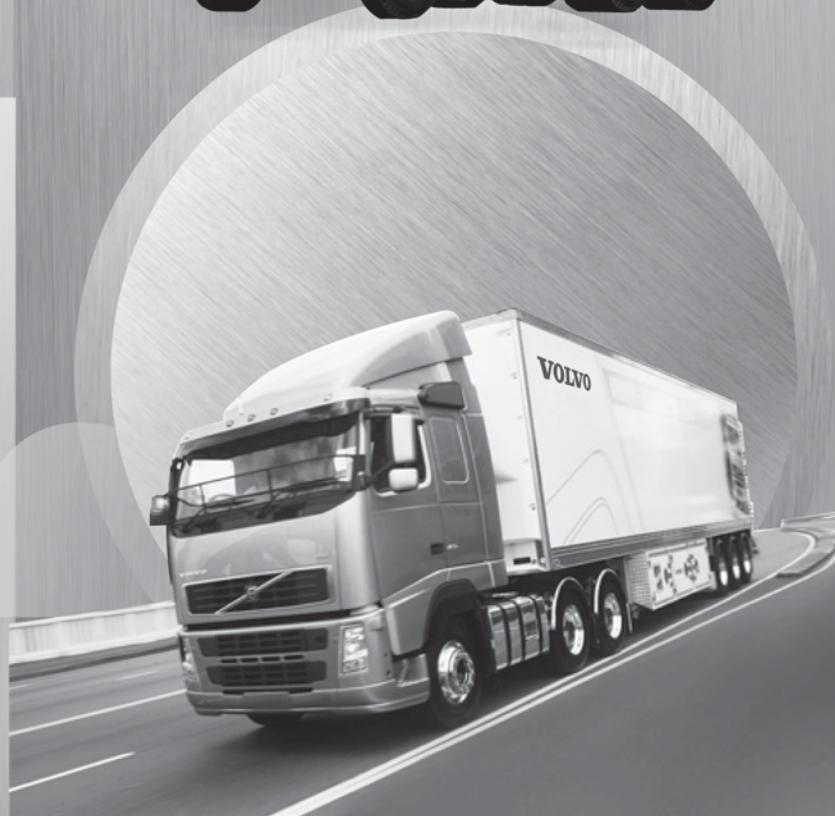


January 1, 2010 - December 31, 2010



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

Shaila Aggarwal

Auditors

Deloitte Haskins & Sells, Chartered Accountants

Bankers

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

Registered Office

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

Plant Location:**Two Wheelers**

Royal Enfield
Thiruvottiyur, Chennai 600 019
(Tamil Nadu)

Registrar & Share Transfer Agent

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

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NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 29TH ANNUAL GENERAL MEETING OF THE MEMBERS OF EICHER MOTORS LIMITED WILL BE HELD AT 10.00 A.M. ON FRIDAY, MARCH 18, 2011 AT LTG AUDITORIUM, COPERNICUS MARG, NEW DELHI-110 001 TO TRANSACT THE FOLLOWING BUSINESS:

Ordinary Business:

1. To receive, consider and adopt the Profit & Loss Account for the year ended December 31, 2010 and the Balance Sheet as at that date together with Auditors' & Directors' Report thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Prateek Jalan 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 authorize Managing Director 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 or re-enactment thereof) and such other approvals, permissions and sanctions, as may be required, consent of the Company be and is hereby accorded to revise the terms of appointment of Mr. Siddhartha Lal, Managing Director of the Company, as set out herein below w.e.f. July 1, 2010 till the expiry of his tenure as the Managing Director of the Company i.e. upto April 30, 2011.

Revised terms & conditions of appointment of Mr. Siddhartha Lal

A. Salary and Allowances:

- a) **Basic Salary:** Rs 3,00,000/- (Rupees Three Lakh only) per month with such annual increments/increases as may be decided by Board of Directors from time to time.
- b) **Flexible Payment Allowance (FPA)** : Rs. 4,50,000/- (Rupees Four Lakh Fifty Thousand Only) per month.

I. **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; and
- viii. **Gratuity:** Not exceeding half months salary for each completed year of service.

II. **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.

III. 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.

IV. 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 of the Companies Act, 1956 as may for the time being be in force.

V. 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.

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

B. The 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 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 are hereby authorized 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 (the “Act”) 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 subject to such other approvals as may be necessary, consent of the Company be and is hereby accorded for the re-appointment of Mr. Siddhartha Lal as Managing Director of the Company for a period of five years with effect from May 1, 2011, not liable to retire by rotation, on the terms and conditions as set out herein below:

Terms & conditions of reappointment 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 reappointment 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:

- a) Basic Salary: Rs. 3,75,000/- (Rupees Three Lakh Seventy Five Thousand Only) per month with such annual increments as may be decided by Board of Directors from time to time.
- b) Flexible Payment Remuneration (FPA): Rs. 5,62,500 /-(Rupees Five Lakh Sixty Two Thousand Five Hundred Only) per month with such annual increments 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, travelling and all other expenses incurred for the business of the Company as per the Rules of the Company.
- (x) Other Allowances/benefits/perquisites: Any other allowances, benefits and perquisites as per the Rules applicable to Senior Executives of the Company and/or which may become applicable in the future and/or any other allowance, benefits, perquisites as the Board of Directors may from time to time decide.

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 may at their sole discretion approve/decide from time to time for the 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 of the Companies Act, 1956 as may for the time being be 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 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 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 Managing 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 and/or the Company Secretary of the Company be and are hereby severally authorized to take all such steps as it may consider necessary or expedient to give effect to the aforesaid resolution.”

7. 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 Section 260 and other applicable provisions, if any, of the Companies Act, 1956 (the “Act”) Mr. R. L. Ravichandran, who was appointed as an Additional Director by the Board of Directors of the Company in the Board Meeting held on November 8, 2010 w.e.f. January 1, 2011 and who holds office as such only up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing along with a deposit of Rs. 500/- pursuant to the provisions of Section 257 of the Act from a Member signifying his intention to propose Mr. R. L. Ravichandran as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company.”

8. 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 and all other applicable provisions, if any, of the Companies Act, 1956 (the “Act”) 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 appointment of Mr. R.L. Ravichandran as the Whole Time Director of the Company for a period of two years with effect from January 1, 2011, not liable to retire by rotation, on the terms and conditions as set out herein below:

Terms & conditions of appointment 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 there under.

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:

Salary: Rs 4,50,000/- (Rupees Four Lakhs Fifty Thousand Only) per month 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 for the time being be 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 appointment 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 and/or Company Secretary of the Company be and are hereby severally authorized to take such steps as it may consider necessary or expedient to give effect to the aforesaid resolution."

By order of the Board

Shaila Aggarwal
Company Secretary

Place : New Delhi
Date : February 5, 2011

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 Thursday, March 10, 2011 to Friday, March 18, 2011 (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 by March 25, 2011 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 Wednesday, March 9, 2011 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 Wednesday, March 9, 2011.

5. Pursuant to Clause 49 of the Listing Agreement, the relevant details/information about the Directors appointed/reappointed in Item no (s) 3 & 5 to 8 is annexed hereto.
6. Pursuant to provisions of Section 205A(5) of the Companies Act, 1956, the amount of dividend which remains unpaid/unclaimed for a period of 7 years is transferred to the "Investor Education and Protection Fund" (IEPF), constituted by the Central Government and member(s) would not be able to claim any amount of dividend so transferred to the IEPF. As such, member(s) who have not yet encashed his/their dividend warrant(s) is/are requested in his/their own interest to write to the Company immediately for claiming outstanding dividend declared by the Company during the years 2004 and onward.
7. As per the Circular No. MRD/Dop/Cir-05/2009 dated May 20, 2009 issued by Securities and Exchange Board of India (SEBI) it is mandatory to quote PAN for transfer of shares in physical form. Therefore, the transferee (s) is required to furnish a copy of their PAN card to the Company/ Registrar and Share Transfer Agent of the Company for registration of transfer of shares.
8. 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 MCS Limited, Registrar and Share Transfer Agents, F-65 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 9, 2011.
9. Members are requested to quote their folio numbers /Client ID No. and contact details in all correspondence with the Company/ Registrar and Share Transfer Agent.
10. Members are requested to bring their copies of the Annual Report to the meeting, since further copies will not be available.
11. Pursuant to provisions of Section 109 A of the Companies Act, 1956, every member or joint holders holding shares in physical form may nominate, in the prescribed manner, a person to whom all the rights in the shares shall vest in the event of death of the sole holder or the joint holders and register the same with MCS Limited, Registrar and Share Transfer Agents . Members or joint holders holding shares in demat form may contact their respective DP for availing this facility.
12. 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.
13. For faster communication, 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 MCS Limited, Delhi, Registrar and Share Transfer Agents.
14. In case you intend to raise any queries in the forthcoming Annual General Meeting, you are requested to please forward the same at least 10 days before the date of the Meeting to Ms. Shaila Aggarwal, Company Secretary at the following address so that the same may be attended appropriately to your entire satisfaction.

By order of the Board

Shaila Aggarwal

Company Secretary

Eicher Motors Limited

Eicher House, 12, Commercial Complex

Greater Kailash-II (Masjid Moth)

New Delhi - 110 048

Tel No. 011 - 41437600

E-mail: saggarwal1@eicher.in

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

Item No. 5

Mr. Siddhartha Lal was appointed as the Managing Director of the Company w.e.f May 1, 2006 for a period of five years. The Board of Directors of the Company at its Board Meeting held on July 24, 2010 had, pursuant to sections 198, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956 and amendments thereof and other applicable provisions of the Companies Act, 1956 and subject to shareholders' approval in the General Meeting and other statutory approvals as may be necessary, revised the terms of appointment of Mr. Siddhartha Lal, Managing Director of the Company w.e.f July 1, 2010, till the expiry of his tenure of five years i.e. upto April 30, 2011, within the ceiling of maximum remuneration permitted under the Companies Act, 1956.

In compliance with the requirements of Section 302 of the Companies Act, 1956, an abstract of the revised terms and conditions of appointment of Mr. Siddhartha Lal, together with the memorandum of interest was sent to shareholders on or about August 2, 2010. The revised terms and

conditions of appointment of Mr. Siddhartha Lal are set out in the proposed resolution.

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

None of the Director of the Company is concerned or interested in the aforesaid resolution of revision in the terms and conditions of appointment of Mr Siddhartha Lal except Mr. Siddhartha Lal himself being the Managing Director of the Company. Mr. Siddhartha Lal is not related to any other Director on the Board.

Item No.6

Mr. Siddhartha Lal was appointed as the Managing Director of the Company with effect from May 1, 2006 for a period of five years.

Mr. Siddhartha Lal's term as Managing Director shall expire on April 30, 2011. The Board of Directors (the "Board"), subject to the approval of shareholders, at its meeting held on February 5, 2011, re-appointed Mr. Siddhartha Lal as Managing Director w.e.f May 1, 2011 upto April 30, 2016 and finalized the terms and conditions of his re-appointment as set out in the above mentioned resolution.

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

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

None of the Director of the Company is concerned or interested in the aforesaid resolution of reappointment of Mr Siddhartha Lal except Mr. Siddhartha Lal himself being the Managing Director of the Company. Mr. Siddhartha Lal is not related to any other Director on the Board.

Item No.7& 8

Mr. R. L. Ravichandran was appointed as an Additional Director on the Board of the Company with effect from January 1, 2011 in the Board Meeting held on November 8, 2010 to hold office as such till the conclusion of the ensuing Annual General Meeting.

He is also appointed as Whole-time Director of the Company with effect from January 1, 2011 in the Board Meeting held on February 5, 2011 for a tenure of two years.

The remuneration and other terms and conditions of appointment of Mr. Ravichandran as the Whole-time Director are set out in the proposed resolution and is subject to your approval.

The proposed resolutions as set out in Item nos. 7 and 8 of this Notice are accordingly recommended for your approval.

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

None of the Directors except Mr. R.L. Ravichandran is interested in the said resolutions and he is not related to any other Director on the Board.

Additional information as per Clause 49 of the Listing Agreement

A brief resume of Mr Prateek Jalan, Director liable to retire by rotation and is eligible for reappointment at the Annual General Meeting is given below:

Mr. Prateek Jalan is 40 years old. He is a law graduate from Trinity College, University of Cambridge and subsequently he did Master of Laws from the University of Michigan School of Law, Ann Arbor, U.S.A. Since 1994, he is engaged in law practice at various courts, tribunals and commissions including the Supreme Court of India.

Mr Prateek Jalan is professionally associated with Supreme Court Bar Association, New Delhi, Delhi High Court Bar Association, New Delhi and the Bar Library Club, Calcutta High Court. He is also a member of the Oxford and Cambridge Society of India, New Delhi and a fellow of the Cambridge Commonwealth Trust, Cambridge.

Mr. Prateek Jalan is serving as a Director on the Boards of Eicher Motors Limited, VE Commercial Vehicles Limited and Associated Advisory Services Private Limited. He is also a member of the Audit Committee of Eicher Motors Limited.

Mr. Prateek Jalan does not hold any share of the Company.

A brief resume of Mr. Siddhartha Lal, Managing Director for reappointment at the Annual General Meeting is given below:

Mr. Siddhartha Lal graduated in Economics from St. Stephens College, Delhi University in 1994. After that, he worked with MAN Nutzfahrzeugen – a German commercial vehicle manufacturer and with Royal Enfield (A unit of Eicher Motors Limited), Chennai. In 1996-98, he completed a Post-Graduate Diploma in Mechanical Engineering from Cranfield University, UK and a Masters of Science degree in Automotive Engineering at the University of Leeds, UK. Mr. Siddhartha Lal re-joined the Eicher group in 1999 and since then he worked in various capacities in the marketing division of Eicher Tractors Business Unit. He became the Chief Executive of Royal Enfield in the year 2000. He became Group Chief Operating Officer in January 2004. Subsequently, he took over as Chief Executive Officer of Eicher Group in the year 2006. His varied experience in the automotive industry, both in India and overseas, has endowed him with deep insights and expertise on the industry.

Mr. Siddhartha Lal is serving as the Managing Director on the Board of Eicher Motors Limited and VE Commercial Vehicles Limited. He is also serving as Director on the Boards of Eicher Investments Private Limited and Lean Management Institute of India. He is the member of the Compensation Committee, Shares Committee and Shares Allotment Committee of Eicher Motors Limited. He is also a member of the Audit Committee and Remuneration Committee of VE Commercial Vehicles Limited.

Mr. Siddhartha Lal holds 294,694 shares of the Company as on December 31, 2010.

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

Mr. R. L. Ravichandran is 61 years old. He graduated from Madras University and holds Post Graduate Diploma in Business Management.

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. Ravichandran, worked with M/s Bajaj Auto Limited, Pune as their Vice President-Business Development & Marketing.

Mr. R.L. Ravichandran became the CEO of Royal Enfield unit of Eicher Motors 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.

Considering his vast experience in automobile industry and his significant contribution towards the growth of the Company, it is recommended to appoint Mr. R. L. Ravichandran as the Whole Time Director on the Board of the Company.

In none of the other Companies Mr. R. L. Ravichandran, holds the Directorship and the chairmanship/membership of Committees.

Mr. R.L.Ravichandran holds 5000 shares of the Company as on December 31, 2010.

Financial Position at a Glance - EML Consolidated

Rs. in millions

Balance Sheet	31.12.10	31.12.09	31.12.08*	31.03.08	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03	31.03.02
Gross Fixed Assets (including CWIP and Pre-operative Expenditure)	8816.1	7559.2	7300.6	6306.0	5569.0	5233.0	6415.5	5768.5	2072.1	1741.3
Net Fixed Assets	4547.1	3757.5	3809.8	3342.0	3102.0	3136.0	3886.2	3647.4	1522.4	1302.4
Investments	4585.9	2941.1	62.4	2612.0	2613.00	2580.0	26.7	26.7	26.7	26.0
Inventories	3265.2	2189.6	3380.7	2104.0	1689.0	1612.0	1612.5	1262.5	360.5	293.3
Debtors	2609.3	2325.3	1801.9	1482.0	1950.0	1231.0	1580.8	1549.3	518.7	503.6
Cash and Bank Balances	12456.8	11706.5	12601.4	519.0	481.0	275.0	310.0	332.0	9.0	6.0
Other Current Assets	2168.9	1899.9	1226.5	2292.0	2073.0	1774.0	1547.5	1013.5	269.3	260.0
Current Liabilities and Provisions	9332.1	6977.5	5031.6	5444.0	5368.0	3928.0	4559.5	3342.7	1090.0	948.8
Net Current Assets	11168.1	11143.8	13978.9	953.0	825.0	964.0	491.3	814.6	67.5	114.1
Deferred Tax Assets (net)	-	-	147.2	-	-	-	-	-	-	-
Miscellaneous expenditure	-	-	-	-	6.0	21.0	58.7	80.9	-	0.5
Total	20301.1	17842.4	17998.3	6907.0	6546.0	6701.0	4462.9	4569.6	1616.6	1443.0
Share Capital	269.4	266.9	280.9	281.0	281.0	281.0	281.0	280.9	200.0	200.0
Reserves & Surplus	12052.0	10423.5	10756.0	4078.0	3722.0	4122.0	2129.0	1668.3	808.8	513.0
Net Worth	12321.4	10690.4	11036.9	4359.0	4003.0	4403.0	2410.0	1949.2	1008.8	713.0
Minority Interest	6774.1	5746.7	5305.3	-	-	-	-	-	-	-
Deferred Tax Liability (net)	249.2	141.6	-	353.0	366.0	426.0	670.8	663.8	346.2	317.0
Borrowings	956.4	1263.7	1656.1	2195.0	2177.0	1872.0	1382.0	1956.6	261.6	413.0
Total	20301.1	17842.4	17998.3	6907.0	6546.0	6701.0	4462.9	4569.6	1616.6	1443.0
No. of Shares	26937783	26692881	28093950	28093950	28093950	28093950	28093950	28093950	19999200	19999200
Book Value per Share (Rs.)	452.0	395.0	384.6	145.7	132.7	142.9	62.3	46.8	38.3	22.5
Market Value per Share (Rs.)	1235.3	655.0	235.0	250.5	247.7	302.4	310.2	224.4	67.1	42.3
Market Value to Book Value per Share	2.7:1	1.6:1	0.6:1	1.7:1	1.9:1	2.1:1	5.0:1	4.8:1	1.8:1	1.9:1
Market Capitalisation	33274.9	17483.8	6600.7	7038.0	6958.0	8494.0	8713.0	6304.0	1342.0	845.0
Debt Equity Ratio	-	0.1:1	0.1:1	0.4:1	0.4:1	0.4:1	0.6:1	1:1	0.3:1	0.6:1

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

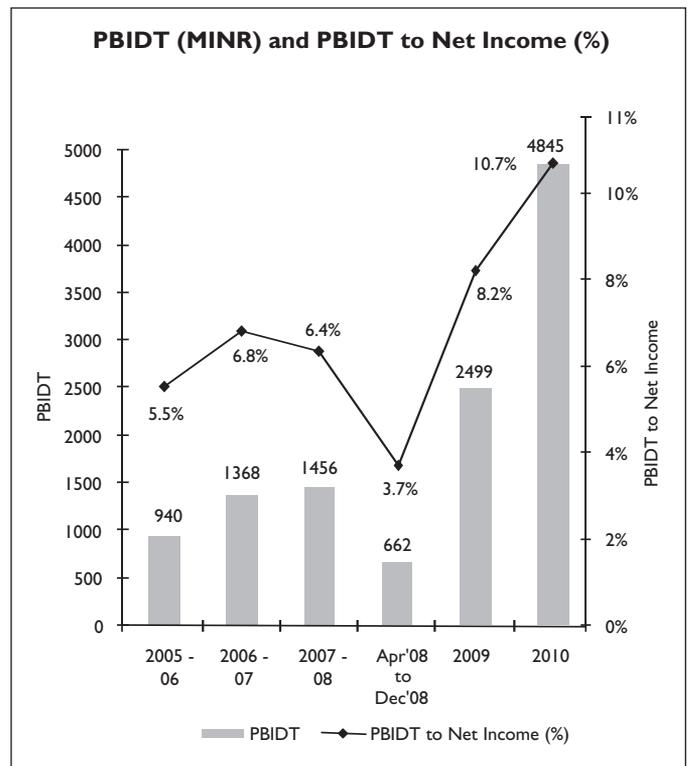
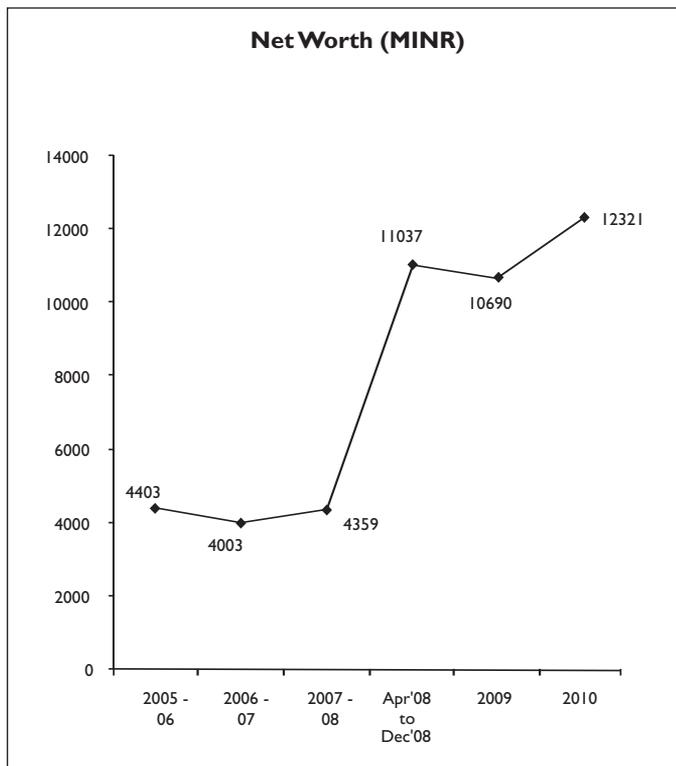
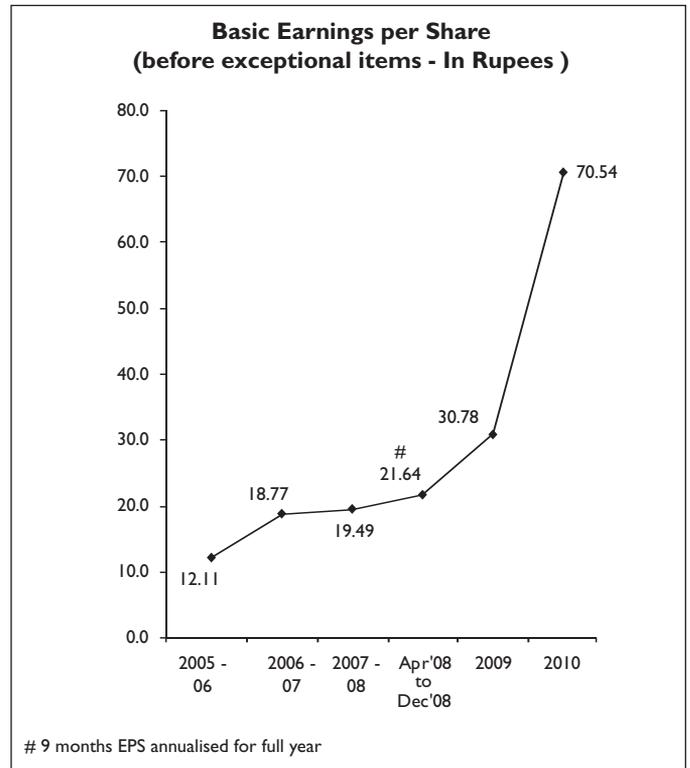
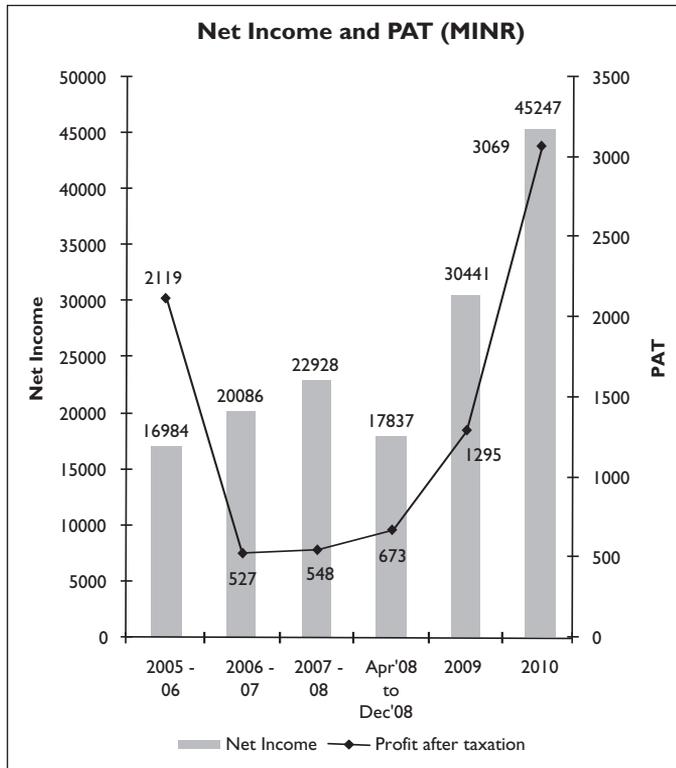
Operational Highlights at a Glance - EML Consolidated

Rs. in millions

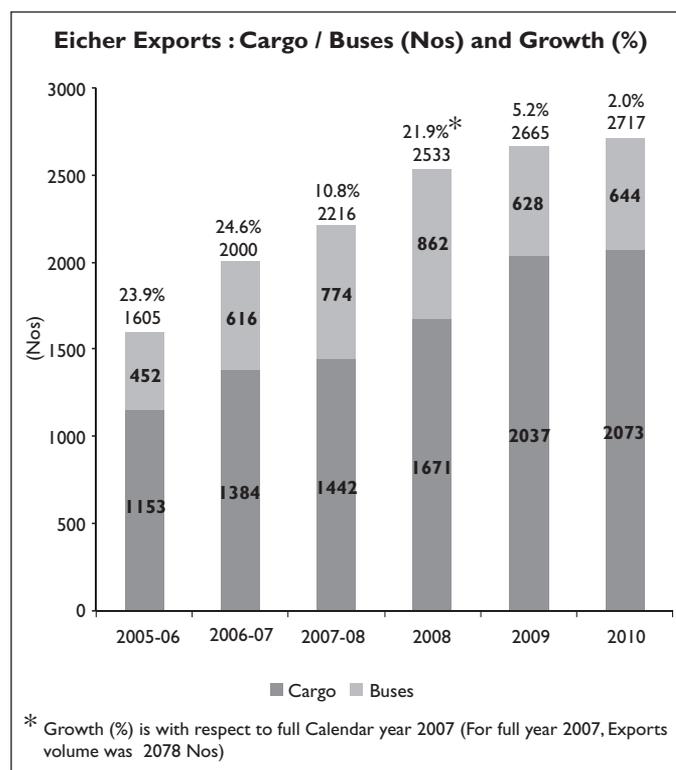
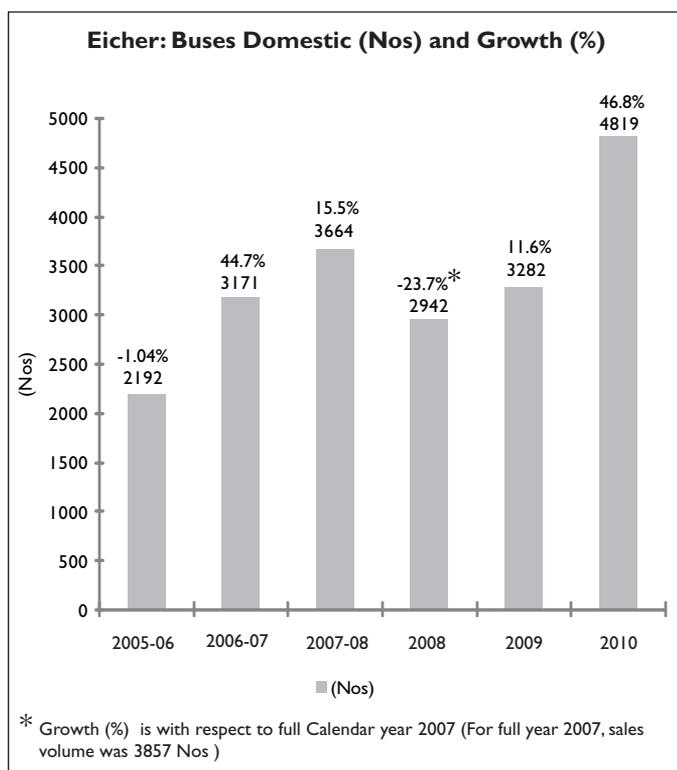
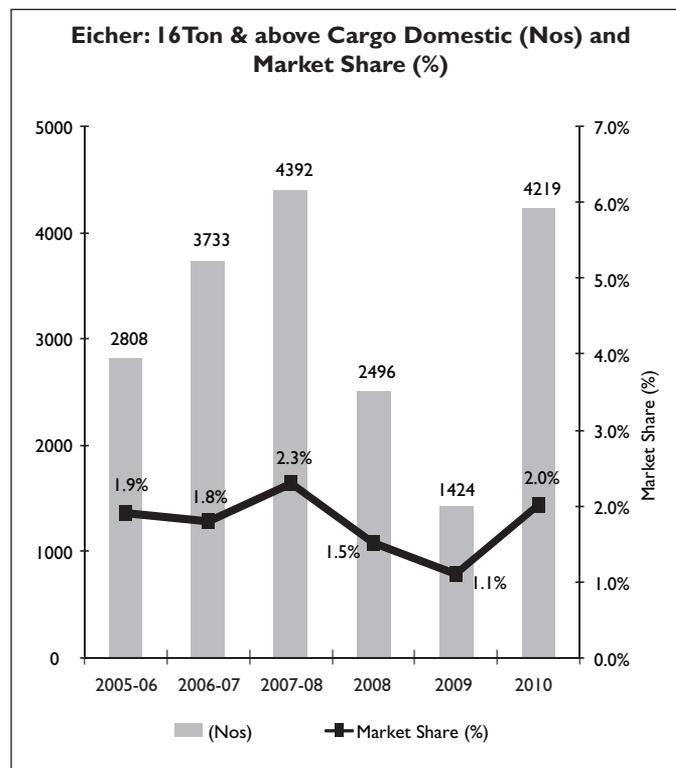
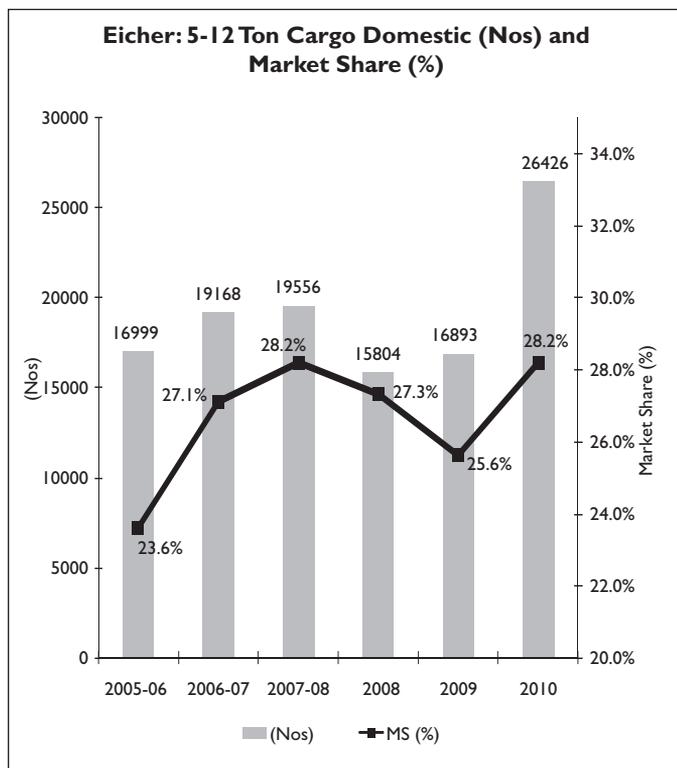
Profit & Loss Account	2010	2009	Apr'08 to Dec'08 *	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Sales Volume:										
Commercial Vehicles (Nos.)	39275	25164	15436	29828	28072	23604	23004	15885	12717	9630
Two Wheelers (Nos.)	52576	51955	32566	38528	32612	30777	29475	28361	-	-
Components (Including Inter Segment Sales -MINR)	2038.2	1308.7	1058.8	1130.5	1287.8	996.0	1072.1	814.0	-	-
Sales Revenue (Excluding Inter Segment Sales)	47016.3	31122.2	18824.8	25726.0	22528.0	18808.0	22115.8	15647.5	6983.6	5309.3
Other Income	1275.7	1054.4	657.5	302.0	266.0	312.0	181.2	114.0	57.0	17.1
Total Income	48292.0	32176.6	19482.3	26028.0	22794.0	19120.0	22297.0	15761.5	7040.6	5326.4
Less: Excise Duty	3045.5	1735.9	1645.2	3100.0	2708.0	2136.0	2290.2	2000.5	717.6	515.2
Net Total Income	45246.5	30440.7	17837.1	22928.0	20086.0	16984.0	20006.8	13761.0	6323.0	4811.2
Manufacturing and other expenses	40401.8	27942.1	17174.8	21466.0	18703.0	16023.0	18498.2	12447.0	5532.8	4381.8
Miscellaneous expenditure written off	-	-	-	6.0	15.0	21.0	66.6	75.9	-	-
Profit before interest, depreciation, exceptional items & tax (PBIDT)	4844.7	2498.6	662.3	1456.0	1368.0	940.0	1442.0	1238.1	790.2	429.4
PBIDT to Net Income (%)	10.7%	8.2%	3.7%	6.4%	6.8%	5.5%	7.2%	9.0%	12.5%	8.9%
Interest	95.0	86.7	99.3	190.0	148.0	169.0	223.3	239.7	42.6	34.9
Depreciation	573.0	538.8	368.9	508.0	451.0	501.9	483.7	422.8	160.5	94.4
Profit before exceptional items and tax (PBT)	4176.7	1873.1	194.1	758.0	769.0	269.1	735.0	575.6	587.1	300.1
PBT to Net Income (%)	9.2%	6.2%	1.1%	3.3%	3.8%	1.6%	3.7%	4.2%	9.3%	6.2%
Exceptional Items	-	-	393.5	-	-	1666.6	-	-	-	-
Profit before tax for the year	4176.7	1873.1	587.6	758.0	769.0	1935.7	735.0	575.6	587.1	300.1
Provision for taxation	1108.2	578.2	-85.3	210.0	242.0	-183.0	146.5	239.4	212.5	115.3
Profit after taxation (PAT)	3068.5	1294.9	672.9	548.0	527.0	2118.7	588.5	336.2	374.6	184.8
PAT to Net Income (%)	6.8%	4.3%	3.8%	2.4%	2.6%	12.5%	2.9%	2.4%	5.9%	3.8%
Minority Interest	1179.3	461.0	46.9	-	-	-	-	-	-	-
Profit after taxation and minority interest	1889.2	833.9	626.0	548.0	527.0	2118.7	588.5	336.2	374.6	184.8
Dividend including Corporate Dividend Tax	345.5	218.7	164.4	164.4	929.0	128.2	128.2	111.2	79.0	50.0
Equity Dividend (%)	110%	70%	50%	50%	290%	40%	40%	35%	35%	25%
Basic Earnings per Share (Rupees)	70.54	30.78	16.23	19.49	18.77	12.11	20.95	11.97	18.73	9.24
Diluted Earnings per Share (Rupees)	70.28	30.69	16.23	19.46	18.74	12.11	20.95	11.97	18.73	9.24

*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

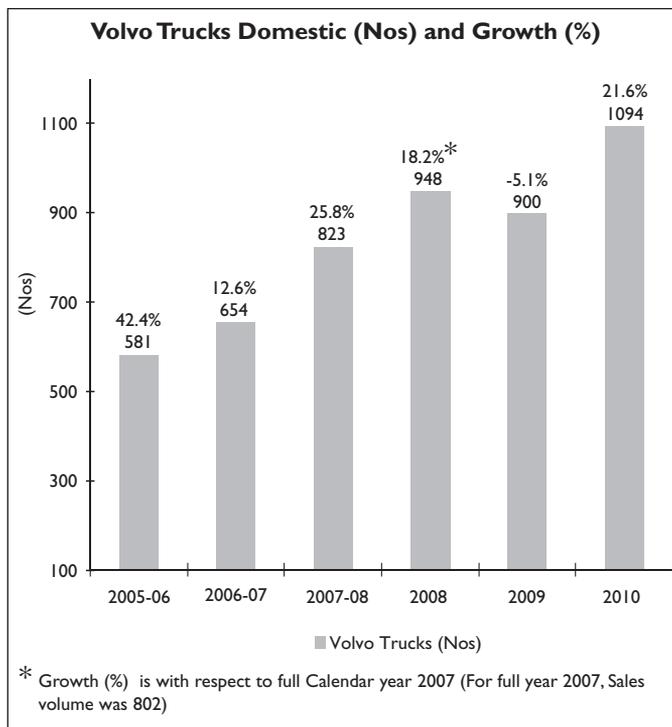
Financial Highlights - EML Consolidated



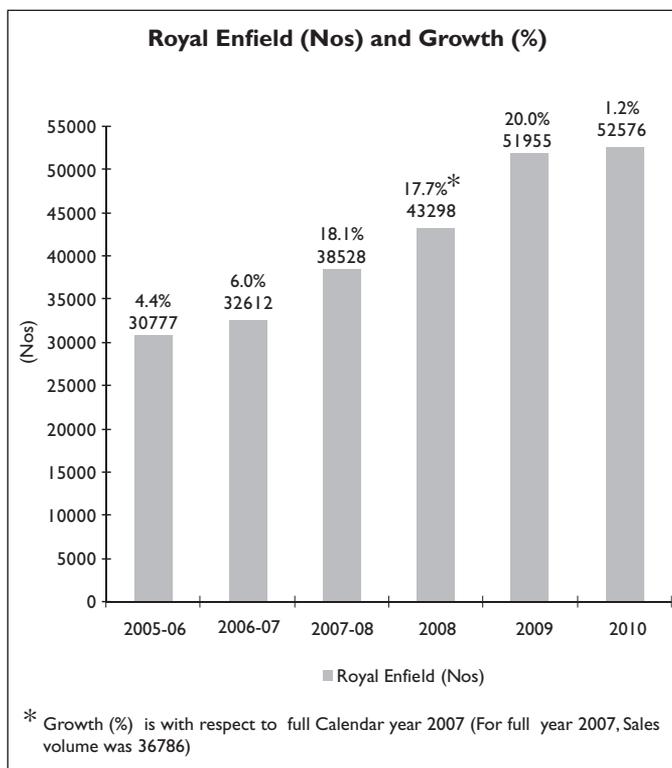
Commercial Vehicle Sales Highlights



Commercial Vehicle Sales Highlights



Two Wheeler Sales Highlights



DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors has pleasure in presenting the Twenty Ninth Annual Report along with the Audited Accounts for the year ended December 31, 2010.

BUSINESS ENVIRONMENT

India maintained its growth buoyancy achieved after the 2008 downturn in all sectors of economy. The fundamentals of Indian Economy continue to be strong. In 2009 -10 GDP grew by 7.4% and 2010-11 growth is forecasted above 8.5%.

The two wheeler industry has recorded a handsome growth in the year 2010. Your Company is a niche player in 350cc and above segment of the two wheeler industry and secured an all time high growth in terms of volume and profitability.

The commercial vehicle industry in which your company operates through the subsidiary company, namely, VE Commercial Vehicles Limited (VECV), achieved new peak in sales volumes. VECV capitalised the growth momentum by recording its highest ever sales volumes. This has resulted in significantly improved performance over 2009 as reflected in very strong profitability and cash flows.

FINANCIAL RESULTS

Your Company achieved impressive top line growth during the financial year 2010 with total Income at 4426.7 MINR. The operating profit before depreciation and interest amounted to 457.9 MINR which is 10.3% of the total income. After accounting for interest and dividend income of 541.8 MINR, interest expense of 25.7 MINR and depreciation of 107.9 MINR, profit before tax amounts to 866.1 MINR. Profit after tax amounts to 754.4 MINR after income tax provision of 111.7 MINR.

The financial results are summarized below: -

Particulars	(Rs. in millions)	
	For the year ended Dec. 31, 2010	For the year ended Dec. 31, 2009
Gross sales	4843.8	4079.9
Less : Excise duty	459.1	329.0
Net sales	4384.7	3750.9
Other income	42.0	29.2
Total income	4426.7	3780.1
Operating profit before depreciation and interest (EBIDTA)	457.9	279.3
Interest	25.7	4.2
Depreciation	107.9	101.0
Profit before other income and tax	324.3	174.1
Interest and dividend income*	541.8	292.2
Profit before tax	866.1	466.3
Provision for tax (including Deferred tax)	(111.7)	(91.0)
Net profit after tax	754.4	375.3
Balance brought forward from previous period/year	2752.4	3565.0

Particulars	(Rs. in millions)	
	For the year ended Dec. 31, 2010	For the year ended Dec. 31, 2009
Dividend on bought back and extinguished equity shares no longer payable	-	7.0
Corporate dividend tax on above dividend	-	1.2
Premium paid on buy back of equity shares	-	(960.5)
Amount available for appropriation	3506.8	2988.0
Proposed Dividend	296.3	186.9
Corporate Dividend Tax	4.0	8.7
Transfer to General Reserve Account	75.4	40.0
Balance carried to Balance Sheet	3131.1	2752.4
Earnings per share		
- Basic (Rs.)	28.17	13.85
- Diluted (Rs.)	28.06	13.81

* Dividend @ Rs 50/- per equity share was declared by VECV in its shareholders' meeting held on 01.02 2011. An amount of 272 MINR being dividend income on investments in VECV has been accounted for in the above financial results.

DIVIDEND

The Directors are pleased to recommend a dividend of 110% (Rs. 11/- per Equity Share of Rs.10/- each) for the year ended December 31, 2010.

TWO WHEELERS BUSINESS

The year 2010 was an excellent year for the entire automobile industry. The two wheeler industry grew by 31% during the calendar year 2010 as against 18% growth achieved in the calendar year 2009. Royal Enfield achieved a great win in successfully transitioning its engine platform from Cast Iron Engine to Unit Construction Engine in October 2010. This transition and production constraints in certain areas, however, hampered growth of the production from much beyond 2009 levels.

Total sales volume of Royal Enfield in 2010 was 52576 motorcycles. It was marginally better than previous year's volumes of 51955 motorcycles. Your company is carrying a very healthy order book for execution in 2011 as well.

Royal Enfield performed better on the export front. Total exports in 2010 were 2630 motorcycles as against 1953 motorcycles in the previous year.

Spare parts sales recorded 511.9 MINR in 2010 as against 397.8 MINR in the previous year, registering a growth of 29%.

MARKET AND FUTURE PROSPECTS

We expect two wheelers demand to remain robust, given strong off take in both rural and urban areas, continuing rise in rural household incomes owing to a good monsoon season and various government schemes.

The Economy Segment (100 cc) has posted a growth of 25% and the Executive Segment (125 cc to 250 cc) has grown by 32%. Both these trends give a very clear direction on the expected future growth in the

higher cc segments which provide further impetus to your Company's future prospects.

Further, with the entry of Harley Davidson and other life style bikes, it is expected that motorcycling culture will grow faster. This will have a favorable impact for Royal Enfield, being a highly treasured brand in this segment.

EXPORTS:

Your Company unveiled chrome version of Classic and Bullet 500 at the New York show. These will be marketed this year. Your Company has entered the state of California USA after meeting the stringent evaporative emission standards. In 2011, there are plans to expand to new markets in South Africa, Taiwan, Paraguay and Peru.

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:

1. Modified the blowers in the Air Replacement Plant (ARP) in the Paint Shop and thereby reduced the motor power from 28 Amps to 22 Amps which resulted in reduction of power consumption by almost 100 units per day.
2. Installation of additional timers on Hydraulic power pack (Boring Machines) for reduction of power consumption during machine idle time.
3. Installation of poly-carbonate sheet in the northern glass area of Vehicle Assembly roof thereby eliminating need for lighting during day time.
4. Installation of 10 Nos of additional Turbo Vent in various areas in the shop floor which will enhance the ventilation at work place without consuming power.
5. Introduction of auto air cut off system in the air gauges inspection stations resulting in saving of compressed air which in turn will reduce the power consumption.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

All domestic models have been suitably adapted to meet BS III emission norms effective from October 2010.

Evaporative emission technology has been adapted for 500cc Electronic Fuel Injection (EFI) models of the motorcycles sold in California, USA in 2010.

RESEARCH AND DEVELOPMENT

The focus on Research and Development activity continued with development of new products and variants thereof apart from improving the existing products and value engineering projects. An amount of 12.9 MINR was incurred on capital account and 92.4 MINR on revenue account in Research and Development.

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

FOREIGN EXCHANGE EARNINGS / EXPENDITURE

During the current year exports of two wheelers were 329.6 MINR (FOB value) (Previous year 285.4 MINR).

Foreign Exchange amounting to 109 MINR (Previous year 100 MINR) was used on account of import of components, spare parts, capital goods, business travel and consulting fees during the year under review.

The Royal Enfield brand has great recognition in foreign markets. It exports to more than 30 countries.

In order to assess potential and stimulate demand in existing and new potential markets, your company regularly executes many marketing initiatives abroad.

Please also refer Point No(s). 6 to 8 of 'Statement of Additional Information' forming part of Annual Accounts for further details of Foreign Exchange earnings and expenditure.

EICHER EMPLOYEE STOCK OPTION PLAN 2006

55400 stock options have been issued out of the forfeited stock options during the year ended December 31, 2010.

177000 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, 154700 options have been exercised by the employees during the year under review.

208900 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, 90200 options have been exercised by the employees during the year under review.

The Statement giving complete details as at December 31, 2010, pursuant to Clause 12 (Disclosure in the Directors' Report) of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, forms part of the Directors' Report.

PUBLIC DEPOSITS

As at December 31, 2010, there are 70 deposits aggregating to 5.8 MINR. During the year under review, 111 deposits aggregating to 8.9 MINR 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. Siddhartha Lal was appointed as the Managing Director of the Company with effect from May 1, 2006 for a period of five years. His tenure will terminate on April 30, 2011. Mr. Siddhartha Lal has been recommended for reappointment as the Managing Director of the Company for a further period of five years with effect from May 1, 2011.

Mr. R.L.Ravichandran, has been appointed as the Additional Director and Whole Time Director of the Company w.e.f January 1, 2011. Notice pursuant to Section 257 of the Companies Act, 1956 has been received from a member proposing Mr. R.L.Ravichandran for the appointment as Director of your Company.

Mr Prateek Jalan-Director retires by rotation and, being eligible, offers himself for reappointment.

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

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

VECV has posted impressive all time high top line during the financial year 2010 with total operating income at 39398.5 MINR as against 25384.8 MINR during the previous financial year ended December 31, 2009, a phenomenal growth of 55.2%. The operating profit before depreciation and interest amounted to 3348.1 MINR at 8.5% of Net Sales as against operating profit before depreciation and interest of 1353.8 MINR during the previous year at 5.4%, a growth of 147%. After accounting for interest income of 764.1 MINR (previous year 735.5 MINR), interest expense of 63.0 MINR (previous year 71.2 MINR) and depreciation of 457.3 MINR (previous year 377.0 MINR), profit before tax and exceptional items amounts to 3591.9 MINR (previous year 1641.1 MINR). After providing for tax of 996.5 MINR, profit after tax amounts to 2595.4 MINR (previous year 949.3 MINR).

The financial results are summarized below:

(Rs. in Millions)

	For the year ended 31st Dec 2010	For the year ended 31st Dec 2009
Gross sales	41760.6	26638.6
Less : Excise duty	2586.4	1406.9
Net sales	39174.2	25231.7
Other operating income	224.3	153.1
Total operating income	39398.5	25384.8
Operating profit before depreciation and interest (EBIDTA)	3348.1	1353.8
Interest	63.0	71.2
Depreciation	457.3	377.0
Profit before other income, exceptional item and tax	2827.8	905.6
Interest income	764.1	735.5
Profit before exceptional item and tax	3591.9	1641.1
Exceptional item	-	(234.4)
Profit before tax	3591.9	1406.7
Provision for tax (including Deferred tax)	(996.5)	(457.4)
Net profit after tax	2595.4	949.3

The major improvement in financial results of VECV is on account of higher volumes across all product segments and focused cost reductions in all areas. Further there is an extraction of working capital of 305 MINR inspite of higher volumes and significant increase in finished goods inventory to support higher sales forecast.

AN OVERVIEW OF SUBSIDIARY COMPANY'S BUSINESSES

Eicher Trucks and Buses (ETB):

The Commercial Vehicle Industry (5T and above) touched new peak level at 412454 units registering a growth of 51.4% in 2010 over the previous year figure of 272434 units.

Year 2010 was a year of record breaking performance for ETB. ETB recorded its highest ever total Commercial Vehicles sales of 38181 against 24264 units in 2009, a growth of 57.4% with growth in numbers and market share across all product segments.

The 5-12 Ton Light & Medium Duty (L&MD) domestic cargo Commercial Vehicles Industry ended the year 2010 with sales of 93732 as against 65875 in 2009 thus recording a growth of 42.3%. ETB outperformed the industry in this segment and recorded a sale of 26426 units in 2010 as against 16889 units in 2009, a growth of 56.5%. Due to higher sales, ETB gained market share in this segment and ended at a market share of 28.2% vis a vis 25.6% in previous year.

In its strong 7 to 12 T domestic cargo segment, VECV improved its strong position with a sale of 22787 units in 2010 with a higher market share of 38.5% as against a sale of 14734 units and a market share of 35.8% with very good acceptability of its fuel efficient E2 plus series of Trucks in this segment.

The domestic Heavy Duty truck segment of 16 Ton and above (HD) recorded a growth of around 70%.

In the year 2010 beginning, VECV launched the new "VE" series of fuel efficient HD trucks at the Auto Expo. The Value Enhanced "VE" series offer customers high reliability, superior performance, enhanced service coverage along with high fuel efficiency. VECV sold 4219 trucks in domestic cargo HD segment as against 1424 in the previous year. VECV has followed a focused strategy of targeting specific geography and segments with the right fit product in order to ensure higher value delivery to the customer and this has started reflecting in the increased volumes during the current year.

Domestic Bus industry recorded a sale of 71536 units as against sale of 57296 units in 2009, a growth of 24.9%. VECV sold 4819 buses in 2010 as against 3286 units in 2009, a growth of 46.7%, thereby gaining market share from 5.7% in 2009 to 6.7% in 2010.

The exports in L&MD segment for VECV grew by 25.3% with exports of 2080 Trucks and Buses as against industry growth of 23.6%. Overall exports of the Company in 2010 were 2717 units, a marginal growth as compared to 2665 units in 2009 mainly because of constrained supply. However, the pipeline continues to be very healthy.

With continuous focus on productivity, VECV crossed the peak capacity production of 4000 units per month with production of 4152 units in December, 2010. This will help in meeting the increased production requirements in 2011 based on expected growth in industry.

Volvo Trucks India (VTI)

Volvo trucks market witnessed a positive trend in the first quarter of 2010. VECV continued its strong hold in the premium high end of the market represented by European players. VECV continued to control around 71.1% market share of this premium segment. The after sales network was further strengthened with addition of new dealerships and also upgradation of existing dealerships.

All over the world, Volvo Trucks stand for quality, safety and environmental care. In India, it has completed its journey of 12 years and established itself as a premium brand, known for driving progress in the industry with its modern technology, values and high standards. Volvo has achieved and maintained its leadership position in select segments of mining and Over Dimensional Cargo (ODC).

Eicher Engineering Components (EEC)

During the year 2010, Eicher Engineering Components (EEC) achieved the highest ever turnover of MINR 2038.2 (including inter segment sales) registering a growth of 55.8%.

The replacement market sales registered a marginal growth over 2009, as it was constrained due to capacities. However, EEC has been successful in launching new products and expanding the reach in 2010.

During the year 2010, capacity augmentation at Dewas plant was successfully completed in transmission gears and Crown-Wheel Pinion and the plant started meeting 100% captive requirements of Eicher Trucks and Buses and OEM customer requirements as well.

The commissioning of the new Crown Wheel Pinion (CWP) Plant and upgradation of machines and robotized furnace at Dewas facility have provided a much needed stimulus to the EEC business in meeting customers' demand, on time in full.

Eicher Engineering Solutions (EES)

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

There was a marginal improvement in the business situation at EES Inc., USA as income went up as compared to the previous year. The strategy to diversify away from the Detroit based auto industry paid off as a significant portion of the revenue was generated from industries like Heavy Truck and specialty vehicles.

Various cost reduction measures and streamlining of operations led to an increase in efficiency thereby improving the overall profitability of VECV and reducing the break-even point.

MARKET AND FUTURE PROSPECTS OF SUBSIDIARY COMPANY'S BUSINESSES

Eicher Trucks and Buses (ETB):

With increased focus on infrastructure by Government of India and the latest estimates of economic growth, the CV industry is expected to do well in coming years.

Inflation is a concern and will be a big challenge leading to likely hardening of interest rates in short to medium term in addition to hardening of commodity prices and thereby have an impact on margins.

VECV has recorded an excellent overall performance in 2010. While L&MD segment will continue its strong contribution, VECV will continue to steadily improve the market shares in HD and Bus Segments.

Export has shown steady growth during last few years with a significant growth potential in future. In order to achieve the ambition from export and emerging competition in the overseas markets, VECV has put in place a new collaboration structure to leverage the distribution

network of Volvo and UD Truck Corporation in various developing countries in Asia as well as outside Asia.

Volvo Trucks India (VTI)

Volvo Trucks India has undertaken different initiatives to grow business in India. This includes the introduction of Volvo Truck's new as well as present product range into different emerging application segments like Port Inter-carting, Road, fire trucks, aerial ladder trucks, tunneling operations and airport runway sweepers. The go-ahead to produce the prototype for the new higher capacity mining and coal tipper with the possibility of opening up of the new segment and customer-base, will also help in its growth.

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

Eicher Engineering Components (EEC)

EEC's captive business from ETB is expected to grow on account of further growth in Vehicle sales volumes with 100% gears and Crown wheel requirement being met by EEC.

On domestic front, the business is expected to be in line with manufacturing plans of the domestic Original Equipment Manufacturers (OEMs). However, due to higher share of business with OEMs, development of new products, upgradation of technology and acquisition of new strategic customers would be the main contributing factors taking the Company's growth to significant levels. VECV is making the required investment to increase capacity to meet enhanced demand both internal and external.

With US market picking up, there is better inflow of orders both repeat and fresh. This will result in upward trend in export business of VECV. In the long term, based on new customer acquisition, VECV expects to grow significantly in all segments especially in aggregate assembly business and outsourcing business. VECV's ability to offer design and build services will add to its ability to attract business.

On inputs front, Steel, Forgings and other raw materials prices are showing an upward trend, hence recovery of higher input cost specifically in export and replacement market will be a big challenge.

Eicher Engineering Solutions (EES)

The outlook for this business continues to improve over the past 6 months as the Auto companies in the US and their Tier 1/2/3 suppliers come out of bankruptcy and the recession with a restructured operation and with the need to revamp their product design and introduce new models in order to grow. In addition, EES Inc. is well poised to consolidate on the inroads and gains already made in the heavy truck and aerospace industries in the previous year. Overall EES Inc. is expected to do well in the current year.

New Project

Medium Duty Engine Project (MDEP)

VECV has announced an investment of 2880 MINR in its Pithampur Plant for the production and final assembly of the Volvo group's new global medium-duty engine platform. Due to this investment, it will be possible for the Volvo Group to locate most of its production of medium-duty engines at VECV's plant in Pithampur. VECV has an established and extensive supplier base in India with efficient

purchasing channels and is already producing 40,000 engines per year in its existing Pithampur plant. The new investment in Pithampur will result in an annual production capacity of an additional 85,000 engines. In addition to production of the base engine itself, the facility in Pithampur will also conduct final assembly of engines for India and all of Volvo Group's global markets with Euro 3 and Euro 4 emission requirements.

PARTICULARS UNDER SECTION 212 OF THE COMPANIES ACT, 1956

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

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

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

CONSOLIDATED FINANCIAL STATEMENTS

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

STATUTORY AUDITORS

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

COST AUDITORS

In conformity with the directives of the Central Government, the Company has appointed Mr V. Kalyanaraman, Cost Accountants, Chennai, as the Cost Auditors under Section 233B of the Companies Act, 1956 for the audit of cost accounts for the motorcycles business for the year ending on December 31, 2011.

CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement with Stock Exchanges, a Management Discussion and Analysis is annexed to this report.

A report on Corporate Governance together with the Auditors' Certificate regarding the compliance of conditions of Corporate Governance forms part of the Annual Report.

PARTICULARS OF EMPLOYEES

The statement of particulars of employees as per sub-section (2A) of section 217 of the Companies Act, 1956, read with Companies (Particular of Employees) Rules, 1975, for the year ended December 31, 2010 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:

- the applicable accounting standards have been followed in preparation of the annual accounts;
- the accounting policies have been applied consistently, judgements and estimates have been reasonable and prudent thereby giving a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- 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 : New Delhi
Date : February 5, 2011

Siddhartha Lal
Managing Director

S. Sandilya
Chairman

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

Statement as at December 31, 2010, 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. 301,400 options granted in financial year 2006-07 2. 289,200 options granted in financial year 2007-08 3. 55,400 options granted in financial year 2010, out of forfeited options.
b) (i) Pricing Formula	In financial year 2006-07, 2007-08 and 2010, Options were granted at the closing market price of the Ordinary Shares of the Company on NSE/BSE on the day preceding the date of grant of Options
(ii) Exercise Price (Rs.)	1. 297 for options granted in financial year 2006-07 2. 462 for options granted in financial year 2007-08 3. 695 for 40,000 options granted in financial year 2010 4. 1411 for 15,400 options granted in financial year 2010
c) Total number of Options vested	385,900
d) Total number of Options exercised	252,800
e) Total number of Ordinary Shares arising as a result of exercise of Options.	252,800
f) Total number of Options forfeited	149,300 (net off options granted out of forfeited options)
g) Variation of terms of Options	Nil
h) Money realized by exercise of Options	Rs. 90.0 millions
i) Total number of Options in force	188,500
j) Details of Options granted during the period	
i) 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
ii) Identified employees who were granted Options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	None
k) Diluted Earnings per Share (EPS) pursuant to issue of Ordinary Shares on exercise of Options calculated in accordance with Accounting Standard (AS) 20 'Earning Per Share'.	Rs. 28.06
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 Plan. The stock based compensation cost as per intrinsic value method for the financial year 2010 is Nil.
(ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the Options.	Rs. 6.9 millions on account of Options granted in financial year 2010.

(iii) The impact of this difference on profits and on EPS of the Company.

Had the fair value method been used, in respect of stock options granted in financial year 2010, the employee compensation cost would have been higher by Rs. 6.9 millions, Profit after tax lower by Rs. 6.9 millions and the basic and diluted earnings per share would have been lower by Re 0.03 and Re 0.03 respectively.

m) Weighted average exercise prices and weighted average fair values of Options granted for Options whose exercise price either equals or exceeds or is less than the market price of the stock.

Options grant date	Exercise price (Rs)	Fair value (Rs)
1-Oct-06	297	Rs. 154.62
22-Oct-07	462	Rs. 243.90
29-Apr-10	695	Rs. 154.62
8-Nov-10	1411	Rs. 243.90

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

The fair value of each Option granted on 1st October 2006, 22nd October 2007, 29th April, 2010 and 8th November, 2010 is estimated using the Black-Scholes Option Pricing Model after applying the following key assumptions:

	1st October 2006	22nd October 2007	29th April 2010	8th November 2010
i) Risk free interest rate	7.68%	7.95%	7.68%	7.95%
ii) Expected life	10 years	10 years	10 years	10 years
iii) Expected volatility	49.86%	49.66%	49.86%	49.66%
iv) Expected dividends	1.58%	1.49%	1.58%	1.49%
v) The price of the underlying share in market at the time of Option grant	296.80	461.80	695.00	1411.00

For and on behalf of the Board

Place : New Delhi
Date : February 5, 2011

Siddhartha Lal
Managing Director

S. Sandilya
Chairman

ANNEXURE TO THE DIRECTORS' REPORT TO THE SHAREHOLDERS

MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY STRUCTURE AND DEVELOPMENT

The two wheeler market volumes have grown to 12,736,766 Nos in 2010 compared to 9,706,069 Nos in 2009. Motorcycle volumes stands at 10,058,454 Nos in 2010 compared to 7,832,796 Nos in 2009.

In terms of percentage, the two wheelers industry has grown by 31.2% in 2010. Motorcycle industry volumes have grown by 28.4% in 2010 over 2009.

The excellent performance of the motorcycle industry is a result of 25.1% growth in the voluminous economy segment (75cc-125cc) which contributes to over 70.5% of the Motorcycle volumes. The 125cc-250cc segment has grown by 38.0% over 2009. The 250cc+ category however has remained stagnant (1.3%). Royal Enfield is the only player in this segment (with a small number of Completely Built Units (CBU) import models). However, Royal Enfield could not capitalize on the surging market demand due to loss of production days necessitated by transition to the new engine platform, Unit Construction Engine platform, and certain production related bottlenecks.

	2010	2009	Increase
Two Wheeler Industry (Nos)	12,736,766	9,706,069	31.2%
Motorcycles (Nos)	10,058,454	7,832,796	28.4%

Entry of Harley Davidson and other manufacturers launching bikes in the 250cc + segment has widened the market for lifestyle niche products in the two wheeler industry. The market now would have much more and increasingly better references on performance and quality.

2. OPPORTUNITIES, THREATS AND OUTLOOK

With excellent results given by all major companies especially the IT companies, the growth in the infrastructure projects and rural income, your Company is poised to continue in a scenario of the demand outstripping the supply for some more time to come. The Company is planning to expand capacity to meet the growing demand.

With the entry of Harley Davidson in the Indian markets, the benchmark of the customers in terms of quality levels and customer service have become very high and Company is planning for a comprehensive Quality philosophy.

The retail finance norms for the two wheeler industry continue to be tough and with limited number of financing options available for customers coupled with the hardening of interest rates.

3. BUSINESS PERFORMANCE

Royal Enfield is now witnessing a steady inflow of young adults wanting to ride as seen in the demand for Thunderbird, Electra and also Classic models. Across regions, the customers are willing to wait a reasonable period to get a Royal Enfield bike.

To meet the future needs, Royal Enfield has added 24 new outlets in 2010 with full fledged Sales, Service and Spares facilities conforming to Royal Enfield show room and service standards. These new entrepreneurs are very young in age and outlook. Royal Enfield has also added new distributors in Canada, Mexico and Israel in 2010 and successfully launched Classic series of bikes in the California market, meeting with all the revised emission norms. This expansion will bring additional volumes in 2011 despite unfavourable market conditions in USA.

In 2010, Royal Enfield successfully transformed all the models with the Unit Construction Engines (UCE) without any hiccup. Great care has been taken to ensure high quality in dealership training, customer contact programs and private mechanic endorsements etc.

4. RISKS AND CONCERNS

Over last four years, your Company has been steadily growing in volumes and has today a good margin of safety from the break-even volumes. This has considerably de-risked the company from macro business risks, which the Company traditionally used to face. The Company has a very structured method of periodically identifying the macro business risks.

Key risks identified are as under:-

1. Inability of suppliers and plant production capacity to meet demand
2. Loss of customer satisfaction and brand image due to quality issues
3. Significant rise in cost of input materials like steel and aluminium

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

5. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

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

Your Company has an Internal Audit systems, commensurate with the size and nature of the business. Regular internal audits and checks are carried out to ensure that the responsibilities are executed effectively and that adequate systems are in place. The audit findings are reported on a quarterly basis to the Audit

Committee of the Board headed by a non-executive Independent Director.

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

6. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

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

7. HUMAN RESOURCES

During the year under review, the Company initiated many programs on upskilling its manpower. The production related challenges were successfully met by a work force that was eager to demonstrate its capabilities and skills. Industrial relations were cordial throughout the year.

As on 31st December 2010, the total number of full time salaried employees stood at 641 Nos.

8. CAUTIONARY STATEMENT

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

For and on behalf of the Board

Place : New Delhi

Date : February 5, 2011

Siddhartha Lal
Managing Director

S. Sandilya
Chairman

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

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

Our philosophy on Corporate Governance in Eicher emanate 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 consist of non-executive Directors and Independent Directors, which meet and deliberate regularly to discharge their obligations.

2. BOARD OF DIRECTORS

As on December 31, 2010, the Company's Board consists of five members. The Board is responsible for the management of the affairs of the Company's businesses.

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

The details of composition and Directorship held in other companies / Board committees by each member of the Board of Directors of the Company as on December 31, 2010 is as under:

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

Mr. R. L. Ravichandran (DIN No. 03309996) has been appointed as the Additional Director and Whole Time Director of the Company w.e.f. January 1, 2011 pursuant to the applicable provisions of the Companies Act, 1956 and subject to the shareholders' approval in the ensuing Annual General Meeting of the Company. For details please refer AGM Notice as annexed to this Report. No Director of the Company is interrelated to any other Director on the Board.

Details of Shareholding of Directors as on December 31, 2010

The details of Shareholding of Directors are as under:

S.No.	Name of the Director	No. of Shares
01.	Mr. S.Sandilya	12,766
02.	Mr. Siddhartha Lal	294,694

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 28 th AGM held on March 15, 2010
1.	Mr. S. Sandilya – Non-executive Director and Chairman	4	4	Yes
2.	Mr. Siddhartha Lal – Managing Director	4	4	Yes
3.	Mr. Priya Brat – Non-executive and Independent Director	4	4	Yes
4.	Mr. M. J. Subbaiah - Non-executive and Independent Director	4	4	Yes
5.	Mr. Prateek Jalan – Non executive and Independent Director	4	4	Yes

Meetings of the Board of Directors were held on February 13, 2010, April 28, 2010, July 24, 2010 and November 8, 2010.

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 out of which three are Independent Directors. The role of Audit Committee is to provide directions to and oversee the internal audit and risk management functions, review of financial results and annual financial statements, interact with statutory auditors and such other matters as are required in terms of the Companies Act, 1956 and Listing Agreement with the Stock Exchanges.

Meetings and Attendance

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

Meetings of the Audit Committee of Board of Directors were held on February 13, 2010, April 28, 2010, July 24, 2010 and November 8, 2010.

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

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

(ii) Shareholders' and Investors' Grievance Committee

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

Meetings and Attendance

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

Meetings of the Shareholders and Investors Grievance Committee of Board of Directors were held on February 13, 2010, April 28, 2010, July 24, 2010 and November 8, 2010.

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

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

(iii) Compensation Committee

The Compensation Committee of the Board of Directors was formed by the Board of Directors on June 9, 2006 and presently consists of three Directors.

The Terms of Reference of the Compensation Committee are for the purpose of administration and superintendence of Employee Stock Option 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	2	2
2.	Mr. Priya Brat – Non-executive and Independent	2	2
3.	Mr. S. Sandilya- Non-executive	2	2

Meeting of the Compensation Committee of Board of Directors were held on April 29, 2010 and November 8, 2010.

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

II COMMITTEE OF THE COMPANY

Shares Committee

The Shares Committee of the Company consisted of four members i.e. Mr. Siddhartha Lal– Managing Director, Mr. Vinod Aggarwal – Chief Financial Officer, Mr. P.K. Kapse-Chief Executive and Mr. Ravi Sikka – Vice President – Group Affairs and Taxation. The said Committee of the Company was reconstituted on November 8, 2010 and consists of three members i.e. Mr. Siddhartha Lal – Managing Director, Mr. Lalit Malik – Chief Financial Officer and Mr. Ravi Sikka – Vice President – Group Affairs and Taxation to look after and approve transfer of equity shares including dematerialization, issue of duplicate certificates, transmission of securities, etc. During the year ended December 31, 2010, 25 meetings of the Committee were held whereby 30,231 shares were transferred by the Committee.

4. REMUNERATION OF DIRECTORS (FOR THE YEAR ENDED ON DECEMBER 31, 2010)

The remuneration of the Managing Director is fixed by the Board of Directors and approved by shareholders in the Annual General Meeting. The Managing Director of the Company is being provided with the remuneration from the Company for which requisite shareholders' approval is being sought in the ensuing Annual General Meeting (AGM). Also, please refer AGM notice for further details.

The details of remuneration paid to Managing Director during the year ended on December 31, 2010 is as under:

(Rs. in Millions)

Name of the Director	Remuneration	Commission	Perquisites	Stock Options	Service Contract	
					Tenure	Notice period
Mr. Siddhartha Lal – Managing Director	4.7	5.0	0.9	Nil	5 years (Reappointment of Mr. Siddhartha Lal is being sought in the ensuing 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 5% 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.

Notes: 1. Mr. Siddhartha Lal has drawn his remuneration from the Company w.e.f. July 1, 2010 for which an abstract of the revision in terms of appointment of Managing Director under Section 302 of the Companies Act, 1956 has been sent to the shareholders of the Company and is subject to shareholders' approval in the ensuing Annual General Meeting.

2. No sitting fees has been paid to Mr. Siddhartha Lal during the year ended on December 31, 2010.

The remuneration comprising of sitting fees and commission paid to Non-executive and Independent Directors during the year ended on December 31, 2010 is as under:

Non-executive Directors

Name of the Director	Remuneration* (Amount in Rs.)	
	Sitting fees	Commission
Mr. S. Sandilya – Non-executive Director	240,000	22,00,000
Mr. Priya Brat – Non-executive and Independent Director	240,000	3,00,000
Mr. M. J. Subbaiah – Non-executive and Independent Director	160,000	3,00,000
Mr. Prateek Jalan – Non-executive and Independent Director	160,000	10,00,000
Total	800,000	38,00,000

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 upto the maximum of 1% of the net profits of the Company calculated in accordance with the applicable provisions of the Companies Act, 1956, w.e.f. the financial year ended on 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 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 Directors are paid sitting fees @ Rs.20,000 for attending each meeting of the Board, Audit Committee and Compensation Committee.
 - The Non-executive Directors are paid sitting fees @Rs. 10,000 per meeting for attending Shareholders' and Investors' Grievance Committee Meeting.

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.14 to Schedule 12 - Notes to the Accounts forming part of this Annual Report.

The Company has not had any transactions of material nature with the Directors and / or their relatives, promoters, management during the year ended on December 31, 2010 that may have conflict with the interests of the Company.

(ii) Compliances by the Company

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

(iii) Code of Conduct for Directors and Senior Management

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

(iv) CEO / CFO certification

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

(v) Non-Mandatory requirements

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

(vi) Accounting treatment

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

(vii) Risk Management

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

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 Stand alone and Consolidated quarterly and annual results of the Company are available on Company's website at www.eicherworld.com.
- (ii) The Stand alone and Consolidated quarterly and annual results are filed with the Stock Exchanges in terms of Clause 41 of the Listing Agreement.
- (iii) The following are displayed on the Website of the Company i.e. www.eicherworld.com:
- Business of the Company
 - Annual Report of the Company;
 - Stand alone and Consolidated Quarterly and Annual Financial Results of the Company;
 - Shareholding Pattern;
 - Company Profile;
 - Press Releases;
 - Code of Conduct for the Directors and Senior Management;
 - 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. SHAREHOLDER INFORMATION

- (i) **Day, date, time and venue of the Annual General Meeting** : Friday, March 18, 2011 at 10.00 A.M
at LTG Auditorium, Copernicus Marg, New Delhi- 110001
- (ii) **Financial Year**
The current year is for 12 (twelve) months from January 1, 2010 to December 31, 2010
- (iii) **General Body Meetings**

Year	Date	Day	Time	Location	Whether passed any Special Resolution
March 31, 2008	04.06.2008 Annual General Meeting (AGM)	Wednesday	11.00 A.M.	LTG Auditorium, Copernicus Marg, New Delhi – 110 001.	No
December 31, 2008	29.05.2009 (AGM)	Friday	10.00 A.M.	Royal Park Hall, Masjid Moth, GK-II, New Delhi- 110 048	No
December 31, 2009	15.03.2010 (AGM)	Monday	10.00 A.M.	LTG Auditorium, Copernicus Marg, New Delhi – 110 001.	Yes*

* The Company in its AGM held on 15.03.2010, 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.

(iv) Financial Calendar – 2010

Adoption of Quarterly/ Annual Results for the quarter/year ended	Date of Board Meeting	Date of publication	Name of Newspapers
March 31, 2010 (Quarterly Results)	28/04/2010	29/04/2010	Business Standard – All Editions (English) and Business Standard (Hindi), Delhi
June 30, 2010 (Quarterly Results)	24/07/2010	26/07/2010	Business Standard – All Editions (English) and Business Standard (Hindi), Delhi
September 30, 2010 (Quarterly Results)	08/11/2010	09/11/2010	Business Standard – All Editions (English) and Business Standard (Hindi), Delhi
December 31, 2010 (Annual Results)	05/02/2011	07/02/2011	Business Standard – All Editions (English) and Business Standard (Hindi), Delhi

Tentative Financial Calendar – 2011

Quarterly results for the quarters ending March 31, 2011, June 30, 2011, September 30, 2011 and annual results for the year ending December 31, 2011 shall be approved in the Board Meetings which will be tentatively held in the month of May, 2011, July, 2011, November, 2011 and February, 2012 respectively (subject to the finalization of dates by the Board of Directors). The Consolidated quarterly and annual results shall be published in the Business Standard (English) – All Editions and Business Standard (Hindi), Delhi. The Stand alone and Consolidated quarterly and annual results are intimated to Stock Exchanges. Additionally, the same are also posted on Company's website at www.eicherworld.com.

- (v) **Book Closure Dates** : Thursday, March 10, 2011 to Friday, March 18, 2011
{Both days inclusive}
- (vi) **Dividend payment date** : Friday, March 25, 2011
- (vii) **Listing on Stock Exchanges**

The equity shares of the Company are listed on the Stock Exchanges i.e. Bombay Stock Exchange Limited, Mumbai and National Stock Exchange of India Limited, Mumbai. The Company confirms that it has paid annual listing fees due to both Stock Exchanges for the financial year 2010-11.

(viii) **Name of Depositories for dematerialization of equity shares**

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

The equity shares are quoted under the following Codes

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

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

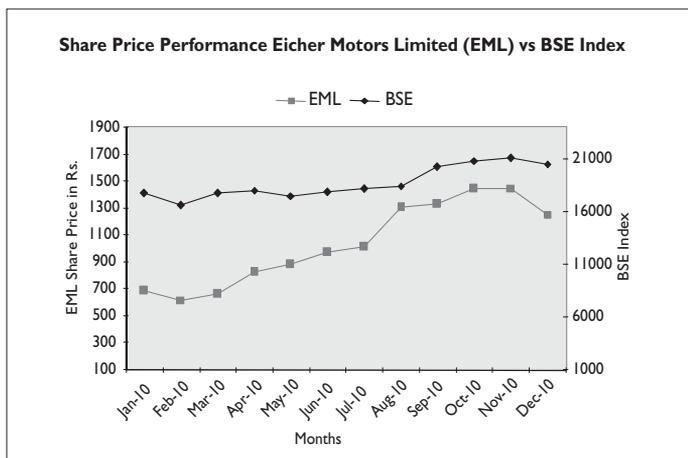
Share transfers and other communication regarding change of address, dividends, share certificates, investor complaints, etc. may be addressed to

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

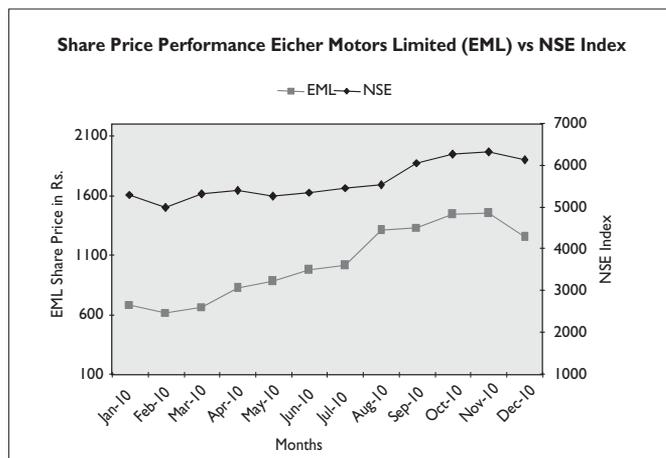
Members may write for any queries / information to the Company Secretary, Eicher Motors Limited, Eicher House, 12, Commercial Complex, Greater Kailash-II, Masjid Moth, New Delhi-110 048 or any query can be sent by email to investors@eicher.in.

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

January 2010 to December 2010	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 2010	689.00	545.45	212,133	689.95	532.65	654,873
February 2010	620.00	512.00	387,998	619.65	510.00	957,625
March 2010	667.00	595.00	154,625	678.85	600.00	378,619
April 2010	824.90	636.00	746,105	829.90	645.00	1,676,166
May 2010	885.00	770.00	703,104	883.70	770.10	1,285,720
June 2010	976.30	792.00	1,648,604	976.95	786.50	3,251,474
July 2010	1013.00	891.00	825,172	1014.00	896.00	1,571,174
August 2010	1308.00	986.10	1,033,510	1340.30	985.60	2,180,856
September 2010	1335.00	1127.00	223,578	1315.00	1121.05	627,629
October 2010	1444.00	1230.10	465,921	1439.85	1232.60	542,105
November 2010	1449.75	1085.00	212,370	1447.85	1076.00	561,474
December 2010	1254.00	1135.00	59,254	1256.00	1141.90	360,154



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



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

(xi) Share transfer system

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

Total number of shares transferred during the accounting year ended on December 31, 2010 were 30231 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	24,160	79.92
11 to 15 days	2,025	6.70
*16 days and above	4,046	13.38
Total	30,231	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, 2010.

(xii) Dematerialization of Shares and Liquidity:

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

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

As on December 31, 2010, 11,000,036 shares constituting 40.83% of the total paid up equity share capital of the Company have been dematerialized with NSDL and CDSL.

(xiii) Shareholding Pattern as on December 31, 2010

Category	No. of Shares	Percentage (%)
Promoters	14,902,730	55.32
Institutional Investors	6,030,656	22.39
Body Corporates	644,491	2.39
Individuals	5,359,906	19.90
Total	26,937,783	100.00

(xiv) **Distribution of shareholding as on December 31, 2010**

No of equity shares held	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Shareholding
1-500	23,965	97.00	2,004,019	7.44
501-1000	388	1.57	290,657	1.08
1001-2000	144	0.58	212,130	0.79
2001-3000	44	0.18	108,343	0.40
3001-4000	20	0.08	71,077	0.26
4001-5000	18	0.07	82,637	0.31
5001-10000	40	0.16	292,884	1.08
10001-50000	47	0.19	1,127,346	4.19
50001-100000	18	0.08	1,261,529	4.68
100001 & Above	22	0.09	21,487,161	79.77
TOTAL	24,706	100.00	26,937,783	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 Section 205 A and 205 C of the Companies Act, 1956.

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

For the Financial Year	Due for transfer to the Central Govt.
2003-04	October 31, 2011
2004-05	September 20, 2012
2005-06	August 6, 2013
2006-07	April 13, 2014
2007-08	July 8, 2015
01.04.08- 31.12.2008	July 5, 2016
31.12.2009	April 18, 2017

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

(xvi) **Investors' services**

Correspondence / complaints received during the year ended on December 31, 2010

S.No.	Nature of correspondence / complaints	Received (in Nos)	Cleared (in Nos)
1.	Non-receipt of share certificates	16	16
2.	Letters from Stock Exchange (s), SEBI, Advocate Letters, etc.	08	08
3.	Non receipt of Dividend Warrants / Annual Reports	31	31
	Total	55	55

The Company has attended to most of the investors' grievance/correspondence within a period of 10 days from the date of receipt of complaint for the year ended on December 31, 2010.

There was no pendency of correspondence / complaints as on December 31, 2010.

(xvii) **Nomination facility**

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

(xviii) Consolidation of folios and avoidance of multiple mailing

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

(xix) Mandate/National Electronic Clearing Services (NECS)

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

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

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

(xx) Registered Office & Head Office

Eicher House
12, Commercial Complex,
Greater Kailash II (Masjid Moth)
New Delhi - 110 048
Tel No.011 – 41437600
Web-site :<http://www.eicherworld.com>

(xxi) Plant location of the Company

Royal Enfield:
Thiruvottiyur High Road, Thiruvottiyur, Chennai 600019 (Tamil Nadu)

(xxii) Address for Correspondence

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

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

For **Eicher Motors Limited**

Place: New Delhi
Date: February 5, 2011

Siddhartha Lal
Managing Director

S. Sandilya
Chairman

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have affirmed to the compliance with the Code of Conduct for the year ended on December 31, 2010.

For **Eicher Motors Limited**

Place: New Delhi
Date: February 5, 2011

Siddhartha Lal
Managing Director

S. Sandilya
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 for the year ended on December 31, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.

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

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

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

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 015125N)

Jaideep Bhargava
Partner

Membership No. 90295

Place : Gurgaon

Date : February 5, 2011

CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

We, Siddhartha Lal—Chief Executive Officer & Managing Director 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, 2010 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, 2010 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, 2010;
 - (ii) there have not been any significant changes in accounting policies during the year ended December 31, 2010 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, 2010 of significant fraud with involvement therein of the management or any employee having a significant role in the company's internal control system over financial reporting.

Place : New Delhi

Date : February 5, 2011

Lalit Malik

Chief Financial Officer

Siddhartha Lal

Chief Executive Officer &
Managing Director

ANNEXURE TO THE DIRECTORS' REPORT TO THE SHAREHOLDERS

Statement of Particulars of Employees Pursuant to the Provisions of Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 forming part of the Directors Report for the year ended December 31, 2010.

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

A. Employed for the the year from 01.01.2010 to 31.12.2010 in receipt of remuneration not less than Rs. 2,00,000/- per month.

Name	Age	Qualifications	Experience	Date of commencement of employment	Designation	Remuneration (Amount in Rs.)	Last Employment
R L RAVICHANDRAN	61	B.COM PGDBM	40	July 2005	EXECUTIVE DIRECTOR	16,404,499	BAJAJ AUTO LTD
R ANBUSELVAN	50	BSc. B.Tech	27	July 1983	DIV. GENERAL MANAGER - PRODUCT DEVELOPMENT	3,670,200	ROYAL ENFIELD
SHAJI KOSHY	50	B.TECH.	25	May 2006	GENERAL MANAGER	4,160,302	HINDUSTAN MOTORS LTD.
K RAMESH	52	M.Com.AICWA	27	June 2006	DIV. GENERAL MANAGER - FINANCE	3,441,498	INDIA MOTORS PARTS LTD
VENKATESH PADMANABHAN	47	B.Sc, MS, PhD	22	December 2008	CHIEF EXECUTIVE OFFICER	7,542,787	MERCEDES CAR GROUP/CHRYSLER GROUP (DC)

B. Employed for part of the year ended 31.12.2010 in receipt of remuneration not less than Rs. 2,00,000/- per month.

Name	Age	Qualifications	Experience	Date of commencement of employment	Designation	Remuneration (Amount in Rs.)	Last Employment
SIDDHARTHA LAL	37	PGDME, MSc. (Automotive Engg.)	14	July 2010	MANAGING DIRECTOR	10,186,583	EICHER GOODEARTH LTD
LALIT MALIK	43	CA & MBA	17	October 2010	CHIEF FINANCIAL OFFICER	2,144,986	MAX INDIA LIMITED

Notes :

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

For and on behalf of the Board

Place: New Delhi
Date: February 5, 2011

Siddhartha Lal
Managing Director

S. Sandilya
Chairman

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, 2010, the Profit and Loss Account 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 Profit and Loss Account 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 Profit and Loss Account 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;
 - (e) 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, 2010;
 - (ii) in the case of the Profit and Loss Account, 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, 2010, taken on record by the Board of Directors, none of the Directors is disqualified as on December 31, 2010 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)

Jaideep Bhargava
Partner
(Membership No. 90295)

Place : Gurgaon
Date : February 5, 2011

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDITORS' REPORT TO THE MEMBERS OF EICHER MOTORS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2010

Having regard to the nature of the Company's business/activities/result, clauses 4 (x), (xiii) and (xiv) of 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 explanation 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. There are no sales of services during the year. 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 books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government, the maintenance of cost records has been prescribed under section 209(1) (d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (ix) 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 dues as at December 31, 2010 are as follows:

Nature of the Statute	Nature of dues	Forum where pending	Amount* (Rs. in millions)	Amount paid under protest (Rs. in millions)	Period to which amount relate
Central Excise Act	Excise duty	- Commissioner of Central Excise	42.5	2.3	1991-92 to 1996-97, 1998-99 to 2000-01, 2003-04 to 2004-05 and 2006-07 to 2007-08
		- CESTAT	543.6	1.6	1995-96 to 2004-05
Sales Tax Act	Sales Tax	- Assessing Authority	10.2	4.9	1986-87, 1987-88, 1994 -95 to 1998-99, 2000-01, 2004-05
		- Appellate Authority upto Commissioner's level	21.9	8.9	1987-88, 1993-94, 1998-99 to 2007-08
		- Appellate Tribunal	66.0	10.7	1989-90 to 2003-04
		- High Court	31.4	10.4	1984-85 to 1988-89, 1990-91 to 1994-95, 1999-00 to 2001-02
Service Tax Act	Service Tax	Commissioner	9.5	-	2000-01 to 2004-05 and 2006-07
Income Tax Act	Income Tax	- Appellate Authority upto Commissioner's level	88.8	10.5	2004-05 to 2007-08

* 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) 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.
- (xi) 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.
- (xii) 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.
- (xiii) 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.
- (xiv) 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.
- (xv) As the Company has not made any preferential allotment of shares during the year, paragraph 4(xviii) of CARO is not applicable.
- (xvi) As the Company has not issued any debentures during the year, paragraph 4(xix) of CARO is not applicable.
- (xvii) Since the Company has not raised any money by way of public issue during the year, paragraph 4(xx) of CARO is not applicable.
- (xviii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 015125N)

Place : Gurgaon
Date : February 5, 2011

Jaideep Bhargava
Partner
(Membership No. 90295)

EICHER MOTORS LIMITED

BALANCE SHEET AS AT DECEMBER 31, 2010

			Rs. in millions
	Schedule	As at December 31, 2010	As at December 31, 2009
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	269.4	126.6
Capital suspense (Refer note 3 of schedule 12)		-	140.3
Reserves and surplus	2	<u>4,297.3</u>	<u>3,758.1</u>
		4,566.7	4,025.0
Loan funds			
Secured	3	143.6	87.5
Unsecured		<u>31.1</u>	<u>36.5</u>
		174.7	124.0
Deferred tax liabilities (net)	4	<u>22.3</u>	<u>15.6</u>
Total		<u>4,763.7</u>	<u>4,164.6</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	1,592.7	1,459.3
Less: Depreciation		<u>875.2</u>	<u>821.6</u>
Net block		717.5	637.7
Capital work in progress		<u>30.6</u>	<u>17.0</u>
		748.1	654.7
Investments	6	4,639.8	2,995.5
Current assets, loans and advances			
Inventories	7	282.3	220.3
Sundry debtors		36.4	51.9
Cash and bank balances		111.0	1,140.0
Other current assets		3.3	60.2
Loans and advances		<u>528.1</u>	<u>387.1</u>
		961.1	1,859.5
Less :			
Current liabilities and provisions	8	1,174.5	1,036.7
Current liabilities		<u>410.8</u>	<u>308.4</u>
Provisions		1,585.3	1,345.1
Net current assets		<u>(624.2)</u>	<u>514.4</u>
Total		<u>4,763.7</u>	<u>4,164.6</u>
NOTES TO THE ACCOUNTS			
	12		

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Jaideep Bhargava

Partner

Shaila Aggarwal

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 5, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2010

		Rs. in millions	
	Schedule	For the year ended December 31, 2010	For the year ended December 31, 2009
INCOME			
Sales		4,843.8	4,079.9
Less: Excise duty		459.1	329.0
Net sales		4,384.7	3,750.9
Other income	9	583.8	321.4
		4,968.5	4,072.3
EXPENDITURE			
Manufacturing and other expenses	10	3,968.8	3,500.8
Profit before interest, depreciation and taxation		999.7	571.5
Interest	11	25.7	4.2
Depreciation	5	107.9	101.0
Profit before taxation		866.1	466.3
Provision for taxation			
Current tax		129.7	97.2
Minimum Alternate Tax (MAT) credit entitlement		(24.7)	-
Deferred tax charge / (benefit)		6.7	(6.6)
Fringe benefit tax		-	0.4
Profit after taxation		754.4	375.3
Profit from continuing operations before taxation		866.1	582.7
Provision for taxation			
Current tax		129.7	118.4
MAT credit entitlement		(24.7)	-
Deferred tax charge / (benefit)		6.7	11.8
Fringe benefit tax		-	0.4
Profit from continuing operations after taxation		754.4	452.1
(Loss) from discontinuing operations before taxation (refer note 2 of schedule 12)		-	(116.4)
Provision for taxation			
Current tax		-	(21.2)
Deferred tax charge / (benefit)		-	(18.4)
(Loss) from discontinuing operations after taxation		-	(76.8)

Profit after taxation	754.4	375.3
Balance brought forward from the previous year/period	2,752.4	3,565.0
Dividend on bought back and extinguished equity shares no longer payable	-	7.0
Corporate dividend tax on above dividend	-	1.2
Premium paid on buy back of equity shares	-	(960.5)
Amount available for appropriation	3,506.8	2,988.0
APPROPRIATIONS		
Dividend		
Proposed	296.3	186.9
Corporate dividend tax	4.0	8.7
General reserve account	75.4	40.0
Balance carried to balance sheet	3,131.1	2,752.4
Earning per share (in rupees) : Face Value of Rs.10/- each		
- Basic	28.17	13.85
- Diluted	28.06	13.81

NOTES TO THE ACCOUNTS

12

In terms of our report attached
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: Chairman

: Managing Director

: Executive Director

: Director

: Director

: Director

Place : Gurgaon

Date : February 5, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2010

PARTICULARS	Rs. in millions	
	Year ended December 31, 2010	Year ended December 31, 2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	866.1	466.3
Adjustments for:		
Depreciation	107.9	101.0
Profit on sale of fixed assets	(1.0)	(0.7)
Fixed assets discarded	1.7	0.9
Long term trade Investment written off	0.1	-
Dividend on unquoted non trade current investments	(63.4)	(58.7)
Dividend on long term unquoted trade investment in subsidiary company	(272.0)	(136.0)
Profit on sale of unquoted non trade current investments	(178.3)	-
Loss on sale of fixed assets	1.2	0.5
Interest income	(28.1)	(97.5)
Interest expense	25.7	4.2
Operating cash flow before changes in working capital	459.9	280.0
Adjustments for changes in:		
Inventories	(62.0)	(26.6)
Trade and other receivables	12.7	(36.1)
Trade and other payables	134.1	280.0
Cash generated from operations	544.7	497.3
Direct taxes paid *	(107.2)	(277.7)
Net cash from operating activities (A)	437.5	219.6
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(204.9)	(119.5)
Sale of fixed assets	2.8	2.0
Net Investments made		
- Unquoted non trade current investments	(1,644.4)	(2,878.7)
Profit on sale of unquoted non trade current investments	178.3	-
Dividend on long term unquoted trade investment from subsidiary company	136.0	-
Dividend on unquoted non trade current investments	63.4	58.7
Interest received	85.0	147.5
Net cash from investing activities (B)	(1,383.8)	(2,790.0)

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2010 (Continued)

PARTICULARS	Rs. in millions	
	Year ended December 31, 2010	Year ended December 31, 2009
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	3.5	-
Repayment of long term borrowings	(8.9)	(12.6)
Proceeds/(repayment) from / (of) short term borrowings (net)	56.1	54.2
Interest paid	(26.7)	(5.3)
Buy back of equity share capital	-	(974.6)
Proceeds from issue of equity share capital under ESOP Scheme (including security premium)	87.6	2.3
Dividend paid	(185.6)	(158.3)
Corporate dividend tax	(8.7)	(22.7)
Net cash from financing activities (C)	(82.7)	(1,117.0)
Net Increase / (decrease) in cash and cash equivalents(A)+(B)+(C)	(1,029.0)	(3,687.4)
Cash and cash equivalents at the beginning of the year		
Cash and bank balances	1,140.0	4,718.8
Cash and cash equivalent transferred from Residual EGIL @	-	108.6
Cash and cash equivalents at the end of the year		
Cash and bank balances	111.0	1,140.0

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

@ Refer note 3 of schedule 12

In terms of our report attached
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: Director

: Director

: Director

Place : Gurgaon

Date : February 5, 2011

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

	As at December 31, 2010	As at December 31, 2009
Rs. in millions		
Authorised		
30,000,000 (30,000,000) Equity shares of Rs. 10 each	300.0	300.0
101,000 (101,000) Redeemable cumulative preference shares of Rs.100 each	10.1	10.1
	310.1	310.1
Issued		
26,937,783 (12,660,119) Equity shares of Rs. 10 each	269.4	126.6
	269.4	126.6
Subscribed and paid up		
26,937,783 (12,660,119) Equity shares of Rs. 10 each	269.4	126.6
Less : Allotment money in arrears (# Rs.12000)	#	#
	269.4	126.6

Notes:
1) Issued, subscribed and paid up capital :

- a) Includes 8,093,950 (8,093,950) Equity shares of Rs 10 each allotted as fully paid for consideration other than in cash pursuant to the Composite Scheme of Arrangement relating to demerger of Automobile Undertaking of Eicher Limited into the Company which became effective on August 16, 2004 from the appointed date i.e. April 1, 2003.
 - b) Reduced by Nil (14,032,762) equity shares aggregating Rs. Nil (Rs. 140.3 million) in terms of the Composite Scheme of Arrangement referred to in note 3 of schedule 12.
 - c) Includes 14,032,764 (Nil) equity shares of Rs 10 each allotted during the year as fully paid up for consideration other than in cash pursuant to the Composite Scheme of Arrangement referred to in note 3 of schedule 12
- 2) Reduced by Nil (1,408,969) equity shares of face value of Rs. 10 each fully paid up bought back and extinguished during the previous year in accordance with Section 77A of the Companies Act, 1956.
- 3) **Under Eicher Employee Stock Option Scheme, the Company has granted (net of options lapsed);**
- a) 177,000 (181,000) 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 14,400 (173,100) options are outstanding at year end. During the year, 154,700 (7,900) 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) 208,900 (211,300) 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 118,700 (211,300) options are outstanding at year end. During the year, 90,200 (Nil) 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 (Nil) options on April 29, 2010, exercisable over a period of six 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 (Nil) options on November 8, 2010, exercisable over a period of seven years after vesting on November 8, 2013 at an exercise price of Rs. 1411 (including premium of Rs.1401) per option are outstanding as at year end.
 - e) Each option entitles the holders thereof to apply for and be allotted one equity share of the face value of Rs. 10 each.

2. RESERVES AND SURPLUS

Description	Rs. in millions			
	As at December 31, 2009	Additions	Deductions	As at December 31, 2010
Capital reserves				
Capital subsidy	2.5	-	-	2.5
Capital redemption reserve account	14.1	-	-	14.1
Securities premium account @	2.3	85.1	-	87.4
Revenue reserves				
General reserve account	986.8	75.4 #	-	1,062.2
Surplus in profit and loss account	2,752.4	378.7	-	3,131.1
Total	3,758.1	539.2	-	4,297.3
Previous year	4,528.0	56.8	826.7	3,758.1

@ Represents premium @ Rs. 287 per equity share on 154,700 (7,900) equity shares and @ Rs. 452 per equity share on 90,200 (Nil) equity issued and allotted during the year under Employee Stock Option Scheme.

Transferred from profit and loss account.

3. LOAN FUNDS

		Rs. in millions	
		As at December 31,2010	As at December 31,2009
Secured			
Banks			
Cash credits	[1]	143.6	87.5
		<u>143.6</u>	<u>87.5</u>
Unsecured			
Deposits			
Fixed	[2]	5.8	14.7
Others		19.5	16.0
Other loans and advances			
Interest free sales tax deferral		5.8	5.8
		<u>31.1</u>	<u>36.5</u>
		<u>174.7</u>	<u>124.0</u>

Notes :

- 1) Rs. 143.6 millions (Rs. 87.5 millions) secured by a first charge by way of hypothecation of all current assets of the Company.
- 2) Repayable within one year Rs. 4.8 millions (Rs. 8.4 millions)

4 DEFERRED TAX LIABILITIES (NET)

		Rs. in millions	
		As at December 31,2010	As at December 31,2009
Deferred tax liability on			
Accelerated depreciation		67.4	75.0
		<u>67.4</u>	<u>75.0</u>
Less:			
Deferred tax assets on			
Accrued expenses deductible on payment		16.1	14.4
Provision for gratuity		20.4	17.9
Provision for leave encashment and other employee benefits		5.6	6.6
Provision for doubtful debts and advances		1.7	1.7
Voluntary retirement scheme		-	0.4
Others		1.3	18.4
		<u>45.1</u>	<u>59.4</u>
Net deferred tax liabilities		<u>22.3</u>	<u>15.6</u>

5. FIXED ASSETS

Rs. in millions

Assets	Gross block (At cost)				Depreciation				Net block	
	As at December 31, 2009	Additions during the year	Deductions during the year	As at December 31, 2010	As at December 31, 2009	For the year	Adjustments	As at December 31, 2010	As at December 31, 2010	As at December 31, 2009
Land *										
Freehold	22.5	-	-	22.5	-	-	-	-	22.5	22.5
Leasehold	33.5	-	-	33.5	3.9	0.3	-	4.2	29.3	29.6
Buildings*	272.8	13.3	2.3	283.8	88.7	9.6	2.3	96.0	187.8	184.1
Plant and machinery	803.1	153.4	50.3	906.2	509.1	74.0	48.0	535.1	371.1	294.0
Furniture and fittings	25.0	2.7	1.0	26.7	17.4	1.9	0.5	18.8	7.9	7.6
Office equipment	102.1	6.0	0.6	107.5	51.7	7.5	0.5	58.7	48.8	50.4
Vehicles	28.3	12.3	4.8	35.8	12.7	5.8	3.0	15.5	20.3	15.6
Intangible assets										
- Product designs, prototypes etc.	148.1	-	-	148.1	118.2	6.8	-	125.0	23.1	29.9
- Computer Software	23.9	4.7	-	28.6	19.9	2.0	-	21.9	6.7	4.0
Total	1,459.3	192.4	59.0	1,592.7	821.6	107.9	54.3	875.2	717.5	
Previous year	1,357.3	122.7	20.7	1,459.3	738.6	101.0	18.0	821.6		637.7
Capital work in progress (Including advances on capital account of Rs. 21.4 millions (Rs. 8.9 millions))									30.6	17.0
									748.1	654.7

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

6. INVESTMENTS

Rs. in millions

	As at December 31, 2010	As at December 31, 2009
LONG TERM @		
Unquoted -		
Trade -		
12,498 (12,498) Equity shares of Rs.10 each fully paid up of Eicher Motors Finance Limited	0.1	0.1
Less: Investment written off during the year*	(0.1)	-
Investment in subsidiary		
5,440,000 (5,440,000) Equity shares of Rs.10 each fully paid up of VE Commercial Vehicles Limited	54.4	54.4
Non -Trade -		
3,230 (3,230) capital gains bonds of Rs 10,000 each issued by Rural Electrification Corporation Ltd.	32.3	32.3
Government securities		
National Savings Certificates (# Rs.13,000) (Pledged with Government authorities)	# 86.7	# 86.8
Current Investments @@		
Non -Trade -		
Unquoted -		
In debt mutual funds		
Nil (100,161,472) units of face value of Rs.10 each of SBI Debt Fund Series - 13 Months - 9 - Institutional Growth	-	1,001.6
Nil (75,000,000) units of face value of Rs.10 each of SBI Debt Fund Series - 13 Months - 10 - Institutional Growth	-	750.0
Nil (6,000,000) units of face value of Rs.10 each of Kotak FMP 18M Series -I Growth	-	60.0
Nil (40,000,000) units of face value of Rs.10 each of Kotak FMP 13 M Series - 5 Growth	-	400.0

6. INVESTMENTS (Continued)

	Rs. in millions	
	As at December 31, 2010	As at December 31, 2009
Nil (2,438,877) units of face value of Rs.100 each of ICICI Prudential Floating Rate Plan D - Daily Dividend	-	244.0
Nil (16,117,125) units of face value of Rs.10 each of HDFC Cash Management fund Saving Plan	-	161.7
Nil (2,992,450) units of face value of Rs.10 each of Birla Sunlife Ultra Short Term Fund - Institutional - Daily Dividend	-	29.9
Nil (8,860,690) units of face value of Rs. 10 each of Reliance Medium Term Fund - Daily Dividend Plan	-	151.5
Nil (10,996,850) units of face value of Rs. 10 each of SBI SHF ultra Short Term Institutional Plan - Daily Dividend	-	110.0
7,000,000 (Nil) units of face value of Rs. 10 each of Reliance Fixed Horizon Fund XVI Series - 3 Growth	70.0	-
50,000,000 (Nil) units of face value of Rs. 10 each of Reliance Fixed Horizon Fund XVI Series - 5 Growth	500.0	-
17,958,698 (Nil) units of face value of Rs. 10 each of Reliance Liquid Fund -Cash Plan-Daily Dividend	200.1	-
20,066,776 (Nil) units of face value of Rs. 10 each of Reliance Liquidity Fund-Daily Dividend Reinvestment Option	200.8	-
8,000,000 (Nil) units of face value of Rs. 10 each of SBI Debt Fund Series - 370 Days-8 Growth	80.0	-
1,000,000 (Nil) units of face value of Rs. 10 each of Religare FMP Series - IV Plan E (370 Days) Growth	10.0	-
2,157,560 (Nil) units of face value of Rs. 10 each of Birla Sun Life Savings Fund - Institutional - Daily Dividend - Reinvestment	21.6	-
1,010,995 (Nil) units of face value of Rs. 10 each of Birla Sun Life Cash Plus - Institutional Premium - Daily Dividend - Reinvestment	10.1	-
30,000,000 (Nil) units of face value of Rs. 10 each of Birla Sun Life Fixed Term Plan Series CC Growth	300.0	-
16,000,000 (Nil) units of face value of Rs. 10 each of Birla Sun Life Fixed Term Plan Series CI Growth	160.0	-
50,434 (Nil) units of face value of Rs. 1,000 each of DSP BlackRock Money Manager - Institutional Plan - Daily Dividend	50.5	-
15,000,000 (Nil) units of face value of Rs. 10 each of DSP BlackRock FMP 3M Series 23-Dividend Payout	150.0	-
40,000,000 (Nil) units of face value of Rs. 10 each of DSP BlackRock FMP -12M-Series 9 Growth	400.0	-
10,000,000 (Nil) units of face value of Rs. 10 each of DSP BlackRock FMP 12M Series 10 Growth	100.0	-
30,000,000 (Nil) units of face value of Rs. 10 each of Kotak Quarterly Interval Plan Series 10 Dividend	300.0	-
85,000,000 (Nil) units of face value of Rs. 10 each of Kotak FMP 370 Days Series 3 Growth	850.0	-
85,000,000 (Nil) units of face value of Rs. 10 each of Kotak FMP 370 Days Series 2 Growth	850.0	-
20,000,000 (Nil) units of face value of Rs. 10 each of ICICI Prudential FMP Series 53-1 Year Plan C Cumulative	200.0	-
9,998,500 (Nil) units of face value of Rs. 10 each of UTI FIIF Annual Interval Plan - Institutional Growth	100.0	-
294 (Nil) units of face value of Rs. 100 each of ICICI Prudential Liquid Super Institutional Plan Dividend Daily (# Rs. 29,434)	#	-
	4,553.1	2,908.7
	4,639.8	2,995.5

Repurchase price of unquoted non trade current investments in Debt Mutual funds amounting to Rs. 4,646.7 millions (Rs. 3,038.9 millions)

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

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

* Eicher Motors Finance Limited has been dissolved w.e.f. October 26, 2010.

6. INVESTMENTS (Continued)

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

Debt Fund

	Purchased		Redeemed / sold	
	Units	Amount	Units	Amount
SBI Debt Fund Series -13 Months - 9 - Institutional Growth Units of face value of Rs.10 each	-	-	100,161,472	1,001.6
SBI Debt fund Series -13 Month -10 Institutional Growth Units of face value of Rs.10 each	-	-	75,000,000	750.0
Kotak FMP 18M Series - I Growth Units of face value of Rs.10 each	-	-	6,000,000	60.0
Kotak FMP 13 M Series - 5 Growth Units of face value of Rs.10 each	-	-	40,000,000	400.0
ICICI Prudential Flexible Income Plan Premium - Daily Dividend Units of face value of Rs.100 each	10,007,461	1,058.1	10,007,461	1,058.1
HDFC Cash Management Fund Saving Plan Units of face value of Rs.10 each	158,589,653	1,590.9	174,706,778	1,752.6
Birla Sunlife Ultra Short Term Fund - Institutional - Daily Dividend Units of face value of Rs.10 each	8,770,671	87.8	11,763,121	117.7
Reliance Liquid Fund -Cash Plan-Daily Dividend Units of face value of Rs.10 each	17,958,698	200.1	-	-
Reliance Quarterly Interval Fund-Series-III-Institutional Dividend Plan Units of face value of Rs.10 each	40,585,257	406.1	40,585,257	406.1
Reliance Fixed Horizon Fund XVI Series 3 Growth Plan Units of face value of Rs.10 each	7,000,000	70.0	-	-
Reliance Fixed Horizon Fund XVI Series 5 Growth Plan Units of face value of Rs.10 each	50,000,000	500.0	-	-
Reliance Money Manager Fund-Institutional Option-Daily Dividend Plan Units of face value of Rs.1,000 each	523,029	523.7	523,029	523.7
Reliance Liquidity Fund-Daily Dividend Reinvestment Option Units of face value of Rs.10 each	70,045,960	700.8	49,979,184	500.0
HDFC FMP 100 Days Aug 2010(2)-Series XIV-Dividend Plan Units of face value of Rs.10 each	40,000,000	400.0	40,000,000	400.0
HDFC Liquid Fund Premium Plan-Dividend Daily Reinvestment Option Units of face value of Rs.10 each	40,787,359	500.0	40,787,359	500.0
SBI Debt Fund Series - 370 Days-8 Growth Units of face value of Rs.10 each	8,000,000	80.0	-	-
SBI SHF Ultra Short Term fund Institutional Plan Daily Dividend Units of face value of Rs.10 each	33,256,745	332.8	44,253,595	442.8
Religare Ultra Short Term Fund - Institutional Daily Dividend Units of face value of Rs.10 each	1,021,661	10.2	1,021,661	10.2
Religare Fixed Maturity Plan Series - IV Plan E (370 Days) Growth Plan Units of face value of Rs.10 each	1,000,000	10.0	-	-
Birla Sun Life Savings Fund - Institutional - Daily Dividend - Reinvestment Units of face value of Rs.10 each	45,155,456	451.9	42,997,896	430.3
Birla Sun Life Cash Plus - Institutional Premium - Daily Dividend - Reinvestment Units of face value of Rs.10 each	16,979,856	170.1	15,968,861	160.0
Birla Sun Life Interval Income Fund - Institutional Quarterly Series I - Dividend Units of face value of Rs.10 each	15,000,000	150.0	15,000,000	150.0
Birla Sun Life Fixed Term Plan Series CC Growth Units of face value of Rs.10 each	30,000,000	300.0	-	-
Birla Sun Life Fixed Term Plan Series CI Growth Units of face value of Rs.10 each	16,000,000	160.0	-	-

6. INVESTMENTS (Continued)

Rs. in millions

	Purchased		Redeemed / sold	
	Units	Amount	Units	Amount
DSP BlackRock Money Manager - Institutional Plan - Daily Dividend Units of face value of Rs.1,000 each	150,354	150.5	99,920	100.0
DSP BlackRock Liquidity Fund - Institutional Plan - Daily Dividend Units of face value of Rs.1,000 each	170,024	170.1	170,024	170.1
DSP BlackRock FMP 3M Series 19 Dividend Payout Units of face value of Rs.10 each	15,000,000	150.0	15,000,000	150.0
DSP BlackRock FMP 3M Series 18 Dividend Payout Units of face value of Rs.10 each	15,000,000	150.0	15,000,000	150.0
DSP BlackRock FMP 3M Series 23 Dividend Payout Units of face value of Rs.10 each	15,000,000	150.0	-	-
DSP BlackRock FMP -12M-Series 9 Growth Units of face value of Rs.10 each	40,000,000	400.0	-	-
DSP BlackRock FMP 12M Series 10 Growth Units of face value of Rs.10 each	10,000,000	100.0	-	-
Kotak Quarterly Interval Plan Series 10 Dividend Units of face value of Rs.10 each	60,000,000	600.0	30,000,000	300.0
Kotak FMP 370 Days Series 3 Growth Units of face value of Rs.10 each	85,000,000	850.0	-	-
Kotak FMP 370 Days Series 2 Growth Units of face value of Rs.10 each	85,000,000	850.0	-	-
Kotak Floater Long Term - Daily Dividend Units of face value of Rs.10 each	59,501,540	599.8	59,501,540	599.8
Kotak Liquid (Institutional Premium) - Daily Dividend Units of face value of Rs.10 each	35,168,217	430.0	35,168,217	430.0
Kotak Flexi Debt Fund Institutional - Daily Dividend Units of face value of Rs.10 each	5,968,641	60.0	5,968,641	60.0
Fortis Money Plus Institutional Plan Daily Dividend Units of face value of Rs.10 each	10,018,946	100.2	10,018,946	100.2
Reliance Quarterly Interval Fund Series III Growth Plan Units of face value of Rs.10 each	31,984,903	400.0	31,984,903	400.0
ICICI Prudential FMP Series 53-1 Year Plan C Cumulative Units of face value of Rs.10 each	20,000,000	200.0	-	-
ICICI Prudential Liquid Super Institutional Plan Dividend Daily Units of face value of Rs.100 each	5,999,326	600.0	5,999,032	600.0
ICICI Prudential Interval Fund II Quarterly Interval Plan B Institutional-Dividend - Units of face value of Rs.10 each	40,000,000	400.0	40,000,000	400.0
ICICI Prudential Interval Fund V-Monthly Interval Plan A Institutional-Dividend Units of face value of Rs.10 each	42,999,140	430.0	42,999,140	430.0
ICICI Prudential Ultra Short Term Plan super Premium Daily Dividend Units of face value of Rs.10 each	43,271,744	433.6	43,271,744	433.6
ICICI Prudential Floating Rate Plan D - Daily Dividend Units of face value of Rs.100 each	2,423	0.2	2,441,300	244.2
UTI FIIF Annual Interval Plan - Institutional Growth Units of face value of Rs.10 each	9,998,500	100.0	-	-
Reliance Medium Term Fund - Daily Dividend Plan Units of face value of Rs.10 each	19,906,684	340.3	28,767,374	491.8
SBI Magnum Insta Cash Fund - Daily Dividend Units of face value of Rs. 10 each	52,994,296	887.7	52,994,296	887.7
		16,254.9		14,610.5

7. CURRENT ASSETS, LOANS AND ADVANCES

	Rs. in millions	
	As at December 31, 2010	As at December 31, 2009
Current assets		
Inventories		
Stores and machinery spares *	6.0	5.7
Loose tools *	4.6	4.8
Stock-in-trade **		
Raw materials and components	138.4	97.7
Work in progress	26.5	24.0
Finished goods	106.8	88.1
	<u>282.3</u>	<u>220.3</u>
* Valued at cost or under		
** Valued at lower of cost and net realisable value		
Sundry debtors		
Debts exceeding six months		
Secured - considered good	8.3	11.3
Unsecured - considered good	1.9	3.0
- considered doubtful	4.6	5.0
Other debts		
Secured - considered good	9.9	8.5
Unsecured - considered good	16.3	29.1
	<u>41.0</u>	<u>56.9</u>
Less: Provision for doubtful debts	4.6	5.0
	<u>36.4</u>	<u>51.9</u>
Cash and bank balances		
Cash in hand	0.3	0.7
Cheques on hand and in transit	6.5	6.8
With scheduled banks		
On current accounts	29.5	28.6
On deposit accounts @	74.7	1,102.2
With non scheduled banks		
On current account (# Rs. 22,710)*	#	1.7
	<u>111.0</u>	<u>1,140.0</u>
@ Includes amounts lodged as security deposits/on lien to a bank/Government authorities Rs. 12.6 millions (Rs. 2.2 millions).		
* Balance with National Westminster Bank Plc, London, UK [Maximum balance during the year Rs. 4.1 millions (Rs. 14.7 millions)] .		
Other current assets		
Interest accrued on deposits and investments	3.3	60.2
Loans and advances		
Advance recoverable in cash or kind or for value to be received		
Unsecured		
- Considered good	161.4	178.1
- Considered doubtful	0.4	-
	<u>161.8</u>	<u>178.1</u>
Less: Provision for doubtful advances	0.4	-
	<u>161.4</u>	<u>178.1</u>
Dividend declared by subsidiary company	272.0	136.0
Income-tax payments (net of provision)	21.6	44.1
MAT credit entitlement	24.7	-
Balances with central excise and customs on current accounts	48.4	28.9
	<u>528.1</u>	<u>387.1</u>
	<u>961.1</u>	<u>1,859.5</u>

8. CURRENT LIABILITIES AND PROVISIONS

	Rs. in millions	
	As at December 31, 2010	As at December 31, 2009
Current liabilities		
Acceptances	140.3	166.1
Sundry creditors:		
Dues of Micro and small enterprises #	16.7	17.2
Dues of other than Micro and small enterprises ##	891.0	651.0
Investor Education and Protection Fund shall be credited by the following amounts namely :		
- unpaid dividend *	24.3	23.0
Interest accrued but not due on deposits	1.0	2.0
Advances from customers	101.2	177.4
	<u>1,174.5</u>	<u>1,036.7</u>
Provisions		
Gratuity	61.3	52.6
Leave encashment and other employee benefits	23.0	19.4
Warranty	26.2	40.8
Proposed dividend	296.3	186.9
Corporate dividend tax	4.0	8.7
	<u>410.8</u>	<u>308.4</u>
	<u>1,585.3</u>	<u>1,345.1</u>

Refer note 8 of schedule 12

Includes Rs. 23.8 millions (Rs. 0.3 million) due to subsidiary Company

* Does not include any amounts outstanding as on December 31, 2010 which are required to be credited to Investor Education and Protection Fund.

9. OTHER INCOME

	Rs. in millions	
	For the year ended December 31, 2010	For the year ended December 31, 2009
Profit on sale of fixed assets	1.0	0.7
Dividend on unquoted non trade current investments	63.4	58.7
Dividend on long term unquoted trade investment in subsidiary company	272.0	136.0
Profit on sale of unquoted non trade current investments	178.3	-
Interest income *		
- on investment in non trade long term capital gains bonds	1.8	1.8
- from banks on deposits	26.3	95.7
- from others	-	0.1
Excess liability no longer required written back	2.9	0.4
Export benefits	28.2	23.1
Others	9.9	4.9
	<u>583.8</u>	<u>321.4</u>

* Income -tax deducted at source Rs. 2.6 millions (Rs. 44.2 millions)

10. MANUFACTURING AND OTHER EXPENSES

	Rs. in millions	
	For the year ended December 31, 2010	For the year ended December 31, 2009
Materials consumed		
Raw materials and components	2,733.5	2,242.1
Decrease / (Increase) in finished goods and work in progress		
Opening stock		
Finished goods	88.1	69.4
Work in progress	24.0	17.0
	112.1	86.4
Add: Purchase of finished goods	193.2	143.3
	305.3	229.7
Less :		
Closing stock		
Finished goods	106.8	88.1
Work in progress	26.5	24.0
	133.3	112.1
	172.0	117.6
Total consumption	2,905.5	2,359.7
Less: Scrap sales	11.2	11.2
Increase /(decrease) in excise duty on finished goods	4.3	0.2
Net consumption	2,898.6	2,348.7
Other expenses:		
Payments to and provisions for employees		
Salaries, wages and gratuity	335.3	268.1
Contribution to provident and other funds	16.5	15.0
Welfare expenses	41.9	34.3
Stores and machinery spares consumed (including loose tools)	79.2	72.3
Loss on sale of fixed assets	1.2	0.5
Fixed assets discarded	1.7	0.9
Power and fuel	54.8	50.3
Insurance	5.9	5.1
Repairs and maintenance		
Buildings	11.6	7.5
Plant and machinery	21.8	22.7
Others	21.6	18.0
Rates and taxes	10.6	21.8
Advertisement	53.0	36.3
Freight	53.9	57.4
Incentives	11.5	39.9
Warranty	26.4	100.3
Other selling and distribution expenses	101.2	85.6
Rent	26.2	20.7
Legal and professional charges	51.3	44.1
Travelling expenses	40.2	30.8
Development expenses	21.4	18.5
Bad debts / advances written off	1.6	1.4
Less: charged against provision for doubtful debts and advances	0.4	1.4
Provision for doubtful debts and advances	0.4	0.5
Exchange loss	1.1	1.8
Contractual liability #	-	116.4
Long term trade Investment written off	0.1	-
Miscellaneous	80.2	83.3
	3,968.8	3,500.8

Indemnified loss on account of certain receivables pertaining to erstwhile Commercial Vehicle business (refer note 2 of schedule 12).

11. INTEREST

	Rs. in millions	
	For the year ended December 31, 2010	For the year ended December 31, 2009
On loans for fixed periods	1.6	2.6
On others	24.1	1.6
	25.7	4.2

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

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

ii) Use of estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balance of assets and liabilities, revenue and expenses and disclosure relating to the contingent liabilities. The management believes that the estimates used in preparation of financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

iii) Fixed assets, including intangible assets, and depreciation

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

Leasehold land is amortised over the lease period.

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

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

iv) Inventories

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

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

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

v) Employee benefits

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

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

vi) Research and development

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

vii) Revenue recognition

The Company recognises revenue from sale of products on dispatch of goods to customers which coincides with the transfer of risks and rewards associated with the ownership of goods. Product sales represents amount invoiced for goods sold, inclusive of excise duty but net of sales tax and returns. Interest income is recognised on a time proportionate basis taking into account the amount invested and rate applicable.

viii) Investments

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

ix) Foreign currency transactions

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

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

x) Provision for warranty

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

xi) Taxation

The provision for taxation for the year ended December 31, 2010 comprises the residual tax liability for the assessment year 2010-11 relevant to the year April 1, 2009 to March 31, 2010 and the liability, which has accrued on the profit for the period April 1, 2010 to December 31, 2010, under the provisions of the Income tax Act, 1961.

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

xii) Provisions and contingent liabilities

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

2. In 2008, the Commercial Vehicles business along with Components (including Gears) and Engineering Design Services business of the Company together with related assets, the discontinued operations (collectively hereinafter referred to as "CV Business") had been transferred by way of a Slump Sale as defined under Section 2(42C) of Income Tax Act, 1961 on a "going concern" basis to VE Commercial Vehicle Limited (VECVL, subsidiary of the Company) as per the Business Purchase Agreement (BPA) signed between VECVL and the Company.
3. The Composite Scheme of Arrangement ("the Scheme") between Eicher Goodearth Investment Limited (EGIL) and Eicher Goodearth Private Limited (EGPL) and Eicher Motors Limited (the Company) under section 391 to section 394 of the Companies Act, 1956, was approved by the High Court of Delhi vide its order dated October 27, 2009, and had become effective on November 12, 2009 on filing of certified copy of the Order of High Court in the office of Registrar of Companies, NCT of Delhi. Consequent to effectuation of the Scheme in the previous year, the investment held by Residual EGIL in the equity share capital of the Company stood cancelled and accordingly the issued, subscribed and paid up share capital of the Company stood reduced to the extent of Rs. 140.3 millions being the face value of 14032762 equity shares held by Residual EGIL in the Company as on the appointed date. Further, since the shares had not been allotted till December 31, 2009, an amount of Rs. 140.3 millions representing the aggregate nominal value of such shares had been included in the previous year under the head "Capital suspense" in the balance sheet. During the year, on January 5, 2010, the Company has issued and allotted 14032764 shares of Rs. 10 each (rounded off to the nearest integer in terms of the Scheme) aggregating Rs. 140.3 millions to the members of Residual EGIL in the proportion in which they held equity shares in Residual EGIL.
4. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 56.0 millions (Rs. 67.0 millions).
5. **Research and development expenses:**

Revenue expenditure on research and development incurred and charged during the year through the appropriate heads of account aggregate Rs. 92.4 millions (Rs. 77.7 millions). The capital expenditure incurred during the year for research and development purposes aggregate Rs 12.9 millions (Rs. 6.4 millions). Details of expenses are as follows:

Rs. in millions

Revenue expenditure	This year	Previous year
Employee cost	28.4	22.3
Overheads	26.8	22.4
Development cost	22.7	15.7
Depreciation	14.5	17.3
Total	92.4	77.7

Rs. in millions

Capital expenditure	This year	Previous year
Building	2.4	-
Plant and machinery	2.9	2.7
Furniture and fixtures	0.6	0.5
Office equipment	5.2	1.9
Vehicles	1.8	1.3
Total	12.9	6.4

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

Rs. in millions

Warranty provisions	This year	Previous year
Opening balance	40.8	13.2
Additions during the year#	26.4	100.3
Amount used during the year	41.0	72.7
Closing balance	26.2	40.8

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

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

7. Contingent liabilities not provided for in respect of:

Rs. in millions

Particulars	As at December 31, 2010	As at December 31, 2009
a) In respect of demands contested by the Company:		
- Sales tax matters	111.0	115.3
- Excise duty matters	585.6	580.1
- Income tax matters	88.8	56.7
- Service tax matters	9.5	9.5
b) Claims against the Company not acknowledged as debts	9.2	9.5
c) Guarantees given to:		
VECVL, a subsidiary, for certain receivables transferred pursuant to BPA signed by the Company with VECVL (refer note 2 above)	2.1	12.3

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

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

Rs. in millions

Particulars	This year	Previous year
a) Amount payable to supplier under MSMED (suppliers) as at the end of year		
- Principal	16.7	17.2
- 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	-	-

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

9. (a) Managerial remuneration:

Rs. in millions

	This year	Previous year
Managing Director		
- Remuneration @	4.5	-
- Contribution to provident and other funds	0.2	-
- Perquisites	0.9	0.9
- Commission	5.0	-
Total	10.6*	0.9
Non-executive Director		
- Commission	3.8	4.6
	14.4	5.5
(b) Directors' sitting fees	0.8	0.9

(c) Computation of net profits in accordance with Section 198 / 349 of the Companies Act, 1956.

Rs. in millions

	This year	Previous year
Profit before taxation, as per profit and loss account	866.1	466.3
Add:		
Managerial remuneration	14.4	5.5
Directors' sitting fees	0.8	0.9
Long term trade Investment written off	0.1	-
Net profit under section 198/349 of the Companies Act, 1956	881.4	472.7
Maximum managerial remuneration to whole-time Director (including commission) at 5% of net profit.	44.1	23.6
Restricted to	10.6	0.9
Maximum commission to Non executive director at 1% of net profit.	8.8	4.7
Restricted to	3.8	4.6

Note:

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

* Managing director remuneration amounting to Rs. 10.6 millions is subject to shareholders' approval at ensuing General Meeting.

10. Disclosures under Accounting Standard 15 (Revised):

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

Rs. in millions

	This year	Previous year
A. Employee Plans:		
a) Provident Fund	12.6	11.4
b) Superannuation Fund	3.9	3.6
c) ESIC	1.1	0.8

Out of the total contribution made for employees' provident fund, Rs.2.3 millions (Rs. 1.6 millions) is made to Eicher Executive Provident Fund Trust, while the remainder contribution is made to government administered provident fund.

The total plan liabilities under the Eicher Executive Provident Fund Trust as at March 31, 2010 is Rs. 309.5 millions as against the total plan assets of Rs. 312.3 millions. The funds of the trust have been invested under various securities as prescribed under the rules of the trust.

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

Rs. in millions

	This year		Previous year	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Present value of obligations as at the beginning	52.6	9.7	45.5	7.7
Current service cost	10.8	5.0	6.9	3.0
Interest cost	3.5	0.6	3.1	0.5
Benefit paid	(6.0)	(1.7)	(2.6)	(0.7)
Net actuarial (gain) / loss recognized	0.4	(1.3)	(0.3)	(0.8)
Present value of obligations as at the end	61.3	12.3	52.6	9.7

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

Rs. in millions

	This year		Previous year	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Present value of obligations as at the end	61.3	12.3	52.6	9.7
Fair value of plan assets	-	-	-	-
Net asset/(liability) recognized in balance sheet	(61.3)	(12.3)	(52.6)	(9.7)
Cost for the year				
Current service cost	10.8	5.0	6.9	3.0
Interest cost	3.5	0.6	3.1	0.5
Net actuarial (gain) / loss recognized	0.4	(1.3)	(0.3)	(0.8)
Net cost recognized	14.7	4.3	9.7	2.7
Principal assumption:				
Discount rate	7.00%	7.00%	7.00%	7.00%

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.

Disclosure relating to present value of defined benefit obligation and fair value of plan assets and net actuarial loss:

Rs. in millions

Particulars	For the year ended December 31, 2010		For the year ended December 31, 2009		For the nine months period ended December 31, 2008		For the year ended March 31, 2008	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of obligation as at the end	61.3	12.3	52.6	9.7	45.5	7.7	161.3	34.3
Fair value of plan assets at the end	-	-	-	-	-	-	-	-
Net liability recognized in balance sheet	(61.3)	(12.3)	(52.6)	(9.7)	(45.5)	(7.7)	(161.3)	(34.3)
Net actuarial (gain) / loss recognized	0.4	(1.3)	(0.3)	(0.8)	0.5	(3.0)	9.9	4.6

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

Rs. in millions

Description	This year	Previous year
As Auditors		
- Audit fee	1.5	1.4
In other capacity:		
- Limited review of unaudited financial results	0.9	0.8
- Audit of accounts for fiscal year	0.3	0.3
- For miscellaneous certificates and other services	0.2	0.1

12. Earnings per share:

Description	This year	Previous year
a) Profit after taxation, per profit and loss account (Rs. in millions)	754.4	375.3
b) Weighted average number of equity shares (Nos.)	26,782,316	27,094,856*
c) Effect of potential dilutive equity shares on Employee Stock Options outstanding	98,746	80,254
d) Weighted average number of equity shares in computing diluted earnings per share [(b)+(c)]	26,881,062	27,175,110
e) Earnings per share (in rupees) :		
(face value - Rs 10 per share)		
- Basic [(a)/(b)]	28.17	13.85
- Diluted [(a)/(d)]	28.06	13.81

* Refer to note 3 above

13. Segment reporting:

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

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

Name of related party		Nature of relationship
VE Commercial Vehicles Ltd.	(VECVL)	Subsidiary Company
Eicher Engineering Solutions, Inc., U.S.A.	(EES, Inc.)	Subsidiary Company of VECVL
Hoff Automotive 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 Investment Limited*	(EGIL)	Part for which the Company is Associate

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

b. Key management personnel

Mr. Siddhartha Lal Managing Director

Transactions with the above key management personnel:

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

Transactions with the above parties during the year:

Rs. in millions

Particulars	EGIL		VECVL		Total	
	This year	Previous year	This year	Previous year	This year	Previous year
Purchase of services / goods	-	-	6.4	1.0	6.4	1.0
Dividend paid on equity shares	-	70.2	-	-	-	70.2
Dividend income	-	-	272.0	136.0	272.0	136.0
Miscellaneous expenses	-	-	24.5	19.6	24.5	19.6
Purchase of fixed assets	-	-	4.5	-	4.5	-
Aggregate balances outstanding as at the year end						
- Receivables	-	-	272.0	136.0	272.0	136.0
- Payable	-	-	23.8	0.3	23.8	0.3

15. The details of disputed excise duty, sales tax, service tax and Income-tax dues as on December 31, 2010 which have not been deposited are as follows:

Nature of the Statute	Nature of dues	Forum where pending	Amount* (Rs. in millions)	Amount paid under protest (Rs. in millions)	Period to which amount relate
Central Excise Act	Excise duty	- Commissioner of Central Excise	42.5	2.3	1991-92 to 1996-97, 1998-99 to 2000-01, 2003-04 to 2004-05 and 2006-07 to 2007-08
		- CESTAT	543.6	1.6	1995-96 to 2004-05
Sales Tax Act	Sales Tax	- Assessing Authority	10.2	4.9	1986-87, 1987-88, 1994-95 to 1998-99, 2000-01 and 2004-05
		- Appellate Authority up to Commissioner's level	21.9	8.9	1987-88, 1993-94 and 1998-99 to 2007-08
		- Appellate Tribunal	66.0	10.7	1989-90 to 2003-04
		- High Court	31.4	10.4	1984-85 to 1988-89, 1990-91 to 1994-95 and 1999-00 to 2001-02
Service Tax Act	Service Tax	Commissioner	9.5	-	2000-01 to 2004-05 and 2006-07
Income Tax Act	Income Tax	- Appellate Authority upto Commissioner's level	88.8	10.5	2004-05 to 2007-08

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

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

16. 'Excise duty' on sales has been deducted from gross sales on the face of profit and loss account. 'Increase / (decrease) in excise duty on finished goods' has been shown under the head 'Materials consumed' in schedule 10.

17. The unhedged foreign currency exposures are as under:

	As at December 31, 2010		As at December 31, 2009	
	Foreign currency in millions	Rs. in millions	Foreign currency in millions	Rs. in millions
Receivables				
USD	0.3	12.1	0.3	12.1
GBP	0.1	5.2	-	-
		<u>17.3</u>		<u>12.1</u>
Payables				
JPY	3.3	1.9	-	-
		<u>1.9</u>		<u>-</u>

18. a) Figures in brackets represent previous year's figures.

b) Previous year's figures have been recast/ regrouped where necessary.

19. Schedules 1 to 12 and the statement of additional information form an integral part of the accounts.

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

Description	Unit	Annual licensed capacity		Annual installed capacity		Actual production	
		This year	Previous year	As at December 31, 2010	As at December 31, 2009	This year	Previous year
Two wheelers	Nos.	Not applicable		60,000	60,000	52,752	52,258
Manufactured components for sale	Rs. in millions					69.0	58.7

Notes:

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

2. Particulars of stocks of finished goods and sales:

Value Rs. in millions

Description	Unit	Opening stock		Closing stock**		Sales	
		This year	Previous year	This year	Previous year	This year	Previous year
Two wheelers	Nos.	1,084	840	1214	1084	52,576	51,955
	Value	58.6	39.8	75.1	58.6	4,331.9	3,682.1
Others *							
–Spare parts and other components	Value	29.5	29.6	31.7	29.5	511.9	397.8
	Value	88.1	69.4	106.8	88.1	4,843.8	4,079.9

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

** 38 (59) Two wheelers have been capitalized, 5 (Nil) Two wheelers have been dismantled and 3 (Nil) Two wheelers have been sold free of cost.

3. Particulars of purchases of finished goods:

Rs. in millions

Description	This year	Previous year
Spare parts and other components	193.2	143.3
	<u>193.2</u>	<u>143.3</u>

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

Value Rs. in millions

Description	This year		Previous year	
	%	Value	%	Value
a) Raw materials and components				
Imported	1.24	34.0	0.67	15.0
Indigenous	98.76	2,699.5	99.33	2,227.1
	<u>100.00</u>	<u>2,733.5</u>	<u>100.00</u>	<u>2,242.1</u>

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

Description	Value Rs. in millions			
	This year		Previous year	
	%	Value	%	Value
Indigenous	100.00	79.2	100.00	72.3
	100.00	79.2	100.00	72.3

5. Particulars of raw materials and components consumed:

Description	Unit	Value Rs. in millions			
		This year		Previous year	
		Qty	Value	Qty	Value
Iron and steel	MT	552.54	22.2	416.58	18.6
Others including Components	Value		2,711.3		2,223.5
			2,733.5		2,242.1

6. CIF value of imports:

Description	Rs. in millions	
	This year	Previous year
Components and spare parts	34.0	15.0
Capital goods	43.8	24.1
	77.8	39.1

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

Description	Rs. in millions	
	This year	Previous year
Travelling	2.5	4.5
Consultancy fees	5.4	6.8
Others	23.2	49.5
	31.1	60.8

8. Earnings in foreign exchange:

Export of goods (FOB Value)	Rs. in millions	
	This year	Previous year
Two wheelers	329.6	285.4
Gears, spares and components	17.9	17.2
	347.5	302.6

9. Remittance in foreign currency towards dividends:

Dividend for the year	This year			Previous year		
	No. of non-resident shareholders	No. of equity shares held	Dividend remitted (Rs. in millions)	No. of non-resident shareholders	No. of equity shares held	Dividend remitted (Rs. in millions)
2008	-	-	-	1	847,430	4.2
			-			4.2

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

 Registration No.

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

 Public issue

 Right Issue

 Bonus issue

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

 Total liabilities

 Total assets

 Paid-up capital

 Reserves and surplus

 Deferred tax liabilities

 Secured loans

 Unsecured loans

 Net fixed assets

 Investments

 Net current assets

 Miscellaneous expenditure

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

 Turnover

 Total expenditure

 Profit before tax

 Profit after tax

Earning per share in Rs.

 Dividend rate %

 - Basic

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

 (ITC code) :

 Product Description

 (ITC code) :

 Product Description

EICHER MOTORS LIMITED

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

1. Name of the Company	VE Commercial Vehicles Ltd. (VECVL) (54.4% Subsidiary of EML)	Eicher Engineering Solutions Inc. (EES Inc.) (100% subsidiary of VECVL)	Hoff Technology Service Co. (Shanghai) (100% subsidiaries of EES Inc.)	Hoff Automotive Design Co. (Beijing)
2. Financial year of the subsidiary Company	31.12.2010	31.12.2010	31.12.2010	31.12.2010
3. (a) Number of equity shares held in (Nos.) the subsidiary Company by holding Company at the above date % Holding (equity)	5440000 54.40%	16400 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 31.12.2010 (Rs. millions)	NIL	NIL	NIL	NIL
(b) For the previous financial years of the subsidiary since it become subsidiary (Rs. millions)	NIL	NIL	NIL	NIL
(ii) Not dealt with in the accounts of the holding Company amounted to:				
(a) For the subsidiary's financial year ended on 31.12.2010 (Rs. millions)	2,595.4	(9.3)	(2.2)	(1.3)
*These are limited liability Companies, which are supposed to have Registered Total Capital Amount at the time of Incorporation. The Registered Total Capital amount for Hoff Auto Design (Shanghai) Co. Ltd., is \$ 140000 and Hoff Auto Design (Beijing) Co. Ltd., is \$ 300000.				
(b) For the previous financial years of the subsidiary since it become subsidiary (Rs. millions)	3,710.2	(133.7)	3.6	-0.9
5. As the financial year of subsidiary Company coincides with the financial year of the holding Company, section 215 (5) of the Companies Act, 1956, is not applicable.				

Financial information of subsidiary companies

S. No.	Particulars	Amount (Rs. millions)	Amount (Rs. millions)	Amount (Rs. millions)	Amount (Rs. millions)
1	Capital	100.0	166.2	7.5	16.2
2	Reserves	14,258.9	(169.9)	-1.0	(15.5)
3	Total Assets	23,545.4	107.9	7.7	1.2
4	Total Liabilities	9,186.5	111.6	1.2	0.5
5	Details of Investments (Except in case of investment in subsidiaries)	0.5	-	-	-
6	Turnover	41,760.6	424.5	14.8	19.7
7	Profit/(Loss) before taxation	3,591.9	(9.3)	(2.2)	(1.3)
8	Income Taxes (Deferred Assets)	996.5	0.0	0.0	-
9	Profit/(loss) after taxation	2,595.4	(9.3)	(2.2)	(1.3)
10	Proposed Dividend	500.0	-	-	-
	Exchange rate used				
	Balance Sheet (Closing rate as on 31.12.2010)		1 USD = Rs.44.81	1 RMB = Rs.6.77	1 RMB = Rs.6.77
	P&L (Average rate January'10 to December'10)		1 USD = Rs. 45.74	1 RMB = Rs.6.75	1 RMB = Rs.6.75

Shaila Aggarwal
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 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF EICHER MOTORS LIMITED AND ITS SUBSIDIARIES

1. We have audited the attached Consolidated Balance Sheet of **EICHER MOTORS LIMITED** ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at December 31, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. 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 Automotive Design (Beijing) Co. Ltd and Hoff Auto Design (Shanghai) Co. Ltd., whose financial statements reflect total assets of Rs.107.9 millions as at December 31, 2010, total revenues of Rs.424.5 millions and net cash flows amounting to Rs.7.3 millions 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 in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.
5. ***As indicated in note 6 of Schedule 13, no provision has been made for unutilised MODVAT balance amounting to Rs.82.1 millions which had lapsed. Had such provision been made, loans and advances and reserves and surplus would have been lower by Rs.82.1 millions.***
The matter referred 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 statement for year ended December 31, 2009.
6. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company and its aforesaid subsidiaries, 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, 2010;
 - (ii) in the case of the Consolidated Profit and Loss Account, 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)

Jaideep Bhargava
Partner
(Membership No. 90295)

Place : Gurgaon
Date : February 5, 2011

EICHER MOTORS LIMITED

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2010

		Rs. in millions	
	Schedule	As at December 31, 2010	As at December 31, 2009
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	269.4	126.6
Capital suspense (Refer note 3 of schedule 13)		-	140.3
Reserves and surplus	2	12,052.0	10,423.5
		12,321.4	10,690.4
Minority Interest		6,774.1	5,746.7
Loan funds			
Secured	3	865.2	735.2
Unsecured		91.2	528.5
		956.4	1,263.7
Deferred tax liabilities (net)	4	249.2	141.6
Total		20,301.1	17,842.4
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	8,112.8	7,436.9
Less: Depreciation		4,269.0	3,801.7
Net block		3,843.8	3,635.2
Capital work in progress		668.8	122.3
		4,512.6	3,757.5
Pre-operative expenditure (pending allocation)	6	34.5	-
Investments	7	4,585.9	2,941.1
Current assets, loans and advances			
Inventories	8	3,265.2	2,189.6
Sundry debtors		2,609.3	2,325.3
Cash and bank balances		12,456.8	11,706.5
Other current assets		355.4	359.6
Loans and advances		1,813.5	1,540.3
		20,500.2	18,121.3
Less :			
Current liabilities and provisions			
Current liabilities	9	7,941.5	6,015.5
Provisions		1,390.6	962.0
		9,332.1	6,977.5
Net current assets		11,168.1	11,143.8
Total		20,301.1	17,842.4
NOTES TO THE CONSOLIDATED ACCOUNTS	13		

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Jaideep Bhargava

Partner

Shaila Aggarwal

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 5, 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2010

	Schedule	For the year ended December 31, 2010	Rs. in millions For the year ended December 31, 2009
INCOME			
Sales		47,016.3	31,122.2
Less: Excise duty		3,045.5	1,735.9
Net sales		43,970.8	29,386.3
Other income	10	1,275.7	1,054.4
		45,246.5	30,440.7
EXPENDITURE			
Manufacturing and other expenses	11	40,401.8	27,942.1
Profit before interest, depreciation and taxation		4,844.7	2,498.6
Interest	12	95.0	86.7
Depreciation	5	573.0	538.8
Profit before taxation		4,176.7	1,873.1
Provision for taxation			
For the year			
- Current tax		934.1	368.1
- Minimum Alternate Tax (MAT) credit utilized		<u>91.5</u>	-
MAT credit entitlement		(24.7)	(80.3)
Deferred tax charge		107.3	326.2
Taxation relating to previous periods		-	(38.8)
Fringe benefit tax		-	3.0
Profit after taxation		3,068.5	1,294.9
Share of minority interest		1,179.3	461.0
Profit for the year		1,889.2	833.9
Balance brought forward from the previous year/ period		3,111.3	3,583.3
Dividend on bought back and extinguished equity shares no longer payable		-	7.0
Corporate dividend tax on above dividend		-	1.2
Premium paid on buy back of equity shares		-	<u>(960.5)</u>
Amount available for appropriation		5,000.5	3,464.9
APPROPRIATIONS			
Proposed Dividend		296.3	186.9
Corporate dividend tax		49.2	31.8
General reserve account		335.0	134.9
Balance carried to balance sheet		4,320.0	3,111.3
Earning per share (in rupees) : Face value of Rs. 10 each			
- Basic		70.54	30.78
- Diluted		70.28	30.69
NOTES TO THE CONSOLIDATED ACCOUNTS	13		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Jaideep Bhargava

Partner

Shaile Aggarwal

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 5, 2011

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2010

PARTICULARS	Rs. in millions	
	Year ended December 31,2010	Year ended December 31,2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before exceptional items and taxation	4,176.7	1,873.1
Adjustments for:		
Depreciation	573.0	538.8
Foreign currency translation reserve	-	6.5
Profit on sale of fixed assets	(1.8)	(2.9)
Fixed assets discarded	2.9	6.9
Long term trade Investment written off	0.1	-
Dividend on unquoted non trade current investments	(63.4)	(58.7)
Profit on sale of unquoted non trade current investments	(178.3)	-
Development expenses	-	86.9
Loss on sale of fixed assets	6.0	14.5
Interest income	(793.1)	(833.0)
Interest expense	95.0	86.7
Operating profit before changes in working capital	3,817.1	1,718.8
Adjustments for changes in:		
Inventories	(1,075.6)	1,191.2
Trade and other receivables	(727.0)	(691.3)
Trade and other payables	2,176.1	2,060.7
Cash generated from operations	4,190.6	4,279.4
Direct taxes paid *	(831.1)	(594.8)
Net cash from operating activities (A)	3,359.5	3,684.6
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (including CWIP and Pre-operative expenditure)	(1,347.9)	(709.5)
Sale of fixed assets	33.3	8.5
Net Investments made		
- Unquoted long term trade investment	(0.5)	-
- Unquoted non trade current investment	(1,644.4)	(2,878.7)
Dividend on unquoted non trade current investment	63.4	58.7
Profit on sale of unquoted non trade current investments	178.3	-
Interest received	797.3	756.8
Net cash from investing activities (B)	(1,920.5)	(2,764.2)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2010 (Continued)

PARTICULARS	Rs. in millions	
	Year ended December 31,2010	Year ended December 31,2009
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity share capital under ESOP Scheme (including security premium)	87.6	2.3
Proceeds from long term borrowings	3.5	-
Repayment of long term borrowings	(581.0)	(171.7)
Proceeds/(repayment) from / (of) short term borrowings (net)	270.2	(222.7)
Interest paid	(118.2)	(92.8)
Buy back of equity share capital	-	(974.6)
Dividend paid #	(299.6)	(158.3)
Corporate dividend tax	(51.2)	(22.7)
Net cash from financing activities (C)	(688.7)	(1,640.5)
Net Increase / (decrease) in cash and cash equivalents(A)+(B)+(C)	750.3	(720.1)
Cash and cash equivalents at the beginning of the year		
Cash and bank balances	11,706.5	12,318.0
Cash and cash equivalent transferred from Residual EGIL @	-	108.6
Cash and cash equivalents at the end of the year	12,456.8	11,706.5

* Includes Rs. Nil (Rs.108.0 millions) transferred in pursuant to amalgamation of Residual EGIL with the Company. (refer note 3 of schedule 13)

Includes Rs.114 millions (Rs. Nil) paid to minority shareholders of VECVL.

@ Refer note 3 of schedule 13.

In terms of our report attached
For Deloitte Haskins & Sells
 Chartered Accountants

Jaideep Bhargava	Shaila Aggarwal	Lalit Malik	S. Sandilya	:	Chairman
Partner	Company Secretary	Chief Financial Officer	Siddhartha Lal	:	Managing Director
			R.L. Ravichandran	:	Executive Director
			Priya Brat	:	Director
			M.J. Subbaiah	:	Director
			Prateek Jalan	:	Director

Place : Gurgaon

Date : February 5, 2011

EICHER MOTORS LIMITED

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

I. SHARE CAPITAL

	As at December 31, 2010	Rs. in millions As at December 31, 2009
Authorised		
30,000,000 (30,000,000) Equity shares of Rs. 10 each	300.0	300.0
101,000 (101,000) Redeemable cumulative preference shares of Rs.100 each	10.1	10.1
	<u>310.1</u>	<u>310.1</u>
Issued		
26,937,783 (12,660,119) Equity shares of Rs. 10 each	269.4	126.6
	<u>269.4</u>	<u>126.6</u>
Subscribed and paid up		
26,937,783 (12,660,119) Equity shares of Rs. 10 each	269.4	126.6
Less :Allotment money in arrears (# Rs.12000)	#	#
	<u>269.4</u>	<u>126.6</u>

Notes:

- 1) **Issued, subscribed and paid up capital :**
 - a) Includes 8,093,950 (8,093,950) Equity shares of Rs 10 each allotted as fully paid for consideration other than in cash pursuant to the Composite Scheme of Arrangement relating to demerger of Automobile Undertaking of Eicher Limited into the Company which became effective on August 16, 2004 from the appointed date i.e. April 1, 2003.
 - b) Reduced by Nil (14,032,762) equity shares aggregating Rs. Nil (Rs. 140.3 millions) in terms of the Composite Scheme of Arrangement referred to in note 3 of schedule 13.
 - c) Includes 14,032,764 (Nil) equity shares of Rs 10 each allotted during the year as fully paid up for consideration other than in cash pursuant to the Composite Scheme of Arrangement referred to in note 3 of schedule 13.
- 2) Reduced by Nil (1,408,969) equity shares of face value of Rs. 10 each fully paid up bought back and extinguished during the previous year in accordance with Section 77A of the Companies Act, 1956.
- 3) **Under Eicher Employee Stock Option Scheme, the Company has granted (net of options lapsed);**
 - a) 177,000 (181,000) 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 14,400 (173,100) options are outstanding at year end. During the year, 154,700 (7,900) 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) 208,900 (211,300) 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 118,700 (211,300) options are outstanding at year end. During the year, 90,200 (Nil) 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 (Nil) options on April 29, 2010, exercisable over a period of six 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 (Nil) options on November 8, 2010, exercisable over a period of seven years after vesting on November 8, 2013 at an exercise price of Rs. 1411 (including premium of Rs.1401) per option are outstanding as at year end.
 - e) Each option entitles the holders thereof to apply for and be allotted one equity share of the face value of Rs. 10 each.

2. RESERVES AND SURPLUS

Description	Rs. in millions			
	As at December 31, 2009	Additions	Deductions	As at December 31, 2010
Capital reserves				
Capital subsidy	2.5	-	-	2.5
Capital redemption reserve account	14.1	-	-	14.1
Securities premium account @	5,870.2	85.1	-	5,955.3
Revenue reserves				
General reserve account	1,428.6	335.0 #	-	1,763.6
Surplus in profit and loss account	3,111.3	1,208.7	-	4,320.0
Foreign exchange translation reserve	(3.2)	-	0.3	(3.5)
Total	<u>10,423.5</u>	<u>1,628.8</u>	<u>0.3</u>	<u>12,052.0</u>
Previous year	10,756.0	153.7	486.2	10,423.5

@ Represents premium @ Rs. 287 per equity share on 154,700 (7,900) equity shares and @ Rs. 452 per equity share on 90,200 (Nil) equity issued and allotted during the year under Employee Stock Option Scheme.

Transferred from profit and loss account.

3. LOAN FUNDS

		Rs. in millions	
		As at December 31, 2010	As at December 31, 2009
Secured			
Banks			
Term loans	[1]	183.1	323.3
Cash credits	[2]	232.1	411.9
Short term loan	[3]	450.0	-
		<u>865.2</u>	<u>735.2</u>
Unsecured			
Banks			
Term loans	[4]	-	404.6
Deposits			
Fixed	[5]	5.8	14.7
Others		56.3	50.1
Other loans and advances			
Financial institutions	[6]	-	0.8
Interest free sales tax deferral	[7]	29.1	58.3
		<u>91.2</u>	<u>528.5</u>
		<u>956.4</u>	<u>1,263.7</u>

Notes :

1) Includes:

- (a) Loan amounting to Rs. 182.7 millions (Rs. 305.6 millions) secured by a first charge by way of mortgage on immovable properties of the VE Commercial Vehicles Limited (VECVL) and hypothecation of all movable properties of VECVL, save and except current assets charged in favour of the banks for securing borrowings for working capital requirements.
- (b) Rs. 0.4 millions (Rs. 17.7 millions) secured by hypothecation of the specific assets acquired out of the loan in VECVL.
- (c) Repayable within one year Rs. 123.4 millions (Rs. 129.1 millions).

2) Includes:

- a) Rs. Nil (Rs. 277.6 millions) secured by a first charge by way of hypothecation of all current assets of VECVL, and a second charge by way of mortgage on immovable properties of VECVL located at Thane and Pithampur and hypothecation of movable properties located at Thane and Pithampur.
- b) Rs. 143.6 millions (Rs. 87.5 millions) secured by a first charge by way of hypothecation of all current assets of the Company.
- c) Rs. 88.5 millions (Rs. 46.8 millions) is secured by all assets of Eicher Engineering Solutions Inc. USA, by an irrevocable letter of credit issued by the State Bank of India.

3) The short term loan from bank is secured by pledge of fixed deposits of VECVL with the concerned bank. Repayable within one year Rs. 450.0 millions (Rs. Nil).

4) Repayable within one year Rs. Nil (Rs. 404.6 millions).

5) Repayable within one year Rs. 4.8 millions (Rs. 8.4 millions).

6) Repayable within one year Rs. Nil (Rs. 0.4 millions).

7) Repayable within one year Rs. 23.3 millions (Rs. 29.2 millions).

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

4. DEFERRED TAX LIABILITIES (NET)

		Rs. in millions	
		As at December 31, 2010	As at December 31, 2009
Deferred tax liabilities on			
Accelerated depreciation		359.7	296.0
		<u>359.7</u>	<u>296.0</u>
Less:			
Deferred tax assets on			
Business losses		8.7	9.0
Accrued expenses deductible on payment		18.0	22.7
Provision for gratuity		20.4	41.2
Provision for leave encashment and other employee benefits		29.0	28.4
Provision for doubtful debts and advances		21.2	18.4
Voluntary retirement scheme		-	0.4
Others		13.2	34.3
		<u>110.5</u>	<u>154.4</u>
Net deferred tax liabilities		<u>249.2</u>	<u>141.6</u>

5. FIXED ASSETS

Rs. in millions

Assets	Gross block (At cost)				Depreciation				Net block	
	As at December 31, 2009	Additions during the year	Deductions during the year #	As at December 31, 2010	As at December 31, 2009	For the year	Adjustments ##	As at December 31, 2010	As at December 31, 2010	As at December 31, 2009
Land *										
Freehold	120.3	-	-	120.3	-	-	-	-	120.3	120.3
Leasehold	87.4	-	-	87.4	6.6	1.0	-	7.6	79.8	80.8
Buildings*	992.6	56.9	9.5	1,040.0	225.9	34.4	7.7	252.6	787.4	766.7
Plant and machinery	4,345.7	497.7	84.2	4,759.2	2,254.1	373.1	64.3	2,562.9	2,196.3	2,091.6
Furniture and fittings	196.4	28.5	10.1	214.8	81.9	15.2	5.2	91.9	122.9	114.5
Office equipment	536.0	90.8	18.9	607.9	334.1	51.3	14.9	370.5	237.4	201.9
Vehicles	225.5	85.3	21.1	289.7	112.2	36.1	11.6	136.7	153.0	113.3
Intangible assets										
- Product designs, prototypes etc.	453.3	2.9	-	456.2	372.9	32.9	-	405.8	50.4	80.4
- Computer Software	256.9	59.9	2.3	314.5	191.2	29.0	2.0	218.2	96.3	65.7
- Goodwill	222.8	-	-	222.8	222.8	-	-	222.8	-	-
Total	7,436.9	822.0	146.1	8,112.8	3,801.7	573.0	105.7	4,269.0	3,843.8	
Previous year	6,783.0	912.1	258.2	7,436.9	3,490.8	538.8	227.9	3,801.7		3,635.2
Capital work in progress (including advances on capital account of Rs. 340.8 millions (Rs. 43.2 millions))									668.8	122.3
									4,512.6	3,757.5

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

Includes Rs. 3.9 millions (Rs. 14.4 millions) on account of Foreign exchange fluctuation.

Includes Rs. 2.8 millions (Rs. Nil) on account of Foreign exchange fluctuation.

6. PRE-OPERATIVE EXPENDITURE (PENDING ALLOCATION)

Rs. in millions

	As at December 31, 2010	As at December 31, 2009
Payments to and provisions for employees		
Salaries, wages and gratuity	19.0	-
Contribution to provident and other funds	1.1	-
Welfare expenses	0.8	-
Repairs and maintenance		
Buildings	0.2	-
Others	0.2	-
Rent	0.3	-
Legal and professional charges	0.3	-
Travelling expenses	10.3	-
Development expenses	0.1	-
Miscellaneous	2.2	-
	34.5	-

7. INVESTMENTS

	Rs. in millions	
	As at December 31,2010	As at December 31,2009
LONG TERM @		
Unquoted -		
Trade		
12,498 (12,498) Equity shares of Rs.10 each fully paid up of Eicher Motors Finance Limited	0.1	0.1
Less: Investment written off during the year*	(0.1)	-
	<u> </u>	<u> </u>
	-	0.1
Others		
50,000 (Nil) Equity shares of Rs. 10 each fully paid of Pithampur Auto Cluster Ltd allotted during the year	0.5	-
Non -Trade		
3,230 (3,230) capital gains bonds of Rs 10,000 each issued by Rural Electrification Corporation Ltd.	32.3	32.3
Government securities		
National Savings Certificates (# Rs.13,000) (Pledged with Government authorities)	#	#
	<u> </u>	<u> </u>
	32.8	32.4
Current Investments @@		
Non -Trade		
Unquoted -		
In debt mutual funds		
Nil (100,161,472) units of face value of Rs.10 each of SBI Debt Fund Series - 13 Months - 9 - Institutional Growth	-	1,001.6
Nil (75,000,000) units of face value of Rs.10 each of SBI Debt Fund Series - 13 Months - 10 - Institutional Growth	-	750.0
Nil (6,000,000) units of face value of Rs.10 each of Kotak FMP 18M Series -I Growth	-	60.0
Nil (40,000,000) units of face value of Rs.10 each of Kotak FMP 13 M Series - 5 Growth	-	400.0
Nil (2,438,877) units of face value of Rs.100 each of ICICI Prudential Floating Rate Plan D - Daily Dividend	-	244.0
Nil (16,117,125) units of face value of Rs.10 each of HDFC Cash Management fund Saving Plan	-	161.7
Nil (2,992,450) units of face value of Rs.10 each of Birla Sunlife Ultra Short Term Fund - Institutional - Daily Dividend	-	29.9
Nil (8,860,690) units of face value of Rs. 10 each of Reliance Medium Term Fund - Daily Dividend Plan	-	151.5
Nil (10,996,850) units of face value of Rs. 10 each of SBI SHF ultra Short Term Institutional Plan - Daily Dividend	-	110.0
7,000,000 (Nil) units of face value of Rs. 10 each of Reliance Fixed Horizon Fund XVI Series - 3 Growth	70.0	-
50,000,000 (Nil) units of face value of Rs. 10 each of Reliance Fixed Horizon Fund XVI Series - 5 Growth	500.0	-
17,958,698 (Nil) units of face value of Rs. 10 each of Reliance Liquid Fund -Cash Plan-Daily Dividend	200.1	-
20,066,776 (Nil) units of face value of Rs. 10 each of Reliance Liquidity Fund-Daily Dividend Reinvestment Option	200.8	-
8,000,000 (Nil) units of face value of Rs. 10 each of SBI Debt Fund Series - 370 Days-8 Growth	80.0	-
1,000,000 (Nil) units of face value of Rs. 10 each of Religare FMP Series - IV Plan E (370 Days) Growth	10.0	-
2,157,560 (Nil) units of face value of Rs. 10 each of Birla Sun Life Savings Fund - Institutional - Daily Dividend - Reinvestment	21.6	-
1,010,995 (Nil) units of face value of Rs. 10 each of Birla Sun Life Cash Plus - Institutional Premium - Daily Dividend - Reinvestment	10.1	-
30,000,000 (Nil) units of face value of Rs. 10 each of Birla Sun Life Fixed Term Plan Series CC Growth	300.0	-
16,000,000 (Nil) units of face value of Rs. 10 each of Birla Sun Life Fixed Term Plan Series CI Growth	160.0	-
50,434 (Nil) units of face value of Rs. 1,000 each of DSP BlackRock Money Manager - Institutional Plan - Daily Dividend	50.5	-
15,000,000 (Nil) units of face value of Rs. 10 each of DSP BlackRock FMP 3M Series 23-Dividend Payout	150.0	-
40,000,000 (Nil) units of face value of Rs. 10 each of DSP BlackRock FMP -12M-Series 9 Growth	400.0	-
10,000,000 (Nil) units of face value of Rs. 10 each of DSP BlackRock FMP 12M Series 10 Growth	100.0	-
30,000,000 (Nil) units of face value of Rs. 10 each of Kotak Quarterly Interval Plan Series 10 Dividend	300.0	-
85,000,000 (Nil) units of face value of Rs. 10 each of Kotak FMP 370 Days Series 3 Growth	850.0	-
85,000,000 (Nil) units of face value of Rs. 10 each of Kotak FMP 370 Days Series 2 Growth	850.0	-
20,000,000 (Nil) units of face value of Rs. 10 each of ICICI Prudential FMP Series 53-1 Year Plan C Cumulative	200.0	-
9,998,500 (Nil) units of face value of Rs. 10 each of UTI FIIF Annual Interval Plan - Institutional Growth	100.0	-
294 (Nil) units of face value of Rs. 100 each of ICICI Prudential Liquid Super Institutional Plan Dividend Daily (# Rs. 29,434)	#	-
	<u> </u>	<u> </u>
	4,553.1	2,908.7
	<u> </u>	<u> </u>
	4,585.9	2,941.1

Repurchase price of unquoted non trade current investments in Debt Mutual funds amounting to Rs. 4,646.7 millions (Rs. 3,038.9 millions)

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

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

* Eicher Motors Finance Limited has been dissolved w.e.f. October 26, 2010.

EICHER MOTORS LIMITED

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

Mutual Funds

Debt Fund

	Rs. in millions			
	Purchased		Redeemed / sold	
	Units	Amount	Units	Amount
SBI Debt Fund Series -13 Months - 9 - Institutional Growth Units of face value of Rs.10 each	-	-	100,161,472	1,001.6
SBI Debt fund Series -13 Month -10 Institutional Growth Units of face value of Rs.10 each	-	-	75,000,000	750.0
Kotak FMP 18M Series -I Growth Units of face value of Rs.10 each	-	-	6,000,000	60.0
Kotak FMP 13 M Series - 5 Growth Units of face value of Rs.10 each	-	-	40,000,000	400.0
ICICI Prudential Flexible Income Plan Premium - Daily Dividend Units of face value of Rs.100 each	10,007,461	1,058.1	10,007,461	1,058.1
HDFC Cash Management Fund Saving Plan Units of face value of Rs.10 each	158,589,653	1,590.9	174,706,778	1,752.6
Birla Sunlife Ultra Short Term Fund - Institutional - Daily Dividend Units of face value of Rs.10 each	8,770,671	87.8	11,763,121	117.7
Reliance Liquid Fund -Cash Plan-Daily Dividend Units of face value of Rs.10 each	17,958,698	200.1	-	-
Reliance Quarterly Interval Fund-Series-III-Institutional Dividend Plan Units of face value of Rs.10 each	40,585,257	406.1	40,585,257	406.1
Reliance Fixed Horizon Fund XVI Series 3 Growth Plan Units of face value of Rs.10 each	7,000,000	70.0	-	-
Reliance Fixed Horizon Fund XVI Series 5 Growth Plan Units of face value of Rs.10 each	50,000,000	500.0	-	-
Reliance Money Manager Fund-Institutional Option-Daily Dividend Plan Units of face value of Rs.1,000 each	523,029	523.7	523,029	523.7
Reliance Liquidity Fund-Daily Dividend Reinvestment Option Units of face value of Rs.10 each	70,045,960	700.8	49,979,184	500.0
HDFC FMP 100 Days Aug 2010(2)-Series XIV-Dividend Plan Units of face value of Rs.10 each	40,000,000	400.0	40,000,000	400.0
HDFC Liquid Fund Premium Plan-Dividend Daily Reinvestment Option Units of face value of Rs.10 each	40,787,359	500.0	40,787,359	500.0
SBI Debt Fund Series - 370 Days-8 Growth Units of face value of Rs.10 each	8,000,000	80.0	-	-
SBI SHF Ultra Short Term fund Institutional Plan Daily Dividend Units of face value of Rs.10 each	33,256,745	332.8	44,253,595	442.8
Religare Ultra Short Term Fund - Institutional Daily Dividend Units of face value of Rs.10 each	1,021,661	10.2	1,021,661	10.2
Religare Fixed Maturity Plan Series - IV Plan E (370 Days) Growth Plan Units of face value of Rs.10 each	1,000,000	10.0	-	-
Birla Sun Life Savings Fund - Institutional - Daily Dividend - Reinvestment Units of face value of Rs.10 each	45,155,456	451.9	42,997,896	430.3
Birla Sun Life Cash Plus - Institutional Premium - Daily Dividend - Reinvestment Units of face value of Rs.10 each	16,979,856	170.1	15,968,861	160.0
Birla Sun Life Interval Income Fund - Institutional Quarterly Series I -Dividend Units of face value of Rs.10 each	15,000,000	150.0	15,000,000	150.0
Birla Sun Life Fixed Term Plan Series CC Growth Units of face value of Rs.10 each	30,000,000	300.0	-	-
Birla Sun Life Fixed Term Plan Series CI Growth Units of face value of Rs.10 each	16,000,000	160.0	-	-
DSP BlackRock Money Manager - Institutional Plan - Daily Dividend Units of face value of Rs.1,000 each	150,354	150.5	99,920	100.0
DSP BlackRock Liquidity Fund - Institutional Plan - Daily Dividend Units of face value of Rs.1,000 each	170,024	170.1	170,024	170.1

Rs. in millions

	Purchased		Redeemed / sold	
	Units	Amount	Units	Amount
DSP BlackRock FMP 3M Series 19 Dividend Payout Units of face value of Rs.10 each	15,000,000	150.0	15,000,000	150.0
DSP BlackRock FMP 3M Series 18 Dividend Payout Units of face value of Rs.10 each	15,000,000	150.0	15,000,000	150.0
DSP BlackRock FMP 3M Series 23 Dividend Payout Units of face value of Rs.10 each	15,000,000	150.0	-	-
DSP BlackRock FMP -12M-Series 9 Growth Units of face value of Rs.10 each	40,000,000	400.0	-	-
DSP BlackRock FMP 12M Series 10 Growth Units of face value of Rs.10 each	10,000,000	100.0	-	-
Kotak Quarterly Interval Plan Series 10 Dividend Units of face value of Rs.10 each	60,000,000	600.0	30,000,000	300.0
Kotak FMP 370 Days Series 3 Growth Units of face value of Rs.10 each	85,000,000	850.0	-	-
Kotak FMP 370 Days Series 2 Growth Units of face value of Rs.10 each	85,000,000	850.0	-	-
Kotak Floater Long Term - Daily Dividend Units of face value of Rs.10 each	59,501,540	599.8	59,501,540	599.8
Kotak Liquid (Institutional Premium) - Daily Dividend Units of face value of Rs.10 each	35,168,217	430.0	35,168,217	430.0
Kotak Flexi Debt Fund Institutional - Daily Dividend Units of face value of Rs.10 each	5,968,641	60.0	5,968,641	60.0
Fortis Money Plus Institutional Plan Daily Dividend Units of face value of Rs.10 each	10,018,946	100.2	10,018,946	100.2
Reliance Quarterly Interval Fund Series III Growth Plan Units of face value of Rs.10 each	31,984,903	400.0	31,984,903	400.0
ICICI Prudential FMP Series 53-I Year Plan C Cumulative Units of face value of Rs.10 each	20,000,000	200.0	-	-
ICICI Prudential Liquid Super Institutional Plan Dividend Daily Units of face value of Rs.100 each	5,999,326	600.0	5,999,032	600.0
ICICI Prudential Interval Fund II Quarterly Interval Plan B Institutional-Dividend Units of face value of Rs.10 each	40,000,000	400.0	40,000,000	400.0
ICICI Prudential Interval Fund V-Monthly Interval Plan A Institutional-Dividend Units of face value of Rs.10 each	42,999,140	430.0	42,999,140	430.0
ICICI Prudential Ultra Short Term Plan super Premium Daily Dividend Units of face value of Rs.10 each	43,271,744	433.6	43,271,744	433.6
ICICI Prudential Floating Rate Plan D - Daily Dividend Units of face value of Rs.100 each	2,423	0.2	2,441,300	244.2
UTI FIIF Annual Interval Plan - Institutional Growth Units of face value of Rs.10 each	9,998,500	100.0	-	-
Reliance Medium Term Fund - Daily Dividend Plan Units of face value of Rs.10 each	19,906,684	340.3	28,767,374	491.8
SBI Magnum Insta Cash Fund - Daily Dividend Units of face value of Rs. 10 each	52,994,296	887.7	52,994,296	887.7
		16,254.9		14,610.5

8. CURRENT ASSETS, LOANS AND ADVANCES

	Rs. in millions	
	As at December 31, 2010	As at December 31, 2009
Current assets		
Inventories #		
Stores and machinery spares *	51.9	45.1
Loose tools *	44.1	44.4
Stock-in-trade **		
Raw materials and components	921.7	606.5
Work in progress	188.7	97.3
Finished goods	<u>2,058.8</u>	<u>1,396.3</u>
	<u>3,265.2</u>	<u>2,189.6</u>
* Valued at cost or under		
** Valued at lower of cost and net realisable value		
# Includes goods in transit Rs. 51.3 millions (Rs.49.0 millions)		
Sundry debtors		
Debts exceeding six months		
Secured - considered good	11.1	12.3
Unsecured - considered good	42.3	110.0
- considered doubtful	58.8	47.4
Other debts		
Secured - considered good	25.6	23.2
Unsecured - considered good ##	2,530.3	2,179.8
- considered doubtful	0.3	-
	<u>2,668.4</u>	<u>2,372.7</u>
Less: Provision for doubtful debts	59.1	47.4
	<u>2,609.3</u>	<u>2,325.3</u>
## Includes Rs. 356.5 millions (Rs. 263.4 millions) backed by letter of credits.		
Cash and bank balances		
Cash in hand	1.0	1.5
Cheques on hand and in transit	6.5	19.4
With scheduled banks		
On current accounts	1,208.8	201.3
On margin money accounts	0.4	0.4
On deposit accounts @	11,240.1	11,482.2
With non scheduled banks		
On current account (# Rs. 22,710)*	#	1.7
	<u>12,456.8</u>	<u>11,706.5</u>
@ Includes amounts lodged as security deposits/on lien/pledge to a bank/Government authorities Rs. 557.3 millions (Rs. 2.2 millions)		
* Balance with National Westminster Bank Plc, London, UK [Maximum balance during the year Rs. 4.1 millions (Rs. 14.7 millions)] .		
Other current assets		
Interest accrued on deposits and investments	<u>355.4</u>	<u>359.6</u>
Loans and advances		
Advance recoverable in cash or kind or for value to be received		
Secured		
(Loans are secured against hypothecation of Vehicles)		
Vehicle loans		
- Considered good	<u>6.3</u>	<u>37.7</u>
Unsecured		
- Considered good	1,315.7	993.8
- Considered doubtful	8.0	20.9
	<u>1,323.7</u>	<u>1,014.7</u>
Less: Provision for doubtful advances	8.0	20.9
	<u>1,315.7</u>	<u>993.8</u>
Income-tax payments (net of provision)	68.4	171.4
MAT credit entitlement	24.7	91.5
Balances with central excise and customs on current accounts	<u>398.4</u>	<u>245.9</u>
	<u>1,813.5</u>	<u>1,540.3</u>
	<u>20,500.2</u>	<u>18,121.3</u>

9. CURRENT LIABILITIES AND PROVISIONS

	Rs. in millions	
	As at December 31, 2010	As at December 31, 2009
Current liabilities		
Acceptances	1563.9	774.0
Sundry creditors:		
Dues of Micro and small enterprises	173.5	-
Dues of other than Micro and small enterprises	5,858.5	4,759.5
Investor Education and Protection Fund shall be credited by the following amounts namely :-		
- unpaid dividend*	24.3	23.0
Interest accrued but not due on loans and deposits	9.7	32.9
Advances from customers	311.6	426.1
	7,941.5	6,015.5
Provisions		
Gratuity	309.8	248.5
Leave encashment and other employee benefits	149.6	140.4
Warranty	547.8	335.0
Proposed dividend	296.3	186.9
Corporate dividend tax	87.1	51.2
	1,390.6	962.0
	9,332.1	6,977.5

* Does not include any amounts outstanding as on December 31, 2010 which are required to be credited to Investor Education and Protection Fund.

10. OTHER INCOME

	Rs. in millions	
	For the year ended December 31, 2010	For the year ended December 31, 2009
Income from vehicle loans	-	0.4
Profit on sale of fixed assets	1.8	2.9
Dividend on unquoted non trade current investments	63.4	58.7
Profit on sale of unquoted non trade current investments	178.3	-
Interest income *		
- on investment in unquoted non trade long term capital gains bonds	1.8	1.8
- from banks on deposits	790.4	831.2
- from others	0.9	1.4
Excess liability no longer required written back	14.8	15.1
Export benefits	131.8	107.0
Others	92.5	35.9
	1,275.7	1,054.4

* Income -tax deducted at source Rs. 79.0 millions (Rs. 243.9 millions)

11. MANUFACTURING AND OTHER EXPENSES

	Rs. in millions	
	For the year ended December 31, 2010	For the year ended December 31, 2009
Materials consumed		
Raw materials and components	23,226.6	13,604.9
Decrease / (Increase) in finished goods and work in progress		
Opening stock		
Finished goods	1,396.3	2,401.0
Work in progress	97.3	74.5
	1,493.6	2,475.5
Add: Purchase of finished goods	10,702.7	7,527.4
	12,196.3	10,002.9
Less :		
Closing stock		
Finished goods	2,058.8	1,396.3
Work in progress	188.7	97.3
	2,247.5	1,493.6
	9,948.8	8,509.3
Total consumption	33,175.4	22,114.2
Less: Scrap sales	97.8	64.6
Less: Vehicles capitalised	17.2	1.3
Increase /(decrease) in excise duty on finished goods	86.5	(56.3)
Net consumption	33,146.9	21,992.0
Other expenses:		
Payments to and provisions for employees		
Salaries, wages and gratuity	2,299.0	1,903.7
Contribution to provident and other funds	107.8	91.7
Welfare expenses	224.3	156.3
Stores and machinery spares consumed (including loose tools)	220.1	153.6
Loss on sale of fixed assets	6.0	14.5
Fixed assets discarded	2.9	6.9
Power and fuel	290.5	208.6
Insurance	20.0	23.9
Repairs and maintenance		
Buildings	40.8	33.0
Plant and machinery	130.7	105.4
Others	105.2	93.6
Rates and taxes	157.4	102.3
Advertisement	167.4	89.4
Freight	716.5	449.8
Incentives	609.7	530.7
Warranty	522.8	489.8
Other selling and distribution expenses	357.8	272.1
Rent	134.5	109.7
Legal and professional charges	112.2	130.9
Travelling expenses	252.1	155.1
Development expenses	269.3	306.1
Bad debts / advances written off	11.3	165.0
Less: Charged against provision for doubtful debts and advances	8.3	55.7
Provision for doubtful debts and advances	13.9	39.4
Exchange loss	9.4	10.4
Long term trade Investment written off	0.1	-
Miscellaneous	481.5	363.9
	40,401.8	27,942.1

12. INTEREST

	Rs. in millions	
	For the year ended December 31, 2010	For the year ended December 31, 2009
On loans for fixed periods	42.4	71.4
On others	52.6	15.3
	95.0	86.7

13. NOTES TO THE CONSOLIDATED ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES

i) Basis of preparation of consolidated financial statements

The consolidated financial statements are prepared under the historical cost convention. These statements have been prepared in accordance with Accounting Standard 21 “Consolidated Financial Statements” notified under the Companies (Accounting Standards) Rules, 2006.

The companies considered in the consolidated financial statements are:

Name of the company	Country of incorporation	% of holding either directly or through subsidiaries as at	
		December 31, 2010	December 31, 2009
Subsidiary companies:			
VE Commercial Vehicles Limited (VECVL)	India	54.40%	54.40%
Eicher Engineering Solutions, Inc. (EES, Inc.) (100% subsidiary company of VECVL.)	U.S.A.	54.40%	54.40%
Hoff Automotive Design (Beijing) Co. Ltd (100% subsidiary company of EES, Inc.)	China	54.40%	54.40%
Hoff Auto Design (Shanghai) Co. Ltd. (100% subsidiary company of EES, Inc.)	China	54.40%	54.40%

ii) Principles of Consolidation

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

- The financial statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra-group transactions resulting in unrealised profits or losses.
- The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company’s separate financial statements.
- The excess of the cost to the Company of its investments in the subsidiary companies over its share of equity, on the acquisition date, is recognized in the financial statements as goodwill.

iii) Use of estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balance of assets and liabilities, revenue and expenses and disclosure relating to the contingent liabilities. The management believes that the estimates used in preparation of financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods

iv) Fixed assets, including intangible assets, and depreciation

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

Leasehold land is amortised over the lease period.

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

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

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

v) 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) Inventories

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

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

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

vii) Employee benefits

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

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

viii) Research and development

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

ix) Revenue recognition

The Company recognises revenue from sale of products on dispatch of goods to customers which coincides with the transfer of risks and rewards associated with the ownership of goods. Product sales represents amount invoiced for goods sold, inclusive of excise duty but net of sales tax and returns. Income from service agreements is recognized over the contract term on rendering of services. Interest income is recognised on a time proportionate basis taking into account the amount invested and rate applicable.

x) Investments

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

xi) Foreign currency transactions

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

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

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

xii) Taxation

The provision for taxation for the year ended December 31, 2010 comprises the residual tax liability for the assessment year 2010-11 relevant to the year April 1, 2009 to March 31, 2010 and the liability, which has accrued on the profit for the period April 1, 2010 to December 31, 2010, under the provisions of the Income tax Act, 1961 and applicable foreign tax laws in case of foreign subsidiaries.

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

xiii) Impairment of assets

Impairment is ascertained at each Balance Sheet date in respect of the Company's fixed assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, based on an appropriate discount factor.

xiv) Provisions and contingent liabilities

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

2. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 1377.3 millions (Rs. 158.0 millions).
3. The Composite Scheme of Arrangement ("the Scheme") between Eicher Goodearth Investment Limited (EGIL) and Eicher Goodearth Private Limited (EGPL) and Eicher Motors Limited (the Company) under section 391 to section 394 of the Companies Act, 1956, was approved by the High Court of Delhi vide its order dated October 27, 2009, and had become effective on November 12, 2009 on filing of certified copy of the Order of High Court in the office of Registrar of Companies, NCT of Delhi. Consequent to effectuation of the Scheme in the previous year, the investment held by Residual EGIL in the equity share capital of the Company stood cancelled and accordingly the issued, subscribed and paid up share capital of the Company stood reduced to the extent of Rs. 140.3 millions being the face value of 14032762 equity shares held by Residual EGIL in the Company as on the appointed date. Further, since the shares had not been allotted till December 31, 2009, an amount of Rs.140.3 millions representing the aggregate nominal value of such shares had been included in the previous year under the head "Capital suspense" in the balance sheet. During the year, on January 5, 2010, the Company has issued and allotted 14,032,764 shares of Rs. 10 each (rounded off to the nearest integer in terms of the Scheme) aggregating Rs.140.3 millions to the members of Residual EGIL in the proportion in which they held equity shares in Residual EGIL.
4. **Provision for liabilities, other than for taxes on income and employee benefits:**

Rs. in millions

Warranty Provisions	This year	Previous year
Opening balance	335.0	319.1
Additions during the year	522.8	489.8
Amount used during the year	310.0	473.9
Closing balance #	547.8	335.0

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

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

5. Contingent liabilities not provided for in respect of:

Rs. in millions

Particulars	As at December 31, 2010	As at December 31, 2009
a) In respect of demands contested by the Company and its subsidiary companies:		
- Sales tax matters	373.0	169.8
- Excise duty matters	631.9	623.8
- Income tax matters	88.8	56.7
- Service tax matters	301.7	285.6
b) Claims against the Company and its subsidiary companies not acknowledged as debts	30.7	31.3
c) Bills discounted	15.5	3.1

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

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

Subsequent thereto, on a writ petition filed by the Company, on the grounds that it is discriminatory, unreasonable, arbitrary and ultra 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. 82.1 millions 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.5.1 millions between the date of the Order of the Supreme Court, i.e., February 05, 1999 and the date of enactment of the Finance Act, 1999, i.e., May 11, 1999. Based on favourable legal advice, the Company has along with other affected manufacturers challenged the aforesaid amendment before the Delhi High Court. The Delhi High Court, by its Order dated April 26, 2000, issued notice to Government of India and granted an interim stay on the recovery of the utilised portion of MODVAT credit to the extent of Rs.5.1 millions. In 2008 this unutilised MODVAT balance was been 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.82.1 millions lying unutilized as on March 16, 1995. The net amount of Rs.77.0 millions after utilisation of Rs. 5.1 millions has been carried forward under the head "Balances with central excise and customs on current accounts" under loans and advances in Schedule '8'.

7. Disclosures under Accounting Standard 15 (Revised):

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

	Rs. in millions	
	This year	Previous year
A. Employee Plans:		
a) Provident Fund	73.0	61.7
b) Superannuation Fund	34.8	30.0
c) ESIC	3.3	1.7

Out of the total contribution made for employees' provident fund, Rs.24.0 millions (Rs.17.7 millions) is made to Eicher Executive Provident Fund Trust, while the remainder contribution is made to government administered provident fund.

The total plan liabilities under the Eicher Executive Provident Fund Trust as at March 31, 2010 is Rs. 309.5 millions as against the total plan assets of Rs. 312.3 millions. The funds of the trust have been invested under various securities as prescribed under the rules of the trust.

B. Defined Benefit Plans:

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

	Rs. in millions			
	This year		Previous year	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Present value of obligations as at the beginning	256.5	77.0	211.9	59.3
Current service cost	34.3	20.8	22.6	15.9
Interest cost	17.9	5.1	15.6	4.1
Benefit paid	(14.3)	(6.6)	(10.2)	(3.4)
Net actuarial (gain) / loss recognized	24.0	-	16.6	1.1
Present value of obligations as at the end	318.4	96.3	256.5	77.0

Reconciliation of opening and closing balances of the present value of fund

Particulars	Rs. in millions	
	Gratuity	
	This year	Previous year
Present value of fund as at the beginning	8.0	7.6
Return on plan assets	0.4	0.4
Benefit paid	(0.4)	-
Net actuarial gain recognized	0.6	-
Present value of fund as at the end @	8.6	8.0

@ Funds pertaining to employees transferred to VECVL pursuant to a Scheme of Arrangement relating to demerger of Distribution Undertaking of Volvo India Private Limited into the VECVL.

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

	Rs. in millions			
	This year		Previous year	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Present value of obligations as at the end	318.4	96.3	256.5	77.0
Fair value of plan assets	8.6	-	8.0	-
Net asset/(liability) recognized in balance sheet	(309.8)	(96.3)	(248.5)	(77.0)
Cost for the year				
Current service cost	34.3	20.8	22.6	15.9
Interest cost	17.5	5.1	15.2	4.1
Net actuarial (gain) / loss recognized	23.4	-	16.6	1.1
Net cost recognized	75.2	25.9	54.4	21.1
Principal assumption				
Discount rate	7.00%	7.00%	7.00%	7.00%

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.

Disclosure relating to present value of defined benefit obligation and fair value of plan assets and net actuarial loss:

Particulars	Rs. in millions							
	For the year ended December 31, 2010		For the year ended December 31, 2009		For the nine months period ended December 31, 2008		For the year ended March 31, 2008	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of obligation as at the end	318.4	96.3	265.5	77.0	211.9	59.3	161.3	34.3
Fair value of plan assets at the end	8.6	-	8.0	-	7.6	-	-	-
Net liability recognized in balance sheet	(309.8)	(96.3)	(248.5)	(77.0)	(204.3)	(59.3)	(161.3)	(34.3)
Net actuarial (gain) / loss recognized	24.0	-	16.6	1.1	22.7	3.3	9.9	4.6

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

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

Necessary information is given below:

Particulars	Rs. in millions	
	This year	Previous year
Total of Future minimum lease payments:		
- Not later than one year	11.6	10.5
- Later than one year but not later than five years	15.1	18.9
Lease rents charged to profit and loss account	13.1	14.2

(b) **Finance Lease:** The subsidiary company EES, Inc. has entered in a finance lease expiring in November 2012. During 2010, the company paid off the finance lease. The leased asset is Shop Equipment classified under Plant and Machinery and necessary information is as given below:

Particulars	Rs. in millions	
	This year	Previous year
Gross book value	-	32.2
Less: Accumulated depreciation	-	23.9
Net book value	-	8.3
Depreciation charges to profit and loss account	2.8	3.3

Rs in millions

Particulars	This year	Previous year
Total of minimum lease payments	-	16.1
- Not later than one year	-	5.0
- Later than one year and not later than five years	-	11.1
Present value of minimum lease payments	-	14.9
- Not later than one year	-	4.8
- Later than one year and not later than five years	-	10.1

9. Earnings per share

Description	This year	Previous year
a) Profit after taxation, per profit and loss account (Rs. in millions)	1,889.2	833.9
b) Weighted average number of equity shares (Nos.)	26,782,316	27,094,856*
c) Effect of potential dilutive equity shares on Employee Stock Options outstanding	98,746	80,254
d) Weighted average number of equity shares in computing diluted earnings per share [(b)+(c)]	26,881,062	27,175,110
e) Earnings per share (in rupees): (face value-Rs 10 per share)		
- Basic [(a)/(b)]	70.54	30.78
- Diluted [(a)/(d)]	70.28	30.69

*Refer to note 3 above

10. Segment Reporting:

As the Company's and its subsidiary companies 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.

11. Related party disclosure:

- 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 VECVL
ABVolvo Sweden	(ABVolvo)	Investor in respect of which VECVL is a joint venture
Eicher Goodearth Investment Limited*	(EGIL)	Part for which the Company is Associate

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

- b. Key management personnel:

Mr. Siddhartha Lal Managing Director

Transactions with the above key management personnel:

Rs. in millions

Particulars	This year	Previous year
Managerial remuneration	20.7	21.0

Transactions with the above parties:

Rs. in million

Particulars	EGIL		EGPL		AB Volvo		Total	
	This year	Previous year						
Dividend paid on Equity	-	70.2	-	-	86.7	-	86.7	70.2
Subscription towards "Brand Equity and Business Promotion Agreement"	-	-	143.1	87.0	-	-	143.1	87.0
Expenses recovered	-	-	-	-	10.6	3.4	10.6	3.4
Expenses Reimbursed	-	-	-	-	1.1	-	1.1	-
Aggregate balances outstanding as at the year end								
- Receivables	-	-	-	-	0.3	3.4	0.3	3.4

12. The unhedged foreign currency exposures are as under:

Rs. in million

	As at December 31, 2010		As at December 31, 2009	
	Foreign currency in millions	Rs. in millions	Foreign currency in millions	Rs. in millions
Receivables				
USD	9.4	420.9	6.4	295.1
SEK	0.1	0.1	-	-
EURO	0.1	9.2	0.1	6.9
GBP	0.1	6.3	0.1	1.2
JPY	2.5	1.4	11.2	5.7
		<u>437.9</u>		<u>308.9</u>
Payables				
USD	0.1	7.7	0.2	10.2
SEK	0.6	4.4	0.8	5.2
EURO	0.2	10.6	0.1	7.9
GBP	0.1	10.3	-	-
JPY	17.0	9.4	2.6	1.3
		<u>42.4</u>		<u>24.6</u>

13. a) Figures in brackets represent previous year's figures.
 b) Previous year's figures have been recast/regrouped where necessary.

14. Schedules 1 to 13 form an integral part of the consolidated accounts.

Dear Shareholder,

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

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

INVESTOR RESPONSE FORM

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

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

Ms. Shaila Aggarwal, Company Secretary

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

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

I. Particulars of shareholder:

A. - Folio No. _____ 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 2007-08 Apr. - Dec. '08 31.12.2009

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

4. How would you rate the Registrar and Share Transfer Agent's service with regard to the following:

Good

Average

Poor

a) Share Transfers

b) Dividend

c) Redressal of complaints and response to your communication

Place :

Date :

Signature of the first applicant/
shareholder

FORM 2 B

(See rules 4CCC and 5D)

NOMINATION FORM

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

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

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

NAME AND ADDRESS OF NOMINEE:

Name :

Address :

Date of Birth*

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

*The Nominee is a minor whose guardian is

Name and Address.....

Date :

(** To be deleted if not applicable)

Signature of shareholder:

Name :

Address :

Date :

Signature of shareholder:

Name :

Address :

Date :

Signature of two Witnesses

Name and Address

Signature with date

1.

2.

INSTRUCTIONS:

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

EICHER MOTORS LIMITED

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

I/We _____ of _____ in the district of _____ being a member/members of the above mentioned company hereby appoint _____ of _____ in the district of _____ as my/our proxy to vote for me/us on my/our behalf at the 29th Annual General Meeting of Eicher Motors Limited to be held at LTG Auditorium, Copernicus Marg, New Delhi - 110 001 on Friday, March 18, 2011 at 10.00 A.M. and at any adjournment thereof.



Signed this _____ day of _____ 2011
Member's folio No./Client and DP ID No. _____ Signature _____

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

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

EICHER MOTORS LIMITED

Folio No.....

Dear Sirs,

MANDATE FOR PAYMENT OF DIVIDEND/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

Your faithfully

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

Attendance Slip

To be handed over at the entrance of the Meeting Hall
Name of the attending Member _____
Member's folio No./Client and DP ID No. _____ No. of shares held _____
Name of proxy _____

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

I, hereby record my presence at the 29th Annual General Meeting of Eicher Motors Limited to be held at LTG Auditorium, Copernicus Marg, New Delhi - 110 001 on Friday, March 18, 2011 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.



EICHER

EICHER MOTORS LIMITED

Regd. Office: Eicher House, 12, Commercial Complex, Greater Kailash-II (Masjid Moth), New Delhi - 110048

Tel No. +91-11-41437600 Website: www.eicherworld.com