature of dues	Forum where pending	Amount* (Rs. in millions)	Amount paid under protest (Rs. in millions)	Period to which amount relate
Central Excise Act	Excise duty	- Commissioner of Central Excise	36.5	2.3	1991-92 to 1993-94, 1998-99 to 2000-01, 2003-04 to 2004-2005
		- CESTAT	543.6	1.8	1995-96 to 2004-05
Sales Tax Act	Sales Tax	- Assessing Authority	16.2	2.8	1986-87, 1987-88, 1991-92, 1994 -95 to 1998-99, 2000-01
		- Appellate Authority upto Commissioner's level	23.1	7.9	1987-88, 1993-94, 1998-99 to 2007-08
		- Appellate Tribunal	77.7	12.4	1986-87 to 2003-04
		- High Court	16.8	4.1	1984-85 to 1986-87, 1988-89, 1992-93, 1994-95, 1999-00 to 2001-02
Service Tax Act	Service Tax	Commissioner	9.5	-	2000-01 to 2004-05 and 2006-07
Income Tax Act	Income Tax	- Appellate Authority upto Commissioner's level	56.7	10.5	1996-97, 2002-03, 2004-05 to 2006-07

* Amount as per demand orders including interest and penalty wherever indicated in the order.

The detail of matters decided in favour of the Company, where the department has preferred appeals at higher levels have not been considered in the above table.

16. 'Excise duty' on sales has been deducted from gross sales on the face of profit and loss account. 'Increase/ (decrease) in excise duty on finished goods' has been shown under the head 'Materials consumed' in schedule 10.
17. In terms of shares buy back scheme approved by the shareholders of the Company on December 28, 2008 to buy back upto 1408969 equity shares of its own fully paid up equity shares of Rs.10 each from its existing shareholders on a proportionate basis through 'Tender Offer Route' at a fixed price of Rs.691.68 (including premium of Rs. 681.68) per share from March 12, 2009 to March 26, 2009, the Company has completed the buy back of 1408969 equity shares at the mentioned price on April 16, 2009.
18. The figures for the current year are for a period of twelve months from January 1, 2009 to December 31, 2009, whereas the corresponding previous period figures are for a period of nine months from April 1, 2008 to December 31, 2008. Further, the previous period figures included figures upto June 30, 2008 of CV Business which was transferred under a slump sale (refer note 2 above). As such, corresponding figures for the previous period are not comparable with those of current year.
19. a) Figures in brackets represent previous year's figures.
b) Previous year's figures have been recast/regrouped where necessary.
20. Schedule 1 to 12 and the statement of additional information form an integral part of the accounts.

STATEMENT OF ADDITIONAL INFORMATION
I. Particulars of capacity and production:

Description	Unit	Annual Licensed capacity		Annual Installed capacity		Actual Production	
		This year	Previous period	As at December 31, 2009	As at December 31, 2008	This year	Previous period
Commercial vehicles	Nos.	Not applicable		-	-	-	6577
Two wheelers	Nos.	Not applicable		60000	45000	52258	32166
Manufactured components for sale	Rs. in millions					58.7	495.5

Notes:

- The installed capacities are as certified by the management of the Company on which the auditors have placed reliance without verification.
- Production figures represent gross production less captive consumption.
- The figure of production disclosed against manufactured components is the value (as this is more meaningful than the quantities) of such components transferred for sale or sold to other parties.

2. Particulars of stocks of finished goods and sales:

Value Rs. in millions

Description	Unit	Opening stock		Transferred out on sale of CV Business		Closing stock**		Sales	
		This year	Previous period	This year	Previous period	This year	Previous period	This year	Previous period
Commercial vehicles	Nos.	-	1346	-	1178	-	-	-	6742
	Value	-	838.6	-	701.4	-	-	-	4493.0
Two wheelers	Nos.	840	1255	-	-	1084	840	51955	32566
	Value	39.8	67.9	-	-	58.6	39.8	3682.1	2136.1
Components (including Gears)	Value	-	45.5	-	49.6	-	-	-	305.6
Others *									
-Spare parts and other components	Value	29.6	138.4	-	111.7	29.5	29.6	397.8	764.3
-processing charges	Value	-	-	-	-	-	-	-	18.8
	Value	69.4	1090.4	-	862.7	88.1	69.4	4079.9	7717.8

* No individual item accounts for 10% or more of the total value of stocks and sales. It is not practicable to furnish quantitative information in view of the considerable number of diverse items in size and nature.

** Nil (3) Commercial vehicles, 59 (15) Two wheelers have been capitalized during the year/ period.

3. Particulars of purchases of finished goods

Rs. in millions

Description	This year	Previous period
Spare parts and other components	143.3	395.2
	143.3	395.2

4. Particulars of imported and indigenous raw materials, components, stores and machinery spares (including loose tools):

Value Rs. in millions

Description	This year		Previous period	
	%	Value	%	Value
a) Raw materials and components				
Imported	0.67	15.0	0.52	24.4
Indigenous	99.33	2227.1	99.48	4626.1
	100.00	2242.1	100.00	4650.5

b) Stores and machinery spares consumed (including loose tools):

Description	Value Rs. in millions			
	This year		Previous period	
	%	Value	%	Value
Imported	-	-	1.13	1.0
Indigenous	100.0	72.3	98.87	87.8
	100.00	72.3	100.00	88.8

5. Particulars of raw materials and components consumed

Description	Unit	Value Rs. in millions			
		This year		Previous period	
		Qty	Value	Qty	Value
Iron and steel	MT	416.58	18.6	19249.89	799.0
Aluminium	MT	-	-	81.39	10.4
Others including Components	Value		2223.5		3841.1
			2242.1		4650.5

6. CIF value of imports:

Description	Rs. in millions	
	This year	Previous period
Components and spare parts	15.0	59.1
Capital goods	24.1	33.7
Others	-	2.2
	39.1	95.0

7. Expenditure in foreign currency (on cash basis):

Description	Rs. in millions	
	This year	Previous period
Travelling	4.5	3.0
Consultancy fees	6.8	26.0
Others	49.5	25.1
	60.8	54.1

8. Earnings in foreign exchange:

Export of goods (FOB Value)	Rs. in millions	
	This year	Previous period
Commercial vehicles	-	226.9
Two wheelers	285.4	157.5
Gears, spares and components	17.2	124.0
	302.6	508.4
Export of Engineering Services	-	12.6

9. Remittance in foreign currency towards dividends:

Dividend for the year	This year			Previous period		
	No. of non-resident shareholders	No. of equity shares held	Dividend remitted (Rs. in millions)	No. of non-resident shareholders	No. of equity shares held	Dividend remitted (Rs. in millions)
2008	1	847430	4.2	1	10,00,000	5.0
			4.2			5.0

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
I Registration details

 Registration No.

 Balance Sheet date
II Capital raised during the year (amount in thousands)

 Public issue

 Right Issue

 Bonus issue

 Private placements
III Position of mobilisation and deployment of funds (amount in Rs. thousands)

 Total liabilities

 Total assets

 Paid-up capital #

 Reserves and surplus
Includes capital suspense

 Deferred tax liabilities

 Secured loans

 Unsecured loans

 Net fixed assets

 Investments

 Net current assets

 Miscellaneous expenditure

 Accumulated losses
IV Performance of Company (amount in Rs. thousands)

 Turnover

 Total expenditure

 Profit before tax

 Profit after tax

Earning per share in Rs.

 Dividend rate %

 - Basic

 - Diluted
V Generic names of three principal products of Company (As per monetary terms)

 (ITC code) :

 Product Description

 (ITC code) :

 Product Description

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES

1	Name of the company	VE Commercial Vehicles Ltd. (VECVL) (54.4% Subsidiary of EML)	Eicher Engineering Solutions Inc. (EES Inc) (100% subsidiary of VECVL)	Hoff Technology Service Co. (Shanghai) (100% subsidiaries of EES, Inc.)	Hoff Automotive Design Co. (Beijing)
2	Financial year of the subsidiary company	31.12.2009	31.12.2009	31.12.2009	31.12.2009
3	(a) Number of equity shares held in (Nos.) the subsidiary company by the holding company at the above date % Holding (equity)	5440000	16400	N.A*	N.A*
	(b) Number of preference shares held in Nos.) the subsidiary company by the holding company at the above date % Holding (preference)	54.40%	100%	100%	100%
4	The net aggregate of profits less losses of the subsidiary company so far as it concerns the members of the holding company				
	(i) Dealt with in the accounts of the holding company amounted to:				
	(a) for the subsidiary's financial year ended on 31.12.2009 (Rs. millions)	NIL	NIL	NIL	NIL
	(b) for the previous financial years of the subsidiary since it became subsidiary (Rs. millions)	NIL	NIL	NIL	NIL
	(ii) Not dealt with in the accounts of the holding company amounted to:				
	(a) For the subsidiary's financial year ended on 31.12.2009 (Rs. millions)	1,011.0	(80.9)	(1.4)	(0.7)
	(b) For the previous financial years of the subsidiary since it became subsidiary (Rs. millions)	1,113.8	(124.4)	5.8	0.4
5	As the financial year of subsidiary companies coincide with the financial year of the holding company, section 215 (5) of the Companies Act, 1956, is not applicable.				

* These are limited liability companies, which are supposed to have registered total capital amount at the time of incorporation. The registered total capital amount for Hoff Auto Design (Shanghai) Co. Ltd., is \$ 140000 and Hoff Auto Design (Beijing) Co. Ltd., is \$ 300000.

Financial information of subsidiary companies

S. No.	Particulars	Amount (Rs. millions)	Amount (Rs. millions)	Amount (Rs. millions)	Amount (Rs. millions)
1	Capital	100.0	173.1	7.6	16.5
2	Reserves	12,252.5	(167.2)	1.2	(14.4)
3	Total assets	19,500.9	91.2	12.0	2.8
4	Total liabilities	7,148.4	85.3	3.2	0.7
5	Details of investments(except in case of investment in subsidiaries)	-	-	-	-
6	Turnover	27,043.3	416.6	28.4	21.6
7	Profit/(Loss) before taxation	1,498.2	(51.1)	(1.3)	(0.7)
8	Income taxes (Deferred Assets)	487.2	29.8	0.1	-
9	Profit/(loss) after taxation	1,011.0	(80.9)	(1.4)	(0.7)
10	Proposed dividend	250.0	-	-	-
	Exchange rate used				
	Balance Sheet (closing rate as on 31.12.2009)	NA	1 USD = Rs.46.68	1 RMB = Rs.6.88	1 RMB = Rs.6.88
	Profit & Loss (average rate January'09 to December'09)	NA	1 USD = Rs 48.35	1 RMB = Rs.7.16	1 RMB = Rs.7.16

Shaila Aggarwal
Company Secretary

Vinod Aggarwal
Chief Financial Officer

S. Sandilya : Chairman
Siddhartha Lal : Managing Director
Priya Brat : Director
M. J. Subbaiah : Director
Prateek Jalan : Director

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF EICHER MOTORS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF EICHER MOTORS LIMITED AND ITS SUBSIDIARIES

1. We have examined the attached consolidated balance sheet of Eicher Motors Limited and its subsidiaries, as at December 31, 2009, the consolidated profit and loss account and also the cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the management of Eicher Motors Limited. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiaries viz., Eicher Engineering Solutions, Inc., U.S.A., Hoff Automotive Design Company and Hoff Technology Service Company whose financial statements reflect total assets of Rs.95.9 millions as at December 31, 2009, total revenues of Rs. 416.6 millions and cash flows amounting to Rs. 5.9 millions for the year ended on that date as considered in consolidated financial statements. These financial statements have been audited by another auditor whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries is based solely on the report of the other auditor.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, "Consolidated Financial Statements", notified by the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of Eicher Motors Limited and its subsidiaries, included in the consolidated financial statements.
5. ***As indicated in note 7 of schedule 12, no provision has been made for unutilised MODVAT balance amounting to Rs.82.1 millions which has lapsed. Had such provision been made, loans and advances and reserves and surplus would have been lower by Rs.82.1 millions.***

The matter referred above, to the extent covered here above was also the subject matter of qualification in our audit report on the financial statements for the nine month period ended December 31, 2008.

Subject to the foregoing, in our opinion and to the best of our information and according to the explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of Eicher Motors Limited and its subsidiaries, we are of the opinion that:

- a) the consolidated balance sheet gives a true and fair view of the consolidated state of affairs of Eicher Motors Limited and its subsidiaries as at December 31, 2009 ;
- b) the consolidated profit and loss account gives a true and fair view of the consolidated results of operations of Eicher Motors Limited and its subsidiaries for the year ended on that date; and
- c) the consolidated cash flow statement gives a true and fair view of the cash flows of Eicher Motors Limited and its subsidiaries for the year ended on that date.

For Deloitte Haskins & Sells
Chartered Accountants

Jaideep Bhargava
Partner
Membership No. 90295

Place : Gurgaon
Date : February 13, 2010

EICHER MOTORS LIMITED

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2009

	Schedule	As at December 31,2009	Rs. in millions As at December 31,2008
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	126.6	280.9
Capital suspense (Refer note 3 (ii)(b) of schedule 12)		140.3	-
Reserves and surplus	2	10,423.5	10,756.0
		<u>10,690.4</u>	<u>11,036.9</u>
Minority Interest			
		5,746.7	5,305.3
Loan funds			
Secured	3	735.2	1,088.1
Unsecured		528.5	568.0
		<u>1,263.7</u>	<u>1,656.1</u>
Deferred tax liabilities (net)			
	4	141.6	-
Total		<u>17,842.4</u>	<u>17,998.3</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	7,436.9	6,783.0
Less: Depreciation		3,801.7	3,490.8
Net block		3,635.2	3,292.2
Capital work in progress		122.3	517.6
		<u>3,757.5</u>	<u>3,809.8</u>
Investments			
	6	2,941.1	62.4
Deferred tax assets (net)			
	4	-	147.2
Current assets, loans and advances			
Inventories	7	2,189.6	3,380.7
Sundry debtors		2,325.3	1,801.9
Cash and bank balances		11,706.5	12,318.0
Other current assets		359.6	283.4
Loans and advances		1,540.3	1,226.5
		<u>18,121.3</u>	<u>19,010.5</u>
Less :			
Current liabilities and provisions			
Current liabilities	8	6,015.5	4,192.9
Provisions		962.0	838.7
		<u>6,977.5</u>	<u>5,031.6</u>
Net current assets			
Total		<u>11,143.8</u>	<u>13,978.9</u>
		<u>17,842.4</u>	<u>17,998.3</u>
NOTES TO ACCOUNTS	12		

Per our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Jaideep Bhargava
Partner
Membership No. 90295

Shaila Aggarwal
Company Secretary

Vinod Aggarwal
Chief Financial Officer

S. Sandilya : Chairman
Siddhartha Lal : Managing Director
Priya Brat : Director
M. J. Subbaiah : Director
Prateek Jalan : Director

Place : Gurgaon
Date : February 13, 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2009

	Schedule	For the year ended December 31, 2009	Rs. in millions For the nine months period ended December 31, 2008
INCOME			
Sales		31,122.2	18,824.8
Less: Excise duty		1,735.9	1,645.2
Net sales		29,386.3	17,179.6
Other income	9	1,054.4	657.5
		30,440.7	17,837.1
EXPENDITURE			
Manufacturing and other expenses	10	27,942.1	17,174.8
Profit before interest, depreciation, exceptional item and taxation		2,498.6	662.3
Interest	11	86.7	99.3
Depreciation	5	538.8	368.9
		1,873.1	194.1
Exceptional items			
Non-compete consideration on sale of CV Business		-	393.5
Profit before taxation		1,873.1	587.6
Provision for taxation			
Current tax		368.1	328.4
Minimum Alternate Tax (MAT) credit entitlement		(80.3)	(11.2)
Defererd tax charge / (benefit)		326.2	(430.4)
Taxation relating to previous periods		(38.8)	12.7
Fringe benefit tax		3.0	15.2
Profit after taxation		1,294.9	672.9
Share of minority interest		461.0	46.9
Profit for the year / period		833.9	626.0
Balance brought forward from the previous period / year		3,583.3	3,160.8
Dividend on bought back and extinguished equity shares no longer payable		7.0	-
Corporate dividend tax on above dividend		1.2	-
Premium paid on buy back of shares (refer note 13 of schedule 12)		(960.5)	-
Amount available for appropriation		3,464.9	3,786.7
APPROPRIATIONS			
Proposed Dividend		186.9	140.5
Corporate dividend tax		31.8	23.9
General reserve account		134.9	39.0
Balance carried to balance sheet		3,111.3	3,583.3
Earnings per share (in rupees) :			
- Basic		30.78	22.28
- Diluted		30.69	22.28

NOTES TO ACCOUNTS

12

Per our report attached to the consolidated balance sheet

For Deloitte Haskins & Sells

Chartered Accountants

Jaideep Bhargava

Partner

Membership No. 90295

Shaila Aggarwal

Company Secretary

Vinod Aggarwal

Chief Financial Officer

S. Sandilya

Siddhartha Lal

Priya Brat

M. J. Subbaiah

Prateek Jalan

: Chairman

: Managing Director

: Director

: Director

: Director

Place : Gurgaon

Date : February 13, 2010

EICHER MOTORS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2009

PARTICULARS	Rs. in millions	
	Year ended December 31,2009	For the nine months period ended December 31,2008
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before exceptional items and taxation	1,873.1	194.1
Adjustments for:		
Depreciation	538.8	368.9
Foreign currency translation reserve	6.5	(0.8)
Profit on sale of fixed assets	(2.9)	(2.5)
Fixed assets discarded	6.9	0.5
Dividend on non trade current investments	(58.7)	(21.3)
Development expenses #	86.9	
Loss on sale of fixed assets	14.5	9.5
Interest income	(833.0)	(534.5)
Interest expense	86.7	99.3
Operating profit before changes in working capital	1,718.8	113.2
Adjustments for changes in:		
Inventories	1,191.2	(925.5)
Trade and other receivables	(691.3)	48.9
Trade and other payables	2,060.7	252.0
Cash generated from operations	4,279.4	(511.4)
Direct taxes paid *	(594.8)	(378.6)
Net cash from operating activities(A)	3,684.6	(890.0)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(709.5)	(687.1)
Sale of fixed assets	8.5	54.8
Net Investments made		
- Purchase of shares of subsidiary	-	-
- Non trade current investment	(2,878.7)	(30.0)
Redemption of NABARD capital gain bonds	-	2,580.0
Dividend on non trade current investment	58.7	21.3
Interest received	756.8	322.4
Net cash generated from investing activities before exceptional items	(2,764.2)	2,261.4
Non-compete consideration on sale of CV Business	-	393.5
Net cash from investing activities (B)	(2,764.2)	2,654.9

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2009 (Continued)

PARTICULARS	Rs. in millions	
	Year ended December 31,2009	For the nine months period ended December 31,2008
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	2.3	10,821.3
Proceeds from long term borrowings	-	0.2
Repayment of long term borrowings	(171.7)	(27.3)
Proceeds/(repayment) from / (of) short term borrowings (net)	(222.7)	(514.8)
Interest paid	(92.8)	(82.1)
Buy back of equity share capital ##	(974.6)	-
Dividend paid	(158.3)	(139.6)
Corporate dividend tax	(22.7)	(23.9)
Net cash from financing activities (C)	(1,640.5)	10,033.8
Net Increase / (decrease) in cash and cash equivalents(A)+(B)+(C)	(720.1)	11,798.7
Cash and cash equivalents at the beginning of the year/ period		
Cash and bank balances	12,318.0	519.3
Cash and cash equivalent transferred from Residual EGIL @	108.6	-
Cash and cash equivalents at the end of the year/ period	11,706.5	12,318.0

Refer foot note @ of schedule 5

* Includes Rs.108.0 millions (Rs. Nil) consequent to merger of Residual EGIL with the Company (refer note 3 of schedule 12)

Refer note 13 of schedule 12

@ Refer note 3 of schedule 12

Per our report attached to the consolidated balance sheet

For Deloitte Haskins & Sells

Chartered Accountants

Jaideep Bhargava

Partner

Membership No. 90295

Shaila Aggarwal

Company Secretary

Vinod Aggarwal

Chief Financial Officer

S. Sandilya

Siddhartha Lal

Priya Brat

M. J. Subbaiah

Prateek Jalan

: Chairman

: Managing Director

: Director

: Director

: Director

Place : Gurgaon

Date : February 13, 2010

EICHER MOTORS LIMITED

SCHEDULES I TO 12 ANNEXED TO AND FORMING PART OF ACCOUNTS

I. SHARE CAPITAL

	Rs. in millions	
	As at December 31, 2009	As at December 31, 2008
Authorised		
30,000,000 (30,000,000) Equity shares of Rs. 10 each	300.0	300.0
101,000 (101,000) Redeemable cumulative preference shares of Rs.100 each	10.1	10.1
	<u>310.1</u>	<u>310.1</u>
Issued		
12,660,119 (28,093,950) Equity shares of Rs. 10 each	126.6	280.9
	<u>126.6</u>	<u>280.9</u>
Subscribed and paid up		
12,660,119 (28,093,950) Equity shares of Rs. 10 each	126.6	280.9
Less : Allotment money in arrears (# Rs.12000)	#	#
	<u>126.6</u>	<u>280.9</u>
1) Subscribed and paid up capital :		
a) Includes 8,093,950 (8,093,950) Equity shares of Rs. 10 each allotted as fully paid for consideration other than in cash pursuant to the Composite Scheme of Arrangement relating to demerger of Automobile Undertaking of Eicher Limited into the Company which became effective on August 16, 2004 from the appointed date i.e. April 1, 2003.		
b) Stands reduced by 14,032,762 (Nil) equity shares aggregating to Rs. 140.3 millions (Rs. Nil) in terms of the Composite Scheme of Arrangement referred to in note 3 of schedule 12		
2) 1,408,969 (Nil) equity shares of face value of Rs. 10 each fully paid up bought back and extinguished during the year in accordance with Section 77A of the Companies Act, 1956. (refer note 13 of schedule 12)		
3) Under Eicher Employee Stock Option Scheme, the Company has granted (net of options lapsed);		
a) 181,000 (224,800) options on September 30, 2006, exercisable over a period of seven years after vesting on October 1, 2009 at an exercise price of Rs.297 (including premium of Rs. 287) per option. Consequently, 7,900 (Nil) equity shares were issued and allotted during the year as fully paid up at an exercise price of Rs. 297 (including premium of Rs. 287 each) per equity share.		
b) 211,300 (248,100) options on October 22, 2007 exercisable over a period of seven years after vesting on October 23, 2010 at an exercise price of Rs. 462 (including premium of Rs. 452) per option.		
c) Each option entitles the holders thereof to apply for and be allotted one equity share of the face value of Rs. 10 each.		

2. RESERVES AND SURPLUS

Description	Rs. in millions			
	As at December 31, 2008	Additions	Deductions	As at December 31, 2009
Capital reserves				
Capital subsidy	2.5	-	-	2.5
Capital redemption reserve account	-	14.1 *	-	14.1
Securities premium account	5,867.9	2.3 @	-	5,870.2
Revenue reserves				
General reserve account	1,307.4	135.3 #	14.1 *	1,428.6
Surplus in profit and loss account	3,583.4		472.1	3,111.3
Foreign exchange translation reserve	(5.2)	2.0		(3.2)
Total	<u>10,756.0</u>	<u>153.7</u>	<u>486.2</u>	<u>10,423.5</u>
Previous period	4,077.5	11,891.3	5,212.8	10,756.0

* Transferred from general reserve account pursuant to Section 77AA of the Companies Act, 1956.

@ Represents premium @ Rs. 287 per equity share on 7,900 equity share issued and allotted during the year under Employee Stock Option Scheme.

Includes :

(i) Rs. 134.9 millions transferred from surplus in profit and loss account.

(ii) Rs. 0.4 million created pursuant to amalgamation of Residual EGIL with the Company (refer note 3 (ii) (d) of schedule 12)

3. LOAN FUNDS

		Rs. in millions	
		As at December 31,2009	As at December 31,2008
Secured			
Banks			
Term loans	[1]	323.3	619.5
Cash credits	[2]	411.9	468.6
		<u>735.2</u>	<u>1,088.1</u>
Unsecured			
Banks			
Term loans	[3]	404.6	406.6
Deposits			
Fixed	[4]	14.7	25.6
Others		50.1	49.4
Other loans and advances			
Financial institutions	[5]	0.8	1.2
Interest free sales tax deferral	[6]	58.3	85.2
		<u>528.5</u>	<u>568.0</u>
		<u>1,263.7</u>	<u>1,656.1</u>

Notes :

1) Includes:

- (a) Loan amounting to Rs. 305.6 millions (Rs. 428.6 millions) secured by a first charge by way of mortgage on immovable properties of the VE Commercial Vehicles Limited (VECVL) and hypothecation of all movable properties of VECVL, save and except current assets charged in favour of the banks for securing borrowings for working capital requirements.
- (b) Rs. 17.7 millions (Rs. 25.0 millions) secured by hypothecation of the specific assets acquired out of the loan.
- (c) Rs. Nil (Rs. 165.9 millions) secured by an irrevocable letter of comfort issued by the state bank of India.
- (d) Repayable within one year Rs. 129.1 millions (Rs. 296.6 millions).

2) Includes

- (a) Rs. 277.6 millions (Rs. 369.5 millions) secured by a first charge by way of hypothecation of all current assets of VECVL, and a second charge by way of mortgage on immovable properties of VECVL located at Thane and Pithampur and hypothecation of movable properties located at Thane and Pithampur.
- (b) Rs. 87.5 millions (Rs. 33.3 millions) secured by a first charge by way of hypothecation of all current assets of the Company.
- (c) Rs. 46.8 millions (Rs. 65.8 millions) is secured by all assets of Eicher Engineering Solutions Inc. USA, by an irrevocable letter of credit issued by the State Bank of India, and cross collateralized with the capital lease assets.

3) Repayable within one year Rs. 404.6 millions (Rs. 0.7 millions).

4) Repayable within one year Rs. 8.35 millions (Rs. 12.5 millions)

5) Repayable within one year Rs. 0.4 millions (Rs. 0.4 millions).

6) Repayable within one year Rs.29.2 millions (Rs 14.6 millions)

The charges at 1 and 2 (a) above rank pari passu amongst banks.

4. DEFERRED TAX LIABILITY/(ASSETS) (NET)

		Rs. in millions	
		As at December 31,2009	As at December 31,2008
Deferred tax liabilities on			
Accelerated depreciation		296.0	330.4
		<u>296.0</u>	<u>330.4</u>
Less: Deferred tax assets on			
Unabsorbed depreciation/ business loss carried forward		9.0	370.2
Accrued expenses deductible on payment		22.7	14.9
Provision for gratuity		41.2	26.0
Provision for leave encashment		28.4	15.9
Provision for doubtful debts and advances		18.4	9.5
Voluntary retirement scheme		0.4	5.1
Others		34.3	36.0
		<u>154.4</u>	<u>477.6</u>
Net deferred tax liabilities / (assets)		<u>141.6</u>	<u>(147.2)</u>

EICHER MOTORS LIMITED

5. FIXED ASSETS

Rs. in millions

Assets	Gross block (At cost)				Depreciation					Net block		
	As at December 31, 2008	Vested in the Company pursuant to the Scheme of Arrangement #	Additions during the year / period \$	Deductions during the year / period \$\$	As at December 31, 2009	As at December 31, 2008	Vested in the Company pursuant to the scheme of Arrangement #	For the year / period	Adjustments	As at December 31, 2009	As at December 31, 2009	As at December 31, 2008
Land *												
Freehold	120.3	-	-	-	120.3	-	-	-	-	-	120.3	120.3
Leasehold	77.0	-	10.5	0.1	87.4	5.6	-	1.0	-	6.6	80.8	71.4
Buildings*	712.0	-	281.4	0.8	992.6	197.8	-	27.7	(0.4)	225.9	766.7	514.2
Plant and machinery **	3,927.3	-	442.5	24.1	4,345.7	1,973.2	-	294.8	13.9	2,254.1	2,091.6	1,954.1
Furniture and fittings	168.5	-	35.8	7.9	196.4	70.4	-	15.7	4.2	81.9	114.5	98.1
Office equipment	507.0	-	44.6	15.6	536.0	297.6	-	46.5	10.0	334.1	201.9	209.4
Vehicles	199.5	-	59.5	33.5	225.5	104.2	-	30.3	22.3	112.2	113.3	95.3
Intangible assets												
- Product designs, prototypes etc.	453.5	-	0.2	0.4	453.3	329.8	-	43.3	0.2	372.9	80.4	123.7
- Computer Software	257.7	-	37.6	38.4	256.9	201.1	-	32.3	42.2	191.2	65.7	56.6
- Goodwill	360.2	-	-	137.4	222.8	311.1	-	47.2	135.5	222.8	-	49.1
Total	6,783.0	-	912.1	258.2	7,436.9	3,490.8	-	538.8	227.9	3,801.7	3,635.2	
Previous year	6,111.9	279.6	455.0	63.5	6,783.0	2,964.5	156.2	368.9	(1.2)	3,490.8		3,292.2
Capital work in progress (including advances on capital account of Rs. 43.2 millions (Rs. 168.6 millions))												122.3 [@]
												3,757.5
												3,809.8

Refer note 4 of schedule 12.

*Title deeds for land and other properties at Faridabad, Thiruvottiyur and Jaipur are pending for mutation / endorsement in favour of the Company. Title deeds for land and other properties at Pithampur, Ahmedabad, Thane, Dewas, Bhiwandi and Gurgaon are pending for mutation / endorsement in favour of VE Commercial Vehicles Limited (a subsidiary company).

** Includes plant and machinery on finance lease, for details refer note 8 (b) of schedule 12.

\$ Includes Rs. Nil (Rs. 56.5 millions) on account of Foreign exchange fluctuation.

\$\$ Includes Rs. 14.4 millions (Rs. Nil) on account of Foreign exchange fluctuation.

@ After adjusting Rs. 86.9 millions being capital expenditure incurred on a development project written off under the head development expenses in schedule 10.

6. INVESTMENTS

Rs. in millions

	As at December 31, 2009	As at December 31, 2008
LONG TERM @		
Unquoted -		
Trade -		
12,498 (12,498) Equity shares of Rs.10 each fully paid up of Eicher Motors Finance Limited	0.1	0.1
Non -Trade -		
3,230 (3,230) capital gains bonds of Rs 10,000 each issued by Rural Electrification Corporation Ltd.	32.3	32.3
Government securities		
National Savings Certificates (# Rs.13,000) (Pledged with Government authorities)	# 32.4	# 32.4
Current Investments @@		
Non -Trade -		
Unquoted -		
In debt mutual funds		
100,161,472 (Nil) units of face value of Rs.10 each of SBI Debt Fund Series - 13 Months - 9 - Institutional Growth	1,001.6	-
75,000,000 (Nil) units of face value of Rs.10 each of SBI Debt Fund Series - 13 Months - 10 - Institutional Growth	750.0	-
6,000,000 (Nil) units of face value of Rs.10 each of Kotak FMP 18M Series -I Growth	60.0	-
40,000,000 (Nil) units of face value of Rs.10 each of Kotak FMP 13 M Series - 5 Growth	400.0	-
Nil (19,495,377) units of face value of Rs.10 each of Birla Sunlife Mutual Fund	-	30.0
2,438,877 (Nil) units of face value of Rs.100 each of ICICI Prudential Flexi Income Plan Daily Dividend	244.0	-
16,117,125 (Nil) units of face value of Rs.10 each of HDFC Cash Management fund Saving plus plan	161.7	-
2,992,450 (Nil) units of face value of Rs.10 each of Birla Sunlife Short Term Fund - Institutional - Daily Dividend plan	29.9	-
8,860,690 (Nil) units of face value of Rs. 10 each of Reliance Medium Term Fund - Daily Dividend Plan	151.5	-
10,966,850 (Nil) units of face value of Rs. 10 each of SBI Magnum Insta Cash Fund	110.0	-
Repurchase price of Rs. 3,038.9 millions (Rs 30.0 millions)	2,908.7	30.0
	2,941.1	62.4

@ At cost as reduced by diminution in value, if any.

@@ At cost or fair value, whichever is lower.

7. CURRENT ASSETS, LOANS AND ADVANCES

	Rs. in millions	
	As at December 31,2009	As at December 31,2008
Current assets		
Inventories #		
Stores and machinery spares *	45.1	45.2
Loose tools *	44.4	45.5
Stock-in-trade **		
Raw materials and components	606.5	814.5
Work in progress	97.3	74.5
Finished goods	1,396.3	2,401.0
	<u>2,189.6</u>	<u>3,380.7</u>
* Valued at cost or under		
** Valued at lower of cost and net realisable value		
# Includes goods in transit Rs. 49.0 millions (Rs. 19.6 millions)		
Sundry debtors		
Debts exceeding six months		
Secured - considered good	12.3	3.4
Unsecured - considered good	110.0	204.3
- considered doubtful	47.4	38.2
Other debts		
Secured - considered good	23.2	21.7
Unsecured - considered good	2,179.8	1,572.5
	<u>2,372.7</u>	<u>1,840.1</u>
Less:Provision for doubtful debts	47.4	38.2
	<u>2,325.3</u>	<u>1,801.9</u>
Cash and bank balances		
Cash in hand	1.5	0.4
Cheques on hand and in transit	19.4	57.2
With scheduled banks		
On current accounts	201.3	308.1
On margin money accounts	0.4	0.5
On deposit accounts	11,482.2	11,948.7
Balances with non scheduled banks		
On current account *	1.7	3.1
	<u>11,706.5</u>	<u>12,318.0</u>
* Balance with National Westminster Bank Plc, London, UK, Maximum balance during the year Rs.14.7 millions (Rs. 5.2 millions)		
Other Current Assets		
Interest accrued on deposits and investments	359.6	283.4
Loans and advances		
Advance recoverable in cash or kind or for value to be received		
Secured (Loans are secured against hypothecation of Vehicles)		
Vehicle loans		
- Considered good	37.7	67.4
- Considered doubtful	-	20.9
	<u>37.7</u>	<u>88.3</u>
Less: Provision for doubtful advances	-	20.9
	<u>37.7</u>	<u>67.4</u>
Unsecured		
- Considered good	993.8	806.3
- Considered doubtful	20.9	40.0
	<u>1,014.7</u>	<u>846.3</u>
Less:Provision for doubtful advances	20.9	40.0
	<u>993.8</u>	<u>806.3</u>
Income-tax payments (net of provision)	171.4	105.8
MAT credit entitlement	91.5	11.2
Balances with central excise and customs on current accounts	245.9	235.8
	<u>1,540.3</u>	<u>1,226.5</u>
	<u>18,121.3</u>	<u>19,010.5</u>

8. CURRENT LIABILITIES AND PROVISIONS

	Rs. in millions	
	As at December 31, 2009	As at December 31, 2008
Current liabilities		
Acceptances	774.0	260.5
Sundry creditors	4,759.5	3,742.7
Investor Education and Protection Fund* shall be credited by the following amounts namely :-		
- unpaid dividend	23.0	47.8
- unpaid matured deposits	-	1.8
- interest accrued on matured fixed deposits	-	0.2
Interest accrued but not due on loans	32.9	38.8
Advances from customers	426.1	101.1
	<u>6,015.5</u>	<u>4,192.9</u>
Provisions		
Gratuity	248.5	204.3
Leave encashment and other employee benefits	140.4	100.8
Warranty	335.0	319.1
Income-tax provisions (net of payments)	-	50.1
Proposed dividend	186.9	140.5
Corporate dividend tax	51.2	23.9
	<u>962.0</u>	<u>838.7</u>
	<u>6,977.5</u>	<u>5,031.6</u>

* Does not include any amounts outstanding as on December 31, 2009 which are required to be credited to Investor Education and Protection Fund.

9. OTHER INCOME

	Rs. in millions	
	For the year ended December 31, 2009	For the nine months period ended December 31, 2008
Income from vehicle loans / hire purchase contracts	0.4	1.9
Profit on sale of fixed assets	2.9	2.5
Dividend on non trade current investments	58.7	21.3
Interest income *		
- on vehicle loan contracts	-	1.5
- on investment in non-trade long term capital gains bonds	737.3	67.4
- from banks on deposits	95.7	466.3
- from others	1.4	0.8
Excess liability no longer required written back	15.1	12.2
Export benefits	107.0	74.2
Others	35.9	9.4
	<u>1,054.4</u>	<u>657.5</u>

* Income -tax deducted at source Rs. 243.9 millions (Rs. 40.9 millions)

10. MANUFACTURING AND OTHER EXPENSES

	For the year ended December 31, 2009	Rs. in millions For the nine months period ended December 31, 2008
Materials consumed		
Raw materials and components	13,604.9	8,950.4
Decrease / (Increase) in finished goods and work in progress		
Opening stock		
Finished goods	2,401.0	1,090.4
Work in progress	74.5	120.7
	<u>2,475.5</u>	<u>1,211.1</u>
Add:Purchase of finished goods	7,527.4	4,879.2
	<u>10,002.9</u>	<u>6,090.3</u>
Add : Stock transferred in pursuant to 'Scheme of Arrangement' #		
Finished goods	-	351.3
	<u>10,002.9</u>	<u>6,441.6</u>
Less :		
Closing stock		
Finished goods	1,396.3	2,401.0
Work in progress	97.3	74.5
	<u>1,493.6</u>	<u>2,475.5</u>
	<u>8,509.3</u>	<u>3,966.1</u>
Total consumption	22,114.2	12,916.5
Less:Scrap sales	64.6	63.4
Less:Vehicles capitalised	1.3	3.0
Increase /(decrease) in excise duty on finished goods	(56.3)	12.0
Net consumption	<u>21,992.0</u>	<u>12,862.1</u>
Other expenses:		
Payments to and provisions for employees		
Salaries, wages and gratuity	1,903.7	1,375.1
Contribution to provident and other funds	91.7	59.4
Welfare expenses	156.3	126.6
Stores and machinery spares consumed (including loose tools)	153.6	124.2
Loss on sale of fixed assets	14.5	9.5
Fixed assets discarded	6.9	0.5
Power and fuel	208.6	126.3
Insurance	23.9	10.1
Repairs and maintenance		
Buildings	33.0	27.9
Plant and machinery	105.4	74.5
Others	93.6	59.7
Rates and taxes	102.3	16.6
Advertisement	89.4	94.2
Freight	449.8	318.0
Incentives	530.7	340.2
Warranty	489.8	422.4
Other selling and distribution expenses	272.1	250.1
Rent	109.7	63.6
Legal and professional charges	130.9	163.9
Travelling expenses	155.1	133.8
Development expenses ###	306.1	108.9
Bad debts / advances written off	109.3	6.4
Provision for doubtful debts and advances	39.4	29.3
Exchange loss	10.4	30.3
Miscellaneous	363.9	341.2
	<u>27,942.1</u>	<u>17,174.8</u>

Refer note 4 of schedule 12

Refer foot note @ in schedule 5

11. INTEREST

	For the year ended December 31, 2009	Rs. in millions For the nine months period ended December 31, 2008
On loans for fixed periods	71.4	65.0
On others	15.3	34.3
	<u>86.7</u>	<u>99.3</u>

12. NOTES TO THE CONSOLIDATED ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES:

i) Basis of preparation of consolidated financial statements

The consolidated financial statements are prepared under the historical cost convention. These statements have been prepared in accordance with Accounting Standard 21 "Consolidated Financial Statements".

The companies considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	% of holding either directly or through subsidiaries as at	
		December 31, 2009	December 31, 2008
Subsidiary Companies:			
VE Commercial Vehicles Limited (VECVL)	India	54.40%	54.40%
Eicher Engineering Solutions, Inc. (EES, Inc.) (100% subsidiary company of VECVL)	U.S.A.	54.40%	54.40%
Hoff Automotive Design Company (100% subsidiary company of EES, Inc.)	China	54.40%	54.40%
Hoff Technology Service Company (100% subsidiary company of EES, Inc.)	China	54.40%	54.40%

ii) Principles of Consolidation

The consolidated financial statements relate to "Eicher Motors Limited (the Company)" and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

- The financial statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra-group transactions.
- The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- The excess of the cost to the Company of its investments in the subsidiary companies over its share of equity, on the acquisition date, is recognized in the financial statements as goodwill. However, such excess or deficit arising after the acquisition date on account of principles of conversion of accounts of foreign subsidiary into reporting currency as per Accounting Standard-II "Accounting for effect of changes in the foreign exchange rates", is transferred to Foreign Currency Translation Reserve.

iii) Fixed assets, including intangible assets, and depreciation

Fixed assets including intangible assets are stated at cost less accumulated depreciation. Cost of acquisition or construction is inclusive of freight, duties, taxes, incidental expenses and financing cost of borrowed funds relating to acquisition of fixed assets up to the date of commissioning/commercial exploitation of assets.

Leasehold land is amortised over the lease period.

Depreciation on fixed assets (other than land and intangible assets) of the Company is charged on a pro-rata basis from the month the assets are put to use at the straight line method rates prescribed in schedule XIV to the Companies Act, 1956. In addition, diminution in value of fixed assets, if any, is included under depreciation.

Intangible assets comprising of product designs, prototypes, etc, either acquired or internally developed, are amortised over a period of ten years, the estimated minimum useful life of the related products. Cost of software is amortised over a period of 5 years or less depending on the estimated useful life of the asset.

Depreciation on fixed assets in case of EES Inc., and its subsidiaries, is charged on the straight line method on a prorata basis from the month the assets are put to use using the estimated lives specified under the Internal Revenue Service. The estimated lives for various categories of the assets are as follows:

Type of Asset	Estimated useful life
Computer Software	3 years
Computer Equipment	5 years
Office Equipment	5 years
Furniture and Fixtures	7 years
Machinery and Equipment	7 years

iv) **Inventories**

Loose tools, stores and machinery spares are valued at cost or under. Stock-in-trade is valued at the lower of cost and net realisable value.

The bases of determining cost of various categories of inventories are as follows:

- | | |
|---|--|
| Raw materials, components, loose tools, stores and machinery spares | - Moving weighted average rates |
| Work in progress and finished goods | - Material cost plus appropriate share of labour and overheads |

v) **Employee benefits**

Company's contributions paid/ payable during the year to Provident Fund, Superannuation Fund, Employees' State Insurance Corporation (ESIC) and other funds are recognized in the Profit and Loss Account. In respect of certain employees, Provident Fund contributions are made to a Trust where the interest rate payable to the members of such Trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. The remaining contributions are made to a government administered Provident Fund towards which there is no further obligations beyond monthly contributions.

Defined benefit contributions and other long term employee benefits, are provided on the basis of an actuarial valuation made at the end of each accounting year. Actuarial gains or loss arising from such valuation are charged to revenue in the year in which they arise.

vi) **Research and development**

Revenue expenditure on research and development is expensed off under the respective heads of consolidated accounts in the year in which it is incurred. Expenditure, which results in creation of capital assets, is treated in the same way as expenditure on the fixed assets.

vii) **Revenue recognition**

The Company recognises sales at the point of despatch of goods to customers. Sales include excise duty but exclude sales taxes/ value added taxes. Income from loan hypothecation transactions is accounted for on an accrual basis.

Income from service agreements is recognized as per the terms of contract on rendering of services.

viii) **Investments**

Long term investments are stated at cost as reduced by diminution in value. Current investments are valued at lower of cost and net fair value.

ix) **Foreign currency transactions**

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transactions. Monetary items (assets and liabilities) denominated in foreign currency are translated into rupees at the exchange rates prevailing on the balance sheet date.

Premium paid on Forward cover is amortised over the period of cover. Exchange differences on such contracts are recognised in profit and loss in the year in which the exchange rate change arises. Exchange differences in translation of foreign currency assets and liabilities and realised gains and losses on foreign exchange transactions are recognised in the consolidated profit and loss account.

In case of foreign subsidiaries, the assets and liabilities have been translated into Indian Rupees at the closing exchange rate at the year end whereas revenues and expenses reflected in the profit and loss account have been translated into Indian Rupees at annual average exchange rate for the reporting period. The resultant translation exchange differences are accumulated in "Foreign currency translation reserve" to be recognised as income or expense in the period in which net investment in concerned foreign subsidiary is disposed off.

x) **Taxation**

The provision for taxation for the year ended December 31, 2009 comprises the residual tax liability for the assessment year 2009-10 relevant to the year April 1, 2008 to March 31, 2009 and the liability, which has accrued on the profit for the period April 1, 2009 to December 31, 2009, under the provision of the Income tax Act, 1961.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognised on unabsorbed depreciation and carried forward of losses based on virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

xi) **Impairment of assets**

Impairment is ascertained at each Balance Sheet date in respect of the Company's fixed assets. An impairment loss is recognised

whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, based on an appropriate discount factor.

xii) Provisions and contingent liabilities

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and is probable that there will be an out flow of resources. Contingent liabilities are not recognised but are disclosed in the notes.

2. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 158.0 millions (Rs. 209.3 millions).
3. Pursuant to the Composite Scheme of Arrangement (“the Scheme”) between Eicher Goodearth Investment Limited (EGIL) and Eicher Goodearth Private Limited (EGPL) and Eicher Motors Limited (the Company) under section 391 to section 394 of the Companies Act, 1956, approved by the High Court of Delhi vide its order dated October 27, 2009, which became effective on November 12, 2009 on filing of certified copy of the Order of High Court in the office of Registrar of Companies, NCT of Delhi:
 - (i) The Residual EGIL, subsequent to demerger of Investment Business of EGIL into EGPL, stands transferred to and vested in the Company w.e.f. the appointed date i.e. January 1, 2009 in accordance with section 2 (1B) of the Income tax Act, 1961. As a result, the following net assets have been transferred to and vested in the Company:

Particulars	Rs. in millions	
Assets		
A. Investments		192.3
(14032762 equity shares of Rs.10 each of the Company) #		
B Net current assets:		
Current assets, loans and advances		
Cash and Bank balances	108.6	
	108.6	
Less: Current liabilities and provisions		
Unpaid Dividend	0.6	
Provisions	107.6	
	108.2	
Net current assets		0.4
C. Total assets		192.7

see note ii (a) below

Further, in terms of the Scheme, any claims arising out of or related to contingent liability of Residual EGIL, as on the appointed date, discharged by the Company post effectuation of the Scheme will be indemnified by the promoters of Residual EGIL, provided that the Company promptly notifies the promoters of Residual EGIL, in writing of any such claims incurred by it.

- (ii) Consequent to effectuation of the Scheme;
 - a) the investment held by residual EGIL in the equity share capital of the Company stands cancelled and accordingly the issued and paid up share capital of the Company stands reduced to the extent of Rs. 140.3 millions being the face value of 14032762 equity shares held by Residual EGIL in the Company as on the appointed date;
 - b) the Company, subsequent to the year end, on January 5, 2010, has issued and allotted 14032764 shares of Rs. 10 each (rounded off to the nearest integer in terms of the Scheme) aggregating Rs.140.3 millions to the members of residual EGIL in the proportion in which they held equity shares in Residual EGIL. Since the shares had not been allotted till December 31, 2009, an amount of Rs.140.3 millions representing the aggregate nominal value of such shares has been included in these accounts as ‘Capital suspense’ under the head ‘Shareholders fund’;
 - c) in accordance with Accounting Standard (AS) – 14 “Accounting for Amalgamations”, the merger of Residual EGIL with the Company has been accounted for under the ‘Pooling of interest’ method. In terms of the Scheme, all the assets and liabilities, including reserves and profit and loss of Residual EGIL have vested in the Company at their book values as appearing in the books of account of Residual EGIL;
 - d) the excess of net assets (after adjusting for the cancellation of investments held in the Company) of Residual EGIL over the value of share capital to be issued to the shareholders of Residual EGIL amounting to Rs. 0.4 million has been credited to General reserve account in schedule 2 ‘Reserves and surplus’.

4. Pursuant to the Scheme of Arrangement (the "Scheme") under section 391 to section 394 of the Companies Act, 1956, approved by the Hon'ble High Courts of Karnataka and Delhi vide their Orders dated January 15, 2009 and February 2, 2009 respectively, which became effective on February 28, 2009 on filing of the certified copy of the Orders of the High Courts in the office of the Registrar of Companies of the concerned states, the 'Distribution Undertaking' comprising of Trucks sales and distribution business and Truck and Bus after sales service business of Volvo India Private Limited (VIPL) (100% subsidiary of Volvo Truck Corporation) together with all its properties, assets both movable and immovable and liabilities including contingent liabilities at their respective book values had been transferred to and vested in the VECVL, as a going concern, with effect from the appointed date i.e. July 1, 2008.

5. **Provision for liabilities, other than for taxes on income and employee benefits:**

Rs. in millions

Warranty Provisions	This year	Previous period
Opening balance	319.1	142.4
Transferred pursuant to Scheme of Arrangement	-	76.5
Additions during the year/period	489.8	422.4
Amount used during the year/period	473.9	322.2
Closing balance #	335.0	319.1

Warranty provisions are made for future cash outflows and computed on the total sales made during the year/period, based on past experience.

Includes campaign warranty amounting to Rs. 51.5 millions (Rs. 158.7 millions) computed on the basis of expected cost of corrective actions for technical problem observed in products sold.

6. **Contingent liabilities not provided for in respect of:**

Rs. in millions

Particulars	As at December 31, 2009	As at December 31, 2008
a) In respect of demands contested by the Company and its subsidiaries:		
- Sales tax matters	169.8	157.0
- Excise duty matters	623.8	561.2
- Income tax matters	56.7	42.1
- service tax matters	285.6	103.8
b) Claims against the Company and its subsidiaries not acknowledged as debts	31.3	30.0
c) Bills discounted	3.1	20.6

All the above matters other than bills discounted are subject to legal proceedings in the ordinary course of business. The legal proceedings when ultimately concluded will not, in the opinion of management, have a material effect on the result of operations or the financial position of the Company and its subsidiaries.

7. Pursuant to the issuance of Notification No. CE(NT)-11/95 dated March 16, 1995 by the Central Government in terms of section 37 of the Central Excise Act, 1944, unutilised MODVAT balance amounting to Rs.82.1 millions standing to the credit of the Company as on March 16, 1995 was to lapse.

Subsequent thereto, on a writ petition filed by the Company, on the grounds that it is discriminatory, unreasonable, arbitrary and ultra virus Article 14 of the Constitution of India and against the principle of promissory estoppel, the Supreme Court struck down the aforesaid notification by its judgement dated January 28, 1999, thus vindicating the Company's stand. The Supreme Court ruled that the said notification and the amended rule 57(f) cannot be applied as it affected the vested rights of the assessee and Government of India does not have powers under section 37 of the Central Excise Act, 1944 to make a rule in this manner. The entire MODVAT balance amounting to Rs. 82.1 millions thus became available to the Company for excise duty payments. However, inspite of the favourable judgment of the Supreme Court, section 37 of the Central Excise Act, 1944 was amended by the Finance Act, 1999, with retrospective effect from March 16, 1995, to validate the said notification issued by the Central Government by providing it necessary powers to lapse the credit of duty lying unutilised with any manufacturer. The Company has utilized an amount of Rs.5.1 millions between the date of the Order of the Supreme Court, i.e., February 05, 1999 and the date of enactment of the Finance Act, 1999, i.e., May 11, 1999. Based on favourable legal advice, the Company has along with other affected manufacturers challenged the aforesaid amendment before the Delhi

High Court. The Delhi High Court, by its Order dated April 26, 2000, issued notice to Government of India and granted an interim stay on the recovery of the utilised portion of MODVAT credit to the extent of Rs.5.1 millions. This unutilised MODVAT balance has been transferred to VECVL by the Company pursuant to Business Purchase Agreement (BPA) on a slump sale basis. Pending disposal of the case, no provision is considered necessary in VECVL in respect of the MODVAT balance of Rs.82.1 millions lying unutilized as on March 16, 1995. The net amount of Rs.77.0 millions after utilisation of Rs. 5.1 millions has been carried forward under the head "Balances with central excise and customs on current accounts" under loans and advances in Schedule `7'.

8. In case of EES, Inc. and its subsidiaries, there are two leases, the details of which are given below:

a) Operating Lease:

The EES, Inc. and its subsidiaries has entered in operating lease agreements for different locations with different parties.

Necessary information is given below:

Particulars	Rs. in millions	
	This year	Previous period
Total of Future minimum lease payments:		
- Not later than one year	10.5	8.2
- Later than one year but not later than five years	18.9	20.4
- Later than five years	-	0.2
Lease rents charged to Profit and loss account	14.2	12.4

(b) Finance Lease: The EES, Inc. has entered in a finance lease with Key Equipment Finance Inc. expiring in November 2012. The leased asset is Shop Equipment classified under Plant and Machinery and necessary information is as given below:

Particulars	Rs. in millions	
	This year	Previous period
Gross book value	32.2	33.4
Less: Accumulated depreciation	23.9	21.4
Net book value	8.3	12.0
Depreciation charges to Profit and loss account	3.3	3.0

Particulars	Rs. in millions	
	This year	Previous period
Total of minimum lease payments:	16.1	21.7
- Not later than one year	5.0	4.9
- Later than one year and not later than five years	11.1	16.8
Present value of the minimum lease payments	14.9	19.9
- Not later than one year	4.8	4.7
- Later than one year and not later than five years	10.1	15.2

9. **Earnings per share**

Description	This year	Previous period
a) Profit after taxation, per profit and loss account (Rs. in millions)	833.9	626.0
b) Weighted average number of equity shares (Nos.)	27094856*	28093950
c) Effect of potential dilutive equity shares on Employee Stock Options outstanding	80254	-
d) Weighted average number of equity shares in computing diluted earnings per share [(b)+(c)]	27175110	28093950
e) Earnings per share (in rupees): (face value-Rs 10 per share)		
- Basic [(a)/(b)]	30.78	22.28
- Diluted [(a)/(d)]	30.69	22.28

* Refer to note 3(ii) above

10. **Segment Reporting:**

As the Company's and its subsidiaries business activities falls within a single primary business segment viz. "Automobile products and related components" and is a single geographical segment, the disclosure requirements of Accounting Standard - 17 "Segment Reporting" specified in the Companies (Accounting Standards) Rules, 2006 are not applicable.

11. Related Party Disclosure:

- a. Name of Related parties and their relationship:

Name of Related Party		Nature of Relationship
Eicher Goodearth Investments Limited *	(EGIL)	Party for which the Company is an Associate
Eicher Goodearth Private Limited	(EGPL)	Significant influence of key management personnel
Royal Enfield Motorcycles Limited	(REML)	Significant influence of key management personnel
ECS Limited **	(ECS)	Significant influence of key management personnel
AB Volvo Sweden	(AB Volvo)	Investor in respect of which VECVL is a joint venture

* Ceased to exist w.e.f January 1, 2009. (refer to note 3 above)

**Ceased to be a related party w.e.f December 24, 2008

- b. Key management personnel:

Mr. Siddhartha Lal Managing Director

Transactions with the above key management personnel:

Rs. in millions

Particulars	This year	Previous period #
Managerial remuneration	21.0	7.6

Managerial remuneration related to VECVL had been approved by the Central Government vide their order dated August 18, 2009 under section 269 of the Companies Act, 1956.

Transactions with the above parties during the period:

Rs. in millions

	EGIL		EGPL		ECS		REML		AB Volvo		Total	
	This year	Previous period	This year	Previous period	This year	Previous period	This year	Previous period	This year	Previous period	This year	Previous period
Dividend paid on Equity	70.2	81.5	-	-	-	-	-	-	-	-	70.2	81.5
Miscellaneous Income	-	-	-	-	-	1.1	-	-	-	-	-	1.1
Non-compete consideration	-	-	-	-	-	-	-	-	-	393.5	-	393.5
Miscellaneous Expenses	-	-	-	1.8	-	-	-	-	-	-	-	1.8
Subscription towards "Brand Equity and Business Promotion Agreement"	-	-	87.0	18.5	-	-	-	-	-	-	87.0	18.5
Expenses recoverable	-	-	-	-	-	-	-	-	3.4	-	3.4	-
Investment in share capital of VECVL	-	-	-	-	-	-	-	-	-	10821.3	-	10821.3
Aggregate balances outstanding as at the year / period end	-	-	-	-	-	-	-	-	-	-	-	-
- Receivables	-	-	-	0.5	-	0.5	-	0.8	3.4	-	3.4	1.8

12. The subsidiary company VECVL is eligible for weighted deduction against eligible expenditure incurred in its in-house Research and Development Centre acquired from Eicher Motors Limited as per provisions of section 35(2AB) of the Income Tax Act, 1961 and for which an application for approval under section 35(2AB) has been filed with the Department of Scientific and Industrial Research (DSIR), Ministry of Science & Technology, Govt. of India. Since the R&D facility was enjoying such exemptions in the past, the management is confident of getting the requisite approvals in due course. As such, pending receipt of such approvals, the tax calculations for the purpose

of making provision in the Accounts, as was the case in previous period, has been made considering Company's eligibility to claim the weighted deduction under section 35(2AB) of the Income Tax Act, 1961.

13. In terms of shares buy back scheme approved by the shareholders of the Company on December 28, 2008 to buy back upto 1408969 equity shares of its own fully paid up equity shares of Rs. 10 each from its existing shareholders on a proportionate basis through 'Tender Offer Route' at a fixed price of Rs. 691.68 (including premium of Rs. 681.68) per share from March 12, 2009 to March 26, 2009, the Company has completed the buy back of 1408969 equity shares at the mentioned price on April 16, 2009.
14. The figures for the current year are for a period of twelve months from January 1, 2009 to December 31, 2009, whereas the corresponding previous period figures are for a period of nine months from April 1, 2008 to December 31, 2008 in which the impact of demerger of Distribution Undertaking as referred to in note 4 above was considered w.e.f. July 1, 2008. As such, corresponding figures for the previous period are not comparable with those of current year.
15.
 - a) Figures in brackets represent previous period's figures.
 - b) Previous year's figures have been recast/regrouped where necessary.
16. Schedule 1 to 12 form an integral part of the consolidated accounts

Dear Shareholder,

As part of continuous effort to improve the quality of services provided to the stakeholders, we give below an Investor Response Form. You are requested to fill the same and send back to the Company.

Your response would enable us to provide you with more efficient services.

INVESTOR RESPONSE FORM

(Please tick [✓] the appropriate item and complete the form in CAPITAL LETTERS)

Kindly superscribe the envelope containing this form with "INVESTOR RESPONSE FORM" and mail it to:

Ms. Shaila Aggarwal, Company Secretary

Eicher Motors Limited, 12 Commercial Complex, Greater Kailash II, Masjid Moth, New Delhi 110048

Please do not attach Share Certificate(s) along with this form. Separate intimation will be sent by us for the same, if required.

I. Particulars of shareholder:

A. - Folio No. _____

- Name _____

B. Equity Shares (Nos.) _____

C. Do these particulars appear correctly on the share certificates

Name Yes No

1st Joint Name Yes No

2nd Joint Name Yes No

Address Yes No

D. Was the Dividend received:

a) as per instructions on the Bank Mandate Yes No

b) as per the instructions for Electronic Clearing System Yes No

If any of the above particulars are incorrect, please provide below the correct information:

2. Details of complaints related to:

(i) Non-receipt of share certificate(s) after :

Transfer Consolidation Splitting Transmission Duplicate on submission of Indemnity Bond

(ii) Non receipt of Dividend / Interim Dividend for the year 2006-07 2007-08 Apr - Dec'08

3. Particulars of lodgement / correspondence pending with Company or the Registrar and Share Transfer Agent.

4. How would you rate the Company's service with regard to the following:

Good

Average

Poor

a) Share Transfers

b) Dividend

c) Redressal of complaints and response to your communication

Place :

Date :

Signature of the first applicant/
shareholder

FORM 2 B

(See rules 4CCC and 5D)

NOMINATION FORM

(To be filled in by individual applying singly or jointly) (if jointly, only upto two persons)

I/We
and
the holders of Shares (Folio No.):

of Eicher Motors Limited wish to make a nomination and do hereby nominate the following person in whom all rights of transfer and/or amount payable in respect of shares shall vest in the event of my/our death.

NAME AND ADDRESS OF NOMINEE:

Name :

Address :

Date of Birth*

(* to be furnished in case the nominee is a minor)

*The Nominee is a minor whose guardian is

Name and Address.....

Date :

(** To be deleted if not applicable)

Signature of shareholder:

Name :

Address :

Date :

Signature of shareholder:

Name :

Address :

Date :

Signature of two Witnesses

Name and Address

Signature with date

1.

2.

INSTRUCTIONS:

1. The Nomination can be made by individuals only applying/holding shares on their own behalf singly or jointly upto two persons. Non-Individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of power of attorney cannot nominate. If the shares are held jointly, all joint holders will sign the nomination form.
2. A minor can be nominated by a holder of shares and in that event, the name and address of the Guardian shall be given by the holder.
3. The nominee shall not be a trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family or a power of attorney holder. A non-resident Indian can be a nominee on repatriable basis.
4. Nomination stands rescinded upon transfer of share made.
5. Transfer of share in favour of a nominee shall be valid discharge by a company against the legal heir.
6. The nomination forms shall be submitted in duplicate. The duplicate copy of the same will be returned to you for your records after nomination is registered by the company.

EICHER MOTORS LIMITED

Registered Office
Eicher House
12 Commercial Complex
Greater Kailash – II (Masjid Moth)
New Delhi – 110 048

I/We _____ of _____ in the district of _____ being a member/members of the above mentioned company hereby appoint _____ of _____ in the district of _____ as my/our proxy to vote for me/us on my/our behalf at the 28th Annual General Meeting of Eicher Motors Limited to be held at LTG Auditorium, Copernicus Marg, New Delhi – 110 001 on Monday, March 15, 2010 at 10.00 A.M. and at any adjournment thereof.

Revenue
Stamp

Signed this _____ day of _____ 2010
Member's folio No./Client and DP ID No. _____ Signature _____

Note: The Proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

To :

M/s MCS Limited

Registrar and Share Transfer Agent
F-65, Okhla Industrial Area
Phase-I
New Delhi-110 020

EICHER MOTORS LIMITED

Folio No.....

Dear Sirs,

MANDATE FOR PAYMENT OF DIVIDEND/ELECTRONIC CLEARING SERVICE (ECS)

I/We give below the particulars desired by you to enable you to remit the dividend amount to my/our Bank Account:

1. Name of the Sole/First Holder : _____
2. Bank Account Number : _____ Saving / Current Account No. _____
3. Particulars of Bank : _____
 - a) Name of the Bank/Branch Name : _____
 - b) For ECS Facility:
 - i) 9 digit code number of the Bank and Branch appearing on the MICR cheque : _____ issued by the Bank (Please attach the photocopy of a cheque or a blank cancelled cheque issued by your bank for verifying the accuracy of the code number)
 - ii) Account Type (SB Account/Current Account Cash credit) with code 10/11/13 : _____
 - iii) Ledger Folio No. (if any) of your bank account : _____
4. Despatch of Dividend (please tick appropriate box) :
 - a) Bank's address (as stated above or b) At the address as per register of member or c) As per the ECS Mandate

Your faithfully

Place : _____
Date : _____ Signature of the Sole/First holder

Attendance Slip

To be handed over at the entrance of the Meeting Hall

Name of the attending Member _____

Member's folio No./Client and DP ID No. _____ No. of shares held _____

Name of proxy _____

(To be filled in if the proxy attends instead of the Member)

I, hereby record my presence at the 28th Annual General Meeting of Eicher Motors Limited to be held at LTG Auditorium, Copernicus Marg, New Delhi – 110 001 on Monday, March 15, 2010 at 10.00 A.M.

Member's/Proxy Signature

Note : Members are requested to bring their copies of the Annual Report to the meeting, since further copies will not be available.

BOOK POST

If undelivered please return to:

EICHER MOTORS LIMITED
Eicher House, 12, Commercial Complex,
Greater Kailash-II (Masjid Moth)
New Delhi-110 048