INDEPENDENT AUDITOR'S REPORT

To
The Members of
Eicher Motors Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated Ind AS financial statements of **Eicher Motors Limited** (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and joint ventures comprising of the consolidated Balance sheet as at March 31 2019, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and joint ventures, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and joint ventures as at March 31, 2019, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Intangibles assets capitalized or under development (Refer to the accounting estimates and judgements in Note 3 and Note 8 to the consolidated financial statements)	
The Group has various internally generated intangible projects under development or capitalized. Initial recognition of the expenditure under these projects are based on assessing each project in relation to specific recognition criteria that needs to be met for capitalization. In addition, the management also assess indication of impairment of the carrying value of assets which requires management judgment and assumptions as affected by future market or economic developments. Due to the materiality of the assets capitalized or under development and the level of management judgement involved, initial recognition and measurement and valuation of internally generated intangible assets has been considered as a key audit matter.	• Our audit procedures included reading the Group's research and development expenditure accounting policies to assess compliance with Ind AS 38 "Intangible Assets". • We performed test of control over management process of identifying and capitalizing the development expenditure and impairment testing with specific focus on the accounting principles of capitalization of expenditure on internally generated intangible assets as per IND AS 38 such as technical feasibility of the project, intention and ability to complete the intangible asset, ability to use or sell the asset, generation of future economic benefits and the ability to measure costs reliably. • We performed test of details of development expenditure capitalized by challenging the key assumptions including the authorization of the stage of the project in the development phase and the accuracy of costs included and assessing the useful economic life attributed to the asset. In addition, we considered whether any indicators of impairment were present by understanding the business rationale for projects. • We tested the disclosure relating to research and development expenditure in the consolidated Ind AS financial statements
Revenue Recognition (Refer to the accounting policies in Note 3 to the consolidated financial statements)	
Revenue from the sale of goods is recognised upon the transfer of control of the goods to the customer, usually on delivery of goods. The Group uses a variety of shipment terms across its operating markets and this has an impact on the timing of revenue recognition. There is a risk that revenue could be recognised in the incorrect period for sales transactions occurring on and around the year end and therefore revenue recognition has been considered as a key audit matter.	• Our audit procedures included reading the Group's revenue recognition accounting policies to assess compliance with Ind AS 115 "Revenue from contracts with customers". • We performed test of controls of management's process of recognizing the revenue from sales of goods and placed specific attention on the timing of the revenue recognition as per the sales terms with the customers. • We performed test of details of the sales transactions testing based on a representative sampling of the sales orders to ensure that the related revenues and trade receivables are recorded appropriately taking into consideration the terms and conditions of the sale orders, including the shipping terms. • We also performed sales cut off procedures by agreeing deliveries occurring around the year end to supporting documentation including dealers' confirmations, where necessary, to establish that sales and corresponding trade receivables are properly recorded in the correct period.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its joint ventures and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for assessing the ability of the Group and of its joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its joint ventures are also responsible for overseeing the financial reporting process of the Group and of its joint ventures.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its joint ventures of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and

performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements and other financial information, in respect of the subsidiary namely, Royal Enfield Brasil Comercio De Motocicletas Ltda, whose Ind AS financial statements include total assets of Rs 12.70 crores as at March 31, 2019, and total revenues of Rs 14.93 crores and total loss after tax (including other comprehensive income) of Rs 19.24 crores for the year ended on that date. This Ind AS financial statement and other financial information has been audited by other auditors, which financial statements, other financial information and auditor's report has been furnished to us by the management. The consolidated Ind AS financial statements also include the Group's share of net loss of Rs. 10.74 crores for the year ended March 31, 2019, as considered in the consolidated Ind AS financial statements, in respect of the jointly controlled entity Eicher Polaris Private Limited and the subsidiaries of the jointly controlled entity VE Commercial Vehicles Limited, namely, V E C V Lanka (Private) Limited and VECV South Africa (PTY) Limited, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, the jointly controlled entity and the subsidiaries of the jointly controlled entity, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, the jointly controlled entity and the subsidiaries of the jointly controlled entity, is based solely on the report(s) of such other auditors.

The subsidiary and the subsidiaries of the jointly controlled entity are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiary and subsidiaries of the jointly controlled entity located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary and subsidiaries of the jointly controlled entity located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary, jointly controlled entity and subsidiaries of the jointly controlled entity, as noted in the 'other matter' paragraph, we report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, jointly controlled entities and subsidiaries of the jointly controlled entity, none of the directors of the Group's companies, jointly controlled entities or subsidiaries of its jointly controlled entity, incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies, jointly controlled entities and subsidiaries of the jointly controlled entity incorporated in India, refer to our separate Report in "Annexure 1" to this report;

(g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Holding Company, its subsidiaries, its jointly controlled entities and the subsidiaries of the jointly controlled entity, incorporated in India for the year ended March 31, 2019;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiary, jointly controlled entity and the subsidiaries of the jointly controlled entity, as noted in the 'Other matter' paragraph:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its jointly controlled entities and the subsidiaries of its jointly controlled entity, in its consolidated Ind AS financial statements – Refer Note 39 to the consolidated Ind AS financial statements;

ii. The Group, its jointly controlled entities and the subsidiaries of its jointly controlled entity, did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2019;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company or its jointly controlled entities incorporated in India during the year ended March 31, 2019.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Sanjay Vij
Partner
Membership Number: 095169

Place of Signature: Gurugram
Date: May 10, 2019

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF EICHER MOTORS LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of Eicher Motors Limited as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Eicher Motors Limited (hereinafter referred to as the "Holding Company") and its jointly controlled entities, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its jointly controlled entities, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these consolidated financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements

A company's internal financial control over financial reporting with reference to these consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these consolidated financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its jointly controlled entities, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at March 31,2019, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company, insofar as it relates to the jointly controlled entity VE Commercial Vehicles Limited, which is a company incorporated in India, is based on the corresponding report of the auditor of such jointly controlled entity incorporated in India.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Sanjay Vij
Partner
Membership Number: 095169

Place of Signature: Gurugram
Date: May 10, 2019

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2019

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Particulars	Note No.	**As at March 31, 2019**	As at March 31, 2018
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4	**1,692.07**	1,459.17
(b) Capital work-in-progress	5	**272.14**	141.89
(c) Investment property	6	**3.51**	3.86
(d) Intangible assets	7	**179.00**	38.66
(e) Intangible assets under development	8	**177.60**	191.32
(f) Investments in joint ventures	9	**1,943.92**	1,764.27
(g) Financial assets			
(i) Investments	10	**2,509.79**	3,183.17
(ii) Other financial assets	12	**27.05**	22.55
(h) Non-current tax assets	25	**18.44**	18.44
(i) Other non-current assets	17	**153.04**	163.86
Total non-current assets		**6,976.56**	6,987.19
Current assets			
(a) Inventories	13	**633.38**	394.64
(b) Financial assets			
(i) Investments	10	**468.81**	633.40
(ii) Trade receivables	14	**90.34**	68.00
(iii) Cash and cash equivalents	15	**726.98**	92.46
(iv) Bank balances other than (iii) above	16	**2,238.31**	1,119.54
(v) Loans	11	**1.29**	0.70
(vi) Other financial assets	12	**70.88**	30.75
(c) Other current assets	17	**180.28**	195.55
Total current assets		**4,410.27**	2,535.04
Total assets		**11,386.83**	9,522.23
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	18	**27.28**	27.26
(b) Other equity	19	**8,891.44**	7,002.81
Total equity		**8,918.72**	7,030.07
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Other financial liabilities	20	**9.99**	8.88
(b) Provisions	23	**23.00**	29.12
(c) Deferred tax liabilities (net)	24	**273.89**	142.08
(d) Other non-current liabilities	26	**63.13**	46.84
Total non-current liabilities		**370.01**	226.92
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	**186.76**	150.84
(ii) Trade payables	22		
Total outstanding dues of micro enterprises and small enterprises		**19.28**	27.15
Total outstanding dues of creditors other than micro and small enterprises		**1,214.77**	1,144.71
(iii) Other financial liabilities	20	**163.17**	170.01
(b) Provisions	23	**57.65**	47.21
(c) Current tax liabilities	25	**141.48**	108.02
(d) Other current liabilities	26	**314.99**	617.30
Total current liabilities		**2,098.10**	2,265.24
Total liabilities		**2,468.11**	2,492.16
Total equity and liabilities		**11,386.83**	9,522.23

See accompanying notes forming part of the financial statements

As per our report of even date
For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 301003E/E300005

per Sanjay Vij
Partner
Membership No : 095169

For and on behalf of the Board of Directors of Eicher Motors Limited

Manhar Kapoor
Company Secretary

Lalit Malik
Chief Financial Officer

Vinod K. Dasari
Whole-time Director & CEO of Royal Enfield
DIN: 00345657

Siddhartha Lal
Managing Director
DIN: 00037645

Inder Mohan Singh
Director
DIN: 07114750

Manvi Sinha
Director
DIN: 07038675

Vinod Aggarwal
Director
DIN: 00038906

S. Sandilya
Chairman
DIN: 00037542

Place: Gurugram
Date: May 10, 2019

Place: Gurugram
Date: May 10, 2019

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2019

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Particulars	Note No.	**For the year ended March 31, 2019**	For the year ended March 31, 2018
INCOME			
Sale of products		**9,717.44**	9,175.16
Other operating income		**79.62**	44.10
Revenue from operations	27	**9,797.06**	9,219.26
Other income	28	**443.39**	280.10
Total Income		**10,240.45**	9,499.36
EXPENSES			
Cost of materials consumed	29	**5,055.89**	4,515.60
Purchases of traded goods	30	**211.65**	161.76
Change in inventories of finished goods, work-in-progress and traded goods	31	**(210.16)**	(33.87)
Excise duty on sale	27	**-**	254.30
Employee benefits expense	32	**702.44**	573.68
Finance costs	33	**7.33**	5.34
Depreciation and amortisation expense	34	**300.28**	223.30
Other expenses	35	**1,134.13**	940.16
Total Expenses		**7,201.56**	6,640.27
Profit before share of profit of Joint venture and tax from continuing operation		**3,038.89**	2,859.09
Share of profit of joint venture (VE Commercial Vehicles Limited)		**258.40**	256.56
Profit before tax and after share of profit of Joint venture from continuing operation		**3,297.29**	3,115.65
Tax expense			
Current tax	36	**941.94**	877.35
Deferred tax	36	**135.10**	58.58
Total tax expense		**1,077.04**	935.93
Net Profit after taxes and share of profit of Joint venture from continuing operation		**2,220.25**	2,179.72
Discontinued operation :			
Share of loss of joint venture (Eicher Polaris Private Limited) (refer note 9 (ii))		**(17.52)**	(220.05)
Net Profit after tax		**2,202.73**	1,959.67
Other comprehensive income/(expense) (including share of other comprehensive income/(expense) of Joint ventures)			
Items that may be reclassified to profit or loss:-			
Exchange differences in translating the financial statements of foreign operations		**(8.02)**	18.41
Income tax effect	36	**2.80**	(6.37)
Share of other comprehensive income in joint ventures (net of tax)		**0.50**	(0.14)
		(4.72)	**11.90**
Items that will not be reclassified to profit or loss:-			
Re-measurement gains/(losses) on defined benefit plans		**(1.40)**	(1.74)
Income tax effect	36	**0.49**	0.60
Share of other comprehensive income in joint ventures (net of tax)		**(0.57)**	(0.79)
		(1.48)	(1.93)
Total Comprehensive income for the year		**2,196.53**	1,969.64
Profit for the year attributable to:			
- Equity holders of the parent		**2,202.73**	1,959.67
- Non-controlling interests		**-**	-
Other comprehensive income for the year attributable to:			
- Equity holders of the parent		**(6.20)**	9.97
- Non-controlling interests		**-**	-
Total comprehensive income for the year attributable to:			
- Equity holders of the parent		**2,196.53**	1,969.64
- Non-controlling interests		**-**	-
Earnings per equity share of Rs. 10 each (in Rs.)			
For Continuing Operations			
(a) Basic	42	**814.18**	800.50
(b) Diluted	42	**813.28**	798.99
For Discontinued Operations			
(a) Basic	42	**(6.42)**	(80.81)
(b) Diluted	42	**(6.42)**	(80.66)
For Continuing and Discontinued Operations			
(a) Basic	42	**807.76**	719.69
(b) Diluted	42	**806.86**	718.33

See accompanying notes forming part of the financial statements

As per our report of even date
For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 301003E/E300005

per Sanjay Vij
Partner
Membership No : 095169

For and on behalf of the Board of Directors of Eicher Motors Limited

Manhar Kapoor
Company Secretary

Lalit Malik
Chief Financial Officer

Vinod K. Dasari
Whole-time Director & CEO of Royal Enfield
DIN: 00345657

Siddhartha Lal
Managing Director
DIN: 00037645

Inder Mohan Singh
Director
DIN: 07114750

Manvi Sinha
Director
DIN: 07038675

Vinod Aggarwal
Director
DIN: 00038906

S. Sandilya
Chairman
DIN: 00037542

Place: Gurugram
Date: May 10, 2019

Place: Gurugram
Date: May 10, 2019

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2019

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

A EQUITY SHARE CAPITAL

	Number of Shares	Amount
Balance as at March 31, 2017	**2,72,10,249**	**27.21**
Changes in equity share capital during the year		
Issue of equity shares under employee share option plan (refer note 47)	45,300	0.05
Balance as at March 31, 2018	**2,72,55,549**	**27.26**
Changes in equity share capital during the year		
Issue of equity shares under employee share option plan (refer note 47)	27,021	0.02
Balance as at March 31, 2019	**2,72,82,570**	**27.28**

B OTHER EQUITY

Particulars	Reserves and surplus: Capital reserve	Capital redemption reserve	Securities premium reserve	General reserve	Share based payments reserve	Retained earnings	Items of OCI: Foreign currency translation reserve	Total equity Total
Balance as at March 31, 2017	**0.25**	**1.41**	**32.09**	**339.89**	**45.13**	**4,898.35**	**0.74**	**5,317.86**
Profit for the year	-	-	-	-	-	1,959.67	-	**1,959.67**
Other comprehensive income for the year, net of income tax	-	-	-	-	-	(1.93)	11.90	**9.97**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**1,957.74**	**11.90**	**1,969.64**
Share-based payments (refer note 47)	-	-	-	-	23.51	-	-	**23.51**
Payment of dividend	-	-	-	-	-	(272.22)	-	**(272.22)**
Payment of dividend tax	-	-	-	-	-	(55.42)	-	**(55.42)**
Proceeds from issue of equity shares under employee share option plan	-	-	19.44	-	-	-	-	**19.44**
Transfer to securities premium on issue of shares	-	-	8.84	-	(8.84)	-	-	**-**
Balance as at March 31, 2018	**0.25**	**1.41**	**60.37**	**339.89**	**59.80**	**6,528.45**	**12.64**	**7,002.81**
Profit for the year	-	-	-	-	-	2,202.73	-	**2,202.73**
Other comprehensive income for the year, net of income tax	-	-	-	-	-	(1.48)	(4.72)	**(6.20)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**2,201.25**	**(4.72)**	**2,196.53**
Share-based payments (refer note 47)	-	-	-	-	17.58	-	-	**17.58**
Payment of dividend	-	-	-	-	-	(299.93)	-	**(299.93)**
Payment of dividend tax	-	-	-	-	-	(61.66)	-	**(61.66)**
Proceeds from issue of equity shares under employee share option plan	-	-	36.11	-	-	-	-	**36.11**
Transfer to securities premium on issue of shares	-	-	18.63	-	(18.63)	-	-	**-**
Balance as at March 31, 2019	**0.25**	**1.41**	**115.11**	**339.89**	**58.75**	**8,368.11**	**7.92**	**8,891.44**

See accompanying notes forming part of the financial statements

As per our report of even date
For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 301003E/E300005

per Sanjay Vij
Partner
Membership No : 095169

Place: Gurugram
Date: May 10, 2019

For and on behalf of the Board of Directors of Eicher Motors Limited

Manhar Kapoor
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Vinod Aggarwal
Director
DIN: 00038906

S. Sandilya
Chairman
DIN: 00037542

Place: Gurugram
Date: May 10, 2019

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2019

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A. CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES		
Profit before tax and after share of profit of Joint venture from continuing operation	**3,297.29**	3,115.65
Profit/(loss) before tax from discontinued operations	**(17.52)**	(220.05)
Profit before tax	**3,279.77**	2,895.60
Adjustments for:		
Share of profit of joint venture	**(258.40)**	(256.56)
Share of loss of joint venture from discontinued operation (refer note 9 (ii))	**17.52**	220.05
Depreciation and amortisation expenses	**300.28**	223.30
Gain on disposal of property, plant and equipment	**(0.20)**	(0.29)
Property, plant and equipment discarded	**3.00**	0.04
Rent income	**(0.26)**	(2.92)
Loss on sale of property, plant and equipment	**1.13**	1.00
Net gain on financial instruments at fair value through profit or loss	**(288.68)**	(235.02)
Interest income recognised in profit or loss	**(130.36)**	(39.36)
Expenses recognised in respect of equity-settled share-based payments	**15.39**	23.51
Re-measurement gains/(losses) on defined benefit plans	**(1.40)**	(1.74)
Exchange difference on conversion	**(8.02)**	18.41
Finance costs recognized in profit or loss	**7.33**	5.34
Operating profit before changes in working capital	**2,937.09**	2,851.36
Changes in working capital:		
Adjustments for (increase) / decrease in non-current assets:		
Other financial assets	**(4.50)**	(6.09)
Other assets	**0.05**	0.62
Adjustments for (increase) / decrease in current assets:		
Inventories	**(238.74)**	(58.74)
Trade receivables	**(22.34)**	(17.96)
Loans	**(0.59)**	(0.36)
Other financial assets	**0.27**	5.42
Other assets	**15.27**	(118.39)
Adjustments for increase / (decrease) in non-current liabilities:		
Other financial liabilities	**1.11**	1.72
Provisions	**(7.72)**	1.30
Other liabilities	**16.29**	23.64
Adjustments for increase / (decrease) in current liabilities:		
Trade payables	**62.18**	406.56
Other financial liabilities	**14.93**	8.21
Provisions	**10.44**	4.70
Other liabilities	**(302.31)**	187.38
Cash generated from operating activities	**2,481.43**	3,289.37
Direct taxes paid	**(908.48)**	(807.12)
Net cash flow from/(used in) operating activities (A)	**1,572.96**	2,482.25
B. CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES		
Payment for property, plant and equipment	**(789.00)**	(748.50)
Proceeds from disposal of property, plant and equipment	**1.58**	2.54
Investment in a joint venture company	**(30.00)**	(16.50)
Investment in equity shares of a company	**(5.04)**	(0.09)
Proceeds from sale of investments	**9,050.65**	6,123.96
Purchases of investments	**(7,924.00)**	(6,464.11)

CONSOLIDATED CASH FLOW STATEMENT (CONTD.)

FOR THE YEAR ENDED MARCH 31, 2019

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Particulars	**For the year ended March 31, 2019**	For the year ended March 31, 2018
Investments in fixed deposit	**(3,696.00)**	(1,243.94)
Maturity proceeds from fixed deposit	**2,578.94**	135.00
Dividend from joint venture company	**65.28**	51.68
Rent received	**0.26**	2.92
Interest received	**89.96**	12.02
Net cash flow from/(used in) investing activities (B)	**(657.37)**	(2,145.02)
C. CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		
Short term borrowings availed	**368.92**	495.38
Re-payment of short term borrowings	**(344.23)**	(456.39)
Interest paid	(4.96)	(3.37)
Proceeds from issue of equity share capital under ESOP Scheme (including security premium)	**36.13**	19.49
Dividend paid	**(299.93)**	(272.22)
Tax on dividend paid	**(48.23)**	(44.90)
Net cash flow from/(used in) financing activities (C)	**(292.30)**	(262.01)
Net Increase/(decrease) in cash and cash equivalents (A)+(B)+(C)	**623.29**	75.22
Cash and cash equivalents at the beginning of the year	**92.46**	17.24
Cash and cash equivalents at the end of the year	**715.75**	92.46

Particulars	**As at March 31, 2019**	As at March 31, 2018
Components of cash and cash equivalents		
Cash on hand	**0.04**	0.06
Cheques/drafts on hand	**-**	0.06
Balances with banks:		
In current accounts	**34.94**	92.34
In deposit accounts with original maturity of less than three months	**692.00**	-
Cash and cash equivalents as per balance sheet (refer note 15)	**726.98**	92.46
Bank overdrafts (refer note 21)	**11.23**	-
Cash and cash equivalents as per statement of cash flows	**715.75**	92.46

See accompanying notes forming part of the financial statements

As per our report of even date
For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 301003E/E300005

per Sanjay Vij
Partner
Membership No : 095169

Place: Gurugram
Date: May 10, 2019

For and on behalf of the Board of Directors of Eicher Motors Limited

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S. Sandilya
Chairman
DIN: 00037542

Place: Gurugram
Date: May 10, 2019

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

1. CORPORATE INFORMATION

Eicher Motors Limited ("the Holding Company") is a public Company domiciled & incorporated under the provisions of the Companies Act, 1956. The Holding Company and its subsidiaries (hereinafter referred to as "the Group") are engaged in the manufacturing and selling of motor cycles, spare parts and related services. The Holding Company has its registered office at New Delhi, India and its corporate office at Gurugram, Haryana, India. The Group is a leading two wheeler manufacturer and has a dominant presence in domestic market. The consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors on May 10, 2019.

2. BASIS OF PREPARATION AND PRESENTATION

2.1 Statement of Compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended and the presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the consolidated financial statements.

2.2 Accounting convention

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The consolidated financial statements are presented in Indian Rupees and all values are rounded to the nearest crore, except otherwise indicated.

2.3 Operating Cycle

Based on the nature of products/ activities of the Group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Holding Company and entities jointly controlled by the Holding Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders.
- Potential voting rights held by the Group, other vote holders or other parties; rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended March 31, 2019. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3.1.1 The following subsidiary companies are considered in the consolidated financial statements:

Name of the Company	Country of Incorporation	**Voting power held as at March 31, 2019**	Voting power held as at March 31, 2018
Royal Enfield North America Limited (RENA)	U.S.A.	100%	100%
Royal Enfield Brasil Comercio De Motocicletas LTDA	Brazil	99.99%	99.99%
Royal Enfield Canada Limited (100% subsidiary Company of RENA) (Incorporated on April 19, 2016)	Canada	100%	100%
Royal Enfield (Thailand) Limited (RET) (Incorporated on September 18, 2018)	Thailand	99.99%	-

3.2 Investment in Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The results, assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture.

Distributions received from a joint venture reduce the carrying amount of the investment. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

After application of the equity method of accounting, the Group determines whether there is any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in a joint venture

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognise impairment loss with respect to the Group's investment in a joint venture.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases.

The following joint venture companies are considered in the consolidated financial statements:

Name of the Company	Country of Incorporation	**Voting power held as at March 31, 2019**	Voting power held as at March 31, 2018
VE Commercial Vehicles Limited	India	54.4%	54.4%
Eicher Polaris Private Limited	India	50.0%	50.0%

3.3 Current versus non-current classification

The Group presents assets and liabilities in the balance sheet on current / non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.4 Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, Road Side Assistance, Free Service Coupons, etc.). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of traded goods provide customers with a right of return for which, the consideration is estimated based on goods expected to be returned. The rights of return give rise to variable consideration. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability.

Warranty obligations

The Group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on warranty provisions in section 3.17 Provisions.

The Group provides a one or two-year warranty beyond fixing defects that existed at the time of sale. These service-type warranties are sold either separately or bundled together with the sale of goods. Contracts for bundled sales of goods and a service-type warranty comprise two performance obligations because the promises to transfer the goods and to provide the service-type warranty are capable of being distinct. Using the relative stand-alone selling price method, a portion of the transaction price is allocated to the service-type warranty and recognised as a contract liability. Revenue is recognised over the period in which the service-type warranty is provided based on the time elapsed.

Agency services

In contracts where the Group acts as an agent, the revenue is recorded at the net amount that the Group retains for its agency services.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section 3.18 Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on, time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.5 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Leases are classified as finance leases whenever the terms of the lease transfer substantially, all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

As a lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease in a manner which is representative of the time pattern in which

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

benefit derived from the use of the leased asset is diminished.

As a lessor

The Group has leased out certain assets and such leases where the Group has substantially retained all the risks and rewards of ownership are classified as operating leases. Lease income on such operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the lease term in a manner which is representative of the time pattern in which benefit derived from the use of the leased asset is diminished. Initial direct costs are recognised as an expense in the Statement of Profit and Loss in the period in which they are incurred.

3.6 Foreign currencies

The financial statements are presented in Indian Rupees, which is also the functional currency of the Group. In preparing the financial statements of the Group, transactions in currencies other than the group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Transactions in foreign currencies are initially recorded by the foreign operations at the functional currency spot rates at the date the transaction first qualifies for recognition. In respect of foreign operations, the assets and liabilities are translated into INR at the rate of exchange prevailing at the reporting date and their statement of profit and loss at the rates prevailing on the date of the transactions. However, for practical reasons, the Group uses an average rate to translate the income and expense items, if the average approximates the actual rate at the date of the transaction.

Exchange differences arising on settlement or translation of monetary items are recognised in the Statement of profit or loss with the exception of the following:

Exchange differences arising on monetary items that forms part of a reporting entity's net investment in foreign operations are initially recognised in the financial statements of the Group in the other comprehensive income. These exchange differences are reclassified from equity (Foreign currency translation reserve) to profit or loss on disposal of the net investment.

Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

3.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time that the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.8 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

When the Group receives grant of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to the statement of profit and loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset, i.e., by equal annual instalments.

In the case of Export Promotion Capital Goods ('EPCG') grant, the Group recognise the grant in the statement of profit and loss on a systematic basis over the useful life of the assets.

3.9 Retirement and other employee benefits

Provident fund

(i) The Group operates a scheme of provident fund for eligible employees, which is a defined benefit plan. Both the employee and the Group make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Group contributes a part of the contributions to the "Eicher Executive

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Provident Fund Trust". The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the Government. The Group has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

The cost of providing benefits under above mentioned defined benefit plan is determined using the projected unit credit method with actuarial valuations being carried out at each balance sheet date, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

(ii) The employees, who are not covered under the scheme stated in 3.9 (i) above, are covered in a defined contribution scheme wherein their portion of provident fund is contributed to the government administered provident fund. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service.

Gratuity

Payments to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses or curtailments and settlements);
- net interest expense or income; and
- re-measurement

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Group presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plans.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits such as annual leave and sick leave are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

3.10 Share-based payment arrangements

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

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Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note no. 47.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

3.11 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss

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(either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3.12 Property, plant and equipment

Property, plant and equipment (including furniture, fixtures, vehicles, etc.) held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes items directly attributable to the construction or acquisition of the item of property, plant and equipment, and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as-other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is charged on a pro-rata basis at the straight line method over estimated economic useful lives of its property, plant and equipment generally in accordance with that provided in the Schedule II to the Act as provided below and except in respect of moulds and dies which are depreciated over their estimated useful life of 1 to 7 years, wherein, the life of the said assets has been assessed based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. The useful lives for various property, plant and equipment are given below:

Particulars	Useful life (in years)
Buildings	30-60
Plant and equipment	5-15
Furniture and fixtures	10
Office equipment	5
Vehicles	5

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As part of transition from the previous GAAP, the Group had elected to continue with the carrying value for all of its property, plant and equipment and intangible assets recognised in the previous GAAP as deemed cost at the transition date.

3.13 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the statement of profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the statement of profit or loss when the asset is derecognised.

Useful lives of intangible assets

Intangible assets comprising of product design, prototypes, etc., either acquired or internally developed are amortised over a period of 5 to 10 years, the estimated minimum useful life of the related products. Cost of software is amortised over a period of 3 years or less depending on the estimated useful life of asset. The useful lives for intangible assets are given below:

Particulars	Useful life (in years)
Product designs, prototypes, etc.	5 to 10
Computer software	3

3.14 Impairment of non-financial assets

At the end of each reporting period, the Group assesses, whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs of disposal and value in use.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates

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the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's cash generating unit (CGU).

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3.15 Investment property

Investment property is a property held to earn rentals and capital appreciation. Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured in accordance with Ind AS 16's requirements for cost model. The Group depreciates building component of investment property over 30 years from the date of capitalisation.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

3.16 Inventories

Inventories comprising Raw materials, work-in-progress, stores and spares, loose tools, traded goods and finished goods are stated at the lower of cost and net realisable value. Costs of inventories are determined on a moving average.

Finished goods and work-in-progress include appropriate proportion of manufacturing overheads at normal capacity and where applicable, duty. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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Warranties

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise.

3.18 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.19 Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value through profit and loss or fair value through other comprehensive income, depending on the classification of the financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI") (except for debt instruments that are designated at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments.

All other financial assets are subsequently measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified at FVTPL, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the

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amortised cost criteria or the FVTOCI criteria but are designated at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Group applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated at FVTPL.

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increase significantly since initial recognition.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on historical credit loss experience and adjustments for forward looking information.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

3.20 Financial liabilities and equity instruments

Classification as financial liability or equity

Debt and equity instruments issued by Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial liabilities

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of cost of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired.

3.21 Cash and cash equivalent

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

3.22 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

3.23 Earnings per share

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

3.24 Changes in accounting policies and disclosures

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 Revenue from Contracts with Customers, mandatory for reporting periods beginning on or after April 1, 2018, replaces existing revenue recognition requirements. The Group has applied modified retrospective approach in adopting the new standard. Under the modified retrospective approach, there are no significant adjustments required to the retained earnings at April 1, 2018. Also, the application of Ind AS 115 does not have any significant impact on recognition and measurement of revenue and related items in the consolidated financial statements.

Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Considerations

The appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This appendix does not have any significant impact on the consolidated financial statements.

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4. PROPERTY, PLANT AND EQUIPMENT

Particulars	Freehold land*	Buildings	Plant and equipment	Furniture and fixtures	Office equipments	Vehicles	Total
Cost							
At March 31, 2017	85.95	229.51	795.35	14.07	68.13	29.66	1,222.67
Additions	-	254.84	510.85	7.03	41.88	20.79	835.39
Disposals / Adjustments	-	-	3.30	0.09	0.07	2.80	6.26
At March 31, 2018	**85.95**	**484.35**	**1,302.90**	**21.01**	**109.94**	**47.65**	**2,051.80**
Additions	-	161.00	293.19	7.47	30.38	20.56	512.60
Disposals / Adjustments	-	1.49	48.22	0.57	0.62	4.64	55.54
At March 31, 2019	**85.95**	**643.86**	**1,547.87**	**27.91**	**139.70**	**63.57**	**2,508.86**
Accumulated depreciation							
At March 31, 2017	-	27.76	309.83	5.86	31.79	12.30	387.54
Charge for the year	-	16.93	163.56	3.25	17.45	6.89	208.08
Disposals / Adjustments	-	-	1.34	0.04	0.04	1.57	2.99
At March 31, 2018	**-**	**44.69**	**472.05**	**9.07**	**49.20**	**17.62**	**592.63**
Charge for the year	-	25.33	211.47	3.51	23.82	10.06	274.19
Disposals / Adjustments	-	0.38	47.05	0.24	0.37	1.99	50.03
At March 31, 2019	**-**	**69.64**	**636.47**	**12.34**	**72.65**	**25.69**	**816.79**
Carrying amount							
At March 31, 2018	85.95	439.66	830.85	11.94	60.74	30.03	1,459.17
At March 31, 2019	**85.95**	**574.22**	**911.40**	**15.57**	**67.05**	**37.88**	**1,692.07**

* Title deeds for land and other properties at Alwar and Jhajjar are pending for mutation in favour of the Group.

5. CAPITAL WORK-IN-PROGRESS

Particulars	**As at March 31, 2019**	As at March 31, 2018
Capital work-in-progress*	**272.14**	141.89
	272.14	141.89

* Capital work in progress as at March 31, 2019 comprises expenditure for buildings, plant in the course of construction and machineries yet to be installed.

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6. INVESTMENT PROPERTY

Particulars	Building	Total
Cost		
At March 31, 2017	10.12	10.12
Additions	-	-
Disposals	-	-
At March 31, 2018	**10.12**	**10.12**
Additions	-	-
Disposals	-	-
At March 31, 2019	**10.12**	**10.12**
Accumulated depreciation		
At March 31, 2017	5.91	5.91
Charge for the year	0.35	0.35
Disposals	-	-
At March 31, 2018	**6.26**	**6.26**
Charge for the year	0.35	0.35
Disposals	-	-
At March 31, 2019	**6.61**	**6.61**
Carrying amount		
At March 31, 2018	3.86	3.86
At March 31, 2019	**3.51**	**3.51**

Fair value of the Investment property

The fair value of the Group's investment properties as at March 31, 2018 and March 31, 2019 have been arrived at on the basis of valuation carried out on the respective dates by Mr. Purshotam Khandelwal, independent valuer not related to the Group. Mr. Purshotam Khandelwal is a registered valuer with the authority which governs the valuers in India, and they have appropriate qualifications and experience in the valuation of properties in the relevant location.

For the building located in Jaipur, India, the fair value of structure as on March 31, 2018 and March 31, 2019 was determined based on S.O. No.X-3/2015 dated 15/07/2015 of State P.W.D.B&R issued by Chief Engineer, PWD Building and Roads, Government of Rajasthan, Jaipur with suitable adjustments for rise in cost index since July 2015 to average mean period of construction. The items not covered under Standing Order No. X-3/2015 have been valued on the rates of State PWD BSR.

Detail of the investment properties and information about the fair value hierarchy as at March 31, 2019 and March 31, 2018 are as follows :-

Particulars	Level 2	
	Fair value as at March 31, 2019	Fair value as at March 31, 2018
Building located at Jaipur, India	**4.33**	4.41

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Information regarding income and expenditure of Investment property

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Rental income derived from investment properties	**0.26**	2.92
Direct operating expenses	**-**	-
Profit arising from investment properties before depreciation and indirect expenses	**0.26**	2.92
Less: Depreciation	**0.35**	0.35
Profit / (loss) arising from investment properties before indirect expenses	**(0.09)**	2.57

7. INTANGIBLE ASSETS

Particulars	Product designs, prototypes etc.	Computer softwares	Total
Cost			
At March 31, 2017	25.20	37.15	62.35
Additions	5.63	14.48	20.11
Disposals / Adjustments	-	0.05	0.05
At March 31, 2018	**30.83**	**51.58**	**82.41**
Additions	145.07	21.01	166.08
Disposals / Adjustments	0.06	0.11	0.17
At March 31, 2019	**175.84**	**72.48**	**248.32**
Accumulated amortisation			
At March 31, 2017	9.20	19.71	28.91
Charge for the year	3.80	11.07	14.87
Disposals / Adjustments	-	0.03	0.03
At March 31, 2018	**13.00**	**30.75**	**43.75**
Charge for the year	10.88	14.86	25.74
Disposals / Adjustments	0.01	0.16	0.17
At March 31, 2019	**23.87**	**45.45**	**69.32**
Carrying amount			
At March 31, 2018	17.83	20.83	38.66
At March 31, 2019	**151.97**	**27.03**	**179.00**

8. INTANGIBLE ASSETS UNDER DEVELOPMENT

Particulars	As at March 31, 2019	As at March 31, 2018
Intangible assets under development*	**177.60**	191.32
	177.60	191.32

* Intangible assets under development mainly consists of cost of new products under development.

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9. INVESTMENTS IN JOINT VENTURES

Particulars		As at March 31, 2019	As at March 31, 2018
Unquoted Investments			
VE Commercial Vehicles Limited :			
54,40,000 (March 31, 2018 : 54,40,000) Equity shares of Rs.10 each fully paid up			
Cost of investment		**5.44**	5.44
Group's share of net assets		**1,938.48**	1,758.83
	Sub-total (A)	**1,943.92**	1,764.27
Eicher Polaris Private Limited :			
32,45,00,000 (March 31, 2018 : 29,45,00,000) Equity shares of Rs.10 each fully paid up			
Cost of investment		**324.50**	294.50
Group's share of net assets		**(324.50)**	(294.50)
	Sub-total (B)	**-**	-
	Total (A+B)	**1,943.92**	1,764.27

i) In addition to the above investment, the Group has made an investment of Rs. 2,50,000 in a joint venture entity, Eicher Group Foundation (License under Section 8(1) of the Companies Act, 2013) which has been charged to the Statement of Profit and Loss in the financial year 2015-16.

ii) Pursuant to the decision of the Board of Directors of the joint venture company, Eicher Polaris Private Limited at their meeting held on March 9, 2018 to wind down the operations with immediate effect, the underlying consolidated financial statements include an amount of Rs. 220.05 crores of exceptional nature representing the Group's share of loss for the year ended March 31, 2018. This included an amount of Rs. 17.48 crores recorded by the Group towards its share of cost to wind down the operations (refer note 20).

During the current year, the Group has recorded Rs.17.52 crores of exceptional nature representing the Group's share of loss for the year ended March 31, 2019. This includes an amount of Rs. 5.00 crores towards its share of cost to wind down the operations (refer note 20).

iii) Information relating to interest in joint ventures

a) Details of material joint ventures

Name of the Company	Principal Activity	Place of incorporation and prinicpal place of business	Proportion of ownership interest and voting rights held by the group	
			As at March 31, 2019	As at March 31, 2019
VE Commercial Vehicles Limited	Manufacturing and sales of Commercial Vehicles	India	**54.40%**	54.40%
Eicher Polaris Private Limited	Manufacturing and sales of personal utility vehicles	India	**50.00%**	50.00%

The above joint ventures are accounted for using the equity method in these consolidated financial statements.

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b) Summarised financial information in respect of the Group's material joint ventures.

The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with Ind AS adjusted by the Group for equity accounting purposes.

VE Commercial Vehicles Limited	As at March 31, 2019	As at March 31, 2018
Non-current assets	**3,093.55**	2,704.87
Current assets	**4,696.58**	4,313.33
Non-current liabilities	**218.12**	211.17
Current liabilities	**3,998.63**	3,563.85

VE Commercial Vehicles Limited	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue from operations	**11,599.94**	10,223.34
Profit for the year	**475.00**	471.62
Other comprehensive income for the year	**(0.13)**	(1.74)
Total comprehensive income for the year	**474.87**	469.88
Dividends received from the joint venture during the year	**65.28**	51.68

Reconciliation of the above summaried financial information to the carrying amount of the interest in the joint venture recognised in the consoldiated financial statements

VE Commercial Vehicles Limited	As at March 31, 2019	As at March 31, 2018
Net assets of the joint venture	**3,573.38**	3,243.18
Proportion of the Group's ownership interest in the joint venture	**1,943.92**	1,764.27
Carrying amount of the Group's interest in the joint venture	**1,943.92**	1,764.27

Eicher Polaris Private Limited	As at March 31, 2019	As at March 31, 2018
Non-current assets	**0.21**	28.53
Current assets	**43.35**	18.37
Non-current liabilities	**-**	-
Current liabilities	**14.54**	61.86

Eicher Polaris Private Limited	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue from operations	**(1.30)**	27.56
Profit/(loss) for the year	**(16.03)**	(420.10)
Other comprehensive income for the year	**-**	-
Total comprehensive income for the year	**(16.03)**	(420.10)

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Reconciliation of the above summaried financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements

Eicher Polaris Private Limited	As at March 31, 2019	As at March 31, 2018
Net assets of the joint venture	**29.02**	(14.96)
Proportion of the Group's ownership interest in the joint venture	**14.51**	(7.48)
Less:- Amount of interest in the joint venture not considered for consolidation *	**(14.51)**	-
Add : Provision for constructive obligation disclosed as Other Financial Liabilities *	**-**	7.48
Carrying amount of the Group's interest in the joint venture (refer note 20)	**-**	-

* As at the year end, the joint venture is in the process of winding up and the net assets will be fully utilised towards such winding up. Accordingly, net assets of the joint venture has not been consolidated.

FINANCIAL ASSETS :

10. INVESTMENTS

Particulars	As at March 31, 2019		As at March 31, 2018	
	Non-Current	**Current**	Non-Current	Current
Unquoted Investments				
(a) Investment in equity instruments of companies at fair value through profit or loss (FVTPL)				
4,750 (March 31, 2018 : 4,750) Equity shares of Suryadev Alloys and Power Private Limited	**0.09**	**-**	0.09	-
Sub-total (A)	**0.09**	**-**	**0.09**	**-**
Quoted Investments				
(b) Investments in mutual funds carried at fair value through profit or loss (FVTPL)	**2,465.76**	**468.81**	3,139.14	633.40
Sub-total (B)	**2,465.76**	**468.81**	3,139.14	633.40
(c) Investment in bonds carried at amortised cost	**43.94**	**-**	43.94	-
Sub-total (C)	**43.94**	**-**	43.94	**-**
Total (A+B+C)	**2,509.79**	**468.81**	3,183.17	633.40
Aggregate carrying value of quoted investments	**2,509.70**	**468.81**	3,183.08	633.40
Aggregate market value of quoted investments	**2,511.63**	**468.81**	3,185.81	633.40
Aggregate carrying value of unquoted investments	**0.09**	**-**	0.09	-

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Particulars	As at March 31, 2019		As at March 31, 2018	
	Non-Current	Current	Non-Current	Current
Category-wise investments - as per Ind AS 109 Classifications				
Financial assets carried at fair value through profit or loss (FVTPL)				
Unquoted				
Investment in equity instruments	**0.09**	**-**	**0.09**	**-**
Quoted				
Investment in mutual funds	**2,465.76**	**468.81**	3,139.14	633.40
Financial assets carried at amortised cost				
Quoted				
Investment in bonds	**43.94**	**-**	43.94	-

11. LOANS

Particulars	As at March 31, 2019	As at March 31, 2018
Current		
Unsecured, considered good		
Loans to employees	**1.29**	0.70
Total	**1.29**	0.70

12. OTHER FINANCIAL ASSETS

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current		
Unsecured, considered good		
Security deposits	**27.05**	22.55
Total	**27.05**	22.55
Current		
Unsecured, considered good		
Security deposits	**0.02**	-
Insurance claim receivable	**0.73**	1.02
Interest accrued on fixed deposits and bonds	**70.08**	29.68
Others	**0.05**	0.05
Total	**70.88**	30.75

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13. INVENTORIES

(At lower of cost and net realisable value)

Particulars	As at March 31, 2019	As at March 31, 2018
Raw materials	**166.09**	140.99
[Includes goods in transit of Rs. 45.23 crores (March 31, 2018 : Rs. 28.74 crores)]		
Work in progress	**21.68**	18.01
Finished goods	**383.49**	203.60
Traded goods	**44.65**	18.05
Stores and spares	**13.72**	11.74
Loose tools	**3.75**	2.25
Total	**633.38**	394.64

Write-downs of inventories to net realisable value resulted in net loss of Rs. 6.17 crores (March 31, 2018 : Rs. 4.81 crores). These were recognised as an expense during the year in the Statement of Profit and Loss.

- The mode of valuation of inventories has been stated in note 3.16.

14. TRADE RECEIVABLES

Particulars	As at March 31, 2019	As at March 31, 2018
Current		
Considered good - secured	**0.45**	0.06
Considered good - unsecured	**89.89**	67.94
Receivables - credit impaired	**0.74**	0.25
	91.08	68.25
Less: Provision for doubtful receivables	**(0.74)**	(0.25)
Total	**90.34**	68.00

No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

All domestic sales are on advance payment basis, except for sale to distributors and certain institutional sales which carries credit period maximum to 60 days.

Export sales carries credit period of 0 to 90 days, depending on the contractual terms with respective customers.

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15. CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2019	As at March 31, 2018
Cash on hand	**0.04**	0.06
Cheques/drafts on hand	**-**	0.06
Balances with banks:		
In current accounts	**34.94**	92.34
In deposit accounts with original maturity of less than three months	**692.00**	-
Total	**726.98**	92.46

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

Particulars	As at March 31, 2019	As at March 31, 2018
Cash on hand	**0.04**	0.06
Cheques/drafts on hand	**-**	0.06
Balances with banks:		
In current accounts	**34.94**	92.34
In deposit accounts with original maturity of less than three months	**692.00**	-
Total	**726.98**	92.46
Bank overdrafts (refer note 21)	**11.23**	-
Total	**715.75**	92.46

Changes in liabilities arising from financing activities

Particulars	April 1, 2018	Net cash flows	Others	March 31, 2019
Short term borrowings	150.84	24.69	-	**175.53**
Interest accured but not due	0.60	(4.96)	5.73	**1.37**
Dividend payable including tax on dividend	-	(348.16)	348.16	**-**
Total liabilities from financing activities	151.44	(328.43)	353.89	**176.90**

16. OTHER BANK BALANCES

Particulars	As at March 31, 2019	As at March 31, 2018
In unpaid dividend accounts	**12.31**	10.60
On deposit accounts		
- Original maturity between three and twelve months	**1,221.00**	538.94
- Original maturity greater than twelve months	**1,005.00**	570.00
Total	**2,238.31**	1,119.54

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17. OTHER ASSETS

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current		
Unsecured, considered good		
Capital advances	**50.41**	66.22
Share application money pending allotment	**5.04**	-
Balance with government authorities	**7.98**	7.49
Prepayment land leases	**87.24**	88.25
Other prepayments	**2.37**	1.90
Total	**153.04**	163.86
Current		
Unsecured, considered good		
Advance to suppliers	**54.96**	45.91
Advance to employees	**5.70**	4.81
Prepaid expenses	**19.00**	11.74
Balance with government authorities		
Considered good	**89.91**	122.69
Considered doubtful	**1.11**	1.11
	91.02	123.80
Less: Provision for doubtful balance	**(1.11)**	(1.11)
	89.91	122.69
Gratuity fund (net)	**-**	0.47
Prepayment land leases	**0.95**	0.89
Government grant receivable	**8.95**	8.36
Other prepayments	**0.81**	0.68
Total	**180.28**	195.55

18. SHARE CAPITAL

(a) Equity share capital

Particulars	As at March 31, 2019	As at March 31, 2018
Authorised Equity share capital		
3,00,00,000 (March 31, 2018 : 3,00,00,000) Equity shares of Rs. 10 each	**30.00**	30.00
Total	**30.00**	30.00
Issued, subscribed and fully paid up		
2,72,82,570 (March 31, 2018 : 2,72,55,549) Equity shares of Rs. 10 each	**27.28**	27.26
Total	**27.28**	27.26

The Group has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholding.

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(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

Particulars	**For the year ended March 31, 2019**		For the year ended March 31, 2018	
	Nos.	**Rs. in Crores**	Nos.	Rs. in Crores
At the beginning of the year	**2,72,55,549**	**27.26**	2,72,10,249	27.21
Issued during the year - ESOP (refer note 47)	**27,021**	**0.02**	45,300	0.05
Outstanding at the end of the year	**2,72,82,570**	**27.28**	2,72,55,549	27.26

(ii) Details of shareholders holding more than 5% equity shares in the Company:

Particulars	**As at March 31, 2019**		As at March 31, 2018	
	Nos.	**% holding in the class**	Nos.	% holding in the class
The Simran Siddhartha Tara Benefit Trust	**1,20,30,648**	**44.10%**	1,20,30,648	44.14%

(iii) Share options granted under the Group's employee share option plan carry no rights to dividend and no voting rights. Further details of the employee share option plan are provided in note 47.

(b) Preference share capital

Particulars	**As at March 31, 2019**	As at March 31, 2018
Authorised Preference share capital		
1,01,000 (March 31, 2018 : 1,01,000) Redeemable preference shares of Rs. 100 each	**1.01**	1.01
Total	**1.01**	1.01

The Group has not issued any preference share capital.

19. OTHER EQUITY

Particulars	**As at March 31, 2019**	As at March 31, 2018
Capital reserves	**0.25**	0.25
Capital redemption reserve	**1.41**	1.41
Securities premium reserve	**115.11**	60.37
General reserves	**339.89**	339.89
Share based payments reserve	**58.75**	59.80
Foreign currency translation reserve	**7.92**	12.64
Retained earnings	**8,368.11**	6,528.45
Total	**8,891.44**	7,002.81

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Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A Capital reserve		
Opening balance	**0.25**	0.25
Add / Less: Movement during the year	**-**	-
Closing balance	**0.25**	0.25

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
B Capital redemption reserve		
Opening balance	**1.41**	1.41
Add / Less: Movement during the year	**-**	-
Closing balance	**1.41**	1.41

The Capital redemption reserve was created at the time of buy back of shares. The Group can utilize the same for the purpose of issue of fully paid-up bonus shares to its members.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
C Securities premium reserve		
Opening balance	**60.37**	32.09
Add : Proceeds from issue of equity shares	**36.11**	19.44
Add : Transferred from share options outstanding account	**18.63**	8.84
Closing balance	**115.11**	60.37

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
D General reserves		
Opening balance	**339.89**	339.89
Add: Amount transferred from retained earnings	**-**	-
Closing balance	**339.89**	339.89

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

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Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
E Share-based payments reserve		
Opening balance	**59.80**	45.13
Add : ESOP expense during the year	**17.58**	23.51
Less : Transferred to securities premium on issue of shares	**18.63**	8.84
Closing balance	**58.75**	59.80

The above reserve relates to share options granted by the Company to certain employees under its employee share option plan. Further information about share-based payments to employees is set out in note 47.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
F Foreign currency translation reserve		
Opening balance	**12.64**	0.74
Add :- exchange differences in translating the financial statements of foreign operations	**(4.72)**	11.90
Closing balance	**7.92**	12.64

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
G Retained earnings		
Opening balance	**6,528.45**	4,898.35
Add: Profit for the year	**2,202.73**	1,959.67
Add: Other Comprehensive income: from Remeasurement of defined benefit obligation net of income tax	**(1.48)**	(1.93)
Less: Dividend (amount per share Rs. 110 (March 31, 2018 : Rs. 100))	**299.93**	272.22
Less: Tax on dividend	**61.66**	55.42
Total appropriations	**361.59**	327.64
Balance at end of year	**8,368.11**	6,528.45

FINANCIAL LIABILITIES :

20. OTHER FINANCIAL LIABILITIES

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current		
Security deposits received	**9.99**	8.88
Total	**9.99**	8.88
Current		
Employee dues	**76.80**	61.87
Capital creditors	**57.38**	69.15
Unpaid dividend *	**12.31**	10.60
Interest accrued but not due	**1.37**	0.60
Provision for constructive obligation towards the discontinued operations of a joint venture (refer note 9 (ii))	**5.00**	17.48
Others	**10.31**	10.31
Total	**163.17**	170.01

* Does not include any amounts outstanding which are required to be credited to Investor Education and Protection Fund.

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21. BORROWINGS

Particulars	As at March 31, 2019	As at March 31, 2018
Secured		
Short-term Loan#	**110.38**	64.86
Unsecured		
- From bank		
Overdraft facility*	**11.23**	-
Short-term Loan	**65.15**	85.98
Total	**186.76**	150.84

Secured short term loans of subsidiary company viz., Royal Enfield North America Ltd as at March 31, 2019 of Rs. 76.79 crores (March 31, 2018 : Rs. 42.28 crores), carrying interest @ LIBOR + 2.25% p.a. till September 2017 and LIBOR + 1.70% p.a. from October 2017, and Royal Enfield Brasil Comercio de Motocicletas Ltda as at March 31, 2019 of Rs. 33.59 crores (March 31, 2018 : Rs. 22.58 crores), carrying interest @ 4.21% p.a (March 31, 2018 : 3.39% p.a). These loans are against Corporate Guarantee given by the Holding Company, Eicher Motors Limited.

*Unsecured loan carries interest @ 8.45% per annum as at March 31, 2019.

22. TRADE PAYABLES

Particulars	As at March 31, 2019	As at March 31, 2018
Total outstanding dues of micro enterprises and small enterprises		
Dues to micro and small enterprises (refer note 40)	**19.28**	27.15
Sub-total (A)	**19.28**	27.15
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Acceptances	**107.76**	110.12
Other trade payables	**1031.48**	966.36
Trade payables to related parties (refer note 44)	**75.53**	68.23
Sub-total (B)	**1,214.77**	1,144.71
Total (A+B)	**1,234.05**	1,171.86

For terms and conditions pertaining to related party dues, refer note 44

23. PROVISIONS

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current		
Employee benefits - refer note (i) below		
Other employee benefits	**4.23**	3.88
Warranties - refer note (ii) below	**18.77**	25.24
Total	**23.00**	29.12

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Particulars	As at March 31, 2019	As at March 31, 2018
Current		
Employee benefits - refer note (i) below		
Compensated absences	**10.72**	8.06
Other employee benefits	**0.08**	0.04
Sub-total (A)	**10.80**	8.10
Warranties - refer note (ii) below	**46.85**	39.11
Sub-total (B)	**46.85**	39.11
Total (A+B)	**57.65**	47.21

(i) The provision for employee benefits includes earned leave, sick leave and vested long service reward.

(ii) Movement in warranties provision

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening balance	**64.35**	55.21
Additions during the year	**43.33**	47.30
Amount utilised during the year	**43.66**	39.85
Unwinding of discount	**1.60**	1.69
Closing balance	**65.62**	64.35

The provision for warranty claims represents the present value of the management's best estimate of the future economic costs that will be required under the Group's obligations for warranties. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

24. DEFERRED TAX LIABILITIES (NET)

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred tax liabilities on		
Property, plant and equipment and intangible assets	**250.38**	150.48
Investments measured at FVTPL	**46.25**	11.88
Others	**0.68**	0.97
Sub-total (A)	**297.31**	163.33
Less: Deferred tax assets on		
Accrued expenses deductible on payment	**1.55**	2.80
Deferred revenue	**10.73**	10.08
Provision for compensated absences and other employee benefits	**3.75**	2.79
Provision for doubtful debts and advances	**0.65**	0.47
Others	**6.74**	5.11
Sub-total (B)	**23.42**	21.25
Total (A-B)	**273.89**	142.08

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Movement of deferred tax liabilities/assets

For the year ended March 31, 2019

Particulars	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
Deferred tax liabilities on				
Property, plant and equipment and intangible assets	150.48	99.90	-	250.38
Investments measured at FVTPL	11.88	34.37	-	46.25
Others	0.97	(0.29)	-	0.68
Sub-total (A)	**163.33**	**133.98**	**-**	**297.31**
Less: Deferred tax assets on				
Accrued expenses deductible on payment	2.80	(1.25)	-	1.55
Deferred revenue	10.08	0.65	-	10.73
Provision for compensated absences and other employee benefits	2.79	0.96		3.75
Exchange differences in translating the financial statements of foreign operations	-	(2.80)	2.80	-
Remeasurement of defined benefit obligation	-	(0.49)	0.49	-
Provision for doubtful debts and advances	0.47	0.18	-	0.65
Others	5.11	1.63	-	6.74
Sub-total (B)	**21.25**	**(1.12)**	**3.29**	**23.42**
Total (A-B)	**142.08**	**135.10**	**(3.29)**	**273.89**

For the year ended March 31, 2018

Particulars	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
Deferred tax liabilities on				
Property, plant and equipment and intangible assets	81.67	68.81	-	150.48
Investments measured at FVTPL	8.01	3.87	-	11.88
Others	1.28	(0.31)	-	0.97
Sub-total (A)	90.96	72.37	-	163.33
Less: Deferred tax assets on				
Accrued expenses deductible on payment	3.26	(0.46)	-	2.80
Deferred revenue	-	10.08	-	10.08
Provision for compensated absences and other employee benefits	3.60	(0.81)		2.79
Exchange differences in translating the financial statements of foreign operations	-	6.37	(6.37)	-
Remeasurement of defined benefit obligation	-	(0.60)	0.60	-
Provision for doubtful debts and advances	0.47	-	-	0.47
Others	5.86	(0.79)	0.04	5.11
Sub-total (B)	13.19	13.79	(5.73)	21.25
Total (A-B)	77.77	58.58	5.73	142.08

At March 31, 2019, there was no recognised deferred tax liability (March 31, 2018 : Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's joint venture. The Group has determined that undistributed profits of its joint ventures will not be distributed in the foreseeable future. The Group's joint ventures will not distribute its profits until it obtains the consent from all venture partners.

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25. CURRENT TAX LIABILITY / (ASSETS)

Particulars	As at March 31, 2019	As at March 31, 2018
Tax liabilities		
Provision for current tax (net)	**141.48**	108.02
Total	**141.48**	108.02
Tax assets		
Advance income tax (net)	**18.44**	18.44
Total	**18.44**	18.44

26. OTHER LIABILITIES

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current		
Deferred revenue arising from Government grant - refer note (i) below	**62.66**	46.84
Others	**0.47**	-
Total	**63.13**	46.84
Current		
Contract liability	**77.79**	280.34
Advance from customers	**93.24**	140.71
Deferred revenue arising from Government grant - refer note (i) below	**11.58**	10.13
Deferred revenue	**30.70**	29.13
Statutory remittances (contributions to PF and ESIC, withholding taxes, GST, etc.)	**90.39**	146.02
Others	**11.29**	10.97
Total	**314.99**	617.30

(i) The deferred revenue arises as a result of :

a) The benefit received by the United Kingdom (UK) Branch of the Company from the Government of UK - Department for Business Innovation & Skills and Department for Her Majesty's Revenue & Customs.

b) Represents government assistance in the form of the duty benefit availed under Export Promotion Capital Goods (EPCG) Scheme on purchase of property, plant and equipments accounted for as government grant.

These grants will be recognized in statement of profit and loss on a systematic basis over the useful life of the related fixed assets.

27. REVENUE FROM OPERATIONS

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue from operations		
Sale of products		
Manufactured goods (including excise duty)*	**9,295.67**	8,852.76
Traded goods	**421.77**	322.40
Sub-total (A)	**9,717.44**	9,175.16

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Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Other operating revenue		
Government grant (Export incentives)**	**21.03**	17.58
Scrap sale	**24.99**	22.17
Income from other operating revenues	**33.60**	4.35
Sub-total (B)	**79.62**	44.10
Total (A+B)	**9,797.06**	9,219.26

* Consequent to the introduction of Goods and Services Tax (GST) with effect from July 1, 2017, Excise Duty, Value Added Tax (VAT) etc, have been subsumed into GST. In accordance with Ind AS - 18 / Ind AS - 115 and Schedule III of the Companies Act, 2013, unlike Excise Duty, levies like GST are not considered to be a part of Revenue from operations. Accordingly, the figures for the first three months of the previous year, i.e, April 2017 to June 2017, includes Excise Duty on sales. Excise Duty on sales amounting to Rs. 254.30 crores has been disclosed seperately in the statement of profit and loss.

** Government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Details of products sold		
Manufactured goods		
Two wheelers	**8,693.19**	8,322.08
Spare parts and other components	**602.48**	530.68
Total	**9,295.67**	8,852.76
Traded goods		
Two wheelers	**-**	0.26
Accessories and other allied products	**421.77**	322.14
Total	**421.77**	322.40

28. OTHER INCOME

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest income on financial assets carried at amortized cost		
Bank deposits and bonds	**128.98**	37.64
Others	**1.38**	1.72
	130.36	39.36
Net gain on financial instruments at fair value through profit or loss	**288.68**	235.02
Other non-operating income		
Rent income (refer note 6)	**0.26**	2.92
Other income	**23.89**	2.14
Profit on sale of property, plant and equipment	**0.20**	0.29
Exchange gain (net)	**-**	0.37
	24.35	5.72
Total	**443.39**	280.10

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29. COST OF MATERIALS CONSUMED

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Inventory at the beginning of the year	**140.99**	121.54
Add: Purchases	**5,129.35**	4,595.67
	5,270.34	4,717.21
Less: Inventory at the end of the year	**166.09**	140.99
Less: Material cost of vehicles capitalised	**2.10**	1.71
	5,102.15	4,574.51
Less: Sale of raw materials to suppliers on cost to cost basis	**46.26**	58.91
Total	**5,055.89**	4,515.60

30. PURCHASES OF TRADED GOODS

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Two wheelers	**-**	6.57
Accessories and other allied products	**211.65**	155.19
Total	**211.65**	161.76

31. CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Inventories at the end of the year		
Finished goods	**383.49**	203.60
Work-in-progress	**21.68**	18.01
Traded goods	**44.65**	18.05
A	**449.82**	239.66
Inventories at the beginning of the year/period		
Finished goods	**203.60**	168.27
Work-in-progress	**18.01**	14.90
Traded goods	**18.05**	22.62
B	**239.66**	205.79
Net change (B-A)	**(210.16)**	(33.87)

32. EMPLOYEE BENEFITS EXPENSES

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries, wages and bonus	**604.06**	472.95
Contribution to provident and other funds (refer note 41)	**32.03**	23.39
Share-based payments (refer note 47)	**15.39**	23.51
Staff welfare expenses	**50.96**	53.83
Total	**702.44**	573.68

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33. FINANCE COSTS

Particulars		For the year ended March 31, 2019	For the year ended March 31, 2018
Interest expense			
On bills discounting		**0.48**	0.20
On other borrowings		**5.25**	3.45
		5.73	3.65
Unwinding of discount on provisions		**1.60**	1.69
	Total	**7.33**	5.34

34. DEPRECIATION AND AMORTIZATION EXPENSES

Particulars		For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation on property, plant and equipment (refer note 4)		**274.19**	208.08
Depreciation of investment property (refer note 6)		**0.35**	0.35
Amortization of intangible assets (refer note 7)		**25.74**	14.87
	Total	**300.28**	223.30

35. OTHER EXPENSES

Particulars		For the year ended March 31, 2019	For the year ended March 31, 2018
Consumption of Stores and machinery spares (including loose tools and packing material)		**169.63**	149.36
Decrease of excise duty on finished goods		**-**	(8.34)
Loss on sale of property, plant and equipment and intangible assets		**1.13**	1.00
Property, plant and equipment discarded		**3.00**	0.04
Power and fuel		**66.96**	52.41
Insurance		**13.24**	11.77
Repairs and maintenance			
Buildings		**3.48**	3.31
Plant and equipment		**44.94**	37.53
Others		**45.44**	28.90
Rates and taxes		**6.07**	6.31
Advertisement		**30.36**	16.40
Freight and handling charges		**143.61**	134.37
Incentives		**7.31**	16.50
Warranty		**43.33**	47.30
Other selling and distribution expenses		**196.01**	177.92
Rent		**48.69**	39.60
Legal and professional charges*		**58.46**	30.75
Travelling expenses		**93.57**	73.64
Development expenses		**13.59**	10.54
Corporate social responsibility expenditure (refer note 49)		**45.39**	30.85
Provision for doubtful debts and advances		**0.49**	-
Exchange loss (net)		**3.81**	-
Miscellaneous expenses		**95.62**	80.00
	Total	**1,134.13**	**940.16**

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*** Including payment to auditors as below (excluding GST & Service tax) :**

Particulars		For the year ended March 31, 2019	For the year ended March 31, 2018
As auditors:			
a) For Audit		**0.25**	0.25
b) For Limited reviews of unaudited financial results		**0.15**	0.15
c) For other services		**0.04**	0.07
d) For reimbursement of expenses		**0.03**	0.03
	Total	**0.47**	0.50
In other capacity:			
a) For other services		**0.11**	0.06
	Total	**0.11**	0.06

36. INCOME TAX RECOGNIZED IN STATEMENT OF PROFIT AND LOSS

Particulars		For the year ended March 31, 2019	For the year ended March 31, 2018
Current tax			
In respect of the current year		**941.94**	877.35
	Sub-total (A)	**941.94**	877.35
Deferred tax			
Relating to origination and reversal of temporary differences		**135.10**	58.58
	Sub-total (B)	**135.10**	58.58
Total income tax expense recognized in the current year	**Total (A+B)**	**1,077.04**	935.93

The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit before tax and after share of profit of Joint venture from continuing operation	**3,297.29**	3,115.65
Income tax expense calculated at 34.944% (2017-18 : 34.608%)	**1,152.20**	1,078.27
Effect on long-term capital gain from investment in mutual funds	**1.04**	(58.27)
Effect of additional deduction of research and product development cost	**(17.25)**	(6.54)
Effect of ESOP expenses not deductible in determining taxable profits	**4.96**	6.27
Effect of income exempt from taxation	**(1.04)**	(1.03)
Deferred tax asset not created on carried forward business loss of subsidiary companies	**14.85**	17.06
Impact of share of profit of joint venture included in profit before tax	**(90.30)**	**(88.79)**
Others	**12.57**	(11.04)
	1,077.04	935.93
Income tax expense recognised in statement of profit and loss	**1,077.04**	935.93
Income tax rate :		
Basic rate	**30.000%**	30.000%
Surcharge - 12% (applied on basic rate)	**3.600%**	3.600%
Cess - 4% (March 31, 2018 : 3%) (applied on basic plus surcharge)	**1.344%**	1.008%
	34.944%	34.608%

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Income tax recognized in other comprehensive income

Particulars		For the year ended March 31, 2019	For the year ended March 31, 2018
Deferred tax charge/(benefit)			
Arising on income and expenses recognized in other comprehensive income:			
Exchange differences in translating the financial statements of foreign operations		**(2.80)**	6.37
Remeasurement of defined benefit obligation		**(0.49)**	(0.60)
Total income tax recognized in other comprehensive income	**Total**	**(3.29)**	5.77
Bifurcation of the income tax recognised in other comprehensive income into:			
Items that may be reclassified to profit or loss		**(2.80)**	6.37
Items that will not be reclassified to profit or loss		**(0.49)**	(0.60)
	Total	**(3.29)**	5.77

37. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 290.85 crores (March 31, 2018 : Rs. 273.00 crores).

The Group has other commitments, for purchase/sales orders which are issued after considering requirements per operating cycle for purchase /sale of goods and services, employee's benefits including union agreement in normal course of business. The Group does not have any long term commitments or material non-cancellable contractual commitments/contracts, which might have material impact on the financial statements.

38. RESEARCH AND DEVELOPMENT EXPENSES

Revenue expenditure on research and development incurred and expensed off during the year through the appropriate heads of account aggregate Rs. 44.66 crores (March 31, 2018 : Rs. 31.38 crores). The capital expenditure incurred during the year for research and development purposes aggregate Rs. 310.28 crores (March 31, 2018 : Rs. 206.18 crores).

39. CONTINGENT LIABILITIES NOT PROVIDED FOR

Particulars	As at March 31, 2019	As at March 31, 2018
a) In respect of the following:		
- Excise duty matters	**2.52**	1.72
- Sales tax matters	**6.50**	6.38
- Service tax matters	**0.39**	0.39
- Customs duty matters	**3.48**	3.48
b) Claims against the Group not acknowledged as debts	**8.68**	5.23
c) Contingent liabilities arising from its interests in joint ventures	**101.24**	131.06

All the above matters are subject to legal proceedings in the ordinary course of business. The legal proceeding 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 Group.

There are numerous interpretation issues relating to the Supreme Court judgement on Provident Fund dated February 28, 2019. Given the uncertainty of the impact of such matter, the Company will create a provision after receiving further clarity.

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40. DISCLOSURES REQUIRED UNDER SECTION 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	**18.95**	26.95
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	**0.01**	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	**26.22**	9.89
(iv) The amount of interest due and payable for the year	**0.12**	0.07
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	**0.33**	0.20
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	**-**	-

41. EMPLOYEE BENEFIT PLANS

The details of various employee benefits provided to employees are as under:

A. Defined Contribution Plans

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Detail of amount recognized as expense for defined contribution plans is given below:		
a) Provident fund*	**20.06**	15.56
b) Superannuation fund	**0.49**	0.49
c) Employee State Insurance Corporation	**4.67**	4.77
d) Other funds	**13.03**	8.85
Total	**38.25**	29.67

* includes Rs. 1.36 crores (March 31, 2018 : Rs. 0.10 crore) capitalized during the year and Rs. 4.86 crores (March 31, 2018 : Rs. 6.18 crores) considered in pre-operative expenditure (pending allocation).

Out of the total contribution made for employees' provident fund, Rs. 4.71 crores (March 31, 2018 : Rs. 3.55 crores) is made to Eicher Executive Provident Fund Trust, while the remainder contribution has been made to government administered provident fund.

B. Defined Benefit Plans:

The Defined benefit plan of the Group includes entitlement of gratuity and provident fund scheme.

This plan typically expose the Group to actuarial risks such as: investment risk, interest rate risk , longevity risk and salary risk

Investment Risk	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.
Interest Risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity Risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at March 31, 2019 by Mr. K.K. Dharni (FIAI M.No. 00051), Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost, were measured using the projected unit credit method.

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Provident fund:

The provident fund is governed by the Provident Fund Act, 1952. Under the defined benefit plan, the Group contributes to the "Eicher Executive Provident Fund Trust". The Group has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

The Actuary has provided a valuation for Provident Fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the assumptions provided below, the Group does not have additional obligation as at March 31, 2019.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Principal assumptions:	Provident fund	
	As at March 31, 2019	As at March 31, 2018
Discount rate	**7.80%**	7.91%
Expected statutory interest rate on the ledger balance	**8.65%**	8.55%
Expected short fall in interest earnings on the fund	**0.05%**	0.05%
Retirement age	**58 years**	58 years
Rate of withdrawal	**3.00%**	3.00%
In service mortality	**IALM (2006-08)**	IALM (2006-08)

Gratuity:

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The fund has the form of a trust and it is governed by the Board of Trustees.

The principal assumptions used for the purposes of the actuarial valuations were as follows :-

Principal assumptions:	Gratuity	
	As at March 31, 2019	As at March 31, 2018
Discount rate	**7.80%**	7.90%
Future salary increase	**7.50%**	7.50%
Retirement age	**58 years**	58 years
Rate of withdrawal	**2.00%**	2.00%
In service mortality	**IALM (2006-08)**	IALM (2006-08)

Amounts recognized in statement of profit and loss in respect of these defined benefit plans are as follows:-

Particulars	Gratuity	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Service cost:		
Current service cost	**3.46**	2.66
Net Interest expense	**(0.04)**	(0.02)
Components of defined benefit costs recognized in profit or loss	**3.42**	2.64
Remeasurement on the net defined benefit liability:		
Actuarial (gains)/ losses arising from experience adjustments	**1.40**	1.74
Components of defined benefit costs recognized in other comprehensive income	**1.40**	1.74
Total	**4.82**	4.38

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The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows :

Particulars	Gratuity	
	As at March 31, 2019	As at March 31, 2018
Present Value of funded defined benefit obligation	**21.65**	17.13
Fair value of plan assets	**21.65**	17.60
Net liability arising from defined benefit obligation	**-**	(0.47)

Movements in the present value of the defined benefit obligation are as follows :-

Particulars	Gratuity	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening defined obligation	**17.13**	13.32
Current service cost	**3.46**	2.66
Interest cost	**1.35**	1.00
Actuarial (gains)/ losses	**1.13**	1.54
Benefits paid	**(1.42)**	(1.39)
Closing defined benefit obligation	**21.65**	17.13

Movements in the fair value of the plan assets are as follows:

Particulars	Gratuity	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening fair value of plan assets@	**17.60**	13.67
Interest income	**1.39**	1.02
Actuarial gains/ (losses)	**(0.27)**	(0.20)
Contribution	**4.35**	4.50
Benefit paid	**(1.42)**	(1.39)
Closing fair value of plan assets@	**21.65**	17.60

@Funds managed by EML Employees Company Gratuity Scheme (Trust).

The major categories of plan assets maintained with the approved insurance companies for EML Trust are as follows:

The Fair value of the plan assets at the end of reporting period for each category are as follows.

Particulars	**As at March 31, 2019**	As at March 31, 2018
Government securities	**6.15**	5.67
Debt instruments categorized by issuers' credit rating:		
AAA	**10.60**	8.84
AA+	**2.53**	1.78
AA	**1.31**	0.91
Cash, deposits, etc.	**1.06**	0.40
Total	**21.65**	**17.60**

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The fair values of the above instruments are determined based on quoted market prices in active market. The actual return on plan assets was Rs. 1.12 crores for the year ended March 31, 2019.

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 50 basis points higher (lower), the defined benefit obligation would decrease by Rs. 1.20 crores (increase by Rs. 1.32 crores) [as at March 31, 2018: Decrease by Rs. 0.87 crore (increase by Rs. 0.95 crore)].
- If the expected salary growth increases (decreases) by 50 basis points, the defined benefit obligation would increase by Rs. 1.32 crores (decrease by Rs. 1.21 crores) [as at March 31, 2018: Increase by Rs. 0.95 crore (decrease by Rs. 0.87 crore)].

Sensitivities due to change in mortality rate and change in withdrawal rate are not material and hence impact of such change is not calculated.

Sensitivity Analysis

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of reporting period, which is same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Other disclosures

Maturity profile of defined benefit obligation

Particulars	**As at March 31, 2019**	As at March 31, 2018
Average duration of the defined benefit obligation (in years)	**20.03**	19.67

The estimated contribution during next year is Rs. 4.05 crores (March 31, 2018 : Rs. 3.18 cores) to the defined benefit plan.

42. EARNINGS PER SHARE

Particulars	**For the year ended March 31, 2019**	For the year ended March 31, 2018
For Continuing Operations		
(a) Basic (in Rs.)	**814.18**	800.50
(b) Diluted (in Rs.)	**813.28**	798.99
For Discontinued Operations		
(a) Basic (in Rs.)	**(6.42)**	(80.81)
(b) Diluted (in Rs.)	**(6.42)**	(80.66)
For Continuing and Discontinued Operations		
(a) Basic (in Rs.)	**807.76**	719.69
(b) Diluted (in Rs.)	**806.86**	718.33
Basic earnings per share		
The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows.		
Net Profit after taxes and share of profit of Joint venture from continuing operation	**2,220.25**	2,179.72
Share of loss of Joint ventures from discontinued operation	**(17.52)**	(220.05)
Net Profit for the year	**2,202.73**	1,959.67
Weighted average number of equity shares for the purposes of basic earnings per share	**2,72,69,904**	2,72,29,364

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Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Diluted earnings per share		
The earnings and weighted average number of equity shares used in the calculation of diluted earnings per share are as follows.		
Net Profit after taxes and share of profit of Joint venture from continuing operation	**2,220.25**	2,179.72
Share of loss of Joint ventures from discontinued operation	**(17.52)**	(220.05)
Net Profit for the year	**2,202.73**	1,959.67
Weighted average number of equity shares for the purposes of basic earnings per share	**2,72,69,904**	2,72,29,364
Shares deemed to be issued for no consideration in respect of :		
- employee options	**30,193**	51,448
Weighted average number of equity shares for the purposes of diluted earnings per share	**2,73,00,097**	2,72,80,812

43. SEGMENT REPORTING DISCLOSURE

The Group primarily operates in the automotive segment. The automotive segment includes all activities related to development, design, manufacture, assembly and sale of two-wheelers as well as sale of related parts and accessories.

As defined in Ind AS 108, the chief operating decision maker (CODM), evaluates the Group's performance, allocate resources based on the analysis of the various performance indicator of the Group as a single unit. Therefore, there is no reportable segment for the Group as per the requirement of Ind AS 108 "Operating Segments".

Geographical information

The "Geographical Segments" comprises of domestic segment which includes sales to customers located in India and the overseas segment includes sales to customers located outside India.

Particulars	Domestic	Overseas	Total
Revenue from operations			
For the year ended March 31, 2019	**9,418.07**	**378.99**	**9,797.06**
For the year ended March 31, 2018	8,938.49	280.77	9,219.26
Non-current segment assets			
As at March 31, 2019	**4,113.59**	**326.13**	**4,439.72**
As at March 31, 2018	3,511.48	269.99	3,781.47

a) Domestic segment includes sales and services to customers located in India.

b) Overseas segment includes sales and services rendered to customers located outside India.

c) Non-current segment assets include property, plant and equipment, non-current financial assets and other non-current assets.

d) The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Group. Revenue have been identified to segments on the basis of their relationship to the operating activities of the segment.

Information about major customers

No customer individually accounted for more than 10% of the revenue.

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FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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44. RELATED PARTY DISCLOSURES UNDER IND AS 24

a. Related party disclosures:

Name of related parties and their relationship:

Name of related party		Nature of Relationship
VE Commercial Vehicles Limited	(VECVL)	Joint venture company
VECV Lanka (Private) Limited	(VECV Lanka)	Subsidiary company of VECVL
VECV South Africa (PTY) Ltd.	(VECV Africa)	Subsidiary company of VECVL
Eicher Polaris Private Limited	(EPPL)	Joint venture company
Eicher Group Foundation	(EGF)	Joint venture company
Eicher Goodearth Private Limited	(EGPL)	Entity under the control of the key management personnel
Eicher Goodearth India Private Limited*	(EGIPL)	Entity under the control of the key management personnel
Nicobar Design Private Limited	(NDPL)	Entity under the control of the key management personnel
Eicher Executive Provident Fund	(EEPF)	Post employment benefit plan
Eicher Tractors Executive Staff Superannuation Fund	(ETESSF)	Post employment benefit plan
Eicher Motors Limited Employees Gratuity Trust	(EMLEGT)	Post employment benefit plan
The Simran Siddhartha Tara Benefit Trust	(SSTBT)	Shareholders holding more than 5% equity shares in the Company

*Incorporated on January 01, 2018

b. Key management personnel:

Mr. Siddhartha Lal	Managing Director
Mr. Vinod K. Dasari	Whole-time Director & Chief Executive Officer of Royal Enfield (Appointed w.e.f. April 01, 2019)
Mr. S. Sandilya	Chairman
Mr. Priya Brat	Independent director (Resigned w.e.f. June 16, 2017)
Mr. M.J. Subbaiah	Independent director (Resigned w.e.f. March 31, 2018)
Mr. Prateek Jalan	Independent director (Resigned w.e.f. October 13, 2018)
Ms. Manvi Sinha	Independent director
Mr. Inder Mohan Singh	Independent director (Appointed w.e.f. November 12, 2018)
Mr. Vinod Aggarwal	Non-executive director (Appointed w.e.f. April 01, 2019)
Mr. Lalit Malik	Chief Financial Officer
Mr. Manhar Kapoor	Company Secretary

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c. Transactions with the key management personnel during the year:

Particulars	Nature of transaction	**For the year ended March 31, 2019**	For the year ended March 31, 2018
Mr. Siddhartha Lal	**Managerial remuneration**		
	Short-term benefits	**12.69**	10.12
	Post-employment benefits	**0.06**	0.14
	Other long-term benefits	**0.06**	0.05
		12.81	10.31
Mr. S. Sandilya	Sitting fees	**0.04**	0.03
	Commission	**0.59**	0.53
Mr. Priya Brat	Sitting fees	**-**	0.01
	Commission	**0.02**	-
Mr. M.J. Subbaiah	Sitting fees	**-**	0.02
	Commission	**-**	0.10
Mr. Prateek Jalan	Sitting fees	**0.02**	0.03
	Commission	**0.25**	0.23
Ms. Manvi Sinha	Sitting fees	**0.03**	0.02
	Commission	**0.11**	0.10
Mr. Inder Mohan Singh	Sitting fees	**0.01**	-
	Commission	**0.25**	-
Mr. Lalit Malik	**Remuneration**		
	Short-term benefits	**4.68**	2.06
	Post-employment benefits	**0.04**	0.04
	Other long-term benefits	**0.03**	-
		4.75	2.10
Mr. Manhar Kapoor	**Remuneration**		
	Short-term benefits	**1.98**	0.88
	Post-employment benefits	**0.02**	0.01
	Other long-term benefits	**0.02**	0.01
		2.02	0.90

d. Transactions with the related parties:

Name of related party	Nature of transaction	**For the year ended March 31, 2019**	For the year ended March 31, 2018
VE Commercial Vehicles Limited	Purchase of raw materials and components / services	**172.28**	160.14
	Expenses reimbursed	**0.49**	0.35
	Corporate service charges paid	**2.53**	2.43
Eicher Polaris Private Limited	Investment in equity share capital (including advance given in previous year)	**30.00**	27.60
	Expenses recovered	**-**	0.05
	Rent income	**0.26**	2.92
Eicher Goodearth Private Limited	Corporate service charges paid	**1.16**	0.88
	Rent	**4.69**	3.42
	Brand fees	**-**	16.02
Eicher Goodearth India Private Limited	Brand fees	**24.42**	6.31
Nicobar Design Private Limited	Rent income	**0.99**	-
Eicher Group Foundation	Corporate social responsibility expenditure	**42.69**	25.08
Eicher Executive Provident Fund	Contribution to provident fund	**4.71**	3.55
Eicher Tractors Executive Staff Superannuation Fund	Contribution to superannuation fund	**0.33**	0.31
Eicher Motors Limited Employees Gratuity Trust	Contribution	**4.35**	4.50
	Benefits paid	**(1.42)**	(1.39)

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Balance outstanding at the year end

Name of related party	Nature	As at March 31, 2019	As at March 31, 2018
VE Commercial Vehicles Limited	Trade payables	**51.10**	45.63
Eicher Goodearth Private Limited	Trade payables	**-**	16.29
	Security deposits receivable	**1.09**	1.09
Eicher Goodearth India Private Limited	Trade payables	**24.42**	6.31
Mr. Siddhartha Lal	Commission payable	**5.28**	4.80
Non-executive and independent directors	Commission payable	**1.19**	0.96

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended March 31, 2019, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2018 : Rs. Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

45. FINANCIAL INSTRUMENTS

Capital Management

The Group manages its capital to ensure that the Group will be able to continue as going concern while maximizing the return to stakeholders through efficient allocation of capital towards expansion of business, optimization of working capital requirements and deployment of surplus funds into various investment options. The Group uses the operational cash flows and equity to meet its capital requirements.

The Group is not subject to any externally imposed capital requirements.

The management of the Group reviews the capital structure of the Group on regular basis. As part of this review, the management of the Group considers risks associated with the movement in the working capital.

The following table summarizes the capital of the Group:

Particulars	As at March 31, 2019	As at March 31, 2018
Borrowings (refer note no. 21)	**186.76**	150.84
Less: Cash and cash equivalents (refer note no. 15)	**(726.98)**	(92.46)
Net debt*	**-**	58.38
Share capital	**27.28**	27.26
Other equity	**8,891.44**	7,002.81
Total Equity	**8,918.72**	7,030.07
Gearing ratio	**-**	0.83%

* Cash and cash equivalents for the current year is greater than borrowings, hence net debt is considered as Nil.

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45.1 Categories of financial instruments

Particulars	As at March 31, 2019	As at March 31, 2018
Financial assets at fair value through profit or loss		
Non-current		
Investments in equity	**0.09**	0.09
Investments in mutual funds	**2,465.76**	3,139.14
Current		
Investments in mutual funds	**468.81**	633.40
Financial assets at amortized cost		
Non-current		
Investments in bonds	**43.94**	43.94
Other financial assets	**27.05**	22.55
Current		
Trade receivables	**90.34**	68.00
Cash and bank balances	**2,965.29**	1,212.00
Loans	**1.29**	0.70
Other financial assets	**70.88**	30.75
Financial liabilities at amortized cost		
Non-current		
Other financial liabilities	**9.99**	8.88
Current		
Borrowings	**186.76**	150.84
Trade payables	**1,234.05**	1,171.86
Other financial liabilities	**163.17**	170.01

45.2 Fair value measurements

The Group uses the following hierarchy for determining and/or disclosing the fair value of financial instruments by valuation techniques:

The following is the basis of categorizing the financial instruments measured at fair value into Level 1 to Level 3 :-

Level 1: This level includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: This level includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices

Level 3: This level includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Fair value of the Group's financial assets that are measured at fair value on a recurring basis:-

There are certain Group's financial assets which are measured at fair value at the end of each reporting period. Following table gives information about how the fair values of these financial assets are determined:-

Particulars	Fair value as at March 31, 2019		
	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss			
Non-current			
Investments in equity*	-	-	**0.09**
Investments in mutual funds	**2,465.76**	-	-
Current			
Investments in mutual funds	**468.81**	-	-

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Particulars	Fair value as at March 31, 2018		
	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss			
Non-current			
Investments in equity*	-		0.09
Investments in mutual funds	3,139.14	-	-
Current			
Investments in mutual funds	633.40	-	-

* Investment in equity (level-3) has been valued using weighted average of value arrived using Discounted Cash Flow Method and Net Assets Method.

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Except as detailed out in the following table, the management considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

Particulars	**March 31, 2019**		March 31, 2018	
	Carrying amount	**Fair value (Level 1)**	Carrying amount	Fair value (Level 1)
Financial assets at amortized cost				
Non-current				
Investments in bonds	**43.94**	**45.87**	43.94	46.67

The fair value of the financial assets and liabilities are included at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between market participants. The following methods and assumptions were used to estimate the fair values:

- Investments traded in active markets are determined by reference to quotes from the financial institutions; for example: Net asset value (NAV) for investments in mutual funds declared by mutual fund house.
- The fair value of bonds is based on quoted prices and market observable inputs.
- Trade receivables, cash and cash equivalents, other bank balances, loans, other current financial assets, current borrowings, trade payables and other current financial liabilities: Approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Group could have realized or paid in sale transactions as of respective dates. As such, the fair value of the financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.
- There were no transfers between Level 1 and Level 2 during the year.

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46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk management objectives

The Group's management monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The management reviews cash resources, implements strategies for foreign currency exposures and ensuring market risk limit and policies.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates risk/ liquidity risk which impact returns on investments. Market risk exposures are measured using sensitivity analysis.

Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Rs. in Crores

Foreign currency exposure	As at March 31, 2019		As at March 31, 2018	
	Foreign currency monetary assets	Foreign currency monetary liabilities	Foreign currency monetary assets	Foreign currency monetary liabilities
USD	**0.30**	**1.92**	0.12	1.28
EURO	**0.61**	**0.18**	0.35	0.03
GBP	**0.18**	**0.14**	0.09	0.08
JPY	**-**	**17.27**	-	12.16
Others	**8.72**	**2.98**	0.32	0.25

Foreign currency sensitivity

The Group uses the sensitivity rate of 5% when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. In the opinion of the management, the sensitivity of increase or decrease of Rs. against the relevant foreign currencies is not material to the financial statements.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

Financial instruments that are subject to concentrations of credit risk, principally consist of balance with banks, investments in debt instruments/ bonds, trade receivables, loans and advances. None of the financial instruments of the Group result in material concentrations of credit risks.

Balances with banks were not past due or impaired as at the year end. In other financial assets that are not past dues and not impaired, there were no indication of default in repayment as at the year end.

The Group has used a practical expedient by computing the expected loss allowance for financial assets based on historical credit loss experience and adjustments for forward looking information.

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Movement in the expected credit loss allowance of financial assets

Particulars	**For the year ended March 31, 2019**	For the year ended March 31, 2018
Balance at beginning of the year	**0.25**	0.25
Add: Provided during the year	**0.49**	-
Balance at end of the year	**0.74**	0.25

Other price risks including interest rate risk

The Group has deployed its surplus funds into various financial instruments including units of mutual funds, bonds, etc. The Group is exposed to NAV (net asset value) price risks arising from investments in these funds. The value of these investments is impacted by movements in interest rates, liquidity and credit quality of underlying securities.

NAV price sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to NAV price risks at the end of the reporting period. If NAV prices had been 1% higher/lower:

- profit for the year ended March 31, 2019 would increase/decrease by Rs. 29.35 crores (for the year ended March 31, 2018: increase/decrease by Rs. 37.73 crores).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. Since the Group's borrowings which are affected by interest rate fluctuation is very insignificant to the size and operations of the Group, therefore, a change in interest rate risk does not have a material impact on the Group's financial statements in relation to fair value of financial instruments.

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Maturity profile of financial liabilities:

Particulars	**As at March 31, 2019**			
	Less than 1 year	**1 to 5 years**	**>5 years**	**Total**
Non-current Other financial liabilities	**-**	**-**	**9.99**	**9.99**
Current				
(i) Borrowings	**186.76**			**186.76**
(ii) Trade payables	**1,234.05**	**-**	**-**	**1,234.05**
(iii) Other financial liabilities	**163.17**	**-**	**-**	**163.17**

Particulars	As at March 31, 2018			
	Less than 1 year	1 to 5 years	>5 years	Total
Non-current Other financial liabilities	-	-	8.88	8.88
Current				
(i) Borrowings	150.84	-	-	150.84
(ii) Trade payables	1,171.86	-	-	1,171.86
(iii) Other financial liabilities	170.01	-	-	170.01

The surplus funds with the Group and operational cash flows will be sufficient to dispose the financial liabilities with in the maturity period.

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47. SHARE-BASED PAYMENTS

Employee share option plan of the Group

Pursuant to the approval accorded by shareholders at their Annual General Meeting held on July 5, 2006, the Nomination and Remuneration Committee of the Company formulated 'Eicher Employee Stock Option Plan 2006' (ESOP Scheme 2006).

'Eicher Employee Stock Option Plan is applicable to all permanent and full-time employees (as defined in the Plan), excluding promoters of the Company. The eligibility of employees to receive grants under the Plan has to be decided by the Nomination and Remuneration Committee from time to time at its sole discretion.

Vesting of the options shall take place in the manner determined by the Nomination and Remuneration Committee at the time of grant, provided, the vesting period shall not be less than 1 year from the date of grant.

Vesting of options shall be subject to the condition that the Grantee shall be in continuous employment and such other conditions as provided under Employee Stock Option Plan, 2006.

The Exercise Price of each grant is determined by the Nomination and Remuneration Committee at the time of grant, provided that the Exercise Price shall not be less than the closing market price of the shares of the Company on NSE/BSE on the day preceding the date of grant of Options.

The options granted can be exercised at any time until completion of seven years from the date of vesting. Any options remaining unexercised at the end of the exercise period shall lapse. At the time of exercise the participant may pay the exercise price in the form of payment as approved by the Nomination and Remuneration Committee.

Each employee share option converts into one equity share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

Details of the employee share option plan of the company

The following share-based payment arrangements were in existence during the current and prior years :

Option series	Number	Grant date	Vesting period	Expiry date	Exercise Price	Fair value of options at grant date
					Rs.	Rs.
(ii)	2,08,900	22-Oct-07	3 Years	21-Oct-17	462.00	243.90
(iii)	40,000	29-Apr-10	1 Year	28-Apr-18	695.00	154.62
(iv)	15,400	8-Nov-10	3 Years	7-Nov-20	1,411.00	243.90
(v)	1,08,200	6-May-11	3-5 Years	5-May-21	1,162.00	625.14
(vi)	5,400	11-Feb-12	3-5 Years	10-Feb-22	1,770.00	967.06
(vii)	5,000	16-Dec-13	3-5 Years	15-Dec-23	4,915.00	2,522.03
(viii)	16,000	11-Aug-14	3-5 Years	10-Aug-24	8,477.50	4,336.33
(ix)	5,400	12-Nov-14	3-5 Years	11-Nov-24	12,993.65	6,555.65
(x)	2,000	12-Jan-15	1 Year	11-Jan-25	14,739.00	7,626.61
(xi)	20,300	12-Jan-15	3-5 Years	11-Jan-25	14,739.00	7,393.91
(xii)	4,500	20-Mar-15	3-5 Years	20-Mar-25	16,112.00	8,295.62
(xiii)	53,000	8-May-15	3-5 Years	7-May-25	14,807.00	7,741.96
(xiv)	6,590	21-Jul-15	3-5 Years	20-Jul-25	21,248.00	11,112.50
(xv)	7,800	6-Nov-15	3-5 Years	5-Nov-25	17,678.00	9,010.46
(xvi)	4,200	5-Feb-16	3-5 Years	4-Feb-26	16,894.00	8,565.87

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Option series	Number	Grant date	Vesting period	Expiry date	Exercise Price	Fair value of options at grant date
					Rs.	Rs.
(xvii)	2,400	27-Apr-16	3-5 Years	26-Apr-26	20,148.00	10,055.79
(xviii)	2,100	28-Jul-16	3-5 Years	27-Jul-26	20,340.00	10,437.06
(xix)	3,000	28-Oct-16	3-5 Years	27-Oct-26	24,492.00	11,753.96
(xx)	1,800	1-Feb-17	3-5 Years	31-Jan-27	23,028.00	10,875.64
(xxi)	3,500	27-Mar-17	3-5 Years	26-Mar-27	24,350.00	11,601.21
(xxii)	1,350	9-Aug-17	3-5 Years	8-Aug-27	32,121.00	14,973.54
(xxiii)	1,500	14-Nov-17	3-5 Years	13-Nov-27	30,585.00	14,520.88
(xxiv)	2,100	7-Feb-18	3-5 Years	6-Feb-28	27,579.00	12,729.74
(xxv)	4,500	2-Apr-18	3-5 Years	1-Apr-28	28,373.00	12,934.77
(xxvi)	1,250	9-May-18	3-5 Years	8-May-28	30,427.00	14,091.95
(xxvii)	2,400	9-Aug-18	3-5 Years	8-Aug-28	27,594.00	12,887.07
(xxviii)	2,800	12-Nov-18	3-5 Years	11-Nov-28	22,496.00	10,469.40
(xxix)	1,250	11-Feb-19	3-5 Years	10-Feb-29	20,848.00	9,615.40

Fair value of share options granted in the year

The weighted average fair value of the share options granted during the financial year is Rs. 12,138.03 (March 31, 2018 : Rs. 13,884.46). Options were priced using Black Scholes options pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioral considerations.Expected Volatility was determined by taking the daily volatility of the share price on NSE, over a period prior to the date of grant, corresponding to the expected life of the options for each vesting.

Inputs into the Black Scholes options pricing model model

				Option series
Particulars	(xxii)	(xxiii)	(xxiv)	(xxv)
Grant date share price	32,121.00	30,585.00	27,579.00	28,373.00
Exercise price	32,121.00	30,585.00	27,579.00	28,373.00
Expected volatility	29.99%-31.89%	30.06%-31.37%	30.23%-30.97%	30.06%-30.45%
Option life	10 Years	10 Years	10 Years	10 Years
Dividend yield	0.83%	0.83%	0.83%	0.83%
Risk-free interest rate	6.79%-6.88%	7.21%-7.29%	7.78%-7.96%	7.69%-7.75%

Particulars	(xxvi)	(xxvii)	(xxviii)	(xxix)
Grant date share price	30,427.00	27,593.15	22,495.25	20,847.40
Exercise price	30,427.00	27,594.00	22,496.00	20,848.00
Expected volatility	30.10%-30.24%	30.01%-29.70%	30.68%-30.04%	31.16%-30.56%
Option life	10 Years	10 Years	10 Years	10 Years
Dividend yield	0.83%	0.78%	0.78%	0.78%
Risk-free interest rate	8.01%-8.11%	8.12%-8.19%	7.93%-7.98%	7.58%-7.70%

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Movements in share options during the year

Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		Rs.		Rs.
Balance at beginning of the year	**1,14,224**	**16,056.89**	1,56,674	12,236.35
Granted during the year	**12,200**	**26,310.39**	4,950	29,728.74
Forfeited during the year	**(4,500)**	**22,700.67**	(2,100)	16,894.00
Exercised during the year	**(27,021)**	**13,371.16**	(45,300)	4,298.37
Balance at end of the year	**94,903**	**17,824.66**	1,14,224	16,056.89
Exercisable at the end of the year	**12,471**	**13,813.83**	4,694	8,039.57

Effect of share-based payment transactions on the entity's Profit or Loss:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Share-based payments*	**15.39**	23.51

* Excludes Rs. 2.19 crores of share-based payment capitalised in intangible assets under development.

Share options exercised during the year

The following share options were exercised during the year and previous year:

Option series	Number exercised	Exercise date	Exercise price Rs.
For the year ended March 31, 2019			
(vii) Granted on December 16, 2013	666	02-Apr-18	4,915
(viii) Granted on August 11, 2014	500	09-May-18	8,478
(xiii) Granted on May 08, 2015	9,085	09-May-18	14,807
(xii) Granted on March 20, 2015	500	09-May-18	16,112
(viii) Granted on August 11, 2014	500	09-Aug-18	8,478
(xiii) Granted on May 08, 2015	600	09-Aug-18	14,807
(xiv) Granted on July 21, 2015	300	09-Aug-18	21,248
(viii) Granted on August 11, 2014	2,450	12-Nov-18	8,478
(xiii) Granted on May 08, 2015	4,300	12-Nov-18	14,807
(xv) Granted on February 05, 2016	300	12-Nov-18	17,678
(vii) Granted on December 16, 2013	1,000	11-Feb-19	4,915
(viii) Granted on August 11, 2014	450	11-Feb-19	8,478
(ix) Granted on November 12, 2014	370	11-Feb-19	12,994
(xi) Granted on January 12, 2015	6,000	11-Feb-19	14,739
Total	**27,021**		
Weighted average exercise price	**13,371.16**		

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Option series		Number exercised	Exercise date	Exercise price Rs.
For the year ended March 31, 2018				
(vi)	Granted on February 11, 2012	1,800	05-May-17	1,770
(iii)	Granted on April 29, 2010	10,000	05-May-17	695
(ii)	Granted on October 22, 2007	500	07-Aug-17	462
(iii)	Granted on April 29, 2010	10,000	14-Nov-17	695
(viii)	Granted on August 11, 2014	3,830	14-Nov-17	8,478
(ix)	Granted on November 12, 2014	329	14-Nov-17	12,994
(iii)	Granted on April 29, 2010	9,000	07-Feb-18	695
(vii)	Granted on December 16, 2013	1,000	07-Feb-18	4,915
(x)	Granted on January 12, 2015	2,000	07-Feb-18	14,739
(xi)	Granted on January 12, 2015	6,370	07-Feb-18	14,739
(ix)	Granted on November 12, 2014	471	07-Feb-18	12,994
	Total	**45,300**		
Weighted average exercise price		**4,298.37**		

Share options outstanding at end of the year

Options series		Options outstanding		Remaining contractual life		Exercise price Rs.
		As at March 31, 2019	As at March 31, 2018	**As at March 31, 2019**	As at March 31, 2018	
(ii)	22-Oct-07	**-**	-	**-**	-	462
(iii)	29-Apr-10	**-**	-	**-**	-	695
(iv)	8-Nov-10	**-**	-	**-**	-	1,411
(v)	6-May-11	**-**	-	**-**	-	1,162
(vi)	11-Feb-12	**-**	-	**-**	-	1,770
(vii)	16-Dec-13	**668**	2,334	**4.71**	5.71	4,915
(viii)	11-Aug-14	**8,270**	12,170	**5.37**	6.37	8,478
(ix)	12-Nov-14	**1,230**	1,600	**5.62**	6.62	12,994
(x)	12-Jan-15	**-**	-	**5.79**	6.79	14,739
(xi)	12-Jan-15	**7,930**	13,930	**5.79**	6.79	14,739
(xii)	20-Mar-15	**1,000**	1,500	**5.98**	6.98	16,112
(xiii)	8-May-15	**34,465**	48,450	**6.11**	7.11	14,807
(xiv)	21-Jul-15	**6,290**	6,590	**6.31**	7.31	21,248
(xv)	6-Nov-15	**7,500**	7,800	**6.61**	7.61	17,678
(xvi)	5-Feb-16	**2,100**	2,100	**6.85**	7.85	16,894
(xvii)	27-Apr-16	**1,200**	2,400	**7.08**	8.08	20,148
(xviii)	28-Jul-16	**2,100**	2,100	**7.33**	8.33	20,340
(xix)	28-Oct-16	**3,000**	3,000	**7.58**	8.58	24,492
(xx)	1-Feb-17	**-**	1,800	**7.84**	8.84	23,028
(xxi)	27-Mar-17	**2,000**	3,500	**7.99**	8.99	24,350
(xxii)	9-Aug-17	**1,350**	1,350	**8.36**	9.36	32,121
(xxiii)	14-Nov-17	**1,500**	1,500	**8.63**	9.63	30,585
(xxiv)	7-Feb-18	**2,100**	2,100	**8.86**	9.86	27,579
(xxv)	2-Apr-18	**4,500**	-	**9.01**	-	28,373
(xxvi)	9-May-18	**1,250**	-	**9.11**	-	30,427
(xxvii)	9-Aug-18	**2,400**	-	**9.36**	-	27,594
(xxviii)	12-Nov-18	**2,800**	-	**9.62**	-	22,496
(xxix)	11-Feb-19	**1,250**	-	**9.87**	-	20,848
		94,903	1,14,224			

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48. DISCLOSURE IN RESPECT OF OPERATING LEASES:

(A) Assets taken on lease:

The group has taken certain premises under various operating lease agreements. The total lease rental recognize as expense aggregate to Rs. 48.69 crores (March 31, 2018 : Rs. 39.60 crores).

Future minimum lease payments under non-cancellable operating leases in the aggregate and for each of the following year:

Particulars	**As at March 31, 2019**	As at March 31, 2018
Not later than one year	**11.71**	4.68
Later than one year and not later than five years	**17.21**	4.12

(B) Assets given on lease:

The group has given assets under operating lease agreement to its joint venture company "Eicher Polaris Private Limited" . The total lease rental recognize as income aggregate to Rs. 0.26 crores (March 31, 2018 : Rs. 2.92 crores).

Future minimum lease payments under non-cancellable operating leases in the aggregate and for each of the following year:

Particulars	**As at March 31, 2019**	As at March 31, 2018
Not later than one year	**-**	0.26
Later than one year and not later than five years	**-**	-
Later than five years	**-**	-

Note : Lease agreement with Eicher Polaris Private Limited has been terminated with effect from April 30, 2018.

49. EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

Particulars	**For the year ended March 31, 2019**	For the year ended March 31, 2018
(a) Gross amount required to be spent	**45.39**	30.85
(b) Amount spent:		
(i) Construction/acquisition of any asset	**-**	-
(ii) On purpose other than (i) above	**44.28**	29.80
(c) Administrative expenses	**1.11**	1.05

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50. ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTIONS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS TO SCHEDULE III TO THE COMPANIES ACT, 2013

Name of the entity	Share of net assets As at March 31, 2019		Share of profit or loss For the year ended March 31, 2019	
	As % of consolidated net assets	Rs. in crores	As % of consolidated profit or loss	Rs. in crores
Parent				
Eicher Motors Limited	**79.10%**	**7,054.62**	**91.00%**	**2,004.29**
Subsidiaries				
Foreign				
1. Royal Enfield North America Limited	**-0.68%**	**(60.57)**	**-0.96%**	**(21.04)**
2. Royal Enfield Brasil Comercio de Motocicletas Ltda	**-0.31%**	**(27.80)**	**-0.87%**	**(19.24)**
3. Royal Enfield (Thailand) Limited	**0.18%**	**16.07**	**-0.10%**	**(2.16)**
Joint Ventures(investment as per the equity method)				
Indian				
1. VE Commercial Vehicles Limited	**21.71%**	**1,936.40**	**11.73%**	**258.40**
2. Eicher Polaris private Limited	**-**	**-**	**-0.80%**	**(17.52)**

Name of the entity	Share of other comprehensive income For the year ended March 31, 2019		Share of total comprehensive income For the year ended March 31, 2019	
	As % of consolidated net assets	Rs. in crores	As % of consolidated profit or loss	Rs. in crores
Parent				
Eicher Motors Limited	**93.15%**	**(5.77)**	**90.99%**	**1,998.52**
Subsidiaries				
Foreign				
1. Royal Enfield North America Limited	**22.25%**	**(1.38)**	**-1.02%**	**(22.42)**
2. Royal Enfield Brasil Comercio de Motocicletas Ltda	**-19.42%**	**1.20**	**-0.82%**	**(18.04)**
3. Royal Enfield (Thailand) Limited	**2.88%**	**(0.18)**	**-0.11%**	**(2.34)**
Joint Ventures(investment as per the equity method)				
Indian				
1. VE Commercial Vehicles Limited	**1.14%**	**(0.07)**	**11.76%**	**258.33**
2. Eicher Polaris private Limited	**-**	**-**	**-0.80%**	**(17.52)**

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Name of the entity	Share of net assets As at March 31, 2018		Share of profit or loss For the year ended March 31, 2018	
	As % of consolidated net assets	Rs. in crores	As % of consolidated profit or loss	Rs. in crores
Parent				
Eicher Motors Limited	75.70%	5,321.50	100.66%	1,972.46
Subsidiaries				
Foreign				
1. Royal Enfield North America Limited	-0.53%	(37.37)	-1.77%	(34.69)
2. Royal Enfield Brasil Comercio de Motocicletas Ltda	-0.15%	(10.45)	-0.75%	(14.61)
Joint Ventures(investment as per the equity method)				
Indian				
1. VE Commercial Vehicles Limited	24.98%	1,756.39	13.09%	256.56
2. Eicher Polaris Private Limited	-	-	-11.23%	(220.05)

Name of the entity	Share of other comprehensive income For the year ended March 31, 2018		Share of total comprehensive income For the year ended March 31, 2018	
	As % of consolidated net assets	Rs. in crores	As % of consolidated profit or loss	Rs. in crores
Parent				
Eicher Motors Limited	108.91%	10.86	100.69%	1,983.32
Subsidiaries				
Foreign				
1. Royal Enfield North America Limited	-0.09%	(0.01)	-1.76%	(34.70)
2. Royal Enfield Brasil Comercio de Motocicletas Ltda	0.67%	0.07	-0.74%	(14.54)
Joint Ventures(investment as per the equity method)				
Indian				
1. VE Commercial Vehicles Limited	-9.49%	(0.95)	12.98%	255.61
2. Eicher Polaris Private Limited	-	-	-11.17%	(220.05)

51. Previous year's figures have been recast/regrouped, wherever necessary to conform with the current period's presentation.

52. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group accounting policies, which are described in note 3, the management of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements:-

Control over VE Commercial Vehicles Limited

VE Commercial Vehicles Limited (VECVL) is a joint venture Company of Eicher Motors Limited (EML) and Aktiebolaget Volvo (PUBL), Volvo (AB Volvo). EML holds 54.4% in VECVL, however, the composition of the Board of Directors for the management of VECVL is jointly controlled by both the investors i.e. EML and AB Volvo. Further, EML is also not meeting the criteria of control as given in Ind-AS 110, for e.g. EML exposure/ right to variable returns from its involvement in VECVL, ability to use its power over VECV to affect the amount of returns, etc. and therefore, VECVL is considered as joint venture instead of a subsidiary company for EML.

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The arrangement shall be treated as a joint arrangement under Ind AS 111 "Joint Arrangements".

Ind AS 111 classifies joint arrangements into:

- Joint operations whereby the parties have joint control over the rights and obligations of the arrangement. It also includes an arrangement which is not structured through a separate vehicle.
- Joint venture whereby the parties have joint control over the net assets of the arrangement.

Joint Control has been described to be existing only when decisions about relevant activities require the unanimous consent of the parties that collectively control the arrangement. The contractual arrangement requires a minimum proportion of the voting rights to make relevant decisions.

As per the above description, the arrangement between EML and AB Volvo shall be classified as a Joint Venture as it has been structured through a separate vehicle (i.e. VECVL) and also the parties do not have control over specific rights and obligations rather they have joint control over the net assets.

Recoverability of intangible assets and intangible assets under development

The Group has various internally generated intangible assets either capitalised or under development. Initial recognition of the expenditure under these assets are based on assessing each asset in relation to the specific recognition criteria to be met for capitalisation, for e.g. technological and economic feasibility and the ability of the asset to generate economic benefits in the future. In addition, the management also assesses any indications of impairment of the carrying value of the assets. This requires the management's judgement and assumptions, which are affected by future market or economic developments. The management has analysed the recognition criteria and future market conditions and is confident that these assets do not require any adjustments to their carrying value at the year end.

Provision and contingent liability

On an ongoing basis, Group reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in consolidated financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the consolidated financial statements. Contingencies the likelihood of which is remote are not disclosed in the consolidated financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting period. As at March 31, 2019 management assessed that the useful lives represent the expected utility of the assets to the Group. Further, there is no significant change in the useful lives as compared to previous year.

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 47.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model.

53. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Ind AS 116 Leases

Ind AS 116 Leases was notified by MCA on March 30, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 01, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e.,

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leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Group intends to adopt these standards from April 01, 2019. As the Group does not have any material leases, therefore the adoption of this standard is not likely to have a material impact in its Consolidated Financial Statements.

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 and does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. In determining the approach that better predicts the resolution of the uncertainty, an entity might consider, for example, (a) how it prepares its income tax filings and supports tax treatments; or (b) how the entity expects the taxation authority to make its examination and resolve issues that might arise from that examination.

The interpretation is effective for annual reporting periods beginning on or after April 01, 2019, but certain transition reliefs are available. The Group will apply the interpretation from its effective date. However, the Group does not foresee a material impact on account of the same.

54. EVENTS AFTER THE REPORTING PERIOD

The Board of directors at their meeting held on May 10, 2019, considered and recommended a final dividend aggregating Rs. 341.03 crores @ Rs. 125 per share (nominal value Rs. 10 per share) for the financial year 2018-19 (final dividend paid for March 31, 2018 : Rs. 299.93 crores @ Rs. 110 per share).

As per our report of even date
For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 301003E/E300005

per Sanjay Vij
Partner
Membership No : 095169

For and on behalf of the Board of Directors of Eicher Motors Limited

Manhar Kapoor Company Secretary	**Lalit Malik** Chief Financial Officer	**Vinod K. Dasari** Whole-time Director & CEO of Royal Enfield DIN: 00345657	**Siddhartha Lal** Managing Director DIN: 00037645
Inder Mohan Singh Director DIN: 07114750	**Manvi Sinha** Director DIN: 07038675	**Vinod Aggarwal** Director DIN: 00038906	**S. Sandilya** Chairman DIN: 00037542

Place: Gurugram
Date: May 10, 2019

Place: Gurugram
Date: May 10, 2019