INDEPENDENT AUDITOR'S REPORT

To
The Members of
Eicher Motors Limited

REPORT ON THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Eicher Motors Limited** ("the Company"), which comprise the Balance sheet as at March 31, 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 state of affairs of the Company as at March 31, 2019, its profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone 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 Standalone Ind AS Financial Statements' section of our report. We are independent of the Company 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 standalone 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 standalone Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the standalone 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 standalone 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 standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone 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 financial statements.)	
The Company has various internally generated intangible projects under development. 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.	• Our audit procedures included reading Company'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 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.

Key audit matters	How our audit addressed the key audit matter
Due to the materiality of the assets under development recognized and the level of management judgement involved, initial recognition and measurement of internally generated intangible assets has been considered as a key audit matter.	• 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 standalone Ind AS financial statements
Revenue Recognition (Refer to the accounting policies in Note 3 to the 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 Company 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 therefore revenue recognition has been identified as a key audit matter.	• Our audit procedures included reading the Company'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 test 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 to establish that sales and corresponding trade receivables are properly recorded in the correct period.

Other Information

The 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 standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone 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 standalone 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 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 Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability 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 Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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 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 Company's ability 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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 standalone 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) We 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;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid standalone 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 as on March 31, 2019 taken on record by the Board of Directors, none of the directors 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 of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(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:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 40 to the standalone Ind AS financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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 REFERRED TO IN PARAGRAPH 1 OF THE SECTION "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

Re: Eicher Motors Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Property, Plant and Equipment were physically verified by the management during the year in accordance with its plan of verification in a phased manner and no material discrepancies were identified on such verification.

(c) According to the information and explanations given by the management the title deeds of immovable properties included in property, plant and equipment/ fixed assets are held in the name of the company except the following:

Particulars	Carrying value as at March 31, 2019 (Rs. Crore)	Remarks
Freehold land located at Alwar, Rajasthan and Jhajjar, Haryana	**0.74**	Pending registration in the name of the Company

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them during the year and no material discrepancies were noticed in respect of such confirmations.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, the Company has not advanced loans to directors/to a company in which the Director is interested in to which the provisions of section 185 of the Companies Act, 2013 apply and hence not commented upon. Further, in our opinion and according to the information and explanations given to us, the provisions of section 186 of the Companies Act, 2013 in respect of loans and advances given, investments made and, guarantees and securities given have been complied with by the Company.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of certain products of the Company, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, customs duty, cess and other statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, customs duty, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of Statue	Nature of Dues	Forum where it is pending	Period to which it relates	Amount involved (Rs. crores)	Amount unpaid (Rs. crores)
Central Excise Act, 1944	Excise Duty	Up to Commissioner (Appeals)'s level	1995-96, 1996-97, 2013-14, 2016-17, 2017-18	1.08	1.07
	Excise Duty	CESTAT	1983-84 to 2000-01, 2012-13 to 2015-2016	1.44	1.17
	Excise Duty	Punjab and Haryana High Court	1995-96 to 1998-99	0.18	-
The Central Sales Tax Act, 1956	Sales Tax	Commissioner of Sales Tax (Appeals)	1986-87 to 1987-88, 1994-95 to 2002-03, 2004-05 to 2010-2011, 2013-14,2014-15, 2015-16	7.25	3.34
	Sales Tax	Sales Tax Appellate Tribunal	1988-89, 1991-92 to 1995-96, 1997-98 to 1999-00, 2002-03 to 2004-05, 2006-07	0.89	0.70
	Sales Tax	Allahabad High Court, Madhya Pradesh High Court	1984-85, 1985-86, 2000-01, 2004-05	0.83	0.39
Tamil Nadu Value Added Tax Act, 2006	Value Added Tax	Commissioner of Sales Tax (Appeals)	2010-11, 2013-14	0.76	0.48
Bihar Finance Act, 1981	Sales Tax	Commissioner of Sales Tax (Appeals)	2000-01	0.32	0.30
	Sales Tax	Patna High Court	2001-02	0.46	0.44
The Bihar Tax on Entry of Goods into Local Areas for Consumption, Use or Sale therein Act, 1993	Entry Tax	Commissioner of Sales Tax (Appeals)	2013-14	0.10	-
Uttar Pradesh Sales Tax Act, 1948, Uttar Pradesh VAT Act, 2008	Sales Tax / Value added Tax	Commissioner of Sales Tax (Appeals)	2013-14	0.02	-
	Sales Tax / Value added Tax	Appellate Tribunal	1991-92, 1993-94 to 1995-96, 1999-00, 2001-02	0.22	0.19
	Sales Tax / Value added Tax	Allahabad High Court	2000-01	0.43	0.29

Name of Statue	Nature of Dues	Forum where it is pending	Period to which it relates	Amount involved (Rs. crores)	Amount unpaid (Rs. crores)
Rajasthan Sales Tax Act, 1994, Rajasthan Value Added Tax Act, 2003	Sales Tax / Value added Tax	Commissioner of Sales Tax (Appeals)	1996-97, 2000-01, 2002-03, 2014-15	0.28	0.22
	Sales Tax / Value added Tax	Sales Tax Appellate Tribunal	1990-2000	0.05	0.05
	Sales Tax / Value added Tax	Rajasthan High Court	1993-94	0.03	0.01
	Sales Tax / Value added Tax	Supreme Court of India	1986-87 to 1988-89, 1990-91, 1991-92, 2001-02 to 2003-04	1.96	1.41
Delhi Sales Tax Act, 1975	Sales Tax	Sales Tax Appellate Tribunal	1991-92, 1992-93, 2000-01, 2002-03	0.35	0.31
The Madhya Pradesh General Sales Tax Act, 1958, The Madhya Pradesh VAT Act, 2002	Sales Tax / Value added Tax	Commissioner of Sales Tax (Appeals)	2000-01, 2008-09	0.02	0.02
	Sales Tax / Value added Tax	Appellate Tribunal	2002-03, 2004-05	0.26	0.16
The Maharashtra Value Added Tax Act, 2002	Value Added Tax	Commissioner of Sales Tax (Appeals)	2012-13	0.04	0.03
The Odisha Sales Tax Act, 1947	Value Added Tax	Commissioner of Sales Tax (Appeals)	2000-01	0.01	0.00
Goods and Service Tax Act 2017	GST	Commissioner of GST (Appeals)	2018-19	0.06	0.02
Finance Act, 1994	Service Tax	CESTAT	2006-07 to 2011-12	0.39	0.36
The Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	2013-14 and 2014-15	6.32	6.32
The Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2012-13	0.19	0.19

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution or a bank. The Company did not have any outstanding loans or borrowing dues in respect of the government or dues to debenture holders during the year.

(ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company and no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE 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")

We have audited the internal financial controls over financial reporting of Eicher Motors Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the 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 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone 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 as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 standalone 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 standalone 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 standalone 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 is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these standalone financial statements.

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

A company's internal financial control over financial reporting with reference to these standalone 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 standalone 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 Standalone Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone 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 standalone financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone 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 Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the 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.

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

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	**1,688.32**	1,454.76
(b) Capital work-in-progress	5	**272.14**	141.89
(c) Investment property	6	**3.51**	3.86
(d) Intangible assets	7	**178.98**	38.66
(e) Intangible assets under development	8	**177.60**	191.32
(f) Investments in subsidiaries & joint ventures	9	**67.93**	49.43
(g) Financial assets			
(i) Investments	10	**2,509.79**	3,183.16
(ii) Other financial assets	12	**28.27**	24.88
(h) Non-current tax assets	25	**18.44**	18.44
(i) Other non-current assets	17	**153.04**	163.85
Total non-current assets		**5,098.02**	5,270.25
Current assets			
(a) Inventories	13	**605.34**	379.23
(b) Financial assets			
(i) Investments	10	**468.81**	633.40
(ii) Trade receivables	14	**112.65**	78.02
(iii) Cash and cash equivalents	15	**701.76**	89.28
(iv) Bank balances other than (iii) above	16	**2,238.31**	1,119.54
(v) Loans	11	**1.29**	0.28
(vi) Other financial assets	12	**73.26**	33.71
(c) Other current assets	17	**177.97**	190.96
Total current assets		**4,379.39**	2,524.42
Total assets		**9,477.41**	7,794.67
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	18	**27.28**	27.26
(b) Other equity	19	**7,099.17**	5,344.97
Total equity		**7,126.45**	5,372.23
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Other financial liabilities	20	**9.96**	8.88
(b) Provisions	23	**23.00**	29.12
(c) Deferred tax liabilities (net)	24	**276.49**	142.97
(d) Other non-current liabilities	26	**63.13**	46.84
Total non-current liabilities		**372.58**	227.81
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	**76.38**	85.98
(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		**1,211.82**	1,143.32
(iii) Other financial liabilities	20	**158.00**	166.70
(b) Provisions	23	**57.65**	47.21
(c) Current tax liabilities	25	**141.47**	108.01
(d) Other current liabilities	26	**313.78**	616.26
Total current liabilities		**1,978.38**	2,194.63
Total liabilities		**2,350.96**	2,422.44
Total equity and liabilities		**9,477.41**	7,794.67

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

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		**9,715.16**	9,167.73
Other operating income		**79.32**	44.08
Revenue from operations	27	**9,794.48**	9,211.81
Other income	28	**508.04**	332.43
Total Income		**10,302.52**	9,544.24
EXPENSES			
Cost of materials consumed	29	**5,055.89**	4,515.60
Purchases of traded goods	30	**205.33**	154.97
Change in inventories of finished goods, work-in-progress and traded goods	31	**(198.46)**	(31.47)
Excise duty on sale	27	**-**	254.30
Employee benefits expense	32	**679.53**	547.86
Finance costs	33	**2.99**	3.04
Depreciation and amortisation expense	34	**298.93**	222.34
Other expenses	35	**1,107.81**	917.35
Total Expenses		**7,152.02**	6,583.99
Profit before exceptional items and tax		**3,150.50**	2,960.25
Exceptional item	36	**17.52**	311.98
Profit before tax		**3,132.98**	2,648.27
Tax expense			
Current tax	37	**941.92**	877.34
Deferred tax	37	**136.62**	58.02
Total tax expense		**1,078.54**	935.36
Net profit after tax		**2,054.44**	1,712.91
Other comprehensive income/(expense)			
Items that may be reclassified to profit or loss:-			
Exchange differences in translating the financial statements of foreign operations		**(7.47)**	18.32
Income tax effect	37	**2.61**	(6.33)
		(4.86)	**11.99**
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	37	**0.49**	0.60
		(0.91)	(1.14)
Total Comprehensive income for the year		**2,048.67**	1,723.76
Earnings per equity share of Rs. 10 each (in Rs.)			
(a) Basic	43	**753.37**	629.07
(b) Diluted	43	**752.54**	627.88

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 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

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 48)	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 48)	27,021	0.02
Balance as at March 31, 2019	**2,72,82,570**	**27.28**

B OTHER EQUITY

Particulars	Reserves and surplus						Items of OCI	Total equity
	Capital reserve	Capital redemption reserve	Securities premium reserve	General reserve	Share based payments reserve	Retained earnings	Foreign currency translation reserve	Total
Balance as at March 31, 2017	**0.25**	**1.41**	**32.09**	**339.89**	**45.13**	**3,476.61**	**-**	**3,895.38**
Profit for the year	-	-	-	-	-	1,712.91	-	**1,712.91**
Other comprehensive income for the year, net of income tax	-	-	-	-	-	(1.14)	11.99	**10.85**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**1,711.77**	**11.99**	**1,723.76**
Share-based payments (refer note 48)	-	-	-	-	18.11	-	-	**18.11**
Payment of dividend	-	-	-	-	-	(272.22)	-	**(272.22)**
Payment of dividend tax	-	-	-	-	-	(44.90)	-	**(44.90)**
Proceeds from issue of equity shares under employee share option plan	-	-	19.44	-	-	-	-	**19.44**
ESOP expense transferred to subsidiary company	-	-	-	-	5.40	-	-	**5.40**
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**	**4,871.26**	**11.99**	**5,344.97**
Profit for the year	-	-	-	-	-	2,054.44	-	**2,054.44**
Other comprehensive income for the year, net of income tax	-	-	-	-	-	(0.91)	(4.86)	**(5.77)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**2,053.53**	**(4.86)**	**2,048.67**
Share-based payments (refer note 48)	-	-	-	-	16.40	-	-	**16.40**
Payment of dividend	-	-	-	-	-	(299.93)	-	**(299.93)**
Payment of dividend tax	-	-	-	-	-	(48.23)	-	**(48.23)**
Proceeds from issue of equity shares under employee share option plan	-	-	36.11	-	-	-	-	**36.11**
ESOP expense transferred to subsidiary company	-	-	-	-	1.18	-	-	**1.18**
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**	**6,576.63**	**7.13**	**7,099.17**

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

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

per Sanjay Vij
Partner
Membership No : 095169

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

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	**3,132.98**	2,648.27
Adjustments for:		
Depreciation and amortisation expenses	**298.93**	222.34
Gain on disposal of property, plant and equipment	**(0.17)**	(0.17)
Impairment loss in the value of investments (refer note 36)	**17.52**	311.98
Property, plant and equipment discarded	**3.00**	-
Rent income	**(0.26)**	(2.92)
Loss on sale of property, plant and equipment	**1.12**	1.00
Dividend from joint venture company	**(65.28)**	(51.68)
Net gain on financial instruments at fair value through profit or loss	**(288.68)**	(235.02)
Interest income recognised in profit or loss	**(130.32)**	(39.32)
Expenses recognised in respect of equity-settled share-based payments	**14.21**	18.11
Re-measurement gains/(losses) on defined benefit plans	**(1.40)**	(1.74)
Exchange difference on conversion	**(7.47)**	18.32
Finance costs recognized in profit or loss	**2.99**	3.04
Operating profit before changes in working capital	**2,977.17**	2,892.21
Changes in working capital:		
Adjustments for (increase) / decrease in non-current assets:		
Other financial assets	**(4.45)**	(6.00)
Other assets	**0.04**	0.63
Adjustments for (increase) / decrease in current assets:		
Inventories	**(226.11)**	(56.78)
Trade receivables	**(34.63)**	(29.08)
Loans	**(1.01)**	0.06
Other financial assets	**3.10**	5.29
Other assets	**12.99**	(115.25)
Adjustments for increase / (decrease) in non-current liabilities:		
Other financial liabilities	**1.08**	1.72
Provisions	**(7.72)**	1.30
Other liabilities	**16.29**	23.64
Adjustments for increase / (decrease) in current liabilities:		
Trade payables	**60.63**	405.98
Other financial liabilities	**13.84**	7.33
Provisions	**10.44**	4.70
Other liabilities	**(302.48)**	186.73
Cash generated from operating activities	**2,519.18**	3,322.48
Direct taxes paid	**(908.46)**	(807.09)
Net cash flow from/(used in) operating activities (A)	**1,610.72**	2,515.39
B. CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES		
Payment for property, plant and equipment	**(786.81)**	(745.06)
Proceeds from disposal of property, plant and equipment	**0.08**	1.60
Investment in subsidiary company	**(18.50)**	(15.91)
Investment in a joint venture company	**(30.00)**	(16.50)
Investment in equity shares of a company recognised at FVTPL	**(5.04)**	(0.09)
Proceeds from sale of investments	**9,050.65**	6,123.96
Purchases of investments	**(7,924.00)**	(6,464.10)
Investments in fixed deposit	**(3,696.00)**	(1,243.94)
Maturity proceeds from fixed deposit	**2,578.94**	135.00

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
Dividend from joint venture company	**65.28**	51.68
Rent received	**0.26**	2.92
Interest received	**89.92**	11.98
Net cash flow from/(used in) investing activities (B)	**(675.22)**	(2,158.46)
C. CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		
Short term borrowings availed	**322.06**	459.69
Re-payment of short term borrowings	**(342.89)**	(441.15)
Interest paid	(1.39)	(1.35)
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)	**(334.25)**	(280.44)
Net Increase/(decrease) in cash and cash equivalents (A)+(B)+(C)	**601.25**	76.49
Cash and cash equivalents at the beginning of the year	**89.28**	12.79
Cash and cash equivalents at the end of the year	**690.53**	89.28

Particulars	**As at March 31, 2019**	As at March 31, 2018
Components of cash and cash equivalents		
Cash on hand	**0.03**	0.04
Cheques/drafts on hand	**-**	0.06
Balances with banks:		
In current accounts	**9.73**	89.18
In deposit accounts with original maturity of less than three months	**692.00**	-
Cash and cash equivalents as per balance sheet (refer note 15)	**701.76**	89.28
Bank overdrafts (refer note 21)	**11.23**	-
Cash and cash equivalents as per statement of cash flows	**690.53**	89.28

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
Company Secretary

Lalit Malik
Chief Financial Officer

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

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Vinod Aggarwal
Director
DIN: 00038906

S. Sandilya
Chairman
DIN: 00037542

Place: Gurugram
Date: May 10, 2019

NOTES

FORMING PART OF THE 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 Company") is a public company domiciled and incorporated in India under the provisions of the Companies Act, 1956. The Company is engaged in the manufacturing and selling of motorcycles, spare parts and related services. The Company has its registered office at New Delhi, India and its corporate office at Gurugram, Haryana, India. The Company has its equity shares listed on the BSE Limited and National Stock Exchange of India Limited. The standalone 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 financial statements.

2.2 Accounting convention

The 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 of goods and services. The 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 Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company 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 Current versus non-current classification

The Company 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 Company classifies all other liabilities as non-current.

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

3.2 Revenue from contract with customer

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 Company expects to be entitled in exchange for those goods or services. The Company 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 Company 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

NOTES

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

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Coupons, etc.). In determining the transaction price for the sale of goods, the Company 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 Company estimates the amount of consideration to which it will be entitled in exchange 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 Company recognises a refund liability.

Warranty obligations

The Company 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 3.15 Provisions.

The Company 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 Company acts as an agent, the revenue is recorded at the net amount that the Company retains for its agency services.

Trade receivables

A receivable represents the Company'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 3.16 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 Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company 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 Company 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 Company 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.

3.3 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.

NOTES

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

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

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

As a lessor

The Company has leased out certain assets and such leases where the Company 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.

3.4 Foreign currencies

IThe financial statements are presented in Indian Rupees, which is also the functional currency of the Company. In preparing the financial statements of the Company, transactions in currencies other than the Company'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 operation at the functional currency spot rates at the date the transaction first qualifies for recognition. In respect of foreign operation, 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 Company 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 a foreign operation are initially recognised in the financial statements of the Company 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.

3.5 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 as 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.

3.6 Government grants

Government grants are not recognised until there is reasonable assurance that the Company 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 Company 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.

NOTES

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

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

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

3.7 Retirement and other employee benefits

Provident fund

(i) The Company operates a scheme of provident fund for eligible employees, which is a defined benefit plan. Both the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company contributes a part of the contributions to the "Eicher Executive 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 Company 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 3.7 (i) above, are covered in a defined contribution scheme wherein their portion of provident fund is contributed to the government administered provident fund. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service.

Gratuity

The Company operates a defined benefit gratuity plan, which requires contributions to be made to a separately administered fund.

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-measurements, 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-measurements 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 Company 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 Company'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.

NOTES

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

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

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 Company in respect of services provided by employees up to the reporting date.

3.8 Share-based payment arrangements

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

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. 48.

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 Company'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.

3.9 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 Company'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.

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- 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 (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 Company 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.

3.10 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 Company 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 Company'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

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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

As part of transition from the previous GAAP, the Company 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.

3.11 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 and intangible assets not yet available for use 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 and 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 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

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3.12 Impairment of non-financial assets

At the end of each reporting period, the Company 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 Company estimates 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.

3.13 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 Company 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.

3.14 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. Cost includes cost of purchase and other costs incurred in bringing the inventories to its present location. Cost of inventories is 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.

3.15 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation,

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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).

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.

3.16 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 Company 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.

3.17 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

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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 Company 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 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 Company'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.

Investments in subsidiaries and joint ventures are carried at cost in the separate financial statements.

Impairment of financial assets

The Company 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 Company 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 increased significantly since initial recognition.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company 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 Company 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.

3.18 Financial liabilities and equity instruments

Classification as financial liability or equity

Debt and equity instruments issued by Company 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 at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are

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recognized in the other comprehensive income. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

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

3.19 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.

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 Company's cash management.

3.20 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 Company are segregated based on the available information.

3.21 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.

3.22 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 Company 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 standalone 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 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	229.40	794.79	13.92	67.77	27.64	1,219.47
Additions	-	254.40	510.34	6.72	41.72	18.70	831.88
Disposals / Adjustments	-	-	3.30	0.07	0.04	1.86	5.27
At March 31, 2018	**85.95**	**483.80**	**1,301.83**	**20.57**	**109.45**	**44.48**	**2,046.08**
Additions	-	161.00	293.08	7.43	30.33	18.60	510.44
Disposals / Adjustments	-	1.49	48.22	0.57	0.62	2.81	53.71
At March 31, 2019	**85.95**	**643.31**	**1,546.69**	**27.43**	**139.16**	**60.27**	**2,502.81**
Accumulated depreciation							
At March 31, 2017	-	27.75	309.70	5.83	31.71	12.05	387.04
Charge for the year	-	16.87	163.34	3.20	17.32	6.40	207.13
Disposals / Adjustments	-	-	1.34	0.03	0.04	1.44	2.85
At March 31, 2018	**-**	**44.62**	**471.70**	**9.00**	**48.99**	**17.01**	**591.32**
Charge for the year	-	25.33	210.92	3.44	23.71	9.45	272.85
Disposals / Adjustments	-	0.38	46.98	0.25	0.37	1.70	49.68
At March 31, 2019	**-**	**69.57**	**635.64**	**12.19**	**72.33**	**24.76**	**814.49**
Carrying amount							
At March 31, 2018	85.95	439.18	830.13	11.57	60.46	27.47	1,454.76
At March 31, 2019	**85.95**	**573.74**	**911.05**	**15.24**	**66.83**	**35.51**	**1,688.32**

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

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 Company'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 Company. 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	37.11	62.31
Additions	5.63	14.48	20.11
Disposals / Adjustments	-	0.02	0.02
At March 31, 2018	**30.83**	**51.57**	**82.40**
Additions	145.07	20.98	166.05
Disposals / Adjustments	0.06	0.11	0.17
At March 31, 2019	**175.84**	**72.44**	**248.28**
Accumulated depreciation			
At March 31, 2017	9.20	19.70	28.90
Charge for the year	3.80	11.06	14.86
Disposals / Adjustments	-	0.02	0.02
At March 31, 2018	**13.00**	**30.74**	**43.74**
Charge for the year	10.88	14.85	25.73
Disposals / Adjustments	0.01	0.16	0.17
At March 31, 2019	**23.87**	**45.43**	**69.30**
Carrying amount			
At March 31, 2018	17.83	20.83	38.66
At March 31, 2019	**151.97**	**27.01**	**178.98**

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 SUBSIDIARIES & JOINT VENTURES

Particulars	**As at March 31, 2019 Non-Current**	As at March 31, 2018 Non-Current
Unquoted Investments		
(a) Investment in equity instruments of subsidiary companies (at cost)		
47,13,569 (March 31, 2018 : 47,13,569) shares of Brasilian Real 1 each fully paid up of Royal Enfield Brasil Comércio de Motocicletas Ltda	**9.82**	9.82
1,00,000 (March 31, 2018 : 1,00,000) shares of Royal Enfield North America Limited (no face value)	**34.17**	34.17
1,67,50,000 (March 31, 2018 : Nil) shares of Thai Bhat 5 each fully paid up of Royal Enfield (Thailand) Limited	**18.50**	-
Sub-total (A)	**62.49**	43.99
(b) Investment in equity instruments of joint venture companies (at cost)		
54,40,000 (March 31, 2018 : 54,40,000) Equity shares of Rs. 10 each fully paid up of VE Commercial Vehicles Limited	**5.44**	5.44
32,45,00,000 (March 31, 2018 : 29,45,00,000) Equity shares of Rs.10 each fully paid up of Eicher Polaris Private Limited	**324.50**	294.50
Eicher Group Foundation (License under Section 8(1) of the Companies Act, 2013)*	**-**	-
Sub-total	**329.94**	299.94
Less: Impairment in value of investments in Eicher Polaris Private Limited (refer note 36)	**(324.50)**	(294.50)
Sub-total (B)	**5.44**	5.44
Total (A+B)	**67.93**	49.43

*Cost of investment is stated as Rs. Nil as the same cannot be distributed to the members in the event of liquidation. Actual cost of investment of Rs. 2,50,000 has been charged to the Statement of Profit and Loss in the financial year 2015-16.

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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**	3,139.13	633.40
Sub-total (B)	**2,465.76**	**468.81**	3,139.13	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**	3,183.16	633.40
Aggregate carrying value of quoted investments	**2,509.70**	**468.81**	3,183.07	633.40
Aggregate market value of quoted investments	**2,511.63**	**468.81**	3,185.80	633.40
Aggregate carrying value of unquoted investments	**0.09**	**-**	0.09	-
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**	3,139.13	633.40
Financial assets carried at amortized cost				
Quoted				
Investment in bonds	**43.94**	**-**	43.94	-

NOTES

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

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

11. LOANS

Particulars	As at March 31, 2019	As at March 31, 2018
Current		
Unsecured, considered good		
Loans to employees	**1.29**	0.28
Total	**1.29**	0.28

12. OTHER FINANCIAL ASSETS

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current		
Unsecured, considered good		
Security deposits	**26.89**	22.44
Others	**1.38**	2.44
Total	**28.27**	24.88
Current		
Unsecured, considered good		
Insurance claim receivable	**0.73**	1.02
Interest accrued on fixed deposits and bonds	**70.08**	29.68
Others	**2.45**	3.01
Total	**73.26**	33.71

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**	143.44
[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	**359.71**	188.68
Traded goods	**40.39**	16.63
Stores and spares	**13.72**	10.22
Loose tools	**3.75**	2.25
Total	**605.34**	379.23

Write-downs of inventories to net realisable value resulted in net loss of Rs. 5.83 crores (March 31, 2018 : Rs. 3.84 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 3.14.

NOTES

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

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

14. TRADE RECEIVABLES

Particulars	**As at March 31, 2019**	As at March 31, 2018
Trade receivables	**85.59**	65.59
Receivables from related parties (refer note 45)	**27.06**	12.43
Total	**112.65**	78.02
Current		
Considered good - secured	**0.45**	0.07
Considered good - unsecured	**112.20**	77.95
Receivables which have significant increase in credit risk	**-**	-
Receivables - credit impaired	**0.74**	0.25
	113.39	**78.27**
Less: Provision for doubtful receivables	**(0.74)**	(0.25)
Total	**112.65**	78.02

No trade or other receivable are due from directors or other officers of the company 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 of maximum to 60 days.

Export sales carries credit period of 0 to 240 days, depending on the contractual terms with respective customers.

For terms and condition for related party sales refer note 45

15. CASH AND CASH EQUIVALENTS

Particulars	**As at March 31, 2019**	As at March 31, 2018
Cash on hand	**0.03**	0.04
Cheques/drafts on hand	**-**	0.06
Balances with banks:		
In current accounts	**9.73**	89.18
In deposit accounts with original maturity of less than three months	**692.00**	-
Total	**701.76**	89.28

NOTES

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

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

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	**0.03**	0.04
Cheques/drafts on hand	**-**	0.06
Balances with banks:		
In current accounts	**9.73**	89.18
In deposit accounts with original maturity of less than three months	**692.00**	-
Total	**701.76**	89.28
Bank overdrafts (refer note 21)	**11.23**	-
Total	**690.53**	89.28

Changes in liabilities arising from financing activities

Particulars	**April 1, 2018**	**Net cash flows**	**Others**	**March 31, 2019**
Short-term borrowings	85.98	(20.83)	-	**65.15**
Interest accrued but not due	-	(1.39)	1.39	**-**
Dividend payable including tax on dividend	-	(348.16)	348.16	**-**
Total liabilities from financing activities	85.98	(370.38)	349.55	**65.15**

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

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**	1.89
Total	**153.04**	163.85

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

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Particulars	As at March 31, 2019	As at March 31, 2018
Current		
Unsecured, considered good		
Advance to suppliers	**54.71**	45.41
Advance to employees	**5.66**	4.81
Prepaid expenses	**17.98**	11.06
Balance with government authorities:		
Considered good	**88.91**	119.28
Considered doubtful	**1.11**	1.11
	90.02	120.39
Less: Provision for doubtful advances	**(1.11)**	(1.11)
	88.91	119.28
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	**177.97**	190.96

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 Company 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.

(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 48)	**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

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

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

(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 Company'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 48.

(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 Company has not issued any preference shares.

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	**7.13**	11.99
Retained earnings	**6,576.63**	4,871.26
Total	**7,099.17**	5,344.97

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

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS 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
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 Company 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.

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	**16.40**	18.11
Add : ESOP expense transferred to subsidiary company	**1.18**	5.40
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 48.

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS 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
F Foreign currency translation reserve		
Opening balance	**11.99**	-
Add : Exchange differences in translation of foreign operations	**(4.86)**	11.99
Closing balance	**7.13**	11.99

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
G Retained earnings		
Opening balance	**4,871.26**	3,476.61
Add: Profit for the year	**2,054.44**	1,712.91
Add: Other Comprehensive income: from Remeasurement of defined benefit obligation net of income tax	**(0.91)**	(1.14)
Less: Dividend (amount per share Rs. 110 (March 31, 2018 : Rs. 100))	**299.93**	272.22
Less: Tax on dividend	**48.23**	44.90
Total appropriations	**348.16**	317.12
Balance at end of year	**6,576.63**	4,871.26

FINANCIAL LIABILITIES :

20. OTHER FINANCIAL LIABILITIES

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current		
Security deposits received	**9.96**	8.88
Total	**9.96**	8.88
Current		
Employee dues	**73.00**	59.16
Capital creditors	**57.38**	69.15
Unpaid dividend *	**12.31**	10.60
Provision for constructive obligation towards the discontinued operations of a joint venture (refer note 36)	**5.00**	17.48
Others	**10.31**	10.31
Total	**158.00**	166.70

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

21. BORROWINGS

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured		
- From bank		
Overdraft facility	**11.23**	-
Short-term Loan	**65.15**	85.98
Total	**76.38**	85.98

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

NOTES

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

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

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 41)	**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	**1026.66**	964.84
Trade payables to related parties (refer note 45)	**77.40**	68.36
Sub-total (B)	**1,211.82**	1,143.32
Total (A+B)	**1,231.10**	1,170.47

For terms and conditions pertaining to related party dues, refer note 45

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
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 Company'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.

NOTES

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

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

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	**4.14**	4.22
Sub-total (B)	**20.82**	20.36
Total (A-B)	**276.49**	142.97

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	-	(2.61)	2.61	-
Remeasurement of defined benefit obligation	-	(0.49)	0.49	-
Provision for doubtful debts and advances	0.47	0.18	-	0.65
Others	4.22	(0.08)	-	4.14
Sub-total (B)	**20.36**	**(2.64)**	**3.10**	**20.82**
Total (A-B)	**142.97**	**136.62**	**(3.10)**	**276.49**

NOTES

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

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

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	1.09	(0.12)	-	0.97
Sub-total (A)	90.77	72.56	-	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	-	6.33	(6.33)	-
Remeasurement of defined benefit obligation	-	(0.60)	0.60	-
Provision for doubtful debts and advances	0.47	-	-	0.47
Others	4.22	-	-	4.22
Sub-total (B)	11.55	14.54	(5.73)	20.36
Total (A-B)	79.22	58.02	5.73	142.97

25. CURRENT TAX LIABILITY / (ASSETS)

Particulars	As at March 31, 2019	As at March 31, 2018
Tax liabilities		
Provision for current tax (net)	**141.47**	108.01
Total	**141.47**	108.01
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

NOTES

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

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Particulars	**As at March 31, 2019**	As at March 31, 2018
Current		
Contract liability	**77.59**	280.24
Advance from customers	**93.24**	140.37
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.)	**89.38**	145.42
Others	**11.29**	10.97
Total	**313.78**	616.26

(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)*	**9,294.10**	8,846.02
Traded goods	**421.06**	321.71
Sub-total (A)	**9,715.16**	9,167.73
Other operating revenue		
Government grant (Export incentives)**	**21.03**	17.58
Scrap sale	**24.99**	22.15
Income from other operating revenues	**33.30**	4.35
Sub-total (B)	**79.32**	44.08
Total (A+B)	**9,794.48**	9,211.81

* 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.

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS 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
Details of products sold		
Manufactured goods		
Two wheelers	**8,692.07**	8,314.17
Spare parts and other components	**602.03**	531.85
Total	**9,294.10**	8,846.02
Traded goods		
Accessories and other allied products	**421.06**	321.71
Total	**421.06**	321.71

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	**128.94**	37.61
Others	**1.38**	1.71
	130.32	39.32
Dividend income		
Dividend from joint venture company	**65.28**	51.68
	65.28	51.68
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	**22.80**	1.75
Profit on sale of property, plant and equipment	**0.17**	0.17
Exchange gain (net)	**0.53**	1.57
	23.76	6.41
Total	**508.04**	332.43

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	**143.44**	122.03
Add: Purchases	**5,126.90**	4,597.63
	5,270.34	4,719.66
Less: Inventory at the end of the year	**166.09**	143.44
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

NOTES

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

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

30. PURCHASES OF TRADED GOODS

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Accessories and other allied products	**205.33**	154.97
Total	**205.33**	154.97

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	**359.71**	188.68
Work-in-progress	**21.68**	18.01
Traded goods	**40.39**	16.63
A	**421.78**	223.32
Inventories at the beginning of the year/period		
Finished goods	**188.68**	156.63
Work-in-progress	**18.01**	14.90
Traded goods	**16.63**	20.32
B	**223.32**	191.85
Net change (B-A)	**(198.46)**	(31.47)

32. EMPLOYEE BENEFITS EXPENSES

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries, wages and bonus	**585.67**	454.50
Contribution to provident and other funds (refer note 42)	**29.45**	22.11
Share-based payments (refer note 48)	**14.21**	18.11
Staff welfare expenses	**50.20**	53.14
Total	**679.53**	547.86

33. FINANCE COSTS

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest expense		
On other borrowings	**1.39**	1.35
Unwinding of discount on provisions	**1.60**	1.69
Total	**2.99**	3.04

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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)	**272.85**	207.13
Depreciation of investment property (refer note 6)	**0.35**	0.35
Amortization of intangible assets (refer note 7)	**25.73**	14.86
Total	**298.93**	222.34

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)	**169.52**	149.10
Decrease of excise duty on finished goods	**-**	(8.34)
Loss on sale of property, plant and equipment and intangible assets	**1.12**	1.00
Property, plant and equipment discarded	**3.00**	-
Power and fuel	**66.89**	52.37
Insurance	**11.58**	10.51
Repairs and maintenance		
Buildings	**3.48**	3.30
Plant and equipment	**44.94**	37.53
Others	**45.02**	28.41
Rates and taxes	**5.38**	5.76
Advertisement	**26.11**	11.84
Freight and handling charges	**143.09**	134.01
Incentives	**7.31**	16.46
Warranty	**43.33**	47.30
Other selling and distribution expenses	**194.22**	173.68
Rent	**45.74**	36.50
Legal and professional charges*	**53.90**	27.48
Travelling expenses	**90.17**	70.35
Development expenses	**13.42**	10.40
Corporate social responsibility expenditure (refer note 51)	**45.39**	30.85
Provision for doubtful debts and advances	**0.49**	-
Miscellaneous expenses	**93.71**	78.84
Total	**1,107.81**	917.35

*** 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

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36. EXCEPTIONAL ITEMS

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Impairment loss in the value of investments		
- Eicher Polaris Private Limited	**17.52**	311.98
Total	**17.52**	311.98

Pursuant to the decision of the Board of Directors of the joint venture company, Eicher Polaris Private Limited at their meeting held on March 09, 2018 to wind down the operations with immediate effect, the Company had recorded an impairment loss of Rs. 294.50 crores on the investment and Rs. 17.48 crores towards its share of cost to wind down the operations, totalling to Rs. 311.98 crores in the previous year.

During the current year, it has further recorded an impairment loss of Rs. 12.52 crores and Rs. 5.00 crores towards share of cost to wind down operations, totalling to Rs. 17.52 crores.

Cumulatively, the company has recorded total impairment loss of Rs. 329.50 crores till date. (refer note 9, 20).

37. INCOME TAX RECOGNISED 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		**941.92**	877.34
	Sub-total (A)	**941.92**	877.34
Deferred tax			
Relating to origination and reversal of temporary differences		**136.62**	58.02
	Sub-total (B)	**136.62**	58.02
Total income tax expense recognized in the current year	**Total (A+B)**	**1,078.54**	935.36

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	**3,132.98**	2,648.27
Income tax expense calculated at 34.944% (2017-18 : 34.608%)	**1,094.79**	916.51
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	**(23.85)**	(18.92)
Effect of non creation of deferred tax asset on exceptional item	**6.12**	107.97
Others	**12.73**	(11.66)
	1,078.54	935.36
Income tax expense recognised in statement of profit and loss	**1078.54**	935.36
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		**(2.61)**	6.33
Remeasurement of defined benefit obligation		**(0.49)**	(0.60)
Total income tax recognized in other comprehensive income	**Total**	**(3.10)**	5.73
Bifurcation of the income tax recognised in other comprehensive income into:			
Items that may be reclassified to profit or loss		**(2.61)**	6.33
Items that will not be reclassified to profit or loss		**(0.49)**	(0.60)
	Total	**(3.10)**	5.73

38. CAPITAL COMMITMENT

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 Company 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 Company does not have any long term commitments or material non-cancellable contractual commitments/contracts, which might have material impact on the financial statements.

39. 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).

40. 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 Company not acknowledged as debts	**8.68**	5.23
c) Guarantees given:	**184.20**	101.66
to bank/others for credit facility granted to 100% subsidiary Company		
- Dues outstanding	**110.37**	64.86

All the above matters other than guarantee given by the Company 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 Company.

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

Particulars	As at March 31, 2019	As at 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	**-**	-

42. 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	**10.45**	7.57
Total	**35.67**	28.39

* 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 Company includes entitlement of gratuity and provident fund scheme.

This plan typically expose the Company 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 Company contributes to the "Eicher Executive Provident Fund Trust", for certain designation. The Company 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 Company 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 shortfall 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)

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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 recognised 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

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).

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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**

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.

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43. EARNINGS PER SHARE

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Basic earnings per share (in Rs.)	**753.37**	629.07
Diluted earnings per share (in Rs.)	**752.54**	627.88
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.		
Profit for the year, per statement of profit and loss (Rs. in crores)	**2,054.44**	1,712.91
Weighted average number of equity shares for the purposes of basic earnings per share	**2,72,69,904**	2,72,29,364
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.		
Profit for the year, per statement of profit and loss (Rs. in crores)	**2,054.44**	1,712.91
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

44. SEGMENT REPORTING DISCLOSURE

The Company 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 Company's performance, allocate resources based on the analysis of the various performance indicator of the Company as a single unit. Therefore, there is no reportable segment for the Company 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	**9,418.06**	**376.42**	**9,794.48**
For the year ended March 31, 2018	8,938.43	273.38	9,211.81
Revenue from operations - External			
For the year ended March 31, 2019	**9,418.06**	**312.46**	**9,730.52**
For the year ended March 31, 2018	8,938.43	249.66	9,188.09
Non-current segment assets			
As at March 31, 2019	**2,175.25**	**384.71**	**2,559.96**
As at March 31, 2018	1,752.73	309.48	2,062.21

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, investments in subsidiaries & joint ventures and other non-current assets.

d) The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. 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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45. 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
Royal Enfield North America Ltd.	(RENA)	Subsidiary company
Royal Enfield Canada Ltd.	(RECA)	100% subsidiary company of RENA
Royal Enfield Brasil Comercio de Motocicletas Ltda	(RE Brasil)	Subsidiary company
Royal Enfield (Thailand) Ltd.#	(RET)	Subsidiary company
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 September 18, 2018

*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
	Dividend income	**65.28**	51.68
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
Royal Enfield North America Ltd	Investment in shares capital of subsidiary company	**-**	15.90

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Name of related party	Nature of transaction	**For the year ended March 31, 2019**	For the year ended March 31, 2018
	Guarantee given / forex revaluation	**60.13**	-
	Sale of products	**56.89**	12.84
	Expenses recovered	**1.18**	5.58
	Expenses reimbursed	**21.29**	0.66
Royal Enfield Brasil Comercio de Motocicletas Ltda	Guarantee given / forex revaluation	**22.40**	26.02
	Sale of products	**6.99**	10.88
	Expenses recovered	**0.41**	-
Royal Enfield (Thailand) Ltd	Investment in shares capital of subsidiary company	**18.50**	-
	Sale of products	**0.08**	-
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 to gratuity fund	**4.35**	4.50
	Benefits paid	**(1.42)**	(1.39)

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
Royal Enfield North America Ltd	Trade receivables	**23.28**	8.22
	Other financial assets	**3.77**	5.40
	Trade payables	**1.88**	0.14
	Guarantee given	**135.78**	75.65
Royal Enfield Brasil Comercio de Motocicletas Ltda	Trade receivables	**3.70**	4.21
	Guarantee given	**48.42**	26.02
Royal Enfield (Thailand) Ltd	Trade receivables	**0.08**	-
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 Company 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.

The Company provides a credit period of 30 days to 240 days with respect to receivables from RET, RENA and RE Brasil, respectively.

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46. FINANCIAL INSTRUMENTS

Capital Management

The Company manages its capital to ensure that the Company 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 Company uses the operational cash flows and equity to meet its capital requirements.

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

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

The following table summarizes the capital of the Company:

Particulars	**As at March 31, 2019**	As at March 31, 2018
Borrowings (refer note 21)	**76.38**	85.98
Less: Cash and cash equivalents (refer note 15)	**(701.76)**	(89.28)
Net debt*	**-**	-
Share capital	**27.28**	27.26
Other equity	**7,099.17**	5,344.97
Total Equity	**7,126.45**	5,372.23
Gearing ratio	**-**	-

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

46.1 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**	3,139.13
Current		
Investments in mutual funds	**468.81**	633.40
Financial assets at amortised cost		
Non-current		
Investments in bonds	**43.94**	43.94
Other financial assets	**28.27**	24.88
Current		
Trade receivables	**112.65**	78.02
Cash and bank balances	**2,940.07**	1,208.82
Loans	**1.29**	0.28
Other financial assets	**73.26**	33.71
Financial liabilities at amortized cost		
Non-current		
Other financial liabilities	**9.96**	8.88
Current		
Borrowings	**76.38**	85.98
Trade payables	**1,231.10**	1,170.47
Other financial liabilities	**158.00**	166.70

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46.2 Fair value measurements

The Company 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 Company's financial assets that are measured at fair value on a recurring basis:-

There are certain Company'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**	**-**	**-**

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	3,139.13	-	-
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 Company'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 standalone 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

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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 Company 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.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk management objectives

The Company's management monitors and manages the financial risks relating to the operations of the Company. 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 Company 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 Company'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 Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The carrying amounts of the Company'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	**0.56**	**0.27**	0.35	0.23
EURO	**0.61**	**0.18**	0.35	0.03
GBP	**0.18**	**0.14**	0.09	0.08
JPY	**-**	**17.27**	-	12.16
Others	**-**	**1.95**	-	0.17

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Foreign currency sensitivity

The company 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 Company. 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 Company 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 Company 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.

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 Company has deployed its surplus funds into various financial instruments including units of mutual funds, bonds, etc. The Company 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 Company's borrowings which are affected by interest rate fluctuation is very insignificant to the size and operations of the Company, therefore, a change in interest rate risk does not have a material impact on the Company's financial statements in relation to fair value of financial instruments.

Liquidity risk

The Company 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.

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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	-	-	9.96	9.96
Current				
(i) Borrowings	76.38			76.38
(ii) Trade payables	1,231.10	-	-	1,231.10
(iii) Other financial liabilities	158.00	-	-	158.00

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	85.98	-	-	85.98
(ii) Trade payables	1,170.47	-	-	1,170.47
(iii) Other financial liabilities	166.70	-	-	166.70

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

48. SHARE-BASED PAYMENTS

Employee share option plan of the Company

Pursuant to the approval accorded by shareholders at their Annual General Meeting held on 5th July 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 with the Company and such other conditions as provided under Company's 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.

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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 :

Options 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
(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.

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Inputs into the Black Scholes options pricing 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%

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*	**14.21**	18.11

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

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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**		
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

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Options series		Options outstanding		Remaining contractual life		Exercise price
		As at March 31, 2019	As at March 31, 2018	**As at March 31, 2019**	As at March 31, 2018	Rs.
(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			

49. DISCLOSURE IN RESPECT OF OPERATING LEASES:

(A) Assets taken on lease:

The Company has taken certain premises under various operating lease agreements. The total lease rental recognized as expense aggregate to Rs. 45.74 crores (March 31, 2018 : Rs. 36.50 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	**9.89**	4.68
Later than one year and not later than five years	**14.85**	4.12

(B) Assets given on lease:

The Company has given assets under operating lease agreement to its joint venture company "Eicher Polaris Private Limited" . The total lease rental recognized 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.

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

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50. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company accounting policies, which are described in note 3, the management of the Company 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 Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:-

Recoverability of intangible assets and intangible assets under development

The Company 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, Company 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 financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the 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 Company. Further, there is no significant change in the useful lives as compared to previous year.

Investment in equity instruments of subsidiary and joint venture companies

During the year, the Company assessed the investment in equity instrument of subsidiary and joint venture companies carried at cost for impairment testing. Some of these companies are at early stage of their operations and are expected to generate positive cash flows in the future years. For subsidiary and joint ventures, where the operations has been discontinued, the company provides for impairment loss wherever considered necessary.

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 48.

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.

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

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

51. 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

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

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., 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 Company intends to adopt these standards from April 01, 2019. As the Company does not have any material leases, therefore the adoption of this standard is not likely to have a material impact on the 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

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ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

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 1 April 2019, but certain transition reliefs are available. The Company will apply the interpretation from its effective date. However, the Company 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

Place: Gurugram
Date: May 10, 2019

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