

EICHER MOTORS LIMITED

ANNUAL REPORT

APRIL 01, 2008 - DECEMBER 31, 2008



Board of Directors

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

Company Secretary

Shaila Aggarwal

Auditors

Deloitte Haskins & Sells, Chartered Accountants

Bankers

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

Registered Office

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

Plant Location:**Two Wheelers**

Royal Enfield
Thiruvottiyur, Chennai 600 019 (Tamil Nadu)

Share Transfer Agent

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

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NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 27TH ANNUAL GENERAL MEETING OF THE MEMBERS OF **EICHER MOTORS LIMITED** WILL BE HELD AT **10.00 A.M. ON FRIDAY, MAY 29, 2009** AT ROYAL PARK HALL, MASJID MOTH, ADJACENT TO POST OFFICE, GREATER KAILASH-II, NEW DELHI-110 048 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit & Loss Account for the year ended December 31, 2008 and the Balance Sheet as at end of the said year together with Auditors' & Directors' Report thereon.
2. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company, and to fix their remuneration.

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

3. To declare dividend on equity shares.
4. To appoint a Director in place of Mr Priya Brat who retires by rotation and being eligible offers himself for reappointment.

SPECIAL BUSINESS:

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

“RESOLVED that Mr M J Subbaiah, who was appointed as an Additional Director with effect from April 30, 2009 as approved by the Board of Directors in their meeting held on April 30, 2009 and whose term expires at the conclusion of this Annual General Meeting of the Company and for the appointment of whom the company has received a notice under section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of a Director, be and is hereby appointed as Director of the Company who shall be liable to retire by rotation”.

By order of the Board

Place : New Delhi
Date : April 30, 2009

Shaila Aggarwal
Company Secretary

Notes:

1. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, which sets out details relating to Special Business to be transacted at the meeting is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE (ON A POLL ONLY) INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. The Register of Members and Share Transfer Books of the Company will remain closed from May 22, 2009 to May 29, 2009 (both days inclusive) in terms of Section 154 of the Companies Act, 1956.
4. The relevant details of Item nos.4 and 5 pursuant to Clause 49 of the Listing Agreement is annexed hereto.
5. The dividend as recommended by the Board of Directors and if approved by the shareholders at the Annual General Meeting to be held on May 29, 2009, shall be paid to those members whose names appear on the Register of Members of the Company on May 29, 2009.
6. Pursuant to provisions of Section 205A(5) of the Companies Act, 1956, the amount of dividend which remains unpaid/unclaimed for a period of 7 years is transferred to the “Investor Education and Protection Fund” (IEPF), constituted by the Central Government and member(s) would not be able to claim any amount of dividend so transferred to the IEPF. As such, member(s) who have not yet encashed his/their dividend warrant(s) is/are requested in his/their own interest to write to the Company immediately for claiming outstanding dividend declared by the Company during the years 2002 and onward.

EICHER MOTORS LIMITED

7. Please intimate change in your address, if any, for physical shares to MCS Limited, Share Transfer Agents, F-65 Okhla Industrial Area, Phase I, New Delhi 110 020. In case shares held in electronic mode intimate to the respective Depository Participants.
8. Members are requested to quote folio numbers / client ID in all correspondence with the Company.
9. In case you intend to raise any queries in the forthcoming Annual General Meeting, you are requested to please forward the same at least 10 days before the date of the Meeting to Ms. Shaila Aggarwal, Company Secretary at the following address so that the same may be attended to appropriately to your entire satisfaction.

By order of the Board

Shaila Aggarwal

Company Secretary

Eicher Motors Limited

Eicher House, 12, Commercial Complex

Greater Kailash-II (Masjid Moth)

New Delhi - 110 048

Tel No. 011 - 41437600

E-mail: saggarwal1@eicher.in

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

Item No. 5

Mr. M. J. Subbaiah was nominated by ICICI Bank Limited (ICICI Bank) as Director on the Board of the Company. ICICI Bank has withdrawn its nomination consequent to which Mr M J Subbaiah ceased to be a Nominee Director of ICICI Bank.

Considering the immense expertise and experience of Mr M J Subbaiah, the Board of Directors of the Company in their meeting held on April, 30, 2009 decided to appoint him as an Independent and Non-Executive Director of the Company. Accordingly, in terms of Section 260 and other applicable provisions of the Companies Act, 1956, Mr M J Subbaiah was co-opted as Additional Director on the Board w.e.f. April 30, 2009 to hold the office upto the date of the ensuing Annual General Meeting of the Company.

The Board of Directors feel that the continued presence of Mr M J Subbaiah on the Board is desirable and would be beneficial to the Company and hence recommend the resolution No.5 for your approval.

Except Mr M J Subbaiah, no other Directors of the Company are concerned or interested.

Additional information as per Clause 49 of the Listing Agreement

A brief resume of Mr. Priya Brat recommended for re-appointment at the Annual General Meeting is given below:

Mr Priya Brat is an independent and non-executive director on the Board of the Company w.e.f. July 23, 2001.

Mr Priya Brat is MSc. (Hons) in Physics from Punjab University, Diploma in Banking, Finance and Accountancy from the Indian Institute of Bankers, Mumbai and Diploma in International Finance from the Development Management Institute, Geneva.

Since 1959 he was associated with State Bank of India (SBI) in various capacities and retired as Dy. Managing Director of SBI in 1995. During his tenure with SBI, he also served as Director on the Boards of State Bank of Patiala, State Bank of Bikaner & Jaipur, State Bank of Hyderabad, State Bank of Indore, State Bank of Mysore, State Bank of Travancore and State Bank of Saurashtra and also on the Boards of MP State Development Corporation, MP State Electronic Development Corporation and OPTEL in Madhya Pradesh.

Subsequent to his retirement from SBI, he served as President (Finance) at Indo Rama Synthetics (India) Ltd (1996-1999).

Name of the companies in which Mr. Priya Brat holds the directorship and the chairmanship/membership of Committees of the Board:

Name of the Company	Board	Audit Committee	Shareholders' and Investors' Grievance Committee	Remuneration Committee
Eicher Motors Limited	Independent & Non-executive	Member	Chairman	-
Dhampur Sugar Mills Ltd	Independent Director	Member	Member	Member
Dhanuka Agritech Ltd	Director	Chairman	-	Chairman

Mr. Priya Brat does not hold any shares in the Company and is not related to any Director of the Company.

A brief resume of Mr. M J Subbaiah recommended for appointment at the Annual General Meeting is given below:

Mr M J Subbaiah is M.A (Economics) from the University of Mysore and is fellow of the Indian Institute of Bankers. Mr Subbaiah has vast experience of over 31 years in various capacities and was General Manager in State Bank of India before moving to Shipping Credit and Investment Corporation of India (SCICI) as Executive Director. He was on the Board of SCICI before its merger with ICICI.

During the year, Mr M J Subbaiah served as Nominee Director of ICICI Bank Limited on the Board of the Company.

Name of the companies in which Mr. M J Subbaiah holds the directorship and the chairmanship/membership of Committees of the Board.

Name of the Company	Board	Audit Committee	Shareholders' and Investors' Grievance Committee	Remuneration Committee
Eicher Motors Limited	Independent & Non-executive	Chairman	-	-
Jaiprakash Power Ventures Private Limited	Independent & Non-Executive Director	-	-	-
DBS Cholamandalam Trustee Co. Ltd.	Independent & Non-Executive Director	-	-	-

Mr. M J Subbaiah does not hold any shares in the Company and is not related to any Director of the Company.

Financial Position at a Glance - EML Consolidated

(Rs. in Crores)

Balance Sheet	31.12.08*	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00
Gross Fixed Assets	730.1	630.6	556.9	523.3	641.6	576.9	207.2	174.1	129.5	99.1
Net Fixed Assets	381.0	334.2	310.2	313.6	388.6	364.7	152.2	130.2	95.0	70.4
Investments	6.2	261.2	261.30	258.0	2.7	2.7	2.7	2.6	-	-
Inventories	338.1	210.4	168.9	161.2	161.3	126.3	36.1	29.3	24.1	27.4
Debtors	180.2	148.2	195.0	123.1	158.1	154.9	51.9	50.4	32.5	28.6
Cash and Bank Balances	1260.1	51.9	48.1	27.5	31.0	33.2	0.9	0.6	1.5	8.2
Other Current Assets	122.7	229.2	207.3	177.4	154.8	101.4	26.9	26.0	31.2	26.6
Current Liabilities and Provisions	503.2	544.4	536.8	392.8	456.0	334.3	109.0	94.9	66.1	61.9
Net Current Assets	1397.9	95.3	82.5	96.4	49.1	81.5	6.8	11.4	23.2	28.9
Deferred Tax Assets (net)	14.7									
Miscellaneous expenditure	-	-	0.6	2.1	5.9	8.1	-	0.1	0.1	0.2
Total	1799.8	690.7	654.6	670.1	446.3	457.0	161.7	144.3	118.3	99.5
Share Capital	28.1	28.1	28.1	28.1	28.1	28.1	20.0	20.0	20.0	20.0
Reserves & Surplus	1075.6	407.8	372.2	412.2	212.9	166.8	80.9	51.3	62.8	43.7
Net Worth	1103.7	435.9	400.3	440.3	241.0	194.9	100.9	71.3	82.8	63.7
Minority Interest	530.5									
Deferred Tax Liability (net)	-	35.3	36.6	42.6	67.1	66.4	34.6	31.7	-	-
Borrowings	165.6	219.5	217.7	187.2	138.2	195.7	26.2	41.3	35.5	35.8
Total	1799.8	690.7	654.6	670.1	446.3	457.0	161.7	144.3	118.3	99.5
No. of Shares	28093950	28093950	28093950	28093950	28093950	28093950	19999200	19999200	19999200	19999200
Book Value per Share (Rs.)	388.1	145.7	132.7	142.9	62.3	46.8	38.3	22.5	37.6	27.8
Market Value per Share (Rs.)	235.0	250.5	247.7	302.4	310.2	224.4	67.1	42.3	23.3	42.6
Market Value to Book Value per Share	0.6:1	1.7:1	1.9:1	2.1:1	5.0:1	4.8:1	1.8:1	1.9:1	0.6:1	1.5:1
Market Capitalisation	660.1	703.8	695.8	849.4	871.3	630.4	134.2	84.5	46.5	85.2
Debt Equity Ratio	0.1:1	0.4:1	0.4:1	0.4:1	0.6:1	1:1	0.3:1	0.6:1	0.4:1	0.6:1

* The accounting year is changed to January to December w.e.f. 01.04.2008. Thus accounting period is for nine months for the period ended December 31, 2008.

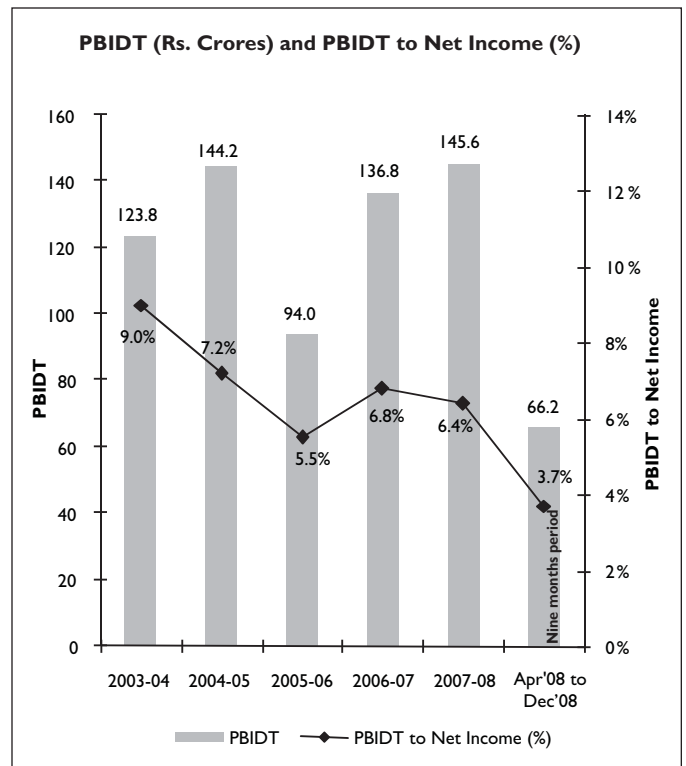
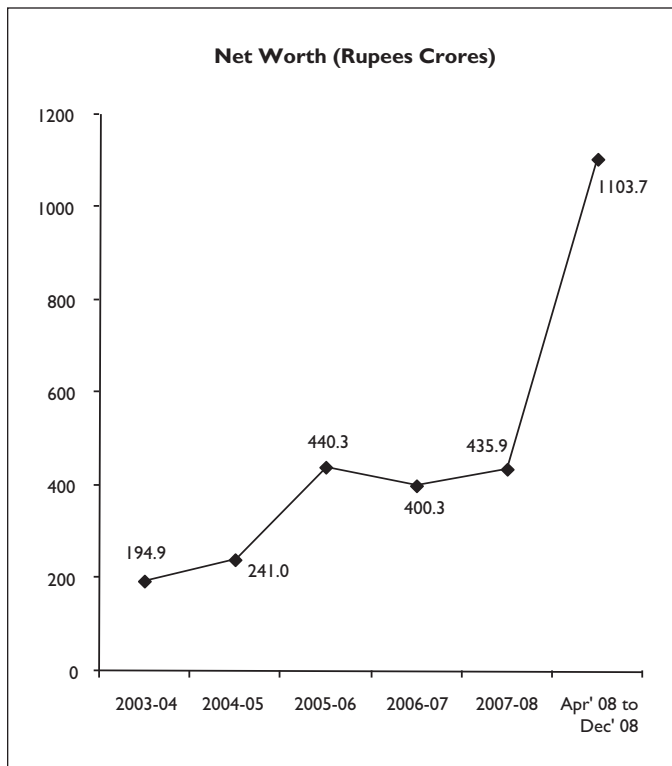
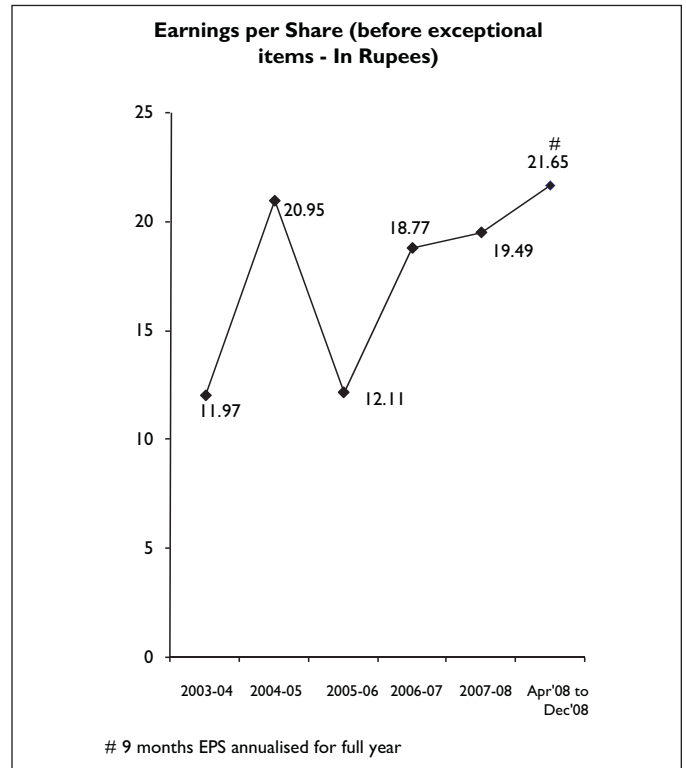
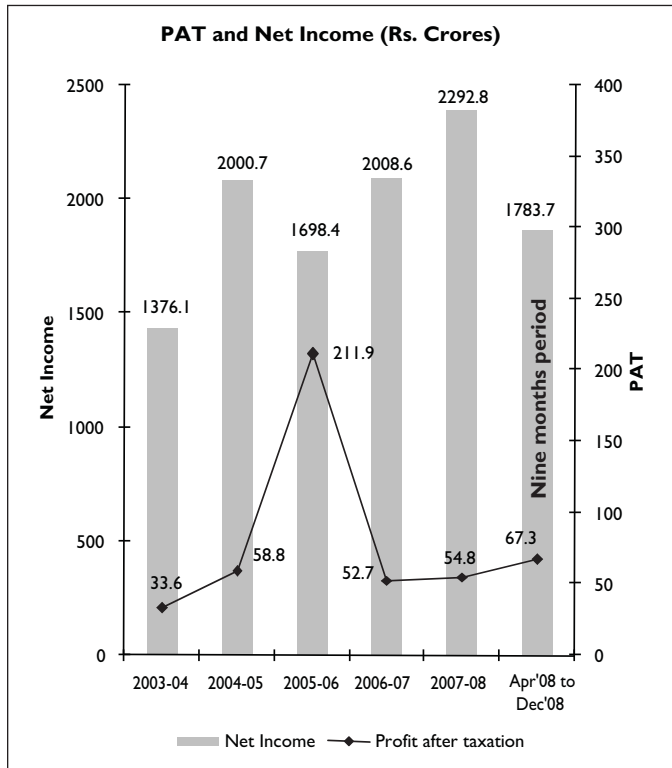
Operational Highlights at a Glance - EML Consolidated

(Rs. in Crores)

Profit & Loss Account	Apr'08 to Dec'08*	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00
Sales Volume:										
Commercial Vehicles (Nos.)	15436	29828	28072	23604	23004	15885	12717	9630	8438	6931
Two Wheelers (Nos.)	32566	38528	32612	30777	29475	28361	-	-	-	-
Gears (Including Inter Segment Sales - In Crores)	105.9	113.1	128.8	99.6	107.2	81.4	-	-	-	-
Sales Revenue (Excluding Inter Segment Sales)	1882.5	2572.6	2252.8	1880.8	2211.6	1564.8	698.4	530.9	445.1	351.9
Other Income	65.7	30.2	26.6	31.2	18.1	11.4	5.7	1.7	2.0	1.2
Total Income	1948.2	2602.8	2279.4	1912.0	2229.7	1576.2	704.1	532.6	447.1	353.2
Less: Excise Duty	164.5	310.0	270.8	213.6	229.0	200.1	71.8	51.5	53.0	41.0
Net Income	1783.7	2292.8	2008.6	1698.4	2000.7	1376.1	632.3	481.1	394.1	312.2
Manufacturing and other expenses	1717.5	2146.6	1870.3	1602.3	1849.8	1244.7	553.3	438.2	358.9	285.5
Miscellaneous expenditure written off	-	0.6	1.5	2.1	6.7	7.6	-	-	-	-
Profit before interest, depreciation, exceptional items & tax (PBIDT)	66.2	145.6	136.8	94.0	144.2	123.8	79.0	42.9	35.3	26.7
PBIDT to Net Income (%)	3.7%	6.4%	6.8%	5.5%	7.2%	9.0%	12.5%	8.9%	9.0%	8.6%
Interest	9.9	19.0	14.8	16.9	22.3	24.0	4.3	3.5	3.4	4.1
Depreciation	36.9	50.8	45.1	50.2	48.4	42.3	16.1	9.4	6.2	4.8
Profit before exceptional items and tax	19.4	75.8	76.9	26.9	73.5	57.6	58.7	30.0	25.7	17.9
PBT to Net Income (%)	1.1%	3.3%	3.8%	1.6%	3.7%	4.2%	9.3%	6.2%	6.5%	5.7%
Exceptional Items	39.4	-	-	166.7	-	-	-	-	-	-
Profit before tax for the year	58.8	75.8	76.9	193.6	73.5	57.6	58.7	30.0	25.7	17.9
Provision for taxation	-8.5	21.0	24.2	-18.3	14.7	23.9	21.3	11.5	2.2	2.1
Profit after taxation (PAT)	67.3	54.8	52.7	211.9	58.8	33.6	37.5	18.5	23.5	15.9
PAT to Net Income (%)	3.8%	2.4%	2.6%	12.5%	2.9%	2.4%	5.9%	3.8%	6.0%	5.1%
Dividend including Corporate Dividend Tax	16.4	16.4	92.9	12.8	12.8	11.1	7.9	5.0	4.4	4.4
Equity Dividend (%)	50%	50%	290%	40%	40%	35%	35%	25%	20%	20%
Basic Earnings per Share (Rupees) (before exceptional items)	16.23	19.49	18.77	12.11	20.95	11.97	18.73	9.24	11.77	7.93
Diluted Earnings per Share (Rupees) (before exceptional items)	16.23	19.46	18.74	12.11	20.95	11.97	18.73	9.24	11.77	7.93

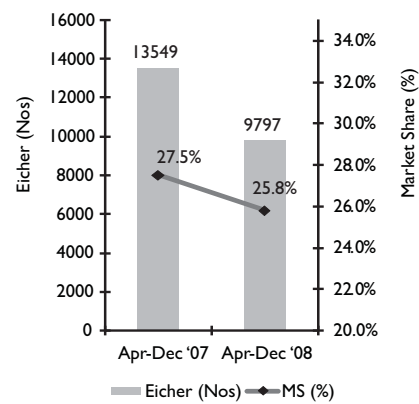
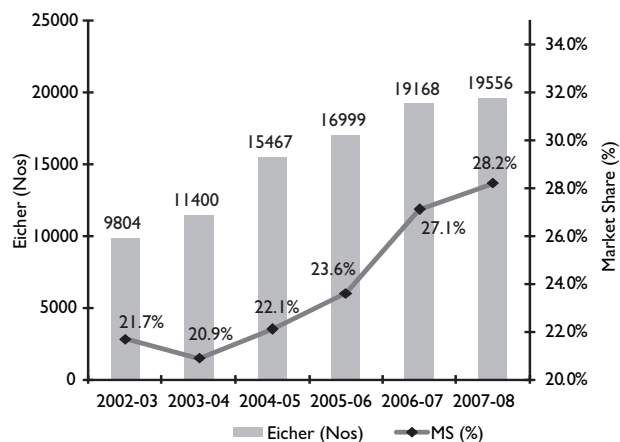
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Financial Highlights - EML Consolidated

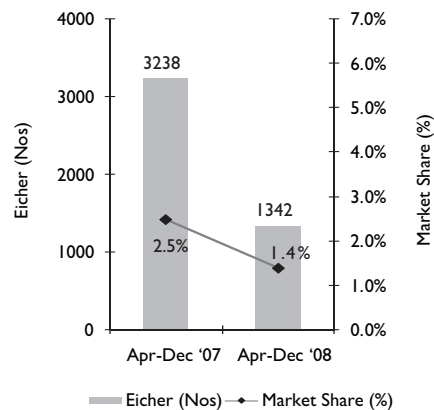
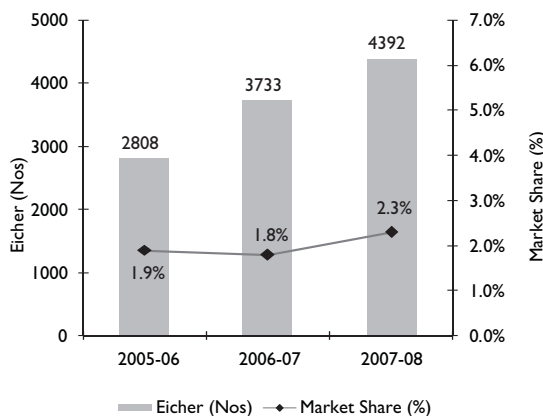


Commercial Vehicle Sales Highlights

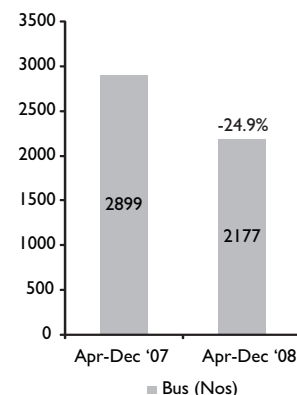
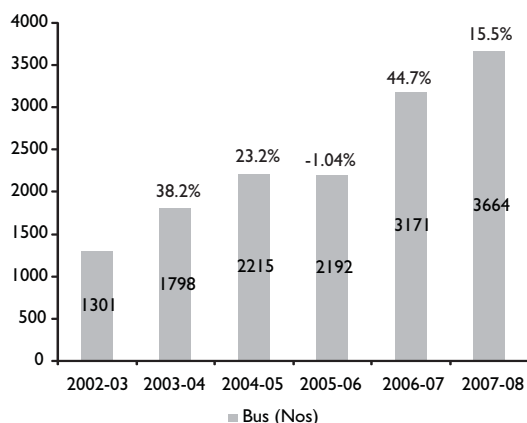
Eicher 5-12 Ton Cargo Domestic (Nos) and Market Share (%)



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

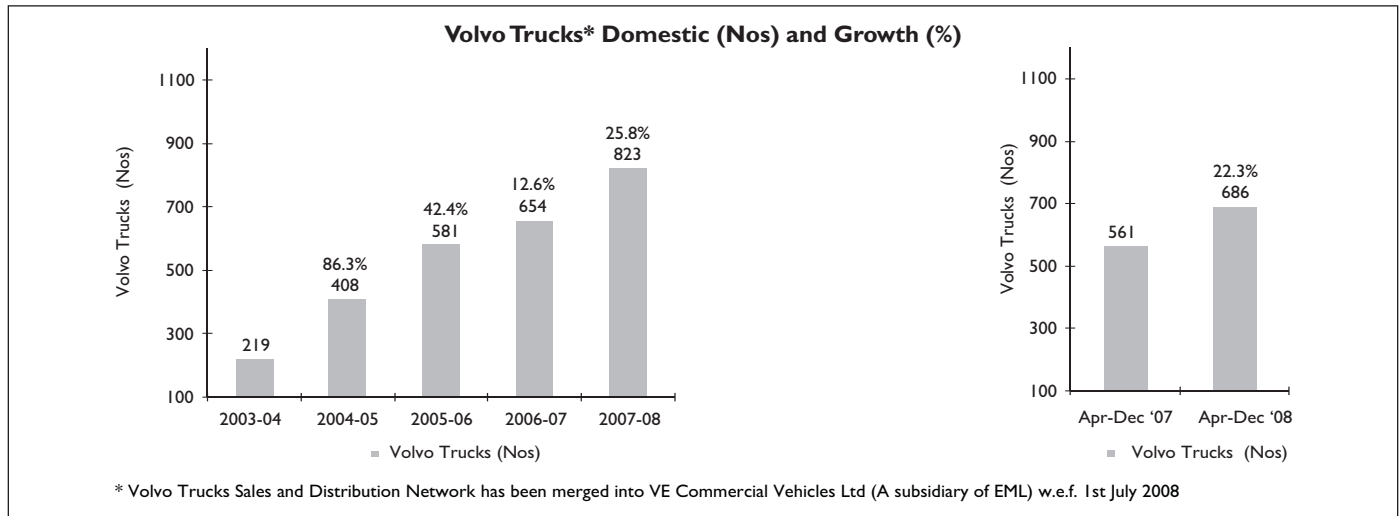
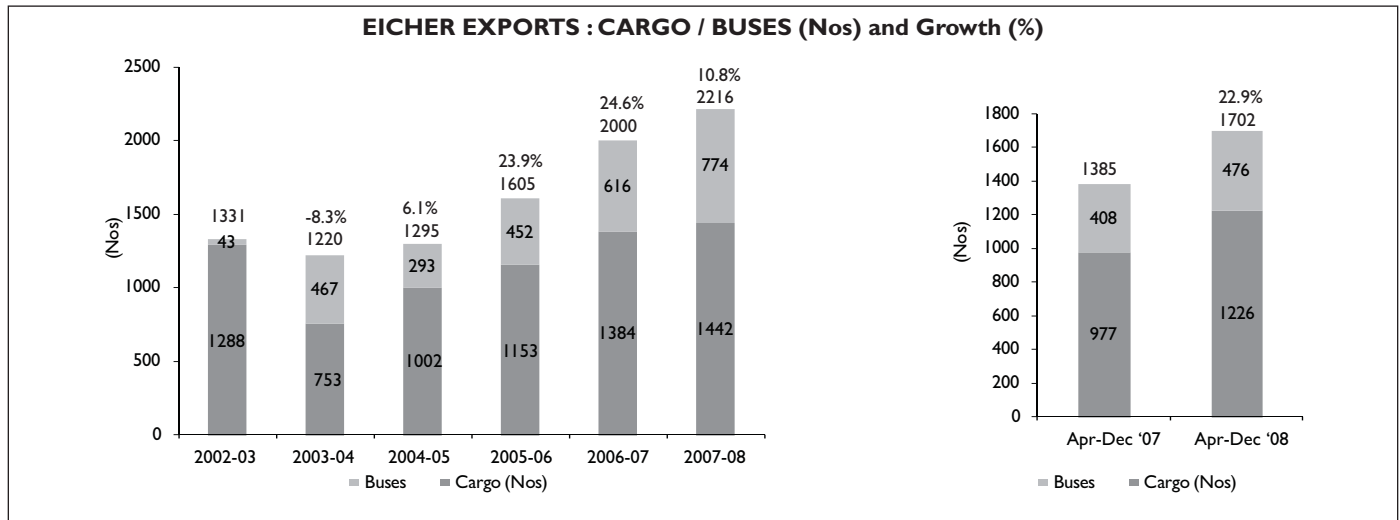


Eicher : Buses Domestic (Nos) and Growth (%)

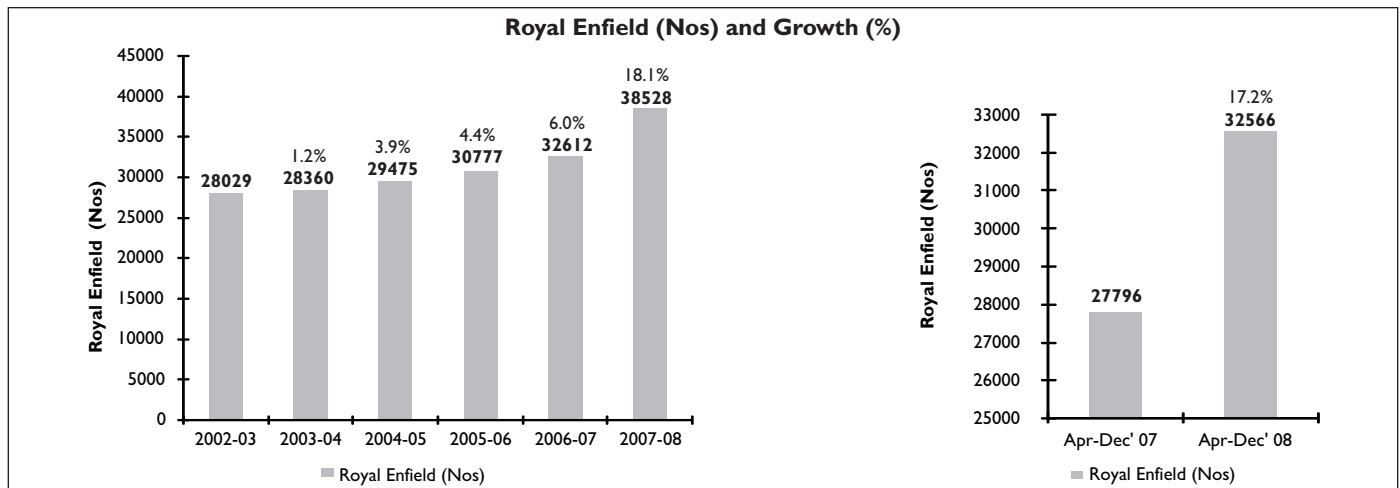


Source : SIAM / Company data

Commercial Vehicle Sales Highlights



Two Wheeler Sales Highlights



Source : SIAM / Company data

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors has pleasure in presenting the Twenty Seventh Annual Report along with the Audited Accounts for the nine months period ended December 31, 2008.

FINANCIAL RESULTS

The Economy witnessed extreme volatility and uncertainty in the year 2008. During first half the focus was to contain rising inflation. However, in the second half, the global financial crisis led to a severe liquidity crunch and the Government of India had to resort to multiple interest rate cuts to infuse sufficient liquidity into the system. Threat of recession in most of the developed markets led to continued decline in India's exports during Q4 2008. Industrial production slowed down significantly leading to reduced freight availability.

Automobile industry mirrors the performance of the economy and hence was the worst hit segment in Q4 of the year 2008. A combination of rising Interest rates, rising input costs/commodity prices and consequent increase in vehicle prices, credit crunch and falling demand contributed to a severe downturn during the last quarter of the period under review.

The reduction in key monetary rates and resulting injection of liquidity by the RBI has still not translated into credit availability for the end customer. The Government of India has come out with three different stimulus packages for the economy to give a fillip to falling demand; however the measures do not quite match up to the extent of fall witnessed in the industry.

Your Company carried on business of Commercial Vehicles (CVs), Components, Two wheelers and Engineering Design Services till June 30, 2008. Consequent to the agreement for formation of a Joint Venture Company with AB Volvo, the commercial vehicle business along with related components and engineering solutions /design services business was transferred to VE Commercial Vehicles Limited (VECV), initially a wholly owned subsidiary of your Company on a going concern basis with effect from July 1, 2008 after receipt of approval from the Shareholders under Section 293 (1) (a) of the Companies Act, 1956.

Thus the business operations pertaining to Commercial Vehicles along with related components and Engineering solutions / Design services were directly under your Company for three months and thereafter under the Subsidiary Company, VECV. For ease of understanding the operations related points for the first quarter i.e. April – June, 2008 are covered along with performance of subsidiary.

The current period financial results include financial results of all the businesses till June 30, 2008 and thereafter only Two Wheelers business for the period July 1, 2008 to Dec 31, 2008.

Further the accounting year of your Company has been changed to January to December as against April to March earlier. Therefore, the financial results are for only nine months period ended December 31, 2008. The figures of earlier year are thus not comparable.

Net revenue for your Company was Rs.798.15 crores for the period ended December 31, 2008 while profit after tax was Rs.39.00 crores.

The financial results are summarized below: -

	(Rs. in crores)	
	As at December 31, 2008	As at March 31, 2008
Total Revenue	798.15	2541.90
Less : Excise duty	84.32	310.0
Net Revenue	713.83	2231.90
Operating profit before depreciation and interest (EBIDTA)	33.13	146.50
Interest	3.59	17.80
Depreciation	15.20	43.10
Profit before exceptional items and tax	14.54	85.61
Exceptional Items	20.42	-
Profit before tax	34.96	85.61
Provision for tax (including fringe benefit tax and deferred tax)	4.04	22.60
Net profit after tax	39.00	63.05
Balance brought forward from previous year	337.84	297.54
Amount available for appropriation	376.84	360.59
Proposed Dividend	14.05	14.05
Corporate Dividend Tax	2.39	2.39
Transfer to General Reserve Account	3.90	6.31
Balance carried to Balance Sheet	356.50	337.84
Earnings per share		
- Basic	13.88	22.44
- Diluted	13.88	22.40

DIVIDEND

The Directors are pleased to recommend a dividend of 50% (Rs. 5/- per Equity Share of Rs.10/- each) for the period ended December 31, 2008.

JOINT VENTURE WITH AB VOLVO

As mentioned earlier, your Company has entered into Joint Venture agreement with AB Volvo (Volvo) of Sweden on May 26, 2008 for formation of a Joint Venture Company (JVC). Pursuant to receipt of all regulatory approvals and investment by AB Volvo, VECV became a Joint Venture Company.

Besides the transfer of CV Business of your company, the distribution undertaking for sales and after sales of Volvo Trucks has been demerged into VECV with effect from July 1, 2008 as per the Scheme of Arrangement approved under Sections 391-394 of the Companies Act, 1956 by the Hon'ble High Courts of Karnataka at Bangalore and Delhi at New Delhi.

BUY-BACK OF EQUITY SHARES OF THE COMPANY

The promoters of your Company, viz., Eicher Goodearth Investments Limited had proposed and requested the Board of Directors of the Company to consider the buy back of 1,408,969 number of equity shares of Rs.10/- each. The Board of Directors of your Company in their meeting held on November 20, 2008 had considered the proposal for buy back of 1,408,969 number of equity shares of Rs.10/- each fully paid-up of the Company from its existing shareholders on proportionate basis, at a price of Rs.691.68 per share aggregating Rs.97.46 crores representing 21.28% of the total paid-up equity capital and free reserves of the Company as on March 31, 2008 through

the Tender Offer method in accordance with Section 77A and other applicable provisions of the Companies Act, 1956 as amended to date and the Securities and Exchange Board of India Regulations, 1998 as amended up to date. The approval of shareholders through postal ballot has already been obtained. Letter of Offer was dispatched to the shareholders of your Company on March 6, 2009 and offer was opened from March 12, 2009 to March 26, 2009. The last date of completion of Buy Back process is April 16, 2009.

TWO WHEELERS BUSINESS

The Two-wheeler industry registered a growth of 1.8% during the period April – December 2008 and within that motorcycle segment has shown a marginal growth of 0.3%. Your company, which operates in the “Cruiser” segment with engine capacity of 350 cc and above, recorded its domestic sales of 31148 motorcycles for the period April-December 2008 as against 25616 motorcycles in the corresponding previous year’s same period registering a growth of 22%.

Total Revenue for the period April – December, 2008 at Rs.239 crores grew by 20% as compared to Rs.200 crores in the previous year’s same period.

MARKET AND FUTURE PROSPECTS

Even though overall two wheeler industry is experiencing marginal growth, 350CC niche segment in which your Company operates is growing well.

Your Company is currently having the constraint in capacity. The steps were taken during the year to increase the plant capacity with minimal capital expenditure by mostly improving productivity.

The Power Styling Technology (PST) segment of the motor cycle industry is continuing to show a healthy growth. This segment has grown by 9% in April -December 2008.

Since the overall trend is towards upgrades, the PST segment is likely to maintain a robust growth trend. Further the advent of the biking culture and lifestyle orientation in the bigger cities would ensure to grow in this segment. The “Sports Bike” styling is fast catching on and is poised for good increase in numbers.

The market situation is being closely observed and your Company would take further steps to increase the capacity if the growth continues like this.

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

CONSERVATION OF ENERGY

The following new initiatives were taken to conserve energy :

- Installation of timer on Hydraulic power pack for reduction of power consumption during machine idle time
- Interlocking of machine accessories (Spindle/Machine) units for reduction of power consumption during machine idle time
- Installation of Air compressor with Variable frequency drive (VFD) giving 30% reduction in power consumption

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Electronic Fuel Injection (EFI) Technology extended to meet USA emission norms (EPA regulations). Based on this, Bikes were produced and exported to USA.

Unit Construction Engine (UCE) in 350 cc with Twin Spark ignition developed during the last year was introduced in Thunderbird Model launched in May 2008.

This UCE Engine will replace the present ‘Cast Iron’ engines in a phased manner in Electra and Classic Bikes to meet the Indian emission norms.

RESEARCH AND DEVELOPMENT

The focus on research and development activity continued with development of new products and variants thereof apart from improving the existing products and value engineering projects. An amount of Rs.2.76 crores was incurred on capital account and Rs.12.49 crores on revenue account in Research and Development. The details of the same are annexed hereto and forms part of this report.

In the Electronic Fuel Injection (EFI) Engine platform, your company is developing one variant each for domestic market and export market which will be launched in the current year. A new variant using Unit Construction Engine (UCE) platform is also planned to be launched in the current year.

Please also refer paragraph 4 of the Schedule 13 of Notes to Accounts forming part of Annual Report for further details of Research and Development.

FOREIGN EXCHANGE EARNINGS / EXPENDITURE

During the current accounting period of nine months, exports of two wheelers were Rs.16 crores (FOB Value), (Previous year Rs.23 crores)

Foreign exchange amounting to Rs.7 crores (Previous year Rs.4 crores) was used on account of import of components, spare parts, capital goods, business travel and consulting fees during the accounting period under review.

Currently Royal Enfield Motor Cycles are primarily exported to Western hemisphere Countries which includes UK, USA, Germany, France, Spain and Italy.

New export markets planned for expansion are the South American countries of Argentina and Columbia, the Russian Federation, Israel and Belgium.

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

EMPLOYEES STOCK OPTION SCHEME 2006

There has been no further issue of stock options during the period April to December 2008.

The Statement as at December 31, 2008, pursuant to Clause 12 (Disclosure in the Directors’ Report) of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 forms part of the Directors’ Report.

PUBLIC DEPOSITS

As at December 31, 2008, there were 344 deposits aggregating to Rs.2.74 crores. During the year under review 150 deposits aggregating to Rs.1.18 crores matured. As of date, 132 deposits aggregating to Rs.1.00 crore have been repaid or renewed. The balance matured deposits remain unclaimed by the deposit holders and is accordingly not renewed/repaid. The company shall endeavor to take the necessary action upon receipt of the instructions from the deposit holders.

BOARD OF DIRECTORS

Mr Priya Brat - Director, retires by rotation and, being eligible, offers himself for reappointment.

During the year, Mr. P.N. Vijay ceased to be Director of the Company. The Board places on record its deep appreciation for his valuable contribution during his tenure.

VE COMMERCIAL VEHICLES LIMITED – A SUBSIDIARY COMPANY OF EICHER MOTORS LIMITED

VE Commercial Vehicles Limited (VECV) was incorporated on March 7, 2008 under the Companies Act, 1956, having its Registered Office at 12 Commercial Complex, Masjid Moth, Greater Kailash-II, New Delhi-110048 with the objective of starting the Joint Venture between Eicher Motors Limited (EML) and AB Volvo (Volvo).

VECV is jointly managed by EML and Volvo with shared management and equal representation rights on the Board of that Company. VECV is a subsidiary company of your Company and Eicher Engineering Solutions, Inc. – is a subsidiary Company of VECV.

AN OVERVIEW OF SUBSIDIARY COMPANY'S BUSINESSES

Commercial Vehicles (Eicher and Volvo Trucks)

The Trucking industry (5T – 49T) in India registered consistent growth for four years from 2002 to 2006 at a compounded annual growth rate of around 20%. A growing economy and availability of easy credit meant the industry grew more than double the GDP growth rates. The real growth in tonnage however was even higher due to increasing penetration of heavier trucks (MAVs and Tractors), thereby indicating an impending correction. The industry remained almost stagnant in 2007 and first two quarters of 2008. A combination of rising interest rates, return of overloading in certain routes and increasing vehicle prices all contributed to slowdown during Q3 2008.

The global financial crisis triggered a rapid fall in sales due to severe liquidity crunch in the market. Financiers pruned lending to a considerable extent and increasingly rejected First time users (FTUs). Lower loan-to-value (LTV) at 75% as against 90 to 100% earlier and high interest rates increased the cost of ownership drastically. All of this contributed to a severe downturn in the industry with Q4 2008 registering a volume drop of more than 60% vis-à-vis Q4 2007 and a decline of 31% during the period July – December 2008 vis-à-vis 2007.

The sales of commercial vehicles during April 2008 – June 2008 were 6742 as compared to 6109 during corresponding previous period.

VE Commercial Vehicles Limited (VECV) sold 8737 vehicles during the period of July to December, 2008.

In the 5 to 12 ton cargo segment, VECV achieved a market share of 23.3% with drop in volumes of 44% as compared to the corresponding previous period.

In the 16T and above cargo segment, VECV sold 558 nos during July-December 2008 with a decline of 76% on a year on year basis.

In the bus segment VECV sold 942 passenger vehicles in the domestic market during July-December 2008 at a decline of 45%.

During the period the company sold 1233 vehicles in various export markets across South Asia, West Asia and some African countries.

Volvo Trucks

Volvo Trucks, another division of VECV, operates in some niches of heavy duty trucks segments. Volvo Truck's main offerings are customized to mining, heavy construction and Oversized Dimension Cargo (ODC) segment with minor presence in long haul segment.

In 2008, Volvo Truck division sold 950 units of Trucks, strengthening its market share from 0.41% to 0.62 % in overall heavy duty CV market in India. During July- December 2008, Volvo Truck division sold 462 units with a growth of 18.5% over 2007 same period.

Components including Gears

From July to December, 2008, Eicher Engineering Components achieved a turnover of Rs.63.70 crores (including inter segment sales). This could be achieved despite huge decline in automobile industry especially during the quarter ended December, 2008. Exports continue to be a major thrust area and 39% of the overall revenue came from Exports.

The Replacement market continues to be highly competitive and price sensitive. However, through sales of new products and a focused product portfolio of better contribution parts, the company has been able to retain the contribution level.

The expansion for transmission gears and brown field facility for Crown Wheel Pinion (CWP) in Dewas is likely to be completed by May, 2009. This expansion shall result into increase in transmission gears capacity to 60000 gears/month and 4000 CWPs/month. The green field project at SEZ, Pithampur for Gearbox assembly creating a capacity of 4000 assemblies/month shall be productionised before second quarter of 2009. The total cost of expansion shall be about Rs.75 crores. Full utilization of this capacity will be a big challenge due to slow down in the economy. VECV is taking all possible measures to get enhanced business for this additional capacity.

Engineering Solutions

This business is operated through an Engineering Design centre at Gurgaon along with Eicher Engineering Solutions (EES) Inc., (USA) and its two subsidiaries in China namely M/s Hoff Automotive Design Company (HADCO) and M/s Hoff Technology Service Company (HTSC). EES has become the subsidiary of VECV w.e.f July 1, 2008 as detailed hereinabove.

Overall this business remained depressed during the period as auto business going through a tough time in USA due to recessionary trends across the globe. Overall design and analysis projects and Shop work were adversely affected in Detroit, the hub of auto industry in USA resulting in lower revenues in EES Inc., USA of \$ 6.75 million. The revenues at Gurgaon Design Centre were Rs 3.5 Crores only as not much off shoring of the design jobs could be done to the Gurgaon Design centre from EES Inc., USA due to lower revenues there.

PARTICULARS UNDER SECTION 212 OF THE COMPANIES ACT, 1956

In terms of approval granted by the Central Government under Section 212 (8) of the Companies Act, 1956, copy of Balance Sheets,

profit & loss accounts, reports of the Board of Directors and Auditors' Report of the subsidiaries have not been attached with the Balance Sheet of the Company. These documents will be made available upon request by any investor of the Company or subsidiary companies and shall be kept for inspection by any investor at the Registered Office of the Company.

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

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

CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS

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

COST AUDITORS

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

CORPORATE GOVERNANCE

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

PARTICULARS OF EMPLOYEES

The statement of particulars of employees as per sub-section (2A) of section 217 of the Companies Act, 1956, read with Companies

(Particular of Employees) Rules, 1975, for a period of nine months from April 1, 2008 to December 31, 2008 is annexed hereto and forms part of this Annual Report.

STATEMENT OF RESPONSIBILITY

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

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

ACKNOWLEDGEMENT

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

Your Directors also wish to record their appreciation for the continued co-operation and support received from AB Volvo, Sweden, the joint venture partner.

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

For and on behalf of the Board

Place : New Delhi
Date : March 28, 2009

Siddhartha Lal
Managing Director

S. Sandilya
Chairman

ANNEXURE TO THE DIRECTORS' REPORT TO THE SHAREHOLDERS

EMPLOYEE STOCK OPTION SCHEME

Statement as at December 31, 2008, pursuant to Clause 12 (Disclosure in the Directors' Report) of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

a) Number of Options granted	1). 301400 options granted in financial year 2006-07 2). 289200 options granted in financial year 2007-08									
b) (i) Pricing Formula	In financial year 2006-07 and 2007-08, Options were granted at the closing market price of the Ordinary Shares of the Company on NSE/BSE on the day preceding the date of grant of Options									
(ii) Exercise Price (Rs.)	297 for options granted in financial year 2006-07 462 for options granted in financial year 2007-08									
c) Total number of Options vested	Nil									
d) Total number of Options exercised	Nil									
e) Total number of Ordinary Shares arising as a result of exercise of Options.	Nil									
f) Total number of Options forfeited	117700									
g) Variation of terms of Options	Nil									
h) Money realized by exercise of Options	Nil									
i) Total number of Options in force	472900									
j) Details of Options granted during the period	Nil									
i) Any other employee who received a grant in any one year of Options amounting to 5% or more of the Options granted during that year.	None									
ii) Identified employees who were granted Options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	None									
k) Diluted Earnings per Share (EPS) pursuant to issue of Ordinary Shares on exercise of Options calculated in accordance with Accounting Standard (AS) 20 'Earning Per Share'.	Rs 13.88									
l) (i) Method of calculation of employee compensation cost.	The employee compensation cost has been calculated using the intrinsic value method of accounting to account for Options issued under the Eicher Employee Stock Option Scheme. The stock based compensation cost as per intrinsic value method for the period April-December 2008 is Nil.									
(ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the Options.	Rs 2.51 crores on account of Options granted in financial year 2006-07 and 2007-08									
(iii) The impact of this difference on profits and on EPS of the Company.	Had the fair value method been used, in respect of stock options granted in financial year 2006-07 and 2007-08, the employee compensation cost would have been higher by Rs 2.51 crores, Profit after tax lower by Rs 2.51 crores and the basic and diluted earnings per share would have been lower by Re 0.89 and Re 0.89 respectively									
m) Weighted average exercise prices and weighted average fair values of Options granted for Options whose exercise price either equals or exceeds or is less than the market price of the stock.	<table border="0"> <thead> <tr> <th>Options grant date</th> <th>Exercise price (Rs)</th> <th>Fair value (Rs)</th> </tr> </thead> <tbody> <tr> <td>1-Oct-06</td> <td>297</td> <td>154.62</td> </tr> <tr> <td>22-Oct-07</td> <td>462</td> <td>243.90</td> </tr> </tbody> </table>	Options grant date	Exercise price (Rs)	Fair value (Rs)	1-Oct-06	297	154.62	22-Oct-07	462	243.90
Options grant date	Exercise price (Rs)	Fair value (Rs)								
1-Oct-06	297	154.62								
22-Oct-07	462	243.90								

n) A description of the method and significant assumptions used during the year to estimate the fair values of Options.

The fair value of each Option granted on 1st October 2006 and 22nd October 2007 is estimated using the Black-Scholes Option Pricing Model after applying the following key assumptions:

	1st October 2006	22nd October 2007
i) Risk free interest rate	7.68%	7.95%
ii) Expected life	10 years	10 years
iii) Expected volatility	49.86%	49.66%
iv) Expected dividends	1.58%	1.49%
v) The price of the underlying share in market at the time of Option grant	296.80	461.80

On behalf of the Board

Place : New Delhi
Date : March 28, 2009

Siddhartha Lal
Managing Director

S. Sandilya
Chairman

ANNEXURE TO THE DIRECTORS' REPORT TO THE SHAREHOLDERS

MANAGEMENT DISCUSSION AND ANALYSIS

I. INDUSTRY STRUCTURE AND DEVELOPMENT

The Economy witnessed extreme volatility and uncertainty in the year 2008. Automobile industry mirrors the performance of the economy and hence was the worst hit segment in Q4 of the year 2008.

A combination of rising Interest rates, rising input costs/commodity prices, credit crunch and falling demand contributed to a severe downturn in the overall Automobile industry.

The two-wheeler industry in India is going through a phase of mixed dynamics. In terms of total volumes, the two-wheeler industry has grown by only 1.8% for the period April 2008–December 2008 (55.71 lacs units) over the same period in the last financial year (54.69 lacs units) which reversed the declining trend of 2007-08.

The Motorcycles segment is the dominant category of the Indian 2-wheeler industry contributing 78.3% to the overall volumes. This segment has remained almost stagnant (+0.3%) over the last year. The low Motorcycle industry growth is due to the drop in the voluminous Economy (<125cc) segment and as this segment contributes 70% of Motorcycle industry, the impact on overall growth figures is high. On a comparative basis the segment of 125cc -250cc has grown by 9% and 250cc+ segment has shown a growth of 22% in April-December 2008. This segment is expected to witness a steady growth rate with new product launches by Yamaha, Bajaj and TVS.

The current stagnation in the 2-wheeler industry is expected to continue in 2009 on account of slowdown in the economy and personnel attrition in IT, ITES, Finance, Aviation etc. Further if slowdown in retail financing by NBFC's/Banks continued, this will have a significant impact on the industry.

It is expected that high end models like Ducati–Monster S4RS Testastretta, Hypermotard 1100S, 848cc, 1098cc and 1198cc Superbikes, Honda – Honda CBR 1000RR and CB 1000R, Suzuki – Hayabusa and Intruder M1800R may get introduced in India through import route. Since these models would be highly priced, it should also contribute to increase in price acceptance levels that would also help Royal Enfield.

2. OPPORTUNITIES, THREATS AND OUTLOOK

The positive factor is the growth of power, style and premium segments by 9% in April-December 2008. Since the overall trend is towards upgrades, the Power Styling Technology (PST) segment is likely to maintain a robust growth trend. Also the advent of the Biking culture and lifestyle orientation in metro and big cities would ensure the PST segment continues to grow. The "Sports Bike" styling is fast catching on and is poised for good increase in numbers. The other auto majors are also planning to launch new models in the PST segment which may increase the competition in this segment.

Royal Enfield operates through over 140 dealers and 10 Brand stores. These Brand stores are managed by Royal Enfield itself and are destination stores for the biking enthusiasts. The brand stores play a major role as reference for dealerships. The 10 Brand stores contribute to over 10% of domestic volumes.

Royal Enfield has a dynamic dealer network which is spread across the country. To ensure a unique buying experience to the Customers, during the year, the Company took up the task of Standardising its Dealerships for Corporate Identity in terms of signage, interiors etc.,

Royal Enfield exports its bikes to over 25 countries including USA, UK, Germany, Italy, Australia and other developed countries. The Bullet Classic EFI 500 was launched in the Intermet, Cologne, Germany in October 2008. The product has received overwhelming response on both its classic styling and performance. We are also for expanding our business in new Markets like Russia, Columbia, Israel etc.

Foreseeing the stringent emission norms and to provide better riding experience to the customers Royal Enfield will be launching new products in the current fiscal year. The current model line up is as follows:

- Bullet 350, Bullet Electra 4s and Bullet Electra 5S with the cast Iron Engine
- Bullet Machismo 350 and Bullet Machismo 500 with the Lean Burn Engine
- Thunderbird Twinspark with the Unit Construction Engine (UCE)

In future all models would make the transition to the UCE platform.

The niche segment in which Royal Enfield operates, has been steadily growing. Royal Enfield is continuously focusing on "Cost Reduction" through Value Engineering, vendor rationalization and Lean Management initiatives.

3. SEGMENT-WISE/PRODUCT-WISE PERFORMANCE

Your Company has decided to consolidate all its business segments hitherto disclosed on the basis of products manufactured into one business segment as in management's view all the products manufactured constitute one single primary segment i.e. "Automobile and related components", which meets the criteria set out in this regard in Accounting Standard-17 on 'Segment Reporting' specified in the Companies (Accounting Standards) Rules, 2006. Accordingly, comparative figures for previous periods have been reclassified.

Royal Enfield received the following recognitions in 2008:-

1. Voted as 'the No.1 Aspirational brand' in 2-wheeler segment in the survey conducted by Auto India – a leading auto journal in India.
2. Awarded the best bike of the year – above 160 cc by NDTV Profit
3. Awarded the best PR and Communication across Cars & Bikes by NDTV Profit

4. RISKS AND CONCERNS

Your Company, though showing a growth in sales of over 15% average year on year, still plays in a "Niche" segment only. Hence any increase in material and raw material cost, has significant impact on contribution, unless market absorbs the full impact. The outlook in 2009 suggests prices of metal

and raw material showing reduction and hence possibility to maintain the model wise contribution targets. However, your Company is continuously focusing on cost reduction through value engineering, vendor rationalization and lean management initiatives with an annual target of cost reduction every year.

5. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

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

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

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

6. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

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

7. HUMAN RESOURCES

During the period under review, the Company had undertaken extensive steps for optimising the use of its manpower through automation, productivity improvement, offloading of components and services and role enrichment. There is a continuous focus on enhancing productivity in all facets of our operations.

Industrial relations were cordial throughout the year.

As on December 31, 2008, the total number of full time salaried employees stood at 619 Nos.

8. CAUTIONARY STATEMENT

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

For and on behalf of the Board

Place : New Delhi
Date : March 28, 2009

Siddhartha Lal
Managing Director

S. Sandilya
Chairman

REPORT ON CORPORATE GOVERNANCE

I. THE COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

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

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

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

2. BOARD OF DIRECTORS

As on December 31, 2008, the Company's Board consists of five members. The Board is responsible for the management of the affairs of the Company's businesses.

The Board of Directors are Mr. S. Sandilya – Non-Executive Chairman, Mr. Siddhartha Lal – Managing Director, Mr. Priya Brat - Non-executive Independent Director, Mr. M. J. Subbaiah – Nominee Director of ICICI Bank Limited, lender institution who is also a Non-executive Independent Director and Mr. Prateek Jalan, Non-executive Independent Director with effect from April 28, 2008. Mr. P.N. Vijay, Non-Executive and Independent Director resigned from the directorship of the Company with effect from November 20, 2008. Your Company's Board has an optimum combination of executive, non-executive and independent directors as per requirements of Clause 49 of the Listing Agreement.

During the nine months period ended on December 31, 2008, there was no pecuniary relationship or business transaction by the Company with any non-executive and independent directors (other than the sitting fees for attending the Board Meetings / Committee Meetings / General Meetings).

The details of composition and directorship held in other companies / board committees by each member of the Board of Directors of the Company as on December 31, 2008 is as under :

Name of the Director	Category (Independent/ Non Executive / Executive)	Number of Directorships held in other companies	Number of Board Committee memberships/ Chairmanships held in other companies*	
			Membership	Chairmanships
1. Mr. S Sandilya – Chairman	Non-Executive	5	1	1
2. Mr. Siddhartha Lal – Managing Director	Executive	5	1	-
3. Mr. Priya Brat – Director	Independent & Non- Executive	2	3	2
4. Mr. M. J. Subbaiah – Nominee Director – ICICI Bank Limited	Independent & Non- executive	4	1	1
5. Mr. Prateek Jalan – Director	Independent & Non- executive	2	-	-

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

Details of Shareholding of Directors as on December 31, 2008

The details of Shareholding of Directors are as under:

S.No.	Name of the Director	No. of Shares
01.	Mr. S Sandilya	15064
02.	Mr. Siddhartha Lal	3240

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

Meetings and Attendance

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

Name of the Director	No. of Board Meetings held	No. of Board Meetings attended	Whether attended the 26th AGM held on June 4, 2008
1. Mr. S Sandilya – Chairman	6	6	Yes
2. Mr. Siddhartha Lal – Managing Director	6	6	Yes
3. Mr. Priya Brat – Non-executive and Independent Director	6	6	Yes
4. Mr. P.N.Vijay* – Non-executive and Independent Director	6	5	Yes
5. Mr. M. J. Subbaiah - Nominee Director – ICICI Bank Limited	6	5	Yes
6. Mr. Prateek Jalan** – Non-executive and Independent Director	6	4	No

* Mr. P.N.Vijay ceased to be Director of the Company with effect from November 20, 2008.

** Mr. Prateek Jalan is appointed as an Additional Director (Independent) on the Board of the Company with effect from April 28, 2008.

Meetings of the Board of Directors were held on April 28, 2008, May 24, 2008, July 26, 2008, August 21, 2008, October 29, 2008 and November 20, 2008.

3. COMMITTEES OF THE BOARD

(i) Audit Committee

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

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

* Mr. P.N. Vijay ceased to be the Member of the Audit Committee of the Board of Directors of the Company with effect from November 20, 2008.

** Mr. S. Sandilya appointed as Member of the Audit Committee of the Board of Directors of the Company with effect from November 20, 2008.

Meetings of the Audit Committee of Board of Directors were held on April 28, 2008, July 26, 2008 and October 29, 2008.

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

The Company Secretary acts as the Secretary of the Audit Committee.

(ii) Shareholders' and Investors' Grievance Committee

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

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

* Mr. P.N. Vijay ceased to be the Member of the Shareholders' and Investors' Grievance Committee of the Board of Directors of the Company with effect from November 20, 2008.

Meetings of the Shareholders and Investors Grievance Committee of Board of Directors were held on April 28, 2008, July 26, 2008 and October 29, 2008.

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

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

(iii) Compensation Committee

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

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

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

* Mr. P.N.Vijay ceased to be the Member of the Compensation Committee of the Board of Directors of the Company with effect from November 20, 2008.

** Mr. S. Sandilya appointed as Member of the Compensation Committee of the Board of Directors of the Company with effect from November 20, 2008.

Meeting of the Compensation Committee of Board of Directors was held on October 29, 2008.

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

(iv) Share Transfer Committee

Share Transfer Committee consisting of four members i.e. Mr. Siddhartha Lal – Managing Director, Mr. P K Kapse – Chief Executive, Mr. Vinod Aggarwal – Chief Financial Officer and Mr. Ravi Sikka – Director – Group Affairs & Taxation look after and approve transfer of equity shares including dematerialization, issue of duplicate certificates, transmission of securities etc. During the nine months period ended on December 31, 2008, 20 meetings of the Committee were held whereby 18060635 shares were transferred by the Committee.

(v) Remuneration of Directors (for the nine months period ended on December 31, 2008)

The remuneration of the Executive Directors is fixed by the Board of Directors and approved by shareholders in the Annual General Meeting. The details of remuneration paid to Executive Director and sitting fees paid to non-executive and independent directors during the nine months period ended on December 31, 2008 is as under:

Executive Director						(Rs. in lacs)	
Name of the Director	Salary #	Commission*	Perquisites & Allowances#	Retirement Benefits #	Stock Options	Service Contract	
						Tenure	Notice period
Mr. Siddhartha Lal – Managing Director	29	-	8	4	Nil	5 years	3 months notice or salary in lieu of notice for 3 months or for such period which falls short of 3 months.

* Total remuneration paid as Basic Salary, Flexible Payment Allowance, Perquisites and Commission shall not exceed 5% of the net profit computed in the manner laid down in Sections 198 and 349 of the Companies Act, 1956 as amended from time to time.

Fixed components.

Notes:- 1. Mr. Siddhartha Lal has drawn his remuneration from the Company till 31st August, 2008.

2. No sitting fees has been paid to Mr. Siddhartha Lal during the nine months period ended on December 31, 2008.

Non-Executive Directors

Name of the Director	Sitting Fees* (Amt. in Rs.)	Others / Commission, if any. (Amt. in Rs.)
Mr. S. Sandilya – Chairman – Non-executive	1,40,000	NIL
Mr. P. N. Vijay** – Non-executive and Independent	2,30,000	NIL
Mr. Priya Brat – Non-executive and Independent	2,50,000	NIL
Mr. M. J. Subbaiah – Nominee Director of ICICI Bank Limited	1,80,000	NIL
Mr. Prateek Jalan – Non-executive and Independent	80,000	NIL

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

** Mr. P.N. Vijay ceased to be Director of the Company with effect from November 20, 2008.

Notes: - The Non-Executive Directors are paid sitting fees @ Rs.20,000/- for attending each meeting of the Board, Audit Committee, Compensation Committee and Annual General Meeting.

- The Non-Executive Directors are paid sitting fees @Rs.10,000/- per meeting for attending Shareholders' and Investors' Grievance Committee Meeting.

4. DISCLOSURES

(i) Related Party Transactions

In terms of the Accounting Standard – 18, specified in (Accounting Standards) Rules, 2006, the Company has identified the related parties covered therein and details of transactions with such related parties have been disclosed in the Note No.13 to Schedule 13 - Notes to Accounts of this Annual Report.

The Company has not had any transactions of material nature with the Directors and / or their relatives, promoters, management during the nine months period ended on December 31, 2008 that may have conflict with the interests of the Company.

(ii) Compliances by the Company

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

(iii) Code of Conduct for Directors and Senior Management

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

(iv) CEO / CFO certification

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

(v) Non-Mandatory Requirements

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

(vi) Accounting Treatment

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

(vii) Risk Management

The Company has established a comprehensive Risk Management Process that includes risk identification, risk assessment, risk mitigation and monitoring on a quarterly basis. External and internal risk factors that could potentially affect performance vis-à-vis stated objectives are identified and reported through monthly business review meetings. Based on these, Chief Executives of each business report the inventory of risks along with the response/steps taken to manage the same to the Chief Financial Officer and Managing Director of the Company every quarter. The inventory of risks along with action plans is then compiled for the Company as a whole and top risks are identified. These are then reported to the Board of Directors on a half yearly basis for the inputs and further suggestion for effective management of risks.

5. MEANS OF COMMUNICATION

(i) The quarterly and half yearly results are usually published in the Business Standard – All Editions and Business Standard (Hindi), Delhi or Rashtriya Sahara (Hindi), Delhi or Financial Express – All Editions and Jansatta (Hindi), Delhi and are also posted on SEBI's website at

www.sebidifar.nic.in and Company's website at www.eicherworld.com. The Company has not adopted the suggestive practice of mailing half yearly results to household of shareholders.

(ii) The quarterly and half yearly results are filed with the Stock Exchange(s) in terms of Clause 41 of the Listing Agreement.

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

- Balance Sheet and Profit & Loss account of the Company;
- Quarterly Financial Results of the Company as published by the Company;
- Half yearly results;
- Shareholding Pattern;
- Company Profile;
- Press Releases;
- Code of Conduct for the Directors and Senior Management;
- Contact us - for solving any queries.

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

6. SHAREHOLDER INFORMATION

(i) **Date, time and venue of the : Annual General Meeting** May 29, 2009 (Friday) at 10.00 A.M.
at Royal Park Hall, Masjid Moth, adjacent to Post Office, Greater Kailash-II,
New Delhi-110 048

(ii) Financial Year

The Board of Directors of the Company in its meeting held on October 29, 2008 has approved the change of accounting year end of the Company from March 31 to December 31. Accordingly, the accounting period for current year is for 9 months ended on December 31, 2008.

(iii) General Body Meetings

Year	Date	Day	Time	Location	Whether passed any Special Resolution
March 31, 2006	05.07.2006	Wednesday	11.30 A.M.	LTG Auditorium, Copernicus Marg, New Delhi – 110 001.	<ul style="list-style-type: none"> ● Special Resolution - To provide Corporate Guarantee to GE Capital Transportation Financial Services for an amount not exceeding Rs.1.35 crores in terms of Section 372 A of the Companies Act, 1956. ● Special Resolution – To issue and allot equity shares upon exercise of options from time to time under Employees Stock Option Scheme 2006 pursuant to SEBI (Employees Stock Option Scheme) Guidelines, 1999.
March 31, 2007	29.06.2007	Friday	10.30 A.M.	LTG Auditorium, Copernicus Marg, New Delhi – 110 001.	NO
March 31, 2008	04.06.2008	Wednesday	11.00 A.M.	LTG Auditorium, Copernicus Marg, New Delhi – 110 001.	NO

Special Resolution passed through Postal Ballot

The Central Government has notified the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, which lays down the businesses required to be passed by postal ballot.

A Special Resolution was passed through Postal Ballot on December 29, 2008 under Section 77A, 77AA, 77B and all other applicable provisions of the Companies Act, 1956 read with Securities and Exchange Board of India (Buyback of Securities) Regulation, 1998 for Buy-back of 1,408,969 Equity Shares of the Company at a fixed price of Rs.691.68 per equity share through tender offer route and for a total consideration not exceeding Rs.97.46 crores.

Particulars	No. of postal ballot forms	Total No. of equity shares for postal ballot received	% of No. of equity shares representing net valid postal forms (as per (c) below).
(a) Total postal ballot forms received	598	15244598	-
(b) Less: Invalid postal ballot forms (as per register)	13	10659	-

Particulars		No. of postal ballot forms	Total No. of equity shares for postal ballot received	% of No. of equity shares representing net valid postal forms (as per (c) below).
(c)	Net valid postal ballot forms/ No. of shares (as per register)	585	15233939	100%
(d)	Postal ballot forms / No. of shares with assent for the Resolution	572	15231559	99.98%
(e)	Postal ballot forms / No. of shares with dissent for the Resolution	13	2380	0.02%

15231559 no. of equity shares have given assent for the aforesaid resolution constituting 99.98% of the total number of equity shares representing net valid postal ballot forms received as per (c) above.

The Company had appointed Mr. Vijay Gupta, Practicing Chartered Accountant, M/s. VKGN & Associates, New Delhi, as Scrutinizer for conducting the postal ballot process.

Shareholders are requested to refer Note No.17 of Schedule 13 in the Annual Report.

(iv) Financial Calendar – 2008

Adoption of Quarterly Results For the quarter ended	Date of Board Meeting	Date of publication	Name of Newspapers
June 30, 2008	26.07.2008	28.07.2008	Business Standard – All Editions and Rashtriya Sahara, Delhi.
September 30, 2008	29.10.2008	30.10.2008	Financial Express – All Editions and Jansatta, Delhi
December 31, 2008	28.03.2009	30.03.2009	Business Standard – All Editions and Business Standard, Delhi

Tentative Financial Calendar – 2009

Quarterly results for the quarters ending March, 2009, June, 2009, September, 2009 and Year ending December, 2009 shall be adopted in the Board Meetings which are generally held in the last week of April, 2009, July, 2009, October, 2009 and March, 2010 respectively (subject to the finalisation of dates by the Board of Directors). The said quarterly / yearly results shall be published in Jansatta (Hindi), Delhi and Financial Express (English) – all editions “or” Rashtriya Sahara (Hindi), Delhi or Business Standard (Hindi), Delhi and Business Standard (English), all editions. In addition to intimation to Stock Exchanges and publication in the newspapers, the quarterly results are also posted on Company’s website at www.eicherworld.com and SEBI’s website at www.sebidifar.nic.in.

- (v) Book Closure Dates :** 22nd May, 2009 (Friday) to 29th May, 2009 (Friday)
{both days inclusive}

(vi) Listing on Stock Exchanges

The Equity Shares of the Company are listed on the Stock Exchanges i.e. Bombay Stock Exchange Limited, Mumbai and National Stock Exchange of India Limited, Mumbai. The Company confirms that it has paid annual listing fees due to both Stock Exchanges for the financial year 2008-09.

(vii) Name of Depositories for dematerialisation of equity shares

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

The equity shares are quoted under the following Codes

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

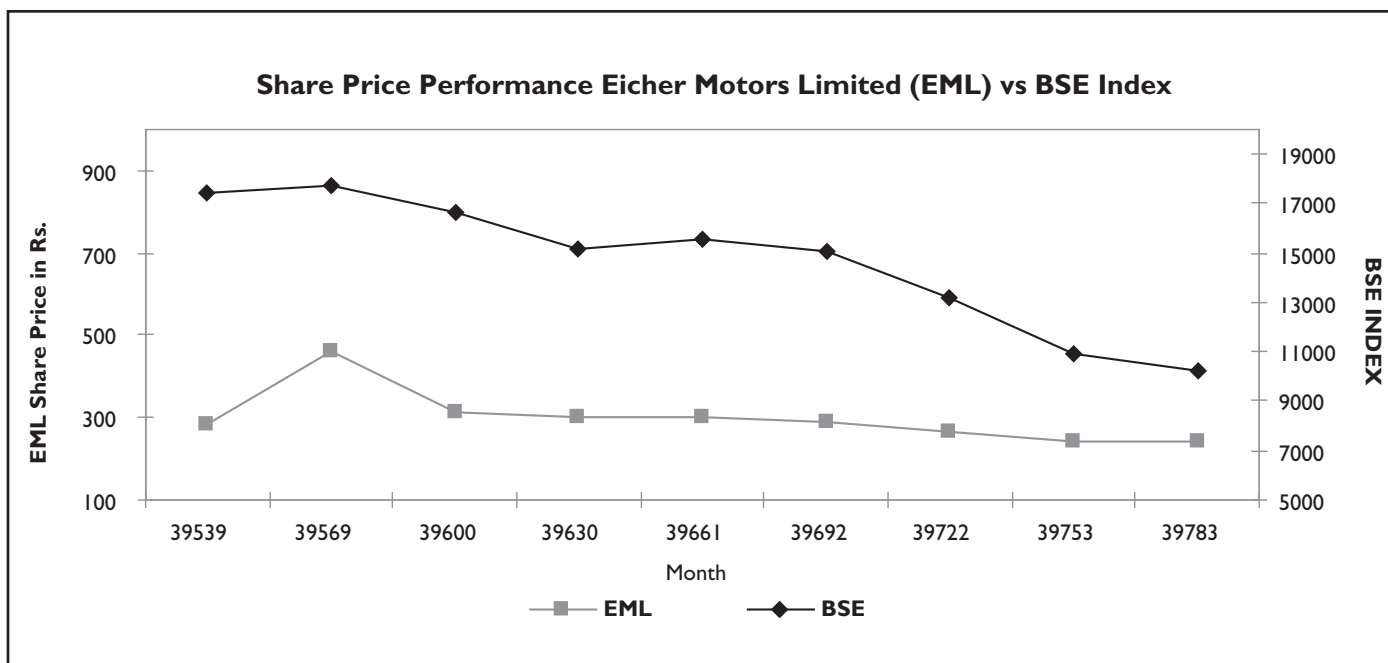
(viii) Registrar and Transfer Agents / Address for correspondence :

Share transfers and other communication } regarding change of address, dividends, } share certificates, investor complaints } etc. may be addressed to }	M/s. MCS Limited Share Transfer Agents F-65 Okhla Industrial Area, Phase I, New Delhi 110 020 Phone No.(011) 41406149 Fax No. (011) 41709881 E-mail: admin@mcsdel.com
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Members may write for any queries / information to the Company Secretary, Eicher Motors Limited, Eicher House, 12, Commercial Complex, Greater Kailash-II, Masjid Moth, New Delhi-110 048 or any query can be sent by email to saggarwall@eicher.in.

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

April 2008 to December 2008	Bombay Stock Exchange			National Stock Exchange		
	HIGH (Rs. Per share)	LOW (Rs. per share)	VOLUME (No. of shares)	HIGH (Rs. per share)	LOW (Rs. per share)	VOLUME (No. of shares)
April 2008	286.00	241.50	276064	294.50	243.00	332746
May 2008	461.15	274.75	2470156	455.70	275.25	3183347
June 2008	315.80	255.00	614499	314.50	262.00	881242
July 2008	300.00	231.70	298033	297.80	231.00	438271
August 2008	299.00	250.00	126146	294.95	260.00	200399
September 2008	289.00	237.00	72316	285.80	242.05	219547
October 2008	262.90	135.25	286573	263.80	135.55	247243
November 2008	239.55	202.05	121874	239.75	200.30	194305
December 2008	244.00	200.00	55463	243.90	201.80	94695



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

(x) **Share transfer system**

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

Total number of shares transferred during the nine months period ended on December 31, 2008 were 180.61 lacs shares. The details of time taken by the Company to complete the share transfers are given below:

Transfer period in days	No. of shares (in lacs)	Percentage
1 to 10 days	18047525	99.93
11 to 15 days	11005	0.06

EICHER MOTORS LIMITED

Transfer period in days	No. of shares (in lacs)	Percentage
* 16 days & above	2105	0.01
Total :	18060635	100.00

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

There was no pendency of share transfers as on December 31, 2008.

(xi) Dematerialisation of Shares and Liquidity:

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

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

As on December 31, 2008, 163.91 lacs shares constituting 58.34% of the total paid up equity of the Company have been dematerialized with NSDL and CDSL.

(xii) Shareholding Pattern as on December 31, 2008

Category	No. of Shares	Percentage
Promoters	15075322	53.66
Institutional Investors	5959658	21.21
Body Corporates	2779032	9.89
Individuals	4279938	15.24
Total	28093950	100.00

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

(xiii) Distribution of shareholding as on December 31, 2008

No of equity shares held	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Shareholding
1-500	28612	96.56	2675441	9.52
501-1000	578	1.95	450674	1.60
1001-2000	225	0.76	326668	1.16
2001-3000	78	0.26	198268	0.71
3001-4000	29	0.10	101313	0.36
4001-5000	15	0.05	70895	0.25
5001-10000	43	0.15	297386	1.06
10001-50000	30	0.10	617177	2.20
50001-100000	7	0.02	489783	1.75
100001 & Above	15	0.05	22866345	81.39
TOTAL	29632	100.00	28093950	100.00

(xiv) Transfer of Unclaimed / Unpaid Dividend :

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

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

For the Financial Year	Due for transfer to the Central Govt.
2001-02	3 rd September, 2009
2002-03	31 st August, 2010
2003-04	31 st October, 2011
2004-05	20 th September, 2012
2005-06	6 th August, 2013
2006-07	13 th April 2014
2007-08	8 th July 2015

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

(xv) Investors' services

Correspondence / complaints received during the nine months period ended on December 31, 2008

Nature of correspondence/ complaints	Received (in Nos)	Cleared (in Nos)
(i) Non-receipt of share certificates	42	42
(ii) Letters from Stock Exchange, SEBI advocate letters, etc.	35	35
(iii) Non receipt of Dividend Warrants / Annual Reports	105	105
Total	182	182

The Company has attended to most of the investors' grievance/correspondence within a period of 10 days from the date of receipt of complaint during the nine months period ended on December 31, 2008.

There were no pendency of correspondence / complaints as on December 31, 2008.

(xvi) Nomination facility

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

(xvii) Consolidation of Folios and avoidance of multiple mailing

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

(xviii) Mandate/Electronic Clearing Services

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

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

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

(xix) Plant location of the Company

Royal Enfield:

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

(xx) Address for Correspondence

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

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

for **Eicher Motors Limited**

Place : New Delhi
Date : March 28, 2009

Siddhartha Lal
Managing Director

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have affirmed to the compliance with the Code of Conduct for the nine months period ended on December 31, 2008.

for **Eicher Motors Limited**

Place : New Delhi
Date : March 28, 2009

Siddhartha Lal
Managing Director

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

TO THE MEMBERS OF EICHER MOTORS LIMITED

We have examined the compliance of conditions of Corporate Governance by Eicher Motors Limited for a nine months period ended on December 31, 2008, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.

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

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

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

For Deloitte Haskins & Sells
Chartered Accountants

Jaideep Bhargava
Partner

Place : New Delhi
Date : March 28, 2009

Membership No. 90295

CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

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

- a) we have reviewed the financial statements and cash flow statement for the nine months period ended December 31, 2008 and to the best of our knowledge and belief :
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
 - ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) to the best of our knowledge and belief, no transactions entered into by the Company during the nine months period ended December 31, 2008 are fraudulent, illegal or in violation of the Company's Code of Conduct.
- c) we accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the Auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d) we have indicated to the Auditors and Audit Committee that :
 - i) there have not been any significant changes in internal controls over financial reporting during the nine months period ended December 31, 2008;
 - ii) there have not been any significant changes in accounting policies during the nine months period ended December 31, 2008 and that the same have been disclosed in the notes to the financial statements; and
 - iii) there has not been any instance during the nine months period ended December 31, 2008 of significant fraud with involvement therein of the management or any employee having a significant role in the company's internal control system over financial reporting.

Place : New Delhi
Date : March 28, 2009

Vinod Aggarwal
Chief Financial Officer

Siddhartha Lal
Chief Executive Officer &
Managing Director

ANNEXURE TO THE DIRECTORS' REPORT TO THE SHAREHOLDERS

Statement of Particulars of Employees Pursuant to the Provisions of Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 forming part of the Directors Report for the period ended December 31, 2008.

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

A. Employed in receipt of remuneration not less than Rs.2,00,000/- per month*.

NAME	AGE	QUALIFICATIONS	EXPERIENCE	DATE OF COMENCE- MENT OF EMPLOYMENT	DESIGNATION	REMUNERATION	LAST EMPLOYMENT
A K ARORA	58	MA(PSL)	35	APRIL-1979	GENERAL MANAGER	2,654,884	EICHER GOODEARTH LTD
A K BIRLA	54	B.E.	29	AUGUST-1980	SENIOR VICE PRESIDENT	1,181,916	EICHER GOODEARTH LTD
A RAMASUBRAMANIAN	57	B.E.	33	APRIL-2006	CHIEF EXECUTIVE	1,589,681	ASHOK LEYLAND LTD.
DINESH KUMAR TANEJA	48	CA, CIA, CCSA, CFSA	23	AUGUST-2007	GROUP HEAD - INTERNAL AUDIT	699,940	BHARTI AIRTEL LIMITED
K RAMESH**	50	M.COM.AICWA	25	JUNE-2006	DIV. GENERAL MANAGER - FINANCE & HR	2,321,564	INDIA MOTORS PARTS LTD
P K KAPSE	61	B.E.	37	JULY-1986	CHIEF EXECUTIVE	1,807,537	EICHER LTD
R L RAVICHANDRAN**	59	B.COM PGDBM	38	JULY-2005	CHIEF EXECUTIVE	3,700,886	BAJAJ AUTO LTD
RANBUSELVAN	48	BSC. B.TECH	25	JUNE-1983	DIV. GENERAL MANAGER - PRODUCT DEVELOPMENT	1,839,331	ROYAL ENFIELD
RAJESH MITTAL	45	B.E., ICWA	24	NOVEMBER-1992	DIRECTOR - SUPPLY CHAIN MANAGEMENT	830,634	HINDUSTAN MOTORS LTD.
RAJINDER SINGH SACHDEVA	47	M.TECH	25	NOVEMBER-1991	DIRECTOR - PRODUCT DEVELOPMENT	815,506	SWARAJ MAZDA LTD
S R MUKHERJEE	47	BSC (ENGG.)	24	MARCH-1989	GENERAL MANAGER	681,874	ASHOK LEYLAND LTD.
SHAJI KOSHY**	48	B.TECH.	23	MAY-2006	GENERAL MANAGER	2,713,799	HINDUSTAN MOTORS LTD.
SIDDHARTHA LAL**	35	PGDME, MSC. (AUTOMOTIVE ENGG.)	12	FEBRUARY-2002	MANAGING DIRECTOR & C.E.O.	12,274,916	EICHER GOODEARTH LTD
VINOD AGGARWAL**	49	FCA ,AICWA	28	FEBRUARY-2004	CHIEF FINANCIAL OFFICER	4,384,813	EICHER GOODEARTH LTD

* The Company has changed its financial year April to March to January to December. Accordingly, the data given above is for the financial period of 9 months from April to December, 2008.

** Employees employed through the financial period of 9 months i.e. April to December, 2008 and others were employed for part of the period.

Notes :

1. Remuneration includes basic salary, allowances, company's contribution to provident fund and other funds and monetary value of perquisites as per Income Tax Rules 1962.
2. The nature of employment in all cases is/was contractual.
3. None of the above employees is/was related to any director of the company.
4. The aforesaid employees do not hold equity shares of the Company and do not receive remuneration in excess of that drawn by the Managing Director pursuant to Section 217(2A) (a)(iii) of the Companies Act, 1956.

AUDITORS' REPORT

TO THE MEMBERS OF EICHER MOTORS LIMITED

1. We have audited the attached balance sheet of Eicher Motors Limited as at December 31, 2008, the profit and loss account and also the cash flow statement of the Company for the nine months period ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph 3 above :
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - c) the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
 - f) in our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - in the case of the balance sheet, of the state of affairs of the Company as at December 31, 2008;
 - in the case of the profit and loss account, of the profit of the Company for the nine months period ended on that date; and
 - in the case of the cash flow statement, of the cash flows for the nine months period ended on that date.

For Deloitte Haskins & Sells
Chartered Accountants

Jaideep Bhargava
Partner
Membership No. 90295

Place : New Delhi
Date : March 28, 2009

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDITORS' REPORT TO THE MEMBERS OF EICHER MOTORS LIMITED ON THE ACCOUNTS FOR THE NINE MONTHS PERIOD ENDED DECEMBER 31, 2008

- (i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a programme of physically verifying all of its fixed assets over a period of three years and in accordance therewith, physical verification of certain fixed assets of the Company was carried out during the period. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- (c) Pursuant to transfer of Commercial vehicle business along with Components (including Gears) and Engineering Design Service business of the Company together with related assets by way of slump sale to VE Commercial Vehicles Limited (subsidiary of the Company), a substantial part of fixed assets has been disposed off during the period. However, in our opinion and according to the information and explanations given to us, this does not affect the Company's ability to continue as a going concern.
- (ii) (a) During the period, the inventories have been physically verified by the management except for inventory lying with third parties at the end of the period for which confirmations have been obtained in most of the cases. In our opinion, the frequency of the verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventories, we are of the opinion that, the Company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) (a) According to the information and explanations given to us, the Company has, during the period, not granted any loan, secured or unsecured to companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii) (b) (c) and (d) of the Companies (Auditor's Report) Order, 2003 (hereinafter referred to as the Order) are not applicable.
- (b) According to the information and explanations given to us, the Company has, during the period, not taken any loans, secured or unsecured, from companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii) (f) and (g) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to sale of goods and services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have been informed of any instance of major weaknesses in the aforesaid internal control system.
- (v) According to the information and explanations given to us and having regard to the view taken by the Company that the transactions, which are subjected to the provisions of the sub-section 6 of section 299 of the Companies Act, 1956 (the Act), are not required to be entered in the register maintained in pursuance of section 301 of the Act, there were no transactions during the period that were required to be entered in this register.
- Notwithstanding the Company's view regarding the provisions of sub-section 6 of section 299 of the Act in respect of certain transactions exceeding the value of Rs.5 lacs entered into during the period with parties listed under the provisions of sub-section 3 of section 301 of the Act, these have been made at prices which are reasonable compared to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, with regard to deposits accepted from the public. As per information and explanations given to us, no order under aforesaid sections has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government, the maintenance of cost records has been prescribed under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.

EICHER MOTORS LIMITED

- (ix) (a) According to the information and explanations given to us and the records of the Company examined by us, the Company has been regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, customs duty, service tax, excise duty, cess and other material statutory dues applicable to it. We are informed that there are no undisputed statutory dues as at the period end outstanding for a period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no disputed dues of customs duty, wealth tax, and cess matters.

According to the information and explanations given to us and the records of the Company examined by us, the details of disputed dues of sales tax, income tax, service tax and excise duty dues as at December 31, 2008 are as follows:

Nature of the Statute	Nature of dues	Forum where pending	Amount* (Rs.Crores)	Amount paid under protest (Rs. Crores)	Period to which amount relate
Central Excise Act	Excise duty	- Commissioner of Central Excise	1.35	0.34	1983 to 2001, 2003 to 2005, 2006-07
		- Commissioner (Appeals)	0.10	-	2006-07
		- CESTAT	54.36	0.18	1995 to 2005
		- High Court	0.02	-	1995 to 1997
Sales Tax Act	Sales Tax	- Assessing Authority	0.61	0.52	1991-92, 1993 to 1999, 2000-01
		- Appellate Authority upto Commissioner's level	1.67	0.61	1987-88, 1993-94, 1997-98, 1999 to 2006
		- Appellate Tribunal	6.22	1.13	1986-87, 1988 to 2004
		- High Court	1.63	0.40	1984 to 1987, 1988-89, 1992-93, 1994-95, 2001-02, 2003-04
Service Tax Act	Service Tax	Commissioner	0.48	-	2000 to 2003
Income Tax Act	Income Tax	- Appellate Authority upto Commissioner's level	4.21	1.05	1996-97, 2004-05, 2005-06

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

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

- (x) The Company does not have accumulated losses at the end of the period December 31, 2008. Further, the Company has not incurred any cash losses during the nine months period ended December 31, 2008 and in the immediately preceding financial year ended March 31, 2008.
- (xi) According to the records of the Company examined by us and the information and explanations given to us, the Company, during the period, has not defaulted in repayment of dues to financial institutions, banks.
- (xii) As the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4(xii) of the Order is not applicable.
- (xiii) The provisions of any special statute as specified under paragraph 4(xiii) of the Order are not applicable to the Company.
- (xiv) As the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xiv) of the Order is not applicable.

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- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees during the period for loans taken by others from banks are prima-facie not prejudicial to the interest of the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans taken during the period have been applied for the purpose for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that short term funds have not been used to finance long term investments.
- (xviii) As the Company has not made any preferential allotment of shares during the period, paragraph 4(xviii) of the Order is not applicable.
- (xix) As the Company has not issued any debentures during the period, paragraph 4(xix) of the Order is not applicable.
- (xx) Since the Company has not raised any money by way of public issue during the period, paragraph 4(xx) of the Order is not applicable.
- (xxi) During the course of our examination of the books of account and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the period nor have we been informed of such case by the management.

For Deloitte Haskins & Sells
Chartered Accountants

Jaideep Bhargava
Partner

Membership No. 90295

Place : New Delhi
Date : March 28, 2009

EICHER MOTORS LIMITED

BALANCE SHEET AS AT DECEMBER 31, 2008

	Schedule	As at December 31, 2008	Rs. in crores As at March 31, 2008
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	28.09	28.09
Reserves and surplus	2	452.80	430.24
		<u>480.89</u>	<u>458.33</u>
Loan funds			
Secured	3	3.37	143.23
Unsecured		4.68	59.51
		<u>8.05</u>	<u>202.74</u>
Deferred tax liabilities (net)	4	2.22	39.68
Total		<u>491.16</u>	<u>700.75</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	135.73	581.52
Less: Depreciation		73.86	276.57
Net block		<u>61.87</u>	<u>304.95</u>
Capital work in progress		1.95	19.33
		<u>63.82</u>	<u>324.28</u>
Investments	6	11.68	286.77
Current assets, loans and advances			
Inventories	7	19.37	210.38
Sundry debtors		5.08	141.32
Cash and bank balances		482.81	48.98
Other current assets		0.09	7.13
Loans and advances		17.20	105.55
		<u>524.55</u>	<u>513.36</u>
Less :			
Current liabilities and provisions			
Current liabilities	8	82.11	370.16
Provisions		26.78	53.50
		<u>108.89</u>	<u>423.66</u>
Net current assets		<u>415.66</u>	<u>89.70</u>
Total		<u>491.16</u>	<u>700.75</u>
NOTES TO ACCOUNTS			
	13		

Per our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Jaideep Bhargava
Partner
Membership No. 90295

Shaila Aggarwal
Company Secretary

Vinod Aggarwal
Chief Financial Officer

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

Place : New Delhi
Date : March 28, 2009

PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS PERIOD ENDED DECEMBER 31, 2008

		Rs. in crores	
	Schedule	For the nine months period ended December 31, 2008	For the year ended March 31, 2008
INCOME			
Sales		771.78	2,512.41
Less: Excise duty		84.32	310.02
Net Sales		687.46	2,202.39
Other income	10	26.37	29.45
		713.83	2,231.84
EXPENDITURE			
Manufacturing and other expenses	11	680.50	2,084.76
Miscellaneous expenditure written off	9	-	0.63
		680.50	2,085.39
Profit before interest ,depreciation, exceptional items and taxation		33.33	146.45
Interest	12	3.59	17.77
Depreciation	5	15.20	43.07
Profit before exceptional items and taxation		14.54	85.61
Items considered exceptional items (Refer note 2 of schedule 13)			
Loss on sale of CV Business		(18.93)	-
Non-compete consideration on sale of CV Business		39.35	-
Profit before taxation		34.96	85.61
Provision for taxation			
Current tax		31.72	20.30
Deferred tax charge / (credit)		(37.46)	0.41
Taxation relating to previous periods		1.27	-
Fringe benefit tax		0.43	1.85
Profit after taxation		39.00	63.05
Profit from continuing operations before taxation			
		20.88	17.70
Provision for taxation			
Current tax		4.64	4.04
Deferred tax charge / (credit)		(1.24)	(1.16)
Fringe benefit tax		0.16	0.23
Profit from continuing operations after taxation		17.32	14.59
Profit / (loss) from discontinuing operations before taxation			
		(6.34)	67.91
Provision for taxation			
Current tax		1.60	16.26
Deferred tax charge / (credit)		(1.36)	1.57
Taxation relating to previous periods		1.27	-
Fringe benefit tax		0.27	1.62
Profit / (loss) from discontinuing operations after taxation		(8.12)	48.46
Profit/(loss) from disposal of assets and settlement of related liabilities etc. of discontinuing operations (refer note 2 of schedule 13)			
Loss on sale of CV business		(18.93)	-
Non-compete consideration on sale of CV Business		39.35	-

EICHER MOTORS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS PERIOD ENDED DECEMBER 31, 2008 (Continued)

	Schedule	For the nine months period ended December 31, 2008	Rs. in crores For the year ended March 31, 2008
Profit before taxation		20.42	-
Provision for taxation			
Current tax		25.48	-
Deferred tax charge / (credit)		(34.86)	
Profit from disposal of assets and settlement of related liabilities etc. of discontinuing operations after taxation		29.80	-
Profit after taxation		39.00	63.05
Balance brought forward from the previous year		337.84	297.54
Amount available for appropriation		376.84	360.59
APPROPRIATIONS			
Dividend			
Proposed final		14.05	14.05
Corporate dividend tax		2.39	2.39
General reserve account		3.90	6.31
Balance carried to balance sheet		356.50	337.84
Earning per share (in rupees) :			
Basic		13.88	22.44
Diluted		13.88	22.40

NOTES TO ACCOUNTS

13

Per our report attached to balance sheet

For Deloitte Haskins & Sells

Chartered Accountants

Jaideep Bhargava

Partner

Membership No. 90295

Shaila Aggarwal
Company Secretary

Vinod Aggarwal
Chief Financial Officer

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

Place : New Delhi

Date : March 28, 2009

CASH FLOW STATEMENT FOR THE NINE MONTHS PERIOD ENDED DECEMBER 31, 2008

PARTICULARS	Rs. in crores	
	For the nine months period ended December 31, 2008	Year ended March 31, 2008
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period before exceptional items and taxation	14.54	85.61
Adjustments for:		
Depreciation	15.20	43.07
Profit on sale of fixed assets	(0.09)	(0.39)
Fixed assets discarded	0.05	0.66
Dividend on non trade current investments	(2.01)	(0.11)
Loss on sale of fixed assets	0.70	0.63
Miscellaneous expenditure written off	-	0.63
Interest income	(19.27)	(14.68)
Interest expense	3.59	17.77
Operating profit before changes in working capital	12.71	133.19
Adjustments for changes in:		
Inventories	6.98	(41.47)
Trade and other receivables	(10.39)	50.88
Trade and other payables	51.78	(34.65)
Cash generated from operations	61.08	107.95
Direct taxes paid	(27.28)	(24.54)
Net cash from operating activities (A)	33.80	83.41
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(22.88)	(69.35)
Sale of fixed assets	0.90	1.74
Net Investments made		
- Purchase of shares of subsidiary	(5.39)	(14.64)
- Non trade current investment	(3.00)	-
Redemption of NABARD capital gain bonds	258.00	-
Dividend on non trade current investment	2.01	0.11
Interest received	26.30	14.67
Net cash generated from investing activities before exceptional items	255.94	(67.47)
Proceeds from sale of Commercial Vehicles (CV) Business *	185.76	-
Non-compete consideration on sale of CV Business *	39.35	-
Net cash generated/ invested from investing activities (B)	481.05	(67.47)

CASH FLOW STATEMENT FOR THE NINE MONTHS PERIOD ENDED DECEMBER 31, 2008 (Continued)

PARTICULARS	Rs. in crores	
	For the nine months period ended December 31, 2008	Year ended March 31, 2008
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	-	40.46
Repayment of long term borrowings	(1.81)	(32.29)
Proceeds/(repayment) from / (of) short term borrowings (net)	(30.08)	(5.75)
Interest paid	(1.65)	(17.11)
Dividend paid	(13.96)	-
Corporate dividend tax	(2.39)	-
Net cash used in financing activities (C)	(49.89)	(14.69)
Net Increase in cash and cash equivalents (A)+(B)+(C)	464.96	1.25
Cash and cash equivalents at the beginning of the period/ year		
Cash and bank balances	48.98	47.73
Cash and cash equivalents transferred pursuant to sale of CV Business	(31.13)	-
Cash and cash equivalents at the end of the period/ year		
Cash and bank balances	482.81	48.98

* Refer note 2 of schedule 13

Per our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Jaideep Bhargava
Partner
Membership No. 90295

Shaila Aggarwal
Company Secretary

Vinod Aggarwal
Chief Financial Officer

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

Place : New Delhi
Date : March 28, 2009

SCHEDULES I TO 13 ANNEXED TO AND FORMING PART OF ACCOUNTS
I. SHARE CAPITAL

	As at December 31, 2008	Rs. in crores As at March 31, 2008
Authorised		
3,00,00,000 (3,00,00,000) Equity shares of Rs. 10 each	30.00	30.00
1,01,000 (1,01,000) Redeemable cumulative preference shares of Rs. 100 each	1.01	1.01
	31.01	31.01
Issued		
2,80,93,950 (2,80,93,950) Equity shares of Rs. 10 each	28.09	28.09
	28.09	28.09
Subscribed and paid up *		
2,80,93,950 (2,80,93,950) Equity shares of Rs. 10 each	28.09	28.09
Less :Allotment money in arrears (# Rs.12000)	#	#
	28.09	28.09

* Includes 80,93,950 Equity shares of Rs 10 each allotted as fully paid for consideration other than in cash pursuant to the Composite Scheme of Arrangement relating to demerger of Automobile Undertaking of Eicher Limited into the Company which became effective on August 16, 2004 from the appointed date i.e. April 1, 2003.

Under Eicher Employee Stock Option Scheme, the Company has granted 2,24,800 (2,45,500) options (net of forfeiture) on September 30, 2006, and 2,48,100 (2,77,200) options (net of forfeiture) on October 22, 2007, which are subject to a vesting period of three years from the date of grant in terms of the Scheme. Each option entitles the holders thereof to applied for and be allotted one Equity Shares of the face value of Rs. 10/- each.

Note: Eicher Goodearth Investments Limited ceased to be holding company w.e.f. August 22, 2008. Subscribed and paid up share capital includes 1,40,32,762 (1,63,08,372) equity shares held by Eicher Goodearth Investments Limited.

2. RESERVES AND SURPLUS

Description	Rs. in crores			
	As at March 31, 2008	Additions	Deductions	As at December 31, 2008
Capital reserves				
Capital subsidy	0.25	-	-	0.25
Revenue reserves				
General reserve account	92.15	3.90 @	-	96.05
Surplus in profit and loss account	337.84	18.66	-	356.50
Total	430.24	22.56	-	452.80
Previous year	385.28	46.61	1.65	430.24

@ Transfer from profit and loss account

3. LOAN FUNDS

		Rs. in crores	
		As at December 31,2008	As at March 31,2008
Secured			
Banks			
Term loans	[1]	0.04	49.61
Cash credits	[2]	3.33	93.62
		<u>3.37</u>	<u>143.23</u>
Unsecured			
Banks			
Term loans		-	40.46
Deposits			
Fixed	[3]	2.56	3.01
Others		1.54	4.92
Other loans and advances			
Financial institutions		-	0.25
Interest free sales tax deferral		0.58	10.87
		<u>4.68</u>	<u>59.51</u>
		<u>8.05</u>	<u>202.74</u>

Notes :
1) Includes:

- (a) Loan amounting to Rs. Nil (Rs. 49.00 crores) is secured by a first charge by way of mortgage on immovable properties of the Company, except those located at Chennai and hypothecation of all movable properties of the Company, except those located at Chennai, save and except current assets charged in favour of the bank for securing borrowings for working capital requirements for the said locations.
 - (b) Rs. 0.04 crore (Rs. 0.61 crore) secured by hypothecation of the specific assets acquired out of the loan.
 - (c) Repayment within one year Rs. 0.03 crore (Rs. 12.67 crores).
- 2) (a) Rs. Nil (Rs. 87.47 crores) secured by a first charge by way of hypothecation of all current assets of the Company, and a second charge by way of mortgage on immovable properties of the Company located at Thane and Pithampur and hypothecation of movable properties located at Thane and Pithampur.
 - (b) Rs. 3.33 crores (Rs. 6.15 crores) secured by a first charge by way of hypothecation of all current assets of the Company.
- 3) Repayment within one year Rs. 1.25 crores (Rs. 1.34 crores)

4. DEFERRED TAX LIABILITIES (NET)

		Rs. in crores	
		As at December 31,2008	As at March 31,2008
Deferred tax liabilities on			
Accelerated depreciation		7.89	51.82
Unutilised Modvat		-	2.79
		<u>7.89</u>	<u>54.61</u>
Less:			
Deferred tax assets on			
Accrued expenses deductible on payment		1.49	1.98
Provision for gratuity		1.54	5.41
Provision for leave encashment		0.57	1.94
Provision for doubtful debts and advances		0.20	4.27
Voluntary retirement scheme		0.51	1.33
Others		1.36	-
		<u>5.67</u>	<u>14.93</u>
Net deferred tax liabilities		<u>2.22</u>	<u>39.68</u>

5. FIXED ASSETS

Rs. in crores

Assets	Gross block (At cost)					Depreciation					Net block	
	As at March 31, 2008	Additions during the period	Transferred pursuant to sale of CV business *	Other deductions during the period	As at December 31, 2008	As at March 31, 2008	For the period	Transferred pursuant to sale of CV business *	Other adjustments	As at December 31, 2008	As at December 31, 2008	As at March 31, 2008
Land **												
Freehold	9.34	-	7.09	-	2.25	-	-	-	-	-	2.25	9.34
Leasehold	5.85	-	2.50	-	3.35	0.51	0.03	0.18	-	0.36	2.99	5.34
Buildings**	62.59	0.10	36.01	-	26.68	16.34	1.01	9.45	-	7.90	18.78	46.25
Plant and machinery	355.76	8.15	292.12	0.21	71.58	167.02	9.20	130.88	0.05	45.29	26.29	188.74
Furniture and fittings	11.49	0.29	9.32	0.16	2.30	4.35	0.31	3.06	0.06	1.54	0.76	7.14
Office equipment	47.07	0.81	37.43	0.50	9.95	28.08	1.37	24.32	0.43	4.70	5.25	18.99
Vehicles	19.48	0.80	14.98	3.06	2.24	9.80	0.79	7.61	1.84	1.14	1.10	9.68
Intangible assets												
- Product designs, prototypes etc.	43.38	1.92	30.50	-	14.80	29.66	1.79	20.96	-	10.49	4.31	13.72
- Computer Software	13.66	0.21	11.29	-	2.58	7.91	0.70	6.17	-	2.44	0.14	5.75
- Goodwill	12.90	-	12.90	-	-	12.90	-	12.90	-	-	-	-
Total	581.52	12.28	454.14	3.93	135.73	276.57	15.20	215.53	2.38	73.86	61.87	
Previous year	531.45	56.91	-	6.84	581.52	237.70	43.07	-	4.20	276.57		304.95
Capital work in progress (including advances on capital account of Rs. 0.54 crore (Rs. 4.59 crores))											1.95	19.33
											63.82	324.28

* Refer note 2 of schedule 13

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

6. INVESTMENTS

Rs. in crores

	As at December 31, 2008	As at March 31, 2008
LONG TERM @		
Unquoted -		
Trade -		
12,498 (12,498) Equity shares of Rs.10 each fully paid up of Eicher Motors Finance Limited	0.01	0.01
Investment in subsidiary		
Nil (9,000) Equity shares of US \$ 1 each of Eicher Engineering Solutions, Inc., USA*	-	15.01
Nil (200) Equity shares of US \$ 500 each of Eicher Engineering Solutions, Inc., USA *	-	10.47
54,40,000 (50,000) Equity shares of Rs.10 each fully paid up of VE Commercial Vehicles Ltd. (formerly Eicher Motors India Limited)	5.44	0.05
53,90,000 shares @ Rs. 10 each fully paid up allotted during the period		
Non -Trade -		
Nil (2,58,000) capital gains bonds of Rs. 10000 each issued by National Bank for Agriculture and Rural Development, redeemed during the period	-	258.00
3,230 (3,230) capital gains bonds of Rs 10000 each issued by Rural Electrification Corporation Ltd.	3.23	3.23

6. INVESTMENTS (Continued)

	As at December 31, 2008	Rs. in crores As at March 31, 2008
Government securities		
National Savings Certificates (# Rs. 13,000) (Pledged with Government authorities)	#	#
Current Investments		
Non-trade - Unquoted -		
1,94,95,377 (Nil) units of face value of Rs. 10 each of Birla Sunlife Mutual Fund purchased during the period	3.00	-
Repurchased Price Rs. 3.00 crores (Rs. Nil)	<u>11.68</u>	<u>286.77</u>
@ At cost as reduced by diminution in value, if any.		
* Transferred pursuant to sale of CV Business (Refer note 2 of schedule 13)		

The following non trade unquoted current investments were purchased and redeemed during the period

Mutual Funds
Debt Fund

	Purchased		Redeemed	
	Units	Amount	Units	Amount
ICICI Prudential-Flexible Income Plan Dividend-Daily Units of face value of Rs. 10 each	4,80,78,608	50.00	4,80,78,608	50.26
HDFC Cash Management fund Saving plus plan Units of face value of Rs. 10 each	12,68,78,796	139.01	12,68,78,796	139.12
PNB Principal Cash Management Units of face value of Rs. 10 each	12,00,02,150	120.01	12,00,02,150	120.11
Birla Sunlife Liquid Plus - Institutional - Daily Dividend - Reinvestment Units of face value of Rs. 10 each	8,30,94,094	69.35	6,35,98,717	66.66
Reliance Medium Term Fund - Daily Dividend Plan Units of face value of Rs. 10 each	2,95,14,721	50.00	2,95,14,721	50.46
TATA Liquid (Super High Investment Fund) Daily Dividend Units of face value of Rs. 1000 each	4,93,599	55.00	4,93,599	55.01
SBI SHF Liquid Plus - Institutional Plan - Daily Dividend Units of face value of Rs. 10 each	5,52,32,275	55.00	5,52,32,275	55.27
DWS Liquid Plus Fund - Institutional Daily Dividend Units of face value of Rs. 10 each	4,01,85,050	40.00	4,01,85,050	40.25
HSBC Cash Fund Institutional Plus - Daily Dividend Units of face value of Rs. 10 each	7,99,65,854	80.01	7,99,65,854	80.04
Fidelity Liquid Plus Fund (SI) Daily Dividend Units of face value of Rs. 2 each	10,00,24,800	20.00	10,00,24,800	20.06
DSP Merrill Lynch Liquidity - Liquid Plus Units of face value of Rs. 1000 each	1,50,119	15.00	1,50,119	15.02
Kotak Flexi debt fund Units of face value of Rs. 10 each	11,87,687	20.00	11,87,687	20.04
TATA Floater Fund Daily Dividend Units of face value of Rs. 10 each	5,49,03,173	55.01	5,49,03,173	55.06
LIC MF Liquid Fund - Dividend Plan Units of face value of Rs. 10 each	91,15,056	10.00	91,15,056	10.01
Reliance Liquid Plus Fund - Daily Dividend Units of face value of Rs. 1000 each	1,00,217	10.00	1,00,217	10.03
Reliance Liquid Plus Fund - Daily Dividend Units of face value of Rs. 10 each	99,98,575	10.00	99,98,575	10.00
		<u>798.39</u>		<u>797.40</u>

7. CURRENT ASSETS, LOANS AND ADVANCES

	As at December 31, 2008	Rs. in crores As at March 31, 2008
Current assets		
Inventories		
Stores and machinery spares *	0.46	4.76
Loose tools *	0.41	5.13
Stock-in-trade **		
Raw materials and components	9.86	79.38
Work in progress	1.70	12.07
Finished goods	6.94	109.04
	<u>19.37</u>	<u>210.38</u>
* Valued at cost or under		
** Valued at lower of cost and net realisable value		
Sundry debtors		
Debts exceeding six months		
Secured - considered good	0.11	2.05
Unsecured - considered good	0.28	13.10
Unsecured - considered doubtful	0.59	1.25
Other debts		
Secured - considered good	0.50	2.87
Unsecured - considered good #	4.19	123.30
	<u>5.67</u>	<u>142.57</u>
Less: Provision for doubtful debts	0.59	1.25
	<u>5.08</u>	<u>141.32</u>
Cash and bank balances		
Cash in hand	0.01	0.05
Cheques on hand and in transit	3.50	5.01
Balances with scheduled banks		
On current accounts	29.43	43.32
On margin money accounts	-	0.19
On deposit accounts @	438.63	0.40
Interest accrued on fixed deposits	10.93	0.01
Balances with non scheduled banks		
On current account*	0.31	-
	<u>482.81</u>	<u>48.98</u>
* With National Westminster Bank PLC, London, UK, maximum balance during the period Rs. 0.52 Crore (Rs. Nil)		
Other Current Assets		
Interest accrued on investments in Capital gains bonds	0.09	7.13
Loans and advances		
Advance recoverable in cash or kind or for value to be received		
Secured		
(Loans are secured against hypothecation of Vehicles)		
Vehicle loans		
- Considered good	-	9.16
- Considered doubtful	-	1.87
	<u>-</u>	<u>11.03</u>
Less: Provision for doubtful advances	-	1.87
	<u>-</u>	<u>9.16</u>
Unsecured		
- Considered good \$	12.81	77.33
- Considered doubtful	-	5.57
	<u>12.81</u>	<u>82.90</u>
Less: Provision for doubtful advances	-	5.57
	<u>12.81</u>	<u>77.33</u>
Advance to a subsidiary company (Maximum balance during the period / year Rs. 0.23 crore (Rs. 0.33 crore))	-	0.23
Income-tax payments (net of provision)	-	3.34
Balances with central excise and customs on current accounts	4.39	15.49
	<u>17.20</u>	<u>105.55</u>
	<u>524.55</u>	<u>513.36</u>

Includes Rs. Nil (Rs. 27.71 crores) backed by bank guarantees/letter of credits.

@ Includes amounts lodged as security deposits/on lien to a bank/Government authorities Rs. 0.20 crore (Rs.0.33 crore)

\$ Includes amount due from Eicher School Rs. 0.77 crore (Rs. 0.77 crore) which is recallable on demand, maximum amount outstanding during the period / year Rs. 0.77 crore (Rs.1.05 crores) .

EICHER MOTORS LIMITED

8. CURRENT LIABILITIES AND PROVISIONS

	Rs. in crores	
	As at December 31, 2008	As at March 31, 2008
Current liabilities		
Acceptances	16.26	70.31
Sundry creditors:		
Dues of Micro and small enterprises #	1.91	0.28
Dues of other than Micro and small enterprises ##	53.99	280.91
Investor Education and Protection Fund* shall be credited by the following amounts namely :-		
- unpaid dividend	4.78	4.69
- unpaid matured deposits	0.18	0.14
- interest accrued on matured fixed deposits	0.02	0.02
Interest accrued but not due on loans	0.29	2.15
Advances from customers	4.68	11.66
	<u>82.11</u>	<u>370.16</u>
Provisions		
Gratuity	4.55	16.13
Leave encashment and other employee benefits	1.67	6.69
Warranty	1.32	14.24
Income-tax provisions (net of payments)	2.80	-
Proposed dividend	14.05	14.05
Corporate dividend tax	2.39	2.39
	<u>26.78</u>	<u>53.50</u>
	<u>108.89</u>	<u>423.66</u>

* Does not include any amounts outstanding as on December 31, 2008 which are required to be credited to Investor Education and Protection Fund.

Refer note 7 of schedule 13

Includes Rs.0.08 crore (Rs. Nil) due to subsidiary Company

9. MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

	Rs. in crores	
	As at December 31, 2008	As at March 31, 2008
Voluntary retirement schemes		
Opening balance	-	0.63
Less: Written off during the period/ year	-	0.63
	<u>-</u>	<u>-</u>

10. OTHER INCOME

	Rs. in crores	
	For the nine months period ended December 31, 2008	For the year ended March 31, 2008
Income from vehicle loans / hire purchase contracts	0.14	0.67
Profit on sale of fixed assets	0.09	0.39
Dividend on non trade current investments	2.01	0.11
Interest income *		
- on vehicle loan contracts	0.11	0.88
- on investment in capital gains bonds	6.74	14.16
- from banks on deposits	12.50	0.05
- from others	0.03	0.47
Excess liability no longer required written back	1.22	0.89
Export benefits	3.05	10.09
Others	0.48	1.74
	<u>26.37</u>	<u>29.45</u>

* Income -tax deducted at source Rs. 0.35 crore (Rs 0.10 crore)

II. MANUFACTURING AND OTHER EXPENSES

	Rs. in crores	
	For the nine months period ended December 31, 2008	For the year ended March 31, 2008
Materials consumed		
Raw materials and components	465.05	1,537.71
Decrease / (Increase) in finished goods and work in progress		
Opening stock		
Finished goods	109.04	69.49
Work in progress	12.07	9.51
	<u>121.11</u>	<u>79.00</u>
Add: Purchase of finished goods	39.52	118.34
	<u>160.63</u>	<u>197.34</u>
Less : Stock transferred out on sale of CV Business *		
Finished goods	86.27	-
Work in progress	10.62	-
	<u>63.74</u>	<u>197.34</u>
Less :		
Closing stock		
Finished goods	6.94	109.04
Work in progress	1.70	12.07
	<u>8.64</u>	<u>121.11</u>
	<u>55.10</u>	<u>76.23</u>
Total consumption	520.15	1,613.94
Less: Scrap sales	2.72	10.69
Less: Vehicles capitalised	0.12	0.36
Increase /(decrease) in excise duty on finished goods	(3.14)	4.34
Net consumption	<u>514.17</u>	<u>1,607.23</u>
Other expenses:		
Payments to and provisions for employees		
Salaries, wages and gratuity	41.30	109.34
Contribution to provident and other funds	2.25	5.90
Welfare expenses	4.63	13.23
Stores and machinery spares consumed (including loose tools)	8.88	16.03
Loss on sale of fixed assets	0.70	0.63
Fixed assets discarded	0.05	0.66
Power and fuel	5.48	15.88
Insurance	0.50	1.41
Repairs and maintenance		
Buildings	0.97	3.14
Plant and machinery	3.19	10.36
Others	2.43	7.87
Rates and taxes	0.82	1.92
Advertisement	4.57	14.74
Freight	13.63	47.40
Incentives	14.32	77.89
Warranty	8.78	33.90
Other selling and distribution expenses	11.33	30.18
Rent	2.51	5.76
Legal and professional charges	10.47	8.91
Travelling expenses	4.65	13.77
Development expenses	4.76	19.94
Bad debts / advances written off	2.56	6.96
Less: Charged against provision for doubtful debts and advances	2.46	6.90
Provision for doubtful debts and advances	0.10	0.06
Exchange loss	2.93	9.10
Miscellaneous	3.56	1.00
	<u>13.52</u>	<u>28.51</u>
	<u>680.50</u>	<u>2,084.76</u>

* Refer note 2 of schedule 13

12. INTEREST

	Rs. in crores	
	For the nine months period ended December 31, 2008	For the year ended March 31, 2008
On debentures and loans for fixed periods	2.17	8.09
On others	1.42	9.68
	<u>3.59</u>	<u>17.77</u>

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

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

ii) Fixed assets, including intangible assets, and depreciation

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

Leasehold land is amortised over the lease period.

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

Intangible assets comprising of product designs, prototypes, etc, either acquired or internally developed, are amortised over a period of ten years, the estimated minimum useful life of the related products. Cost of software is amortised over a period of 5 years or less depending on the estimated useful life of the asset. Goodwill purchased is amortised on a pro-rata basis from the month of acquisition over a period of three years.

iii) Inventories

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

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

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

iv) Employee benefits

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

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

v) Research and development

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

vi) Revenue recognition

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

vii) Investments

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

viii) Foreign currency transactions

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

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

ix) **Provision for warranty**

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

x) **Taxation**

Provision for current taxation is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income-tax Act, 1961.

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

xi) **Voluntary retirement schemes**

Payment made to employees, under the “Voluntary retirement schemes”, are being written-off over a period of four years from the month of closure of the schemes.

xii) **Provisions and contingent liabilities**

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

2. (a) The Commercial Vehicles business along with Components (including Gears) and Engineering Design Services business of the Company together with related assets (collectively hereinafter referred to as “CV Business”) has been transferred by way of a Slump Sale as defined under Section 2(42C) of Income Tax Act, 1961 on a “going concern” basis to VE Commercial Vehicles Limited (VECVL; wholly owned subsidiary of the Company on the date of transfer i.e. July 1, 2008) at a consideration of Rs. 185.76 crores w.e.f. July 1, 2008 as per the Business Purchase Agreement (BPA) signed between VECVL and the Company and has resulted in a net loss of Rs. 18.93 crores. The Company has also received a non-compete consideration of Rs. 39.35 Crores from ABVolvo (Joint Venture Partner in VECVL).
- (b) The following statement shows the revenue and expenses and assets and liabilities of continuing and discontinuing operations i.e. CV Business.

Particulars	Rs. in crores					
	Continuing Operations		Discontinuing Operations		Total	
	This period	Previous year	This period	Previous year	This period	Previous year
Sales	238.69	275.92	533.09	2,236.49	771.78	2,512.41
Less: Excise duty	26.73	38.04	57.59	271.98	84.32	310.02
Net sales	211.96	237.88	475.50	1,964.51	687.46	2,202.39
Other income	23.42	16.47	2.95	12.98	26.37	29.45
Total income	235.38	254.35	478.45	1,977.49	713.83	2,231.84
Manufacturing and other expenses	207.32	227.17	473.18	1,857.59	680.50	2,084.76
Miscellaneous expenditure written off	-	0.63	-	-	-	0.63
Interest	0.70	1.30	2.89	16.47	3.59	17.77
Depreciation	6.48	7.55	8.72	35.52	15.20	43.07
Total Expenditure	214.50	236.65	484.79	1,909.58	699.29	2,146.23
Profit before exceptional items and taxation	20.88	17.70	(6.34)	67.91	14.54	85.61
Items considered exceptional items						
Loss on sale of CV Business	-	-	(18.93)	-	(18.93)	-
Non-compete consideration on sale of CV Business	-	-	39.35	-	39.35	-
Profit before taxation	20.88	17.70	14.08	67.91	34.96	85.61
Provision for taxation	3.56	3.11	(7.60)	19.45	(4.04)	22.56
Profit after taxation	17.32	14.59	21.68	48.46	39.00	63.05
Assets	600.05	597.06	-	527.35	600.05	1,124.41
Liabilities	600.05	597.06	-	527.35	600.05	1,124.41

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

	Rs. in Crores			
	Continuing operations		Discontinuing operations	
	This period	Previous year	This period	Previous year
Net cashflows from operating activities	12.70	(22.27)	21.10	105.68
Net cashflows from investing activities	267.89	7.70	213.16	(75.17)
Net cashflows from financing activities	(20.12)	(0.38)	(29.77)	(14.31)

3. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 3.07 crores (Rs. 25.20 crores).

4. **Research and development expenses:**

Revenue expenditure on Research and Development incurred and charged during the period through the appropriate heads of account aggregate Rs. 12.50 crores (Rs. 40.01 crores). The capital expenditure incurred during the period for Research and Development purposes aggregate Rs. 2.76 crores (Rs. 20.46 crores). Details of expenses are as follows:

	Rs. in crores	
	This period	Previous year
REVENUE EXPENDITURE		
Employee Cost	2.71	9.22
Overheads	2.36	6.70
Development Cost	4.42	15.21
Depreciation	3.01	8.88
TOTAL	12.50	40.01
CAPITAL EXPENDITURE		
Factory building	-	0.80
Plant and Machinery	0.29	6.23
Furniture and Fixtures	0.07	0.26
Office Equipment	0.20	0.82
Vehicles	0.01	0.20
Intangible Assets	1.76	5.47
Capital Work in progress	0.43	6.68
TOTAL	2.76	20.46

As per requirement of Department of Scientific and Industrial Research (DSIR), Ministry of Science and Technology, Government of India, details of capital and revenue expenditure incurred on research and development on approved R&D facilities by DSIR, during the Financial Year 2004-05 to 2007-08 and as claimed by the Company, and for the period from 01.04.2008 to 31.12.2008 are as follows.

CAPITAL EXPENDITURE

	Rs in crores				
Particulars	Period - 01.04.08 to 31.12.08	Financial Year 2007-08	Financial Year 2006-07	Financial Year 2005-06	Financial Year 2004-05
Building- R & D	-	0.80	0.74	0.11	0.22
Plant & Machinery	0.29	6.23	4.14	3.28	7.52
Furniture & Fixtures	0.07	0.26	0.07	-	0.13
Office Equipments	0.20	0.82	1.46	0.15	4.05
Vehicles	0.01	0.20	0.54	0.54	0.47
Intangible Assets	1.76	5.47	-	-	-
Capital Work in progress	0.43	6.68	3.54	2.66	0.94
Total	2.76	20.46	10.49	6.74	13.33
Less : Opening CWIP	-	3.54	2.66	0.94	0.05
TOTAL	2.76	16.92	7.83	5.80	13.28

REVENUE EXPENDITURE

Rs in crores

Particulars	Period - 01.04.08 to 31.12.08	Financial Year 2007-08	Financial Year 2006-07	Financial Year 2005-06	Financial Year 2004-05
Employee Cost	2.71	9.22	8.50	6.29	7.70
Overheads	2.36	6.70	5.45	7.34	9.03
Development Cost	4.42	15.21	12.10	12.08	11.97
Sub-Total	9.49	31.13	26.05	25.71	28.70
Depreciation	3.01	8.88	8.74	8.39	12.69
TOTAL	12.50	40.01	34.79	34.10	41.39

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

Rs. in crores

Warranty Provisions #	This period	Previous year
Opening balance	14.24	14.10
Additions during the period/ year	7.07	25.60
Amount used during the period/ year	6.92	25.46
Amount transferred on sale of CV Business (refer to note 2(a) above)	13.07	-
Closing balance	1.32	14.24

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

6. Contingent liabilities not provided for in respect of:

Rs. in crores

Particulars	As at December 31, 2008	As at March 31, 2008
a) In respect of demands contested by the Company:		
- Sales tax matters	9.37	15.77
- Excise duty matters	55.82	56.31
- Income tax matters	4.21	5.58
- Service tax matters	0.48	0.89
b) Claims against the Company not acknowledged as debts	1.01	0.62
c) Bills discounted	-	1.70
d) Guarantees given:		
(i) to certain finance companies and banks for recovery of their dues against auto finance business of VECVL, a subsidiary	36.00	36.00
- Dues outstanding in the books of VECVL	0.34	6.15
(ii) to financial institutions and banks for credit facility granted to certain parties*	-	16.73
- Dues outstanding	-	14.72
(iii) to VECVL, a subsidiary, for certain receivables transferred pursuant to BPA referred to in note 2(a) above	18.38	-

* Transferred pursuant to sale of CV business (refer note 2 above).

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

7. The Company has identified parties covered under the Micro, Small and Medium Enterprises Development Act, 2006 on the basis of the confirmations received. There is no overdue outstanding balance payable as at the end of the accounting period to such parties. Further, no interest has been paid or payable to such parties under the said Act.

8. (a) Managerial remuneration

	Rs. in crores	
	This period	Previous year
- Remuneration @	0.29	0.59
- Contribution to provident and other funds	0.04	0.08
- Perquisites	0.08	0.12
- Commission	-	0.87
	0.41	1.66
(b) Directors' sitting fees	0.09	0.07
(c) Computation of net profits in accordance with Section 198/349 of the Companies Act, 1956.		

	Rs. in crores	
	This period	Previous year
Profit for the period before taxation, as per profit and loss account	34.96	85.61
Add:		
Managerial remuneration	0.41	1.66
Directors' sitting fees	0.09	0.07
Loss on sale of CV Business *	18.93	-
	54.39	87.34
Less:		
Non-compete consideration on sale of CV Business*	39.35	-
Net profit for the period under section 198/349 of the Companies Act, 1956	15.04	87.34
Maximum managerial remuneration to whole-time Director (including commission) at 5% of net profit.	0.75	4.37
Restricted to	0.41	1.66

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

* Refer note 2 above

9. Disclosures under Accounting Standard 15 (Revised):

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

	Rs. in crores	
	This period	Previous year
A. Employee Plans:		
a) Provident Fund	1.64	4.16
b) Superannuation Fund	0.61	1.74
c) ESIC	0.06	0.13

Out of the total contribution made for employees' provident fund, Rs. 0.82 crores (Rs. 2.68 crores) is made to Eicher Executive Provident Fund Trust, while the remainder contribution is made to government administered provident fund.

The total plan liabilities under the Eicher Executive Provident Fund Trust as at March 31, 2008 is Rs. 21.25 crores as against the total plan assets of Rs. 21.65 crores. The funds of the trust have been invested under various securities as prescribed under the rules of the trust.

B. Defined Benefit Plans:
Reconciliation of opening and closing balances of the present value of defined benefit obligation

	Rs. in crores			
	This period		Previous year	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of obligations as at the beginning	16.13	3.43	14.37	2.90
Current service cost	1.13	0.33	1.27	0.60

Rs. in crores

	This period		Previous year	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Interest cost	0.47	0.09	0.91	0.17
Benefit paid	(0.48)	(0.21)	(1.41)	(0.70)
Net actuarial (gain) / loss recognized	0.05	(0.30)	0.99	0.46
Transferred on sale of CV Business (Refer to note 2 (a) above)	(12.75)	(2.57)	-	-
Present value of obligations as at the end	4.55	0.77	16.13	3.43

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

Rs. in crores

	This period		Previous year	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of obligations as at the end	4.55	0.77	16.13	3.43
Fair value of plan assets	-	-	-	-
Net asset/(liability) recognized in balance sheet	(4.55)	(0.77)	(16.13)	(3.43)
Cost for the period/ year				
Current service cost	1.13	0.33	1.27	0.60
Interest cost	0.47	0.09	0.91	0.17
Net actuarial (gain) / loss recognized	0.05	(0.30)	0.99	0.46
Net cost recognized	1.65	0.12	3.17	1.23
Principal assumption:				
Discount rate	8.00%	8.00%	8.00%	8.00%

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

10. Auditors' remuneration:*

Rs. in crores

Description	This period	Previous year
As Auditors		
- Audit fee	0.13	0.28
In other capacity:		
- Limited review of unaudited financial results	0.10	0.20
- For miscellaneous certificates and other services	0.12	0.01
Reimbursement of expenses	0.01	0.02

* excluding service tax.

11. Earnings per share

Description	This period	Previous year
a) Profit for the period/ year after taxation, per profit and loss account (Rs. in crores)	39.00	63.05
b) Weighted average number of equity shares (Nos.)	2,80,93,950	2,80,93,950
c) Effect of potential dilutive equity shares on Employee Stock Options outstanding	-	51,426
d) Weighted average number of equity shares in computing diluted earnings per share [(b)+(c)]	2,80,93,950	2,81,45,376
e) Earnings per share (in rupees): (face value-Rs 10 per share)		
- Basic [(a)/(b)]	13.88	22.44
- Diluted [(a)/(d)]	13.88	22.40

12. During the current period, the Company has decided to consolidate all its business segments hitherto disclosed on the basis of products manufactured into one business segment as in management's view all the products manufactured constitute one single primary segment i.e. "Automobile and related components", which meets the criteria set out in this regard in Accounting Standard-17 on 'Segment

EICHER MOTORS LIMITED

Reporting' specified in the Companies (Accounting Standards) Rules, 2006. Accordingly, comparative figures for previous year have also been consolidated into one business segment.

13. Related Party Disclosure:

a. Name of Related parties and their relationship:

Name of Related Party		Nature of Relationship
Eicher Goodearth Investments Limited*	(EGIL)	Party for which the Company is Associate
VE Commercial Vehicles Ltd. [formerly Eicher Motors India Limited]**	(VECVL)	Subsidiary Company
Eicher Engineering Solutions, Inc., U.S.A.	(EES, Inc.)	Subsidiary Company of VECVL
Hoff & Associates, Inc.**	(HAI)	Subsidiary Company of VECVL
ECS Limited #	(ECS)	Significant influence of key management personnel
Royal Enfield Motorcycles Limited	(REML)	Significant influence of key management personnel
Eicher Goodearth Private Limited	(EGPL)	Significant influence of key management personnel

* Holding company upto August 22, 2008.

** Related party w.e.f. March 07, 2008

*** Related party w.e.f. April 23, 2007 and ceased to be a related party w.e.f. January 1, 2008

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

b. Key management personnel:

Mr. Siddhartha Lal Managing Director

Transactions with the above key management personnel:

-Refer to note 8 for managerial remuneration in respect of the above personnel

Transactions with the above parties during the period:

Rs. in crores

Particulars	EGIL		EGPL		ECS		EES, Inc.		HAI		REML		VECV		Total	
	This period	Previous year	This period	Previous year	This period	Previous year	This period	Previous year	This period	Previous year	This period	Previous year	This period	Previous year	This period	Previous year
Purchase of goods	-	-	-	0.02	-	-	-	-	-	-	-	-	-	-	-	0.02
Sale of finished goods / Services	-	-	-	-	-	-	1.19	4.56	-	0.23	-	-	-	-	1.19	4.79
Inter corporate deposits given	-	20.00	-	-	-	-	-	-	-	-	-	-	-	-	-	20.00
Inter corporate deposit received back	-	20.00	-	-	-	-	-	-	-	-	-	-	-	-	-	20.00
Inter Corporate deposit taken and repaid	-	15.00	-	-	-	-	-	-	-	-	-	-	-	-	-	15.00
Interest income on inter corporate deposits (gross)	-	0.35	-	-	-	-	-	-	-	-	-	-	-	-	-	0.35
Interest expense on inter corporate deposits (gross)	-	0.42	-	-	-	-	-	-	-	-	-	-	-	-	-	0.42
Dividend paid on Equity	8.15	-	-	-	-	-	-	-	-	-	-	-	-	-	8.15	-
Guarantees given	-	-	-	-	-	-	-	1.99	-	-	-	-	-	-	-	1.99
Miscellaneous Income	-	-	-	-	0.11	0.30	-	-	-	-	-	-	-	-	0.11	0.30
Miscellaneous Expenses	-	-	0.18	0.18	-	-	-	-	-	-	-	-	0.71	-	0.89	0.18
Subscription towards "Brand Equity and Business Promotion Agreement"	-	-	0.97	8.56	-	-	-	-	-	-	-	-	-	-	0.97	8.56
Sale of CV Business	-	-	-	-	-	-	-	-	-	-	-	-	185.76	-	185.76	-
Investment in share capital	-	-	-	-	-	-	-	-	-	14.59	-	-	5.39	0.05	5.39	14.64
Additional Investment in share capital due to merger with HAI w.e.f. January 1, 2008	-	-	-	-	-	-	-	14.59	-	(14.59)	-	-	-	-	-	-
Expenses recovered	-	0.01	-	0.14	-	-	-	0.15	-	-	-	-	-	-	-	0.30

Rs. in crores

Particulars	EGIL		EGPL		ECS		EES, Inc.		HAI		REML		VECV		Total	
	This period	Previous year	This period	Previous year	This period	Previous year	This period	Previous year	This period	Previous year	This period	Previous year	This period	Previous year	This period	Previous year
Reimbursement of expenses	-	-	-	-	-	-	-	0.02	-	-	-	-	-	-	-	0.02
Aggregate balances outstanding as at the period/ year end																
- Receivables	-	-	0.05	-	0.05	0.17	-	1.34	-	-	0.08	0.08	-	-	0.18	1.59
- Payable	-	-	-	-	-	-	-	-	-	-	-	-	0.08	-	0.08	-
- Guarantees given	-	-	-	-	-	-	-	16.00	-	-	-	-	-	-	-	16.00

14. The details of disputed excise duty, sales tax and service tax dues as on December 31, 2008 which have not been deposited are as follows:

Nature of the Statute	Nature of dues	Forum where pending	Amount* (Rs. in crores)	Amount paid under protest (Rs. in crores)	Period to which amount relate
Central Excise Act	Excise duty	- Commissioner of Central Excise	1.35	0.34	1983 to 2001, 2003 to 2005, 2006-07
		- Commissioner (Appeals)	0.10	-	2006-07
		- CESTAT	54.36	0.18	1995 to 2005
		- High Court	0.02	-	1995 to 1997
Sales Tax Act	Sales Tax	- Assessing Authority	0.61	0.52	1991-92, 1993 to 1999, 2000-01
		- Appellate Authority upto Commissioner's level	1.67	0.61	1987-88, 1993-94, 1997-98, 1999 to 2006
		- Appellate Tribunal	6.22	1.13	1986-87, 1988 to 2004
		- High Court	1.63	0.40	1984 to 1987, 1988-89, 1992-93, 1994-95, 2001-02, 2003-04
Service Tax Act	Service Tax	Commissioner	0.48	-	2000 to 2003
Income Tax Act	Income Tax	- Appellate Authority upto Commissioner's level	4.21	1.05	1996-97, 2004-05, 2005-06

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

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

15. 'Excise duty' on sales has been deducted from gross sales on the face of profit and loss account. 'Increase/ (decrease) in excise duty on finished goods' has been shown under the head 'Materials consumed' in schedule 11.
16. The Board of Directors of the Company in its meeting held on October 29, 2008 has approved the change of accounting year end of the Company from March 31 to December 31. Accordingly, the accounting period for current year is for 9 months ended December 31, 2008.
- Pursuant to change of current accounting period to 9 months and the sale of the CV Business (refer note 2 above), the current period figures are not comparable with the figures of corresponding previous year.
17. The shareholders of the Company had approved on December 28, 2008, through postal ballot, a proposal of the Company to buy back upto 14,08,969 equity shares of its own fully paid-up equity shares of Rs.10 each from its existing shareholders on a proportionate basis through the Tender Offer Route, at a fixed price of Rs.691.68 per equity share and for a total consideration not exceeding Rs.97.46 crores. The Scheme of buy back was open from March 12, 2009 to March 26, 2009.
18. a) Figures in brackets represent previous year's figures.
b) Previous year's figures have been recast where necessary.
19. Schedule 1 to 13 and the statement of additional information form an integral part of the accounts.

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

Description	Unit	Annual Licensed capacity		Annual Installed capacity		Actual Production	
		This period	Previous year	As at December 31, 2008	As at March 31, 2008	This period	Previous year
Commercial vehicles	Nos.	Not applicable		*	48000**	6577	30231
Two wheelers	Nos.	Not applicable		45000	42000	32166	39119
Manufactured components for sale	Rs. crores					49.55	55.51

* Refer to note 2 of schedule 13

** On multiple shift basis per annum

Notes:

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

2. Particulars of stocks of finished goods and sales:

Value Rs. in crores

Description	Unit	Opening stock		Transferred out on sale of CV Business (note 2 of schedule 13)		Closing stock**		Sales	
		This period	Previous year	This period	Previous year	This period	Previous year	This period	Previous year
Commercial vehicles	Nos.	1346	951	1178	-	-	1346	6742	29828
	Value	83.86	51.42	70.14	-	-	83.86	449.30	1981.94
Two wheelers	Nos.	1255	758	-	-	840	1255	32566	38528
	Value	6.79	3.79	-	-	3.98	6.79	213.61	247.33
Components (including Gears)	Value	4.55	2.23	4.96	-	-	4.55	30.56	88.36
Others * -Spare parts and other components -processing charges	Value	13.84	12.05	11.17	-	2.96	13.84	76.43	187.47
	Value	-	-	-	-	-	-	1.88	7.31
	Value	109.04	69.49	86.27	-	6.94	109.04	771.78	2512.41

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

** 3 (5) Commercial vehicles, 15 (94) Two wheelers have been capitalized during the period. Nil (3) Commercial vehicles were damaged during the period.

3. Particulars of purchases of finished goods

Description	Rs. in crores	
	This period	Previous year
Spare parts and other components	39.52	118.34
	<u>39.52</u>	<u>118.34</u>

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

Description	Value Rs. in crores			
	This period		Previous year	
	%	Value	%	Value
a) Raw materials and components				
Imported	0.52	2.44	1.71	26.27
Indigenous	99.48	462.61	98.29	1511.44
	<u>100.00</u>	<u>465.05</u>	<u>100.00</u>	<u>1537.71</u>

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

Description	Value Rs. in crores			
	This period		Previous year	
	%	Value	%	Value
Imported	1.13	0.10	1.12	0.18
Indigenous	98.87	8.78	98.88	15.85
	<u>100.00</u>	<u>8.88</u>	<u>100.00</u>	<u>16.03</u>

5. Particulars of raw materials and components consumed

Description	Unit	Value Rs. in crores			
		This period		Previous year	
		Qty	Value	Qty	Value
Iron and steel	MT	19249.89	79.90	91093.91	293.57
Aluminium	MT	81.39	1.04	380.85	4.29
Others including Components	Value		384.11		1239.85
			<u>465.05</u>		<u>1537.71</u>

6. CIF value of imports:

Description	Rs. in crores	
	This period	Previous year
Components and spare parts	5.91	18.37
Capital goods	3.37	15.86
Others	0.22	1.13
	<u>9.50</u>	<u>35.36</u>

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

Description	Rs. in crores	
	This period	Previous year
Travelling	0.30	0.77
Technical assistance fees	-	5.45
Consultancy fees	2.60	2.81
Others	2.51	1.94
	<u>5.41</u>	<u>10.97</u>

8. Earnings in foreign exchange:

Export of goods (FOB Value)	Rs. in crores	
	This period	Previous year
Commercial vehicles	22.69	100.88
Two wheelers	15.75	22.12
Gears, spares and components	12.40	41.34
	<u>50.84</u>	<u>164.34</u>
Export of Engineering Services	1.26	5.88

9. Remittance in foreign currency towards dividends:

Dividend for the year	No. of non-resident shareholders	This period		Previous year		
		No. of equity shares held	Dividend remitted (Rs. Crores)	No. of non-resident shareholders	No. of equity shares held	Dividend remitted (Rs. Crores)
2007-2008	1	10,00,000	0.50	1	10,00,000	-
			<u>0.50</u>			<u>-</u>

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

 Registration No.

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

 Public issue

 Right Issue

 Bonus issue

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

 Total liabilities

 Total assets

 Paid-up capital

 Reserves and surplus

 Deferred tax liabilities

 Secured loans

 Unsecured loans

 Net fixed assets

 Investments

 Net current assets

 Miscellaneous expenditure

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

 Turnover

 Total expenditure

 Profit before tax

 Profit after tax

Earning per share in Rs.

 Dividend rate %

 - Basic

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

 (ITC Code) :

 Product Description:

 (ITC code) :

 Product Description

 (ITC code) :

 Product Description

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

1	Name of the company	VE Commercial Vehicles Ltd. (VECVL) (54.4% Subsidiary of EML)	Eicher Engineering Solutions Inc. (EES Inc) (100% subsidiary of VECVL)	HoffTechnology Service Co. (Shanghai) (100% subsidiaries of EES. Inc.)	HoffAutomotive Design Co. (Beijing)
2	Financial year of the subsidiary company	31.12.2008	31.12.2008	31.12.2008	31.12.2008
3	(a) Number of equity shares held in the subsidiary company by the holding company at the above date	5440000	9200	N.A*	N.A*
	(b) Percentage of Holding (equity shares)	54.40%	100%	100%	100%
	(c) Number of preference shares held in the subsidiary company by the holding company at the above date	NIL	NIL	NIL	NIL
	(d) Percentage of Holding (preference shares)	NIL	NIL	NIL	NIL
4	The net aggregate of profits less losses of the subsidiary company so far as it concerns the members of the holding company				
	(i) Dealt with in the accounts of the holding company amounted to:				
	(a) for the subsidiary's financial year ended on 31.12.2008 (Rs.Crores)	NIL	NIL	NIL	NIL
	(b) for the previous financial years of the subsidiary since it became subsidiary (Rs.Crores)	NIL	NIL	NIL	NIL
	(ii) Not dealt with in the accounts of the holding company amounted to:				
	(a) For the subsidiary's financial year ended on 31.12.2008 (Rs. Crores)	10.29	(4.24)	1.06	0.11
	(b) For the previous financial years of the subsidiary since it became subsidiary (Rs.Crores)	NIL	(13.80)	(0.59)	(0.10)
5	As the financial year of subsidiary companies coincide with the financial year of the holding company, section 215 (5) of the Companies Act, 1956, is not applicable.				

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

Financial information of subsidiary companies

S. No.	Particulars	Amount (Rs. Crores)	Amount (Rs. Crores)	Amount (Rs. Crores)	Amount (Rs. Crores)
1	Capital	10.00 (including Rs.1.09 Crs.as capital suspense account for which shares will be allotted in future)	0.53	0.81	1.75
2	Reserves	1153.44	(9.09)	0.27	(1.45)
3	Total assets	1715.37	21.48	1.16	0.32
4	Total liabilities	551.93	30.04	0.08	0.02
5	Details of investments (except in case of investment in subsidiaries)	-	-	-	-
6	Turnover	1094.43	48.62	3.85	1.52
7	Profit/(Loss) before taxation	5.81	(2.98)	1.19	0.11
8	Income taxes (Deferred Assets)	(4.48)	1.26	0.13	-
9	Profit/(loss) after taxation	10.29	(4.24)	1.06	0.11
10	Proposed dividend	-	-	-	-
	Exchange rate used				
	Balance Sheet (closing rate as on 31.12.2008)	-	1 USD = Rs.48.45	1 RMB = Rs.7.29	1 RMB = Rs.7.29
	Profit & Loss (average rate Apr'08 to December'08)	-	1 USD = Rs 44.68	1 RMB = Rs.6.58	1 RMB = Rs.6.58

Shaila Aggarwal
Company Secretary

Vinod Aggarwal
Chief Financial Officer

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

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

We have examined the attached consolidated balance sheet of Eicher Motors Limited and its subsidiaries, as at December 31, 2008, the consolidated profit and loss account and also the cash flow statement for the nine months period ended on that date, annexed thereto. These financial statements are the responsibility of the management of Eicher Motors Limited. Our responsibility is to express an opinion on these financial statements based on our audit.

- 1). We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
- 2). We did not audit the financial statements of the subsidiary companies viz., Eicher Engineering Solutions, Inc., U.S.A., Hoff Automotive Design Company and Hoff Technology Service Company whose financial statements reflect total assets of Rs.21.48 crores as at December 31, 2008 and total revenues of Rs. 48.63 crores for the nine months period ended on that date (these figures include intra-group balances and intra-group transactions eliminated on consolidation). These financial statements has been audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditor.
- 3). We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, specified in the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of Eicher Motors Limited and its subsidiaries, included in the consolidated financial statements.
- 4). ***As indicated in note 7 of Schedule 13, no provision has been made for unutilised MODVAT balance amounting to Rs.8.21 crores which has lapsed. Had such provision been made, loans and advances and reserves and surplus would have been lower by Rs.8.21 crores.***

The matter referred to in paragraph 4 above, to the extent covered here above was also subject matter of qualification in our audit report on the financial statements for the year ended March 31, 2008.

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

- a). the consolidated balance sheet gives a true and fair view of the consolidated state of affairs of Eicher Motors Limited and its subsidiaries as at December 31, 2008 ;
- b). the consolidated profit and loss account gives a true and fair view of the consolidated results of operations of Eicher Motors Limited and its subsidiaries for the nine months period ended on that date; and
- c). the consolidated cash flow statement gives a true and fair view of the cash flows of Eicher Motors Limited and its subsidiaries for the nine months period ended on that date.

For Deloitte Haskins & Sells
Chartered Accountants

Jaideep Bhargava
Partner
Membership No. 90295

Place : New Delhi
Date : March 28, 2009

EICHER MOTORS LIMITED

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2008

	Schedule	As at December 31, 2008	Rs. in crores As at March 31, 2008
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	28.09	28.09
Reserves and surplus	2	1,075.60	407.75
		<u>1,103.69</u>	<u>435.84</u>
Minority interest			
		530.53	-
Loan funds			
Secured	3	108.81	160.02
Unsecured		56.80	59.51
		<u>165.61</u>	<u>219.53</u>
Deferred tax liabilities (net)			
		-	35.32
Total		<u>1,799.83</u>	<u>690.69</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	4	678.30	611.19
Less: Depreciation		349.08	296.45
Net block		<u>329.22</u>	<u>314.74</u>
Capital work in progress		51.76	19.44
		<u>380.98</u>	<u>334.18</u>
Investments			
	5	6.24	261.24
Deferred tax assets (net)			
	6	14.72	-
Current assets, loans and advances			
Inventories	7	338.07	210.38
Sundry debtors		180.19	148.18
Cash and bank balances		1,260.05	51.93
Other current assets		0.09	7.13
Loans and advances		122.65	105.95
		<u>1,901.05</u>	<u>523.57</u>
Less :			
Current liabilities and provisions			
Current liabilities	8	419.29	374.80
Provisions		83.87	53.50
		<u>503.16</u>	<u>428.30</u>
Net current assets			
		<u>1,397.89</u>	<u>95.27</u>
Total		<u>1,799.83</u>	<u>690.69</u>
NOTES TO THE CONSOLIDATED ACCOUNTS			
	13		

Per our report attached

For Deloitte Haskins & Sells

Chartered Accountants

Jaideep Bhargava

Partner

Membership No. 90295

Shaila Aggarwal

Company Secretary

Vinod Aggarwal

Chief Financial Officer

S. Sandilya

Siddhartha Lal

Priya Brat

M. J. Subbaiah

Prateek Jalan

: Chairman

: Managing Director

: Director

: Director

: Director

Place : New Delhi

Date : March 28, 2009

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS PERIOD ENDED DECEMBER 31, 2008

	Schedule	For the nine months period ended December 31, 2008	Rs. in crores For the year ended March 31, 2008
INCOME			
Sales		1,882.48	2,572.56
Less: Excise duty		164.52	310.02
Net Sales		1,717.96	2,262.54
Other income	10	65.75	30.26
		1,783.71	2,292.80
EXPENDITURE			
Manufacturing and other expenses	11	1,717.48	2,146.61
Miscellaneous expenditure written off	9	-	0.63
		1,717.48	2,147.24
Profit before interest, depreciation, exceptional item and taxation		66.23	145.56
Interest	12	9.93	19.02
Depreciation	4	36.89	50.72
Profit before exceptional items and taxation		19.41	75.82
Exceptional items			
Non-compete consideration on sale of CV Business		39.35	-
Profit before taxation		58.76	75.82
Provision for taxation			
Current tax		32.84	20.30
Minimum alternate tax (MAT) credit entitlement		(1.12)	-
Defererd tax charge/ (benefit)		(43.04)	(1.09)
Taxation relating to previous periods		1.27	-
Fringe benefit tax		1.52	1.85
Profit after taxation		67.29	54.76
Share of minority interest		4.69	-
Profit for the period / year		62.60	54.76
Balance brought forward from the previous year		316.08	284.07
Amount available for appropriation		378.68	338.83
APPROPRIATIONS			
Dividend			
Proposed final		14.05	14.05
Corporate dividend tax		2.39	2.39
General reserve account		3.90	6.31
Balance carried to balance sheet		358.34	316.08
Earnings per share (in rupees) :			
- Basic		22.28	19.49
- Diluted		22.28	19.46

NOTES TO THE CONSOLIDATED ACCOUNTS 13

Per our report attached to the consolidated balance sheet

For Deloitte Haskins & Sells

Chartered Accountants

Jaideep Bhargava

Partner

Membership No. 90295

Shaila Aggarwal

Company Secretary

Vinod Aggarwal

Chief Financial Officer

S. Sandilya

Siddhartha Lal

Priya Brat

M. J. Subbaiah

Prateek Jalan

: Chairman

: Managing Director

: Director

: Director

: Director

Place : New Delhi

Date : March 28, 2009

EICHER MOTORS LIMITED**CONSOLIDATED CASH FLOW STATEMENT FOR THE NINE MONTHS PERIOD ENDED DECEMBER 31, 2008**

PARTICULARS	Rs. in crores	
	For the nine months period ended December 31, 2008	Year ended March 31, 2008
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period before exceptional items and taxation	19.41	75.82
Adjustments for:		
Depreciation	36.89	50.72
Foreign exchange translation reserve	(0.08)	(0.22)
Profit on sale of fixed assets	(0.25)	(0.39)
Fixed assets discarded	0.05	0.66
Dividend on non trade current investments	(2.13)	(0.11)
Loss on sale of fixed assets	0.95	0.64
Miscellaneous expenditure written off	-	0.63
Interest income	(53.45)	(15.49)
Interest expense	9.93	19.02
Operating profit before changes in working capital	11.32	131.28
Adjustments for changes in:		
Inventories	(92.56)	(41.47)
Trade and other receivables	4.89	49.52
Trade and other payables	25.20	(30.01)
Cash (used) / generated from operations	(51.14)	109.32
Direct taxes paid	(37.86)	(24.54)
Net cash generated / (used) from operating activities (A)	(89.00)	84.79
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(68.71)	(69.67)
Sale of fixed assets	5.48	1.74
Investments made		
- Purchase of shares from shareholder of subsidiary	-	(14.64)
- Others	(3.00)	-
Redemption of NABARD capital gain bonds	258.00	-
Dividend on non trade current investment	2.13	0.11
Interest received	60.49	15.48
Net cash generated / (used) from investing activities before exceptional items	254.39	(66.97)
Non-compete consideration from AB Volvo	39.35	-
Net cash generated / (used) from investing activities (B)	293.74	(66.97)

CONSOLIDATED CASH FLOW STATEMENT FOR THE NINE MONTHS PERIOD ENDED DECEMBER 31, 2008
(Continued)

PARTICULARS	Rs. in crores	
	For the nine months period ended December 31, 2008	Year ended March 31, 2008
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital #	1082.13	-
Proceeds from long term borrowings	0.02	41.19
Repayment of long term borrowings	(2.73)	(32.29)
Proceeds/(repayment) from / (of) short term borrowings (net)	(51.48)	(7.03)
Interest paid	(8.21)	(18.36)
Dividend paid	(13.96)	-
Corporate dividend tax	(2.39)	-
Net cash generated / (used) in financing activities (C)	1003.39	(16.50)
Net Increase/(decrease) in cash and cash equivalents (A)+(B)+(C)	1208.12	1.32
Cash and cash equivalents at the beginning of the period / year		
Cash and bank balances	51.93	48.05
Cash acquired on acquisition of subsidiary	-	2.56
Cash and cash equivalents at the end of the period / year		
Cash and bank balances	1260.05	51.93

Refer note 3 of Schedule 13

Note: 'Distribution Undertaking' transferred into the Company pursuant to 'Scheme of Arrangement' referred to in note 4 of schedule 13 is a non-cash transaction.

Per our report attached to the consolidated balance sheet

For Deloitte Haskins & Sells

Chartered Accountants

Jaideep Bhargava

Partner

Membership No. 90295

Shaila Aggarwal
Company Secretary

Vinod Aggarwal
Chief Financial Officer

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

Place : New Delhi

Date : March 28, 2009

EICHER MOTORS LIMITED

SCHEDULES I TO 13 ANNEXED TO AND FORMING PART OF CONSOLIDATED ACCOUNTS

I SHARE CAPITAL

	As at December 31, 2008	Rs. in crores As at March 31, 2008
Authorised		
3,00,00,000 (3,00,00,000) Equity shares of Rs. 10 each	30.00	30.00
1,01,000 (1,01,000) Redeemable cumulative preference shares of Rs. 100 each	1.01	1.01
	<u>31.01</u>	<u>31.01</u>
Issued		
2,80,93,950 (2,80,93,950) Equity shares of Rs. 10 each	28.09	28.09
	<u>28.09</u>	<u>28.09</u>
Subscribed and paid up *		
2,80,93,950 (2,80,93,950) Equity shares of Rs. 10 each	28.09	28.09
Less : Allotment money in arrears (# Rs. 12000)	#	#
	<u>28.09</u>	<u>28.09</u>

* Includes 80,93,950 Equity shares of Rs 10 each allotted as fully paid for consideration other than in cash pursuant to the Composite Scheme of Arrangement relating to demerger of Automobile Undertaking of Eicher Limited into the Company which became effective on August 16, 2004 from the appointed date i.e. April 1, 2003.

Under Eicher Employee Stock Option Scheme, the Company has granted 2,24,800 (2,45,500) options (net of forfeiture) on September 30, 2006, and 2,48,100 (2,77,200) options (net of forfeiture) on October 22, 2007, which are subject to a vesting period of three years from the date of grant in terms of the Scheme. Each option entitles the holders thereof to apply for and be allotted one Equity Shares of the face value of Rs. 10/- each.

Note: Eicher Goodearth Investments Limited ceased to be holding company w.e.f. August 22, 2008. Subscribed and paid up share capital includes 1,40,32,762 (1,63,08,372) equity shares held by Eicher Goodearth Investments Limited.

2. RESERVES AND SURPLUS

Description	As at March 31, 2008	Additions	Deductions/ Adjustment	Rs. in crores As at December 31, 2008
Capital reserves				
Capital subsidy	0.25	-	-	0.25
Securities premium account	-	1078.66	491.87	586.79
Revenue reserves				
General reserve account	92.15	67.67	29.08	130.74
Surplus in profit and loss account	316.08	42.26	-	358.34
Foreign exchange translation reserve	(0.73)	0.54	0.33	(0.52)
Total	<u>407.75</u>	<u>1,189.13</u>	<u>521.28</u>	<u>1,075.60</u>
Previous year	372.23	38.32	2.80	407.75

3. LOAN FUNDS

		As at December 31, 2008	Rs. in crores As at March 31, 2008
Secured			
Banks			
Term loans	[1]	61.95	61.68
Cash credits	[2]	46.86	98.34
		<u>108.81</u>	<u>160.02</u>
Unsecured			
Banks			
Term loans	[3]	40.66	40.46
Deposits			
Fixed	[4]	2.56	3.01
Others		4.94	4.92

3. LOAN FUNDS (Continued)

		Rs. in crores	
		As at December 31, 2008	As at March 31, 2008
Other loans and advances			
Financial institutions	[5]	0.12	0.25
Interest free sales tax deferral	[6]	8.52	10.87
		<u>56.80</u>	<u>59.51</u>
		<u>165.61</u>	<u>219.53</u>

Notes :

1) Includes:

- Loan amounting to Rs. 42.86 crores (Rs 49.00 crores) is to be secured by a first charge by way of mortgage on immovable properties of VECVL and hypothecation of all movable properties of VECVL, save and except current assets of VECVL charged in favour of the banks for securing borrowings for working capital requirements of VECVL.
- Rs. 2.50 crores (Rs. 2.69 crores) secured by hypothecation of the specific assets acquired out of the loan.
- Rs. 16.59 crores (Rs. 9.99 crores) secured by an irrevocable letter of comfort issued by the State Bank of India.
- Repayable within one year Rs. 29.66 crores (Rs. 13.06 crores).

2) Includes:

- Rs. 36.95 crores (Rs. 87.47 crores) is to be secured by a first charge by way of hypothecation of all current assets of VECVL and a second charge by way of mortgage on immovable properties of VECVL located at Thane and Pithampur and hypothecation of movable properties of VECVL located at Thane and Pithampur.
- Rs 3.33 crores (Rs 6.15 crores) secured by way of hypothecation of all current assets of the Company.
- Rs. 6.58 crores (Rs. 4.72 crores) is secured by an irrevocable letter of credit issued by the State Bank of India and cross collateralized with a charge on plant and machinery.

3) Repayable within one year Rs. 0.07 crore (Rs. Nil).

4) Repayable within one year Rs. 1.25 crores (Rs. 1.34 crores).

5) Repayable within one year Rs. 0.04 crore (Rs. 0.06 crore).

6) Repayable within one year Rs. 1.46 crores (Rs. 2.35 crores).

4. FIXED ASSETS

Assets	Gross block (At cost)						Depreciation					Net block		
	As at March 31, 2008	Addition on acquisition of subsidiary	Vested in the Company pursuant to the Scheme of Arrangement **	Additions during the period @	Deductions during the period	As at December 31, 2008	As at March 31, 2008	Addition on acquisition of subsidiary	Vested in the Company pursuant to the Scheme of Arrangement **	For the period	Adjustments	As at December 31, 2008	As at December 31, 2008	As at March 31, 2008
Land *														
Freehold	9.34	-	2.69	-	-	12.03	-	-	-	-	-	-	12.03	9.34
Leasehold	5.85	-	-	1.84	-	7.69	0.51	-	-	0.05	-	0.56	7.13	5.34
Buildings*	62.59	-	5.60	3.20	-	71.39	16.34	-	1.87	1.73	-	19.94	51.45	46.25
Plant and machinery #	358.95	-	11.96	23.38	1.59	392.70	168.72	-	8.52	20.27	0.86	196.65	196.05	190.23
Furniture and fittings	11.67	-	6.08	2.59	0.27	20.07	4.53	-	4.28	0.88	0.06	9.63	10.44	7.14
Office equipment	49.03	-	-	3.02	0.63	51.42	28.93	-	-	3.37	0.30	32.00	19.42	20.10
Vehicles	19.48	-	1.63	2.58	3.86	19.83	9.80	-	0.95	1.93	2.29	10.39	9.44	9.68
Intangible assets														
- Product designs, prototypes etc.	44.20	-	-	1.92	-	46.12	29.66	-	-	3.31	-	32.97	13.15	14.54
- Computer Software	18.10	-	-	2.93	-	21.03	12.43	-	-	2.40	(1.00)	15.83	5.20	5.67
- Goodwill	31.98	-	-	4.04	-	36.02	25.53	-	-	2.95	(2.63)	31.11	4.91	6.45
Total	611.19	-	27.96	45.50	6.35	678.30	296.45	-	15.62	36.89	(0.12)	349.08	329.22	
Previous year	548.29	14.52	-	57.23	8.85	611.19	246.75	3.49	-	50.72	4.51	296.45	-	314.74
Capital work in progress {including advances on capital account of Rs.16.86 crores (Rs 4.59 crores)}													51.76	19.44
													380.98	334.18

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

** Consequent to the effectuation of the Scheme of Arrangement as stated in note 4 of schedule 13, the fixed assets have been taken over at their gross book values aggregating Rs. 27.96 crores along with accumulated depreciation aggregating Rs. 15.62 crores and capital work in progress of Rs. 0.56 crore.

Includes plant and machinery on capital lease, for details refer note 8 (b) of schedule 13

@ Includes Rs. 5.65 crores (Rs. 2.01 crores) on account of Foreign exchange fluctuation.

EICHER MOTORS LIMITED

5. INVESTMENTS

	As at December 31, 2008	Rs. in crores As at March 31, 2008
LONG TERM @		
Unquoted -		
Trade -		
12,498 (12,498) Equity shares of Rs.10 each fully paid up of Eicher Motors Finance Limited	0.01	0.01
Non -Trade -		
Nil (2,58,000) capital gains bonds of Rs. 10000 each issued by National Bank for Agriculture and Rural Development, redeemed during the period.	-	258.00
3,230 (3,230) capital gains bonds of Rs 10000 each issued by Rural Electrification Corporation Ltd.	3.23	3.23
Government securities		
National Savings Certificates (# Rs.13,000) (Pledged with Government authorities)	#	#
Current Investments		
Unquoted Non-trade		
1,94,95,377 units of Birla Sunlife Mutual Fund (Purchased during the period)	3.00	-
Repurchase price of Rs. 3.00 Crores (Rs. Nil)	6.24	261.24
@ At cost as reduced by diminution in value, if any.		

6. DEFERRED TAX ASSET/ (LIABILITY) (NET)

	As at December 31, 2008	Rs. in crores As at March 31, 2008
Deferred tax assets on		
Unabsorbed depreciation/ business loss carried forward	37.02	4.36
Accrued expenses deductible on payment	1.49	1.98
Provision for gratuity	2.60	5.41
Provision for leave encashment	1.59	1.94
Provision for doubtful debts and advances	0.95	4.27
Voluntary retirement scheme	0.51	1.33
Others	3.60	-
	<u>47.76</u>	<u>19.29</u>
Less: Deferred tax liabilities on		
Accelerated depreciation	33.04	51.82
Unutilised Modvat	-	2.79
	<u>33.04</u>	<u>54.61</u>
Net deferred tax assets/ (liability)	<u>14.72</u>	<u>(35.32)</u>

7. CURRENT ASSETS, LOANS AND ADVANCES

	As at December 31, 2008	Rs. in crores As at March 31, 2008
Current assets		
Inventories #		
Stores and machinery spares *	4.52	4.76
Loose tools *	4.55	5.13

7. CURRENT ASSETS, LOANS AND ADVANCES (Continued)

	As at December 31, 2008	Rs. in crores As at March 31, 2008
Stock-in-trade **		
Raw materials and components	81.45	79.38
Work in progress	7.45	12.07
Finished goods	<u>240.10</u>	<u>109.04</u>
	338.07	210.38
* Valued at cost or under		
** Valued at lower of cost and net realisable value		
# Includes goods in transit Rs. 1.96 crores (Rs. Nil)		
Sundry debtors		
Debts exceeding six months		
Secured - considered good	0.34	2.05
Unsecured - considered good	20.43	13.42
- considered doubtful	3.82	1.90
Other debts		
Secured - considered good	2.17	2.87
Unsecured - considered good ##	<u>157.25</u>	<u>129.84</u>
	<u>184.01</u>	<u>150.08</u>
Less: Provision for doubtful debts	<u>3.82</u>	<u>1.90</u>
	180.19	148.18
## Includes Rs. 19.30 crores (Rs. 27.71 crores) backed by bank guarantees / letter of credits		
Cash and bank balances		
Cash in hand	0.04	0.05
Cheques on hand and in transit	5.72	5.06
Balances with scheduled banks		
On current accounts	31.12	46.22
On margin money accounts	0.05	0.19
On deposit accounts @	1194.87	0.40
Interest accrued on fixed deposits	28.25	0.01
Balances with non scheduled banks		
On current account*	<u>0.31</u>	<u>-</u>
	1,260.05	51.93
* With National Westminster Bank PLC, London, UK, maximum balance during the period Rs. 0.52 Crore (Rs. Nil)		
@ Includes amounts lodged as security deposits/on lien to a bank/Government authorities Rs. 0.20 crore (Rs.0.33 crore)		
Other Current Assets		
Interest accrued on investments in Capital gains bonds	<u>0.09</u>	<u>7.13</u>
Loans and advances		
Advance recoverable in cash or kind or for value to be received		
Secured		
(Loans are secured against hypothecation of Vehicles)		
Vehicle loans		
- Considered good	6.74	9.16
- Considered doubtful	<u>2.09</u>	<u>1.87</u>
	<u>8.83</u>	<u>11.03</u>
Less: Provision for doubtful advances	<u>2.09</u>	<u>1.87</u>
	<u>6.74</u>	<u>9.16</u>
Unsecured		
- Considered good \$	80.63	77.96
- Considered doubtful	<u>4.00</u>	<u>5.57</u>
	<u>84.63</u>	<u>83.53</u>
Less: Provision for doubtful advances	<u>4.00</u>	<u>5.57</u>
	<u>80.63</u>	<u>77.96</u>
Income-tax payments (net of provision)	10.58	3.34
MAT credit entitlement	1.12	-
Balances with central excise and customs on current accounts	<u>23.58</u>	<u>15.49</u>
	<u>122.65</u>	<u>105.95</u>
	1,901.05	523.57

\$ Includes amount due from Eicher School Rs. 0.77 crore (Rs. 0.77 crore) which is recallable on demand, maximum amount outstanding during the period / year Rs. 0.77 crore (Rs.1.05 crores).

EICHER MOTORS LIMITED

8. CURRENT LIABILITIES AND PROVISIONS

	Rs. in crores	
	As at December 31, 2008	As at March 31, 2008
Current liabilities		
Acceptances	26.05	74.95
Sundry creditors:	374.27	281.19
Investor Education and Protection Fund* shall be credited by the following amounts namely :-		
- unpaid dividend	4.78	4.69
- unpaid matured deposits	0.18	0.14
- interest accrued on matured fixed deposits	0.02	0.02
Interest accrued but not due on loans	3.88	2.15
Advances from customers	10.11	11.66
	<u>419.29</u>	<u>374.80</u>
Provisions		
Gratuity	20.43	16.13
Leave encashment and other employee benefits	10.08	6.69
Warranty	31.91	14.24
Income-tax provisions (net of payments)	5.01	-
Proposed dividend	14.05	14.05
Corporate dividend tax	2.39	2.39
	<u>83.87</u>	<u>53.50</u>
	<u>503.16</u>	<u>428.30</u>

* Does not include any amounts outstanding as on December 31, 2008 which are required to be credited to Investor Education and Protection Fund.

9. MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

	Rs. in crores	
	As at December 31, 2008	As at March 31, 2008
Voluntary retirement schemes		
Opening balance	-	0.63
Less: Written off during the period / year	-	0.63
	<u>-</u>	<u>-</u>

10. OTHER INCOME

	Rs. in crores	
	For the nine months period ended December 31, 2008	For the year ended March 31, 2008
Income from vehicle loans / hire purchase contracts	0.19	0.67
Profit on sale of fixed assets	0.25	0.39
Dividend on non trade current investments	2.13	0.11
Interest income *		
- on vehicle loan contracts	0.15	0.88
- on investment in capital gains bonds	6.74	14.16
- from banks on deposits	46.63	0.05
- from others	0.08	1.28
Excess liability no longer required written back	1.22	0.89
Export benefits	7.42	10.09
Others	0.94	1.74
	<u>65.75</u>	<u>30.26</u>

* Income -tax deducted at source Rs. 4.09 crores (Rs 0.10 crore)

11. MANUFACTURING AND OTHER EXPENSES

	Rs. in crores	
	For the nine months period ended December 31, 2008	For the year ended March 31, 2008
Materials consumed		
Raw materials and components	895.04	1,538.87
Decrease / (Increase) in finished goods and work in progress		
Opening stock		
Finished goods	109.04	69.49
Work in progress	12.07	9.51
	121.11	79.00
Add: Purchase of finished goods	487.92	118.34
	609.03	197.34
Add : Stock transferred in pursuant to 'Scheme of Arrangement'#		
Finished goods	35.13	-
	644.16	197.34
Less :		
Closing stock		
Finished goods	240.10	109.04
Work in progress	7.45	12.07
	247.55	121.11
	396.61	76.23
Total consumption	1,291.65	1,615.10
Less: Scrap sales	6.34	10.69
Less: Vehicles capitalised	0.30	0.36
Increase / (decrease) in excise duty on finished goods	1.20	4.34
Net consumption	1,286.21	1,608.39
Other expenses:		
Payments to and provisions for employees		
Salaries, wages and gratuity	137.51	161.75
Contribution to provident and other funds	5.94	5.90
Welfare expenses	12.66	15.85
Stores and machinery spares consumed (including loose tools)	12.42	16.03
Loss on sale of fixed assets	0.95	0.64
Fixed assets discarded	0.05	0.66
Power and fuel	12.63	15.88
Insurance	1.01	1.41
Repairs and maintenance		
Buildings	2.79	3.14
Plant and machinery	7.45	10.36
Others	5.97	8.21
Rates and taxes	1.66	2.29
Advertisement	9.42	14.74
Freight	31.80	47.40
Incentives	34.02	77.89
Warranty	42.24	33.90
Other selling and distribution expenses	25.01	30.18
Rent	6.36	6.57
Legal and professional charges	16.39	10.35
Travelling expenses	13.38	14.49
Development expenses	10.89	19.94
Bad debts / advances written off	6.66	7.62
Less: Charged against provision for doubtful debts and advances	6.02	6.90
Provision for doubtful debts and advances	2.93	9.10
Exchange loss	3.03	1.07
Miscellaneous	34.12	29.75
	1,717.48	2,146.61

Refer note 4 of schedule 13

12. INTEREST

	Rs. in crores	
	For the nine months period ended December 31, 2008	For the year ended March 31, 2008
On debentures and loans for fixed periods	6.50	9.34
On others	3.43	9.68
	9.93	19.02

13. NOTES TO THE CONSOLIDATED ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES:

i) **Basis of preparation of consolidated financial statements**

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

The companies considered in the consolidated financial statements are:

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

ii) **Principles of Consolidation**

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

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

iii) **Fixed assets, including intangible assets, and depreciation**

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

Leasehold land is amortised over the lease period.

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

Intangible assets comprising of product designs, prototypes, etc, either acquired or internally developed, are amortised over a period of ten years, the estimated minimum useful life of the related products. Cost of software is amortised over a period of 5 years or less depending on the estimated useful life of the asset. Goodwill purchased is amortised on a pro-rata basis from the month of acquisition over a period of three years.

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

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

iv) **Inventories**

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

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

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

v) **Employee benefits**

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

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

vi) **Research and development**

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

vii) **Revenue recognition**

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

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

viii) **Investments**

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

ix) **Foreign currency transactions**

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

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

x) **Taxation**

In case of the Company, provision for current taxation is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income-tax Act, 1961 and in case of foreign subsidiaries as per applicable foreign tax laws.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred

tax assets are recognised on unabsorbed depreciation and carried forward of losses based on virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

xi) **Provisions and contingent liabilities**

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

2. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 20.93 crores (Rs 25.20 crores)
3. VECVL has allotted 34,69,700 equity shares of face value of Rs. 10 each to AB Volvo against receipt of consideration of Rs. 1082.13 crores on August 22, 2008.
4. Pursuant to the Scheme of Arrangement (the "Scheme") under section 391 to section 394 of the Companies Act, 1956, approved by the Hon'ble High Courts of Karnataka and Delhi vide their Orders dated January 15, 2009 and February 2, 2009 respectively, which became effective on February 28, 2009 on filing of the certified copy of the Orders of the High Courts in the office of the Registrar of Companies of the concerned states:-
 - (i) the 'Distribution Undertaking' comprising of Trucks sales and distribution business and Truck & Bus after sales service business of Volvo India Private Limited (VIPL) (100% subsidiary of Volvo Truck Corporation) together with all its properties, assets both movable and immovable and liabilities including contingent liabilities at their respective book values have been transferred to and vested in VECVL, as a going concern, with effect from the appointed date i.e. July 1, 2008.
 - (ii) consequent to the effectuation of the said Scheme, VECVL has allotted 5 (Five) fully paid equity shares of Rs.10 each to the shareholders of VIPL for every 48 (Forty Eight) equity shares of Rs. 10 each fully paid up held by them in VIPL aggregating to Rs 1.09 crores, has been allotted on the record date as fixed by the Board of Directors.
 - (iii) as a result of the above, the following net assets of the 'Distribution Undertaking' of VIPL have been transferred to and vested in VECVL :

Particulars	Rs. in crores
Assets	
A. Net Fixed Assets (Including Capital Work in Progress)	12.90
B Net Current Assets:	
Current Assets, loans and advances	
Inventories	35.13
Sundry Debtors	40.24
Loans and Advances	5.01
Deferred tax assets	6.08
	86.46
Less: Current liabilities and provisions	
Current liabilities	21.42
Provisions	12.81
	34.23
Net Current Assets	52.23
C Total Assets	65.13
Liabilities	
D. Loan Funds	
Secured	0.04
Unsecured	0.23
E. Total Liabilities	0.27
F. Net Assets (G=D-F)	64.86

In addition to above, following litigation matters with all rights and obligations stand assigned and transferred to VECVL with all consequential benefits and costs:

Particulars	Rs. in crores
a) In respect of demands contested	
- Sales tax matters	0.01
b) Claims not acknowledged as debts	2.02

(iv) in terms of the Scheme

- a) the excess in the value of net assets of the 'Distribution Undertaking' transferred to VECVL, over the value of the new equity shares to be allotted by VECVL, is required to be credited to "General reserve account". Accordingly, Rs. 63.77 crores has been credited to "General reserve account" in Schedule 2.

- b) all gains and losses, if any, relating to this business, arising subsequent to the appointed date but pertaining to the period prior thereto would have to be borne by VECVL.
- (v) in addition to the assets and liabilities referred to in (iii) above, the assets and liabilities acquired/ incurred, income accrued and expenses incurred during the period July 1, 2008 to December 31, 2008 when the 'Distribution Undertaking' was being run and managed by VIPL in trust on behalf of VECVL has been included in these accounts.

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

Rs. in crores

Warranty Provisions #	This period	Previous year
Opening balance	14.24	14.10
Transferred pursuant to Scheme of Arrangement (refer to note 4 above)	7.65	-
Additions during the period/ year	51.46	25.60
Amount used during the period/ year	41.44	25.46
Closing balance ##	31.91	14.24

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

Includes campaign warranty amounting to Rs. 15.87 crores computed on the basis of expected cost of corrective actions for technical problem observed in products sold.

Contingent liabilities not provided for in respect of:

Rs. in crores

Particulars	As at December 31, 2008	As at March 31, 2008
a) In respect of demands contested by the Company and its subsidiaries:		
- Sales tax matters	15.70	15.77
- Excise duty matters	56.12	56.31
- Income tax matters	4.21	5.58
- service tax matters	10.38	0.48
- Others	0.66	0.41
b) Claims against the Company and its subsidiaries not acknowledged as debts	2.34	0.62
c) Bills discounted	2.06	1.70

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

7. Pursuant to the issuance of Notification No. CE(NT)-11/95 dated March 16, 1995 by the Central Government in terms of section 37 of the Central Excise Act, 1944, unutilised MODVAT balance amounting to Rs.8.21 crores standing to the credit of the Company as on March 16, 1995 was to lapse.

Subsequent thereto, on a writ petition filed by the Company, on the grounds that it is discriminatory, unreasonable, arbitrary and ultra virus Article 14 of the Constitution of India and against the principle of promissory estoppel, the Supreme Court struck down the aforesaid notification by its judgement dated January 28, 1999, thus vindicating the Company's stand. The Supreme Court ruled that the said notification and the amended rule 57(f) cannot be applied as it affected the vested rights of the assessee and Government of India does not have powers under section 37 of the Central Excise Act, 1944 to make a rule in this manner. The entire MODVAT balance amounting to Rs. 8.21 crores thus became available to the Company for excise duty payments. However, in spite of the favourable judgment of the Supreme Court, section 37 of the Central Excise Act, 1944 was amended by the Finance Act, 1999, with retrospective effect from March 16, 1995, to validate the said notification issued by the Central Government by providing it necessary powers to lapse the credit of duty lying unutilised with any manufacturer. The Company has utilized an amount of Rs. 0.51 crore between the date of the Order of the Supreme Court, i.e., February 05, 1999 and the date of enactment of the Finance Act, 1999, i.e., May 11, 1999. Based on favourable legal advice, the Company has along with other affected manufacturers challenged the aforesaid amendment before the Delhi High Court. The Delhi High Court, by its Order dated April 26, 2000, issued notice to Government of India and granted an interim stay on the recovery of the utilised portion of MODVAT credit to the extent of Rs. 0.51 crore. This unutilised MODVAT balance has been transferred to VECVL by the Company pursuant to Business Purchase Agreement (BPA) on a slump sale basis. Pending disposal of the case, no provision is considered necessary in VECVL in respect of the MODVAT balance of Rs. 8.21 crores lying unutilised as on March 16, 1995. The net amount of Rs. 7.70 crores after utilisation of Rs. 0.51 crore has been carried forward under the head "Balances with central excise and customs on current accounts" under loans and advances in Schedule '7'.

EICHER MOTORS LIMITED

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

- a) **Operating Lease:** The EES, Inc. and its subsidiaries has entered in operating lease agreements for different locations with different parties.

Necessary information is given below:

	Rs. in crores	
Particulars	This period	Previous year
Total of Future minimum lease payments:		
- Not later than one year	0.82	0.78
- Later than one year but not later than five years	2.04	1.00
- Later than five years	0.02	-
Lease rents charged to Profit & Loss A/c	1.24	0.82

- (b) **Finance Lease:** The EES, Inc. has entered in a finance lease with Key Equipment Finance Inc. expiring in November 2012. The leased asset is Shop Equipment classified under Plant and Machinery and necessary information as on 31st December 2008 are as given below:

	Rs. in crores	
Particulars	This period	Previous year
Gross book value	3.34	2.75
Less: Accumulated depreciation	2.14	1.50
Net book value	1.20	1.25
Depreciation charges to Profit and loss account	0.30	0.50

Necessary information of capital lease is given below:

	Rs. in crores	
	This period	Previous year
a) Total of minimum lease payments:	2.17	2.08
Not later than one year	0.49	0.39
Later than one year and not later than five years	1.68	1.69
b) Present value of the minimum lease payments receivables	1.99	1.79
Not later than one year	0.47	0.37
Later than one year and not later than five years	1.52	1.42

9. Earnings per share

Description	This year	Previous year
a) Profit for the year after taxation, per profit and loss account (Rs. in crores)	62.60	54.76
b) Weighted average number of equity shares (Nos.)	2,80,93,950	2,80,93,950
c) Effect of potential dilutive equity shares on Employee Stock Options outstanding	-	51,426
d) Weighted average number of equity shares in computing diluted earnings per share [(b)+(c)]	2,80,93,950	2,81,45,376
e) Earnings per share (in rupees): (face value-Rs 10 per share)		
- Basic [(a)/(b)]	22.28	19.49
- Diluted [(a)/(d)]	22.28	19.46

10. Segment Reporting:

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

11. Related Party Disclosure:

- a. Name of Related parties and their relationship:

Name of Related Party of	Nature of Relationship	
(i) the Company		
Eicher Goodearth Investments Limited *	(EGIL)	Party for which the Company is an Associate
Eicher Goodearth Private Limited	(EGPL)	Significant influence of key management personnel
Royal Enfield Motorcycles Limited	(REML)	Significant influence of key management personnel
ECS Limited **	(ECS)	Significant influence of key management personnel

Name of Related Party of	Nature of Relationship
(ii) VECVL	
AB Volvo Sweden #	(AB Volvo) Investor in respect of which VECVL is a joint venture
* Holding company upto August 22, 2008	
** Ceased to be a related party w.e.f December 24, 2008	
# w.e.f. August 22, 2008	

b. Key management personnel:

Mr. Siddhartha Lal Managing Director*

* Appointed as Managing Director w.e.f May 26, 2008 in VECVL also.

Transactions with the above parties during the period:

Particulars	This period
Payment of managerial remuneration (Rs. in crore)	0.76
Transactions with the above parties during the period:	

Particulars	Related party of the Company								Related party of VECVL		Total	
	EGIL		EGPL		ECS		REML		AB Volvo		Total	
	This period	Previous year	This period	Previous year	This period	Previous year	This period	Previous year	This period	Previous year	This period	Previous year
Purchase of goods	-	-	-	0.02	-	-	-	-	-	-	-	0.02
Inter corporate deposits given	-	20.00	-	-	-	-	-	-	-	-	-	20.00
Inter corporate deposit received back	-	20.00	-	-	-	-	-	-	-	-	-	20.00
Inter Corporate deposit taken and repaid	-	15.00	-	-	-	-	-	-	-	-	-	15.00
Interest income on inter corporate deposits (gross)	-	0.35	-	-	-	-	-	-	-	-	-	0.35
Interest expense on inter corporate deposits (gross)	-	0.42	-	-	-	-	-	-	-	-	-	0.42
Dividend paid on Equity	8.15	-	-	-	-	-	-	-	-	-	8.15	-
Miscellaneous Income	-	-	-	-	0.11	0.30	-	-	-	-	0.11	0.30
Non-compete consideration	-	-	-	-	-	-	-	-	39.35	-	39.35	-
Miscellaneous Expenses	-	-	0.18	0.18	-	-	-	-	-	-	0.18	0.18
Subscription towards "Brand Equity and Business Promotion Agreement"	-	-	1.85	8.56	-	-	-	-	-	-	1.85	8.56
Expenses recovered	-	0.01	-	0.14	-	-	-	-	-	-	-	0.15
Aggregate balances outstanding as at the period/ year end	-	-	-	-	-	-	-	-	-	-	-	-
- Receivables	-	-	0.05	-	0.05	0.17	0.08	0.08	-	-	0.18	0.25

12. The subsidiary company VECVL is eligible for weighted deduction against eligible expenditure incurred in its in-house R&D Centre acquired from the Company pursuant to BPA on a slump sale basis, as per provisions of section 35(2AB) of the Income Tax Act, 1961 and for which an application for approval under section 35(2AB) has been filed with the Department of Scientific and Industrial Research (DSIR), Ministry of Science & Technology, Govt. of India. Since the R&D facility was enjoying such exemptions in the past, the management of VECVL is confident of getting the requisite approvals in due course. As such, pending receipt of such approvals, the tax calculations for the purpose of making provision in the Accounts of VECVL for the period ended December 31, 2008 have been made considering VECVL's eligibility to claim the weighted deduction under section 35(2AB) of the Income Tax Act, 1961.
13. 'Excise duty' on sales has been deducted from gross sales on the face of profit and loss account. 'Increase/ (decrease) in excise duty on finished goods' has been shown under the head 'Material consumed' in schedule I I.
14. The Board of Directors of the Company in its meeting held on October 29, 2008 has approved the change of accounting year end of the Company from March 31 to December 31. Accordingly, the accounting period for current year is for 9 months ended December 31, 2008.
- Pursuant to change of current accounting period to 9 months and due to de-merger of 'Distribution undertaking' of Volvo India Private Limited with VECVL (a subsidiary of the Company) the current period figures are not comparable with the figures of corresponding previous year.
15. The shareholders of the Company had approved on December 28, 2008, through postal ballot, a proposal of the Company to buy back upto 14,08,969 equity shares of its own fully paid-up equity shares of Rs.10 each from its existing shareholders on a proportionate basis through the Tender Offer Route, at a fixed price of Rs.691.68 per equity share and for a total consideration not exceeding Rs.97.46 crores. The Scheme of buy back was open from March 12, 2009 to March 26, 2009.
16. a) Figures in brackets represent previous year's figures.
b) Previous year's figures have been recast where necessary
- Schedule I to 13 form an integral part of the consolidated accounts.

Dear Shareholder,

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

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

INVESTOR RESPONSE FORM

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

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

Ms. Shaila Aggarwal, Company Secretary

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

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

I. Particulars of shareholder:

A. - Folio No. _____

- Name _____

B. Equity Shares (Nos.) _____

C. Do these particulars appear correctly on the share certificates

Name Yes No

1st Joint Name Yes No

2nd Joint Name Yes No

Address Yes No

D. Was the Dividend received:

a) as per instructions on the Bank Mandate Yes No

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

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

2. Details of complaints related to:

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

Transfer Consolidation Splitting Transmission Duplicate on submission of Indemnity Bond

(ii) Non receipt of Dividend / Interim Dividend for the year 2005-06 2006-07 2007-2008

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

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

Good

Average

Poor

a) Share Transfers

b) Dividend

c) Redressal of complaints and response to your communication

Place :

Date :

Signature of the first applicant/
shareholder

FORM 2 B

(See rules 4CCC and 5D)

NOMINATION FORM

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

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

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

NAME AND ADDRESS OF NOMINEE:

Name :

Address :

Date of Birth*

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

*The Nominee is a minor whose guardian is

Name and Address.....

Date :

(** To be deleted if not applicable)

Signature of shareholder:

Name :

Address :

Date :

Signature of shareholder:

Name :

Address :

Date :

Signature of two Witnesses

Name and Address

Signature with date

1.

2.

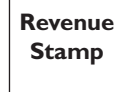
INSTRUCTIONS:

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

EICHER MOTORS LIMITED

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

I/We _____ of _____ in the district of _____ being a member/members of the above mentioned company hereby appoint _____ of _____ in the district of _____ as my/our proxy to vote for me/us on my/our behalf at the 27th Annual General Meeting of Eicher Motors Limited to be held at Royal Park Hall, Masjid Moth, Adjacent To Post Office, Greater Kailash-II, New Delhi – 110 048 on May 29, 2009 at 10.00 A.M. and at any adjournment thereof.



Signed this _____ day of _____ 2009
Member's folio No. _____ Signature _____

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

To :
M/s MCS Limited
Share Transfer Agents
F-65, Okhla Industrial Area
Phase-I
New Delhi-110 020

EICHER MOTORS LIMITED

Folio No.....

Dear Sirs,

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

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

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

Your faithfully

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

Attendance Slip

To be handed over at the entrance of the Meeting Hall

Name of the attending Member _____

Member's folio No. _____ No. of shares held _____

Name of proxy _____

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

I, hereby record my presence at the 27th Annual General Meeting of Eicher Motors Limited to be held at Royal Park Hall, Masjid Moth, Adjacent To Post Office, Greater Kailash-II, New Delhi – 110 048 on May 29, 2009 at 10.00 A.M..

Member's/Proxy Signature

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

BOOK POST

If undelivered please return to:

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