

EICHER MOTORS LIMITED
2012 ANNUAL REPORT

Board of Directors

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

Company Secretary

Vinit Kumar

Auditors

Deloitte Haskins & Sells, Chartered Accountants

Bankers

HDFC Bank Limited
ICICI Bank Limited
State Bank of India

Registered Office

3rd Floor- Select Citywalk
A-3 District Centre, Saket
New Delhi – 110 017
Tel No.: (011) 29563722
Website: www.eicher.in

Corporate Office

#96, Sector 32,
Gurgaon – 122 001, Haryana
Tel No.: (0124) 4415600
Website: www.eicher.in

Plant Location:**Two Wheelers**

Royal Enfield
Thiruvottiyur High Road,
Thiruvottiyur, Chennai – 600 019
(Tamil Nadu)

Registrar & Share Transfer Agent

MCS Limited
F-65, 1st Floor, Okhla Industrial Area,
Phase I, New Delhi – 110 020
Phone No.: (011) 41406149-52
Fax No.: (011) 41709881
E-mail: admin@mcsdel.com

CONTENTS

| | |
|--|-------|
| Notice of the Annual General Meeting | 1 |
| Performance Over the Years | 7 |
| Directors' Report to the Shareholders | 13 |
| Report on Corporate Governance | 31 |
| Financial Statements | 45 |
| Auditors' Report | 46 |
| Balance Sheet and Statement of Profit & Loss | 50-51 |
| Cash Flow Statement | 52 |
| Statement of Subsidiary Company Pursuant to Section 212 of the Companies Act, 1956 | 82 |
| Auditors' Report/Consolidated Accounts | 83 |
| Investor Response Form | 117 |
| Nomination Form | 119 |
| Mandate for Payment of Dividend | 121 |
| Proxy Form/Attendance Slip | 123 |

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 31ST ANNUAL GENERAL MEETING OF THE MEMBERS OF EICHER MOTORS LIMITED WILL BE HELD AT 10.00 A.M. ON FRIDAY, MARCH 22, 2013 AT LTG AUDITORIUM, COPERNICUS MARG, NEW DELHI-110 001, TO TRANSACT THE FOLLOWING BUSINESS:

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at December 31, 2012 and Statement of Profit & Loss for the year ended on that date together with the Auditors' and Directors' Report thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. M.J. Subbaiah, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Statutory Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors of the Company to fix their remuneration.

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

Special Business

5. To consider and, if thought fit, to pass the following resolution with or without modification(s) as an Ordinary resolution:
 "RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereto including any statutory modification(s) or re-enactment(s) thereof and such other approvals, permissions and sanctions, as may be required, consent of the shareholders of the Company be and is hereby accorded to revise the terms and conditions of appointment of Mr. Siddhartha Lal, Managing Director of the Company, as set out herein below w.e.f. May 1, 2013:

Revised terms & conditions of appointment of Mr. Siddhartha Lal

Subject to the control and supervision of the Board of Directors, Mr. Siddhartha Lal, Managing Director shall be in charge of the management of the affairs of the Company and he shall perform such duties and exercise such powers as may be entrusted to him from time to time by the Board of Directors except such matters which are specifically to be done by the Board of Directors or the Company Secretary under the Articles of Association of the Company or under the Companies Act, 1956 and the rules thereunder.

The appointment shall be terminable by either party by giving 3 months' written notice provided that the Company shall have the option to pay salary in lieu of notice for the full period of 3 months or for such period by which such notice falls short of 3 months.

I. Salary and allowances:

- i) Basic Salary: Rs. 55 lacs (Rupees Fifty Five lacs only) per annum with such annual revision as may be decided by Board of Directors from time to time.
- ii) Flexible Payment Allowance (FPA): Rs. 110 lacs (Rupees One Hundred Ten lacs only) per annum with such annual revision as may be decided by Board of Directors from time to time.

II. Perquisites: In addition to the above Salary & Allowances, he shall be entitled to the following perquisites:

- i) Residential Accommodation: Managing Director shall be provided free furnished residential accommodation with free use of all the facilities and amenities provided by the Company.
- ii) Medical Reimbursement: Reimbursement of actual medical expenses incurred by the Managing Director and his family.
- iii) Club Fees: Actual fees of clubs will be paid by the Company.
- iv) Personal Accident Insurance: Actual premium to be paid by the Company.
- v) Car: Facility of two cars with drivers.
- vi) Telephone: Free telephone facility at residence including mobile phone.
- vii) Contribution to Provident and Superannuation Funds: Company's contribution to Provident and Superannuation Funds will be as per the rules of the Company.
- viii) Gratuity: Not exceeding half months salary for each completed year of service.
- ix) Reimbursement of entertainment and all other expenses incurred for the business of the Company as per rules of the Company.

x) Other Allowance/benefits/perquisites: Any other allowance, benefits and perquisites as per the Rules applicable to Senior Executives of the Company and/or which may be applicable in the future and/or any other allowance, benefit, perquisite as the Board of Directors may decide from time to time.

III. Leave Travel Concession: For the Managing Director and his family once in a year incurred in accordance with any rules specified by the Company.

Explanation:

(i) For the aforesaid purposes "Family" means the spouse, the dependent children and dependent parents of the Managing Director.

(ii) Perquisites shall be evaluated as per Income Tax Rules, 1962, wherever applicable and in the absence of any such rules, perquisites shall be valued at actual cost.

IV. Commission:

As the Board of Directors of the Company and/or a Committee of the Board may at their sole discretion approve/decide, from time to time, payment of commission provided that the 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 Section 198 of the Companies Act, 1956 as amended from time to time.

V. The aggregate of salary, allowances and perquisites including commission in any financial year shall not exceed the limit prescribed, from time to time under Sections 198, 309, 310 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956 as may be for the time being in force.

VI. Minimum Remuneration:

In the event of absence or inadequacy of profits in any financial year, the aggregate of salary, allowances, perquisites shall not exceed the applicable (maximum) ceiling limits prescribed under Section II of Part II of Schedule XIII of the Companies Act, 1956 or such other limits as may be prescribed by the Government from time to time.

VII. The Company shall not pay any commission to Mr. Siddhartha Lal in the event of absence/inadequacy of profits

RESOLVED FURTHER THAT the said terms and conditions of the appointment may be altered and varied from time to time by the Board as it may, in its discretion deem fit within the maximum amount payable to the Managing Director in accordance with the provisions of the Companies Act, 1956 or any amendments made therein or with the approval of Central Government, if required.

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

6. To consider and, if thought fit, to pass the following resolution with or without modification(s) as an Ordinary resolution: "RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereto, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, and all other applicable guidelines relating to managerial remuneration issued by the Central Government from time to time or any other law and such other approvals as may be necessary, consent of the shareholders of the Company be and is hereby accorded for the reappointment of Mr. R.L. Ravichandran as Whole Time Director of the Company for a period of 2 years with effect from January 1, 2013, not liable to retire by rotation, on the terms and conditions as set out herein below:

Terms & conditions of reappointment of Mr. R.L. Ravichandran

Subject to the control and supervision of the Board of Directors, Mr. R.L. Ravichandran, Whole Time Director shall perform such duties and exercise such powers as may be entrusted to him from time to time by the Board of Directors except such matters which are specifically to be done by the Board of Directors or the Company Secretary under the Articles of Association of the Company or under the Companies Act, 1956 and the rules thereunder.

The appointment shall be terminable by either party by giving 3 months' written notice provided that the Company shall have the option to pay salary in lieu of notice for the full period of 3 months or for such period by which such notice falls short of 3 months.

Salary: Rs. 67.50 lacs (Rupees Sixty Seven lacs Fifty Thousand only) per annum with such increments as may be decided by Board of Directors from time to time.

I. Perquisites: In addition to the above Salary, he shall be entitled to the following perquisites:

- i) Club Fees: Actual fees of one club will be paid by the Company.
- ii) Car: Facility of one car with driver.
- iii) Telephone: Free telephone facility at residence including mobile phone.

iv) Reimbursement of entertainment, travelling and all other expenses incurred for the business of the Company as per the Rules of the Company.

Explanation:

Perquisites shall be evaluated as per Income Tax Rules, 1962, wherever applicable and in the absence of any such rules, perquisites shall be valued at actual cost.

II. The aggregate of salary and perquisites in any financial year shall not exceed the limit prescribed from time to time under Sections 198, 309, 310 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956 as may be for the time being in force.

III. Minimum Remuneration:

In the event of absence or inadequacy of profits in any financial year, the aggregate of salary, allowances, perquisites shall not exceed the applicable (maximum) ceiling prescribed under Section II of Part II of Schedule XIII of the Companies Act, 1956 or such other limits as may be prescribed by the Government from time to time.

RESOLVED FURTHER THAT the terms and conditions of the said reappointment may be altered and varied from time to time by the Board of Directors as it may, in its discretion deem fit within the maximum amount payable to the Whole Time Director in accordance with the provisions of the said Act or any amendments made therein or with the approval of Central Government, if required.

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

Place: Gurgaon
Date: February 12, 2013

By order of the Board
Vinit Kumar
Company Secretary

Notes:

1. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, which sets out details relating to Special Business to be transacted at the meeting, is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE (ON A POLL ONLY) INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. THE SAME SHOULD BE DULY SIGNED AND STAMPED IN ORDER TO BE EFFECTIVE.**
3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, March 15, 2013 to Friday, March 22, 2013 (both days inclusive) in terms of Section 154 of the Companies Act, 1956.
4. The payment of Dividend as recommended by the Board of Directors, and if, approved by the members at the forthcoming Annual General Meeting, will be made on March 28, 2013 as under:
 - a) To all those beneficial owners holding shares in electronic form as per the beneficial ownership data as may be made available to the Company by National Securities Depository Limited (NSDL) and the Central Depository (India) Limited (CDSL) as on the closure of the business hours on March 14, 2013 and,
 - b) To all those shareholders holding shares in physical form, after giving effect to all valid share transfers lodged with the Company before the closing hours on March 14, 2013.
5. 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 year 2006 and onward.

6. As per the Circular No. MRD/Dop/Cir-05/2009 dated May 20, 2009 issued by Securities and Exchange Board of India (SEBI), it is mandatory to quote PAN for transfer of shares in physical form. Therefore, the transferee (s) is required to furnish a copy of their PAN card to the Company/Registrar and Share Transfer Agent of the Company for registration of transfer of shares.
7. Shareholders holding shares in physical form, are requested to intimate their change in address/Bank Mandate/National Electronic Clearing Service (NECS) details, if any, to M/s MCS Limited, Registrar and Share Transfer Agent, F-65, 1st Floor, Okhla Industrial Area, Phase I, New Delhi 110 020. Beneficial owners holding shares in electronic form are requested to intimate their change in address/Bank Mandate/National Electronic Clearing Service (NECS) details, if any, to their respective Depository Participants (DP) in order to get the same registered before March 14, 2013.
8. Members are requested to quote their folio numbers/Client ID No. and contact details in all correspondence with the Company/Registrar and Share Transfer Agent.
9. Members are requested to bring their copies of the Annual Report to the meeting, since further copies will not be available.
10. Pursuant to provisions of Section 109A of the Companies Act, 1956, every member or joint holders holding shares in physical form may nominate, in the prescribed manner, a person to whom all the rights in the shares shall vest in the event of death of the sole holder or the joint holders and register the same with M/s MCS Limited, Registrar and Share Transfer Agent. Members or joint holders holding shares in demat form may contact their respective DP for availing this facility.
11. The Register of Directors' shareholding, maintained under Section 307 of the Companies Act, 1956 will be made available for inspection by the Members on all working days during business hours during the period beginning fourteen days before the date of Annual General Meeting and ending three days after its conclusion.
12. For faster communication and for supporting in full measure, a green initiative taken by the Ministry of Corporate Affairs, allowing services of notice/documents including Annual Report through e-mail, the shareholders holding shares in electronic form are requested to kindly register/update their e-mail addresses with their respective depository participants. The shareholders holding shares in physical form are requested to register/update their email addresses with M/s MCS Limited, Registrar and Share Transfer Agent of the Company.
13. 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 Mr. Vinit Kumar, Company Secretary at the following address so that the same may be attended appropriately to your entire satisfaction.

By order of the Board
Vinit Kumar
Company Secretary

Registered office:

3rd Floor-Select Citywalk
 A-3 District Centre, Saket
 New Delhi – 110 017
 Tel. No.: (011) 29563722

Website: www.eicher.in

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

Item No. 5

Mr. Siddhartha Lal was reappointed as the Managing Director of the Company w.e.f. May 1, 2011 for a period of five years and approved by shareholders of the Company at the Annual General Meeting held on March 18, 2011.

The Board of Directors of the Company at its Board Meeting held on February 12, 2013 has, pursuant to Sections 198, 309, 310 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII thereto and amendment(s) thereof and subject to shareholders' approval and other statutory approvals as may be necessary, revised the terms and conditions of appointment of Mr. Siddhartha Lal, Managing Director of the Company w.e.f. May 1, 2013 within the ceiling of maximum remuneration permitted under the Companies Act, 1956.

The revised terms and conditions of appointment of Mr. Siddhartha Lal being Managing Director are set out in the proposed resolution and his tenure of appointment as Managing Director will remain unchanged i.e. for a period of 5 years effective from May 1, 2011 upto April 30, 2016.

The explanatory statement together with accompanying notice should be treated as an abstract of revision of the terms and conditions of appointment of the Managing Director of the Company and Memorandum of concern or interest of Director as required under the provisions of Section 302 of the Companies Act, 1956.

The resolution as set out in Item No. 5 of this Notice is accordingly commended for your approval.

None of the Directors of the Company except Mr. Siddhartha Lal, being the Managing Director of the Company, is concerned or interested in the above resolution.

Item No. 6

Mr. R.L. Ravichandran was appointed as Whole Time Director of the Company with effect from January 1, 2011 for a period of two years and approved by shareholders of the Company at the Annual General Meeting held on March 18, 2011.

Mr. R.L. Ravichandran's term as Whole Time Director has expired on December 31, 2012. The Board of Directors, subject to approval of shareholders, at its meeting held on February 12, 2013, reappointed Mr. R.L. Ravichandran as Whole Time Director for a further period of two years w.e.f. January 1, 2013 upto December 31, 2014 on the terms and conditions as set out in the above mentioned resolution.

The explanatory statement together with accompanying notice should be treated as an abstract of the of reappointment of the Whole Time Director of the Company and Memorandum of concern or interest of Director as required under the provisions of Section 302 of the Companies Act, 1956.

The resolution as set out in Item No.6 of this Notice is accordingly commended for your approval.

None of the Directors of the Company except Mr. R.L. Ravichandran, being the Whole Time Director of the Company, is concerned or interested in the above resolution.

Additional information as per Clause 49 of the Listing Agreement**A brief resume of Mr. M.J. Subbaiah, Director liable to retire by rotation and is eligible for reappointment at the Annual General Meeting is given below:**

Mr. M.J. Subbaiah is an Independent and Non-Executive Director w.e.f. April 27, 2009 on the Board of Eicher Motors Limited. He is Chairman of the Audit Committee of the Board. He is also an Independent Director on the Board of Jaypee Infratech Limited.

He was a nominee director (Independent and Non-executive) of ICICI Bank from July, 2002 up to April, 2009 on the Company's Board. He also served as a nominee director of ICICI Bank on the Board of Eicher Limited, where he was a member of the Audit Committee and Shareholders' and Investors' Grievance Committee.

Mr. Subbaiah holds a Master's degree in economics from the University of Mysore and is a fellow of the Indian Institute of Bankers. He has vast experience of over 35 years in financial services industry. He started his career in State Bank of India and was Dy. General Manager before moving to Shipping Credit and Investment Corporation of India (SCICI) as Executive Director on the Board. SCICI merged with ICICI, where he was Senior General Manager.

Mr. Subbaiah has served as nominee director of ICICI Bank on the Boards of Usha Martin Limited and Jaiprakash Associates Limited where he was a member of the Audit Committee and Chairman of the Compensation Committee.

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 |
|--------------------------|--------------------------------------|-----------------|--|
| Eicher Motors Limited | Independent & Non-executive Director | Chairman | - |
| Jaypee Infratech Limited | Independent & Non-executive Director | Chairman | - |

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

A brief resume of Mr. R.L. Ravichandran, Whole Time Director for reappointment at the Annual General Meeting is given below:

Mr. R.L. Ravichandran is 63 years old. He graduated from Madras University and holds Post Graduate Diploma in Business Management.

Mr. R.L. Ravichandran was appointed as Whole Time Director for a period of 2 years w.e.f. January 1, 2011 of Eicher Motors Limited. He is Chairman of CMB Portalogic Solutions Private Limited. He has also been appointed as Director of Eicher Polaris Private Limited.

He started his professional career in 1972 with British Multinational - W & T Averys, world leaders in weighing, counting and testing equipments. Subsequently, he worked with M/s Usha International, Delhi for a period of ten years.

Further, he joined TVS Suzuki as Head of Sales & Marketing for Two Wheelers in 1990. From 1998 till March 2005, Mr. R.L. Ravichandran, worked with M/s Bajaj Auto Limited, Pune as Vice President - Business Development & Marketing.

Mr. R.L. Ravichandran became the CEO of Royal Enfield (A unit of Eicher Motors Limited) in 2005. He has been instrumental in turnaround of Royal Enfield. Under his stewardship, Royal Enfield achieved many significant milestones including successful product launches and transition of the age old engine platform to UCE. He stepped down as the CEO of the Royal Enfield unit and joined the Board of Directors of Eicher Motors Limited on January 1, 2011.

Considering his vast experience in automobile industry and his significant contribution towards the growth of the Company as the CEO of Royal Enfield unit and later as a member of the Board of Directors, it is recommended to reappoint Mr. R.L. Ravichandran as Whole Time Director on the Board of the Company for a further period of 2 years w.e.f. January 1, 2013 upto December 31, 2014.

Name of the Companies in which Mr. R.L. Ravichandran, holds the Directorship and the Chairmanship/Membership of Committees of the Board:

| Name of the Company | Board | Audit Committee | Shareholders' and Investors' Grievance Committee |
|--|---------------------|-----------------|--|
| Eicher Motors Limited | Whole Time Director | - | - |
| CMB Portalogic Solutions Private Limited | Chairman | - | - |
| Eicher Polaris Private Limited | Director | - | - |

Mr. R.L. Ravichandran does not hold any shares in the Company and is not related to any Director of the Company.



Performance Over the Years



Financial Position at a Glance - EML Consolidated

Rs. in crores

| Balance Sheet | 31.12.2012 | 31.12.2011 | 31.12.2010 | 31.12.2009 | 31.12.2008* | 31.03.2008 | 31.03.2007 | 31.03.2006 | 31.03.2005 | 31.03.2004 |
|---|----------------|----------------|----------------|----------------|----------------|---------------|---------------|---------------|---------------|---------------|
| Gross Fixed Assets (including CWIP and Pre-operative Expenditure) | 2030.35 | 1341.01 | 881.61 | 755.92 | 730.06 | 630.60 | 556.90 | 523.30 | 641.55 | 576.85 |
| Net Fixed Assets | 1496.17 | 856.71 | 454.71 | 375.75 | 380.98 | 334.20 | 310.20 | 313.60 | 388.62 | 364.74 |
| Net Current Assets | 691.87 | 1026.49 | 1116.81 | 1114.38 | 1397.89 | 95.30 | 82.50 | 96.40 | 49.13 | 81.46 |
| Deferred Tax Assets (net) | - | - | - | - | 14.72 | - | - | - | - | - |
| Miscellaneous expenditure | - | - | - | - | - | - | 0.60 | 2.10 | 5.87 | 8.09 |
| Total | 2826.54 | 2395.82 | 2030.11 | 1784.24 | 1799.83 | 690.70 | 654.60 | 670.10 | 446.29 | 456.96 |
| Share Capital | 27.00 | 26.99 | 26.94 | 26.69 | 28.09 | 28.10 | 28.10 | 28.10 | 28.10 | 28.09 |
| Reserves & Surplus | 1727.89 | 1466.14 | 1205.20 | 1042.35 | 1075.60 | 407.80 | 372.20 | 412.20 | 212.90 | 166.83 |
| Net Worth | 1754.89 | 1493.13 | 1232.14 | 1069.04 | 1103.69 | 435.90 | 400.30 | 440.30 | 241.00 | 194.92 |
| Minority Interest | 948.46 | 837.65 | 677.41 | 574.67 | 530.53 | - | - | - | - | - |
| Deferred Tax Liability (net) | 123.19 | 64.46 | 24.92 | 14.16 | - | 35.30 | 36.60 | 42.60 | 67.09 | 66.38 |
| Borrowings | - | 0.58 | 95.64 | 126.37 | 165.61 | 219.50 | 217.70 | 187.20 | 138.20 | 195.66 |
| Total | 2826.54 | 2395.82 | 2030.11 | 1784.24 | 1799.83 | 690.70 | 654.60 | 670.10 | 446.29 | 456.96 |
| No. of Shares | 27000983 | 26992583 | 26937783 | 26692881 | 28093950 | 28093950 | 28093950 | 28093950 | 28093950 | 28093950 |
| Book Value per Share (Rs.) | 639.93 | 547.59 | 452.96 | 395.02 | 384.58 | 145.67 | 132.70 | 142.94 | 62.25 | 46.83 |
| Market Value per Share (Rs.) | 2906.60 | 1488.00 | 1235.25 | 655.00 | 234.95 | 250.50 | 247.70 | 302.35 | 310.15 | 224.40 |
| Market Value to Book Value per Share | 4.5:1 | 2.7:1 | 2.7:1 | 1.6:1 | 0.6:1 | 1.7:1 | 1.9:1 | 2.1:1 | 5.0:1 | 4.8:1 |
| Market Capitalisation | 7848.11 | 4016.50 | 3327.49 | 1748.38 | 660.07 | 703.80 | 695.80 | 849.40 | 871.30 | 630.40 |
| Debt Equity Ratio | - | - | - | 0.1:1 | 0.1:1 | 0.4:1 | 0.4:1 | 0.4:1 | 0.6:1 | 1:1 |

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

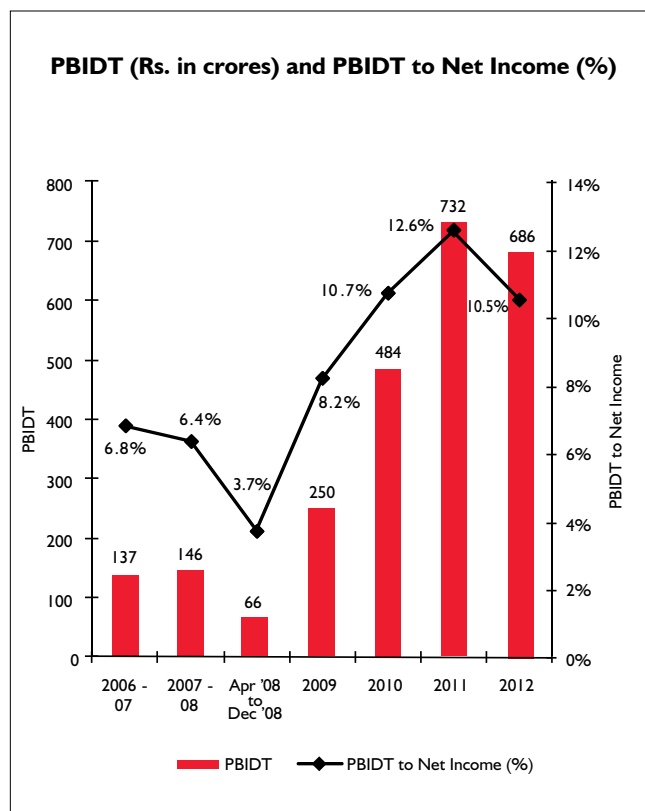
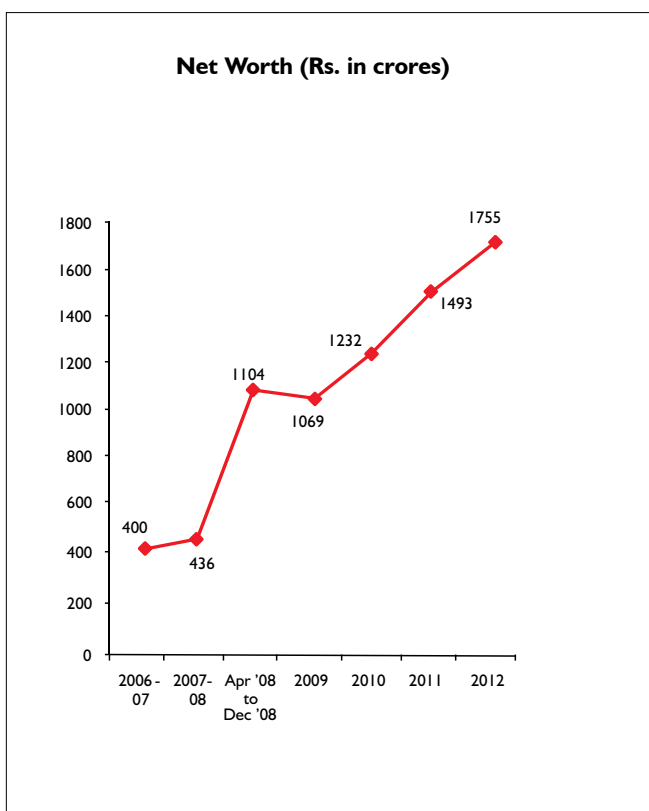
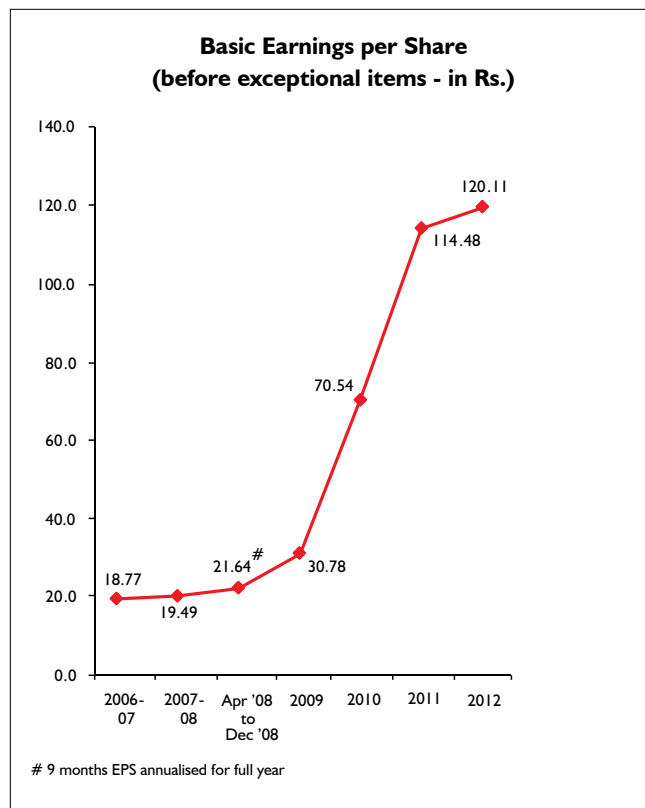
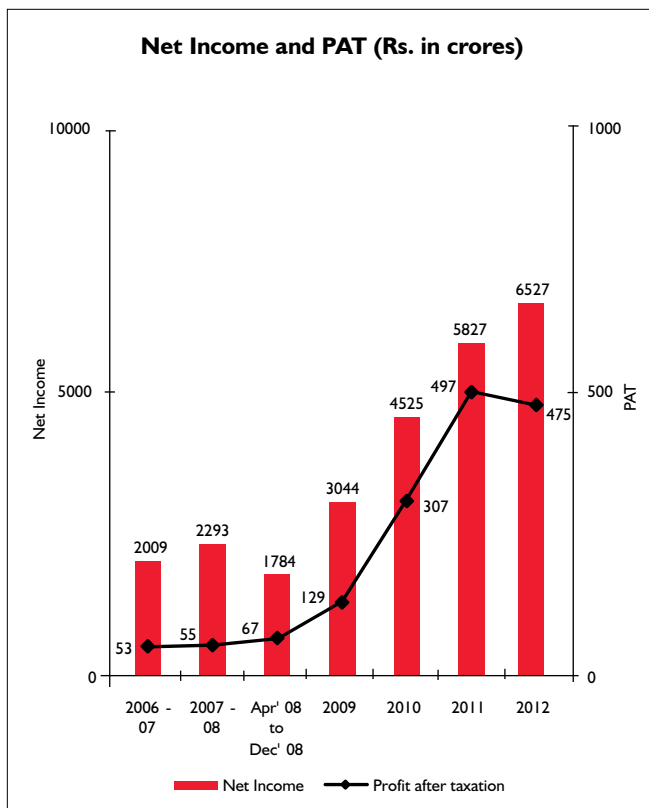
Operational Highlights at a Glance - EML Consolidated

Rs. in crores

| Profit & Loss Account | 2012 | 2011 | 2010 | 2009 | Apr'08 to Dec'08* | 2007-08 | 2006-07 | 2005-06 | 2004-05 | 2003-04 |
|--|----------------|----------------|----------------|----------------|-------------------|----------------|----------------|----------------|----------------|----------------|
| Sales Volume: | | | | | | | | | | |
| Commercial Vehicles (Nos.) | 48831 | 49042 | 39275 | 25164 | 15436 | 29828 | 28072 | 23604 | 23004 | 15885 |
| Two Wheelers (Nos.) | 113432 | 74626 | 52576 | 51955 | 32566 | 38528 | 32612 | 30777 | 29475 | 28361 |
| Components (Including Inter Segment Sales) | 283.72 | 281.09 | 203.82 | 130.87 | 105.88 | 113.05 | 128.78 | 99.60 | 107.21 | 81.40 |
| Sales Revenue (Excluding Inter Segment Sales) | 6995.04 | 6130.29 | 4701.63 | 3112.22 | 1882.48 | 2572.60 | 2252.80 | 1880.80 | 2211.58 | 1564.75 |
| Other Income | 136.64 | 142.48 | 127.57 | 105.44 | 65.75 | 30.20 | 26.60 | 31.20 | 18.12 | 11.40 |
| Total Income | 7131.68 | 6272.77 | 4829.20 | 3217.66 | 1948.23 | 2602.80 | 2279.40 | 1912.00 | 2229.70 | 1576.15 |
| Less: Excise Duty | 605.15 | 445.87 | 304.55 | 173.59 | 164.52 | 310.00 | 270.80 | 213.60 | 229.02 | 200.05 |
| Net Total Income | 6526.53 | 5826.90 | 4524.65 | 3044.07 | 1783.71 | 2292.80 | 2008.60 | 1698.40 | 2000.68 | 1376.10 |
| Manufacturing and other expenses | 5840.87 | 5095.07 | 4040.18 | 2794.21 | 1717.48 | 2146.60 | 1870.30 | 1602.30 | 1849.82 | 1244.70 |
| Miscellaneous expenditure written off | - | - | - | - | - | 0.60 | 1.50 | 2.10 | 6.66 | 7.59 |
| Profit before interest, depreciation, exceptional items & tax (PBIDT) | 685.66 | 731.83 | 484.47 | 249.86 | 66.23 | 145.60 | 136.80 | 94.00 | 144.20 | 123.81 |
| PBIDT to Net Income (%) | 10.5% | 12.6% | 10.7% | 8.2% | 3.7% | 6.4% | 6.8% | 5.5% | 7.2% | 9.0% |
| Interest | 3.79 | 7.67 | 9.50 | 8.67 | 9.93 | 19.00 | 14.80 | 16.90 | 22.33 | 23.97 |
| Depreciation | 82.17 | 63.96 | 57.30 | 53.88 | 36.89 | 50.80 | 45.10 | 50.19 | 48.37 | 42.28 |
| Profit before exceptional items and tax | 599.70 | 660.20 | 417.67 | 187.31 | 19.41 | 75.80 | 76.90 | 26.91 | 73.50 | 57.56 |
| PBT to Net Income (%) | 9.2% | 11.3% | 9.2% | 6.2% | 1.1% | 3.3% | 3.8% | 1.6% | 3.7% | 4.2% |
| Exceptional Items | - | - | - | - | 39.35 | - | - | 166.66 | - | - |
| Profit before tax for the year | 599.70 | 660.20 | 417.67 | 187.31 | 58.76 | 75.80 | 76.90 | 193.57 | 73.50 | 57.56 |
| Provision for taxation | 124.85 | 162.80 | 110.82 | 57.82 | (8.53) | 21.00 | 24.20 | (18.30) | 14.65 | 23.94 |
| Profit after taxation (PAT) | 474.85 | 497.40 | 306.85 | 129.49 | 67.29 | 54.80 | 52.70 | 211.87 | 58.85 | 33.62 |
| PAT to Net Income (%) | 7.3% | 8.5% | 6.8% | 4.3% | 3.8% | 2.4% | 2.6% | 12.5% | 2.9% | 2.4% |
| Minority Interest | 150.59 | 188.63 | 117.93 | 46.10 | 4.69 | - | - | - | - | - |
| Profit after taxation and minority interest | 324.26 | 308.77 | 188.92 | 83.39 | 62.60 | 54.80 | 52.70 | 211.87 | 58.85 | 33.62 |
| Dividend including Corporate Dividend Tax | 62.76 | 50.20 | 34.55 | 21.87 | 16.44 | 16.44 | 92.90 | 12.82 | 12.82 | 11.12 |
| Equity Dividend (%) | 200% | 160% | 110% | 70% | 50% | 50% | 290% | 40% | 40% | 35% |
| Basic Earnings per Share (Rupees) | 120.11 | 114.48 | 70.54 | 30.78 | 16.23 | 19.49 | 18.77 | 12.11 | 20.95 | 11.97 |
| Diluted Earnings per Share (Rupees) | 119.41 | 114.03 | 70.28 | 30.69 | 16.23 | 19.46 | 18.74 | 12.11 | 20.95 | 11.97 |

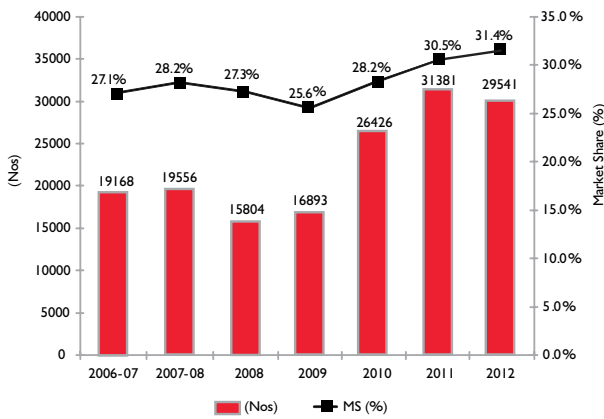
*The accounting year changed to January to December w.e.f 01.04.2008. Thus accounting period is for nine months for the period ended December 31, 2008.

Financial Highlights - EML Consolidated

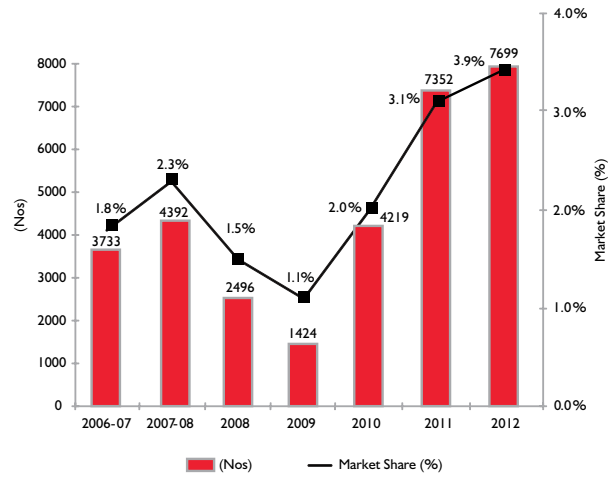


Commercial Vehicle Sales Highlights

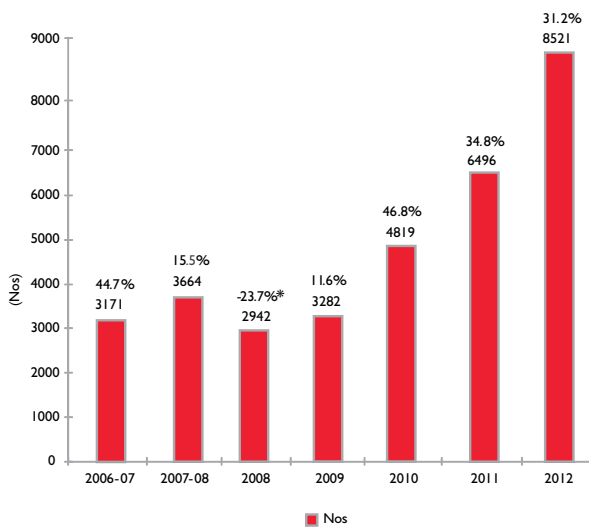
Eicher 5-14 Tonne Cargo Domestic (Nos) and Market Share (%)



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

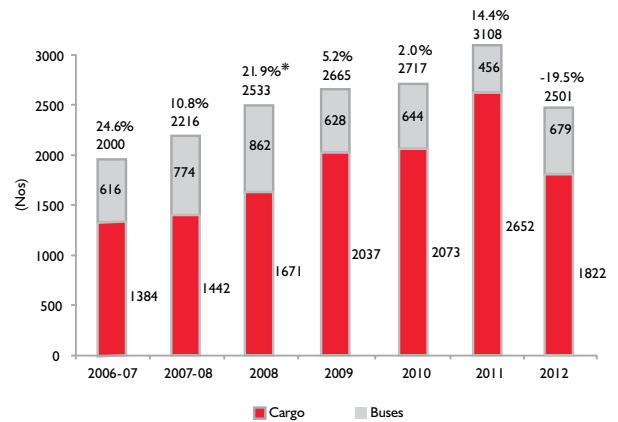


Eicher Buses Domestic (Nos) and Growth (%)



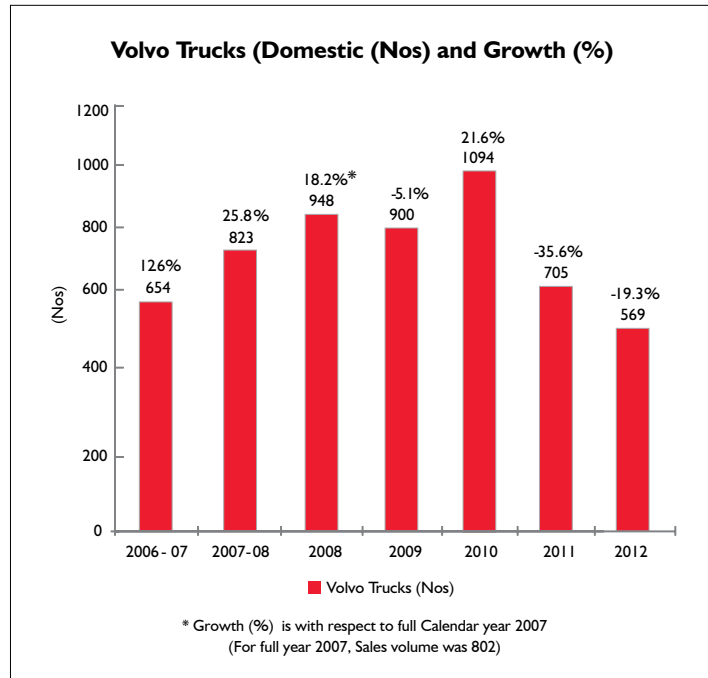
* Growth (%) is with respect to full Calendar year 2007
(For full year 2007, sales volume was 3857 Nos)

Eicher Exports: Cargo/Buses (Nos) and Growth (%)

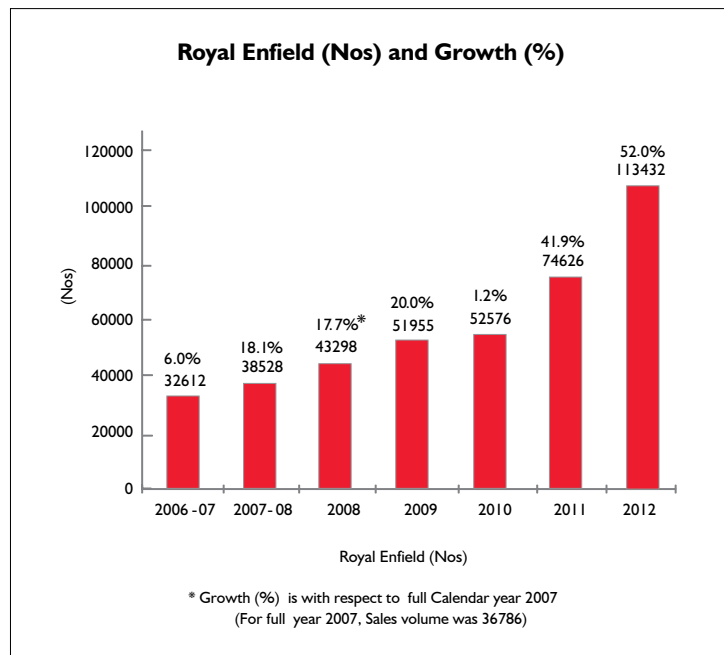


* Growth (%) is with respect to full Calendar year 2007
(For full year 2007, Exports volume was 2078 Nos)

Commercial Vehicle Sales Highlights



Two Wheeler Sales Highlights





Directors'
Report to the
Shareholders

The Board of Directors has pleasure in presenting the Thirty First Annual Report along with the Audited Accounts for the year ended December 31, 2012.

FINANCIAL RESULTS

Your Company achieved an impressive top line growth during the financial year 2012 with total revenue from operations (net) at Rs.1,049.26 crores. The profit before depreciation and interest amounted to Rs. 145.43 crores, which is 13.9% of the total revenue. After accounting for interest and dividend income of Rs. 45.78 crores, interest expense of Rs. 0.26 crore and depreciation of Rs. 17.15 crores, profit before tax amounts to Rs. 173.80 crores. Profit after tax amounted to Rs. 144.76 crores after income tax provision of Rs. 29.04 crores. The financial results are summarised below:

Eicher Motors Limited (Standalone)

Rs. in crores

| Particulars | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
|--|---|---|
| Gross sales | 1,173.79 | 737.35 |
| Less: Excise duty | 130.04 | 71.38 |
| Net sales | 1,043.75 | 665.97 |
| Other operating revenue | 5.51 | 5.48 |
| Total revenue from operations (net) | 1,049.26 | 671.45 |
| Profit before depreciation and interest | 145.43 | 80.09 |
| Interest | 0.26 | 2.02 |
| Depreciation | 17.15 | 13.02 |
| Profit before other income and tax | 128.02 | 65.05 |
| Interest and dividend income* | 45.78 | 76.78 |
| Profit before tax | 173.80 | 141.83 |
| Provision for tax (including Deferred tax) | 29.04 | 17.28 |
| Net profit after tax | 144.76 | 124.55 |
| Balance brought forward from previous year | 381.62 | 313.11 |
| Amount available for appropriation | 526.38 | 437.66 |
| Proposed Dividend | 54.00 | 43.19 |
| Corporate Dividend Tax | 2.14 | 0.39 |
| Transfer to General Reserve Account | 14.48 | 12.46 |
| Balance carried to Balance Sheet | 455.76 | 381.62 |
| Earnings per share | | |
| - Basic (Rs.) | 53.62 | 46.18 |
| - Diluted (Rs.) | 53.31 | 46.00 |

* Dividend @ Rs. 75/- per equity share was declared by the Company's subsidiary, VE Commercial Vehicles Limited (VECV) in its shareholders' meeting held on January 31, 2013, is not included in the financial results for the year ended December 31, 2012. This is due to change in Schedule VI of Companies Act, 1956. Hitherto in terms of the earlier Schedule VI to the Companies Act, 1956, the Company was recognising income from dividend declared by its subsidiary company, i.e. VE Commercial Vehicles Limited (VECV) pertaining to the period on or before the Balance Sheet date. This requirement no longer exists in the revised Schedule VI. Accordingly, the Company as per AS - 9 'Revenue Recognition' has recognised dividend from subsidiary companies as income only when the right to receive dividends is established as on the Balance Sheet date. **Had the Company recognised dividend from VECV as income as per old Schedule VI, the profit for the year 2012 would have been higher by Rs. 40.80 crores.**

DIVIDEND

The Directors are pleased to recommend a dividend of 200% (Rs. 20/- per Equity Share of Rs.10/- each) for the year ended December 31, 2012.

BUSINESS PERFORMANCE

Your Company's Royal Enfield unit crossed a major milestone of producing and selling 1,00,000 motorcycles in the year 2012.

The Royal Enfield unit sold 52.0% more motorcycles in 2012 as compared to 2011. Total sales volume in 2012 was 1,13,432 motorcycles as compared to 74,626 in 2011. Total revenue from operations (net) for the year was Rs. 1,049.26 crores, 56.3% growth over the previous year (Rs. 671.45 crores).

Total exports in 2012 were 3,532 units, a growth of 10.4% over previous year.

Net Sales of spare parts and services grew to Rs. 100.14 crores in 2012 from Rs. 74.50 crores in the previous year, registering a growth of 34.4%.

This year, your Company launched the all new Thunderbird 500 and Thunderbird 350 motorcycle. These were received by customers with an overwhelming response. The Thunderbird range with its unique 360-degree design language and higher powered engine that has Royal Enfield's signature flat torque curve, is poised to be the ultimate highway cruiser on the Indian roads. Along with the Thunderbird range of motorcycles, Royal Enfield also launched a range of well-crafted, meticulously detailed, purpose-built riding apparel, marking the brand's entry into the motorcycle accessories business.

Your Company continued to expand its sales, distribution and after-market network in India and abroad. Royal Enfield products are now sold through 249 outlets (last year 190 outlets) in India and exported to 48 countries (last year 36 countries).

MARKET AND FUTURE PROSPECTS

The Indian motorcycle industry slowed down in year 2012. However, your Company's Royal Enfield unit continued its growth trend in 2012. The exciting variants of Classic models such as Desert Storm and Chrome have expanded the consumer base that look for distinctive style and leisure riding. The New Thunderbird 500 and Thunderbird 350, positioned for long distance riding with value added features, are attracting a wider section of followers and very effective media launches have generated a healthy order book and brand recall. With the market evolving towards motorcycling and leisure riding activities, this growth trend is likely to continue.

Please refer to Management Discussion and Analysis for details.


■ A senior employee rolls out Royal Enfield's 1,00,000th motorcycle of 2012



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 during the year 2012:

 Siddhartha Lal, Managing Director and CEO, Eicher Motors Limited, at the Thunderbird 500 launch

1. Reducing the compressor capacity by 18.65 KWH using 125 HP compressors that resulted in savings of 64,454 KWH per annum.
2. Reduction in power consumption during idle time by using Variable Frequency Drive (VFD) in compressors resulted in savings of 51,564 KWH per annum.
3. Reduction of running time of hydraulic power pack for fixture clamping from 8 hours per shift to 1.2 hours per shift by modifying electrical circuit that resulted in a saving of 23,950 KWH per annum.
4. Reduction in motor running hours in Three Spindle Drilling machine from 8 hours per shift to 2 hours per shift by introducing the Sensor that resulted in a saving of 15,952 KWH per annum.




5. Reduction in fixed power consumption using Star rate split A/c in place of window A/c that resulted in a saving of 6,359 KWH per annum.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

In the following areas, we have designed and developed new systems:

1. Projection headlamp: Vertically stacked twin headlamp with projection system for better illumination on-road.
2. LED tail lamp: LED-based tail lamp for better life, light output and significant power savings. It also serves as an identity of the vehicle when seen from the rear.
3. Improved handlebar mounting arrangements and mirror design help to reduce vibration level felt by the rider as a vibration reduction.
4. New thicker front suspension (41mm diameter) with friction reduction bushes for improved stability of the vehicle.
5. Anti-skip gear shift system to avoid false neutral experienced during gear shifting.
6. TPS (Throttle Position Sensor) in carburettor: Precise control of ignition timing with air/fuel mixture delivery which enhances better drivability, performance and control in emission of the vehicle.
7. Digital Instrument cluster with LED and added tell tales. Wheel speed deduction changed from mechanical to electronic sensor.
8. Introduction of stainless steel exhaust guards instead of chrome plating as an eco friendly measure.

 Royal Enfield's purpose-built riding apparel and accessories



RESEARCH AND DEVELOPMENT

The focus on Research and Development accelerated in 2012. The Company continues to invest in the development of new products and improvement in existing products and value engineering projects. Your Company continues to invest in infrastructure and talent for conducting research and development activities, as a result of which Rs. 3.95 crores (Previous year Rs. 5.55 crores) were incurred on capital account and Rs. 16.75 crores (Previous year Rs. 10.45 crores) were spent on revenue account of Research and Development.

Please also refer Note No. 31 of Notes to Accounts forming part of the Annual Report for further details of Research and Development.

FOREIGN EXCHANGE EARNINGS/EXPENDITURE

During the current year, total exports (FOB value) were Rs. 54.89 crores (Previous year Rs. 45.3 crores).

Foreign Exchange amounting to Rs. 24.50 crores (Previous year Rs. 14.69 crores) was used on account of import of components, spare parts, capital goods, business travel and consulting fees during the year under review.

Please also refer Points Nos. 46 to 48 of Notes to Accounts forming part of the Annual Report for further details of Foreign Exchange earnings and expenditure.

EICHER EMPLOYEE STOCK OPTION PLAN 2006

12,600 stock options have been issued out of the forfeited stock options during the year ended December 31, 2012 (1,32,200 stock options in previous year).

1,77,000 options (net of forfeited options) that were granted on September 30, 2006 under the Employee Stock Option Plan 2006 have vested with employees on October 1, 2009. Out of these, 1,70,600 options (1,70,600 options up to previous year and no options during the year under review) have been exercised by the employees.

2,08,900 options (net of forfeited options) that were granted on October 22, 2007 under the Employee Stock Option Plan 2006 have vested with employees on October 22, 2010. Out of these, 1,45,400 options (1,37,000 options up to previous year and 8,400 options during the year under review) have been exercised by the employees.

The Statement giving complete details as at December 31, 2012, 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 on December 31, 2012, there are no deposits. During the year under review, 17 deposits aggregating Rs. 0.10 crore matured and were repaid. There are no deposits that remain unclaimed. The Company has not renewed/accepted fixed deposits after May 29, 2009.

BOARD OF DIRECTORS

Mr. M.J. Subbaiah – Director retires by rotation and, being eligible, offers himself for reappointment.

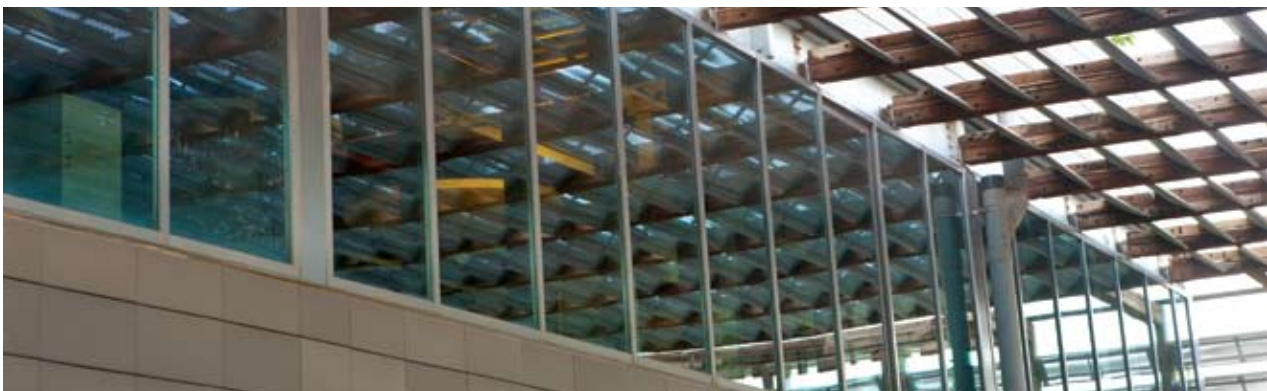
Mr. R.L. Ravichandran was appointed as Whole Time Director of the Company for a period of two years with effect from January 1, 2011. His tenure has expired on December 31, 2012. The Board of Directors in its meeting held on February 12, 2013 has recommended him for reappointment as the Whole Time Director of the Company for a further period of two years with effect from January 1, 2013.

The Board recommends the above reappointments pursuant to applicable provisions of the Companies Act, 1956. Resolutions seeking your approval on said items along with the terms and conditions are included in the Notice convening the Annual General Meeting together with brief resume of the Directors being reappointed.

JOINT VENTURE

Your Company has entered into a strategic joint venture agreement with US-based Polaris Industries Inc. on July 23, 2012, a recognised leader in the powersports industry, to set up a greenfield project in the automotive sector with a 50-50 partnership.

Eicher Headquarters at #96, Gurgaon



Pursuant to the said Joint Venture Agreement, a Joint Venture Company i.e. Eicher Polaris Private Limited has been incorporated on October 10, 2012 to design, develop, manufacture and market a full new range of personal vehicles. The operations of this joint venture will commence in 2015. The overall investment in the Joint Venture Company over a three-year period will be approximately Rs. 250 crores.

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

VECV posted a growth of 6.7% in the year 2012 with total revenue from operations (net) at Rs. 5,297.63 crores as against Rs. 4,964.21 crores during the previous financial year ended December 31, 2011. The profit before depreciation and interest amounted to Rs. 410.43 crores at 7.8% of net sales as against operating profit before depreciation and interest of Rs. 511.74 crores during the previous year at 10.4% of net sales, a decline of 19.8%. After accounting for interest income of Rs. 88.02 crores (Previous year Rs. 103.22 crores), interest expense of Rs. 2.72 crores (Previous year Rs. 5.22 crores) and depreciation of Rs. 64.25 crores (Previous year Rs. 50.15 crores), profit before tax amounts to Rs. 431.48 crores (Previous year Rs. 559.59 crores). After providing for tax of Rs. 94.82 crores, profit after tax amounts to Rs. 336.66 crores (Previous year Rs. 414.11 crores).

The financial results are summarised below:

Rs. in crores

| Particulars | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
|---|--------------------------------------|--------------------------------------|
| Gross Sales | 5,718.30 | 5,295.05 |
| Less: Excise duty | 475.11 | 374.49 |
| Net Sales | 5,243.19 | 4,920.56 |
| Other operating revenue | 54.44 | 43.65 |
| Total revenue from operations (net) | 5,297.63 | 4,964.21 |
| Profit before depreciation and interest | 410.43 | 511.74 |
| Interest | 2.72 | 5.22 |
| Depreciation | 64.25 | 50.15 |
| Profit before other income and tax | 343.46 | 456.37 |
| Interest income | 88.02 | 103.22 |
| Profit before tax | 431.48 | 559.59 |
| Provision for taxation (including Deferred tax) | (94.82) | (145.48) |
| Net profit after tax | 336.66 | 414.11 |

VECV posted a creditable 6.7% growth in net revenue. This is a result of VECV's success in gaining market share in tough market conditions that saw a sharp drop in the industry's sales volume. Segment wise industry and VECV's performance is explained below. Apart from gaining market share and improving the topline, VECV posted a strong financial performance in tough market conditions. It did so by sharp focus on managing costs and working capital.

AN OVERVIEW OF SUBSIDIARY COMPANY'S BUSINESSES

Eicher Trucks and Buses (ETB):

After a good 2011, wherein the Commercial Vehicle industry (5 Tonne and above) grew by 10.1% over the previous year, the industry declined by 11.7% during 2012. Slowdown in new investments and overall industrial production marked the year 2012. As a result, the domestic industry sales volume ended at 3,60,813 units as against 4,07,338 units in 2011, a decline of 11.4%. The total CV industry (including exports) recorded sales of 3,95,180 units as against 2011 sales of 4,47,472 units, a decline of 11.7%.

ETB recorded total sales of 48,262 units against 48,337 units in 2011, a decline of only 0.2% while gaining market share (including exports) from 10.8% in 2011 to 12.2% in 2012.

Within the domestic CV Industry, the Light and Medium duty truck segment of 5 to 14 Tonne (L&MD), where ETB is a strong player, ended the year 2012 with sales of 94,187 units during 2012, a drop of 8.4% over 2011. ETB sold 29,541 units in L&MD segment as against 31,381 units during 2011 thus recording a drop of 6.2%. This however was better than industry's performance and ETB's market share in this segment grew from 30.5% in 2011 to 31.2% in 2012.

The industry's heavy duty truck segment of 16 Tonne and above (HD) sale also dropped from 237,239 units in 2011 to 195,140 units in 2012, a drop of 17.8% in 2012 as against 12% growth in the previous year. However, ETB continued to grow in the HD truck segment, riding on the success of the VE series fuel efficient trucks and ended the year with a growth of 4.7% in the domestic market over 2011. ETB sold 7,699 trucks in 2012 as against 7,352 trucks in 2011 in the domestic market. ETB continues to follow sharply focussed strategy of targeting specific geography and segments with the right fit products in order to ensure superior value delivery to its customers.

ETB continued to build on its strong performance in the Bus segment. It recorded its all time high sale of 8521 units, a growth of 31.2% over previous year. This is a result of its efforts to widen its customer base and maintain superior product quality.

ETB exported 2,501 units in 2012 registering a drop of 19.5% over 2011. This is against the industry drop of 13.2% in exports.

Volvo Trucks India (VTI)

Volvo Trucks are marketed in niche segments dominated mainly by mining tippers and over dimensional cargo carrying prime movers. Over the years, Volvo Trucks has established a dominant position in this segment. Despite intense competition and pricing pressure in a weakening market due to mining issues, Volvo Trucks has maintained its supremacy through differentiated products and after market offerings driving high customer satisfaction.

Volvo Trucks recorded total sales of 569 units against 706 units in 2011, a decline of 19.3%.

Eicher Engineering Components (EEC)

The domestic components industry witnessed a tough period with slowdown in the automobile industry. Specifically, all the segments to which EEC is supplying components i.e. Tractors, Commercial Vehicles, Three Wheelers, etc. witnessed lower demand.

The construction of a new plant at Dewas was completed in December 2012. This plant has a capacity of 1,20,000 gears per month and will become fully operational by early 2013.

Eicher Engineering Solutions (EES)

This business is operated through an Engineering Design Centre at Gurgaon (EESG) along with Eicher Engineering Solution Inc., (USA) and its two subsidiaries viz. Hoff Auto Design (Shanghai) Co. Ltd. and Hoff Auto Design (Beijing) Co. Ltd.

The overall business revenue grew 6.5% over last year. EES successfully generated business from strategic customers and group companies.

MARKET AND FUTURE PROSPECTS OF SUBSIDIARY COMPANY'S BUSINESSES

VE Commercial Vehicles Limited, Eicher Motors 50:50 Joint Venture with AB Volvo, will complete five years in 2013. The journey has been very eventful and the symbiosis has been very clearly experienced by all stakeholders: dealers, suppliers, employees and shareholders. Since its inception in 2008, VECV has made capital investments of more than Rs. 1,300.00 crores in developing new manufacturing facilities, progressively upgrading of industrial capacity, developing new products and setting up world class systems and processes in all areas of the business.

VE Powertrain (VEPT) is the world class engine manufacturing facility with modern design and frugal engineering approach. VEPT is the first plant in India capable of producing Euro 6 engines, with variants of Euro 3/4 and 5. It has state-of-the-art technology with the highest level of automation in India. It has immense strategic importance as it will meet the requirements of Volvo Group's automotive medium duty engine and Eicher branded HD commercial vehicles. The terminal capacity of the plant would be 1,00,000 engines, to be achieved gradually. The production will commence in the second half of 2013.

The recently installed CED Paintshop is a giant leap in quality. It will ensure best cabin painting finish in the contemporary trucks in India. The corrosion resistance is significantly enhanced. The plant will have a capacity of 72,000 units/year production in the first phase expandable to 1,00,000 units/year in the second phase. ETB's new state-of-the-art Parts Distribution Centre has become operational. This will significantly enhance ETB's ability to provide a distinctly superior customer service. The new bus body plant will be completed in the first half of 2013. Increasing ETB's ability to provide superior product and better value to its customers. ETB continues to make excellent progress on developing new LMD and HD product platforms.

EEC created additional capacities for Transmission Gears by setting up its fourth manufacturing plant at Dewas. This new plant will cater to the requirements needed for increased volumes of ETB, VEPT, Royal Enfield and increased share of business from existing customers.

Eicher Trucks and Buses (ETB)

The year 2012 has been quite an eventful year for ETB. Apart from the excellent progress in various projects, ETB further consolidated its position with gain in market shares in all the segments.

Overall, CV growth in 5 Tonne and above category declined in 2012 as compared to last year. All categories in the heavy duty truck segment witnessed decline as the HD segment contracted by 17.8% in 2012. The high sale of vehicles in 2010 and 2011 in anticipation of high continuing growth has resulted in excess capacity coupled with the postponement of replacement demand owing to the current economic situation. Buses saw a moderate growth of 6.3% in 2012.

ETB recorded an excellent overall performance in 2012 with substantial increase in market share across all product segments. In 2013, the L&MD vehicles are expected to continue their strong contribution. It is also expected that the increasing acceptability and positive customer response to the 'VE' series of Heavy Duty trucks and increasing penetration of Heavy Duty buses would provide incremental volumes in 2013 and lead to improved growth prospects in the future. The new product platforms of both L&MD and HD commercial vehicles will provide a significant opportunity to ETB to enhance its customer value proposition.

There is emerging competition but ETB is in a strong position with the large number of products in its portfolio, the population base it has for its vehicles and also a strong, committed and expanding dealer network.

Volvo Trucks India (VTI)

2012 witnessed tough competition with pressure on price realisation. VT FM 480 10x4, the innovative Dump Truck launched from the Volvo stable in October 2012 has evinced


strong customer interest. VTI has launched extensive country-wide customer engagement activities focussing on the Value enhancers with the complete new range in Volvo Trucks.

Eicher Engineering Components (EEC)

Growth in business with domestic Original Equipment Manufacturers (OEMs) will be in line with the manufacturing plans of the domestic OEMs. However, owing to a higher share of business with OEMs, development of new products, upgradation of technology and meeting the increasing requirements of new strategic customers would be key for the long term success of EEC.

Eicher Engineering Solutions (EES)

The Engineering Services market continues to be an area of high opportunity and potential for growth. In 2012, EES improved its business from strategic customers and group companies and also deployed global resources for project execution.

 Volvo FM 480 10x4 Dump Truck

PARTICULARS UNDER SECTION 212 OF THE COMPANIES ACT, 1956

In terms of a General Circular No. 2/2011 dated February 8, 2011, issued by the Ministry of Corporate Affairs, the Board of Directors of the Company has accorded consent at its meeting held on February 12, 2013, for non-attachment of the copies of Balance Sheets, Statement of Profit and Loss, reports of the Board of Directors and Auditors' Report of the subsidiaries (including step down subsidiaries) as required under the provisions of Section 212 of the Companies Act, 1956 and to comply with the conditions laid down under the said circular.

The annual accounts and related detailed information of the subsidiary company (including step down subsidiaries) will be made available to the shareholders of the Company and its subsidiary company (including step down subsidiaries) at any point of time and will also be available for inspection.

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 include financial information of its subsidiaries. The statement pursuant to Section 212 of the Companies Act, 1956 forms part of the Annual Report.





Eicher 11.14 Truck



Eicher Skyline Limo

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 Consolidated Cash Flow Statement for the year ended December 31, 2012 are provided in the Annual Report.

AUDITORS' REPORT

With reference to para 5 of the Auditors' Report on the Consolidated Financial Statements for the year ended December 31, 2012, please refer Note No. 35 in the Notes to Accounts of the Consolidated Financial Statements for the year ended December 31, 2012, which is self-explanatory.

STATUTORY AUDITORS

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

COST AUDITORS


In conformity with the directives of the Central Government, the Company has appointed Mr. V. Kalyanaraman, Cost Accountants, Chennai, as the Cost Auditors under Section 233B of the Companies Act, 1956, for the audit of cost accounts for the Motor Vehicles (Two Wheelers) unit of the Company for the year ending December 31, 2013.

Pursuant to the General Circular No. 43/2012 dated December 26, 2012 read with General Circular Nos.18/2012 dated July 26, 2012 and 8/2012 dated May 10, 2012 (as amended on June 29, 2012), the Ministry of Corporate Affairs has allowed the companies concerned to file their Cost Audit Reports for the year 2011-12 [including the reports relating to any previous year(s)] with the Central Government in the XBRL mode, within 180 days from the close of the Company's financial year to which the report relates or by January 31, 2013, whichever is later. Accordingly, the Cost Audit Report for the year ended December 31, 2011 was filed on December 31, 2012.

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.



 Eicher 35.31 Bulker

PARTICULARS OF EMPLOYEES

The statement of particulars of employees as per Sub-Section (2A) of Section 217 of the Companies Act, 1956, read with Companies (Particular of Employees) Rules, 1975, for the year ended December 31, 2012 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, judgments 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 that year;
- c. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- d. the annual accounts have been prepared on a going concern basis.

ACKNOWLEDGEMENT

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

Your Directors also place on record, their sincere appreciation for 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: Gurgaon
Date: February 12, 2013

Siddhartha Lal **S. Sandilya**
Managing Director Chairman

ANNEXURE TO THE DIRECTORS' REPORT TO THE SHAREHOLDERS

EMPLOYEE STOCK OPTION PLAN

Statement as at December 31, 2012, 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 | Under Eicher Employee Stock Option Plan, 2006: |
| | | 1. 3,01,400 options granted in the year ended March 31, 2007 |
| | | 2. 2,89,200 options granted in the year ended March 31, 2008 |
| | | 3. 55,400 options granted in the year ended December 31, 2010 out of forfeited options |
| | | 4. 1,32,200 options granted in the year ended December 31, 2011 out of forfeited options |
| | | 5. 12,600 options granted in the year ended December 31, 2012 out of forfeited options |
| b) | (i) Pricing Formula | All the options were granted at the closing market price of the Ordinary Shares of the Company on NSE/BSE on the day preceding the date of grant of Options |
| | (ii) Exercise Price (Rs.) | 1. 297 for options granted in the year ended March 31, 2007 |
| | | 2. 462 for options granted in the year ended March 31, 2008 |
| | | 3. 695 for 40,000 options granted in the year ended December 31, 2010 |
| | | 4. 1,411 for 15,400 options granted in the year ended December 31, 2010 |
| | | 5. 1,162 for 1,32,200 options granted in the year ended December 31, 2011 |
| | | 6. 1,770 for 12,600 options granted in the year ended December 31, 2012 |
| c) | Total number of Options vested | 4,25,900 |
| d) | Total number of Options exercised | 3,16,000 |
| e) | Total number of Ordinary Shares arising as a result of exercise of Options. | 3,16,000 |
| f) | Total number of Options lapsed (Lapsed Options include those forfeited) | 4,500 (Only forfeited options excluding options granted out of such forfeited options) |
| g) | Variation of terms of Options | Nil |
| h) | Money realised by exercise of Options | Rs. 11.78 crores |
| i) | Total number of Options in force | 2,70,100 |
| j) | Details of Options granted during the period | |
| | i) Senior Managerial Personnel | None |
| | ii) Any employee who received a grant in any one year of Options amounting to 5% or more of the Options granted during that year. | None |
| | iii) 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 (DEPS) pursuant to issue of Ordinary Shares on exercise of Options calculated in accordance with Accounting Standard (AS) 20 'Earning Per Share'. | Rs. 53.31 | | | | | |
| 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 year ended December 31, 2012 is Nil. | | | | | |
| | (ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognised if it had used the fair value of the Options. | Rs. 2.97 crores on account of Options granted in the year ended December 31, 2010, December 31, 2011 and December 31, 2012 | | | | | |
| | (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 the year ended December 31, 2010, December 31, 2011 and December 31, 2012, the employee compensation cost would have been higher by Rs. 2.97 crores, Profit after tax lower by Rs. 2.97 crores and the basic and diluted earnings per share would have been lower by Rs. 1.10 and Rs. 1.10 respectively. | | | | | |
| m) | Weighted average exercise prices and weighted average fair values of Options granted for Options whose exercise price either equals or exceeds or is less than the market price of the stock. | Options grant date | Exercise price (Rs.) | Fair value (Rs.) | | | |
| | | 1 st Oct., 2006 | 297 | 154.62 | | | |
| | | 22 nd Oct., 2007 | 462 | 243.90 | | | |
| | | 29 th Apr., 2010 | 695 | 154.62 | | | |
| | | 8 th Nov., 2010 | 1,411 | 243.90 | | | |
| | | 6 th May, 2011 | 1,162 | 625.14 | | | |
| | | 11 th Feb., 2012 | 1,770 | 967.06 | | | |
| 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 1 st October 2006, 22 nd October 2007, 29 th April, 2010, 8 th November, 2010, 6 th May, 2011 and 11 th February, 2012 is estimated using the Black-Scholes Option Pricing Model after applying the following key assumptions: | | | | | |
| | | 1st Oct. 2006 | 22nd Oct. 2007 | 29th Apr. 2010 | 8th Nov. 2010 | 6th May 2011 | 11th Feb. 2012 |
| | i) Risk free interest rate | 7.68% | 7.95% | 7.68% | 7.95% | 8.29% | 8.25% |
| | ii) Expected life | 10 years | 10 years | 10 years | 10 years | 10 years | 10 years |
| | iii) Expected volatility | 49.86% | 49.66% | 49.86% | 49.66% | 49.03% | 46.63% |
| | iv) Expected dividends | 1.58% | 1.49% | 1.58% | 1.49% | 1.48% | 1.44% |
| | v) The price of the underlying share in market at the time of Option grant | 296.80 | 461.80 | 695.00 | 1,411.00 | 1,162.00 | 1,770.00 |

For and on behalf of the Board

Place: Gurgaon
Date: February 12, 2013**Siddhartha Lal**
Managing Director**S. Sandilya**
Chairman

ANNEXURE TO THE DIRECTORS' REPORT TO THE SHAREHOLDERS

MANAGEMENT DISCUSSION AND ANALYSIS

I INDUSTRY STRUCTURE AND DEVELOPMENT

In 2012, the two wheeler industry's growth rate lowered to 5.2%, after having grown 17.2% in 2011. Within the two wheeler industry, the motorcycle industry grew by 2.0% in 2012, as compared to 16.6% in 2011. The slowdown was witnessed across the two wheeler industry except for the scooter market which grew by 20.6% in 2012.

The volume and growth of the two wheeler and motorcycle industry are as below:

| | 2012 | 2011 | Growth |
|-----------------------------|-------------|-------------|--------|
| Two Wheeler Industry (Nos.) | 1,57,49,843 | 1,49,70,591 | 5.2% |
| Motorcycles (Nos.) | 1,19,66,968 | 1,17,28,487 | 2.0% |

Within all motorcycle segments, the growth momentum slowed down in 2012 as compared to 2011.

| Segment | Growth in 2012 over 2011 | Growth in 2011 over 2010 |
|--|--------------------------|--------------------------|
| Economy segment ($\leq 125\text{cc}$) | 2.9% | 15.0% |
| Executive segment (Above 125cc & $\leq 250\text{cc}$) | -12.2% | 20.0% |
| Premium segment (Above 250cc) | 56.5% | 71.0% |

While the two wheeler industry witnessed a muted growth in last year, the premium segment within the category continued with its upward swing. The trend of leisure motorcycling is evolving across the country, with its adoption by a growing customer population who are aspirational and have increased brand consciousness. This provides the premium motorcycle segment a significant potential for future growth.

Your Company's Royal Enfield unit has an extremely rich global heritage of practical leisure motorcycling of over a hundred years. Royal Enfield is a cult brand globally and has pioneered the leisure motorcycling culture in India. The brand's positioning and related marketing activities have both delighted the current customers and opened up avenues for attracting new customers. Royal Enfield's biggest connect with its customers and admirers is through its marquee rides that are organised throughout the year. These rides see participation from a cross-section of its customers and enthusiasts who take time off from their regular routines to ride out on their Royal Enfields to some of the most scenic locales within and outside the country. Riding is also promoted actively at the dealership levels.

Royal Enfield has also substantially expanded and upgraded its network across the country. In 2012 it added 63 new dealerships taking the total dealership network to 249. The Company plans to continue to expand its distribution aggressively over the next few years, so that it is more convenient for Royal Enfield customers to purchase a bike and have it repaired and increasingly so to purchase accessories and apparel as well. The Company's focus is



on providing a very unique, friendly and technically adept experience at its dealerships so that the customer truly appreciates every contact with the Company.

2. OPPORTUNITIES, THREATS AND OUTLOOK

The mega trends of India's economic growth will present tremendous opportunities for growth in the motorcycle segment and in leisure biking. Your Company's healthy



Above: Royal Enfield's Thunderbird 500
Below: Royal Enfield's marquee ride – Himalayan Odyssey 2012

customer order book provides a clear indication of future growth. In spite of the slowdown across the automobile industry, Royal Enfield has achieved strong growth compared to 2011 and also achieved the record mark of 1,00,000 motorcycles in production and sales in a year for the first time.

2013 will witness the commercialisation of Royal Enfield's second manufacturing facility at Oragadam, Chennai. Upon completion it will be a state-of-the-art plant in terms of technology, equipment, material work flow and work practises. Your Company's management has planned and executed not only the construction of the facilities but also focussed on upgrading its supply chain to make it more robust and reliable and worked extensively with suppliers to improve the quality of input supplies.

Your Company continues to enlarge and enrich its product portfolio. At the 2012 Auto Expo, Royal Enfield previewed its new motorcycle Thunderbird 500 along with a range of well crafted, meticulously detailed and purpose built riding gear, apparels and accessories. These products were subsequently launched in October 2012 across key markets in the country. Along with the Thunderbird 500, Royal Enfield also launched the all new Thunderbird 350 that rides on the same design principle as that of the Thunderbird 500. These products were received exceedingly well by the customers. Both the Thunderbird 500 and the Thunderbird 350 were awarded the 'Bike of the Year' in their respective categories by ET Zigwheels and NDTV respectively. Royal Enfield was also recognised as the 'Two wheeler manufacturer of the year' and the 'Bike maker of the year' by NDTV and ET Zigwheels respectively.





The Royal Enfield Café Racer

For Royal Enfield, 2013 will also have some exciting products in store. The much awaited Café Racer motorcycle that was showcased at the Auto Expo 2012 will be launched in the second half of 2013. The new Bullet 500 will also be launched in early 2013.

In addition, your Company continues to build infrastructure and resource capability in product development. It is working on new platforms and models for its future range of motorcycles.

3. BUSINESS PERFORMANCE

Please refer section on 'Business Performance' in the Directors' Report.

4. RISKS AND CONCERNS

The Company regularly conducts a study to develop a comprehensive 360° view on the opportunities, risks and threats to the business. These include areas such as market trends, new competition, changing customer preferences, disruptions in supplies, product development, talent management, etc.

Key risks identified for the Royal Enfield unit are as follows:

1. Inability to timely ramp-up production to meet market demand and planned growth.
2. Entry of new players in the premium segment may pose (indirect) competition.
3. Loss of customer satisfaction and brand image due to quality issues.
4. Inability to grow exports volumes with current distributor model, current products and perceived quality.

The management has put in place a comprehensive 'Risk Management Mechanism' to manage these risks. To manage and mitigate the same, these risks are embedded in the various initiatives that the management will execute in 2013 and beyond. These plans are reviewed periodically with the Board of Directors of the Company.

5. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a comprehensive system of internal control to safeguard the Company's assets against the loss from unauthorised use and ensure proper authorisation of financial transactions.

The Company has internal control systems commensurate with the size and nature of the business and has experienced personnel positioned adequately in the organisation to ensure internal control process and compliances. The Company takes abundant care in designing, reviewing and

monitoring regularly the working of inter control systems and internal control compliances for all important financial internal control processes. The Audit findings are reported on quarterly basis to the Audit Committee of the Board headed by a Non-executive Independent Director.

The Company has robust ERP systems based on SAP platform. This ensures a high degree of systems-based checks and controls.

The Company maintains a system of internal controls designed to provide a high degree of assurance regarding the effectiveness and efficiency of operations, the reliability of financial controls and compliance with laws and regulations.

6. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

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

7. HUMAN RESOURCES

Industrial relations were cordial throughout the year and the Company has initiated many programmes on up-skilling its manpower. As an ongoing exercise, the Company has continued to look at, identify, create and execute seamlessly, initiatives which enhance productivity and efficiency.

The Company continues to invest in people through various initiatives which enable the workforce to meet out the production requirements and challenges related thereto and to infuse positive enthusiasm towards the organisation.

The Company's talent base (full time), as on December 31, 2012 stands at 927.

8. CAUTIONARY STATEMENT

Certain statements in the Management Discussion and Analysis describing the Company's view about the Industry, objectives and expectations, etc. may be considered as 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ substantially or materially from those expressed or implied in the statement. The Company's operations may be affected with supply and demand situation, 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: Gurgaon

Date: February 12, 2013

Siddhartha Lal
Managing Director

S. Sandilya
Chairman

ANNEXURE TO THE DIRECTORS' REPORT TO THE SHAREHOLDERS

Statement of Particulars of Employees Pursuant to the Provisions of Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 forming part of the Directors Report for the year ended December 31, 2012.

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

A. Employed for the year from 01.01.2012 to 31.12.2012 in receipt of remuneration not less than Rs. 60,00,000 per annum.

| Name | Age | Qualifications | Experience | Date of commencement of employment | Designation | Remuneration (Amount in Rs.) | Last Employment |
|-----------------------|-----|--------------------------------|------------|------------------------------------|--|------------------------------|--|
| Siddhartha Lal | 39 | PGDME, MSc. (Automotive Engg.) | 16 | May 2001 | Managing Director & Chief Executive Officer | 4,01,78,510 | Eicher Limited |
| Lalit Malik | 45 | CA & MBA | 19 | October 2010 | Chief Financial Officer | 1,04,83,850 | Max India Limited |
| Venkatesh Padmanabhan | 49 | B.Sc, MS, Ph.D | 24 | December 2008 | Chief Executive Officer, Royal Enfield (A Unit of Eicher Motors Limited) | 1,11,29,959 | Mercedes Car Group/Chrysler Group (DC) |
| B.Govindarajan | 44 | B.E, PGDMM | 23 | June 2011 | Senior Vice President - Industry | 64,64,198 | Patil Rail Private Limited |
| N.Krishnan | 53 | B.E, MS | 28 | June 2011 | Senior Vice President - Product | 61,29,219 | GE India Technology Private Limited |
| Shaji Khoshy | 52 | B.TECH | 27 | May 2006 | Senior Vice President - Marketing | 67,75,691 | Hindustan Motors Limited |

B. Employed for part of the year ended 31.12.2012 in receipt of remuneration not less than Rs. 5,00,000/- per month.

| Name | Age | Qualifications | Experience | Date of commencement of employment | Designation | Remuneration (Amount in Rs.) | Last Employment |
|---------|-----|----------------|------------|------------------------------------|-------------|------------------------------|-----------------|
| - NIL - | | | | | | | |

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 contractual.
3. None of the above employees is related to any director of the Company.
4. The aforesaid employees do not hold any equity shares of the Company in accordance with Section 217(2A)(a)(iii) of the Companies Act, 1956.

For and on behalf of the Board

Place: Gurgaon
Date: February 12, 2013

Siddhartha Lal **S. Sandilya**
Managing Director Chairman



Report on
Corporate
Governance

The spiral staircase at Eicher Headquarters, Gurgaon

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".

Our philosophy on Corporate Governance in Eicher emanates from resolute commitment to protect stakeholder rights and interests, proactively manage risks and create long-term wealth and value. It permeates in all aspects of working – workplace management, marketplace responsibility, community engagement and business decisions.

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

The governance processes of the Company include creation of empowered sub-committees of the Board to oversee the functions of executive management. These sub-committees of the Board mainly comprises of Non-executive Directors and Independent Directors, which meet and deliberate regularly to discharge their obligations.

2. BOARD OF DIRECTORS

As on December 31, 2012, the Company's Board consists of six members. The Board is responsible for the management of the affairs of the Company's businesses.

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

The details of composition and Directorship held in other companies/Board committees by each member of the Board of Directors of the Company as on December 31, 2012 are as under:

| S.No. | Name of the Director/ DIN No. | Category (Independent/ Non-executive/ Executive) | Number of Directorships held in other Companies* | Number of Board Committee Memberships/Chairmanships held in other Companies* | |
|-------|---|---|---|--|---------------|
| | | | | Membership | Chairmanships |
| 1. | Mr. S. Sandilya – Chairman DIN No. 00037542 | Non-executive and Independent Director | 5 | 1 | 4 |
| 2. | Mr. Siddhartha Lal – Managing Director DIN No. 00037645 | Executive Director | 1 | - | - |
| 3. | Mr. R. L. Ravichandran – Whole Time Director DIN No. 03309996 | Executive Director | - | - | - |
| 4. | Mr. Priya Brat – Director DIN No. 00041859 | Non-executive and Independent Director | 3 | 3 | 1 |
| 5. | Mr. M.J. Subbaiah – Director DIN No. 00044799 | Non-executive and Independent Director | 1 | - | 1 |
| 6. | Mr. Prateek Jalan – Director DIN No. 02170139 | Non-executive and Independent Director | 1 | - | - |

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

*For the purpose of reckoning the limit of the interest in the Committees of Board of Directors, Chairmanship/Membership of the Audit Committee and the Shareholders' and Investors' Grievance Committee alone has been considered and Directorship in Private Limited Companies, Foreign Companies and Companies registered under Section 25 of the Companies Act, 1956 has not been considered.

No Director of the Company is interrelated to any other Director on the Board.

Details of Shareholding of Directors as on December 31, 2012

The details of Shareholding of Directors are as under:

| S.No. | Name of the Director | No. of Shares |
|-------|----------------------|---------------|
| 1. | Mr. S. Sandilya | 12,766 |
| 2. | Mr. Siddhartha Lal | 2,94,694 |

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

Meetings and Attendance

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

| S. No. | Name of the Director | No. of Board Meetings held | No. of Board Meetings attended | Whether attended the 30 th AGM held on March 22, 2012 |
|--------|---|----------------------------|--------------------------------|--|
| 1. | Mr. S. Sandilya – Chairman Non-executive and Independent Director | 4 | 4 | Yes |
| 2. | Mr. Siddhartha Lal – Managing Director | 4 | 4 | Yes |
| 3. | Mr. R.L. Ravichandran – Whole Time Director | 4 | 3 | Yes |
| 4. | Mr. Priya Brat – Non-executive and Independent Director | 4 | 4 | Yes |
| 5. | Mr. M.J. Subbaiah – Non-executive and Independent Director | 4 | 4 | No |
| 6. | Mr. Prateek Jalan – Non-executive and Independent Director | 4 | 4 | Yes |

The Chairman of the Audit Committee was not present at the last AGM held on March 22, 2012. However, Mr. S. Sandilya, member of Audit Committee was present and answered the queries of the shareholders.

Meetings of the Board of Directors were held on February 11, 2012, May 14, 2012, August 9, 2012 and November 9, 2012.

3. COMMITTEES

I COMMITTEES OF THE BOARD

(i) Audit Committee

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

Meetings and Attendance

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

Meetings of the Audit Committee of the Board of Directors were held on February 11, 2012, May 14, 2012, August 9, 2012 and November 9, 2012.

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

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

(ii) Shareholders' and Investors' Grievance Committee

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

Meetings and Attendance

| S.No. | Name of the Member | No. of meetings held | No. of meetings attended |
|-------|--|----------------------|--------------------------|
| 1. | Mr. Priya Brat – Chairman Non-executive and Independent Director | 4 | 4 |
| 2. | Mr. S. Sandilya – Non-executive and Independent Director | 4 | 4 |

Meetings of the Shareholders' and Investors' Grievances Committee of the Board of Directors were held on February 11, 2012, May 14, 2012, August 9, 2012 and November 9, 2012.

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

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

(iii) Compensation Committee

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

Meetings and Attendance

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

Meeting of the Compensation Committee of Board of Directors was held on February 11, 2012.

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

II COMMITTEE OF THE COMPANY

Shares Committee

The Shares Committee of the Company consists of three members i.e. Mr. Siddhartha Lal – Managing Director, Mr. Ravi Sikka – Director-Group Affairs and Taxation and Mr. Lalit Malik – Chief Financial Officer to look after and approve transfer of equity shares including dematerialisation, issue of duplicate certificates, transmission of securities, etc. During the year ended December 31, 2012, twenty-seven meetings of the Committee were held whereby 47,457 shares were transferred by the Committee.

4. REMUNERATION OF DIRECTORS (FOR THE YEAR ENDED DECEMBER 31, 2012)

The remuneration of the Managing Director and Whole Time Director is fixed by the Board of Directors and approved by shareholders in the Annual General Meeting. The Managing Director and Whole Time Director of the Company are being provided with the remuneration from the Company for which requisite shareholders' approvals had been obtained at the Annual General Meeting.

The details of remuneration to Managing Director and Whole Time Director for the year ended December 31, 2012 are as under:

Rs. in crores

| Name of the Director | Remuneration | Commission | Perquisites | Service Contract | |
|---|--------------|------------|-------------|--|--|
| | | | | Tenure | Notice period |
| Mr. Siddhartha Lal – Managing Director | 1.44 | 2.0 | 0.59 | 5 years (Mr. Siddhartha Lal was reappointed as Managing Director w.e.f. May 1, 2011 up to April 30, 2016 which was approved by members of the Company in its Annual General Meeting held on March 18, 2011) | 3 months notice or salary in lieu of notice for 3 months or for such period which falls short of 3 months. |
| Mr. R.L. Ravichandran – Whole Time Director | 0.54 | - | 0.01 | 2 years (Mr. R.L. Ravichandran was appointed as Whole Time Director w.e.f. January 1, 2011 up to December 31, 2012, which was approved by members of the Company in its Annual General Meeting) | 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 Salary and allowances, Perquisites and Commission shall not exceed 10% of the net profit computed in the manner laid down in Sections 198, 349 and other applicable provisions of the Companies Act, 1956 as amended from time to time.

Note: No sitting fees have been paid to Mr. Siddhartha Lal and Mr. R.L. Ravichandran during the year ended December 31, 2012.

The remuneration comprising sitting fees and commission to Non-executive and Independent Directors for the year ended December 31, 2012 is as under:

| Name of the Director | Remuneration* (Amount in Rs.) | |
|--|-------------------------------|------------------|
| | Sitting fees | Commission |
| Mr. S. Sandilya – Non-executive and Independent Director | 2,20,000 | 29,00,000 |
| Mr. Priya Brat – Non-executive and Independent Director | 2,20,000 | 4,00,000 |
| Mr. M.J. Subbaiah – Non-executive and Independent Director | 1,60,000 | 4,00,000 |
| Mr. Prateek Jalan – Non-executive and Independent Director | 1,60,000 | 14,00,000 |
| Total | 7,60,000 | 51,00,000 |

In addition to the sitting fees mentioned above, the Non-executive and Independent Directors of the Company are entitled to remuneration by way of commission up to the maximum of 1% of the net profits of the Company calculated in accordance with the applicable provisions of the Companies Act, 1956, w.e.f. the financial year ended December 31, 2009 for which requisite shareholders' approval was obtained in the Annual General Meeting (AGM) held on March 15, 2010. Further, there has been no other pecuniary relationship or business transactions by the Company with any Non-executive and Independent Directors of the Company.

*Remuneration paid to Non-executive and Independent Directors represent sitting fees as approved by the Board of Directors for attending the Board Meetings and Committee Meetings thereof and Annual Commission.

Notes: - The Non-executive and Independent Directors are paid sitting fees @ Rs. 20,000 for attending each meeting of the Board of Directors, Audit Committee and Compensation Committee.

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

5. DISCLOSURES

(i) Related Party Transactions

In terms of the Accounting Standard-18 "Related Party Disclosures", as notified under the Companies (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 Note No.39 to the Accounts forming part of this Annual Report.

Transactions with related parties entered into by the Company are in the normal course of business on arm's length basis and do not have potential conflicts with the Company. Further, these transactions are also placed in the Audit Committee Meeting(s).

(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 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 and a certificate forms part of the Annual Report.

(v) Non-mandatory requirements

The Company has not adopted the Non-mandatory requirements as specified in Annexure I D of Clause 49 of the Listing Agreement.

(vi) Accounting treatment

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention.

(vii) Risk Management

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

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

6. MEANS OF COMMUNICATION

- (i) The consolidated quarterly and annual results are published in the Business Standard (English) – All Editions and Business Standard (Hindi), Delhi. The Standalone and Consolidated quarterly and annual results of the Company are available on Company's website at www.eicher.in
- (ii) The Standalone and Consolidated quarterly and annual results are filed with the Stock Exchanges in terms of Clause 4 I of the Listing Agreement.
- (iii) The following are displayed on the Website of the Company i.e. www.eicher.in:
 - Business of the Company;
 - Annual Report of the Company;
 - Standalone and Consolidated Quarterly and Annual Financial Results of the Company;
 - Shareholding Pattern;
 - Company Profile;
 - Press Releases;
 - Code of Conduct for the Directors and Senior Management;
 - Investors/analysts conference call information and transcripts;
 - Contact information – for solving any queries.
- (iv) Management Discussion and Analysis Report forms part of the Report of the Directors.

7. SHAREHOLDERS' INFORMATION

- (i) **Day, date, time and venue of the Annual General Meeting** : Friday, March 22, 2013 at 10.00 A.M.
at LTG Auditorium, Copernicus Marg,
New Delhi - 110 001

(ii) Financial Year

The current year is for 12 (twelve) months from January 1, 2012 to December 31, 2012.

(iii) General Body Meetings

| Year | Date | Day | Time | Location | Whether passed any Special Resolution |
|-------------------|---------------------|----------|------------|---|---------------------------------------|
| December 31, 2009 | 15.03.2010 (AGM) | Monday | 10.00 A.M. | LTG Auditorium, Copernicus Marg, New Delhi-110 001 | Yes* |
| December 31, 2010 | 18.03.2011 (AGM) | Friday | 10.00 A.M. | LTG Auditorium, Copernicus Marg, New Delhi-110 001 | No |
| December 31, 2011 | 22.03.2012 (AGM) | Thursday | 10.00 A.M. | LTG Auditorium, Copernicus Marg, New Delhi – 110 001. | Yes** |

* The Company in its AGM held on March 15, 2010, passed a special resolution pursuant to the provisions of Sections 198, 309 and all other applicable provisions of the Companies Act, 1956 for the payment of remuneration by way of commission to the Non-executive Directors of the Company (other than the Managing Director and Whole Time Director) with effect from the financial year ended on December 31, 2009 for a period of five years.

** The Company in its AGM held on March 22, 2012, passed a special resolution pursuant to the provisions of Section 31 and all other applicable provisions of the Companies Act, 1956 for the amendment of Articles of Association of the Company.

(iv) Financial Calendar – 2012

| Adoption of Quarterly/Annual Results for the quarter/year ended | Date of Board Meetings | Date of publication | Name of Newspapers |
|---|------------------------|---------------------|---|
| March 31, 2012 (Quarterly Results) | 14/05/2012 | 15/05/2012 | Business Standard - All Editions (English) and Business Standard (Hindi), Delhi |
| June 30, 2012 (Quarterly Results) | 09/08/2012 | 10/08/2012 | Business Standard - All Editions (English) and Business Standard (Hindi), Delhi |
| September 30, 2012 (Quarterly Results) | 09/11/2012 | 10/11/2012 | Business Standard - All Editions (English) and Business Standard (Hindi), Delhi |
| December 31, 2012 (Annual Results) | 12/02/2013 | 13/02/2013 | Business Standard - All Editions (English) and Business Standard (Hindi), Delhi |

Tentative Financial Calendar – 2013

Quarterly results for the quarters ending March 31, 2013, June 30, 2013, September 30, 2013 and annual results for the year ending December 31, 2013 will be approved in the Board Meetings which will be tentatively held in the month of May, 2013, August, 2013, November, 2013 and February, 2014 respectively (subject to the finalisation of dates by the Board of Directors). The Consolidated quarterly and annual results shall be published in the Business Standard (English) – All Editions and Business Standard (Hindi), Delhi. The Standalone and Consolidated quarterly and annual results are intimated to Stock Exchanges. Additionally, the same are also posted on Company's website at www.eicher.in

(v) **Book Closure Dates** : Friday, March 15, 2013 to Friday, March 22, 2013
{Both days inclusive}

(vi) **Dividend payment date** : Thursday, March 28, 2013

(vii) Listing on Stock Exchanges

The equity shares of the Company are listed on the Stock Exchanges i.e. BSE Limited, Mumbai (BSE) and National Stock Exchange of India Limited, Mumbai (NSE). The Company confirms that the annual listing fees to both the stock exchanges for the financial year 2012-13 have been paid.

(viii) 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 Exchanges | Code/Symbol |
|--|-------------|
| BSE Limited, Mumbai (BSE) | 505200 |
| National Stock Exchange of India Limited, Mumbai (NSE) | EICHERMOT |

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

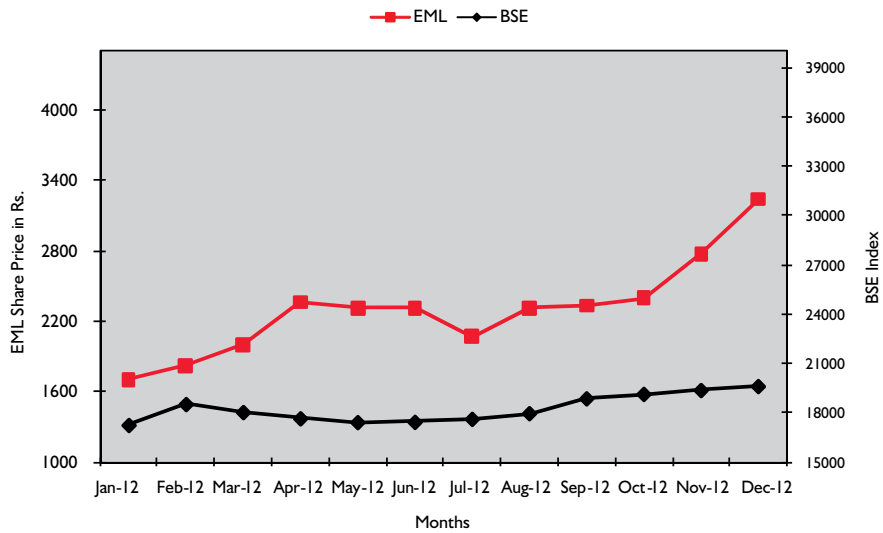
| | |
|---|---|
| Share transfers and other communication regarding change of address, dividends, share certificates, investor complaints, etc. may be addressed to | M/s MCS Limited Registrar and Share Transfer Agent F-65, 1 st Floor, Okhla Industrial Area, Phase I, New Delhi 110 020 Phone No. (011) 41406149-52 Fax No. (011) 41709881 E-mail: admin@mcsdel.com |
|---|---|

Members may write for any queries/information to Mr. Vinit Kumar, Company Secretary, Eicher Motors Limited, 3rd Floor-Select Citywalk, A-3 District Centre, Saket, New Delhi-110 017 or # 96, Sector 32, Gurgaon-122 001, Haryana or any query can be sent by email to investors@eicher.in.

(x) Market Price Data at BSE and NSE:

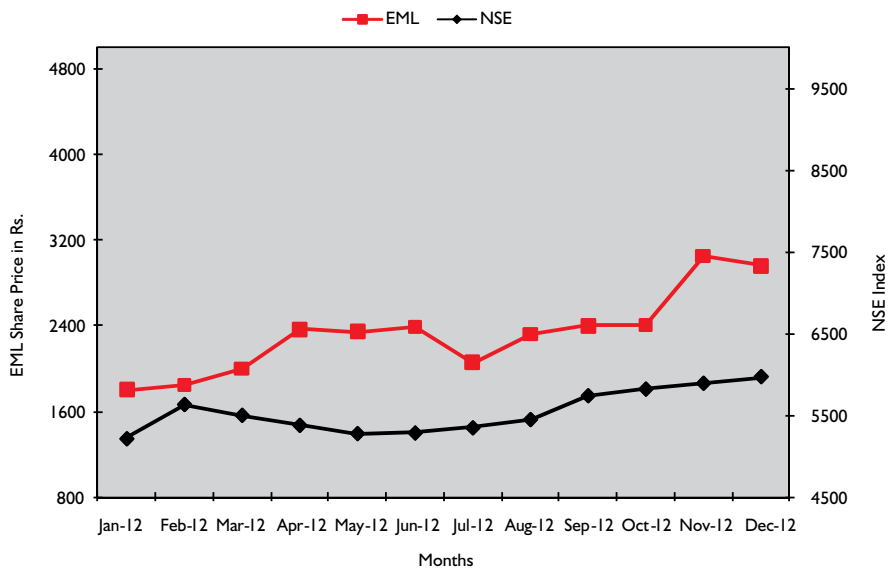
| January 2012 to December 2012 | BSE | | | NSE | | |
|-------------------------------|-------------------------|------------------------|----------------------------|-------------------------|------------------------|----------------------------|
| | High (Rs. per share) | Low (Rs. per share) | Volumes (No. of shares) | High (Rs. per share) | Low (Rs. per share) | Volumes (No. of shares) |
| January 2012 | 1,700.00 | 1,456.65 | 78,828 | 1,799.90 | 1,453.00 | 1,48,391 |
| February 2012 | 1,820.00 | 1,630.00 | 1,26,253 | 1,845.00 | 1,650.25 | 2,39,522 |
| March 2012 | 1,999.00 | 1,638.10 | 2,54,974 | 2,000.00 | 1,634.50 | 4,56,169 |
| April 2012 | 2,360.95 | 1,999.00 | 1,23,640 | 2,365.00 | 1,901.20 | 6,92,110 |
| May 2012 | 2,310.00 | 1,955.00 | 1,59,839 | 2,344.70 | 1,951.25 | 4,15,167 |
| June 2012 | 2,314.00 | 1,620.00 | 1,66,111 | 2,389.90 | 1,952.60 | 3,03,665 |
| July 2012 | 2,069.95 | 1,902.30 | 2,25,155 | 2,058.10 | 1,901.35 | 3,54,955 |
| August 2012 | 2,310.00 | 1,900.00 | 1,98,997 | 2,319.95 | 1,901.05 | 3,58,565 |
| September 2012 | 2,330.00 | 2,049.05 | 26,983 | 2,399.90 | 2,050.10 | 3,01,410 |
| October 2012 | 2,399.00 | 2,205.00 | 27,989 | 2,405.00 | 2,066.50 | 2,74,764 |
| November 2012 | 2,775.00 | 2,280.05 | 2,03,865 | 3,049.85 | 2,273.60 | 7,59,839 |
| December 2012 | 3,240.00 | 2,590.00 | 2,07,819 | 2,962.95 | 2,636.30 | 3,84,400 |

Share Price Performance Eicher Motors Limited (EML) vs BSE Index



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

Share Price Performance Eicher Motors Limited (EML) vs NSE Index



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

(xi) Share transfer system

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

Total number of shares transferred during the year ended December 31, 2012 was 47,457 shares. The details of time taken by the Company to complete the share transfers are given below:

| Transfer period in days | No. of shares | Percentage (%) |
|-------------------------|---------------|----------------|
| 1 to 10 days | 37,965 | 80.00 |
| 11 to 15 days | 2,706 | 05.70 |
| *16 days and above | 6,786 | 14.30 |
| Total | 47,457 | 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, 2012.

(xii) 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 dematerialised 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, 2012, 2,60,97,744 shares constituting 96.65% of the total paid up equity share capital of the Company have been dematerialised with NSDL and CDSL.

(xiii) Shareholding Pattern as on December 31, 2012

| Category | No. of Shares | Percentage (%) |
|-------------------------|--------------------|----------------|
| Promoters | 1,49,02,730 | 55.19 |
| Institutional Investors | 65,82,088 | 24.38 |
| Body Corporates | 2,36,068 | 0.87 |
| Individuals | 52,80,097 | 19.56 |
| Total | 2,70,00,983 | 100.00 |

(xiv) Distribution of shareholding as on December 31, 2012

| No. of equity shares held | No. of Shareholders | Percentage of Shareholders | No. of Shares | Percentage of Shareholding |
|---------------------------|---------------------|----------------------------|--------------------|----------------------------|
| 1-500 | 24,407 | 97.02 | 19,42,364 | 7.19 |
| 501-1000 | 371 | 1.47 | 2,70,407 | 1.00 |
| 1001-2000 | 131 | 0.52 | 1,91,470 | 0.71 |
| 2001-3000 | 48 | 0.19 | 1,16,702 | 0.43 |
| 3001-4000 | 27 | 0.11 | 95,623 | 0.35 |
| 4001-5000 | 17 | 0.07 | 76,818 | 0.29 |
| 5001-10000 | 32 | 0.13 | 2,33,655 | 0.87 |
| 10001-50000 | 78 | 0.31 | 19,07,491 | 7.06 |
| 50001-100000 | 19 | 0.08 | 14,22,888 | 5.27 |
| 100001 and Above | 26 | 0.10 | 2,07,43,565 | 76.83 |
| TOTAL | 25,156 | 100.00 | 2,70,00,983 | 100.00 |

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

(xv) Transfer of Unclaimed/Unpaid Dividend:

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

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

| For the Financial Year | Due for transfer to the Central Government |
|-----------------------------|--|
| 2005-06 | August 6, 2013 |
| 2006-07 | April 13, 2014 |
| 2007-08 | July 8, 2015 |
| 2008 (01-04-08 to 31-12-08) | July 5, 2016 |
| 2009 | April 18, 2017 |
| 2010 | April 25, 2018 |
| 2011 | April 25, 2019 |

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

(xvi) Investors' services

Correspondence/complaints received during the year ended December 31, 2012

| S. No. | Nature of correspondence/complaints | Received (in Nos.) | Cleared (in Nos.) |
|--------|---|--------------------|-------------------|
| 1. | Non-receipt of share certificates | 37 | 37 |
| 2. | Letters from Stock Exchange (s), SEBI, Advocate Letters, etc. | 21 | 21 |
| 3. | Non receipt of Dividend Warrants/ Annual Reports | 66 | 66 |
| | Total | 124 | 124 |

The Company has attended to most of the investors' grievance/correspondence within a period of 10 days from the date of receipt of complaint for the year ended December 31, 2012.

There was no pendency of correspondence/complaints as on December 31, 2012.

(xvii) Unclaimed shares

As per SEBI's circular CIR/CFD/DIL/10/2010 dated December 16, 2010 read with Clause 5A of the Listing Agreement, the Company has opened Unclaimed Suspense Account, i.e. "Eicher Motors Limited - Unclaimed Suspense Account" with Kotak Securities Limited and the unclaimed shares lying with the Company have been dematerialised and credited to Eicher Motors Limited - Unclaimed Suspense Account. In terms of the said SEBI's Circular read with Clause 5A of the Listing Agreement, the details with respect to the unclaimed shares of the Company for the year ended December 31, 2012 are as under:

| S. No. | Particulars | No. of shareholders | No. of shares |
|--------|--|---------------------|---------------|
| (i) | Aggregate number of shareholders and the outstanding shares transferred to the Unclaimed Suspense Account during the year | 883 | 22,937 |
| (ii) | Number of shareholders who approached for transfer of shares from the Unclaimed Suspense Account during the year | 1 | 80 |
| (iii) | Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year | 1 | 80 |
| (iv) | Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year | 882 | 22,857 |

(xviii) 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. The Members, who hold shares in the physical form and wish to avail nomination facility, are requested to send the duly completed form to the Registrar and Share transfer Agent of the Company. A format of the Nomination Form (Form 2 B) along with the instructions is enclosed along with this Annual Report. The Members, who hold shares in the electronic form and wish to avail nomination facility, are requested to send separate request to their respective DP(s) only.

(xix) 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 Registrar and Share Transfer Agent at the address given at Para (xxiv), indicating the folio numbers to be consolidated.

(xx) National Electronic Clearing Services (NECS) Mandate

Under the NECS facility, the amount due is directly credited to the bank account of the member without issuing dividend warrants. Members holding shares in Physical Form and wishing to avail the NECS facility may fill in the respective particulars as per the NECS form as enclosed along with this Annual Report. 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 request directly to their respective DP(s) for updating NECS or Bank Particulars.

(xxi) Registered Office

3rd Floor-Select Citywalk, A-3 District Centre, Saket
New Delhi-110 017, Tel No. (011) 29563722
Website: www.eicher.in

(xxiii) Plant location

Royal Enfield, Thiruvottiyur High Road,
Thiruvottiyur, Chennai-600 019 (Tamil Nadu)

(xxii) Corporate Office

#96, Sector 32, Gurgaon-122 001, Haryana,
Tel. No. (0124) 4415600
Website: www.eicher.in

(xxiv) Address for Correspondence

M/s MCS Limited, Registrar and Share Transfer Agent
F-65, 1st Floor, Okhla Industrial Area, Phase I,
New Delhi-110 020
Tel. No. (011) 41406149-52, Fax No. (011) 41709881
E-mail: admin@mcsdel.com

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

Place: Gurgaon
Date: February 12, 2013

For **Eicher Motors Limited**

Siddhartha Lal **S. Sandilya**
Managing Director Chairman

DECLARATION

As per the Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have affirmed to the compliance with the Code of Conduct for the year ended December 31, 2012.

Place: Gurgaon
Date: February 12, 2013

For **Eicher Motors Limited**

Siddhartha Lal **S. Sandilya**
Managing Director Chairman

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 ("the Company") for the year ended December 31, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

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

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

Place: Gurgaon
Date: February 12, 2013

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No.015125N)
Manjula Banerji
Partner
(Membership No. 086423)

CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

We, Siddhartha Lal- Managing Director & Chief Executive Officer and Lalit Malik-Chief Financial Officer, hereby certify that:

- a) we have reviewed the financial statements and cash flow statement for the year ended December 31, 2012 and to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) to the best of our knowledge and belief, no transactions entered into by the Company during the year ended December 31, 2012 are fraudulent, illegal or in violation of the Company's Code of Conduct.
- c) we accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the Auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d) we have indicated to the Auditors and Audit Committee that:
 - (i) there have not been any significant changes in internal controls over financial reporting during the year ended December 31, 2012;
 - (ii) there have not been any significant changes in accounting policies during the year ended December 31, 2012 and that the same have been disclosed in the notes to the financial statements; and
 - (iii) there has not been any instance during the year ended December 31, 2012 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: Gurgaon
Date: February 12, 2013

Lalit Malik
Chief Financial Officer

Siddhartha Lal
Managing Director &
Chief Executive Officer



Financial Statements

ETB's new Light and Medium Duty (LMD) line integrated with testing facilities, Pithampur

AUDITORS' REPORT TO THE MEMBERS OF EICHER MOTORS LIMITED

1. We have audited the attached Balance Sheet of **EICHER MOTORS LIMITED** ("the Company") as at December 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both 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 the 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 the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure 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, we report as follows:
 - (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 it appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
In our opinion and to the best of our information and according to the explanations given to us, the said 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:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on December 31, 2012 and taken on record by the Board of Directors, none of the Directors is disqualified as on December 31, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Registration No. 015125N)

Manjula Banerji

Partner
(Membership No. 086423)

Place: Gurgaon

Date: February 12, 2013

ANNEXURE TO THE AUDITORS' REPORT (Referred to in paragraph 3 of our report of even date)

Having regard to the nature of the Company's business/activities/result, clauses 4 (xiii) and (xiv) of the CARO are not applicable.

- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) As explained to us, the Company has a programme of physically verifying all of its fixed assets over a period of three years and in accordance therewith, physical verification of certain fixed assets of the Company was carried out during the year. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) In respect of its inventory:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals except for inventories lying with third parties at the end of the year for which confirmations have been obtained in most of the cases. In our opinion, the frequency of the verification was reasonable.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and 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) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (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 purchases of inventories and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) Where each of such transaction is in excess of Rs.5 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the 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 Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.

- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. We are informed that there are no undisputed statutory dues as at the year end outstanding for a period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no disputed dues of Customs Duty, Wealth Tax and Cess matters.

According to the information and explanations given to us and the records of the Company examined by us, the details of disputed dues of Excise Duty, Sales Tax, Service Tax and Income Tax not deposited/deposited under protest as at December 31, 2012 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 | 0.30 | - | 1995-96 to 1996-97, 2003-04 to 2004-05 and 2009-10 |
| | | - CESTAT | 54.69 | 0.26 | 1991-92 to 1993-94, 1995-96 to 2000-01 and 2002-03 to 2004-05 |
| Sales Tax Act | Sales Tax | - Assessing Authority | 0.08 | 0.08 | 1994-95 to 1998-99, 2000-01 and 2004-05 |
| | | - Appellate Authority up to Commissioner's level | 2.22 | 0.89 | 1987-88, 1993-94, 1998-99 to 2008-09 and 2011-12 |
| | | - Appellate Tribunal | 6.79 | 1.41 | 1989-90 to 2004-05 |
| | | - High Court | 3.16 | 1.09 | 1984-85 to 1988-89, 1990-91 to 1994-95, 1999-00 to 2001-02 and 2004-05 |
| Service Tax Act | Service Tax | - Commissioner | 0.72 | - | 2003-04 to 2004-05 and 2006-07 to 2009-10 |
| | | - CESTAT | 0.05 | - | 2006-07 |
| Income Tax Act | Income Tax | - Appellate Authority up to Commissioner's level | 8.80 | 5.28 | 2008-09 |

*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 any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan from financial institutions and has not issued debentures during the year.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances during the year on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) According to the information and explanations given to us, the Company has not given any guarantee during the year for loans taken by others from banks or financial institutions.
- (xiv) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (xv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.
- (xvi) As the Company has not made any preferential allotment of shares during the year, paragraph 4(xviii) of CARO is not applicable.
- (xvii) As the Company has not issued any debentures during the year, paragraph 4(xix) of CARO is not applicable.
- (xviii) Since the Company has not raised any money by way of public issue during the year, paragraph 4(xx) of CARO is not applicable.
- (xix) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants
(Registration No.015125N)

Manjula Banerji

Partner

(Membership No. 086423)

Place: Gurgaon

Date: February 12, 2013

BALANCE SHEET AS AT DECEMBER 31, 2012

Rs. in crores

| | Note No. | As at December 31, 2012 | As at December 31, 2011 |
|--|----------------|----------------------------|----------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 2 | 27.00 | 26.99 |
| Reserves and surplus | 3 | 602.05 | 513.05 |
| | | 629.05 | 540.04 |
| Non-current liabilities | | | |
| Long-term borrowings | 4 | - | 0.58 |
| Deferred tax liabilities (net) | 5 | 6.26 | 3.92 |
| Other long-term liabilities | 6 | 3.23 | 2.73 |
| Long-term provisions | 7 | 9.26 | 8.09 |
| | | 18.75 | 15.32 |
| Current liabilities | | | |
| Short-term borrowings | 8 | 20.01 | 13.67 |
| Trade payables | 9 | 177.50 | 105.87 |
| Other current liabilities | 10 | 116.81 | 59.51 |
| Short-term provisions | 11 | 62.12 | 47.97 |
| | | 376.44 | 227.02 |
| | Total | 1,024.24 | 782.38 |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | 12 | | |
| Tangible assets | | 133.83 | 109.75 |
| Intangible assets | | 3.87 | 2.55 |
| Capital work-in-progress | | 60.33 | 4.21 |
| | | 198.03 | 116.51 |
| Non-current investments | 13 | 10.94 | 5.44 |
| Long-term loans and advances | 14 | 61.30 | 34.81 |
| Other non-current assets | 15 | 6.18 | 5.76 |
| | | 276.45 | 162.52 |
| Current assets | | | |
| Current investments | 16 | 638.45 | 512.57 |
| Inventories | 17 | 75.41 | 45.27 |
| Trade receivables | 18 | 6.20 | 4.10 |
| Cash and cash equivalents | 19 | 3.50 | 2.98 |
| Short-term loans and advances | 20 | 23.94 | 13.87 |
| Other current assets | 21 | 0.29 | 41.07 |
| | | 747.79 | 619.86 |
| | Total | 1,024.24 | 782.38 |
| Summary of significant accounting policies | I | | |
| See accompanying notes forming part of the financial statements | I to 52 | | |

In terms of our report attached

For DELOITTE HASKINS & SELLS

Chartered Accountants

Manjula Banerji
PartnerVinit Kumar
Company SecretaryLalit Malik
Chief Financial OfficerS. Sandilya : Chairman
Siddhartha Lal : Managing Director
R.L. Ravichandran : Executive Director
Priya Brat : Director
M.J. Subbaiah : Director
Prateek Jalan : DirectorPlace: Gurgaon
Date: February 12, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 2012

Rs. in crores

| | Note No. | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
|--|----------------|---|---|
| Income | | | |
| Revenue from operations (gross) | 22 | 1,179.30 | 742.83 |
| Less: Excise duty | | 130.04 | 71.38 |
| Revenue from operations (net) | | 1,049.26 | 671.45 |
| Other income | 23 | 45.78 | 76.78 |
| Total revenue | | 1,095.04 | 748.23 |
| Expenses | | | |
| Cost of raw materials and components consumed | 24 | 697.38 | 459.84 |
| Change in inventories of finished goods and work-in-progress | 25 | (21.27) | (14.40) |
| Employee benefits expenses | 26 | 78.86 | 51.04 |
| Finance costs | 27 | 0.26 | 2.02 |
| Depreciation and amortisation expenses | 28 | 17.15 | 13.02 |
| Other expenses | 29 | 148.86 | 94.88 |
| Total expenses | | 921.24 | 606.40 |
| Profit before tax | | 173.80 | 141.83 |
| Tax expense | | | |
| Current tax | | 29.29 | 17.84 |
| Minimum alternate tax (MAT) credit entitlement | | (2.59) | (2.25) |
| Deferred tax charge | | 2.34 | 1.69 |
| Total tax expense | | 29.04 | 17.28 |
| Profit for the year | | 144.76 | 124.55 |
| Earnings per share - basic (refer note no. 37) | | 53.62 | 46.18 |
| Earnings per share - diluted (refer note no. 37) | | 53.31 | 46.00 |
| (Face value of Rs 10 per share) (in Rs.) | | | |
| Summary of significant accounting policies | I | | |
| See accompanying notes forming part of the financial statements | I to 52 | | |

In terms of our report attached

For DELOITTE HASKINS & SELLS

Chartered Accountants

Manjula Banerji

Partner

Vinit Kumar

Company Secretary

Lalit Malik

Chief Financial Officer

S. Sandilya

Siddhartha Lal

R.L. Ravichandran

Priya Brat

M.J. Subbaiah

Prateek Jalan

: Chairman

: Managing Director

: Executive Director

: Director

: Director

: Director

Place: Gurgaon

Date: February 12, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2012

Rs. in crores

| Particulars | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
|--|---|---|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before tax | 173.80 | 141.83 |
| Adjustments for: | | |
| Depreciation and amortisation expenses | 17.15 | 13.02 |
| Profit on sale of fixed assets | (0.09) | (0.24) |
| Fixed assets discarded | 0.30 | 0.44 |
| Dividend on unquoted non trade current investments | (14.40) | (6.71) |
| Loss on sale of fixed assets | 0.08 | 0.23 |
| Dividend on long term unquoted trade investment in subsidiary company | - | (40.80) |
| Profit on sale of unquoted non trade current investments | (30.05) | (27.75) |
| Interest income | (0.94) | (0.63) |
| Finance costs | 0.26 | 2.02 |
| Operating profit before changes in working capital | 146.11 | 81.41 |
| Adjustments for changes in: | | |
| Inventories | (30.14) | (17.04) |
| Trade and other receivables | (13.66) | (3.31) |
| Trade and other payables | 121.31 | 48.29 |
| Cash generated from operating activities | 223.62 | 109.35 |
| Direct taxes paid | (33.38) | (24.25) |
| Net cash from operating activities (A) | 190.24 | 85.10 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets (including Pre-operative expenditure) | (107.48) | (65.24) |
| Sale of fixed assets | 0.19 | 0.13 |
| Investment in joint venture company | (5.50) | - |
| Net investment in unquoted non trade current investments | (125.88) | (57.26) |
| Proceeds from long term unquoted non- trade investment | - | 3.23 |
| Profit on sale of unquoted non trade current investments | 30.05 | 27.75 |
| Dividend on long term unquoted trade investment from subsidiary company | 40.80 | 27.20 |
| Dividend on unquoted non trade current investments | 14.40 | 6.71 |
| Investment in fixed deposit | (0.42) | 1.71 |
| Interest received | 0.92 | 0.69 |
| Net cash flow from investing activities (B) | (152.92) | (55.08) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Repayment of long term borrowings | (0.10) | (0.48) |
| Increase/ (decrease) in short term borrowings (net) | 6.34 | (0.69) |
| Interest paid | (0.28) | (2.10) |
| Proceeds from issue of equity share capital under ESOP Scheme (including security premium) | 0.39 | 2.40 |
| Dividend paid | (42.76) | (29.40) |
| Tax on dividend paid | (0.39) | (0.40) |
| Net cash flow from financing activities (C) | (36.80) | (30.67) |
| Net Increase in cash and cash equivalents (A)+(B)+(C) | 0.52 | (0.65) |
| Cash and cash equivalents at the beginning of the year | 2.98 | 3.63 |
| Cash and cash equivalents at the end of the year | 3.50 | 2.98 |

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2012 (Continued)

Rs. in crores

| Particulars | As at | |
|--|-------------------|-------------------|
| | December 31, 2012 | December 31, 2011 |
| Components of cash and cash equivalents | | |
| Cash on hand | 0.06 | 0.03 |
| Cheques/ drafts on hand | 0.01 | 0.06 |
| Balances with banks: | | |
| In current accounts | 0.34 | 0.23 |
| In unpaid dividend accounts* | 3.09 | 2.66 |
| Total cash and cash equivalents (refer note 19) | 3.50 | 2.98 |

*The Company can utilise these balances only towards settlement of the unpaid dividend liabilities.

Summary of significant accounting policies I

See accompanying notes forming part of the financial statements I to 52

In terms of our report attached

For DELOITTE HASKINS & SELLS

Chartered Accountants

Manjula Banerji
Partner

Vinit Kumar
Company Secretary

Lalit Malik
Chief Financial Officer

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

Place: Gurgaon
Date: February 12, 2013

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

I. SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of accounting

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

(ii) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/ materialise.

(iii) Inventories

Inventories are valued at the lower of cost and moving weighted average price and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

(iv) Depreciation and amortisation

Depreciation has been provided on the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956.

Assets costing less than Rs. 5,000 each are fully depreciated in the year of capitalisation.

Depreciation on addition to fixed assets is provided on pro-rata basis from the month the assets are put to use.

Depreciation on sale/deduction from fixed assets is provided for up to the previous month of sale, deduction, discardment as the case may be.

Intangible assets comprising of product design, 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 asset.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

(v) Revenue recognition

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the dispatch of goods to customers. Sales include excise duty but exclude sales tax and value added tax. Revenues from maintenance contracts are recognised pro-rata over the period of the contract.

Interest income is recognised on a time proportionate basis taking into account the amount invested and rate applicable. Dividend income is accounted for when the right to receive it is established.

(vi) Tangible fixed assets

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till commissioning of the project.

Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Pre-operative expenditure (pending allocation):

Expenses directly related to construction activity or incidental thereto, are allocated to fixed assets at the time of completion of the project.

(vii) Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase/completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

(viii) Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.

Monetary items denominated in foreign currencies at the year-end are translated at the exchange rates prevailing on the Balance Sheet date. Non-monetary items denominated in foreign currencies are carried at cost.

Any income or expense on account of exchange differences either on settlement or on translation of transactions are charged to the Statement of Profit and Loss.

(ix) Investments

Long term investments are carried individually at cost, less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments includes acquisition charges such as brokerage, fees and duties.

(x) Employee benefits

Employee benefits includes gratuity, compensated absences and contribution to provident fund, employees' state insurance, superannuation fund.

Defined contribution plans

The Company's contribution to provident fund, employees' state insurance, superannuation fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made. In respect of certain employees, provident fund contributions are made to a Trust where the interest rate payable to the members of such Trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. The remaining contributions are made to a government administered provident fund towards which the Company has no further obligations beyond its monthly contributions.

Defined benefit plans

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date. The cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date and actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service.

(xi) Leases

Lease rentals in respect of assets that are in the nature of operating leases are expensed with reference to lease terms.

(xii) Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction/development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

(xiii) Earnings per share

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

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

(xiv) Income taxes

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. The provision for taxation for the year ended December 31, 2012 comprises the residual tax liability for the assessment year 2012-13 relevant to the year April 1, 2011 to March 31, 2012 and the liability, which has accrued on the profit for the period April 1, 2012 to December 31, 2012, under the provisions of the Income-tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised.

(xv) Research and development expenses

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.

(xvi) **Impairment of assets**

The carrying values of assets/cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

(xvii) **Provisions and contingencies**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

(xviii) **Employee share based payments**

The Company has formulated Employee Stock Option Scheme (ESOS) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Scheme provides for grant of options to employees of the Company and its subsidiaries to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. In accordance with the SEBI Guidelines, the Company has constituted an Employee Stock Option Plan – 2006. Employee Stock Options granted by the Company are accounted under the 'Intrinsic Value Method' stated in the Guidance Note on Employee Share Based Payments issued by the Institute of Chartered Accountants of India.

(xix) **Provision for warranty**

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

As per the terms of the contracts, the Company provides post-contract services/warranty support to some of its customers. The Company accounts for the post-contract support/provision for warranty on the basis of the information available with the Management duly taking into account the current and past technical estimates.

2. Share capital

Rs. in crores

| Particulars | As at | |
|--|-------------------|-------------------|
| | December 31, 2012 | December 31, 2011 |
| 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. 10 each | 1.01 | 1.01 |
| Total | 31.01 | 31.01 |
| Issued, subscribed and paid up | | |
| 2,70,00,983 (2,69,92,583) Equity shares of Rs. 10 each | 27.00 | 26.99 |
| Total | 27.00 | 26.99 |

The Company has issued only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

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

| Particulars | As at | | As at | |
|------------------------------------|-------------------|---------------|-------------------|---------------|
| | December 31, 2012 | | December 31, 2011 | |
| | Nos. | Rs. in crores | Nos. | Rs. in crores |
| At the beginning of the year | 2,69,92,583 | 26.99 | 2,69,37,783 | 26.94 |
| Issued during the year - ESOP | 8,400 | 0.01 | 54,800 | 0.05 |
| Outstanding at the end of the year | 2,70,00,983 | 27.00 | 2,69,92,583 | 26.99 |

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

| Particulars | As at | | As at | |
|--|-------------------|------------------------|-------------------|------------------------|
| | December 31, 2012 | | December 31, 2011 | |
| | Nos. | % holding in the class | Nos. | % holding in the class |
| The Lal Family Trust | 40,56,482 | 15.02% | 40,56,482 | 15.03% |
| Eicher Goodearth Trust | 32,71,723 | 12.12% | 32,71,723 | 12.12% |
| Anita Lal | 30,23,167 | 11.20% | 30,23,167 | 11.20% |
| The Simran Siddhartha Tara Benefit Trust | 27,43,346 | 10.16% | 27,43,346 | 10.16% |
| Aktiebolaget Volvo (PUBL), Volvo, Sweden | 22,75,610 | 8.43% | 22,75,610 | 8.43% |

(iii) **Aggregate number of shares issued for consideration other than cash and shares bought back during five years immediately preceding the reporting date:**

| Particulars | Aggregate number of shares | |
|---|----------------------------|----------------------------|
| | As at December 31, 2012 | As at December 31, 2011 |
| Equity shares of Rs. 10 each allotted as fully paid up for consideration other than in cash pursuant to the Composite Scheme of Arrangement relating to merger of Residual Eicher Goodearth Investment Limited into the Company which became effective on November 12, 2009 from the appointed date i.e. January 1, 2009. | 1,40,32,764 | 1,40,32,764 |
| Equity shares of face value of Rs. 10 each fully paid up bought back and extinguished during the year ended December 31, 2009 in accordance with Section 77A of the Companies Act, 1956. | 14,08,969 | 14,08,969 |

(iv) **Employee stock option plan**

- a. 1,77,000 (1,77,000) options on September 30, 2006, exercisable over a period of seven years after vesting on October 1, 2009 at an exercise price of Rs.297 (including premium of Rs 287) per option, out of which 6,400 (6,400) options are outstanding at year end. During the year, Nil (8,000) equity shares were issued and allotted as fully paid up at an exercise price of Rs. 297 (including premium of Rs. 287 each) per equity share.
- b. 2,08,900 (2,08,900) options on October 22, 2007, exercisable over a period of seven years after vesting on October 23, 2010 at an exercise price of Rs.462 (including premium of Rs. 452) per option, out of which 63,500 (71,900) options are outstanding at year end. During the year, 8,400 (46,800) equity shares were issued and allotted as fully paid up at an exercise price of Rs. 462 (including premium of Rs. 452 each) per equity share.
- c. 40,000 (40,000) options on April 29, 2010, exercisable over a period of seven years after vesting on April 29, 2011 at an exercise price of Rs. 695 (including premium of Rs. 685) per option are outstanding as at year end.
- d. 15,400 (15,400) options on November 8, 2010, exercisable over a period of seven years after vesting on November 8, 2013 at an exercise price of Rs.1,411 (including premium of Rs. 1,401) per option are outstanding as at year end.
- e. 1,32,200 (1,35,200) options on May 6, 2011, exercisable over a period of seven years after vesting on May 6, 2014 at an exercise price of Rs. 1,162 (including premium of Rs. 1,152) per option are outstanding as at year end. During the year, 3,000 (Nil) equity shares were forfeited.
- f. 12,600 (Nil) options on February 11, 2012, exercisable over a period of seven years after vesting on February 11, 2015 at an exercise price of Rs. 1,770 (including premium of Rs.1,760) per option are outstanding as at year end.
- g. Each option entitles the holders thereof to apply for and be allotted one equity share of the face value of Rs. 10 each.

3. Reserves and surplus

| Particulars | Rs. in crores | |
|--|----------------------------|----------------------------|
| | As at December 31, 2012 | As at December 31, 2011 |
| A Capital reserve | | |
| Opening balance | 0.25 | 0.25 |
| Add/Less: Movement during the year | - | - |
| Closing balance | 0.25 | 0.25 |
| B Capital redemption reserve | | |
| Opening balance | 1.41 | 1.41 |
| Add/Less: Movement during the year | - | - |
| Closing balance | 1.41 | 1.41 |
| C Securities premium account | | |
| Opening balance | 11.09 | 8.74 |
| Add/Less: Movement during the year* | 0.38 | 2.35 |
| Closing balance | 11.47 | 11.09 |
| D General reserves | | |
| Opening balance | 118.68 | 106.22 |
| Add: Amount transferred from surplus in the statement of profit and loss | 14.48 | 12.46 |
| Closing balance | 133.16 | 118.68 |
| E Surplus in the statement of profit and loss | | |
| Opening balance | 381.62 | 313.11 |
| Profit for the year | 144.76 | 124.55 |
| Less: Appropriations | | |
| Dividend [amount per share Rs. 20.0 (Rs. 16.0)] | 54.00 | 43.19 |
| Tax on dividend | 2.14 | 0.39 |
| Transferred to general reserve | 14.48 | 12.46 |
| Total appropriations | 70.62 | 56.04 |
| Net surplus in the statement of profit and loss | 455.76 | 381.62 |
| Total (A+B+C+D+E) | 602.05 | 513.05 |

*Represents premium @ Rs. 287 per equity share on Nil (8,000) equity shares and @ Rs 452 per equity share on 8,400 (46,800) equity shares issued and allotted during the year under Employee Stock Option Scheme.

4. Long-term borrowings

| Particulars | Rs. in crores | |
|--|----------------------------|----------------------------|
| | As at December 31, 2012 | As at December 31, 2011 |
| Unsecured | | |
| Deposit from public | - | 0.10 |
| Sales tax deferral | 0.58 | 0.58 |
| | 0.58 | 0.68 |
| Less: Current maturities of long-term borrowings (refer note no. 10) | 0.58 | 0.10 |
| Total | - | 0.58 |

5. **Deferred tax liabilities (net)**

| Particulars | Rs. in crores | |
|--|----------------------------|----------------------------|
| | As at December 31, 2012 | As at December 31, 2011 |
| Deferred tax liabilities on | | |
| Accelerated depreciation | 10.94 | 8.09 |
| | <u>10.94</u> | <u>8.09</u> |
| Less: Deferred tax assets on | | |
| Accrued expenses deductible on payment | 1.30 | 1.35 |
| Provision for gratuity | 2.37 | 2.03 |
| Provision for leave encashment and other employee benefits | 0.67 | 0.54 |
| Provision for doubtful debts and advances | 0.29 | 0.14 |
| Others | 0.05 | 0.11 |
| | <u>4.68</u> | <u>4.17</u> |
| Net deferred tax liabilities | <u>6.26</u> | <u>3.92</u> |

6. **Other long-term liabilities**

| Particulars | Rs. in crores | |
|-------------------|----------------------------|----------------------------|
| | As at December 31, 2012 | As at December 31, 2011 |
| Security deposits | 3.23 | 2.73 |
| Total | <u>3.23</u> | <u>2.73</u> |

7. **Long-term provisions**

| Particulars | Rs. in crores | |
|---------------------------------|----------------------------|----------------------------|
| | As at December 31, 2012 | As at December 31, 2011 |
| Provision for employee benefits | | |
| Gratuity | 7.07 | 6.09 |
| Compensated absences | 2.19 | 2.00 |
| Total | <u>9.26</u> | <u>8.09</u> |

8. **Short-term borrowings**

| Particulars | Rs. in crores | |
|---------------------------|----------------------------|----------------------------|
| | As at December 31, 2012 | As at December 31, 2011 |
| Secured | | |
| - From bank | | |
| Cash credit* | 20.01 | 6.50 |
| Unsecured | | |
| Short-term loan from bank | - | 7.17 |
| Total | <u>20.01</u> | <u>13.67</u> |

*Rs. 20.01 crores (Rs. 6.50 crores) secured by a first charge by way of hypothecation of all current assets of the Company.

9. Trade payables

Rs. in crores

| Particulars | As at December 31, 2012 | As at December 31, 2011 |
|--------------------------------------|----------------------------|----------------------------|
| Acceptances | 36.80 | 24.69 |
| Dues to micro and small enterprises* | 4.32 | 1.30 |
| Other trade payables | 136.38 | 79.88 |
| Total | 177.50 | 105.87 |

*Refer note no. 34

10. Other current liabilities

Rs. in crores

| Particulars | As at December 31, 2012 | As at December 31, 2011 |
|--|----------------------------|----------------------------|
| Current maturities of long -term borrowings (refer note no. 4) | 0.58 | 0.10 |
| Interest accrued but not due on borrowings | - | 0.02 |
| Capital creditors other than micro and small enterprises | 11.37 | 1.38 |
| Unpaid dividend* | 3.09 | 2.66 |
| Advance from customers for goods | 56.09 | 29.77 |
| Employee dues | 5.55 | 3.97 |
| Statutory dues and other taxes payable | 40.13 | 21.61 |
| Total | 116.81 | 59.51 |

*Does not include any amounts outstanding as on December 31, 2012 which are required to be credited to Investor Education and Protection Fund.

11. Short-term provisions

Rs. in crores

| Particulars | As at December 31, 2012 | As at December 31, 2011 |
|--|----------------------------|----------------------------|
| Provision for employee benefits | | |
| Gratuity | 0.24 | 0.18 |
| Compensated absences | 0.50 | 0.28 |
| | 0.74 | 0.46 |
| Provision for warranties | 5.24 | 3.93 |
| Proposed dividend | 54.00 | 43.19 |
| Provision for tax on proposed dividend | 2.14 | 0.39 |
| Total | 62.12 | 47.97 |

12. Fixed assets

Rs. in crores

| Assets | Gross block (At cost) | | | | Depreciation | | | | Net block | | |
|--|-------------------------|---------------------------|----------------------------|-------------------------|-------------------------|--------------|--------------|-------------------------|-------------------------|-------------------------|--|
| | As at December 31, 2011 | Additions during the year | Deductions during the year | As at December 31, 2012 | As at December 31, 2011 | For the year | Adjustments | As at December 31, 2012 | As at December 31, 2012 | As at December 31, 2011 | |
| (A) Tangible assets | | | | | | | | | | | |
| Land* | | | | | | | | | | | |
| Freehold | 2.25 | - | - | 2.25 | - | - | - | - | 2.25 | 2.25 | |
| Leasehold | 33.52 | 0.27 | - | 33.79 | 0.58 | 0.34 | - | 0.92 | 32.87 | 32.94 | |
| Buildings* | 30.36 | 0.74 | 0.03 | 31.07 | 10.48 | 1.09 | 0.01 | 11.56 | 19.51 | 19.88 | |
| Plant and equipment | 106.78 | 32.33 | 13.13 | 125.98 | 61.58 | 11.77 | 12.86 | 60.49 | 65.49 | 45.20 | |
| Furniture and fixtures | 2.78 | 0.53 | 1.30 | 2.01 | 2.10 | 0.29 | 1.19 | 1.20 | 0.81 | 0.68 | |
| Office equipments | 11.75 | 3.30 | 3.14 | 11.91 | 6.59 | 1.00 | 3.12 | 4.47 | 7.44 | 5.16 | |
| Vehicles | 5.74 | 3.17 | 0.34 | 8.57 | 2.10 | 1.30 | 0.29 | 3.11 | 5.46 | 3.64 | |
| Sub-total (A) | 193.18 | 40.34 | 17.94 | 215.58 | 83.43 | 15.79 | 17.47 | 81.75 | 133.83 | | |
| Previous year | 141.60 | 53.91 | 2.33 | 193.18 | 72.83 | 12.37 | 1.77 | 83.43 | | 109.75 | |
| (B) Intangible assets | | | | | | | | | | | |
| Product designs, prototypes etc. | 14.81 | - | 8.65 | 6.16 | 13.11 | 0.54 | 8.64 | 5.01 | 1.15 | 1.70 | |
| Computer softwares | 3.08 | 2.69 | 0.34 | 5.43 | 2.23 | 0.82 | 0.34 | 2.71 | 2.72 | 0.85 | |
| Sub-total (B) | 17.89 | 2.69 | 8.99 | 11.59 | 15.34 | 1.36 | 8.98 | 7.72 | 3.87 | | |
| Previous year | 17.67 | 0.22 | - | 17.89 | 14.69 | 0.65 | - | 15.34 | | 2.55 | |
| (C) Capital work-in-progress [including pre-operative expenditure pending allocation amounting to Rs. 4.22 crores (Rs. 0.76 crore) (refer note 12A)] | | | | | | | | | 60.33 | 4.21 | |
| Total (A+B+C) | | | | | | | | | 198.03 | 116.51 | |

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

12A. Pre-operative expenditure (pending allocation)

Rs. in crores

| Particulars | As at December 31, 2012 | As at December 31, 2011 |
|--|----------------------------|----------------------------|
| Payments to and provisions for employees | | |
| Salaries, wages, bonus etc. | 1.52 | 0.35 |
| Welfare expenses | 0.54 | 0.01 |
| Stores and machinery spares consumed (including loose tools) | 0.06 | - |
| Insurance | 0.10 | - |
| Repairs and maintenance | | |
| Buildings | 0.10 | 0.06 |
| Plant and machinery | 0.05 | - |
| Others | 0.06 | - |
| Rates and taxes | 0.05 | 0.06 |
| Rent | 0.07 | - |
| Legal and professional charges | 0.22 | 0.23 |
| Travelling expenses | 0.09 | 0.02 |
| Development expenses | 0.04 | - |
| Miscellaneous | 0.56 | 0.03 |
| | 3.46 | 0.76 |
| Add: Balance brought forward from previous year | 0.76 | - |
| | 4.22 | 0.76 |

13. Non-current investments

Rs. in crores

| Particulars | As at December 31, 2012 | As at December 31, 2011 |
|---|----------------------------|----------------------------|
| Long term* | | |
| Unquoted trade investment in : | | |
| Subsidiary company | | |
| 54,40,000 (54,40,000) Equity shares of Rs.10 each fully paid up of VE Commercial Vehicles Limited | 5.44 | 5.44 |
| Joint Venture company | | |
| 55,00,000 (NIL) Equity shares of Rs.10 each fully paid up of Eicher Polaris Private Limited allotted during the year | 5.50 | - |
| | 10.94 | 5.44 |
| Unquoted non-trade investment in : | | |
| Government securities | | |
| National Savings Certificates (# Rs.13,000) (Pledged with Government authorities) | # | # |
| | 10.94 | 5.44 |

*At cost as reduced by diminution in values, if any.

14. Long-term loans and advances

| Particulars | Rs. in crores | |
|--|----------------------------|----------------------------|
| | As at December 31, 2012 | As at December 31, 2011 |
| Unsecured, considered good | | |
| Capital advances | 29.37 | 11.05 |
| Security deposits | 5.88 | 4.07 |
| Loans and advances to employees | 0.10 | 0.06 |
| Balance with government authorities | 5.47 | 5.42 |
| Advance income tax (net of provision for taxation) | 12.66 | 8.57 |
| MAT credit entitlement | 7.31 | 4.72 |
| Others | 0.51 | 0.92 |
| Total | 61.30 | 34.81 |

15. Other non-current assets

| Particulars | Rs. in crores | |
|-----------------|----------------------------|----------------------------|
| | As at December 31, 2012 | As at December 31, 2011 |
| Fixed deposits* | 6.18 | 5.76 |
| | 6.18 | 5.76 |

*Rs. 6.18 crores (Rs. 5.76 crores) pledged with banks.

16. Current investments*

| Particulars | Rs. in crores | |
|--|----------------------------|----------------------------|
| | As at December 31, 2012 | As at December 31, 2011 |
| Unquoted non-trade investment in: | | |
| Debt mutual funds | | |
| Units of face value Rs. 10 each | | |
| Nil (2,00,00,000) units of Reliance Fixed Horizon Fund - XXI - Series 13 - Growth Option | - | 20.00 |
| Nil (1,00,81,397) units of DWS Ultra Short Term Fund-Institutional Daily Dividend-Reinvestment | - | 10.10 |
| Nil (2,53,68,050) units of HDFC Cash Management Fund - Treasury Advantage Plan - WS - Daily Dividend | - | 25.45 |
| Nil (1,65,51,096) units of HDFC Liquid Fund Premium Plan-Dividend Daily Reinvestment Option | - | 20.29 |
| Nil (2,50,00,000) units of SBI Debt fund Series - 367 Days - 11 - Growth | - | 25.00 |
| Nil (2,50,00,000) units of SBI Debt Fund Series 370 Days-9-Growth | - | 25.00 |
| Nil (1,00,00,000) units of SBI Debt Fund Series - 90 Days - 53 - Dividend | - | 10.00 |

16. Current investments* (Continued)

| Particulars | Rs. in crores | |
|---|----------------------------|----------------------------|
| | As at December 31, 2012 | As at December 31, 2011 |
| Nil (50,00,000) units of Birla Sun Life Fixed Term Plan Series DT-Growth | - | 5.00 |
| Nil (1,50,00,000) units of DSP BlackRock FMP - Series 20 - 12M - Growth | - | 15.00 |
| Nil (1,50,00,000) units of DSP BlackRock-12M-Series 13-Growth | - | 15.00 |
| Nil (1,00,00,000) units of SBI Debt Fund Series 370 Days-I I - Growth | - | 10.00 |
| Nil (6,50,00,000) units of Kotak FMP series 43 - Growth | - | 65.00 |
| Nil (3,50,00,000) units of Kotak FMP series 42 - Growth | - | 35.00 |
| Nil (1,50,00,000) units of Axis Fixed Term Plan - Series 13 (370 days) - Growth Plan | - | 15.00 |
| Nil (4,00,00,000) units of ICICI Prudential FMP series 56-1 year Plan D Cumulative | - | 40.00 |
| Nil (1,00,00,000) units of IDFC FMP Yearly Series 42 - Growth | - | 10.00 |
| Nil (98,72,485) units of IDFC Money Manager Fund - Investment Plan - Inst Plan B-Daily Dividend | - | 10.04 |
| Nil (2,00,00,000) units of Reliance Fixed Horizon Fund XIX Series 11 - Growth Plan | - | 20.00 |
| 3,03,03,929 (Nil) units of IDFC Money Manager Fund - Growth | 50.00 | - |
| 51,66,277 (Nil) units of IDFC Super Saver Income Fund | 10.00 | - |
| 4,46,40,211 (Nil) units of HDFC Liquid Fund | 45.52 | - |
| 2,50,00,000 (Nil) units of BirlaSunlife Fixed Term Plan Series EP-Growth | 25.00 | - |
| 50,00,000 (Nil) units of Religare Fixed Maturity Plan Series XIII plan A | 5.00 | - |
| 3,00,00,000 (Nil) units of DSP BlackRock FMP series 36-12M | 30.00 | - |
| 5,00,00,000 (Nil) units of Kotak FMP series 76-Growth | 50.00 | - |
| 2,00,00,000 (Nil) units of Reliance fixed Horizon fund XXI series -9 | 20.00 | - |
| 1,50,00,000 (Nil) units of Reliance fixed Horizon fund XXI series -12 | 15.00 | - |
| 1,99,99,980 (Nil) units of SBI SDFS 367 Days-19 | 20.00 | - |

16. Current investments* (Continued)

| Particulars | Rs. in crores | |
|--|----------------------------|----------------------------|
| | As at December 31, 2012 | As at December 31, 2011 |
| 3,00,00,000 (Nil) units of ICICI Pru FMP series 62-1 year Plan G | 30.00 | - |
| 3,50,00,000 (Nil) units of ICICI Pru FMP series 63-1 year Plan C | 35.00 | - |
| 1,00,00,000 (Nil) units of DWS Series - I I | 10.00 | - |
| 4,00,00,000 (Nil) units of Kotak FMP series 83-Growth | 40.00 | - |
| Nil (2,00,77,632) units of Reliance Liquidity Fund-Daily Dividend Reinvestment Option | - | 20.09 |
| Nil (40,666) units of SBI Premier Liquid Fund Regular Plan - Daily Dividend | - | 0.04 |
| Units of face value Rs. 100 each | | |
| 46,23,135 (Nil) units of Birla Sun Life Floating Rate Fund - Growth | 46.24 | - |
| Nil (25,50,136) units of Birla Sun Life Ultra Short term Fund - Inst Daily dividend | - | 25.52 |
| Nil (9,74,898) units of ICICI Prudential Flexible Income Plan Premium - Daily Dividend | - | 10.31 |
| 47,00,350 (20,05,953) units of ICICI Prudential Liquid Regular - Daily Dividend | 47.01 | 20.06 |
| 8,06,305 (Nil) units of DWS Insta Cash Plus | 8.09 | - |
| Units of face value Rs. 1,000 each | | |
| 66,106 (Nil) units of Templeton India Short term Income Plan | 15.00 | - |
| 3,08,180 (2,51,061) units of DSP BlackRock Liquidity Fund Institutional Plan - Daily Dividend | 30.83 | 25.11 |
| Nil (1,04,719) units of UTI Treasury Advantage Fund - Inst Plan (Daily Dividend Option) - Reinvestment | - | 10.47 |
| Nil (50,007) units of IDFC Cash Fund - Super Inst Plan C - Daily Dividend | - | 5.00 |
| 6,48,525 (Nil) units of SBI Premier Liquid Fund Regular Plan - Daily Dividend | 65.07 | - |
| 4,06,672 (Nil) units of Reliance Liquidity Fund-Daily Dividend Reinvestment Option | 40.69 | - |
| Nil (50,115) units of Religare Liquid Fund - Super Institutional Daily Dividend | - | 5.02 |
| Nil (1,50,641) units of Templeton India Treasury Management Account Super Instl Plan - DD Reinvest | - | 15.07 |
| | 638.45 | 512.57 |

Repurchase price of unquoted non trade current investments in Debt Mutual funds amounting to Rs. 666.93 crores (Rs. 531.54 crores)

*At cost or fair value, whichever is lower.

17. Inventories

(At lower of cost and net realisable value)

Rs. in crores

| Particulars | As at December 31, 2012 | As at December 31, 2011 |
|---|----------------------------|----------------------------|
| Raw materials [Includes goods in transit of Rs. 1.46 crores (Rs. 1.53 crores)] | 23.54 | 15.52 |
| Work in progress | 3.15 | 4.80 |
| Finished goods [Includes goods in transit of Rs. 0.13 crore (Rs. Nil)] | 45.85 | 22.93 |
| Stores and spares | 1.88 | 1.05 |
| Loose tools | 0.99 | 0.97 |
| Total | 75.41 | 45.27 |

18. Trade receivables

Rs. in crores

| Particulars | As at December 31, 2012 | As at December 31, 2011 |
|---|----------------------------|----------------------------|
| Outstanding for a period exceeding six months from the date they were due for payments | | |
| Secured, considered good | 0.09 | 0.12 |
| Unsecured - considered good | 0.13 | 0.03 |
| - considered doubtful | 0.86 | 0.39 |
| | 1.08 | 0.54 |
| Less: Provision for doubtful receivables | 0.86 | 0.39 |
| Sub-total (A) | 0.22 | 0.15 |
| Others receivables | | |
| Secured, considered good | 0.08 | 0.06 |
| Unsecured - considered good | 5.90 | 3.89 |
| Sub-total (B) | 5.98 | 3.95 |
| Total (A+B) | 6.20 | 4.10 |

19. Cash and cash equivalents

Rs. in crores

| Particulars | As at December 31, 2012 | As at December 31, 2011 |
|-----------------------------|----------------------------|----------------------------|
| Cash on hand | 0.06 | 0.03 |
| Cheques/drafts on hand | 0.01 | 0.06 |
| Balances with banks: | | |
| In current accounts | 0.34 | 0.23 |
| In unpaid dividend accounts | 3.09 | 2.66 |
| Total | 3.50 | 2.98 |

20. Short-term loans and advances

Rs. in crores

| Particulars | As at December 31, 2012 | As at December 31, 2011 |
|---------------------------------------|----------------------------|----------------------------|
| Unsecured, considered good | | |
| Advance to suppliers | 5.22 | 2.69 |
| Advance to joint venture company | 1.00 | - |
| Loans and advances to employees | 0.78 | 1.09 |
| Insurance claims receivable | 1.36 | 0.33 |
| Prepaid expenses | 1.37 | 0.99 |
| Balance with government authorities | 13.79 | 8.35 |
| Others | 0.42 | 0.42 |
| Sub-total (A) | 23.94 | 13.87 |
| Unsecured, considered doubtful | | |
| Others | 0.04 | 0.04 |
| Less: Provision for doubtful advances | 0.04 | 0.04 |
| Sub-total (B) | - | - |
| Total (A+B) | 23.94 | 13.87 |

21. Other current assets

Rs. in crores

| Particulars | As at December 31, 2012 | As at December 31, 2011 |
|---|----------------------------|----------------------------|
| Interest accrued on fixed deposits | 0.29 | 0.27 |
| Dividend declared by subsidiary company | - | 40.80 |
| Total | 0.29 | 41.07 |

22. Revenue from operations

Rs. in crores

| Particulars | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
|--------------------------------------|---|---|
| Revenue from operations | | |
| Sale of products | | |
| Manufactured goods (gross) | 1,173.79 | 737.35 |
| Less: Excise duty | 130.04 | 71.38 |
| Manufactured goods (net) | 1,043.75 | 665.97 |
| Other operating revenue | | |
| Export benefits | 2.44 | 3.14 |
| Scrap sale | 1.78 | 1.39 |
| Income from other operating revenues | 1.29 | 0.95 |
| Sub-total (B) | 5.51 | 5.48 |
| Revenue from operations (net) | 1,049.26 | 671.45 |

22. Revenue from operations (Continued)

| Particulars | Rs. in crores | |
|----------------------------------|---|---|
| | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
| Details of products sold | | |
| Manufactured goods | | |
| Two wheelers | 1,073.65 | 662.85 |
| Spare parts and other components | 100.14 | 74.50 |
| Total | 1,173.79 | 737.35 |

23. Other income

| Particulars | Rs. in crores | |
|--|---|---|
| | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
| Profit on sale of fixed assets | 0.09 | 0.24 |
| Dividend on unquoted non trade current investments | 14.40 | 6.71 |
| Dividend on long term unquoted trade investment in subsidiary company* | - | 40.80 |
| Profit on sale of unquoted non trade current investments | 30.05 | 27.75 |
| Exchange gain (net) | - | 0.14 |
| Interest income | | |
| - from banks on deposits | 0.57 | 0.63 |
| - from others | 0.37 | - |
| Other income | 0.30 | 0.51 |
| Total | 45.78 | 76.78 |

*Refer note no. 50

24. Cost of raw materials and components consumed

| Particulars | Rs. in crores | |
|---|---|---|
| | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
| Inventory at the beginning of the year | 15.52 | 13.84 |
| Add: Purchases | 709.93 | 463.79 |
| | 725.45 | 477.63 |
| Less: inventory at the end of the year | 23.54 | 15.52 |
| Less: material cost of vehicles capitalised | 0.25 | 0.41 |
| | 701.66 | 461.70 |
| Less: Sale of raw materials and components to suppliers on cost to cost basis | 4.28 | 1.86 |
| Net consumption | 697.38 | 459.84 |

25. Change in inventories of finished goods, work-in-progress and stock-in-trade

Rs. in crores

| Particulars | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
|---|---|---|
| Inventories at the end of the year | | |
| Finished goods | 45.85 | 22.93 |
| Work-in-progress | 3.15 | 4.80 |
| A | <u>49.00</u> | <u>27.73</u> |
| Inventories at the beginning of the year | | |
| Finished goods | 22.93 | 10.68 |
| Work-in-progress | 4.80 | 2.65 |
| B | <u>27.73</u> | <u>13.33</u> |
| Net change (B-A) | <u>(21.27)</u> | <u>(14.40)</u> |

26. Employee benefits expenses

Rs. in crores

| Particulars | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
|---|---|---|
| Salaries, wages, bonus etc. | 67.08 | 43.29 |
| Contribution to provident and other funds | 2.94 | 2.28 |
| Staff welfare expenses | 8.84 | 5.47 |
| Total | <u>78.86</u> | <u>51.04</u> |

27. Finance costs

Rs. in crores

| Particulars | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
|-------------------------|---|---|
| Interest expense | | |
| On income tax | 0.04 | - |
| On other borrowings | 0.22 | 2.02 |
| Total | <u>0.26</u> | <u>2.02</u> |

28. Depreciation and amortisation expenses

Rs. in crores

| Particulars | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
|-----------------------------------|---|---|
| Depreciation of tangible assets | 15.79 | 12.37 |
| Amortisation of intangible assets | 1.36 | 0.65 |
| Total | <u>17.15</u> | <u>13.02</u> |

29. Other expenses

| Particulars | Rs. in crores | |
|--|---|---|
| | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
| Stores and machinery spares consumed (including loose tools and packing material) | 24.36 | 16.86 |
| Increase/decrease in excise duty on finished goods | 3.42 | 1.29 |
| Loss on sale of fixed assets | 0.08 | 0.23 |
| Fixed assets discarded | 0.30 | 0.44 |
| Power and fuel | 11.01 | 6.47 |
| Insurance | 1.12 | 0.76 |
| Repairs and maintenance | | |
| Buildings | 3.61 | 1.37 |
| Plant and machinery | 4.44 | 2.80 |
| Others | 2.79 | 2.05 |
| Rates and taxes | 1.45 | 0.86 |
| Advertisement | 7.23 | 4.88 |
| Freight and handling charges | 13.36 | 8.61 |
| Incentives | 2.50 | 0.49 |
| Warranty | 9.02 | 7.91 |
| Other selling and distribution expenses | 16.88 | 10.18 |
| Rent | 6.69 | 3.59 |
| Legal and professional charges | 12.98 | 8.96 |
| Travelling expenses | 7.84 | 5.32 |
| Development expenses | 3.31 | 1.69 |
| Bad debts/advances written off | 0.06 | 0.25 |
| Less: Charged against provision for doubtful debts and advances | - | 0.24 |
| Provision for doubtful debts and advances | 0.47 | 0.17 |
| Exchange loss (net) | 0.10 | - |
| Miscellaneous expenses | 15.84 | 9.94 |
| Total | 148.86 | 94.88 |

- 30.** Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 31.95 crores (Rs. 26.50 crores).

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

31. Research and development expenses:

Revenue expenditure on research and development incurred and expensed off during the year through the appropriate heads of account aggregate Rs. 16.75 crores (Rs. 10.45 crores). The capital expenditure incurred during the year for research and development purposes aggregate Rs. 3.95 crores (Rs. 5.55 crores). The details of capital expenditure and revenue expenditure are as below:

| Capital expenditure | Rs. in crores | |
|------------------------|---|---|
| | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
| Building - factory | 0.25 | 0.10 |
| Plant and equipment | 1.90 | 4.48 |
| Furniture and fittings | 0.11 | 0.06 |
| Office equipment | 1.05 | 0.37 |
| Vehicles | 0.64 | 0.54 |
| Total | 3.95 | 5.55 |

| Revenue expenditure | Rs. in crores | |
|----------------------|---|---|
| | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
| Employee cost | 7.56 | 3.79 |
| Development expenses | 3.20 | 1.76 |
| Depreciation | 2.04 | 1.39 |
| Overheads | 3.95 | 3.51 |
| Total | 16.75 | 10.45 |

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

| Warranty Provisions | Rs. in crores | |
|---------------------------------|---|---|
| | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
| Opening balance | 3.93 | 2.62 |
| Additions during the year | 9.02 | 7.91 |
| Amount utilised during the year | 7.71 | 6.60 |
| Closing balance | 5.24 | 3.93 |

33. Contingent liabilities not provided for in respect of:

| Particulars | Rs. in crores | |
|---|----------------------------|----------------------------|
| | As at December 31, 2012 | As at December 31, 2011 |
| a) In respect of demands contested by the Company: | | |
| - Excise duty matters | 54.99 | 54.99 |
| - Sales tax matters | 10.43 | 10.38 |
| - Service tax matters | 0.77 | 0.76 |
| - Income tax matters | 8.80 | 14.15 |
| b) Claims against the Company not acknowledged as debts | 5.00 | 4.59 |
| c) Guarantees given to: | | |
| A subsidiary, for certain receivables transferred pursuant to Business Purchase Agreement signed by the company with subsidiary company | - | 0.06 |

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

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

Rs. in crores

| Particulars | As at | |
|---|-------------------|-------------------|
| | December 31, 2012 | December 31, 2011 |
| a) Amount payable to supplier under MSMED (suppliers) as at the end of year | | |
| - Principal | 4.32 | 1.30 |
| - Interest due there on | - | - |
| b) Payment made to supplier beyond the appointed day during the year | | |
| - Principal | - | - |
| - Interest due there on | - | - |
| c) Amount of interest due and payable for delay in payment (which has been paid but beyond the appointed day during the year) but without adding the interest under MSMED | - | - |
| d) Amount of interest accrued and remaining unpaid as at the end of year | - | - |
| e) Amount of interest remaining due and payable to suppliers disallowable as deductible expenditure under Income Tax Act, 1961 | - | - |

35. Disclosures under Accounting Standard 15 (Revised):

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

A. Employee plans

Rs. in crores

| Particulars | For the year ended | |
|---|--------------------|-------------------|
| | December 31, 2012 | December 31, 2011 |
| a) Provident fund | 2.68 | 1.70 |
| b) Superannuation fund | 0.26 | 0.58 |
| c) Employee State Insurance Corporation | 0.36 | 0.19 |

Out of the total contribution made for employees' provident fund, Rs. 0.69 crores (Rs. 0.34 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, 2012 is Rs. 45.50 crores as against the total plan assets of Rs. 45.64 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

| Particulars | For the year ended | | For the year ended | |
|---|--------------------|------------------|--------------------|------------------|
| | December 31, 2012 | | December 31, 2011 | |
| | Gratuity | Leave encashment | Gratuity | Leave encashment |
| Present value of obligation as at the beginning | 6.27 | 1.15 | 6.13 | 1.23 |
| Current service cost | 1.39 | 0.36 | 0.98 | (0.27) |
| Interest cost | 0.44 | 0.08 | 0.44 | 0.08 |
| Benefits paid | (0.77) | (0.17) | (0.79) | (0.24) |
| Net actuarial (gain)/loss recognised | (0.02) | (0.11) | (0.49) | 0.35 |
| Present value of obligation as at the end | 7.31 | 1.31 | 6.27 | 1.15 |

35. Disclosures under Accounting Standard 15 (Revised): (Continued)

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

| Particulars | Rs. in crores | | | |
|---|---|------------------|---|------------------|
| | For the year ended December 31, 2012 | | For the year ended December 31, 2011 | |
| | Gratuity | Leave encashment | Gratuity | Leave encashment |
| Present value of obligation as at the end | 7.31 | 1.31 | 6.27 | 1.15 |
| Fair value of plan assets at the end | - | - | - | - |
| Net asset/(liability) recognised in balance sheet | (7.31) | (1.31) | (6.27) | (1.15) |
| Further classification | | | | |
| Long-term provisions | 7.07 | 1.25 | 6.09 | 1.12 |
| Short-term provisions | 0.24 | 0.06 | 0.18 | 0.03 |
| Cost for the year | | | | |
| Current service cost | 1.39 | 0.36 | 0.98 | (0.27) |
| Interest cost | 0.44 | 0.08 | 0.44 | 0.08 |
| Net actuarial (gain)/loss recognised | (0.02) | (0.11) | (0.49) | 0.35 |
| Net cost recognised | 1.81 | 0.33 | 0.93 | 0.16 |
| Principal assumptions: | | | | |
| Discount rate | 7.50% | 7.50% | 7.50% | 7.50% |
| Future salary increase | 7.00% | 7.00% | 7.00% | 7.00% |
| In service mortality | LIC (1994-96) | LIC (1994-96) | LIC (1994-96) | LIC (1994-96) |

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.

Other disclosures:

| Particulars | Rs. in crores | | | |
|---|---|------------------|---|------------------|
| | For the year ended December 31, 2012 | | For the year ended December 31, 2011 | |
| | Gratuity | Leave encashment | Gratuity | Leave encashment |
| Present value of obligation as at the end | 6.13 | 1.23 | 5.26 | 0.97 |
| Net Asset/(liability) recognised in balance sheet | (6.13) | (1.23) | (5.26) | (0.97) |
| Net actuarial loss/(gain) recognised | 0.04 | (0.13) | (0.03) | (0.08) |

36. Auditors' remuneration (excluding service tax):

| Description | Rs. in crores | |
|--|---|---|
| | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
| a) Audit fee | 0.19 | 0.16 |
| b) In other capacity: | | |
| - Limited reviews of unaudited financial results | 0.11 | 0.10 |
| - Audit of accounts for the fiscal year | 0.04 | 0.03 |
| - For certification and others | 0.02 | 0.07 |
| c) Out of pocket expenses | 0.01 | - |

37. Earnings per share

| Description | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
|---|---|---|
| a) Profit for the year, per statement of profit and loss (Rs. in crores) | 144.76 | 124.55 |
| b) Weighted average number of equity shares (Nos.) | 2,69,96,916 | 2,69,71,251 |
| c) Effect of potential dilutive equity shares on Employee Stock Options outstanding (Nos.) | 1,58,078 | 1,06,760 |
| d) Weighted average number of equity shares in computing diluted earnings per share [(b) + (c)] | 2,71,54,994 | 2,70,78,011 |
| e) Earnings per share (in rupees): (face value-Rs. 10 per share) | | |
| - Basic [(a)/(b)] | 53.62 | 46.18 |
| - Diluted [(a)/(d)] | 53.31 | 46.00 |

38. Segment reporting:

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

39. Related party disclosures

a. Name of related parties and their relationship:

| Name of related party | | Nature of Relationship |
|--|-----------------|--|
| VE Commercial Vehicles Ltd. | (VECVL) | Subsidiary company |
| Eicher Engineering Solutions, Inc., U.S.A. | (EES, Inc.) | Subsidiary company of VECVL |
| Hoff Auto Design (Beijing) Co. Ltd | (Hoff Beijing) | 100% subsidiary company of EES, Inc. |
| Hoff Auto Design (Shanghai) Co. Ltd. | (Hoff Shanghai) | 100% subsidiary company of EES, Inc. |
| Eicher Goodearth Private Limited | (EGPL) | Significant influence of key management personnel in the company |
| Eicher Polaris Private Limited* | (EPPL) | Joint venture company |

*w.e.f. October 10, 2012

b. Key management personnel:

| | |
|-----------------------|---------------------|
| Mr. Siddhartha Lal | Managing Director |
| Mr. R.L. Ravichandran | Whole Time Director |

Transactions with the above key management personnel during the year:

| Description | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
|--------------------------|---|---|
| Managerial Remuneration@ | | |
| - Mr. Siddhartha Lal | 4.03 | 2.98 |
| - Mr. R.L. Ravichandran | 0.55 | 0.55 |
| Total | 4.58 | 3.53 |

@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.

39. Related party disclosures (Continued)

Transactions with the above parties

Rs. in crores

| Particulars | VECVL | | EES, Inc. | | EPPL | | EGPL | | Total | |
|--|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | For the year ended December 31, 2012 | For the year ended December 31, 2011 | For the year ended December 31, 2012 | For the year ended December 31, 2011 | For the year ended December 31, 2012 | For the year ended December 31, 2011 | For the year ended December 31, 2012 | For the year ended December 31, 2011 | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
| Purchase of finished goods/services | 6.38 | 2.57 | 0.72 | - | - | - | - | - | 7.10 | 2.57 |
| Investment in share capital of joint venture company | - | - | - | - | 5.50 | - | - | - | 5.50 | - |
| Expenses recovered | - | - | - | - | 0.61 | - | - | - | 0.61 | - |
| Security deposit given | - | - | - | - | - | - | 0.98 | - | 0.98 | - |
| Corporate service charges | 3.97 | 3.71 | - | - | - | - | - | - | 3.97 | 3.71 |
| Rent Paid | - | - | - | - | - | - | 0.61 | - | 0.61 | - |
| Brand fee payable | - | - | - | - | - | - | 2.62 | - | 2.62 | - |
| Dividend Income | - | 40.80 | - | - | - | - | - | - | - | 40.80 |
| Aggregate balances outstanding as at the year end | | | | | | | | | | |
| - Receivables* | - | 40.80 | - | - | 1.00 | - | - | - | 1.00 | 40.80 |
| - Payables | 3.43 | 1.11 | - | - | - | - | 2.62 | - | 6.05 | 1.11 |
| - Security deposit receivable | - | - | - | - | - | - | 0.98 | - | 0.98 | - |

*Receivables from EPPL includes Rs. 0.39 crore (Rs. Nil) relating to consultancy services provided by VECVL to EPPL.

40. The Company has taken certain premises under various operating lease agreements. The total lease rental recognize as expense aggregate to Rs. 6.69 crores (Rs. 3.59 crores).

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

Rs. in crores

| Particulars | As at December 31, 2012 | As at December 31, 2011 |
|---|----------------------------|----------------------------|
| Not later than one year | 0.49 | 1.39 |
| Later than one year and not later than five years | 0.01 | 0.49 |

41. The details of disputed excise duty, sales tax, service tax and income tax dues as on December 31, 2012 which have not been deposited or deposited under protest 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 | 0.30 | - | 1995-96 to 1996-97, 2003-04 to 2004-05 and 2009-10 |
| | | CESTAT | 54.69 | 0.26 | 1991-92 to 1993-94, 1995-96 to 2000-01 and 2002-03 to 2004-05 |
| Sales Tax Act | Sales Tax | Appellate Authority | 0.08 | 0.08 | 1994-95 to 1998-99, 2000-01 and 2004-05 |
| | | Appellate Authority upto Commissioner's level | 2.22 | 0.89 | 1987-88, 1993-94 1998-99 to 2008-09, and 2011-12 |
| | | Appellate Tribunal | 6.79 | 1.41 | 1989-90 to 2004-05 |
| | | High Court | 3.16 | 1.09 | 1984-85 to 1988-89, 1990-91 to 1994-95, 1999-00 to 2001-02 and 2004-05 |
| Service Tax Act | Service Tax | Commissioner | 0.72 | - | 2003-04 to 2004-05, and 2006-07 to 2009-10 |
| | | CESTAT | 0.05 | - | 2006-07 |
| Income Tax Act | Income Tax | Appellate Authority upto Commissioner's level | 8.80 | 5.28 | 2008-09 |

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

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

42. The unhedged foreign currency exposures are as under:

| Particulars | As at December 31, 2012 | | As at December 31, 2011 | |
|--------------------|-------------------------------|---------------|-------------------------------|---------------|
| | Foreign currency in crores | Rs. in crores | Foreign currency in crores | Rs. in crores |
| Receivables | | | | |
| USD | 0.01 | 0.41 | 0.02 | 0.88 |
| EURO | 0.03 | 1.90 | 0.01 | 0.36 |
| GBP | 0.01 | 0.19 | 0.01 | 0.34 |
| | | <u>2.50</u> | | <u>1.58</u> |
| Payables | | | | |
| EURO | - | - | 0.01 | 0.16 |
| JPY | - | - | 0.46 | 0.32 |
| Others | 0.01 | 0.11 | - | - |
| | | <u>0.11</u> | | <u>0.48</u> |

43. Disclosures in respect of Joint Venture under Accounting Standard 27:

| Description | Rs. in crores | |
|--|---|---|
| | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
| a) Jointly Controlled Entity Eicher Polaris Private Limited | | |
| b) Share of interest | 50% | - |
| c) Aggregate of assets, liabilities, income and expenditure related to interest in jointly controlled entity: | | |
| i) Reserves and surplus | (0.16) | - |
| ii) Current Liabilities | 2.21 | - |
| iii) Assets | | |
| Fixed assets | 1.82 | - |
| Long term loans and advances | 0.22 | - |
| Cash and cash equivalents | 5.50 | - |
| | <u>7.54</u> | <u>-</u> |
| iv) Revenue | - | - |
| v) Expenses | | |
| Employee benefits expense | 0.06 | - |
| Other expenses | 0.10 | - |

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

| | | Rs. in crores | | | |
|--|---------------|---|---------------|---|--|
| Description | | For the year ended December 31, 2012 | | For the year ended December 31, 2011 | |
| | % | Value | % | Value | |
| a) Raw materials and components | | | | | |
| Imported | 1.50 | 10.48 | 1.80 | 8.29 | |
| Indigenous | 98.50 | 686.90 | 98.20 | 451.55 | |
| | <u>100.00</u> | <u>697.38</u> | <u>100.00</u> | <u>459.84</u> | |
| b) Stores and machinery spares consumed (including loose tools) | | | | | |
| Indigenous | 100.00 | 24.36 | 100.00 | 11.85 | |
| | <u>100.00</u> | <u>24.36</u> | <u>100.00</u> | <u>11.85</u> | |

45. **Particulars of raw materials and components consumed**

| | | Rs. in crores | | | |
|--|--|---|--|---|--|
| Description | | For the year ended December 31, 2012 | | For the year ended December 31, 2011 | |
| Iron and steel | | 4.20 | | 3.27 | |
| Others including Components and spare parts* | | 693.18 | | 456.57 | |
| | | <u>697.38</u> | | <u>459.84</u> | |

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

46. **CIF value of imports:**

| | | Rs. in crores | | | |
|----------------------------|--|---|--|---|--|
| Description | | For the year ended December 31, 2012 | | For the year ended December 31, 2011 | |
| Components and spare parts | | 10.48 | | 8.29 | |
| Capital goods | | 5.19 | | 2.01 | |
| | | <u>15.67</u> | | <u>10.30</u> | |

47. **Expenditure in foreign currency (on accrual basis):**

| | | Rs. in crores | | | |
|------------------|--|---|--|---|--|
| Description | | For the year ended December 31, 2012 | | For the year ended December 31, 2011 | |
| Travelling | | 0.76 | | 0.67 | |
| Consultancy fees | | 3.68 | | 1.14 | |
| Advertisement | | 2.13 | | 1.27 | |
| Others | | 2.26 | | 1.31 | |
| | | <u>8.83</u> | | <u>4.39</u> | |

48. Earnings in foreign currency:

| Export of goods (FOB Value) | Rs. in crores | |
|-----------------------------------|---|---|
| | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
| Two wheelers | 53.18 | 43.40 |
| Gears, components and spare parts | 1.71 | 1.90 |
| | 54.89 | 45.30 |

49. Remittance in foreign currency towards dividends:

| The particulars of dividends declared during the year and payable to non-resident shareholders are as under: | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
|--|---|---|
| (i) Number of non-resident shareholders | | |
| (a) For 2011 Nos. | 1 | |
| (b) For 2010 Nos. | | 1 |
| (ii) Number of shares held by them | | |
| (a) For 2011 Nos. | 22,75,610 | |
| (b) For 2010 Nos. | | 22,75,610 |
| (iii) Gross amount of dividend | | |
| (a) For 2011 Rs. in crores | 3.6 | |
| (b) For 2010 Rs. in crores | | 2.5 |

50. Hitherto in terms of Old Schedule VI to the Companies Act, 1956, the Company was recognising income from dividend declared by its subsidiary company, i.e. VE Commercial Vehicles Limited (VECVL) even after the date of the Balance Sheet if they were pertaining to the period on or before the Balance sheet date. This requirement no longer exists in the Revised Schedule VI. Accordingly, the Company as per AS – 9 'Revenue Recognition' has decided to recognise dividend from subsidiary companies as income only when the right to receive dividends is established as on the Balance Sheet date. Had the Company recognised dividend from VECVL as income as per Old Schedule VI, the profit for the year would have been higher by Rs. 40.80 crores.

51. Figures in brackets represent previous year's figures.

52. The revised schedule VI has become effective for the accounting year commencing on or after 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figure have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

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

| 1 | Name of the Company | VE Commercial Vehicles Ltd. (VECVL) (54.4% Subsidiary of EML) | Eicher Engineering Solutions Inc. (EES Inc.) (100% subsidiary of VECVL) | Hoff Auto Design (Shanghai) Co. Ltd. (100% subsidiaries of EES Inc.) | Hoff Auto Design (Beijing) Co. Ltd. (100% subsidiaries of EES Inc.) |
|---|--|--|--|---|--|
| 2 | Accounting year of the subsidiary Company | 31.12.2012 | 31.12.2012 | 31.12.2012 | 31.12.2012 |
| 3 | (a) Number of equity shares held in (Nos.) the subsidiary Company by holding Company at the above date % Holding (equity) | 54,40,000 54.40% | 16,400 100% | N.A* 100% | N.A* 100% |
| | (b) Number of preference shares held in (Nos.) the subsidiary Company by holding Company at the above date % Holding (preference) | NIL | NIL | NIL | NIL |
| 4 | The net aggregate of profits less losses of the subsidiary Company so far as it concern the members of holding Company | | | | |
| | (i) Dealt with in the accounts of the holding Company amounted to: | | | | |
| | (a) For the subsidiary's financial year ended on 31.12.2012 (Rs. crores) | NIL | NIL | NIL | NIL |
| | (b) For the previous financial years of the subsidiary since it become subsidiary (Rs. crores) | 81.60 | 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 31.12.2012 (Rs.crores) | 183.14 | (6.41) | 0.31 | 0.04 |
| | (b) For the previous financial years of the subsidiary since it became subsidiary (Rs. crores) | 276.42 | (20.24) | 0.79 | 0.01 |
| 5 | As the accounting year of subsidiary Company coincides with the accounting year of the holding Company, Section 215 (5) of the Companies Act, 1956, is not applicable. | | | | |

*These are limited liability Companies, which are supposed to have Registered Total Capital Amount at the time of Incorporation. The Registered Total Capital amount for Hoff Auto Design (Shanghai) Co. Ltd. is \$ 1,40,000 and Hoff Auto Design (Beijing) Co. Ltd. is \$ 3,00,000.

Rs. in crores

| S.No. | Particulars | Amount | Amount | Amount | Amount |
|-------|---|----------|------------------|------------------|-----------------|
| 1 | Capital | 10.00 | 20.32 | 0.96 | 2.07 |
| 2 | Reserves | 2,002.32 | (27.73) | 0.32 | (1.86) |
| 3 | Total Assets | 3,440.73 | 16.17 | 1.60 | 0.32 |
| 4 | Total Liabilities | 1,428.46 | 23.58 | 0.32 | 0.11 |
| 5 | Details of Investments (Except in case of investment in subsidiaries) | 0.05 | - | - | - |
| 6 | Turnover | 5,772.74 | 52.12 | 6.51 | 3.84 |
| 7 | Profit/(Loss) before taxation | 431.48 | (5.42) | 0.31 | 0.04 |
| 8 | Income Taxes (Deferred Assets) | 94.82 | 0.99 | - | - |
| 9 | Profit/(loss) after taxation | 336.66 | (6.41) | 0.31 | 0.04 |
| 10 | Proposed Dividend | 75.00 | - | - | - |
| | Exchange rate used | | | | |
| | Balance Sheet (Closing rate as on 31.12.2012) | | 1 USD = Rs.54.78 | 1 RMB = Rs. 8.66 | 1 RMB = Rs.8.66 |
| | P&L (Average rate January' 12 to December' 12) | | 1 USD = Rs 53.49 | 1 RMB = Rs.8.46 | 1 RMB = Rs.8.46 |

Vinit Kumar
Company Secretary

Lalit Malik
Chief Financial Officer

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

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF EICHER MOTORS LIMITED

1. We have audited the attached Consolidated Balance Sheet of **EICHER MOTORS LIMITED** ("the Company"), its subsidiaries and jointly controlled entity (the Company, its subsidiaries and jointly controlled entity constitute "the Group") as at December 31, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include the jointly controlled entity accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the 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 the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiaries, viz., Eicher Engineering Solutions, Inc., U.S.A., Hoff Auto Design (Beijing) Co. Ltd. and Hoff Auto Design (Shanghai) Co. Ltd., whose financial statements reflect total assets of Rs.16.17 crores as at December 31, 2012, total revenues of Rs.52.12 crores and net cash inflows amounting to Rs.1.10 crores for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.
5. *As indicated in note 35 of the consolidated financial statements, no provision has been made for MODVAT balance amounting to Rs.8.21 crores which had lapsed. Had such provision been made, the profits for the year and the reserves and surplus would have been lower by Rs.8.21 crores.*

The matter referred to in paragraph above, to the extent covered here above was also the subject matter of qualification in our audit report on the consolidated financial statements for year ended December 31, 2011.

6. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company, its aforesaid subsidiaries and jointly controlled entity, and to the best of our information and according to the explanations given to us, *Subject to the matter referred to in paragraph 5 above*, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at December 31, 2012;
 - (ii) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants
(Registration No. 015125N)

Manjula Banerji

Partner

(Membership No. 086423)

Place: Gurgaon
Date: February 12, 2013

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2012

Rs. in crores

| | Note No. | As at December 31, 2012 | As at December 31, 2011 |
|---|----------------|----------------------------|----------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 2 | 27.00 | 26.99 |
| Reserves and surplus | 3 | 1,727.89 | 1,466.14 |
| | | 1,754.89 | 1,493.13 |
| Minority interest | | | |
| | | 948.46 | 837.65 |
| Non-current liabilities | | | |
| Long-term borrowings | 4 | - | 0.58 |
| Deferred tax liabilities (net) | 5 | 123.19 | 64.46 |
| Other long-term liabilities | 6 | 17.59 | 27.62 |
| Long-term provisions | 7 | 56.12 | 42.75 |
| | | 196.90 | 135.41 |
| Current liabilities | | | |
| Short-term borrowings | 8 | 38.36 | 36.56 |
| Trade payables | 9 | 954.70 | 794.10 |
| Other current liabilities | 10 | 463.91 | 389.54 |
| Short-term provisions | 11 | 114.26 | 106.99 |
| | | 1,571.23 | 1,327.19 |
| | Total | 4,471.48 | 3,793.38 |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | 12 | | |
| Tangible assets | | 964.79 | 489.38 |
| Intangible assets | | 27.01 | 15.04 |
| Capital work-in-progress | | 280.07 | 223.34 |
| Intangible assets under development | | 224.30 | 128.95 |
| | | 1,496.17 | 856.71 |
| Non-current investments | 13 | 0.05 | 0.05 |
| Long-term loans and advances | 14 | 330.48 | 248.99 |
| Other non-current assets | 15 | 6.18 | 5.76 |
| | | 1,832.88 | 1,111.51 |
| Current assets | | | |
| Current investments | 16 | 638.45 | 512.57 |
| Inventories | 17 | 488.84 | 427.96 |
| Trade receivables | 18 | 445.87 | 344.58 |
| Cash and cash equivalents | 19 | 803.50 | 1,191.51 |
| Short-term loans and advances | 20 | 219.85 | 162.92 |
| Other current assets | 21 | 42.09 | 42.33 |
| | | 2,638.60 | 2,681.87 |
| | Total | 4,471.48 | 3,793.38 |
| Summary of significant accounting policies | I | | |
| See accompanying notes forming part of the consolidated financial statements | I to 43 | | |

In terms of our report attached

For DELOITTE HASKINS & SELLS

Chartered Accountants

Manjula Banerji
Partner

Vinit Kumar
Company Secretary

Lalit Malik
Chief Financial Officer

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

Place: Gurgaon
Date: February 12, 2013

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 2012

Rs. in crores

| | Note No. | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
|---|----------|---|---|
| Income | | | |
| Revenue from operations (gross) | 22 | 6,995.04 | 6,130.29 |
| Less: Excise duty | | 605.15 | 445.87 |
| Revenue from operations (net) | | 6,389.89 | 5,684.42 |
| Other income | 23 | 136.64 | 142.48 |
| Total revenue | | 6,526.53 | 5,826.90 |
| Expenses | | | |
| Cost of raw materials and components consumed | 24 | 4,006.75 | 3,516.06 |
| Purchase of stock-in-trade | 25 | 619.56 | 670.34 |
| Change in inventories of finished goods, work-in-progress and stock-in-trade | 26 | (41.07) | (68.54) |
| Employee benefits expenses | 27 | 457.26 | 345.56 |
| Finance costs | 28 | 3.79 | 7.67 |
| Depreciation and amortisation expenses | 29 | 82.17 | 63.96 |
| Other expenses | 30 | 798.37 | 631.65 |
| Total expenses | | 5,926.83 | 5,166.70 |
| Profit before tax | | 599.70 | 660.20 |
| Tax expense | | | |
| Current tax | | 116.16 | 150.20 |
| Minimum alternate tax (MAT) credit entitlement | | (50.04) | (27.10) |
| Deferred tax charge | | 58.73 | 39.70 |
| Total tax expense | | 124.85 | 162.80 |
| Profit after tax | | 474.85 | 497.40 |
| Minority interest | | 150.59 | 188.63 |
| Profit for the year | | 324.26 | 308.77 |
| Earnings per share - basic (refer note no. 38) | | 120.11 | 114.48 |
| Earnings per share - diluted (refer note no. 38) | | 119.41 | 114.03 |
| (Face value of Rs 10 per share) (in Rs.) | | | |
| Summary of significant accounting policies | I | | |
| See accompanying notes forming part of the consolidated financial statements | I to 43 | | |

In terms of our report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants

Manjula Banerji
Partner

Vinit Kumar
Company Secretary

Lalit Malik
Chief Financial Officer

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

Place: Gurgaon
Date: February 12, 2013

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2012

Rs. in crores

| Particulars | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
|---|---|---|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before tax | 599.70 | 660.20 |
| Adjustments for: | | |
| Depreciation and amortisation expenses | 82.17 | 63.96 |
| Exchange differences on conversion | (0.16) | (0.42) |
| Profit on sale of fixed assets | (1.08) | (0.84) |
| Fixed assets discarded | 1.01 | 0.44 |
| Dividend on unquoted non trade current investments | (14.40) | (6.71) |
| Loss on sale of fixed assets | 0.56 | 1.03 |
| Profit on sale of unquoted non trade current investments | (30.05) | (27.75) |
| Interest income | (90.45) | (103.93) |
| Finance costs | 3.79 | 7.67 |
| Operating profit before changes in working capital | 551.09 | 593.65 |
| Adjustments for changes in: | | |
| Inventories | (60.88) | (101.44) |
| Trade and other receivables | (147.07) | (196.50) |
| Trade and other payables | 247.04 | 276.09 |
| Cash generated from operating activities | 590.18 | 571.80 |
| Direct taxes paid | (107.65) | (166.81) |
| Net cash from operating activities (A) | 482.53 | 404.99 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets (including capital work-in-progress and pre-operative expenditure) | (785.52) | (418.78) |
| Sale of fixed assets | 3.50 | 1.49 |
| Net investment in unquoted non trade current investments | (125.88) | (57.26) |
| Proceeds from long term unquoted non- trade investment | - | 3.23 |
| Profit on sale of unquoted non trade current investments | 30.05 | 27.75 |
| Dividend on unquoted non trade current investments | 14.40 | 6.71 |
| Investment in fixed deposits | (0.42) | 1.71 |
| Interest received | 90.69 | 97.14 |
| Net cash flow from investing activities (B) | (773.18) | (338.01) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Repayment of long term borrowings | (6.08) | (15.14) |
| Increase/ (decrease) in short term borrowings (net) | 1.80 | (31.65) |
| Interest paid | (3.95) | (8.38) |
| Proceeds from issue of equity share capital under ESOP Scheme (including security premium) | 0.39 | 2.40 |
| Dividend paid | (76.96) | (52.20) |
| Tax on dividend paid | (12.56) | (8.71) |
| Net cash flow from financing activities (C) | (97.36) | (113.68) |
| Net Increase in cash and cash equivalents (A)+(B)+(C) | (388.01) | (46.70) |
| Cash and cash equivalents at the beginning of the year | 1,191.51 | 1,238.21 |
| Cash and cash equivalents at the end of the year | 803.50 | 1,191.51 |

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2012 (Continued)

Rs. in crores

| Particulars | As at | |
|--|-------------------|-------------------|
| | December 31, 2012 | December 31, 2011 |
| Components of cash and cash equivalents | | |
| Cash on hand | 0.16 | 0.10 |
| Cheques/drafts on hand | 45.04 | 102.17 |
| Balances with banks: | | |
| In current accounts | 73.67 | 67.39 |
| In unpaid dividend accounts# | 3.09 | 2.66 |
| In margin money account | 0.03 | 0.04 |
| In deposit accounts* | 676.01 | 1,019.15 |
| | 798.00 | 1,191.51 |
| Share of cash and cash equivalents of joint ventures | 5.50 | - |
| Total cash and cash equivalents (refer note 19) | 803.50 | 1,191.51 |

#The Company can utilise these balances only towards settlement of the unpaid dividend liabilities.

*Rs. 250.00 crores (Rs. 170.00 crores) pledged with banks against short term borrowings.

Summary of significant accounting policies

I

See accompanying notes forming part of the financial statements I to 43

In terms of our report attached

For DELOITTE HASKINS & SELLS

Chartered Accountants

Manjula Banerji

Partner

Vinit Kumar

Company Secretary

Lalit Malik

Chief Financial Officer

S. Sandilya

Siddhartha Lal

R.L. Ravichandran

Priya Brat

M.J. Subbaiah

Prateek Jalan

: Chairman

: Managing Director

: Executive Director

: Director

: Director

: Director

Place: Gurgaon

Date: February 12, 2013

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

I. Basis of consolidation and significant accounting policies

(a) Basis of consolidation

The consolidated financial statements relate to Eicher Motors Limited (the Company), its subsidiary companies and joint venture. The Company, its subsidiaries and joint venture constitute the Group.

(i) Basis of preparation

The financial statements are prepared under the historical cost convention on an accrual basis of accounting in accordance with the generally accepted accounting principles, Accounting Standards notified under Section 211 (3C) of the Companies Act, 1956 and the relevant provisions thereof.

(ii) Principles of consolidation

The consolidated financial statements have been prepared on the following basis:

- i. The financial statements of the subsidiary companies and joint venture used in the consolidation are drawn upto the same reporting date as of the Company i.e. year ended December 31, 2012.
 - ii. The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealised profits have been fully eliminated.
 - iii. The financial statements of the joint venture company have been combined by using proportionate consolidation method and accordingly, venturer's share of each of the assets, liabilities, income and expenses of jointly controlled entity is reported as separate line items in the Consolidated Financial Statements.
 - iv. The excess of cost to the Company of its investments in the subsidiary companies and joint venture over its share of equity of the subsidiary companies and joint venture, at the dates on which the investments in the subsidiary companies and joint ventures are made, is recognised as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies and joint ventures as on the date of investment is in excess of cost of investment of the Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.
 - v. Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above.
- (iii) The following subsidiary companies are considered in the consolidated financial statements:

| Name of the subsidiary company | Country of Incorporation | % voting power held as at December 31, 2012 | % voting power held as at December 31, 2011 |
|---|--------------------------|---|---|
| Direct subsidiary | | | |
| VE Commercial Vehicles Limited | India | 54.4% | 54.4% |
| Indirect subsidiaries* | | | |
| Eicher Engineering Solutions, Inc. (EES, Inc.) | U.S.A. | 54.4% | 54.4% |
| Hoff Auto Design (Beijing) Co. Ltd. (100% subsidiary company of EES, Inc.) | China | 54.4% | 54.4% |
| Hoff Auto Design (Shanghai) Co. Ltd. (100% subsidiary company of EES, Inc.) | China | 54.4% | 54.4% |

*Effective holding % of the Company through its subsidiary.

- (iv) The following joint venture company is considered in the consolidated financial statements:

| Name of the subsidiary company | Country of Incorporation | % ownership interest as at December 31, 2012 | % ownership interest as at December 31, 2011 |
|---------------------------------|--------------------------|--|--|
| Eicher Polaris Private Limited* | India | 50% | - |

*w.e.f October 10, 2012.

(b) Significant accounting policies

(i) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

(ii) Inventories

Inventories are valued at the lower of cost and moving weighted average price and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

(iii) Depreciation and amortisation

Depreciation has been provided on the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956.

Assets costing less than Rs. 5,000 each are fully depreciated in the year of capitalisation.

Depreciation on addition to fixed assets is provided on pro-rata basis from the month the assets are put to use.

Depreciation on sale/deduction from fixed assets is provided for up to the previous month of sale, deduction, discardment as the case may be.

Intangible assets comprising of product design, 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 asset.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

Depreciation on fixed assets in case of EES Inc., and its subsidiary companies, 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 |
|------------------------|-----------------------|
| Company software | 3 years |
| Office equipment | 5 years |
| Furniture and fixtures | 7 years |
| Plant and machinery | 7 years |

(iv) Revenue recognition

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the dispatch of goods to customers. Sales include excise duty but exclude sales tax and value added tax. Revenues from maintenance contracts are recognised pro-rata over the period of the contract. Interest income is recognised on a time proportionate basis taking into account the amount invested and rate applicable. Dividend income is accounted for when the right to receive it is established.

(v) Tangible fixed assets

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till commissioning of the project.

Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Pre-operative expenditure (pending allocation):

Expenses directly related to construction activity or incidental thereto, are allocated to fixed assets at the time of completion of the project.

(vi) Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase/completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

(vii) Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.

Monetary items denominated in foreign currencies at the year-end are translated at the exchange rates prevailing on the Balance Sheet date. Non-monetary items denominated in foreign currencies are carried at cost.

Any income or expense on account of exchange differences either on settlement or on translation of transactions are charged to the Statement of Profit and Loss.

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

(viii) Investments

Long term investments are carried individually at cost, less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments includes acquisition charges such as brokerage, fees and duties.

(ix) Employee benefits

Employee benefits includes compensated absences, long service awards and contribution to provident fund, employees' state insurance, superannuation fund, gratuity fund.

Defined contribution plans

The Company's contribution to provident fund, employees' state insurance, superannuation fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made. In respect of certain employees, provident fund contributions are made to a Trust where the interest rate payable to the members of such Trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. The remaining contributions are made to a government administered provident fund towards which the Company has no further obligations beyond its monthly contributions.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Long-term employee benefits

Compensated absences and long service awards which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date. The cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date and actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service.

(x) **Leases**

Lease rentals in respect of assets that are in the nature of operating leases are expensed with reference to lease terms.

(xi) **Borrowing costs**

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction/development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

(xii) **Earnings per share**

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

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

(xiii) **Income taxes**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961 and applicable tax laws in case of foreign subsidiary companies. The provision for taxation for the year ended December 31, 2012 comprises the residual tax liability for the assessment year 2012-13 relevant to the year April 1, 2011 to March 31, 2012 and the liability, which has accrued on the profit for the period April 1, 2012 to December 31, 2012, under the provisions of the Income-tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised.

(xiv) **Research and development expenses**

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.

(xv) **Impairment of assets**

The carrying values of assets/cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

(xvi) **Provisions and contingencies**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

(xvii) **Employee share based payments**

The Company has formulated Employee Stock Option Scheme (ESOS) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Scheme provide for grant of options to employees of the Company and its subsidiaries to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. In accordance with the SEBI Guidelines, the Company has constituted an Employee Stock Option Plan - 2006. Employee Stock Options granted by the Company are accounted under the 'Intrinsic Value Method' stated in the Guidance Note on Employee Share Based Payments issued by the Institute of Chartered Accountants of India.

(xviii) **Provision for warranty**

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

As per the terms of the contracts, the Company provides post-contract services/warranty support to some of its customers. The Company accounts for the post-contract support/provision for warranty on the basis of the information available with the Management duly taking into account the current and past technical estimates.

2. Share capital

Rs. in crores

| Particulars | As at | |
|--|-------------------|-------------------|
| | December 31, 2012 | December 31, 2011 |
| 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. 10 each | 1.01 | 1.01 |
| Total | 31.01 | 31.01 |
| Issued, subscribed and paid up | | |
| 2,70,00,983 (2,69,92,583) Equity shares of Rs. 10 each | 27.00 | 26.99 |
| Total | 27.00 | 26.99 |

The Company has issued only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

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

| Particulars | As at | | As at | |
|------------------------------------|-------------------|---------------|-------------------|---------------|
| | December 31, 2012 | | December 31, 2011 | |
| | Nos. | Rs. in crores | Nos. | Rs. in crores |
| At the beginning of the year | 2,69,92,583 | 26.99 | 2,69,37,783 | 26.94 |
| Issued during the year - ESOP | 8,400 | 0.01 | 54,800 | 0.05 |
| Outstanding at the end of the year | 2,70,00,983 | 27.00 | 2,69,92,583 | 26.99 |

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

| Particulars | As at | | As at | |
|--|-------------------|------------------------|-------------------|------------------------|
| | December 31, 2012 | | December 31, 2011 | |
| | Nos. | % holding in the class | Nos. | % holding in the class |
| The Lal Family Trust | 40,56,482 | 15.02% | 40,56,482 | 15.03% |
| Eicher Goodearth Trust | 32,71,723 | 12.12% | 32,71,723 | 12.12% |
| Anita Lal | 30,23,167 | 11.20% | 30,23,167 | 11.20% |
| The Simran Siddhartha Tara Benefit Trust | 27,43,346 | 10.16% | 27,43,346 | 10.16% |
| Aktiebolaget Volvo (PUBL), Sweden | 22,75,610 | 8.43% | 22,75,610 | 8.43% |

(iii) **Aggregate number of shares issued for consideration other than cash and shares bought back during five years immediately preceding the reporting date:**

| Particulars | Aggregate number of shares | |
|---|----------------------------|----------------------------|
| | As at December 31, 2012 | As at December 31, 2011 |
| Equity shares of Rs. 10 each allotted as fully paid up for consideration other than in cash pursuant to the Composite Scheme of Arrangement relating to merger of Residual Eicher Goodearth Investment Limited into the Company which became effective on November 12, 2009 from the appointed date i.e. January 1, 2009. | 1,40,32,764 | 1,40,32,764 |
| Equity shares of face value of Rs. 10 each fully paid up bought back and extinguished during the year ended December 31, 2009 in accordance with Section 77A of the Companies Act, 1956. | 14,08,969 | 14,08,969 |

(iv) **Employee stock option plan**

- a. 1,77,000 (1,77,000) options on September 30, 2006, exercisable over a period of seven years after vesting on October 1, 2009 at an exercise price of Rs. 297 (including premium of Rs. 287) per option, out of which 6,400 (6,400) options are outstanding at year end. During the year, Nil (8,000) equity shares were issued and allotted as fully paid up at an exercise price of Rs. 297 (including premium of Rs. 287 each) per equity share.
- b. 2,08,900 (2,08,900) options on October 22, 2007, exercisable over a period of seven years after vesting on October 23, 2010 at an exercise price of Rs.462 (including premium of Rs. 452) per option, out of which 63,500 (71,900) options are outstanding at year end. During the year, 8,400 (46,800) equity shares were issued and allotted as fully paid up at an exercise price of Rs. 462 (including premium of Rs. 452 each) per equity share.
- c. 40,000 (40,000) options on April 29, 2010, exercisable over a period of seven years after vesting on April 29, 2011 at an exercise price of Rs. 695 (including premium of Rs. 685) per option are outstanding as at year end.
- d. 15,400 (15,400) options on November 8, 2010, exercisable over a period of seven years after vesting on November 8, 2013 at an exercise price of Rs. 1,411 (including premium of Rs. 1,401) per option are outstanding as at year end.
- e. 1,32,200 (1,35,200) options on May 6, 2011, exercisable over a period of seven years after vesting on May 6, 2014 at an exercise price of Rs. 1,162 (including premium of Rs. 1,152) per option are outstanding as at year end. During the year, 3,000 (Nil) equity shares were forfeited.
- f. 12,600 (Nil) options on February 11, 2012, exercisable over a period of seven years after vesting on February 11, 2015 at an exercise price of Rs. 1,770 (including premium of Rs. 1,760) per option are outstanding as at year end.
- g. Each option entitles the holders thereof to apply for and be allotted one equity share of the face value of Rs. 10 each.

3. Reserves and surplus

| Particulars | Rs. in crores | |
|--|----------------------------|----------------------------|
| | As at December 31, 2012 | As at December 31, 2011 |
| A Capital reserve | | |
| Opening balance | 0.25 | 0.25 |
| Add/Less: Movement during the year | - | - |
| Closing balance | 0.25 | 0.25 |
| B Capital redemption reserve | | |
| Opening balance | 1.41 | 1.41 |
| Add/Less: Movement during the year | - | - |
| Closing balance | 1.41 | 1.41 |
| C Securities premium account | | |
| Opening balance | 597.88 | 595.53 |
| Add/Less: Movement during the year [@] | 0.38 | 2.35 |
| Closing balance | 598.26 | 597.88 |
| D General reserves | | |
| Opening balance | 230.24 | 176.36 |
| Add: Amount transferred from surplus in the statement of profit and loss | 48.15 | 53.88 |
| Closing balance | 278.39 | 230.24 |
| E Surplus in the statement of profit and loss | | |
| Opening balance | 636.69 | 432.00 |
| Profit for the year | 324.26 | 308.77 |
| Less: Appropriations | | |
| Dividend (amount per share Rs. 20.0 (Rs. 16.0)) | 54.00 | 43.19 |
| Tax on dividend | 8.76 | 7.01 |
| Transferred to general reserve | 48.15 | 53.88 |
| Total appropriations | 110.91 | 104.08 |
| Net surplus in the statement of profit and loss | 850.04 | 636.69 |
| F Foreign currency translation reserve | | |
| Opening balance | (0.33) | (0.35) |
| Addition | | |
| Deductions | 0.13 | (0.02) |
| Closing balance | (0.46) | (0.33) |
| Total (A+B+C+D+E+F) | 1,727.89 | 1,466.14 |

[@] Represents premium @ Rs. 287 per equity share on Nil (8,000) equity shares and @ Rs 452 per equity share on 8,400 (46,800) equity shares issued and allotted during the year under Employee Stock Option Scheme.

4. Long-term borrowings

| Particulars | Rs. in crores | |
|---|----------------------------|----------------------------|
| | As at December 31, 2012 | As at December 31, 2011 |
| Secured | | |
| Term loans | | |
| Term-loan from banks* | - | 5.98 |
| Unsecured | | |
| Deposit from public | - | 0.10 |
| Sales tax deferral | 0.58 | 0.58 |
| | 0.58 | 6.66 |
| Less: Current maturities of long-term borrowings (refer note no. 10) | 0.58 | 6.08 |
| Total | - | 0.58 |

*Includes:

(a) Loan amounting to Rs. Nil (Rs.5.97 crores) secured by a first charge by way of mortgage on immovable properties of the VECVL and hypothecation of all movable properties of the VECVL, save and except current assets charged in favour of the banks for securing borrowings for working capital requirements.

(b) Rs. Nil (Rs. 0.01 crore) secured by hypothecation of the specific assets acquired out of the loan by VECVL.

5. Deferred tax liabilities (net)

| Particulars | Rs. in crores | |
|--|----------------------------|----------------------------|
| | As at December 31, 2012 | As at December 31, 2011 |
| Deferred tax liabilities on | | |
| Accelerated depreciation | 158.83 | 90.40 |
| | 158.83 | 90.40 |
| Less: Deferred tax assets on | | |
| Business loss carried forward | 2.95 | 0.99 |
| Accrued expenses deductible on payment | 23.47 | 16.11 |
| Provision for gratuity | 2.37 | 2.03 |
| Provision for leave encashment and other employee benefits | 5.21 | 3.45 |
| Provision for doubtful debts and advances | 1.59 | 2.08 |
| Others | 0.05 | 1.28 |
| | 35.64 | 25.94 |
| Net deferred tax liabilities | 123.19 | 64.46 |

6. Other long-term liabilities

| Particulars | Rs. in crores | |
|--|----------------------------|----------------------------|
| | As at December 31, 2012 | As at December 31, 2011 |
| Capital creditors | 1.35 | 16.99 |
| Advances from customers for goods and services | 7.48 | 3.36 |
| Security deposits | 8.76 | 7.27 |
| Total | 17.59 | 27.62 |

7. Long-term provisions

Rs. in crores

| Particulars | As at December 31, 2012 | As at December 31, 2011 |
|---------------------------------|----------------------------|----------------------------|
| Provision for employee benefits | | |
| Gratuity | 7.07 | 6.09 |
| Compensated absences | 19.33 | 15.46 |
| Other employee benefits | 9.43 | - |
| | 35.83 | 21.55 |
| Provision for warranties | 20.29 | 21.20 |
| Total | 56.12 | 42.75 |

8. Short-term borrowings

Rs. in crores

| Particulars | As at December 31, 2012 | As at December 31, 2011 |
|---------------------------|----------------------------|----------------------------|
| Secured | | |
| - From bank | | |
| Cash credit* | 38.36 | 29.39 |
| Unsecured | | |
| Short-term loan from bank | - | 7.17 |
| Total | 38.36 | 36.56 |

*Includes:

- (a) Rs. 20.01 crores (Rs. 6.50 crores) secured by a first charge by way of hypothecation of all current assets of the Company.
- (b) Rs. Nil (Rs. 8.51 crores) secured by a first charge by way of hypothecation of all current assets of the VECVL, and a second charge by way of mortgage on immovable properties of the VECVL located at Thane and Pithampur and hypothecation of movable properties located at Thane and Pithampur.
- (c) Rs. 18.35 crores (Rs. 14.38 crores) is secured by all assets of the Eicher Engineering Solutions, Inc. and by an irrevocable letter of credit issued by the State Bank of India.

9. Trade payables

Rs. in crores

| Particulars | As at December 31, 2012 | As at December 31, 2011 |
|--|----------------------------|----------------------------|
| Acceptances | 225.62 | 238.54 |
| Dues to micro and small enterprises | 29.47 | 36.29 |
| Other trade payables | 699.57 | 519.27 |
| | 954.66 | 794.10 |
| Share of trade payables of joint venture | 0.04 | - |
| Total | 954.70 | 794.10 |

10. Other current liabilities

Rs. in crores

| Particulars | As at December 31, 2012 | As at December 31, 2011 |
|--|----------------------------|----------------------------|
| Current maturities of long term borrowings (refer note no. 4)# | | |
| Secured | - | 5.98 |
| Unsecured | 0.58 | 0.10 |
| Interest accrued but not due on borrowings | 0.10 | 0.26 |
| Capital creditors | | |
| Dues to micro and small enterprises | 0.65 | - |
| Others | 101.40 | 95.20 |
| Unpaid dividend* | 3.09 | 2.66 |
| Advance from customers for goods and services | 95.03 | 67.93 |
| Employee dues | 48.21 | 25.95 |
| Statutory dues and other taxes payable | 208.48 | 191.29 |
| Gratuity payable | 4.51 | - |
| Bank overdraft | 0.49 | - |
| Other payables | 0.04 | 0.17 |
| | 462.58 | 389.54 |
| Share of trade payables of joint venture | 1.33 | - |
| Total | 463.91 | 389.54 |

Includes:

- (a) Loan amounting to Rs. Nil (Rs.5.97 crores) secured by a first charge by way of mortgage on immovable properties of the VECVL and hypothecation of all movable properties of the VECVL, save and except current assets charged in favour of the banks for securing borrowings for working capital requirements.
- (b) Rs. Nil (Rs. 0.01 crore) secured by hypothecation of the specific assets acquired out of the loan by VECVL.

*Does not include any amounts outstanding as on December 31, 2012 which are required to be credited to Investor Education and Protection Fund.

11. Short-term provisions

Rs. in crores

| Particulars | As at December 31, 2012 | As at December 31, 2011 |
|--|----------------------------|----------------------------|
| Provision for employee benefits | | |
| Gratuity | 0.24 | 0.18 |
| Compensated absences | 2.88 | 1.31 |
| Other employee benefits | 0.80 | 0.18 |
| | 3.92 | 1.67 |
| Provision for warranties | 42.03 | 49.57 |
| Proposed dividend | 54.00 | 43.19 |
| Provision for tax on proposed dividend | 14.31 | 12.56 |
| | 110.34 | 105.32 |
| Total | 114.26 | 106.99 |

12. Fixed Assets

Rs. in crores

| Assets | Gross block (At cost) | | | Depreciation | | | | Net block | | |
|---|-------------------------|------------------------------|----------------------------|-------------------------|-------------------------|----------------|---------------|-------------------------|-------------------------|-------------------------|
| | As at December 31, 2011 | Additions during the year \$ | Deductions during the year | As at December 31, 2012 | As at December 31, 2011 | For the year @ | Adjustments # | As at December 31, 2012 | As at December 31, 2012 | As at December 31, 2011 |
| (A) Tangible assets | | | | | | | | | | |
| Land* | | | | | | | | | | |
| Freehold | 26.83 | 6.56 | - | 33.39 | - | - | - | - | 33.39 | 26.83 |
| Leasehold | 58.67 | 0.33 | 0.70 | 58.30 | 1.11 | 1.06 | 0.02 | 2.15 | 56.15 | 57.56 |
| Buildings* | 118.54 | 89.64 | 0.09 | 208.09 | 29.45 | 5.17 | 0.05 | 34.57 | 173.52 | 89.09 |
| Plant and equipment | 538.87 | 378.96 | 14.73 | 903.10 | 293.71 | 52.97 | 14.20 | 332.48 | 570.62 | 245.16 |
| Furniture and fixtures | 26.08 | 39.18 | 1.38 | 63.88 | 10.68 | 2.97 | 1.19 | 12.46 | 51.42 | 15.40 |
| Office equipments | 70.86 | 24.92 | 7.92 | 87.86 | 42.10 | 7.89 | 7.77 | 42.22 | 45.64 | 28.76 |
| Vehicles | 42.56 | 17.14 | 3.42 | 56.28 | 15.98 | 7.93 | 1.68 | 22.23 | 34.05 | 26.58 |
| Sub-total (A) | 882.41 | 556.73 | 28.24 | 1,410.90 | 393.03 | 77.99 | 24.91 | 446.11 | 964.79 | |
| Previous year | 711.93 | 179.18 | 8.70 | 882.41 | 342.22 | 58.21 | 7.40 | 393.03 | | 489.38 |
| (B) Intangible assets | | | | | | | | | | |
| Product designs, prototypes etc. | 45.62 | 2.97 | 9.21 | 39.38 | 43.34 | 0.76 | 8.66 | 35.44 | 3.94 | 2.28 |
| Computer softwares | 38.41 | 16.26 | 1.25 | 53.42 | 25.65 | 5.84 | 1.14 | 30.35 | 23.07 | 12.76 |
| Goodwill | 22.28 | - | - | 22.28 | 22.28 | - | - | 22.28 | - | - |
| Sub-total (B) | 106.31 | 19.23 | 10.46 | 115.08 | 91.27 | 6.60 | 9.80 | 88.07 | 27.01 | |
| Previous year | 99.35 | 7.07 | 0.11 | 106.31 | 84.68 | 6.13 | (0.46) | 91.27 | | 15.04 |
| (C) Capital work-in-progress (including pre-operative expenditure pending allocation amounting to Rs. 22.09 crores (Rs. 18.93 crores) (refer note 12A)) | | | | | | | | | 280.07 | 223.34 |
| (D) Intangible assets under development (including share of joint venture amounting to Rs. 1.82 crores (Rs. Nil)) | | | | | | | | | 224.30 | 128.95 |
| Total (A+B+C+D) | | | | | | | | | 1,496.17 | 856.71 |

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

Title deeds for lands at SEZ Pithampur and title deeds for lands and other properties at Ahmedabad, Bhiwandi and Gurgaon are pending for mutation/endorsement in favour of VE Commercial Vehicles Limited (a subsidiary company).

@ Includes Rs. 2.42 crores (Rs. 0.38 crore) transferred to pre-operative expenditure (pending allocation).

\$ Includes Rs. 0.33 crore (Rs. 1.74 crores) on account of foreign exchange fluctuation.

Net off by Rs. 0.29 crore (Rs. 1.50 crores) on account of foreign exchange fluctuation.

12A. Pre-operative expenditure (pending allocation)

| Particulars | Rs. in crores | |
|--|----------------------------|----------------------------|
| | As at December 31, 2012 | As at December 31, 2011 |
| Payments to and provisions for employees | | |
| Salaries, wages, bonus etc. | 15.62 | 8.27 |
| Contribution to provident and other funds | 0.62 | 0.53 |
| Welfare expenses | 1.38 | 0.56 |
| Stores and machinery spares consumed (including loose tools) | 0.08 | - |
| Power and fuel | 0.75 | 0.15 |
| Insurance | 0.19 | 0.04 |
| Repairs and maintenance | | |
| Buildings | 0.35 | 0.09 |
| Plant and machinery | 0.49 | 0.09 |
| Others | 0.73 | 0.70 |
| Rates and taxes | 0.10 | 0.06 |
| Freight | 0.02 | - |
| Rent | 0.54 | 0.60 |
| Legal and professional charges | 2.59 | 0.44 |
| Travelling expenses | 4.02 | 2.66 |
| Development expenses | 0.05 | 0.01 |
| Depreciation expense | 2.42 | 0.38 |
| Miscellaneous | 3.22 | 0.94 |
| Exchange Loss/(gain) | (2.92) | (0.04) |
| | <u>30.25</u> | <u>15.48</u> |
| Add: Balance brought forward from previous year | 18.93 | 3.45 |
| | <u>49.18</u> | <u>18.93</u> |
| Less: Capitalised during the year | 27.09 | - |
| Total | <u>22.09</u> | <u>18.93</u> |

13. Non-current investments

| Particulars | Rs. in crores | |
|--|----------------------------|----------------------------|
| | As at December 31, 2012 | As at December 31, 2011 |
| Long term* | | |
| Unquoted trade investment in: | | |
| 50,000 (50,000) Equity shares of Rs. 10 each fully paid up of Pithampur Auto Cluster Ltd. | 0.05 | 0.05 |
| | <u>0.05</u> | <u>0.05</u> |
| Unquoted non-trade investment in: | | |
| Government securities | | |
| National Savings Certificates (# Rs. 13,000) (Pledged with Government authorities) | # | # |
| Total | <u>0.05</u> | <u>0.05</u> |

*At cost as reduced by diminution in values, if any.

14. Long-term loans and advances

| Particulars | Rs. in crores | |
|--|----------------------------|----------------------------|
| | As at December 31, 2012 | As at December 31, 2011 |
| Unsecured, considered good | | |
| Capital advances | 115.28 | 64.17 |
| Security deposits | 14.36 | 11.14 |
| Advance to suppliers | - | 1.27 |
| Loans and advances to employees | 1.23 | 1.23 |
| Balance with government authorities | 101.08 | 108.90 |
| Prepaid expenses | 3.25 | 8.34 |
| Advance income tax (net of provision for taxation) | 14.94 | 23.45 |
| MAT credit entitlement | 79.61 | 29.57 |
| Others | 0.51 | 0.92 |
| | <u>330.26</u> | <u>248.99</u> |
| Share of long-term loans and advances of joint venture | 0.22 | - |
| Total | <u>330.48</u> | <u>248.99</u> |

15. Other non-current assets

| Particulars | Rs. in crores | |
|-----------------|----------------------------|----------------------------|
| | As at December 31, 2012 | As at December 31, 2011 |
| Fixed deposits* | 6.18 | 5.76 |
| Total | <u>6.18</u> | <u>5.76</u> |

*Rs. 6.18 crores (Rs. 5.76 crores) pledged with banks.

16. Current investments*

| Particulars | Rs. in crores | |
|---|----------------------------|----------------------------|
| | As at December 31, 2012 | As at December 31, 2011 |
| Unquoted non-trade investment in: | | |
| Debt mutual funds | | |
| Units of face value Rs. 10 each | | |
| Nil (2,00,00,000) units of Reliance Fixed Horizon Fund - XXI - Series 13 - Growth Option | - | 20.00 |
| Nil (1,00,81,397) units of DWS Ultra Short Term Fund-Institutional Daily Dividend-Reinvestment | - | 10.10 |
| Nil (2,53,68,050) units of HDFC Cash Management Fund -Treasury Advantage Plan - WS - Daily Dividend | - | 25.45 |
| Nil (1,65,51,096) units of HDFC Liquid Fund Premium Plan-Dividend Daily Reinvestment Option | - | 20.29 |
| Nil (2,50,00,000) units of SBI Debt fund Series - 367 Days - 11 - Growth | - | 25.00 |
| Nil (2,50,00,000) units of SBI Debt Fund Series 370 Days-9-Growth | - | 25.00 |
| Nil (1,00,00,000) units of SBI Debt Fund Series 90 Days-53-Dividend | - | 10.00 |
| Nil (50,00,000) units of Birla Sun Life Fixed Term Plan Series DT Growth | - | 5.00 |

16. Current investments* (Continued)

| Particulars | Rs. in crores | |
|---|----------------------------|----------------------------|
| | As at December 31, 2012 | As at December 31, 2011 |
| Nil (1,50,00,000) units of DSP BlackRock FMP - Series 20 - 12M - Growth | - | 15.00 |
| Nil (1,50,00,000) units of DSP BlackRock-12M-Series 13-Growth | - | 15.00 |
| Nil (1,00,00,000) units of SBI Debt Fund Series 370 Days-I I - Growth | - | 10.00 |
| Nil (6,50,00,000) units of Kotak FMP series 43 - Growth | - | 65.00 |
| Nil (3,50,00,000) units of Kotak FMP series 42 - Growth | - | 35.00 |
| Nil (1,50,00,000) units of Axis Fixed Term Plan - Series 13 (370 days) - Growth Plan | - | 15.00 |
| Nil (4,00,00,000) units of ICICI Prudential FMP series 56-1 year Plan D Cumulative | - | 40.00 |
| Nil (1,00,00,000) units of IDFC FMP Yearly Series 42 - Growth | - | 10.00 |
| Nil (98,72,485) units of IDFC Money Manager Fund - Investment Plan - Inst Plan B-Daily Dividend | - | 10.04 |
| Nil (2,00,00,000) units of Reliance Fixed Horizon Fund XIX Series I I - Growth Plan | - | 20.00 |
| 3,03,03,929 (Nil) units of IDFC Money Manager Fund - Growth | 50.00 | - |
| 51,66,277 (Nil) units of IDFC Super Saver Income Fund | 10.00 | - |
| 4,46,40,211 (Nil) units of HDFC Liquid Fund | 45.52 | - |
| 2,50,00,000 (Nil) units of BirlaSunlife Fixed Term Plan Series EP-Growth | 25.00 | - |
| 50,00,000 (Nil) units of Religare Fixed Maturity Plan Series XIII plan A | 5.00 | - |
| 3,00,00,000 (Nil) units of DSP BlackRock FMP series 36-12M | 30.00 | - |
| 5,00,00,000 (Nil) units of Kotak FMP series 76-Growth | 50.00 | - |
| 2,00,00,000 (Nil) units of Reliance fixed Horizon fund XXI series -9 | 20.00 | - |
| 1,50,00,000 (Nil) units of Reliance fixed Horizon fund XXI series -12 | 15.00 | - |
| 1,99,99,980 (Nil) units of SBI SDFS 367 Days-19 | 20.00 | - |
| 3,00,00,000 (Nil) units of ICICI Pru FMP series 62-1 year Plan G | 30.00 | - |

16. Current investments* (Continued)

| Particulars | Rs. in crores | |
|---|----------------------------|----------------------------|
| | As at December 31, 2012 | As at December 31, 2011 |
| 3,50,00,000 (Nil) units of ICICI Pru FMP series 63-1 year Plan C | 35.00 | - |
| 1,00,00,000 (Nil) units of DWS Series - I I | 10.00 | - |
| 4,00,00,000 (Nil) units of Kotak FMP series 83-Growth | 40.00 | - |
| Nil (2,00,77,632) units of Reliance Liquidity Fund-Daily Dividend Reinvestment Option | - | 20.09 |
| Nil (40,666) units of SBI Premier Liquid Fund Regular Plan - Daily Dividend | - | 0.04 |
| Units of face value Rs. 100 each | | |
| 46,23,135 (Nil) units of Birla Sun Life Floating Rate Fund- Growth | 46.24 | - |
| Nil (25,50,136) units of Birla Sun Life Ultra Short term Fund - Inst Daily dividend | - | 25.52 |
| Nil (9,74,898) units of ICICI Prudential Flexible Income Plan Premium - Daily Dividend | - | 10.31 |
| 47,00,350 (20,05,953) units of ICICI Prudential Liquid Regular - Daily Dividend | 47.01 | 20.06 |
| 8,06,305 (Nil) units of DWS Insta Cash Plus | 8.09 | - |
| Units of face value Rs. 1,000 each | | |
| 66,106 (Nil) units of Templeton India Short term Income Plan | 15.00 | - |
| 3,08,180 (2,51,061) units of DSP BlackRock Liquidity Fund Institutional Plan - Daily Dividend | 30.83 | 25.11 |
| Nil (1,04,719) units of UTI Treasury Advantage Fund - Inst Plan (Daily Dividend Option) - Reinvestment | - | 10.47 |
| Nil (50,007) units of IDFC Cash Fund - Super Inst Plan C - Daily Dividend | - | 5.00 |
| 6,48,525 (Nil) units of SBI Premier Liquid Fund Regular Plan - Daily Dividend | 65.07 | - |
| 4,06,672 (Nil) units of Reliance Liquidity Fund-Daily Dividend Reinvestment Option | 40.69 | - |
| Nil (50,115) units of Religare Liquid Fund - Super Institutional Daily Dividend | - | 5.02 |
| Nil (1,50,641) units of Templeton India Treasury Management Account Super Instl Plan - DD Reinvest | - | 15.07 |
| | 638.45 | 512.57 |

Repurchase price of unquoted non trade current investments in Debt Mutual funds amounting to Rs. 666.93 crores
(Rs. 531.54 crores)

*At cost or fair value, whichever is lower.

17. Inventories

(At lower of cost and net realisable value)

| Particulars | Rs. in crores | |
|--|----------------------------|----------------------------|
| | As at December 31, 2012 | As at December 31, 2011 |
| Raw materials [Includes goods in transit of Rs. 3.92 crores (Rs. 1.93 crores)] | 136.46 | 120.36 |
| Work in progress | 33.75 | 27.10 |
| Finished goods [Includes goods in transit of Rs. 0.31 crore (Rs. 0.45 crore)] | 240.86 | 205.71 |
| Stock-in-trade [Includes goods in transit of Rs. 1.27 crores (Rs. 1.46 crores)] | 59.75 | 60.48 |
| Stores and spares | 8.82 | 6.95 |
| Loose tools | 9.20 | 7.36 |
| Total | 488.84 | 427.96 |

18. Trade receivables

| Particulars | Rs. in crores | |
|---|----------------------------|----------------------------|
| | As at December 31, 2012 | As at December 31, 2011 |
| Outstanding for a period exceeding six months from the date they were due for payments | | |
| Secured, considered good | 0.80 | 1.03 |
| Unsecured - considered good | 5.27 | 6.84 |
| - considered doubtful | 4.06 | 5.93 |
| | 10.13 | 13.80 |
| Less: Provision for doubtful receivables | 4.06 | 5.93 |
| Sub-total (A) | 6.07 | 7.87 |
| Others receivables | | |
| Secured, considered good | 2.29 | 1.49 |
| Unsecured - considered good | 437.51 | 335.22 |
| - considered doubtful | 0.43 | - |
| | 440.23 | 336.71 |
| Less: Provision for doubtful receivables | 0.43 | - |
| Sub-total (B) | 439.80 | 336.71 |
| Total (A+B) | 445.87 | 344.58 |

19. Cash and cash equivalents

| Particulars | Rs. in crores | |
|--|----------------------------|----------------------------|
| | As at December 31, 2012 | As at December 31, 2011 |
| Cash on hand | 0.16 | 0.10 |
| Cheques/drafts on hand | 45.04 | 102.17 |
| Balances with banks: | | |
| In current accounts | 73.67 | 67.39 |
| In unpaid dividend accounts | 3.09 | 2.66 |
| In margin money | 0.03 | 0.04 |
| In deposit accounts* | 676.01 | 1,019.15 |
| | <u>798.00</u> | <u>1,191.51</u> |
| Share of cash and cash equivalents of joint ventures | 5.50 | - |
| Total | <u>803.50</u> | <u>1,191.51</u> |

*Includes:

- (i) deposits amounting to Rs. 250.00 crores (Rs. 92.85 crores) which have an original maturity of more than twelve months.
(ii) Rs. 250.00 crores (Rs. 170.00 crores) pledged with banks against short term borrowings.

20. Short-term loans and advances

| Particulars | Rs. in crores | |
|---|----------------------------|----------------------------|
| | As at December 31, 2012 | As at December 31, 2011 |
| A Vehicle loans | | |
| Secured, considered good | - | 0.40 |
| B Security Deposits | | |
| Unsecured, considered good | 6.36 | 2.47 |
| Unsecured, considered doubtful | 0.20 | 0.20 |
| | <u>6.56</u> | <u>2.67</u> |
| Less: Provision for doubtful security deposit | 0.20 | 0.20 |
| | <u>6.36</u> | <u>2.47</u> |
| C Other loans and advances | | |
| Advance to suppliers | 68.07 | 74.50 |
| Advance to joint venture company | 0.50 | - |
| Loans and advances to employees | | |
| Unsecured, considered good | 3.26 | 3.84 |
| Unsecured, considered doubtful | 0.04 | 0.04 |
| | <u>3.30</u> | <u>3.88</u> |
| Less: Provision for doubtful advances | 0.04 | 0.04 |
| | <u>3.26</u> | <u>3.84</u> |
| Insurance claims receivable | 1.36 | 0.33 |
| Prepaid expenses | 5.39 | 2.97 |
| Balance with government authorities | | |
| Unsecured, considered good | 121.15 | 68.14 |
| Unsecured, considered doubtful | 0.19 | 0.19 |

20. Short-term loans and advances (Continued)

Rs. in crores

| Particulars | As at | As at |
|---------------------------------------|-------------------|-------------------|
| | December 31, 2012 | December 31, 2011 |
| | 121.34 | 68.33 |
| Less: Provision for doubtful advances | 0.19 | 0.19 |
| | 121.15 | 68.14 |
| Others | | |
| Unsecured considered good | 13.76 | 10.27 |
| Unsecured, considered doubtful | 0.13 | 0.13 |
| | 13.89 | 10.40 |
| Less: Provision for doubtful advances | 0.13 | 0.13 |
| | 13.76 | 10.27 |
| Total (A+B+C) | 219.85 | 162.92 |

21. Other current assets

Rs. in crores

| Particulars | As at | As at |
|------------------------------------|-------------------|-------------------|
| | December 31, 2012 | December 31, 2011 |
| Interest accrued on fixed deposits | 42.09 | 42.33 |
| Total | 42.09 | 42.33 |

22. Revenue from operations

Rs. in crores

| Particulars | For the year ended | For the year ended |
|--------------------------------------|--------------------|--------------------|
| | December 31, 2012 | December 31, 2011 |
| Revenue from operations | | |
| Sale of products | | |
| Manufactured goods (gross) | 6,172.09 | 5,264.74 |
| Less: Excise duty | 605.15 | 445.87 |
| Manufactured goods (net) | 5,566.94 | 4,818.87 |
| Stock-in-trade | 689.89 | 743.38 |
| Sale of services | 73.11 | 73.04 |
| Manufactured goods (net) | 6,329.94 | 5,635.29 |
| Sub-total (A) | 6,329.94 | 5,635.29 |
| Other operating revenue | | |
| Export benefits | 12.15 | 19.54 |
| Scrap sale | 16.42 | 14.35 |
| Income from maintenance contracts | 11.88 | 4.88 |
| Income from other operating revenues | 19.50 | 10.36 |
| Sub-total (B) | 59.95 | 49.13 |
| Revenue from operations (net) | 6,389.89 | 5,684.42 |

22. Revenue from operations (Continued)

| | | | Rs. in crores | |
|----------------------------------|---|---|---------------|--|
| Particulars | For the year ended December 31, 2012 | For the year ended December 31, 2011 | | |
| Details of products sold | | | | |
| Manufactured goods | | | | |
| Commercial vehicles | 4,501.71 | 4,070.71 | | |
| Two wheelers | 1,073.65 | 662.85 | | |
| Spare parts and other components | 596.73 | 531.18 | | |
| Total | 6,172.09 | 5,264.74 | | |
| Stock-in-trade | | | | |
| Commercial vehicles | 358.29 | 414.52 | | |
| Spare parts and other components | 331.60 | 328.86 | | |
| Total | 689.89 | 743.38 | | |

Details of services rendered

| | | | Rs. in crores | |
|-----------------------|---|---|---------------|--|
| Particulars | For the year ended December 31, 2012 | For the year ended December 31, 2011 | | |
| Engineering services | 53.86 | 53.05 | | |
| Other allied services | 19.25 | 19.99 | | |
| Total | 73.11 | 73.04 | | |

23. Other income

| | | | Rs. in crores | |
|---|---|---|---------------|--|
| Particulars | For the year ended December 31, 2012 | For the year ended December 31, 2011 | | |
| Profit on sale of fixed assets | 1.08 | 0.84 | | |
| Dividend on unquoted non trade current investments | 14.40 | 6.71 | | |
| Profit on sale of unquoted non trade current investments | 30.05 | 27.75 | | |
| Exchange gain (net) | - | 2.52 | | |
| Interest income | | | | |
| - on investment in unquoted non trade long term capital gains bonds | - | 0.10 | | |
| - from banks on deposits | 88.59 | 103.75 | | |
| - from others | 1.86 | 0.08 | | |
| Other income | 0.66 | 0.73 | | |
| Total | 136.64 | 142.48 | | |

24. Cost of raw materials and components consumed

| Particulars | Rs. in crores | |
|---|---|---|
| | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
| Inventory at the beginning of the year | 120.36 | 92.17 |
| Add: Purchases | 4,105.44 | 3,622.95 |
| | <u>4,225.80</u> | <u>3,715.12</u> |
| Less: inventory at the end of the year | 136.46 | 120.36 |
| Less: material cost of vehicles capitalised | 2.06 | 3.03 |
| | <u>4,087.28</u> | <u>3,591.73</u> |
| Less: Sale of raw materials and components to suppliers on cost to cost basis | 80.53 | 75.67 |
| Net consumption | <u>4,006.75</u> | <u>3,516.06</u> |

25. Details of purchase of stock-in-trade

| Particulars | Rs. in crores | |
|----------------------------------|---|---|
| | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
| Commercial Vehicles | 357.40 | 408.04 |
| Spare parts and other components | 262.16 | 262.30 |
| Total | <u>619.56</u> | <u>670.34</u> |

26. Change in inventories of finished goods, work-in-progress and stock-in-trade

| Particulars | Rs. in crores | |
|---|---|---|
| | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
| Inventories at the end of the year | | |
| Finished goods | 240.86 | 205.71 |
| Work-in-progress | 33.75 | 27.10 |
| Stock-in-trade | 59.75 | 60.48 |
| A | <u>334.36</u> | <u>293.29</u> |
| Inventories at the beginning of the year | | |
| Finished goods | 205.71 | 151.75 |
| Work-in-progress | 27.10 | 18.87 |
| Stock-in-trade | 60.48 | 54.13 |
| B | <u>293.29</u> | <u>224.75</u> |
| Net change (B-A) | <u>(41.07)</u> | <u>(68.54)</u> |

27. Employee benefits expenses

| Particulars | Rs. in crores | |
|--|---|---|
| | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
| Salaries, wages, bonus etc. | 399.47 | 300.06 |
| Contribution to provident and other funds | 17.50 | 16.70 |
| Staff welfare expenses | 40.23 | 28.80 |
| | <u>457.20</u> | <u>345.56</u> |
| Share of employee benefits expenses of joint venture | 0.06 | - |
| Total | <u>457.26</u> | <u>345.56</u> |

28. Finance costs

| Rs. in crores | | |
|---------------------|---|---|
| Particulars | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
| Interest expense | | |
| On income tax | 0.15 | 2.34 |
| On other borrowings | 3.64 | 5.33 |
| Total | 3.79 | 7.67 |

29. Depreciation and amortisation expenses

| Rs. in crores | | |
|-----------------------------------|---|---|
| Particulars | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
| Depreciation of tangible assets | 75.59 | 57.83 |
| Amortisation of intangible assets | 6.58 | 6.13 |
| Total | 82.17 | 63.96 |

30. Other expenses

| Rs. in crores | | |
|--|---|---|
| Particulars | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
| Stores and machinery spares consumed (including loose tools) | 48.15 | 40.78 |
| Increase/decrease in excise duty on finished goods | 7.27 | 4.53 |
| Loss on sale of fixed assets | 0.56 | 1.03 |
| Fixed assets discarded | 1.01 | 0.44 |
| Power and fuel | 46.11 | 35.03 |
| Insurance | 4.37 | 3.15 |
| Repairs and maintenance | | |
| Buildings | 10.71 | 7.54 |
| Plant and machinery | 23.26 | 17.55 |
| Others | 16.84 | 14.64 |
| Rates and taxes | 28.49 | 28.09 |
| Advertisement | 24.58 | 17.17 |
| Freight and handling charges | 121.32 | 98.31 |
| Incentives | 103.74 | 53.67 |
| Warranty | 45.69 | 62.41 |
| Other selling and distribution expenses | 96.56 | 76.40 |
| Rent | 25.24 | 18.44 |
| Legal and professional charges | 26.84 | 17.14 |
| Travelling expenses | 45.36 | 33.46 |
| Development expenses | 21.32 | 22.93 |
| Bad debts/advances written off | 3.13 | 2.10 |
| Exchange loss (net) | 2.97 | - |
| Miscellaneous expenses | 94.75 | 76.84 |
| | 798.27 | 631.65 |
| Share of other expenses of joint venture | 0.10 | - |
| Total | 798.37 | 631.65 |

31. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 361.43 crores (Rs. 260.77 crores).

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

32. Research and development expenses:

Revenue expenditure on research and development incurred and expensed off during the year through the appropriate heads of account aggregate Rs. 90.83 crores (Rs. 67.16 crores). The capital expenditure incurred during the year for research and development purposes aggregate Rs. 137.34 crores (Rs 178.87 crores).

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

| Warranty Provisions | Rs. in crores | |
|---------------------------------|---|---|
| | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
| Opening balance | 70.77 | 54.78 |
| Additions during the year | 45.69 | 62.41 |
| Amount utilised during the year | 54.14 | 46.42 |
| Closing balance | 62.32 | 70.77 |

34. Contingent liabilities not provided for in respect of:

| Particulars | Rs. in crores | |
|--|----------------------------|----------------------------|
| | As at December 31, 2012 | As at December 31, 2011 |
| a) In respect of demands contested by the Company and its subsidiaries: | | |
| - Excise duty matters | 61.83 | 59.62 |
| - Sales tax matters | 22.07 | 18.84 |
| - Service tax matters | 69.31 | 29.79 |
| - Income tax matters | 24.92 | 30.35 |
| b) Claims against the Company and its subsidiaries not acknowledged as debts | 7.37 | 7.17 |
| c) Bills discounted | 15.26 | 4.56 |

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

35. 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 vires 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. In 2008 the MODVAT balance was transferred to VECVL by the Company under the slump sale of CV business as per Business Purchase Agreement (BPA) with the Company. Pending disposal of the case, no provision is considered necessary in VECVL in respect of the MODVAT balance of Rs. 8.21 crores lying unutilized 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 government authorities" under long term loans and advances in note '14'.

36. Disclosures under Accounting Standard 15 (Revised):

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

A. Employee plans

Rs. in crores

| Particulars | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
|---|---|---|
| a) Provident fund | 15.67 | 12.19 |
| b) Superannuation fund | 2.45 | 5.04 |
| c) Employee State Insurance Corporation | 0.82 | 0.54 |

Out of the total contribution made for employees' provident fund, Rs. 4.93 crores (Rs. 3.50 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, 2012 is Rs. 45.50 crores as against the total plan assets of Rs. 45.64 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

| Particulars | For the year ended December 31, 2012 | | For the year ended December 31, 2011 | |
|---|---|------------------|---|------------------|
| | Gratuity | Leave encashment | Gratuity | Leave encashment |
| Present value of obligation as at the beginning | 36.12 | 11.00 | 31.84 | 9.63 |
| Current service cost | 4.74 | 3.02 | 4.12 | 1.95 |
| Interest cost | 2.68 | 0.81 | 2.37 | 0.72 |
| Benefits paid | (2.87) | (1.45) | (2.03) | (0.82) |
| Net actuarial (gain)/loss recognised | 2.60 | 1.56 | (0.18) | (0.48) |
| Present value of obligation as at the end | 43.27 | 14.94 | 36.12 | 11.00 |

Reconciliation of opening and closing balances of the present value of plan assets

Rs. in crores

| Particulars | Gratuity | |
|--|---|---|
| | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
| Present Value of plan assets as at the beginning | 29.85 | 0.86 |
| Contribution | 0.92 | 28.36 |
| Return on plan assets | 2.54 | 1.63 |
| Benefit paid | (2.10) | (0.97) |
| Net actuarial gain/(loss) recognised | 0.24 | (0.03) |
| Present value of plan assets as at the end* | 31.45 | 29.85 |

*Includes plan assets amounting to Rs. 31.45 crores (Rs. 29.07 crores) managed by VECV Employees Group Gratuity Scheme (Trust) and plan assets amounting to Rs. Nil (Rs. 0.78 crore) managed by Volvo India Private Limited (VIPL) pertaining to employees transferred to the Company pursuant to a Scheme of Arrangement relating to demerger of Distribution Undertaking of VIPL into the Company, wherein plan assets are maintained with the approved insurance companies.

36. Disclosures under Accounting Standard 15 (Revised): (Continued)

The major categories of plan assets as percentage of total assets maintained with the approved insurance companies for VECV Trust amounting to Rs. 31.45 crores (Rs. 29.07 crores) are as follows:

| Particulars | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
|---------------|---|---|
| Liquid funds | 59% | 58% |
| Bonds | 41% | 39% |
| Equity Shares | - | 3% |

The details of plan assets amounting to Rs. Nil (Rs. 0.78 crore) are not available to the VECVL and have therefore not been disclosed.

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

Rs. in crores

| Particulars | For the year ended December 31, 2012 | | For the year ended December 31, 2011 | |
|---|---|------------------|---|------------------|
| | Gratuity | Leave encashment | Gratuity | Leave encashment |
| Present value of obligation as at the end | 43.27 | 14.94 | 36.12 | 11.00 |
| Fair value of plan assets at the end* | 31.45 | - | 29.85 | - |
| Net asset/(liability) recognised in balance sheet | (11.82) | (14.94) | (6.27) | (11.00) |
| Further classification | | | | |
| Long-term provisions | 7.07 | 12.83 | 6.09 | 10.18 |
| Short-term provisions | 0.24 | 2.11 | 0.18 | 0.82 |
| Other current liabilities | 4.51 | - | - | - |
| Cost for the year | | | | |
| Current service cost | 4.74 | 3.02 | 4.12 | 1.95 |
| Interest cost | 0.14 | 0.81 | 0.74 | 0.72 |
| Net actuarial (gain)/loss recognised | 2.36 | 1.56 | (0.15) | (0.48) |
| Net cost recognised | 7.24 | 5.39 | 4.71 | 2.19 |
| Principal assumptions: | | | | |
| Discount rate | 7.50% | 7.50% | 7.50% | 7.50% |
| Future salary increase | 7.00% | 7.00% | 7.00% | 7.00% |
| Expected rate of return of plan assets | 8.50% | - | 9.00% | - |

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.

*The plan assets are maintained with the Banks. The details of Investments maintained by Banks are not made available to the Company and have therefore not been disclosed.

Other disclosures:

Rs. in crores

| Particulars | For the year ended December 31, 2010 | | For the year ended December 31, 2009 | |
|--|---|------------------|---|------------------|
| | Gratuity | Leave encashment | Gratuity | Leave encashment |
| Present value of obligation as at the end | 31.84 | 9.63 | 25.65 | 7.70 |
| Fair value of plan assets at the end | 0.86 | - | 0.80 | - |
| Net Asset/(liability) recognised in balance sheet | (30.98) | (9.63) | (24.85) | (7.70) |
| Net actuarial loss/(gain) recognised | 2.34 | - | 1.66 | 0.11 |

37. The Company has taken certain premises under various operating lease agreements. The total lease rental recognised as expense aggregate to Rs. 25.24 crores (Rs. 18.44 crores).

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

Rs. in crores

| Particulars | As at December 31, 2012 | As at December 31, 2011 |
|---|----------------------------|----------------------------|
| Not later than one year | 3.75 | 3.49 |
| Later than one year and not later than five years | 5.50 | 2.86 |
| Later than five years | 0.56 | 0.84 |

38. Earnings per share

| Description | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
|---|---|---|
| a) Profit for the year, per statement of profit and loss (Rs. in crores) | 324.26 | 308.77 |
| b) Weighted average number of equity shares (Nos.) | 2,69,96,916 | 2,69,71,251 |
| c) Effect of potential dilutive equity shares on Employee Stock Options outstanding (Nos.) | 1,58,078 | 1,06,760 |
| d) Weighted average number of equity shares in computing diluted earnings per share (Nos.) [(b) + (c)] | 2,71,54,994 | 2,70,78,011 |
| e) Earnings per share (in rupees): (face value-Rs. 10 per share) | | |
| - Basic [(a)/(b)] | 120.11 | 114.48 |
| - Diluted [(a)/(d)] | 119.41 | 114.03 |

39. Segment reporting:

As the Company's, its subsidiaries and joint venture businesses 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" notified under the Companies (Accounting Standards) Rules, 2006 are not applicable.

40. Related party disclosures

- a. Name of related parties and their relationship:

| Name of related party | | Nature of Relationship |
|----------------------------------|------------|--|
| Eicher Goodearth Private Limited | (EGPL) | Significant influence of key management personnel in the Company |
| AB Volvo Sweden | (AB Volvo) | Investor in respect of which VECVL is a joint venture |
| Eicher Polaris Private Limited | (EPPL) | Joint venture company |

- b. Key management personnel:

| | |
|-----------------------|---------------------|
| Mr. Siddhartha Lal | Managing Director |
| Mr. R.L. Ravichandran | Whole Time Director |

40. Related party disclosures (Continued)

Transactions with the above key management personnel during the year:

Rs. in crores

| Description | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
|--------------------------|---|---|
| Managerial Remuneration@ | | |
| - Mr. Siddhartha Lal | 4.03 | 2.98 |
| - Mr. R.L. Ravichandran | 0.55 | 0.55 |
| Total | 4.58 | 3.53 |

@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

Transactions with the above parties

Rs. in crores

| Particulars | EGPL | | AB Volvo | | EPPL | | Total | |
|--|---|---|---|---|---|---|---|---|
| | For the year ended December 31, 2012 | For the year ended December 31, 2011 | For the year ended December 31, 2012 | For the year ended December 31, 2011 | For the year ended December 31, 2012 | For the year ended December 31, 2011 | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
| Sale of fixed asset | - | 0.06 | - | - | - | - | - | 0.06 |
| Expenses recovered | 0.04 | - | - | 0.70 | 0.30 | - | 0.34 | 0.70 |
| Security deposit given | 0.98 | - | - | - | - | - | 0.98 | - |
| Rent Paid | 2.92 | 0.18 | - | - | - | - | 2.92 | 0.18 |
| Brand fee payable | 25.32 | 20.70 | - | - | - | - | 25.32 | 20.70 |
| Dividend Paid | - | - | 26.02 | 17.35 | - | - | 26.02 | 17.35 |
| Aggregate balances outstanding as at the year end | | | | | | | | |
| - Receivables* | - | - | - | - | 0.50 | - | 0.50 | - |
| - Payables | 27.00 | 20.64 | - | - | - | - | 27.00 | 20.64 |
| - Security deposit receivable | 0.98 | - | - | - | - | - | 0.98 | - |

*Receivables from EPPL includes Rs. 0.20 crore (Rs. Nil) relating to consultancy services provided by VECVL to EPPL (excluding 50% share in joint venture).

41. The unhedged foreign currency exposures are as under:

| | As at December 31, 2012 | | As at December 31, 2011 | |
|--------------------|-------------------------------|---------------|-------------------------------|---------------|
| | Foreign currency in crores | Rs. in crores | Foreign currency in crores | Rs. in crores |
| Receivables | | | | |
| USD | 0.43 | 23.85 | 0.94 | 49.98 |
| EURO | 0.07 | 4.46 | 0.03 | 1.48 |
| GBP | 0.02 | 0.20 | 0.01 | 0.34 |
| | | <u>28.51</u> | | <u>51.80</u> |
| Payables | | | | |
| USD | 0.49 | 26.65 | 1.19 | 63.13 |
| SEK | 0.43 | 3.60 | 0.21 | 1.64 |
| EURO | 0.02 | 1.64 | 0.02 | 0.19 |
| JPY | 16.89 | 10.75 | 43.48 | 30.22 |
| Others | 0.11 | 5.83 | - | - |
| | | <u>48.47</u> | | <u>95.18</u> |

42. Figures in brackets represent previous year's figures.

43. The revised schedule VI has become effective for the accounting year commencing on or after April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figure have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

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:

Mr. Vinit Kumar, Company Secretary

Eicher Motors Limited, 3rd Floor-Select Citywalk, A-3 District Centre, Saket, New Delhi-110 017

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./Beneficiary ID _____ Contact No.: _____

- Name _____ E-mail ID: _____

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 National 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 for the year 31.12.2009 31.12.2010 31.12.2011

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 up to 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 up to 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

Folio No. _____

To,
M/s MCS Limited
 Registrar and Share Transfer Agent
 F-65, 1st Floor, Okhla Industrial Area,
 Phase I,
 New Delhi 110 020

Dear Sirs,

MANDATE FOR PAYMENT OF DIVIDEND/NATIONAL ELECTRONIC CLEARING SERVICE (NECS)

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 NECS 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 NECS Mandate

Yours faithfully

Place:

Date:

Signature of the Sole/First holder

Proxy Form**EICHER MOTORS LIMITED**

Registered Office
 3rd Floor-Select Citywalk
 A-3 District Centre, Saket
 New Delhi – 110017

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 31st Annual General Meeting of Eicher Motors Limited to be held at LTG Auditorium,
 Copernicus Marg, New Delhi – 110 001 on Friday, March 22, 2013 at 10.00 A.M. and at any adjournment thereof.

Signed this _____ day of _____ 2013

Member's folio No. _____ Signature _____

**Revenue
Stamp**

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.

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 31st Annual General Meeting of Eicher Motors Limited to be held at LTG Auditorium, Copernicus
 Marg, New Delhi – 110 001 on Friday, March 22, 2013 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.



Notes



VECV Plant, Pithampur, Madhya Pradesh



EICHER

EICHER MOTORS LIMITED

Registered office: 3rd Floor-Select Citywalk
A-3 District Centre, Saket, New Delhi –110 017
Tel. No.: (011) 29563722
Website: www.eicher.in