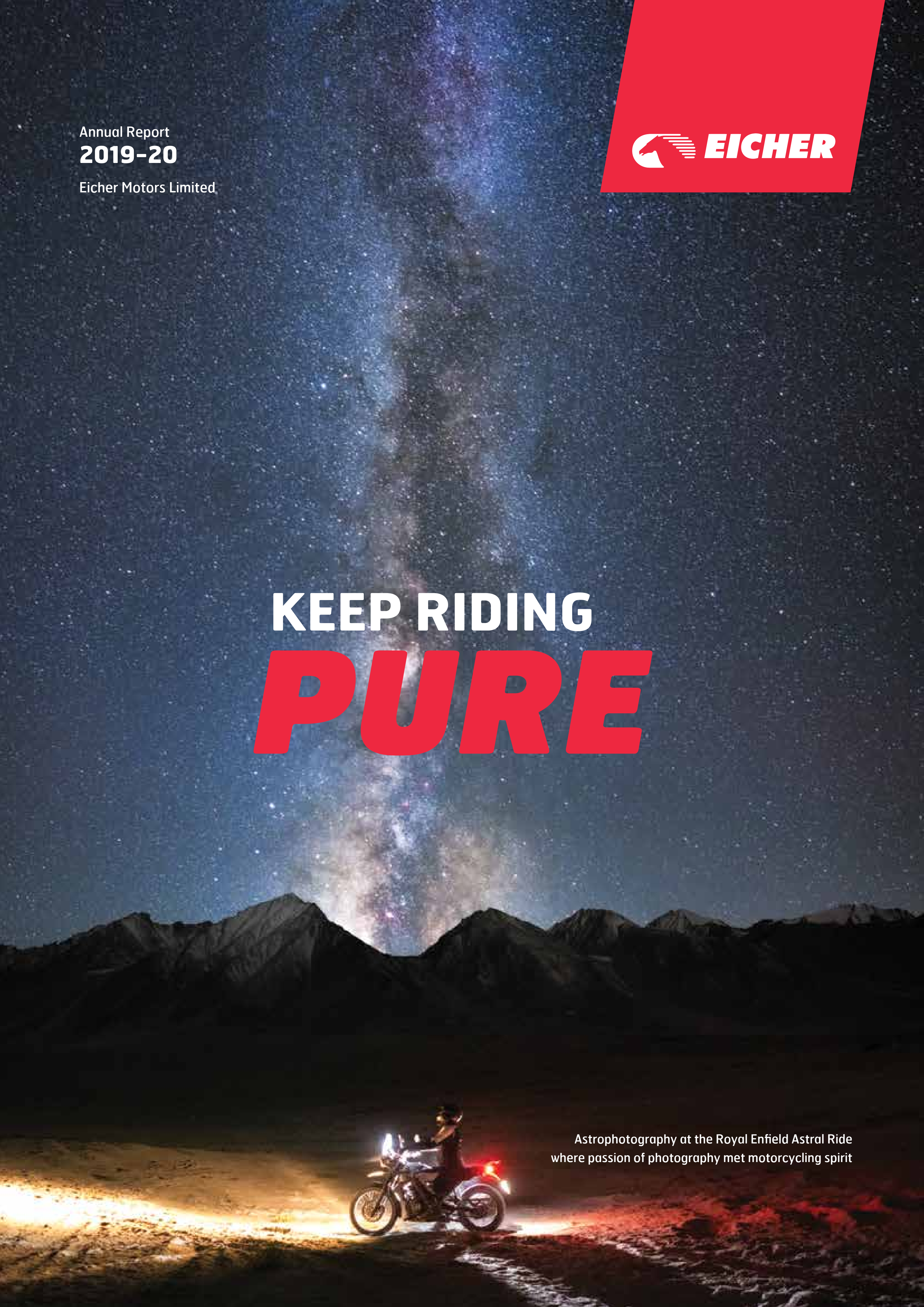
Annual Report

2019-20

Eicher Motors Limited



KEEP RIDING PURE

Astrophotography at the Royal Enfield Astral Ride where passion of photography met motorcycling spirit

CONTENTS

Eicher Motors Limited (EML) is setting a new precedence for the way people and goods move. Its iconic Royal Enfield brand is the preserver of the legacy of building simple, timeless and accessible motorcycles since 1901. With an uncomplicated design philosophy that offers purposeful longevity, Royal Enfield motorcycles represent an uncompromised blend of technology

Forward-looking statement

Certain statements used in this Report regarding the Company's business operations, industry, objectives, business strategy, management plans and expectations may be forward-looking statements. These statements can be identified by usage of words such as 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will', 'plans', 'outlook' and other words of similar meaning in connection with a discussion of future operating or financial performance.

Forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and hence may be incapable of being realized. These statements are not intended to be a guarantee of future results, but constitute our current expectations based on reasonable assumptions. The Company's actual results could materially differ from those projected in any forward-looking statements due to various events, risks, uncertainties and other factors. The Company does not assume any obligation nor intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Shows you where you can find related information in the report

Shows you where you can find more information at **www.eichermotors.com**

To view the report online or to download, visit **www.eichermotors.com/annual-reports** with traditional craftsmanship. Besides evocative motorcycles, Royal Enfield provides a range of differentiated experiences that introduces riders to the world of pure motorcycling.

EML also has a joint venture with Sweden's AB Volvo, VE Commercial Vehicles Limited (VECV), which is driving commercial vehicle modernization in India and other developing countries with its superior engineering capabilities and advanced technology know-how.

CONSOLIDATED FINANCIAL HIGHLIGHTS*

Period of comparison

1.4.2019-31.3.2020

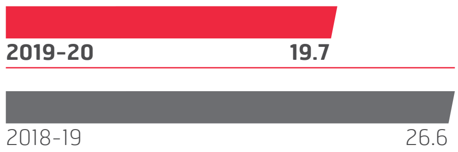
1.4.2018-31.3.2019

Revenue from Operations (Rs. Crores)

6.6%

Earnings Before Interest, Tax, Depreciation & Amortization (EBITDA) before share of profit of Joint Ventures (%)

Operating Margin (EBIT) before share of profit of Joint Ventures (%)



Share of profit of Joint Venture - VECV (Rs. Crores)

Total Comprehensive income including share of profits of Joint Venture (Rs. Crores)

17.0%

** Excluding discontinued operation of Eicher Polaris Private Limited.*

TO ENCOURAGE, ENABLE AND KICKSTART THE ACTIVE, LIFELONG PURSUIT OF EXPLORATION

WE BELIEVE THAT PURE MOTORCYCLING UNLOCKS THIS PURSUIT, THAT'S WHY – WE KEEP RIDING PURE

RIDE

INVITE PEOPLE TO THE WORLD OF PURE MOTORCYCLING

RIDE MORE

INSPIRE OWNERS TO INCREASE THEIR PARTICIPATION IN THIS WONDERFUL PURSUIT

RIDE PURE

ALLY WITH RIDERS FOR WHOM PURE MOTORCYCLING BECOMES LIFE'S PURSUIT

EICHER MOTORS LIMITED

Eicher Motors Limited (EML), listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE), is the owner of the iconic Royal Enfield brand. A global leader in the mid-sized motorcycle segment, Royal Enfield is the oldest motorcycle brand in continuous production since 1901. With its distinctive range of simple yet engaging and accessible motorcycles, exhilarating community riding events and an ecosystem that introduces customers to the world of pure motorcycling, Royal Enfield has evolved into an experiential brand. Royal Enfield with its motorcycle that combines modern-day elements with the brand's heritage, garners immense enthusiasm amongst global motorcyclists. It has modern product development centres at Leicestershire, UK and Chennai, India where an expert technical team conceptualizes next-generation motorcycles. This is supported by its three state-of-the-art manufacturing facilities around Chennai where these machines are handcrafted to perfection.

EML's joint venture VE Commercial Vehicles (VECV) with Sweden's AB Volvo, is one of India's leading manufacturer of trucks, buses, engines and engineering components. With a wide range of new-generation trucks and buses, VECV is driving modernization in commercial transportation in India and the developing world. The Eicher Trucks and Buses range includes 4.9 to 55 tonne trucks and 12 to 62 seater buses. VE Power Train (VEPT) is a global hub for medium duty engines for the Volvo Group and has been engaged in supply of base engines for Euro VI requirements of the Volvo Group since 2013.

BUSINESS SEGMENTS

Motorcycles

Royal Enfield

Performance FY 2019-20

697,582

commercial vehicles sold

96%

Market share in India's mid-size (250 cc-750 cc) motorcycles segment

Royal Enfield

- World's oldest motorcycle brand in continuous production
- Focussed on mid-sized motorcycles (250 cc - 750 cc)
- Products sold in India and 60+ countries globally through exclusive stores and dealers

Portfolio

- Motorcycles – Classic, Bullet, Himalayan, Interceptor INT 650 and Continental GT 650
- Apparel – Protective riding apparel, urban casual wear and riding accessories
- Motorcycle accessories Protective seats, bodywork, controls, wheels, luggage and engine

JOINT VENTURE

Commercial Vehicles (CV)

VE Commercial Vehicles (VECV)

Performance FY 2019-20

48,721

commercial vehicles sold

29.5%

Market share in India's light & medium duty (3.5 to 15 tonnes) CV segment

VE Commercial Vehicles (VECV)

- Driving modernization in commercial transportation industry in India and the developing world
- Trucks and buses known for best-in-class fuel-efficiency, superior uptime and modern industry-first features for driving productivity and profitability
- Leadership position in Light and Medium vehicle segment
- CV industry's first state-of-the-art Uptime Centre

Portfolio

- Eicher branded Light & Medium duty trucks (4.9-15 tonnes), Heavy duty trucks (16-55 tonnes) and buses (12 – 62 seats)
- Volvo Trucks
- Engineering components and aggregates
- Manufacturing of medium-duty base engines for Euro VI requirements of the Volvo Group

ROYAL ENFIELD

Geographic Footprint

3

Manufacturing facilities at Thiruvottiyur, Oragadam and Vallam Vadagal near Chennai, India

2

Technology Centres
Leicestershire, UK
Chennai, India

600

Studio Stores in India

3

Fully-owned subsidiaries –
Royal Enfield North America (USA)
Royal Enfield Brazil
Royal Enfield Thailand

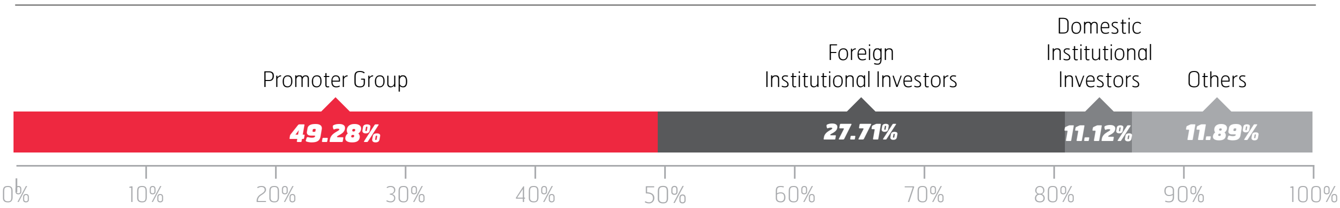
921

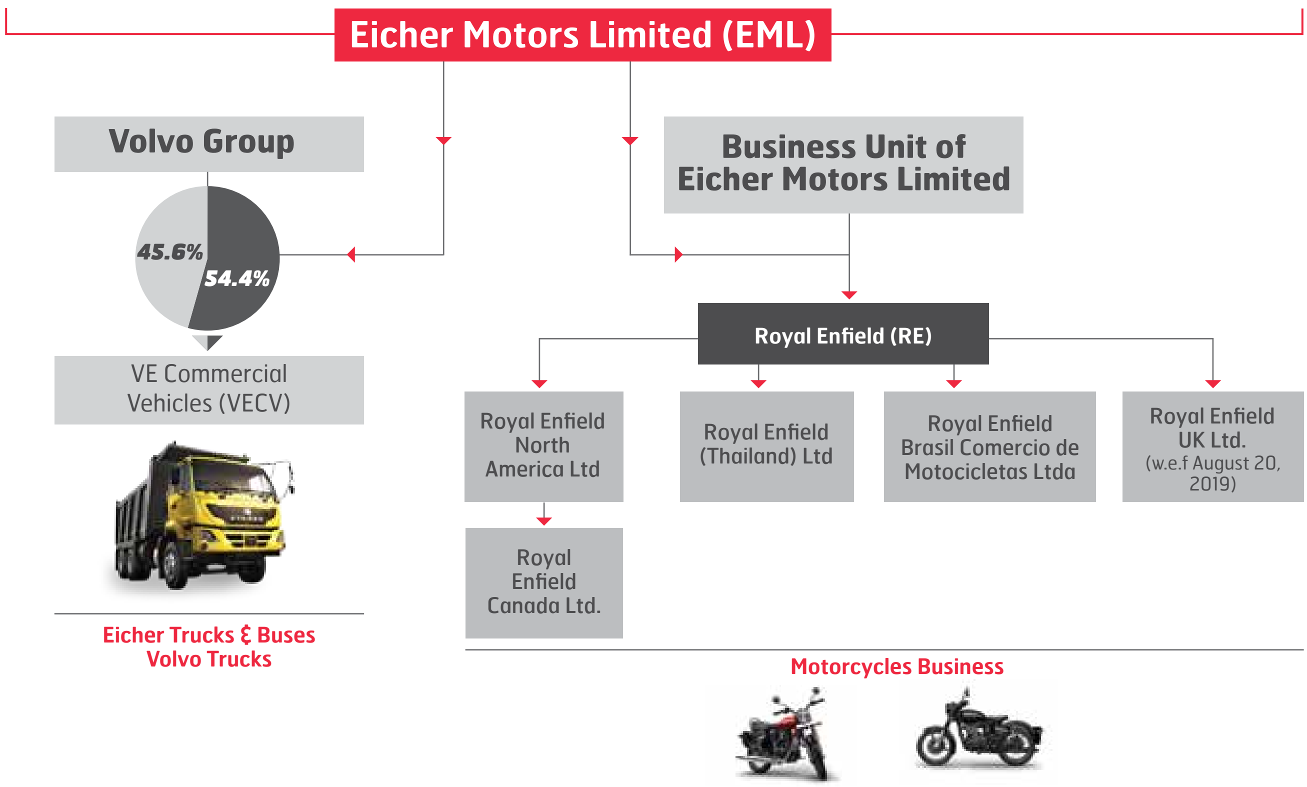
Stores in India

77

Exclusive Stores across UK, Colombia, USA, Mexico, UAE, France, Spain, Italy, Indonesia, Thailand, Philippines, Australia, New Zealand, Portugal, Malaysia, Brazil, Vietnam, South Korea, Austria, Belgium, Ecuador, and Argentina.

SHAREHOLDING PATTERN (As on March 31, 2020)





FINANCIAL POSITION – CONSOLIDATED

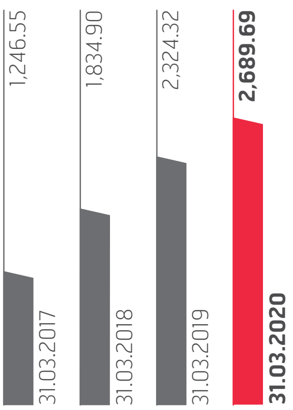
BALANCE SHEET

(Rs. Crores)

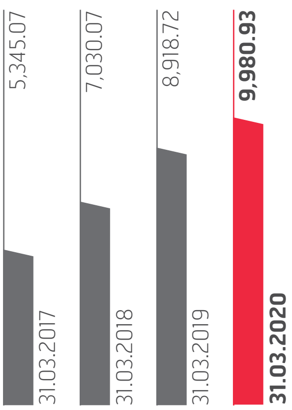
	31.03.2020	31.03.2019	31.03.2018	31.03.2017
Net Fixed Assets (Property plant & equipment, Intangibles, CWIP and Investment Property)*	2,689.69	2,324.32	1,834.90	1,246.55
Investment in joint venture	1,892.05	1,943.92	1,764.27	1,745.82
Investment in mutual funds, bonds & fixed deposits	6,747.70	5,896.60	4,925.51	3,241.31
Other non-current assets	149.17	193.49	204.85	278.07
Current assets				
Inventories	572.35	633.38	394.64	335.90
Debtors	86.76	84.29	68.00	50.04
Cash and Bank Balances (excluding fixed deposits)	59.61	47.29	103.06	25.06
Other current assets	252.39	263.54	227.00	86.33
Total assets	**12,449.72**	**11,386.83**	**9,522.23**	**7,009.08**
Equity share capital	27.30	27.28	27.26	27.21
Other equity	9,953.63	8,891.44	7,002.81	5,317.86
Net worth	**9,980.93**	**8,918.72**	**7,030.07**	**5,345.07**
Non-current liabilities	444.22	370.15	226.92	134.26
Current liabilities	2,024.57	2,097.96	2,265.24	1,529.75
Total equity and liabilities	**12,449.72**	**11,386.83**	**9,522.23**	**7,009.08**
No. of Shares	2,73,04,570	2,72,82,570	2,72,55,549	2,72,10,249
Book Value per Share (Rs.)	3,655.41	3,269.02	2,579.32	1,964.36
Market Value per Share (Rs.)	13,095.90	20,547.70	28,372.65	25,587.50
Market Value to Book Value per Share	3.6:1	6.3:1	11:1	13:1
Market Capitalisation (Rs. Crores)	35,757.79	56,059.41	77,331.22	69,624.22

* Net Fixed Assets as on 31.03.2020 includes Right of use assets as per Ind AS 116 effective April 1, 2019.

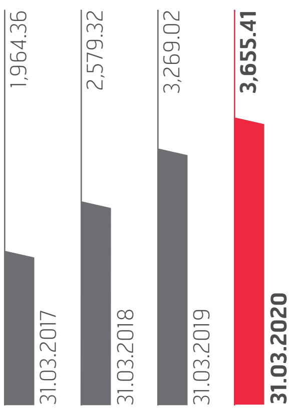
Net Fixed Assets
(Rs. Crores)



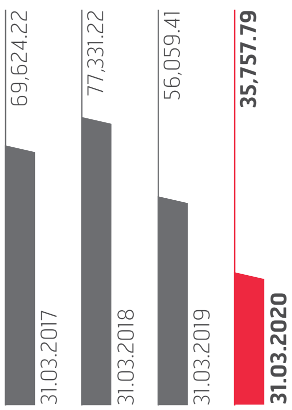
Net Worth
(Rs. Crores)



Book Value Per Share
(Rs.)



Market Capitalisation
(Rs. Crores)



OPERATIONAL HIGHLIGHTS – CONSOLIDATED

PROFIT AND LOSS ACCOUNT

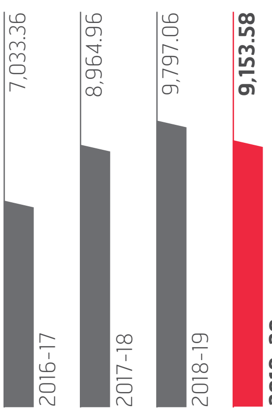
(Rs. Crores)

	2019-20	2018-19	2017-18	2016-17
Sales Volume :				
Commercial Vehicles (Nos.)	48,721	72,969	65,932	58,604
Motorcycles (Nos.)	6,97,582	8,22,724	8,20,121	6,66,135
Net Revenue from operations	9,153.58	9,797.06	8,964.96	7,033.36
Manufacturing and other expenses	6,973.23	6,893.95	6,157.33	4,859.41
Earnings before interest, tax, depreciation & amortization (EBITDA)	**2,180.35**	**2,903.11**	**2,807.63**	**2,173.95**
EBITDA to Net Revenue (%)	**23.8%**	**29.6%**	**31.3%**	**30.9%**
Depreciation & amortization expense	381.54	300.28	223.30	153.81
Earnings before interest & tax (EBIT)	**1,798.81**	**2,602.83**	**2,584.33**	**2,020.14**
EBIT to Net Revenue (%)	**19.7%**	**26.6%**	**28.8%**	**28.7%**
Finance Cost	18.88	7.33	5.34	3.56
Other Income	543.25	443.39	280.10	227.33
Share of profit of joint venture - VECV	31.71	258.40	256.56	189.47
Profit before tax	2,354.89	3,297.29	3,115.65	2,433.38
Provision for taxation	527.45	1,077.04	935.93	720.30
Profit after taxation (PAT)	**1,827.44**	**2,220.25**	**2,179.72**	**1,713.08**
Share of loss of Joint venture from discontinued operation - EPPL*	-	-17.52	-220.05	-46.00
Net Profit after tax	**1,827.44**	**2,202.73**	**1,959.67**	**1,667.08**
Other comprehensive income / (expense)	11.18	-6.20	9.97	-2.43
Total Comprehensive income	**1,838.62**	**2,196.53**	**1,969.64**	**1,664.65**
Total Comprehensive income including share of profits from Joint Venture from continuing operation to Net Revenue (%)**	**20.1%**	**22.6%**	**24.4%**	**24.3%**
Basic Earnings per Share (Rs.)	669.52	807.76	719.69	613.12
Diluted Earnings per Share (Rs.)	669.19	806.86	718.33	611.44

* The Operations of Eicher Polaris Private Limited was discontinued with effect from March 9, 2018

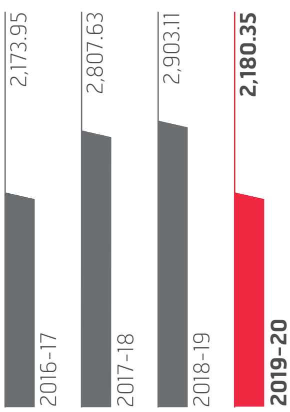
Net Revenue from Operations

(Rs. Crores)



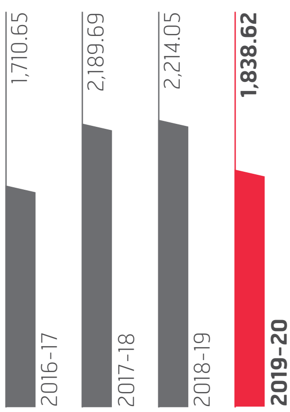
EBITDA

(Rs. Crores)



Total Comprehensive income including share of profits from Joint Venture from continuing operation**

(Rs. Crores)



** Total comprehensive income excludes share of loss of Eicher Polaris Private Limited.

MESSAGE TO THE SHAREHOLDERS

Royal Enfield

26.6%

Market share in 125cc+ motorcycle segment in India

Eicher Motors

23.8%

Consolidated EBITDA Margin

20.0%

Consolidated Net Profit Margin

Dear Shareholders,

I trust you and your families are safe and doing well. I am writing to you at a time when the world, as we know it, is changing. Over the last few months, the Coronavirus global pandemic and the ensuing emergency have resulted in disruptive changes in our world. We've seen a paradigm shift in the way we live, the way we work, and in the way we connect, engage and collaborate with people.

At the Eicher Group, we've moved swiftly to tackle and respond to this situation and we have taken several initiatives to secure the interests of our internal and external stakeholders. We employed a three-pronged strategy to address and engage all stakeholders outside our fences, close to our fences and within our fences. We worked to ensure our commitment and support to our dealers and suppliers, and helped them with over Rs. 700 crores, as we believe that we need to ensure the sustainability of the entire ecosystem. We have made an initial CSR commitment of Rs. 50 crores towards relief and support measures to fight the pandemic in India and are committed to increasing spends to deploy additional support and for long-term rehabilitation in the aftermath of the pandemic.

Businesses have been impacted too, and the automobile industry in India and across the world has been considerably hit. At Eicher Motors - both at Royal Enfield and VECV - we have witnessed the impact of this situation as several parts of the world, including India went into lockdown. Our manufacturing facilities and offices remained shut in compliance, and so did our stores and service centres.

We believe we have built our business on sound fundamentals that gives us enough room to tackle unprecedented situations such as this. We have a solid balance sheet and cash position, a robust business model with a very focussed and cash-optimized approach, a strong line-up of excellent products, among the best retail footprint, and overall an exceptional management team at Royal Enfield and VECV. I am confident that we are able to pursue our focus and investment for the long term, while we address near term challenges.

ROYAL ENFIELD

In the year ended March 2020, EML's consolidated net revenue from operations (reflecting the business of Royal Enfield motorcycles) was Rs. 9,154 crores, Consolidated EBITDA was Rs. 2,180 crores, and Profit After Tax was at Rs. 1,827 crores.

Royal Enfield sold 6,97,582 motorcycles in the financial year. In an effort to increase the retail footprint in India and to cater to smaller towns and cities, Royal Enfield announced the Studio Stores format and launched 600 new Studio Stores during the year. These, together with the 921 dealerships, take Royal Enfield's retail touchpoints to 1,521 across India. In the international markets, we now have 77 exclusive stores outside of India, and a retail network spread across 60 countries. We have opened new consumer touchpoints in Thailand, Brazil, Argentina, France and the UK, taking our total dealer touchpoints in international markets to over 660 stores including multi-brand outlets.

On the back of a challenging year, growth momentum for the automobile industry was sluggish and subdued. At Royal Enfield, we continued to push ahead with our long-term plans, while adapting our strategies to tackle immediate challenges. We remained focussed on creating more accessibility with the introduction of new variants of motorcycles and on building engaging experiences for the customer.

It has been our constant endeavour to strengthen Royal Enfield's position as a true global brand, and as a catalyst for pure motorcycling. In that context, it is a great pleasure for me to report that we have had an excellent performance in markets outside of India this year.

We have recorded an overall volume growth of 96%, in international markets which has been highlighted by overwhelming growth across all geographies - both developing markets and matured markets have performed exceedingly well, with Europe registering a 100% growth over last year. The 650 Twin motorcycles, and the Himalayan have led this growth for us across these markets, as these gorgeous motorcycles received unprecedented response from consumers across the globe.

Royal Enfield expanded its retail footprint in the Asia-Pacific region this year by setting up its first standalone, flagship store in Seoul, South Korea. The overall footprint grew by 50% in key priority markets across the Asia-Pacific region. Royal Enfield now features among the Top 5 brands, in terms of volumes, in the middleweight segment in Thailand, Australia-New Zealand and South Korea. In Europe, we are now at No.6 among brands in the middleweight motorcycling segment. This year, we also started direct operations of our Thailand subsidiary. This will be instrumental for us to grow the Royal Enfield brand and the middleweight motorcycling segment in the Asia-Pacific markets.

We have continuously worked to strengthen our technical competencies. This year, we completed the set-up of our Global Headquarters in Chennai which also houses a world-class product development and technology centre. We now have the advantage of twin technology centres in the UK and in India, that house world-class testing and development capabilities and work in close collaboration across projects.

Our focus this year in India, has been to build accessibility and aspiration among emerging markets within the country. With this view, we launched the Royal Enfield Studio Stores this year. These are smaller format stores, with leaner investment that gives us presence across smaller towns and cities in India. We opened 600 Studio Stores across India taking our overall consumer retail touchpoints to 1,521. We also launched new variants of the Royal Enfield Bullet 350 and the Classic 350 during the year, to further enhance accessibility for consumers.

This was a landmark year for the Indian automobile industry, as everyone transitioned to the new emission norms. At Royal Enfield, we ensured complete BS VI compliance across our portfolio much ahead of the mandated timelines. I am also very happy to report that we were among the first automotive companies in India to successfully sell all existing inventory of BS IV motorcycles before time. Astute production planning and close collaboration with the retail network made this possible.

In addition to the BS VI compliant Classic 350, Bullet 350, the 650 Twin motorcycles, Royal Enfield also launched the BS VI Himalayan in the fourth quarter of the fiscal year. The Himalayan BS VI has a vibrant new look and improved features that have made it instantly successful in India and across the world. The new motorcycle has received great reviews from media, experts and from consumers.

The single-cylinder, 500cc Unit Construction Engine has been an iconic part of Royal Enfield's heritage. In January this year, we bid adieu to the 500cc UCE platform with a special Classic 500 Tribute Black edition. These motorcycles were the last in India to carry the iconic long-stroke single cylinder UCE 500cc engine and were exclusively made to order in a limited production run, that saw great response.

Over the last year, the 650 Twin motorcycles have brought in a lot of first time buyers into Royal Enfield. In Europe, both motorcycles were very well received by riding enthusiasts. The Interceptor INT 650 and the Continental GT 650 continued to win many accolades and awards globally. The list of prestigious awards include - Thailand Bike of the Year 2019 award in the 'Best Modern Classic MiddleWeight' category, 'Best LAMS Retro Award' in Australia and 'Best Roadster' award in Philippines, MCN Retro Bike of The Year 2019 in the UK for Interceptor INT 650 and 2019 best-looking Naked/standard Motorcycle of the year from Motorcyclist magazine USA for Continental GT 650.

Royal Enfield motorcycles have always been the ideal canvas for customization and over the last few years we have been focussing on making this an integral part of our brand's journey. The Royal Enfield Custom Programme was set up with a purpose of nurturing the spirit of self expression among the community and deepening engagement with motorcycling. This programme has seen significant forward thrust during this year, with several interesting collaborations and participation across iconic trade shows and festivals across the world. During the year 2019-20, our programme showcased 37 new Custom Builds across 11 countries with several new properties being launched.

Rider Mania 2019 was a vibrant and exciting event, as we had the best ever participation of around 8,000 Royal Enfield enthusiasts from across the world. We launched several new exciting initiatives, and significant among them was the launch of the Royal Enfield Slide School, the first demo of which was held at Rider Mania. The Slide School was launched in an endeavour to revive the culture of fun and engaging flat track racing. The first edition of the Slide School was held in February in Bengaluru and received wonderful response from all participants.

With a view to bring in newer formats of rides, Royal Enfield focussed on greater community inclusion and created new rides centred around customers' hobbies and interests. This year, the first edition of Astral Ride - a distinctive ride that combines the passion for astrophotography with the spirit of motorcycling was conducted. We also conducted the first edition of the Himalayan Adventure - Rongbuk, a treacherous ride across three of the Everest Base Camps.

We began a new journey towards Sustainability this year with the #LeaveEveryPlaceBetter initiative, in an endeavour to promote sustainable tourism and transport, especially to more ecologically fragile regions. We want to be able to preserve pristine tourist destinations and restore and sustain delicate ecosystems, so that our generation and future generations can enjoy them responsibly. Our first steps in this programme have been towards encouraging riders to be wary of littering, mindful of plastic waste and leave every place they travel to, cleaner than they found it. This year, the Himalayan Odyssey and Rider Mania were conducted as a zero 'single-use-plastic' events. Participants in these rides and events were delighted about this initiative and acted as catalysts to spread the word further among their riding communities. In the years to come, we plan to introduce many such initiatives that will reflect our commitment to sustainability and towards our social mission and take the concept well beyond our riding community, to the larger tourism industry.

We continue our journey towards environmental and community led sustainability initiatives at our manufacturing locations. This year we focussed on building initiatives to strengthen our resolve towards sustainability and improving performance standards. We are making sure that we continue to remain water positive and have also facilitated groundwater replenishment and renovation of traditional water bodies near our facilities. In addition, to ensure more green cover, we have planted over 1000 trees around our manufacturing locations.

Royal Enfield has the largest, the fastest growing and most engaged online motorcycle brand community in the world. We have a social media community of more than 7.5 million passionately engaged users as of March 2020, an increase of 30% from the last year. Our on-ground and on-line communities together make for a vibrant audience that share content and want to eagerly engage with the brand. For the past few months, during the lockdown, we initiated several digital campaigns such as the #TripStory and the WhatsYourAdventure, with a focus to keep our audiences engaged through contextual campaigns. Our overall community participation levels, engagement levels and reach were at an all-time high, and Royal Enfield was reported the second Most Engaging Brand in India during the lockdown.

We also introduced a new version of the Royal Enfield website to deliver a superior user experience in terms of navigation and discoverability through a design that makes interaction a lot more intuitive. We launched geofenced websites in 3 more markets this year - Korea, Malaysia and Vietnam - taking our total website footprint to 21 countries now. We now also have an online configurator that allows a user to visualize the product with his or her preferred choice of accessories. This is truly a step forward in delivering a vastly superior and continuous customer experience.

I do believe that we are very well poised to expand and lead the middleweight motorcycling segment globally. We endeavour to build and grow the pure motorcycling way of life, and bring more and more people across the world to experience the joy of leisure motorcycling. Our international markets are beginning to show significant and sustainable growth trends on the back of motorcycles we have recently introduced - the Himalayan and the 650 Twin motorcycles - and we believe we have strong potential for further growing these markets for Royal Enfield.

We are committed to remain invested in these geographies and continue our efforts towards building a robust ecosystem of rides, events, and community so we can further mobilize more enthusiasts into experiencing Royal Enfield's pure motorcycling way of life.

The last few months have been challenging, but as the lockdown gradually begins to ease out, we are witnessing strong initial customer interest and confidence. Going forward, we do estimate an increased demand for personal transportation and two-wheelers as people would be wary of using public transport. This we believe will augur well for us and for the industry as a whole. At Royal Enfield, we continue to make concrete inroads to expand our retail network, while we further strengthen our supply chain and vendor ecosystem. With an aim to further build accessibility through a host of seamless digital solutions and a variety of financial solutions, we are confident of capitalizing on this demand as the situation stabilizes.

VECV

The commercial vehicle industry has been going through a very challenging time over the last year. The medium and heavy commercial vehicles segment was severely impacted during the year, and high discounting in the sector led to an impact on profitability. Apart from this, VECV also had to tackle challenges in retail finance availability, change in regulation leading to increase in payload, and the transition to new emission norms during the year.

For the year ended March 2020, VECV's total revenue from operations was Rs. 8,524 crores, EBITDA* was Rs. 415 crores and Profit After Tax was Rs. 58 crores. VECV sold 48,721 trucks and buses in the year and 28,383 Medium-Duty engines (88% of which were exported). VECV also exported 4,568 vehicles and began manufacturing trucks for the Indonesia and South African markets under the UD brand, where we think there's a significant growth potential. During the year, VECV has also been able to improve its market share position across segments. While the industry witnessed a decline of 40%, VECV was in a better place in comparison with a 33% volume drop.

VECV was the first company in the Commercial Vehicle Industry to migrate to BS VI norms well before the mandated timeline. Given VECV's experience of more than six years, in supplying Euro 6 compliant engines to Volvo, we have an edge in handling the challenges posed by the BS VI technology.

In line with our vision to drive modernization in commercial transportation, VECV introduced the Pro 2000 series, the new range of light and medium duty vehicles. These vehicles set new industry benchmarks for industry-first features in enhanced reliability, safety, comfort and efficiency. The new vehicles entailed indigenously developing two new engines (two-litre and three-litre engines) designed from scratch and two new contemporary style cabins 1.8 metre and 2 metre wide.

We also undertook a complete modernization of our fleet at VECV this year. We have introduced several new state-of-the-art features in our trucks and buses aided by the Volvo Group, making them relevant and more efficient for Indian conditions, while adapting contemporary world-class technology.

During the year, VECV started operations at the new truck plant at Bagroda, near Bhopal for the assembly of new engines for our Pro 2000 series. This manufacturing facility is built to meet the Industry 4.0 standards. We expect new trucks to start rolling out of this facility during this year. This new facility, together with our manufacturing plant at Pithampur significantly increases our manufacturing capacity.

We hold true to our brand promise of 'ensuring the best uptime in the industry', and endeavour to be a commercially focussed organization. This year, we set up the 'Uptime Centre', a first-of-its-kind initiative in the industry. These centres operate 24x7 and can provide remote diagnostic services and real-time support to on-ground technicians by logging into any truck at the dealer workshop or via the Roadside Assistance support team. This will be extremely advantageous for our customers. Furthermore, we have plans to introduce predictive maintenance to avoid potential breakdowns thereby increasing uptime for our customers.

VECV continues to remain strong in the high-end niche segments of coal mining and across other applications in the areas of construction, cargo movement among others. In international markets, VECV has made further progress in high growth potential markets like Indonesia and Malaysia in SouthEast Asia, few more markets of the Middle East and Africa apart from our strong presence in India like markets of South Asia.

While we expect the current year to continue to be challenging, we remain focussed on our long-term initiatives and are optimistic that the industry will be back on track soon, largely led by investments in infrastructure. At the same time, we are bringing sharp focus on cost management and improving productivity. Our superior technology and expertise gives us the edge for the BS VI journey in future. We will continue to focus on driving modernization in the commercial vehicle industry and we hope to better the market as the economy improves and the industry comes back on track.

Looking ahead

The global economic impact of the COVID-19 pandemic is likely to be significant as pointed out by several experts. As the virulence of the virus slows down, countries and economies will begin to reboot. We do believe that recovery is likely to be gradual from here, but there is marked optimism for economies like India. We will have to adapt to what will be the new normal going forward.

At Eicher Motors, we have the experience of building resilient and profitable businesses with very strong business models that are well prepared to meet such extraneous challenges.

I am confident of the vision that both Vinod Dasari and Vinod Agarwal have for Royal Enfield and VECV respectively, and believe that we are well poised to take Eicher Motors to the next level. Both gentlemen have been inducted to the Board of EML, and this strengthens not just our governance and leadership, but also fortifies our vision and brings in better synergies.

We have robust business models for both Royal Enfield and VECV and have committed and competent teams. Both companies have strong product pipelines and will continue to push forward with our long-term strategic plans.

Siddhartha Lal
Managing Director
Eicher Motors Limited

THESE ARE DIFFICULT TIMES, BUT GREAT DISRUPTIONS PRESENT GREATER OPPORTUNITIES, AND BRING OUT THE BEST IN EACH ONE OF US.

I WOULD LIKE TO THANK ALL OF YOU FOR YOUR CONTINUOUS CONFIDENCE AND ENCOURAGEMENT.

DO STAY SAFE

**Please refer to Chart 8 on page number 263*

PURE MOTORCYCLING WITH ROYAL ENFIELD

We keep riding pure. We just love the feeling of riding out on an Enfield, plain and simple, and our purpose is to preserve that feeling. While the world moves fast, we go at our own pace, living the moment, riding further, going deeper. We're the guardians of what's authentic and real, for people who are trying to explore and discover themselves. We covered a lot of ground over the last 119 years, and we'll keep riding for a while yet. Filling a rider's life with real, authentic experiences is what we call Pure Motorcycling.

PURE

A fundamental experience of life – authentic and real. Connecting at a sensorial level with your innermost self and your surroundings. Not being dependent on approval or endorsement from others. Steering clear of the artificial, the superficial, the superfluous and the contrived.

MOTORCYCLING

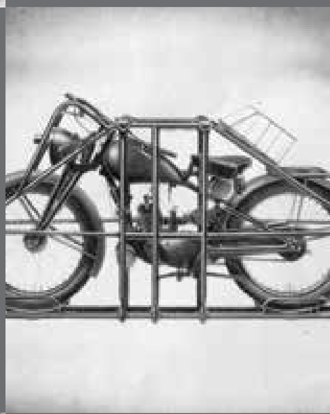
Motorcycling includes riding, owning, maintaining, caring and workmanship as an active pursuit. Focussing on the essentials and not the excess. Not transforming, but reconnecting with the purity of the experience. Engagement with machine and terrain.

THE OLDEST MOTORCYCLE BRAND

1901
The first Royal Enfield motorcycle is produced. Designed by R. W. Smith and Frenchman Jules Gotiet, it has a 1 1/2 hp Minerva engine mounted in front of the steering head. The final drive is at the rear wheel by means of a long rawhide belt.

1926
A major fire breaks out at the 18-acre Redditch factory. The Company's own fire brigade manages to fight flames that threatened to engulf the entire plant.

1932
The legendary "Bullet" motorcycle is born and first displayed in November 1932 at the important Earls Court Motorcycle Show in London. Three versions: 250, 350 and 500cc are available, all with inclined 'sloper' engines, twin-ported cylinder heads, foot gear and high compression pistons.



1943
Royal Enfield produces large quantities of motorcycles and bicycles during the Second World War. The most iconic military model is the 125cc 'Airborne' motorcycle known as the 'Flying Flea'. This 125cc 2-stroke can be loaded into a specially fabricated parachute cradle and dropped with paratroopers behind enemy lines.

1948
The 350cc Bullet prototype, with radical swinging arm rear suspension, is previewed in the Colmore Cup Trial of March 1948. Two Bullets form part of the victorious British team in the 1948 ISDT (International Six Days' Trials), held in Italy. Both their riders win gold medals.

1952
Madras Motors receives an order from the Indian Army for 800 350cc Bullets. The motorcycles arrive from Redditch in early 1953 and prove to be a great success, being both hardy and easy to maintain. Johnny Brittain wins the prestigious 'Scottish Six Day Trial' on his 350cc Bullet, 'HNP 331'.

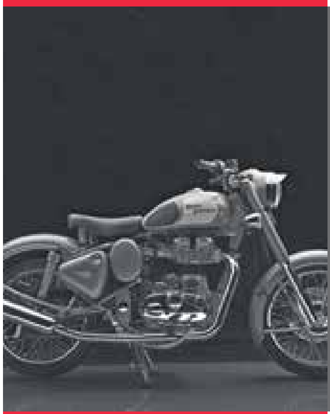
1955
The Redditch company partners with Madras Motors in India to form 'Enfield India'. Work commences on the construction of a purpose-built factory at Tiruvottiyur, near Madras.

1964
The iconic Continental GT café racer is launched to great acclaim. To showcase its endurance, a team of photojournalists ride it from John 'o Groats to Lands End in under 24 hours. The GT features a racing petrol tank, clip-on handlebars, rear sets, a humped race seat, rev counter and a swept-back exhaust.

IN CONTINUOUS PRODUCTION

1967
With only two models left in production at the start of the year, the 250cc Continental GT and the 736cc Interceptor, Royal Enfield's Redditch facility closes down. Production of the Interceptor continues at Enfield's underground facility in Bradford on Avon.

1994
Eicher acquires Enfield India Limited. The company is renamed Royal Enfield Motors Limited.



2008
The 500cc Unit Construction Engine (UCE) is launched in India. The retro-styled Classic version achieves cult status immediately and sales grow rapidly.

2013
The first Royal Enfield motorcycle rolls out of the new Oragadam plant near Chennai. In the same year, Royal Enfield rolls out the all new Continental GT, a motorcycle built on a new cradle frame chassis that is, through and through, a café racer.

2016
Royal Enfield debuts its first purpose-built motorcycle, the Himalayan. With the all-new LS410 engine, a half-duplex split-cradle frame and steadfast suspension, it promises the ride of a lifetime on all roads and no roads.

2017
A purpose-built technical centre opens at the Bruntingthorpe Proving Grounds in the UK and a team of over 100 experts begin work on research & development and long-term product strategy.

2017
Production commences at Royal Enfield's third manufacturing facility - a new state-of-the-art factory at Vallam Vadagal, Chennai.

2018
After premiering at EICMA 2017, Royal Enfield's most anticipated motorcycles, the 650 Twins - Interceptor & Continental GT are launched across all global markets to rave reviews scalping two prestigious awards - 'The Indian Motorcycle of the Year' & 'The Thailand Bike of the Year.'

QUARTERLY HIGHLIGHTS

QUARTER ONE

(April 2019 – June 2019)

- Twin-cylinder motorcycles – the Interceptor INT 650 and the Continental GT 650 were launched in Indonesia, Vietnam and Malaysia and received great reviews from customers
- In the UK, the Interceptor 650 emerged as the highest selling motorcycle in the 'Naked Street' category
- Royal Enfield strengthened its international presence, launching its first exclusive store in Seoul, South Korea and adding two new stores in Brazil, and one each in Argentina, Indonesia and Vietnam
- Royal Enfield successfully completed a first-of-its-kind Himalayan motorcycle expedition to the legendary Karakoram Pass in collaboration with the Indian Army. The expedition, comprising 11 members, displayed a spirit of fortitude, bravery and adventure as that of the Indian Army by traversing the hazardous and unforgiving terrain of Eastern Ladakh in temperatures dropping to -40°C
- Royal Enfield unveiled two new custom models at the eighth edition of Wheels and Waves 2019 - the all new BAAK Motocyclette build Gallinella, based on the Interceptor 650 and 'Nought Tea GT, developed in collaboration with Harris Performance

QUARTER TWO

(July 2019 – September 2019)

- Launched 250 Studio Stores – a unique, compact store format – in India to provide greater accessibility to sales and service in regional markets
- Initiated a new journey of sustainability with the 16th edition of Royal Enfield Himalayan Odyssey by eliminating use of single-use plastic water bottles. Also, installed six community water purifiers at strategic locations reducing the need for motorcyclists traversing the terrain to buy bottled water
- India Technology Centre & Royal Enfield Global Headquarters at Chennai became fully functional
- The Interceptor INT 650 won 'Best Retro Motorcycle' 2019 award by MCN - a leading motorcycle publication in the UK
- Launched new variants of Royal Enfield Bullet in 6 new colourways with contemporary design themes and Royal Enfield Classic in 2 new colour schemes with single channel Anti-Lock Braking System (ABS) option
- Held the first edition of **Astral Ride** – a distinctive ride that combined the passion for photography with the spirit of motorcycling. 12 riders participated to learn the nuances of astrophotography while treading through some of the most beautiful locations in the Himalayas
- Held the first edition of Himalayan Adventure - Rongbuk – a first-of-its-kind Indian manufacturer-led expedition that took 11 riders to three 8,000-metre altitude peaks including Rongbuk near Everest Base Camps covering over 1,100 kms

QUARTER THREE

(October 2019 – December 2019)

- **Royal Enfield's** exports registered an exceptional growth of 202% from 2,771 motorcycles last year to 8,376 motorcycles as both 650cc Twins and Himalayan continued to gain traction
- Held the 11th edition of Rider Mania which had the largest gathering of more than 8,000 Royal Enfield riders
- Launched a first-of-its-kind **Make Your Own** initiative that allowed buyers to custom build motorcycle with a select array of accessories at the time of booking
- Launched limited edition bespoke and exclusive **'The Madras Stripes'** helmets bearing the hand-painted Madras stripes similar to those on the iconic Royal Enfield Bullet. All 200 units were sold within 3 minutes of launch on online store

Showcased six exciting custom motorcycles based on the 650 Twins platform at the 77th EICMA Motorshow and also participated at the Kustomfest and the Hot Rod Festival, South-East Asia's biggest custom festivals

- Unveiled the Himalayan Flat-tracker FT411, developed in partnership with S&S Cycles, USA, and launched the Slide School at the Rider Mania 2019. Slide School aims to encourage and revive the culture of fun and engaging flat track racing in India

QUARTER FOUR

(January 2020 – March 2020)

- Launched the 650 Twin motorcycles in São Paulo in presence of top 30 media and influencers of Brazil
- Launched special series motorcycles, the Classic 500 Tribute Black Limited Edition, to mark the end of production of the 500cc unit construction engine in India. These motorcycles bore the hallmark commemorative 'End of Build' serial numbered plaque making it unique to its owner
- Launched the new Himalayan with BS-VI compliant engine with additional switchable ABS feature

to make adventure touring and trail riding more engaging and exciting

- Became one of the first automotive companies in India to sell-off all existing BS-IV inventory and seamlessly transition entire motorcycle portfolio to the new BS-VI emission norm ahead of the mandated timeline
- Conducted the 2nd edition of Winter White Out where 11 riders including some of the best off-roading media and influencers in the country rode from Shimla to Spiti
- Organized marquee rides Tour of Thailand (3rd edition) where riders covered over 1,400 kms from Bangkok to Chiang Mai in 6 days and Tour of Indonesia (2nd edition) where 21 riders coverered 1,400 kms from Bogor to Bali island
- Expanded footprint across major provinces and key locations in Thailand to 14 Exclusive Stores and 12 ASSPs (Authorized Sales & Service Points)
- Royal Enfield's manufacturing facility at Vallam Vadagal received the Frost & Sullivan Gold Award for Manufacturing Excellence
- Grand Prix Group in Thailand awarded Interceptor 650 (2nd consecutive win) as the 'Best Modern Classic' and Himalayan as the 'Best Tourer in the Lightweight' segments
- Successfully held the first ever Slide School edition at Big Rock Dirt Park in Bengaluru. It will be rolled out across different cities in India where customers can either come with their own motorcycles or ride the FT411, the ideal flat tracking motorcycle

FINANCIAL POSITION – STANDALONE

BALANCE SHEET

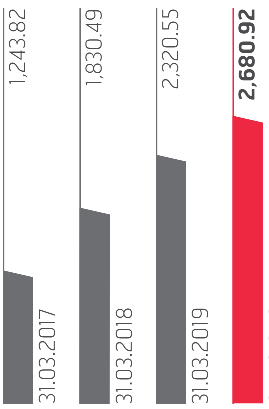
(Rs. Crores)

	31.03.2020	31.03.2019	31.03.2018	31.03.2017
Net Fixed Assets (Property plant & equipment, Intangibles, CWIP and Investment Property)*	2,680.92	2,320.55	1,830.49	1,243.82
Investment in subsidiaries & Joint ventures	68.86	67.93	49.43	300.42
Investment in mutual funds, bonds & fixed deposits	6,747.70	5,896.60	4,925.50	3,241.31
Other non-current assets	148.41	194.71	207.17	277.96
Current assets				
Inventories	518.05	605.34	379.23	322.45
Debtors	133.97	106.61	78.02	48.94
Cash and Bank Balances (excluding fixed deposits)	35.40	22.07	99.88	20.61
Other current assets	245.70	263.60	224.95	84.75
Total assets	**10,579.01**	**9,477.41**	**7,794.67**	**5,540.26**
Equity share capital	27.30	27.28	27.26	27.21
Other equity	8,248.04	7,099.17	5,344.97	3,895.38
Net Worth	**8,275.34**	**7,126.45**	**5,372.23**	**3,922.59**
Non-current liabilities	442.55	372.72	227.81	135.71
Current liabilities	1,861.12	1,978.24	2,194.63	1,481.96
Total equity and liabilities	**10,579.01**	**9,477.41**	**7,794.67**	**5,540.26**

* Net Fixed Assets as on 31.03.2020 includes Right of use assets as per Ind AS 116 effective April 1, 2019.

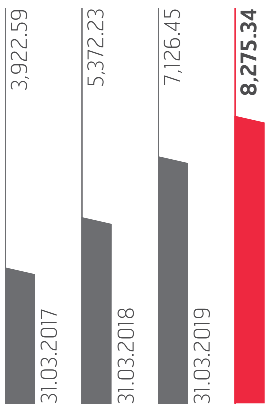
Net Fixed Assets

(Rs. Crores)



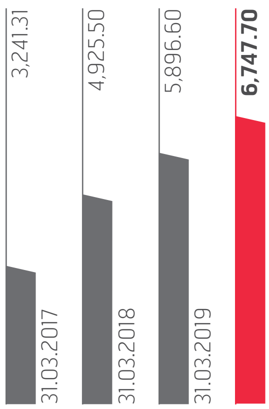
Net Worth

(Rs. Crores)



Investments in Mutual Funds, Bonds & Fixed Deposits

(Rs. Crores)



OPERATIONAL HIGHLIGHTS – STANDALONE

PROFIT AND LOSS ACCOUNT

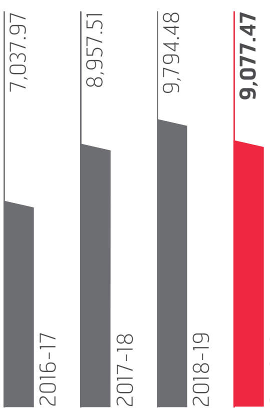
(Rs. Crores)

	2019-20	2018-19	2017-18	2016-17
Sales Volume :				
Motorcycles (Nos.)	6,98,216	8,23,828	8,20,492	6,66,493
Net Revenue from operations	9,077.47	9,794.48	8,957.51	7,037.97
Manufacturing and other expenses	6,873.69	6,850.10	6,104.31	4,832.16
Earnings before interest, tax, depreciation & amortization (EBITDA)	**2,203.78**	**2,944.38**	**2,853.20**	**2,205.81**
EBITDA to Net Revenue (%)	**24.3%**	**30.1%**	**31.9%**	**31.3%**
Depreciation & amortization expense	377.92	298.93	222.34	153.34
Earnings before interest & tax (EBIT)	**1,825.86**	**2,645.45**	**2,630.86**	**2,052.47**
EBIT to Net Revenue (%)	**20.1%**	**27.0%**	**29.4%**	**29.2%**
Finance Cost	10.86	2.99	3.04	2.79
Other Income	615.34	508.04	332.43	227.31
Profit before exceptional item and tax	2,430.34	3,150.50	2,960.25	2,276.99
Exceptional item (Discontinued operation-EPPL)*	-	-17.52	-311.98	-
Profit before tax	2,430.34	3,132.98	2,648.27	2,276.99
Provision for taxation	526.52	1,078.54	935.36	716.97
Profit after taxation (PAT)	**1,903.82**	**2,054.44**	**1,712.91**	**1,560.02**
Other comprehensive income / (expense)	7.02	-5.77	10.85	-0.08
Total Comprehensive income	**1,910.84**	**2,048.67**	**1,723.76**	**1,559.94**
Total Comprehensive income excluding exceptional item to Net Revenue (%)	**21.1%**	**21.1%**	**22.7%**	**22.2%**
Dividend for FY 2016-17, paid in FY 2017-18	-	-	-	272.22
Dividend for FY 2017-18, paid in FY 2018-19	-	-	299.93	-
Dividend for FY 2018-19, paid in FY 2019-20	-	341.11	-	-
Interim Dividend paid in FY 2019-20	341.32	-	-	-
Basic Earnings per Share (Rs.)	697.50	753.37	629.07	573.75
Diluted Earnings per Share (Rs.)	697.16	752.54	627.88	572.17

* The Operations of Eicher Polaris Private Limited was discontinued with effect from March 9, 2018

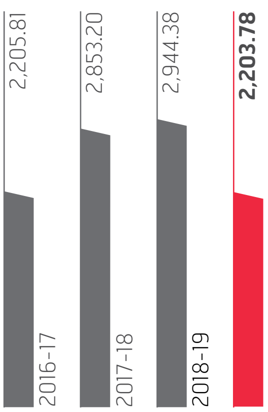
Net Revenue from Operations

(Rs. Crores)



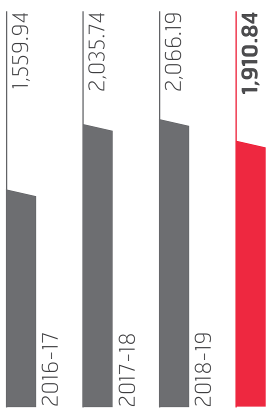
EBITDA

(Rs. Crores)



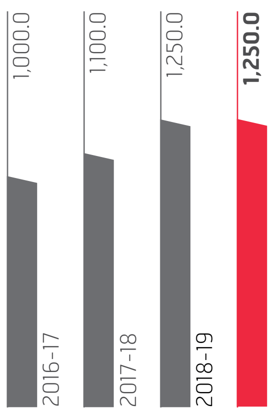
Total Comprehensive income excluding exceptional item

(Rs. Crores)



Equity Dividend#

(%)



Equity Dividend of 2019-20 represents interim dividend paid in 2019-20

650 TWINS – GAINING GLOBAL RECOGNITION AND MOMENTUM

Royal Enfield's twin cylinder motorcycles – the Interceptor INT 650 and the Continental GT 650 – have gained its position as a global leader in the mid-sized motorcycle segment. Inspired by its iconic 1960's motorcycles and powered by an all new 648cc air-cooled twin cylinder engine, the 650 Twins have impressed motorcycle enthusiasts globally with their performance and authentic classic style. The Twins, developed as a motorcycle with global appeal, continue to gather fantastic responses from the Indian as well as International customers. The production of 650 Twins has been ramped-up to cater to the enthusiastic response and rising global demand.

BRAZIL WELCOMES THE 650 TWINS

Royal Enfield launched the 650 Twins in Brazil, one of its most important markets, amidst much anticipation to cater to the growing demand in the region. Royal Enfield is one of the fastest growing two-wheeler motorcycle brands in Brazil and with the launch of Twins, it is poised to gain more momentum.

650 TWINS LAUNCHED IN INDONESIA: THE WORLD'S THIRD LARGEST MOTORCYCLE MARKET

Royal Enfield continued the global expansion of its flagship twin cylinder motorcycles by launching them in the Indonesian market in April 2019. Together with PT Nusantara Batavia International, the official dealer in Indonesia, Royal Enfield expects an ambitious business growth, greater expansion and best customer service experience.

650 TWINS GAINS MOMENTUM IN EUROPE

While Royal Enfield 650 Twin motorcycles continue to gather great responses from global customers, their reception in the EU has been great with substantial increase in bookings and inquiries. Led by this, Royal Enfield **is now ranked #6 in the mid-size motorcycle segment in the EU in 2019,** up from rank #9

WINNING AWARDS AND ACCOLADES ACROSS THE GLOBE

Interceptor 650

Thailand Bike of the Year 2019 award in the **'Best Modern Classic Middle Weight'** and "Best LAMS Retro: Royal Enfield Interceptor 650 Twin"

Awarded the 'Best Roadster' in Australia and New Zealand by Bikesales.com.au - one of the most sought-after motorcycle portal in Australia

Best Roadster in the Philippines awarded by C! Magazine The **Best Retro category bike award at the MCN** Awards 2019 by MCN – the top automotive weekly trade magazine in the UK

Second highest selling motorcycle in the UK and highest in the 'Naked Street' category

Continental GT 650

Naked/standard motorcycle of the year from Motorcyclist magazine – one of the leading automotive magazines in USA

"FORGET EVERYTHING YOU KNOW ABOUT THE OLD ROYAL ENFIELDS BECAUSE THE NEW INTERCEPTOR 650 IS IN A DIFFERENT LEAGUE. IT STILL OOZES OLD-SCHOOL ENFIELD SIMPLICITY, BUT IT'S WELL-BUILT, CLASSILY FINISHED AND PACKED WITH WELL THOUGHT-OUT DETAIL TOUCHES. IT'S LIGHT, EASY TO RIDE, FUN AND HANDLES INCREDIBLY WELL. AT NORMAL MCN250 ROAD SPEEDS (THIS IS A CONTROLLED TEST ROUTE), IT'S AS CAPABLE AS ANY RETRO ROADSTER, BUT AT A FRACTION OF THE PRICE"

– Michael Neeves, Chief Road Tester, MCN

EXPANDING INTERNATIONAL FOOTPRINT

Royal Enfield is rapidly expanding its presence in the global arena with its new differentiated range of evocative, accessible and truly global line of motorcycles. These unique motorcycles having an element of history and coming along with Royal Enfield motorcycling experiences is setting the stage for its global expansion.

Royal Enfield motorcycles and experiences are continuing to draw more enthusiasts to its world of pure motorcycling. There is an increased interest for motorcycles, leading to growing customer base across geographies. Royal Enfield continues to strengthen its distribution network to grow faster in these regions. During FY 2019-20, Royal Enfield added 35 new stores across its international markets with a focus on Thailand, Brazil, Argentina, France and the UK, increasing its overall touchpoints to over 660 stores including 77 exclusive stores and 585 multi brand outlets. This network expansion, combined with sustained brand and marketing initiatives, have greatly increased its sales outside India.

Deepening presence across Europe

Europe is one of the most established motorcycle markets with strong motorcycling culture. With pristine locations and roads that facilitate long rides, there is significant demand for mid-sized motorcycles. During the year, Royal Enfield strengthened its presence in the region by opening its first exclusive store in Italy. It also strengthened presence in France and the UK. With this, Royal Enfield has established a presence in key European markets of France, Argentina, Italy, the UK and Colombia where strong growth is expected. Royal Enfield now has 25 exclusive stores and 370 multi-brand outlets across Europe and the UK.

Focussed on leading in the South East Asian market

Countries in South East Asia have a great motorcycling culture which is complemented by their terrains that are best suited for Royal Enfield motorcycles and its ecosystem of rides and events. The demand for motorcycles here is fuelled by the growing aspiration of the large youth population wanting to upgrade to mid-sized segments both for commuting purposes as well as for having the right medium of self-expression and exploration. Moreover, there is a growing interest of tourists to explore these countries on motorcycles.

To serve the rising demand for mid-sized motorcycles, Royal Enfield further strengthened its presence in this region by opening 13 new exclusive stores during the year. In Thailand, efforts were sustained to become a part of its rich motorcycling culture by opening 11 exclusive stores during the year. It entered the South Korean market with a flagship store in Seoul along with setting-up the entire ecosystem of the motorcycling way of life including sales, after sales service, rides and events. Royal Enfield now has a strong presence in South East Asian countries of Thailand, Indonesia, Vietnam and South Korea where its motorcycles are witnessing an encouraging response and have exciting opportunities for growth.

Building the LATAM and US markets

Royal Enfield is focussed on expanding its presence in the LATAM and the US markets. Its subsidiary in Brazil is engaged in continuously undertaking initiatives to deepen penetration. To cater to the growing demand, Royal Enfield has strengthened presence in Brazil and Argentina by launching new motorcycles and adding new stores.

DEEPENING PRESENCE ACROSS INDIA

The rising aspirations of youths in smaller towns and cities of India for leisure motorcycling has increased demand for Royal Enfield motorcycles. It is responding to the call of discerning customers by widening footprint and increasing retail touchpoints in smaller towns and cities to enhance accessibility.

Flat Tracking with the Slide School

Royal Enfield sets the stage for building accessible entry to Flat-Track racing in India with its Slide School. It is designed to provide a great platform to encourage and grow the interest for flat-tracking in India from the grassroots in an accessible and sustainable manner. Royal Enfield plans to open many such schools across India to build and nurture this emerging global sport in India.

Royal Enfield in a first-of-its-kind initiative launched the Slide School in India to encourage motorcycle enthusiasts to experience the fun of flat tracking, one of the fastest growing motorsports in the world. It was unveiled by Mr. Vinod Dasari, CEO Royal Enfield at the Rider Mania and its first edition was held at Big Rock Dirt Park in Bengaluru.

Flat tracking's accessible and entertaining format is appealing to both participants and viewers of all ages and cultures. Held on an oval track, the skill of flat tracking lies in the rider's ability to control the motorcycle, especially when cornering where they have to slide it sideways through the turn which is a defining feature of the event. This provides for an excellent training opportunity to make the rider both better and safer. With this in mind, Royal Enfield has modified its Himalayan FT to enable riders of all levels to experience the fun of flat track riding while improving their everyday riding skills.

Studio Stores - taking Royal Enfield to smaller towns and cities

Royal Enfield, with its 920+ existing dealer touchpoints, 8,800+ service bays, and 900+ authorized service workshops, has the most widespread sales and service network among premium brands in India. Fortifying this extensive network, it opened 600 new dealer touchpoints – Royal Enfield Studio Stores – across tier II / III cities and towns having high demand and growth potential.

Studio stores are unique, compact stores spread across 500-600 sq.ft. They have the same retail identity as existing dealerships across cities along with the entire portfolio of motorcycles, service and spares. They have significantly enhanced accessibility of sales and service to existing customers and to cater to the increasing demand from potential customers in these markets.

OPENED OVER 600 ROYAL ENFIELD STUDIO STORES ACROSS INDIA BY THE END OF MARCH 2020.

MOTORCYCLE STORIES

Royal Enfield has launched variants of its most liked motorcycles that combine uncompromised blend of modern technology and traditional craftsmanship. They come in new aesthetic design, bold colourways and equipped with additional features, and will strengthen its position in the mid-size segment.

BS VI MOTORCYCLES

Among the first automotive companies in India to be fully BS VI compliant

Royal Enfield successfully launched the BS VI range of motorcycles and fully transitioned to the new emission norm well ahead of the mandated timeline. All existing inventory of BS IV motorcycles across dealerships were sold off and relentless efforts were carried out with the dealership network to ensure a seamless transition to the new BS VI motorcycles. Careful and responsible deployment of phase-wise strategies were carried out to scale down production and distribution of BS IV inventory, and simultaneously scale up BS VI motorcycles. Various teams have worked closely with the backend and frontend channel partners to ensure a smooth and hassle-free transition.

THE NEW BULLET 350 AND 350 ES

Adding a new chapter to the iconic Bullet's resilient 87-year journey

Royal Enfield's iconic and legendary Bullet has a reputation of being the most rugged and oldest motorcycle model in continuous production in its long and proud history of building resilient and enduring motorcycles. Reigniting this history, it launched Bullet in striking new livery, bold new colours and contemporary design in aesthetic blacked-out theme. The Bullet 350 was launched in Bullet Silver, Bullet Sapphire Blue and the Bullet Onyx Black colourways and the Bullet 350 ES in Jet Black, Regal Red, Royal Blue.

NEW CLASSIC 350

Rejuvenating Royal Enfield's most successful Classic motorcycle as a brand extension

Royal Enfield Classic, introduced in 2009, is a tribute to the retro look of British motorcycles in the post-World War II era. It retains the quintessential classic British styling of the 1950s; simple, harmonious, proportioned and finished. Taking forward this glorious history in the new era Royal Enfield launched Classic 350 S, a modified version of the original Classic - the first motorcycle under its Unit Construction Engine (UCE) platform.

The motorcycle is equipped with dual channel ABS and Electronic Fuel Injection system in the UCE for improved refinement, driveability and consistent cold startability which ensures a smooth power delivery without fluctuation in all conditions. The overall engine power and torque delivery is tuned to enhance performance across the operating range. It comes in two refreshed colourways – Stealth Black and Chrome Black – alongside the existing Signals Airborne Blue, Signals Stormrider Sand, Gunmetal Grey and Classic Black. The Stealth Black colourway is equipped with alloy wheels and tubeless tyres.

THE NEW HIMALAYAN BS VI

Making adventure touring and off-roading more exciting and engaging

Royal Enfield Himalayan was launched as an accessible and engaging option for accomplished riding enthusiasts and aspiring adventure riders, inspired by Royal Enfield's 60 years of enduring legacy in its spiritual home – the Himalayas.

Taking forward this journey, Royal Enfield launched the new Himalayan with a BS-VI compliant engine. Retaining existing versatility and vigour, this model comes with an additional Switchable ABS feature that allows rear wheel lock for drifting when riding off-road, thus making the ride experience more engaging. It is equipped with a hazard switch as a safety feature to warn other riders in its proximity and also has an enhanced brake mechanism for smoother riding experience with lesser stopping distance. The Himalayan BS-VI is available in three colours, including two dual tone colours, inspired from the varied terrains on which Royal Enfield riders traverse - Lake Blue and Rock Red.

REIMAGINING RIDES FOR DISTINCTIVE EXPERIENCES

PASSIONATE MOTORCYCLISTS FROM ACROSS THE GLOBE LOOK UPON ROYAL ENFIELD FOR PROVIDING AUTHENTIC, UNIQUE AND ADRENALINE RUSHING EXPERIENCES THAT FACILITATE THEIR LIFELONG PURSUIT OF MOTORCYCLING. ROYAL ENFIELD STRODE AHEAD ON THIS TRADITION BY CONCEPTUALIZING SOME UNIQUE RIDES THAT TOOK RIDERS ON EPIC JOURNEYS WHILE HELPING THEM EXPRESS THEIR PASSION. THESE DIFFERENTIATED EXPERIENCES MAKE ROYAL ENFIELD A BRAND WITH A HIGH LOYALTY INDEX.

ASTRAL RIDE 2019

Combining the passion of photography with the spirit of motorcycling

Royal Enfield organized the first edition of Astral Ride, a first-of-its-kind 7-day ride that combined the passion of photography with the spirit of motorcycling in Spiti. This ride-cum-workshop provided an orientation to motorcycle enthusiasts intrigued by Astrophotography. Occasional hobbyists rode Royal Enfield motorcycles from Leh to Tso Kar via Taglang La at an altitude of 17,480 ft passing through Pangong Tso and the pristine valley of Hanle while scouting ideal Astrophotography locations. Alongside riding motorcycles in tough terrains, the riders learnt and developed camera handling and editing skills in some of the most beautiful locations in the Himalayas.

HIMALAYAN ADVENTURE – RONGBUK

First-of-its-kind expedition that took riders to the base camp of three 8,000-metre peak

Royal Enfield took adventure motorcycling to the next level with the first edition of Himalayan Adventure – Rongbuk. While Royal Enfield has always been associated with the Himalayas, the trails of this 1,111 km gruelling ride went beyond Ladakh. It took 11 riders to the base camps of three eight thousand-metre peaks – Rongbuk (close to Mount Everest base camp), Shishapangma, and Cho Oyu in Tibet, China.

The expedition started from Kathmandu and headed northeast towards the Nepal-Tibet border at Syabrubesi at altitudes of over 4,000 metres. En route, the riders explored some of the most extreme Himalayan regions like riding to Karakoram Pass, the unforgiving terrain of Upper Mustang valley in Nepal and the untouched Zanskar region. With sub-zero temperature and high altitude, the riders toughed extreme unformidable conditions that challenged both man and machine. The epic journey was made on Royal Enfield Himalayan known for traversing the most extreme and challenging terrains.

ROYAL ENFIELD COMMUNITY

Royal Enfield's community is its biggest strength. Each passing year, Royal Enfield continues to grow this global community and strengthen bonds with them.

HIMALAYAN ODYSSEY

Propagating sustainable motorcycle journey for a better world

The 16th edition of the Himalayan Odyssey – the holy grail of motorcycling – was more than just a riding event to cover 2,000 kms and reach Khardung La. It marked the beginning of Royal Enfield's sustainability journey as it propagated sustainable motorcycling by ensuring a zero 'single-use-plastic-ride'. Participants in the ride refrained from using bottled water and instead used water from purifiers installed by Royal Enfield. Six such community water purifiers were installed at strategic locations where maximum motorcyclists pass apart from three for participants. This reduced plastic bottle strewing at the Leh-Manali which is estimated at 480,000 bottles annually by nearly 12,000 motorcyclists traversing the route.

RIDER MANIA

Unveiling Himalayan Flat-tracker FT411 and Slide School at the largest gathering of Royal Enfield community

The 11th edition of Rider Mania at Vagator saw record participation of over 8,000 Royal Enfield riders. The event was a perfect blend of thrilling motorcycling competitions and experiential activities combined with great music from some of the best artists in the country. But the highlight of this year's edition was the unveiling of Himalayan Flat-tracker FT411 motorcycle, purpose built to be ridden on flat tracks, and the launch of Slide School. The first ever demo run of this motorcycle was flagged off at this event. This Rider Mania also continued the Company's sustainable journey under the #LeaveEveryPlaceBetter initiative. In the period of three days, participants were provided water bottles and clean drinking water to discourage single use plastics, making it the greenest Rider Mania ever.

HIMALAYAN HEIGHTS MOTORCYCLE EXPEDITION

A remarkable tribute to the immortal courage and bravery of the Indian Army

Royal Enfield organized the Himalayan Heights Motorcycle Expedition as the Fire & Fury Corps celebrated the 20th anniversary of the Kargil Vijay Diwas. The expedition comprised 11-members – six (two women) from the Army Service Corps, four (two women) from Royal Enfield and one from Himalayan Motorsports Association. They traversed the hazardous and unforgiving terrain of Eastern Ladakh, across the Chang La pass in freezing winds and temperatures as low as -40°C to reach the mighty 'Karakoram Pass' situated at 18,176 feet. Their unprecedented feat was a salute to 'Remember, Rejoice & Renew' the spirit of fortitude, bravery and adventure of the Indian Army and demanded similar attributes.

PERFECT CANVAS FOR CUSTOMIZATION

Royal Enfield motorcycles with its simple and uncomplicated design, have been a perfect canvas for customizers to express their creativity. Royal Enfield team continue this legacy by combining their creativity with technology and expressing them on these timeless machines to create awe-inspiring customs.

The custom project at Royal Enfield continues to be an amalgamation of Royal Enfield's iconic history and modern technology for developing several inspiring custom models during the year. This year has seen many unique initiatives done for the first time at Royal Enfield. Royal Enfield successfully launched some great initiatives - Slide School to encourage flat track racing in India, Busted Knuckles Build Off, Build. Train. Race - women's build competition and learning experience launched in the USA and American Flat Track team with Moto Anatomy. In addition, Twins FT flat track program was initiated (for AFT and DTRA racing) and over 37 bulbs were introduced across 11 countries. The new customs included the new Gallinella and Nought Tea GT along with five other exciting custom motorcycles, reinstating that Royal Enfield motorcycles are the perfect canvas for customization. These motorcycles were displayed at Europe's iconic motorcycling festival Wheels and Waves drawing immense enthusiasm. Royal Enfield also launched the Custom World website linking custom builds to production units and GMA sites.

GALLINELLA

The custom motorcycle, built jointly by Royal Enfield and BAAK Motocyclette, is an all-new build by taking the Interceptor INT 650 in a new direction while displaying excellent craftsmanship and attention to detail. The build harks back to the past, with a 'bathtub' style rear fender concept and expresses it through uniquely modern proportions. This blending of old and new to create timeless builds is a hallmark of BAAK's style. It is a perfect match to the back to basics purity of the Interceptor 650. Its rear fairing is the masterpiece of the project, going the opposite way to the current trend of stripping-down motorcycles. Re-designed with elegant handcrafted parts, this build requires exceptional skills and has a singular look.

NOUGHT TEA GT

Nought Tea GT is based on the Royal Enfield Continental GT 650. A unique blend of style and function developed in collaboration with the chassis experts at Harris Performance, it takes stock of Continental GT 650 and prepares it for a racetrack. Its custom light weight parts and Ohlins suspension highlight the serious potential of the build and the creative minds. An outstanding design highlight is a graphic representing the flow of air over the bike, giving it a distinctive character.

MANUFACTURING EXCELLENCE DRIVING GLOBAL ASPIRATIONS

Royal Enfield motorcycles are handcrafted and torture-tested in difficult terrains giving it their trademark 'Made Like a Gun' legacy, a pedigree of making resilient motorcycles since 1901.

Royal Enfield continues to protect this legacy with its world-class product development and manufacturing capabilities. It has state-of-the-art production facilities in Chennai, India (Vallam Vadagal, Oragadam and Thiruvottiyur) as well as technology centres in the UK and India housing best teams assembled from across the world. Together they conceptualize and manufacture motorcycles for India and international markets. Alongside, Royal Enfield continuously put efforts in improving its manufacturing and operational efficiencies by exploring ways to streamline processes and drive improvements.

DEMOCRATISING MOTORCYCLING CUSTOMIZATION AND PERSONALIZATION

In a first-of-a-kind initiative, Royal Enfield launched a unique Make Your Own project which enables aspirants buying Royal Enfield motorcycles to custom build them with a choice of accessories. This will be a key step in taking the experiential journey of the brand a notch higher and encouraging leisure motorcycling in India.

VALLAM VADAGAL MANUFACTURING FACILITY WON 'GOLD AWARD UNDER THE MEGA LARGE BUSINESS– AUTOMOTIVE SECTOR' FOR 2019 AT THE PRESTIGIOUS FROST & SULLIVAN INDIA MANUFACTURING EXCELLENCE AWARDS (IMEA) 2019 IN RECOGNITION OF ITS BEST PRACTICES, OPERATIONAL EFFICIENCIES, MANUFACTURING CAPABILITIES AND INNOVATION.

MAKING A POSITIVE DIFFERENCE IN THE COMMUNITIES

Eicher Motors aims to create economic value and actively contribute towards the development of a sustainable society by taking up projects for the common good through responsible business practices and good governance.

Eicher Motors is actively working towards ensuring a better world with dedicated programmes focussed on providing electricity in remote villages, vocational training, livelihood, and infant care. The Company undertakes its Corporate Social Responsibility programme under the aegis of EGF (Eicher Group Foundation) for ensuring maximum impact. It is focussed on enhancing education and quality of healthcare facilities throughout the country.

PROMOTING ROAD SAFETY

Eicher Motors undertook the ride safe initiative aimed to use behavioural interventions to improve traffic management and compliance with an objective of reducing fatal accidents. This is done through road safety awareness, emergency and trauma care, community health improvement and vocational skill building and livelihood development.

FACILITATING SUSTAINABLE DEVELOPMENT

EGF has collaborated with Global Himalayan Expedition (GHE) to ensure the sustainable development of the remote villages in Ladakh. Continuing the work of Solar electrification in many new villages, the team focussed on innovations in the education and livelihood sectors. In FY 2019-20, the collaboration went a step ahead to create tangible livelihood opportunities in the electrified villages and has achieved a milestone of putting 14 villages on the path of holistic development.

EDUCATING FOR A BETTER TOMORROW

Eicher Motors provides vocational training for technical and soft skills. The training aims at supplementing the livelihood of youths interested in entrepreneurship by skilling them with mobile repairing, ecotourism and basic computer. The Company's Hand in Hand India team has launched 'Spoken English Course' – first-of-its-kind in Government schools to conduct Spoken English classes as a mandate during school hours.

IMPROVING QUALITY OF HEALTHCARE

EGF has joined hands with EKAM Foundation to improve the status of maternal and child health across Sennakuppam, Nattarasampattu, Vallam and Valayakaranai villages of Kancheepuram for two years. The programme would involve facilitating immediate medical support, youth and community mobilization, hospital upgradation, infant care and counselling of mothers in paediatric wards.

MANAGEMENT DISCUSSION AND ANALYSIS

40-56


ROYAL ENFIELD
2

MANAGEMENT DISCUSSION AND ANALYSIS

In the Management Discussion and Analysis, all the numbers pertaining to Eicher Motors Limited ("EML") refer to consolidated numbers.

BUSINESS REVIEW

Two-Wheeler Industry performance

In 2019-20, the two-wheeler industry sales volume was 17.4 million units, a decline of 18% from the all-time high of 21.2 million units in 2018-19. The motorcycle industry sales volume was 11.2 million units in 2019-20, a similar decrease of 18% from 13.6 million units in 2018-19. After recording a flattish performance in 2018-19, the scooter industry sales volume came in at 5.6 million units in 2019-20, a decline of 17% from 6.7 million units in 2018-19.

The year 2019-20 was challenging for the industry in the wake of demand remaining weak on account of economic slowdown, price increases due to regulatory changes and the outbreak of the Coronavirus pandemic towards the end of the year. The despatches were lower in the second half of the year as compared to the first half of the year by 20% as the industry sought to clear the BS IV inventory with the dealerships before the regulatory deadline of March 31, 2020.

Royal Enfield performance

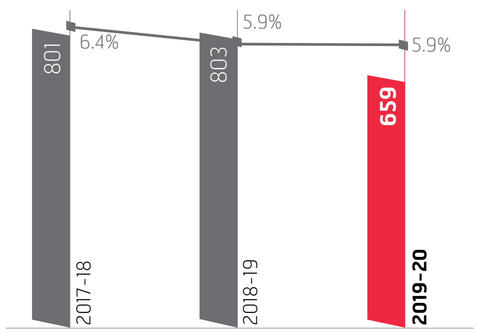
Royal Enfield's total sales volume including exports was at 6,97,582 motorcycles in 2019-20, a decline of 15% from 8,22,724 motorcycles in 2018-19. In India, your Company's performance was broadly in line with the industry as the overall sales volume was at 6,58,920 in 2019-20, a decline of 18% from 8,03,003 in 2018-19. India remained the principal market of Royal Enfield contributing ~94% of the total sales volume, a tad lower than 98% in 2018-19.

Royal Enfield recorded best ever performance in its international markets during the year with an all-time high export volume of 38,662 motorcycles, a 96% increase from 19,721 in 2018-19. This led to an increase in share of export in total sales volume from 2.4% in 2018-19 to 5.5% in 2019-20. In international markets, the 650 Twin motorcycles - The Interceptor 650 and the Continental GT 650 - continued to receive accolades and appreciation from expert auto journalists and customers. Your Company continued to expand its distribution network in many key international markets.

Your Company successfully transitioned all its motorcycles to the new emission regime, BS VI. It was among the first automotive companies in India to have successfully sold all existing inventory of BS IV motorcycles across dealerships, thereby becoming fully compliant with the new BS VI emission norm regulation adequately ahead of the mandated timeline.

For the year 2019-20, your Company's market share in the overall motorcycle industry remained stable at the level of 2018-19 of 5.9%. However, its market share improved significantly in the last six months of the year to an average of 6.8% on account of new product launches and increased accessibility through the opening of more than 600 new studio stores.

Chart 1 // Royal Enfield's Market Share in motorcycle in India



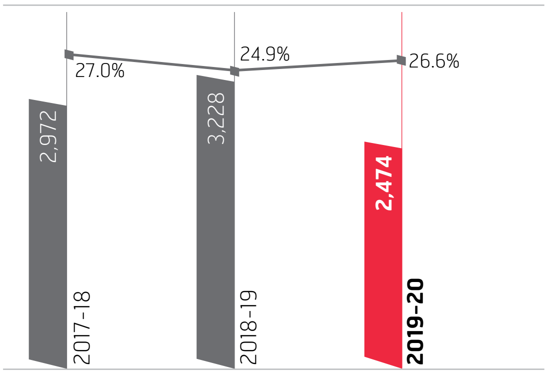
Royal Enfield India Volume ('000)

Royal Enfield Market Share (%)

Source - SIAM

The industry volume for motorcycles with engine displacement of above 125cc declined 23% in 2019-20 on a year-on-year basis given the weakness in demand across the two-wheeler industry. Royal Enfield fared better than its peers in this segment and improved its market share from 25% in 2018-19 to 27% in 2019-20.

Chart 2 // Royal Enfield's Market Share in 125cc+ Segment in motorcycles



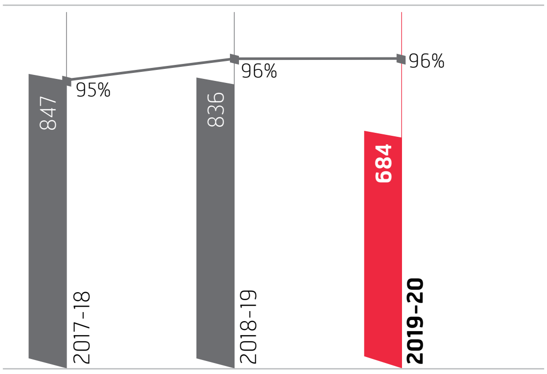
Sale of motorcycles of Engine Capacity 125cc+ ('000)

Royal Enfield Market Share (%)

Source - SIAM

Similarly, the industry volume for motorcycles with engine displacement of above 250cc declined 18% on a year-on-year basis. Royal Enfield maintained its leadership position in this segment with its market share of more than 95%. Your Company continues to define this segment and the launch of 650 Twin motorcycles in 2018 has helped expand the category of above 500cc. Both the Interceptor 650 and the Continental GT 650 are world-class motorcycles, offering an exemplary riding experience which has triggered immense consumer interest in this segment and grew the volume of the above 500cc category by 128% to about 25,500 motorcycles in India in 2019-20.

Chart 3 // Royal Enfield's Market Share in 250cc+ Segment in motorcycles



Sale of motorcycles of Engine Capacity 250cc+ ('000)

Royal Enfield Market Share (%)

Source - SIAM

Royal Enfield is an aspirational motorcycle brand that enthuses people across geographies, social strata, age-groups and income levels. As more and more people desire to own a Royal Enfield motorcycle, certain factors such as product options, accessibility and financing play an important role in creating demand. Your Company took multiple steps to further strengthen its product portfolio, distribution network and consumer financing during the year.

Product Enhancements and Portfolio Expansion

A Royal Enfield customer is an enthusiast who has a passion for self-expression, and seeks to ride a motorcycle that is a reflection of his or her personality. In order to give more choices to the customers in terms of colours and functionalities, your Company launched new variants of the iconic Royal Enfield Bullet and the Royal Enfield Classic. The new Bullet variants were launched in 6 new colourways with contemporary design themes. The new Classic variant was introduced in 2 new colour schemes with single channel Anti-Lock Braking System (ABS) option. Variants of both new motorcycles came with a blacked out theme to appeal to contemporary motorcycling enthusiasts. The new models were very well received and complimented the accessibility provided by the studio stores.

Royal Enfield motorcycles have always been the ideal canvas for customization and riders have, for decades, used your Company's motorcycles as a means of self-expression. Taking this proposition further and being inspired by the level of personalization and customization that the consumers adopt, your Company launched an industry first initiative - 'Make Your Own (MYO)'. This initiative offers customers an opportunity to customise their motorcycles through an in-store 3D configurator, hence enhancing the overall purchase experience and ensuring an involved and engaged purchase decision. The initiative is part of your Company's strategy to further strengthen its product credentials on being amenable to customisation as well as taking the first steps to capture the custom and accessories market. The MYO programme provides a host of custom options across tank colours, graphics, badges and accessories (seats, seat covers, guards, fly screens, rearview mirrors, among others) during the purchase journey. This programme is currently active across 6 cities on the Classic Single Channel ABS model and will be expanded to more products and geographies in the next phase. The initiative has received great interest from customers and also supported the demand for both motorcycles and accessories.

Your Company also successfully transitioned its entire product portfolio to the new emission norms of BS VI well ahead of the regulatory timeline. The new motorcycles are equipped with Electronic Fuel Injection system (EFI) which further improves the refinement, drivability and optimizes vehicle performance resulting in an enhanced riding experience. Your Company also launched new variants and colourways in Classic and Himalayan with additional features.

Dealership Network Expansion

During 2019-20, your Company took an initiative to expand its retail network with the introduction of a completely new store format. As your Company has been seeing an increase in interest from smaller cities and towns, it designed and introduced a more optimized size and format with the new "Studio Store" for these markets. A typical studio store is 500-600 sq. ft. in size compared to a regular store of more than 2,000 sq. ft. While the studio store offers sales, service and spares to the customers and is compliant with your Company's brand retail identity, it requires a minimal investment for set-up and lower break even threshold.

After successfully concluding a pilot run in 2018-19, your Company planned to open 350 studio stores in 2019-20. Encouraged by the good response, your Company accelerated the programme and set up more than 600 studio stores during the year in multiple locations to enhance

network representation in smaller cities. With a record number of such smaller format stores opened in a single year, Royal Enfield significantly increased its network footprint from 915 stores in 2018-19 to 1,521 stores including studio stores at the end of the year.

Studio stores provide your Company with footprint in new geographies and help to run focussed marketing activities. Carrying the Royal Enfield Brand Retail Identity, a studio store offers the same sales experience to the customers. By bringing the service facility to the doorstep of customers, studio stores have supported them in providing pure motorcycling experience with ease of access. These stores have seen good response from customers and most of the studio stores have already reached the breakeven volume. Dealers have also seen a significant demand for servicing activities at these stores which is helping them generate a meaningful additional income.

Financing

Access to financing is an important lever to improve the overall affordability for a customer. An increased focus on enhancing availability of financing at all the stores has yielded positive results as the share of motorcycle sales through financing improved from 51% in 2018-19 to 53% in 2019-20.

Your Company has five major banks and Non-Banking Finance Companies (NBFCs) as its preferred financiers who have deployed dedicated manpower in its stores to provide prompt financing solutions which are tailored to suit the customer's needs. There were adequate financing options available to a Royal Enfield customer even in the tight liquidity situation. During the year, your Company took various initiatives to support rural customers such as tying-up with regional and local level financiers, organising loan mela with financiers etc. Financiers also rolled out programmes for funding motorcycles along with motorcycle accessories, apparels and soft products.

After-Sales

A journey of a customer with Royal Enfield starts after purchase of a motorcycle and superior after-sales support is very important for a hassle-free experience. Your Company took multiple initiatives to enhance the customer experience by reducing in-use ownership cost, and offering complete peace of mind through standard warranty extension, additional packages and service at doorsteps.

- Royal Enfield commenced use of a new mix of semi-synthetic oil which helped it extend the service and oil-change intervals for its Unit Construction Engine (UCE) based models - Bullet, Classic and Thunderbird. The initiative taken by your Company has brought down the in-use ownership cost of the motorcycles by 40% over a 3-year period.

- Along with the transition to BS VI emission norms, your Company increased the standard warranty from two to three years.

- Your Company launched extended warranty packages for its customers to give peace of mind from an unforeseen part failure beyond the standard warranty period.

- Royal Enfield is redefining the parts branding and making its supply chain lean. Royal Enfield is making its parts branding more visible with online verification of genuine parts and lubricants. Introduction of electronic parts catalogue is also helping in optimizing stocks throughout the supply chain and ensuring parts availability to customers in both dealer and distributor networks.

- In a bid to improve overall service experience, your Company launched "Service on Wheels" programme in 2018-19 which facilitates servicing of a motorcycle at customer's doorstep. After receiving an excellent response from the customers, your Company initiated a project to launch more than 800 Royal Enfield tested and branded "Service on 2 Wheels" mobile service motorcycles in 2020.

- Continuing with its support to the riders during the Leh riding season, your Company provided day-and-night service at a height of 11,000 feet, which benefited more than 2,000 riders across all four prominent routes to Leh.

Motorcycle Accessories

With an experiential brand like Royal Enfield, its consumers' demand for personalisation of the motorcycle and self-expression is ever growing. Your Company has continued to build upon that mindset by further broadening its range of motorcycle accessories on offer to further nurture the spirit of motorcycle personalization and customization. With a significant increase in the portfolio from 80 to over 125 products now (and more in the pipeline), every individual's needs have been catered for, whether that's aesthetic enhancement or functional protection. Motorcycle accessories are now firmly part of the customer proposition going forward, with a bespoke and comprehensive range of products planned and designed for every new model. It also represents an additional revenue stream for the wider business.

Every product is co-designed with the motorcycle itself and tested extensively in parallel to ensure that optimum levels of quality and durability are guaranteed, all backed by a 2-year manufacturer's warranty for complete peace of mind. The accessories developed for the 650 Twins have proven just as

successful as the motorcycles thanks to timeless styling and integration with the motorcycles.

The industry leading On-line Motorcycle Configurator introduced in 2018 for the 650 Twins has proven to be a major hit with consumers in India. The configurator allows them to view their dream motorcycles in the colour of their choice with the accessories selected and fitted. More recently, the popular Classic models were added to the configurator making the purchasing journey even more fun and engaging.

Make Your Own (MYO) programme, launched in 2019-20, will be a stepping stone in enhancing the overall purchase experience of a customer. The programme allows a customer to express himself/herself by way of selecting from a wide range of motorcycle accessories and configuring his/her motorcycle with selected accessories products that come factory-fitted.

Royal Enfield will continue to push boundaries in digital marketing for the brand and motorcycle accessories are encompassed within that at www.royalenfield.com along with a flip-book catalogue and image-rich content.

Extensive training on the features and benefits of motorcycle accessories is being imparted to dealer staff. The training combined with the correct visual merchandising and product presence has resulted in significant increase in conversions.

Apparel

Royal Enfield apparels aim to become an extension of the riders' personality. The entire range of riding gear, apparel and lifestyle accessories is built to help riders explore and express themselves, on and off the motorcycle.

During the year, your Company made its apparel range more accessible by partnering with new channels and offering more choices. Customers have also been presented with an opportunity to design and personalise their own helmets.

- With an objective of making Royal Enfield branded apparels widely available, your Company expanded its footprints both in online and offline networks. In addition to your Company's own online store, new tie-ups were signed up with the leading online channel partners including Amazon and Myntra. An online store was launched on **Amazon.in** which is focussed on all the offerings for the business. It is a dedicated space for customers to experience the brand through the videos, product features and immersive brand stories. In offline space, your Company expanded its touch points to 19 stores through the Shop-in-Shop model at "Central" - a leading multi-brand department store chain across India. Your Company plans to further expand its distribution network by partnering with leading retail chains and through omni-channel networks.

- In order to provide a full range of apparel to its consumers for their lifestyle and riding needs, your Company launched summer and winter collections of T-shirts, jackets and other riding gear. Some of the riding essential apparels were designed on the basis of feedback received from customers about their requirements. Your Company is also working towards collaborating with leading names in apparel to create a specific curated range for its riding community.
- As more customers seek to personalize accessories, your Company is making every effort to support them. As part of the larger Make Your Own initiative that aims to allow customers an opportunity to personalize their motorcycles, your Company also launched an exclusive module on "Helmet Personalization". During 2019-20, your Company expanded the customisation range to cover configuration of helmet decals, shell base colour, finish, visor, peak, peak colour and the inside lining with up to 500 available options. This is currently available for helmets and will be extended to other categories.
- In an endeavour to showcase the legacy of the brand, your Company launched a collector's edition of 200 helmets. One brush, two strokes and a distinctive identity that has made Royal Enfield Bullet stand out for years. Each special edition helmet carried the same stripes which were hand-painted the original way like the classic Royal Enfield Bullet tanks. The launch garnered enormous interest from the Royal Enfield community as the entire collection was sold out in 3 minutes through the Royal Enfield apparel online store.

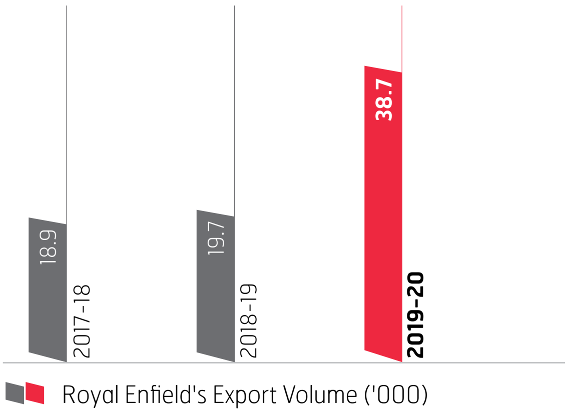
As more and more customers are taking up the riding culture, Royal Enfield apparel is aiding them accentuate their lifestyle and self-expression.

International Business

Royal Enfield aims to lead and expand the mid-weight (250-750cc) motorcycle segment globally. Your Company has been steadily working towards expanding its "Pure Motorcycling" experience across the globe. With a century-old legacy, your Company is witnessing interest in its brand from customers in both developed and developing markets alike.

To further strengthen its brand position and drive interest, your Company is taking actions on all fronts including developing a world-class product portfolio, building a widespread distribution network, executing differentiated branding activities and setting up local operations. An early response from motorcycle enthusiasts and rider communities has been very encouraging as your Company has won many accolades and established its name in the mid-size category. Year 2019-20 was testimony to the success that your Company is seeing in international markets as its sales volume almost doubled from 19,721 in 2018-19 to 38,662 in 2019-20. Launch of the 650 Twins and network expansion in key markets were key highlights for such a remarkable performance.

Chart 4 // Royal Enfield's Export Volume



With an increased focus on international opportunity, your Company has identified strategic markets with both business potential and brand strengthening perspective. Acceptance of Royal Enfield brand in developed markets will lend support to its brand equity and also aid to generate interest in the brand from developing markets. Your Company is currently focussing on the US, the UK, Europe, Thailand and Brazil among its identified international markets.

Your Company is also working on setting up assembly operations through strategic tie-up with a partner in Thailand. There are plans under work for setting up similar operations in other geographies to further enhance competitiveness. Below are the highlights of your Company's action in progress and response to them.

Building a World-Class Product Portfolio

In light of both UK and India Technology Centres working in tandem to develop a new range of products of international standards, your Company is set to expand its product portfolio. Launch of 650 Twins in 2018-19 was the first step in this direction as your Company aims to offer a multitude of products which will further the pure motorcycling experience. The 650 Twins' success continued from 2018-19 and got many younger audiences to consider the brand and get their hands on the Twin cylinders. Adventure enthusiasts were treated to new olourways in Himalayan and migration to Euro IV emission standards for Classic and Bullet ensured an enhanced product experience to customers.

Branding and Marketing Paving the Way

Each market has its own characteristics in terms of riding culture and interest in the mid-size motorcycle segment. Distinct classic styling, British origin, the ease of customization, accessible and engaging ride experience, the opportunity to be part of the riding community, along with an attractive price point has made the brand gain good acceptance since inception. Royal Enfield has been keenly partnering with its riders on their journeys of exploration and self-expression as well as bringing the community together to experience pure motorcycling.

Organising rides and building communities are core to your Company's culture of pure motorcycling. During the year, product-centric rides were curated across markets that provided customers with an authentic ride experience on their Royal Enfields. Community-led events have been on a rise in various markets wherein bonding and camaraderie is getting stronger. In ASEAN, over 200 rides were organised for customers, key influencers and media partners including marquee rides - Tour of Thailand, Tour of Columbia and Moto Himalayan.

In developed markets like North America, your Company has been working on broadening its reach and expanding its market by engaging with various genres of riding enthusiasts - women riders, young riding enthusiasts - through innovative programmes such as "Build Moto" and "Build Train Race". In an endeavour to grow its awareness, your Company also partnered with "American Flat Track" association providing it with an opportunity to showcase its motorcycles to the enthusiasts and grow the sport of motorcycling.

Royal Enfield has formed its marketing subsidiaries in North America, Thailand and Brazil to take the brand to greater heights. Your Company has also invested in creating a strong team in Europe to focus on the European market. Specialised members for sales, marketing, public relations and after sales have been appointed to strengthen the regional operations.

Enhancing Accessibility through Distribution Network Expansion

A wide sales and after-sales network is critical to support the customers for ease of purchase and servicing needs. Your Company increased its exclusive store count from 42 in 2018-19 to 77 in 2019-20 and multi-brand outlets to about 600. In Asia-Pacific, the overall footprint has increased to about 100 locations, with Thailand witnessing the significant expansion. In addition to sales and service outlets, rental footprint is also growing in the region through tie-ups with leading rental partners providing motorcycle enthusiasts an opportunity to explore scenic locales on Royal Enfields. Europe is the largest market for Royal Enfield outside of India and also has the biggest overseas network with about 400 dealers. The North America market has also shown good response and is catered by 120 dealers. In Latin America, your Company's exclusive store count jumped to 23 with an increased focus on Brazil.

Gaining Customer Confidence

Focus on international opportunities while keeping patience is yielding results now. After building a good understanding of both developed and developing markets, your Company launched its first world-class product the 650 Twins in 2018-19. The 650 Twins propelled your Company's market share in the mid-size motorcycle segment to 5.4% in the UK and Europe together in 2019. Similarly, a strong response in the Asia Pacific region improved the market share in the mid-size segment to 4.8%, led by 5.3% market share in Thailand.

The year 2019-20 witnessed the 650 Twins bringing home a host of awards and accolades from auto bodies and leading auto publications all over the world. The motorcycles have also garnered excellent feedback from media, influencers and customers on their experience with the 650 Twins.

In the UK, 650 Interceptor was ranked first in the mid-size naked segment for year 2019. It won the Best Retro category

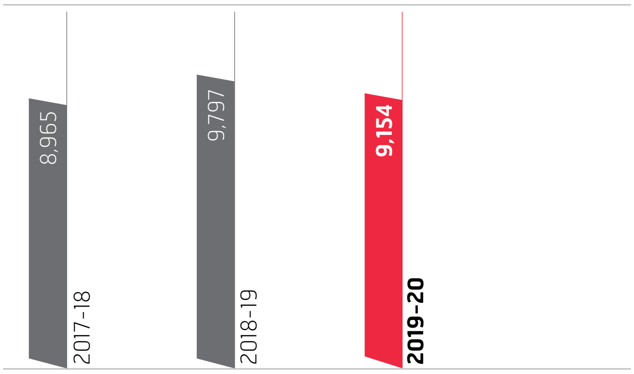
award of 2019 at the MCN Awards in the UK and Best Cruiser of 2019 from Motorcycle Cruiser magazine in the US. In Thailand, Interceptor won the 'Best Modern Classic' bike of the year award and Himalayan grabbed the 'Best Touring Light Weight' bike award presented by the Grand Prix group. In Australia, Interceptor won the 'Best LAMS Retro' award from **Bikesales.com.au**.

FINANCIAL REVIEW

The two-wheeler industry in India witnessed a weak demand scenario during 2019-20 which was also affected by the Coronavirus pandemic situation at the end of the year. Royal Enfield registered a 15% decline in its sales volume. Your Company's total revenue from operations declined by 7% from Rs. 9,797 crores in 2018-19 to Rs. 9,154 crores in 2019-20. Increase in realisation on account of increase in prices for regulatory changes in safety and emission norms and significant growth in export volume partially offset the decline in revenue. Revenue from India business reduced from Rs. 9,418 crores in 2018-19 to Rs. 8,323 crores in 2019-20, a decline of 12%. However, revenue from international business more than doubled from Rs. 379 crores in 2018-19 to Rs. 831 crores in 2019-20 on the back of strong response to the 650 Twins resulting in almost doubling the export volume.

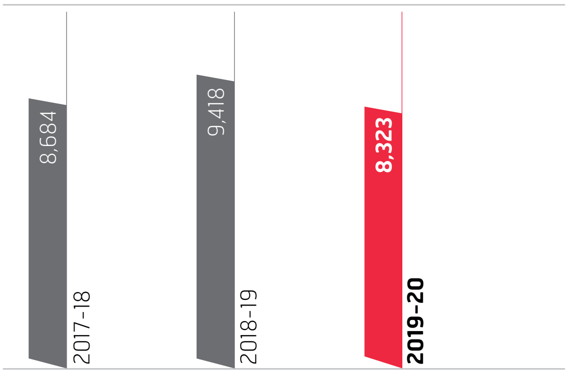
Your Company is actively working on expanding its non-motorcycle business by offering a range of solutions including the recent launch of Make Your Own, extended warranty to its customers. These solutions will not only help them enjoy a pure motorcycling experience but also offer a complete peace of mind. There has been a very good response to these initiatives as more and more customers have started opting for them. Total revenue from spares and services, apparel and accessories grew 5% from Rs. 1,039 crores in 2018-19 to Rs. 1,089 crores in 2019-20.

Chart 5 // Net Revenue (CAGR 1%)



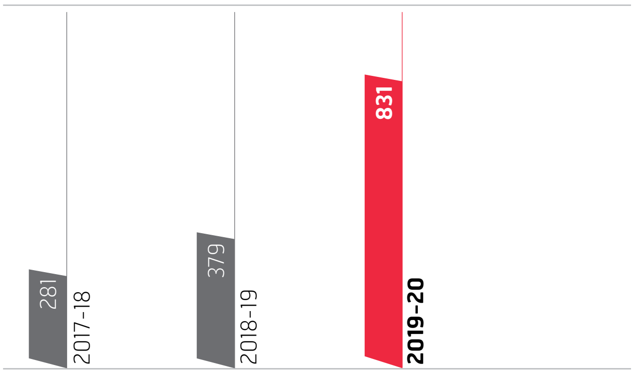
Net Revenue (in Rs. crores)

Chart 6 // Net Revenue from India Business (CAGR -2%)



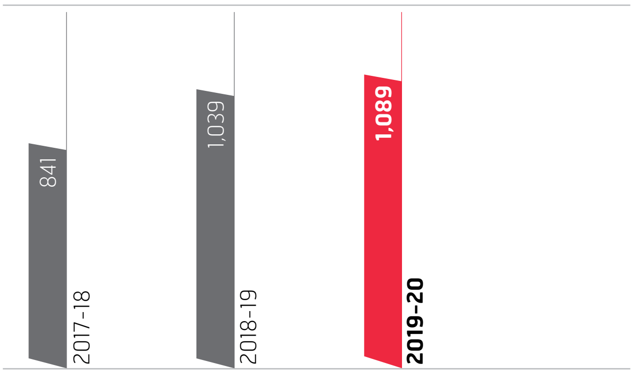
Net Revenue from India Business (in Rs. crores)

Chart 7 // Net Revenue from International Business (CAGR 72%)



Net Revenue from International Business (in Rs. crores)

Chart 8 // Net Revenue from Sale of Spares Parts, Apparel and Services (CAGR 14%)

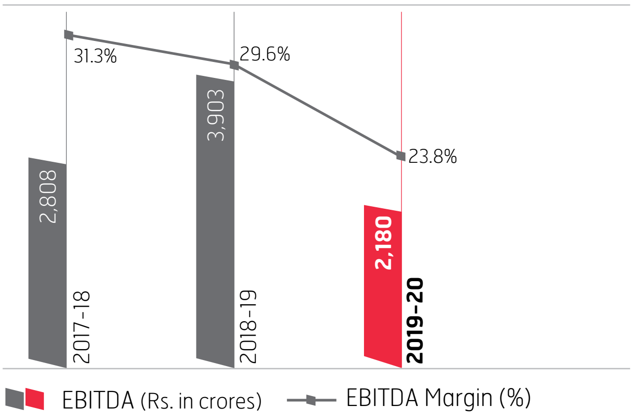


Net Revenue from Sale of Spare Parts, Apparel and Services (in Rs. crores)

CAGR - Compounded Annual Growth Rate

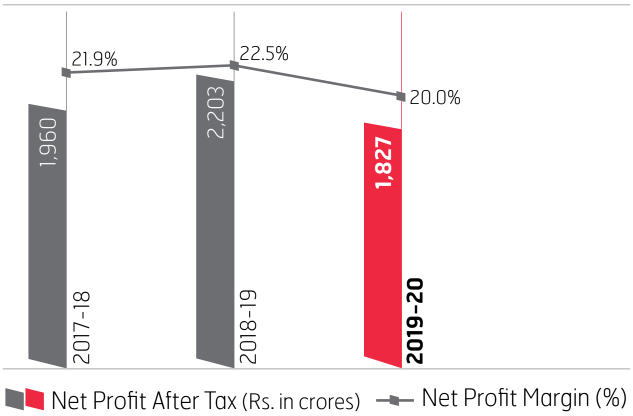
Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") of your Company decreased by 25% from Rs. 2,903 crores in 2018-19 to Rs. 2,180 crores in 2019-20. Lower revenue and loss of operating leverage affected the overall profitability. EBITDA margin also reduced from 29.6% in 2018-19 to 23.8% in 2019-20 primarily on account of a significant decline in volume, increase in input costs mainly due to regulatory changes and suspension of operations at the end of the year due to the COVID situation.

Chart 9 // Earnings Before Interest, Depreciation and Tax (EBITDA) and Margin



Consolidated Net Profit After Tax ("PAT") decreased by 17% from Rs. 2,203 crores in 2018-19 to Rs. 1,827 crores in 2019-20. Reduction in the corporate tax rate provided some support to the net profit. Net profit margin also came down from 22.5% in 2018-19 to 20.0% in 2019-20.

Chart 10 // Net Profit After Tax and Margin



During the year, your Company generated a strong cash flow with cash generated from operations being Rs. 1,694 crores. Capital investment incurred during the year stood at about Rs. 540 crores which was primarily utilised for setting up Phase-2 of Vallam Vadagal manufacturing facility and technology centre in Chennai, and carrying out product development activities.

Key Financial Ratios

In accordance with SEBI (Listing and Disclosure Requirements 2018) (Amendment) Regulation, 2018, a company is required to give details of significant changes (change of 25% or more as compared to the immediately previous financial year).

Your Company has decided to report following key financial ratios:

Particulars	UOM	Standalone		Consolidated	
		2019-20	2018-19	2019-20	2018-19
Inventory Turnover Ratio	Times	9.2	10.6	8.6	10.1
Current Ratio	Times	3.4	2.2	3.1	2.1
Operating Profit Margin	%	20.1	27.0	19.7	26.6
Net Profit Margin	%	21.0	21.0	20.0	22.5
Return on Net Worth	%	24.8	32.8	19.5	27.5
Debtors Turnover Ratio	Times	6.0	4.1	9.5	4.9

Ratios where there has been a significant change from 2018-19 to 2019-20:

Your Company's financial position remains robust with total cash and cash equivalents, and investments (other than in subsidiaries and Joint Ventures) of Rs. 6,786 crores. During the year, there was an increase in the investments in mutual funds with original maturity of less than one year which resulted in an increase in current assets leading to current ratio increasing from 2.1 in 2018-19 to 3.1 in 2019-20 on a consolidated basis.

Operating profit margin was impacted by a 15% decline in sales volume and increase in input costs mainly due to regulatory changes, consequently it reduced from 26.6% in 2018-19 to 19.7% in 2019-20 on a consolidated basis. Return on Net Worth also decreased from 27.5% in 2018-19 to 19.5% in 2019-20 due to lower net profits compared to the previous year.

Your Company exports to over 60 countries, which contribute less than 10% to the total sales. A large part of this sales is on credit. Debtors Turnover ratio increased from 4.9 in 2018-19 to 9.5 in 2019-20 on a consolidated basis due to more than doubling of the international sales and comparatively lower increase in average debtors.

OPERATIONS REVIEW

Completion of Phase-2 Manufacturing Facility at Vallam Vadagal

Your Company has been consistently adding capacity to meet the demand for the past few years and completion of Phase-2 of Vallam Vadagal in 2019-20 greatly enhanced the overall capacity. Commissioning of Phase-2 has been followed-up with the productionising of the paint shop, vehicle and powertrain assembly, and machining areas. This capacity expansion will also support the pre-production trials of new products and their seamless introduction.

The new plant boasts state-of-the-art manufacturing facilities and a high degree of automation making the processes more efficient and consistent. The new paint shop has modern and best-in-class robotic painting lines, an automated powder coating line along with a Pre-Treatment and Cathodic Electro Deposition (PT-CED) line. With the best of automated equipment and excellent control over operating conditions, the facility delivers superior quality with minimum wastage of materials and enhanced production flexibility.

With the addition of Phase-2 of Vallam Vadagal, total installed capacity of your Company has increased to 1.2 million motorcycles per annum. During 2019-20, the total production from all the three plants was ~6,80,000 motorcycles.

Royal Enfield's New Global Headquarters

Royal Enfield also built a new global headquarters in Chennai, dovetailing its ambitious growth plans and creating a cohesive work environment. The facility is built as an aspirational, collaborative workplace, to bring out the best of the creative minds. With the co-located new technology centre, and the sales and manufacturing operations being in the same locality, the new headquarters will help the business engagements run in a more seamless and coordinated manner. Also co-located are the other administrative functions in this delightful work space to support the customer facing and manufacturing related activities of the business.

Several sustainability measures have also been incorporated in the new headquarters including energy efficiency, natural lighting and shading strategies in the design of this aesthetic masterpiece.

Building Product Development Capabilities - R&D and Technology Focus

Your Company has set up two technology centres, one in the UK and the other in India over the past few years. Royal Enfield's state-of-the-art UK Technology Centre is situated at Bruntingthorpe, Leicestershire within the grounds of 'Bruntingthorpe Proving Ground', one of the largest vehicle test track facilities in the UK. The 36,000 square feet facility houses a fully-equipped industrial design studio, development workshop, engine test facility and engineering office. The team of approximately 160 engineers and designers work on the design and development of new motorcycles and accessory parts, from initial ideation through to final production. Although predominantly British, the team comprises specialists from all over the world. At any one time, there are also between 15 and 20 Royal Enfield employees seconded from Chennai to the UK Technology Centre, to promote good integration between the teams.

In India, the technology centre was commissioned in 2019-20 in Chennai and the facility is fully functional. This houses the complete engineering and design teams under one roof and has a dedicated prototyping facility and state-of-the-art engine, chassis and component test equipment. The industrial design studio has best-in-class facilities for clay and digital modelling. A new hemi-anechoic chamber at this facility will aid development of the famous Royal Enfield exhaust note for future models, while the in-house Climatic Chassis Test cell allows a simulation of various temperature conditions for optimal drivability.

All the above equipment are installed in the same building and allow for greater collaboration between the different development teams. This greatly increases your Company's in-house capability and reduces dependence on third-party contractors.

Design, development and validation of new products at India Technology Centre is fully integrated with the Technology Centre in the UK.

The facilities at these two technology centres are world-class, and enable Royal Enfield to take full ownership of all aspects of motorcycle design and development, from concept through to production. The most recent products of this world-class team - the Interceptor and Continental GT 650 Twins - have gained praise around the world within a year of their launch and are compared favourably with products from other global manufacturers. Meanwhile, the team has continued to work on a program of ground-breaking new products, which will see the light in the months and years to come.

Supply Chain Management

Launch of the new ground-up 650 Twins platform in 2018-19 was followed up by a successful ramp-up of its production in 2019-20. Adoption of the "Shoki Ryudo Kanri" (SRK) process played a vital role in enhancing the quality levels of the 650 Twins to international standards. Supply chain partners of your Company were equally instrumental in the SRK adoption, which is now a way of life in all new product development processes.

Supply chain partners of your Company contributed significantly in the seamless transition to production of BS VI compliant models. This was achieved through a highly collaborative process, with their early involvement and participation, managing the daily production effectively. The resilience demonstrated by the supply chain partners for successive transitions over the recent years all the way from BS III to BS IV to BS VI and introduction of ABS has been commendable. The team has been very active in assimilating new technology designs and processes, and productinising the same.

Development of new platforms and products is being fully supported by the supply chain partners. This will assist your Company to be future-ready with new technologies and features in its products which will not only provide superior riding experience and enhanced product quality but also concur with customer preferences and environmental changes. The support received in the testing times reflect the strong relationship your Company has built with its supply partners.

Product Quality

Quality of the product is extremely important in delivering a pure motorcycling experience to Royal Enfield's customers. Your Company continues to strive towards building products with world-class quality standards. Focus is given on every aspect of customer requirements, production process, systems in place and digitisation to ensure a superior quality.

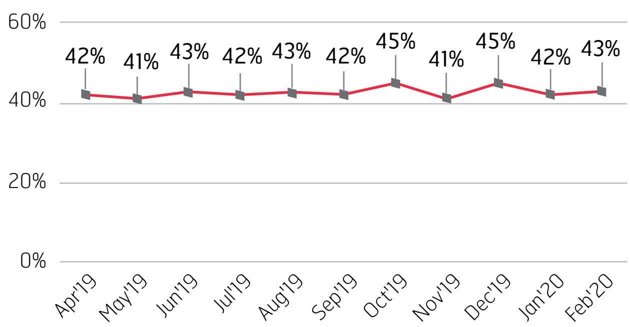
With a vision of being number one in customer satisfaction, your Company has taken multiple initiatives to capitalise on internal expertise and learnings from the existing models for future product development with focus on fit and finish, ride and comfort, ergonomics and aesthetic appeal. Introduction of the 'Shoki Ryudo Kanri' (SRK) process in all the new products ensures complete control over the quality during production. Your Company has also automated select quality control activities which facilitates monitoring and quick resolution of the quality issues.

Royal Enfield quality management office is now stepping towards Integrated Management System (IMS) ISO certification for all the manufacturing locations, spare parts and technology centres which focusses on quality, environment and safety.

BRAND BUILDING, CUSTOMER EXPERIENCE AND ENGAGEMENT

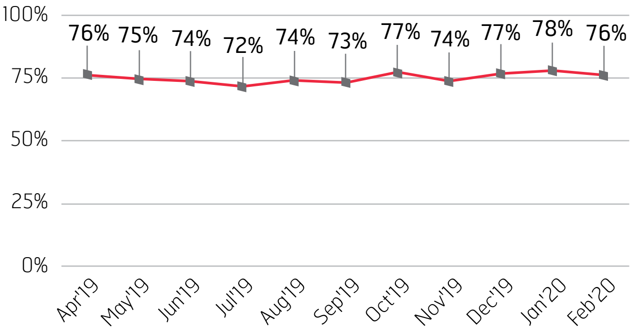
In the year 2019-20, as a brand and marketing organization, Royal Enfield focussed on further strengthening the brand aspiration, especially amongst youth, and establishing itself strongly amongst the large community of intenders by driving the message of accessibility. With these objectives of aspiration and accessibility in mind, your Company took several initiatives throughout the year to ensure achievement. Consequently, despite the premium motorcycle segment being under duress, Royal Enfield brand remains strong in the minds of the consumer. Among the host of brand health metrics tracked by your Company, key metrics are "Top of Mind Awareness" and "Top Two Box Consideration" which have seen an improvement over the previous year. Royal Enfield top of mind awareness (first spontaneously recalled brand) grew from 41% to 43% and top two box consideration (purchase intent) for Royal Enfield increased from 73% to 75% within your Company's defined segment of interest. This is clearly reflected in the market share gained by Royal Enfield in the above 125cc engine size segment which increased from 25% in 2018-19 to 27% in 2019-20.

Chart 11 // Top of Mind Awareness



Note: Out of every 100 people surveyed, these many people recalled Royal Enfield as first motorcycle brand in their responses.

Chart 12 // Top Two Box Consideration



Source - 200cc+ Brand Health Track

Some of the key themes and strategic initiatives undertaken during the year are highlighted below:

Strengthening Brand Aspiration amongst the Youth

With an objective of deepening the brand connect and aspiration within younger audiences, your Company launched an impactful media campaign with the 650 Twins. The campaign helped build brand partnerships with youth icons and drove awareness regarding the new premium lifestyle offerings via Twins, inspiring the youth towards Royal Enfield's pure motorcycling way of life.

Additionally, your Company also successfully piloted a college ambassador programme for further deepening its relevance and a connect amongst the youth. Your Company intends to scale this up to major cities and multiple campuses across urban India in near future.

Driving Accessibility amongst Intenders

Subsequent to strengthening its product portfolio with the launch of new variants of the iconic Royal Enfield Bullet 350 and Classic 350, your Company drove the message of accessibility through a combination of multimedia activities. This included advertising in resonance with social and digital activities through the use of print, out of home and television, yielding impressive results. Despite a sluggish industry scenario, Royal Enfield's market share in the above 125cc engine size segment witnessed over 350 bps improvement in the post launch period of August to October compared to April to July.

Strengthening Digital Presence and Community Base

Royal Enfield has been a digital-first brand and continues to stand true to its endeavour to stay close to its rider community. Last year has been pivotal in establishing Royal Enfield as a digitally matured organisation through deployment of marketing technologies to manage consumer data across consumer touch points. Your Company also tied up with Google for the deployment of "Advanced Analytics" to ensure that the online consumer journey becomes even more enriching and relevant.

The year 2019-20 has also been very successful in terms of social media engagements where your Company increased its total following across social platforms to 7.2 million from 5.8 million in 2018-19. As mentioned under the Product Enhancements and Portfolio Expansion section, Royal Enfield also upgraded its website experience with the addition of an online configurator which allows a user to configure his/her motorcycle with available accessories and place an order as well. This is the first mobile online configurator in the category.

Celebrating Brand Legacy and Distinctiveness

Continuing with the tradition of celebrating its proud heritage, the brand rolled out a limited edition for the last of the 500cc Unit Construction Engine (UCE) motorcycles - The Classic 500 Tribute Black. The limited time flash sale saw more than 300 motorcycles being sold within 180 minutes. More importantly it garnered huge traction within the online community with the Company website receiving more than 5,00,000 visits.

Rides and Community

Having witnessed the surge of global interest in motorsports, your Company launched the "Slide School" to provide its riders an accessible entry into the world of Flat Tracking, which is one of the fastest growing forms of motorsport globally. In March 2020, the first leg of Slide School was inaugurated at the Big Rock dirt park in Kolar on the outskirts of Bengaluru. With the Slide School, your Company has taken another step towards being an experiential brand and providing opportunities to do more with motorcycling. The Slide School is a great platform to encourage and grow the interest for flat-tracking in India from the grassroots in an accessible and sustainable manner. Royal Enfield plans to have many such schools across India and to build and nurture this emerging global sport in India.

Your Company understands that its customers have a multifaceted life and they can have more than one interest or commanding passion; however, it believes there is a large overlap of its community with other allied areas and interests. With this in mind, your Company has expanded its rides narrative by bringing people with allied interests together through the first edition of Astral Ride which was conducted for riders with a passion for photography. The purpose of the ride was to let the participants learn the nuances of astrophotography while treading through some of the most beautiful locations in the Himalayas. With similar intent, the first edition of Himalayan Adventure - Rongbuk was also held. This was a first-of-its-kind Indian manufacturer led expedition to take riders to three of the 8,000-metre altitude Everest Base Camps - 11 riders covered 1,100 kms over 10 days in a thrilling motorcycling expedition.

Moreover, your Company has furthered its endeavour in making its rides more purposeful by attaching a social cause to them. Your Company promoted responsible riding behaviour in terms of positive environmental impact by bringing in "Leave every place better" more centrally into its rides and events including the Himalayan Odyssey and the Rider Mania. It received tremendous support not just from the participants but also from the riding community at large.

Rider Mania has been a strong bond between Royal Enfield and its community, and your Company continues its endeavour to strengthen it further. The 11th get-together of Royal Enfield riders and enthusiasts from across the world witnessed nearly 8,000 participants which was the largest gathering of Royal Enfield enthusiasts anywhere in the world. With a decade-long history, Rider Mania has been successfully fostering community building through recurring engagements.

RISK MANAGEMENT FRAMEWORK

Royal Enfield continuously monitors its ecosystem and reviews risks associated with its business. The Company has implemented a comprehensive risk management framework involving senior members of the management team. Key risks are identified, ranked and mitigation strategies are crafted accordingly. The risk management architecture envisages identifying risk managers and tracking Company's preparedness in dealing with risks. Some of the key risks identified and tracked by your Company are described below:

Coronavirus Disease (COVID-19)

The COVID-19 pandemic severely impacted economies all over the world with India being no exception. With countries going into lockdowns, business activities were temporarily suspended, and movement of goods and people were greatly constrained. Your Company also suspended all the operations at offices, plants and dealerships in India from March 23, 2020. Operations of your Company outside India were also interrupted. During the lockdown period, production and sales were impacted due to supply chain constraints and suspension of business activities across the globe. In order to support all the stakeholders including customers, workforce, dealers and vendors during the uncertain situation, your Company has taken appropriate actions.

Subsequent to the Government's directives with regard to resumption of business activities, your Company resumed its operations on May 6, 2020. Your Company is starting the production activities and opening the dealerships in a graded manner.

Your Company performed a detailed assessment of its liquidity position and the recoverability of the assets as on the balance sheet date and concluded that based on the indicators of future economic conditions, the carrying value of the assets will be recovered. Your Company believes that it had fully considered the possible impact of all the known events arising from COVID-19 pandemic in its assessment. However, the impact assessment of COVID-19 is a continuing process. Your Company will continue to monitor any material changes to future economic conditions and the consequent impact on its business, if any.

Regulatory

Regulatory changes and hurdles thereof are always a significant consideration. This year, the emission norm transition from BS IV to BS VI was a considerable challenge, not just for your Company, but for the industry as a whole. The complete compliance to BS VI emission norms on the entire product portfolio before the mandated date, and also sale of the entire BS IV stock before the date were key challenges.

Your Company started planning for this transition well ahead of time. Due to this sharp focus, detailed planning and seamless execution, your Company successfully transitioned its products in a phased manner to BS VI emission norms. Additionally, meticulous production and sales planning also ensured the liquidation of the entire BS IV stock by March 20, 2020, before the mandated timeline of March 31, 2020. Unlike the industry which was facing problems in getting rid of BS IV stock before the deadline, your Company and its dealers were not laden with any BS IV inventory.

Availability of Financing

Availability of financing was another major challenge as the NBFC industry in India continued to witness distress, even as the larger economy has been facing reduced liquidity. With prices rising, mainly driven by increasing input costs and changes brought about by regulations, customers tend to look for financing options. Since more than half of your Company's customers opted for financing their purchases, adequate availability of financing is critical to support the business.

In face of liquidity constraints, your Company witnessed an increase in the share of motorcycle sales through financing from 51% in 2018-19 to 53% in 2019-20. This was also achieved through your Company's collaboration with financiers to provide various financing schemes to the customers. Your Company was therefore able to ensure availability of financing to its customers even in the tight liquidity situation.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has deployed a robust Enterprise Resource Planning ("ERP") system based on SAP platform enabling a high degree of system-based checks and controls ensuring protection of its assets and interests. The governance risk and compliance framework further ensures that internal controls are effective and complied with. The internal auditor carries out internal audit of functions and processes in accordance with a schedule approved by the Audit Committee. The Audit Committee reviews the adequacy of resourcing, staffing and seniority of personnel in the internal audit team. The audit findings and management's resolution plans are reported on a quarterly basis to the Audit Committee by the internal auditor. The internal auditor of your Company also reports to the Audit Committee in respect of adequacy of internal control systems and weaknesses, if any. Furthermore, the statutory auditor reports on the adequacy and effectiveness of the internal financial controls in respect of financial reporting.

Your Company has a whistle blower policy / vigil mechanism providing avenues to all employees, vendors and dealers to report instances of fraud and wrongdoings while ensuring protection from victimisation and reprisals.

DRIVING ALIGNMENT AND INVOLVEMENT THROUGH PEOPLE-CENTRIC APPROACH

At Royal Enfield, the focus remains on building a workforce by creating a sense of involvement in achieving business goals and building capabilities to help the workforce be future-ready.

The 'Annual Work Plans' at Royal Enfield are created with an intent to help each employee contribute to the larger organisational priorities through accomplishment of individual goals. Your Company promotes a culture of continuous improvement and innovation among its employees. Learning and development interventions are customized to build desired capabilities across the organisation. Your Company increasingly leverages digital learning as a way to develop skills and enable learning on the go. Encouraging new ideas and thinking differently have become an integral part of your Company's culture. Programmes like Kaizen have been successful in driving these conversations and are showing great results. Boosted by this success, a new programme - RE Imagine has been initiated to involve employees from all functions and locations.

Your Company has put in place the right organisational structure across regions for sharper focus on diverse markets in India and across the globe to ensure that its people are empowered in their roles. The roadmap is to have strong frontline teams that swiftly make the right decisions for the customers.

Your Company's people strategy has a deep undertone of inspiring and engaging culture as an integral part of its growth journey. This is the way your Company has been able to come so far and continue to march ahead with greater agility to ensure collective success.

INFORMATION TECHNOLOGY

Royal Enfield promotes adoption of technology and digitisation of processes to support and transform its business. Your Company is extensively using its technology capabilities not only to further business and operational excellence but also enhance customer experience both online and in-store.

Your Company launched a device-agnostic mobile-friendly Customer Relationship Management ("CRM")/Dealer Management System ("DMS") last year which improves the customer experience at the dealership during both sales and after-sales engagement. After a successful pilot run of the system in 2018-19, the rollout was extended to about 300 stores across major cities in India. This system is also being rolled out in a phased manner across dealer networks in North America and Thailand.

After successfully establishing SAP S4 HANA Digital Core in 2018-19, your Company made further developments to bring SAP transactions on mobile apps, enabling SAP on the shop floor, on-the-go approvals and operational reports on finger tips. An easy and quick access to information helps expedite the business activities and decision-making.

Your Company has been conducting pilots to digitally transform factory operations. In this initiative, an assembly line was identified to create a digital history card (paperless process) with provisions to ensure defect elimination at source. This provides operational intelligence for anomaly detection and allows resolution for critical operations based on real-time reporting from machines.

During the year, the Royal Enfield website www.royalenfield.com was upgraded to a new technology platform for India as well as 16 international territories to facilitate better engagement and mobile-friendly experience for visitors. During this phase, the website also witnessed a significant increase in web visits from 18 million in 2018-19 to 28 million in 2019-20. The new platform provides more dynamic, interactive and user-friendly experience to the visitors. Now the website offers personalised experience to the visitors on the basis of their interests and choices. For international visitors, the website is now contextually relevant and provides vernacular options for better customer experience.

With these initiatives, your Company continues to invest in and extensively use digital technologies and data analytics to manage customer relationships, achieve operational excellence, business intelligence and drive decision-making.

SUSTAINABILITY, ENVIRONMENT, HEALTH AND SAFETY

Your Company is cognizant that its operations and products have an impact on the environment and society, and is committed to its responsibility towards them. In order to demonstrate your Company's commitment, a detailed framework has been envisaged with the identification of the Sustainable Development Goals (SDGs). Under a roadmap to achieve these SDGs, all the activities across the value chain i.e. design, procurement, production, sales and distribution, and end of life have been mapped against the relevant SDGs. For further details, please refer to the sustainability report for 2019-20 on https://www.eicher.in/sustainability-report.

CAUTIONARY STATEMENT

Certain Statements in the Management Discussion and Analysis describing your Company's view about the Industry, objectives and expectations, etc. may be considered as 'forward-looking statements' within the meaning of applicable laws and regulations. Actual results may differ substantially or materially from those expressed or implied in the statement. Your Company's operations may be affected by supply and demand situation, input prices and their availability, changes in Government regulations, tax laws and other factors such as Industrial relations and economic developments, etc. Investors should bear the above in mind.

STATUTORY REPORTS

57-112

BUSINESS RESPONSIBILITY REPORT

Incorporated in 1982, Eicher Motors Limited (EML) is the flagship Company of Eicher Group. We operate in two distinct business verticals – Motorcycles and Commercial Vehicles. We produce the iconic Royal Enfield motorcycles and are global leaders in the mid-size (250cc-750cc) motorcycle segment. The motorcycles are manufactured in state-of-the-art facilities in Tamil Nadu and marketed with the support of an extensive network of dealers across India and across the world. Globally, EML has a presence in over 50 countries. We are committed to provide each and every customer with quality motorcycles and related accessories, as well as customer experience. In addition to motorcycles, we have a subsidiary VE Commercial Vehicles Limited, which is a joint venture with Sweden's AB Volvo, to manufacture trucks and buses.

EML has witnessed phenomenal growth in recent years. EML is listed on the BSE Limited (BSE) and National Stock Exchange of India Ltd. (NSE). While business excellence is a key objective, ensuring a positive impact on society and environment is a very important goal for EML. The Company has embedded various initiatives on sustainability across operations. We undertake initiatives to reduce the impacts of our operations on the environment, health and safety, and ensure the development of local communities. The disclosures contained in this Business Responsibility Report (BRR) illustrate the endeavour of EML in adopting responsible business practices and creating lasting value for our stakeholders.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

No.	Question	Response
1.	Corporate Identity Number (CIN) of the Company	L34102DL1982PLC129877
2.	Name of the Company	Eicher Motors Limited
3.	Registered address	3rd Floor, Select Citywalk, A-3, District Centre, Saket, New Delhi-110 017
4.	Website	www.eichermotors.com
5.	E-mail id	investors@eichermotors.com
6.	Financial Year reported	April 1, 2019- March 31, 2020
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Manufacture of motorcycles (Code 3091 of National Industrial Classification 2008, Government of India).
8.	List key products/services that the Company manufactures/provides	Please refer the Company's Sustainability Report 2019-20 (EML SR 2019-20)- About us (Page No. 8)
9.	Total number of locations where business activity is undertaken by the Company	Please refer EML SR 2019-20 - Our Spread Across the World (Page No. 14)
	a) Number of International Locations	EML has subsidiaries in North America, Brazil, Thailand, United Kingdom and Canada and also a technology centre in Bruntingthorpe, United Kingdom. The Company has 42 exclusive stores across the UK, USA, Mexico, Colombia, Brazil, Argentina, France, Spain, Indonesia, Thailand, Philippines, Vietnam, Austria, Portugal, Australia, New Zealand and UAE.
	b) Number of National Locations	• Registered office: New Delhi, India • Corporate office: Gurugram, Haryana, India • Manufacturing locations: Thiruvottiyur, Oragadam and Vallam Vadagal in Tamil Nadu, India. • Technical centre at Chennai, India
10.	Markets served by the Company	Please refer EML SR 2019-20 - Our Spread Across the World (Page No. 14)

SECTION B: FINANCIAL DETAILS OF THE COMPANY

No.	Question	Response
1.	Paid up Capital (INR)	27.30 Crores
2.	Total Turnover (INR)	9,077.47 Crores
3.	Total profit after taxes (INR)	1,903.82 Crores
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	EML spent INR 55.39 Crores on CSR activities during the FY 2019-20. This was 2% of the average net profits of the Company for last three financial years.
5.	List of activities in which expenditure in 4 above has been incurred	Please refer EML SR 2019-20 - Community Engagement (Page No. 93) and Annexure-3 of the Directors' Report which forms part of this Annual Report.

SECTION C: OTHER DETAILS

No.	Question	Response
1	Does the Company have any subsidiary company/ companies?	Yes, as at March 31, 2020, the subsidiaries of the Company are: 1) Royal Enfield North America Ltd. 2) Royal Enfield (Thailand)Ltd. 3) Royal Enfield Brasil Comercio de Motorcicletas Ltda 4) Royal Enfield UK Ltd. 5) VE Commercial Vehicles Ltd. 6) Eicher Group Foundation Step Down Subsidiaries: 7) Royal Enfield Canada Ltd. 8) VECV Lanka (Private) Ltd. 9) VECV South Africa (PTY) Ltd.
2	Do the subsidiary company/companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Eicher Group Foundation (a not-for-profit company registered under Section 8 of the Companies Act, 2013) has been incorporated by Eicher Motors Limited and its subsidiary-VE Commercial Vehicles Limited, with the purpose of implementing the Group’s CSR policy. Other subsidiaries do not participate in BR initiatives of the Company.
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities?	Suppliers and distributors are independent businesses that are within the circle of influence of EML, but function as independent entities. EML’s suppliers and distributors are not involved in our BR initiatives.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

Details of the Director/Director responsible for implementation of the BR policy/policies

The Corporate Social Responsibility (CSR) committee is the BR head at EML. The composition of CSR Committee is mentioned below:

Name of Member	Designation	DIN
Mr. S. Sandilya	Chairman, Non-Executive and Independent Director	00037542
Mr. Siddhartha Lal	Managing Director	00037645
Mr. Inder Mohan Singh	Non-Executive and Independent Director	07114750

2. Principle-wise (as per NVGs) BR Policy/policies

(a) Details of compliance (Reply in Y/N)

No.	Question	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for....	Y	Y	Y	Y	Y	Y	Y	Y	As per Note below
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	As per Note below
3.	Does the policy conform to any national / international standards?	Y	Y	Y	Y	Y	Y	Y	Y	As per Note below
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	As per Note below
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	As per Note below
6.	Indicate the link for the policy to be viewed online?	P1: http://www.eicher.in/codes-and-policies P2: Published in the intranet and to all contractors P3: Published in the intranet P4: http://www.eicher.in/uploads/1530165050_Eicher_Corporate_Social_Responsibility_Policy.pdf P5: Published in the intranet P6: Published in the intranet P7: www.eicher.in/codes-and-policies P8: www.eicher.in/codes-and-policies								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	As per Note below
8.	Does the company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	As per Note below
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	As per Note below
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	As per Note below

Note: Although EML does not have a Board approved policy on customer engagement, systems and processes have been established for addressing issues pertaining to customer satisfaction.

All our policies are in line with the National requirements and also incorporate international leading practices as appropriate.

(b) If answer to the question at serial number 2 (a) against any principle, is 'No', please explain why:

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles	Not Applicable								
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)	P9: At EML, customer satisfaction is of the upmost priority. Detailed systems and processes have been implemented by the Company for handling customer grievances and improving customer experience.								

3. Governance related to BR

No.	Question	Response
a)	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:	The Managing Director, Whole-time Director & Chief Executive Officer-Royal Enfield and the Senior Management of EML review the BR vision, strategy and performance of the Company annually.
b)	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	EML has been publishing annual BR Report since FY 2015-16. It has also begun publishing a GRI-based Sustainability Report since FY 2018-19. The reports can be viewed at: FY 2015-16 (BRR): https://www.eicher.in/uploads/1530166609_BRR_FY_2015-16.pdf FY 2016-17 (BRR): https://www.eicher.in/uploads/1530166609_BRR_FY_2016-17.pdf FY 2017-18 (BRR): https://www.eicher.in/uploads/1532953236_BRR_FY_2017-18.pdf FY 2018-19 (BRR): https://www.eicher.in/uploads/1571826257_BRR_FY_2018-19.pdf FY 2018-19 (Sustainability Report): http://www.eicher.in/uploads/1574830131_sustainability-report-2018-19.pdf FY 2019-20 (Sustainability Report): https://www.eicher.in/sustainability-report

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle No.	Description	Response
Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability		
1.1	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs / Others?	Please refer EML SR 2019-20 • Doing Business Ethically – Company's policy related to anti-corruption (Page No. 39)
1.2	Did the company receive any complaint relating to ethics, bribery and corruption during the financial year under review?	Please refer EML SR 2019-20 • Doing Business Ethically (Page No. 39) During the year under review, a few cases of corruption were identified, and strict disciplinary actions were taken.
Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle		
2.1	Does the design of Company's products or services incorporate social or environmental concerns, risks and/or opportunities ?	Yes, design of all Company's products incorporate and consider such factors. Please refer EML SR 2019-20 - Customer Centricity – (Page No. 88)
2.2	For each such product, provide details in respect of resource used (energy, water, raw material etc.)	Please refer EML SR 2019-20 • Materials – Case studies on introduction of laser welding in fabrication of fuel tanks and introduction of semi synthetic engine oil (Page No. 53) • Energy and Emissions - Energy Intensity in manufacturing units (Page No. 55), • Water and Effluents - Water Intensity in manufacturing units (Page No. 64)
2.3	Does the company have procedures in place for sustainable sourcing (including transportation)?	Please refer EML SR 2019-20 • Sustainability in Procurement - Green Logistics, Supplier Assessment (Page Nos. 41 and 42)
2.4	Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?	Please refer EML SR 2019-20 • Sustainability in Procurement - Local Supply (Page No. 41)
2.5	Does the company have a mechanism to recycle products and waste?	Please refer EML SR 2019-20 • Materials - Primary Materials used in products – percentage of recycled material used in products (Page No. 51)
Principle 3: Businesses should promote the wellbeing of all employees		
3.1	Please indicate the Total number of employees.	Please refer EML SR 2019-20 • Employment – Employee count by Category, gender and age (Page No. 75)
3.2	Please indicate the Total number of employees on temporary/contractual/casual basis.	Please refer EML SR 2019-20 • Employment - Total count of RE and NEEM trainees (Page No. 75)

Principle No.	Description	Response
3.3	Please indicate the Number of permanent women employees.	Please refer EML SR 2019-20 • Employment - Total count of women employees in S & E and AE categories (Page No. 75)
3.4	Please indicate the Number of permanent employees with disabilities	There is one permanent employee with disabilities.
3.5	Do you have an employee association that is recognized by management?	Yes Please refer EML SR 2019-20 • Freedom of Association (Page no. 86)
3.6	What percentage of your permanent employees is members of this recognized employee association?	All permanent employees. Please refer EML SR 2019-20 • Freedom of Association (Page no. 86)
3.7	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	Please refer EML SR 2019-20 • Human Rights (Page No. 86)
3.8	What percentage of your employees were given safety & skill upgradation training in the last year?	(i) 1,282 employees have received internal skill upgradation training, including some of them on more than one occasion, during the financial year under review which constitutes 64% of the total number of Associate Engineers earmarked for imparting training. (ii) 26,702 employees have received safety training, including some of them on more than one occasion and spent a total of 47,267 manhours on such trainings, during the financial year under review which constitutes 100% of the total number of employees earmarked by the Company for imparting safety training for that financial year.
Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.		
4.1	Has the company mapped its internal and external stakeholders?	Yes
4.2	Has the company identified the disadvantaged, vulnerable & marginalized stakeholders.	Yes Please refer EML SR 2019-20 • Community engagement – Community Development project, Project Empower, RE Academy for skills, Shikshak Pahel Program (Page Nos. 98 to 108, 117)
4.3	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders?	Please refer EML SR 2019-20 • In addition to the reference provided under para 4.2 above, please also refer Stakeholder Engagement – Engagement channels (Page No. 26)

Principle No.	Description	Response
Principle 5: Businesses should respect and promote human rights		
5.1	How Company protects Human Rights?	Please refer EML SR 2019-20 ◆ Human Rights (Page No. 86)
5.2	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	During the financial year under review, Company received one complaint of sexual harassment which was investigated and appropriately dealt with as per the statutory provisions.
Principle 6: Business should respect, protect, and make efforts to restore the environment		
6.1	Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/ Contractors/ NGOs/ others?	At present, the Company's environment policy does not cover Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs. However, we encourage all our stakeholders to implement robust environmental practices across their operations.
6.2	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc?	Please refer EML SR 2019-20 ◆ Energy and Emissions – Management approach and Future Scope (Page Nos. 54, 61, 66)
6.3	Does the company identify and assess potential environmental risks?	Yes
6.4	Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	No
6.5	Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.	Please refer EML SR 2019-20 ◆ Energy and Emissions – Renewable energy project, Energy efficiency measures, Miyawaki forest (Page Nos. 56, 60)
6.6	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/ SPCB for the financial year being reported?	Please refer EML SR 2019-20 ◆ Environmental Compliance (Page No. 71)
6.7	Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	No instance of non-compliance. Please refer EML SR 2019-20 ◆ Environmental Compliance (Page No. 71)
Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner		
7.1	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	Please refer EML SR 2019-20 ◆ Collaborations and Memberships (Page No. 17)
7.2	Have you advocated/lobbied through above associations for the advancement or improvement of public good?	Please refer EML SR 2019-20 ◆ Collaborations and Memberships (Page No. 17).

Principle No.	Description	Response
Principle 8: Businesses should support inclusive growth and equitable development		
8.1	Does the company have specified programmes/initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.	Please refer EML SR 2019-20 Community Engagement (Page No. 96, 97)
8.2	Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/ any other organization?	Please refer EML SR 2019-20 Community Engagement - Eicher Group Foundation (Page No. 96, 97)
8.3	Have you done any impact assessment of your initiative?	Yes
8.4	What is your company's direct contribution to community development projects?	Please refer EML SR 2019-20 Community Engagement (Page No. 93, 96, 97)
8.5	Have you taken steps to ensure that this community development initiative is successfully adopted by the community?	Please refer EML SR 2019-20 Community Engagement - • Community development project, Project Empower (Page No. 101, 102)
Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner		
9.1	Customer complaints	The Company has a formal and well-defined process in place for addressing customer grievances. Complaints filed by customer through social media or the central command centre are documented with the Dealer Management System (DMS). Dedicated teams analyse these complaints to provide timely resolutions. There is an escalation matrix built into the system to ensure any delays in resolution are notified to the senior management.
9.2	Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)	Yes
9.3	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year.	No
9.4	Did your company carry out any consumer survey/ consumer satisfaction trends?	Please refer EML SR 2019-20 • Stakeholder engagement (Table on Page No. 26) & Customer Centricity - Rides, Rider Mania (Page Nos. 88, 89, 92)

DIRECTORS' REPORT

To the Members of Eicher Motors Limited

The Directors have pleasure in presenting the Thirty Eighth Annual Report along with the Audited Financial Statements of your Company for the financial year ended March 31, 2020.

FINANCIAL RESULTS

Your Company has earned a Net revenue from operations of Rs. 9,077.47 crores during the financial year 2019-20. The profit before depreciation and interest expense including interest on lease liability (Ind AS 116) of Rs. 10.86 crores amounted to Rs. 2,203.78 crores, which is 24.3% of the total revenue. After accounting for other income of Rs. 615.34 crores, interest expense of Rs. 10.86 crores and depreciation of Rs. 377.92 crores, profit before exceptional item and tax amounted to Rs. 2,430.34 crores.

Profit after tax amounted to Rs. 1,903.82 crores after income tax provision of Rs. 526.52 crores. Total Comprehensive Income for the year, net of tax amounted to Rs. 1,910.84 crores.

The financial results are summarized below:

Rs. in Crores

Particulars	For the financial year ended March 31, 2020	For the financial year ended March 31, 2019
Net Revenue from operations	**9,077.47**	9,794.48
Profit before depreciation and interest	**2,203.78**	2,944.38
Interest	**10.86**	2.99
Depreciation	**377.92**	298.93
Profit before other income and tax	**1,815.00**	2,642.46
Other income	**615.34**	508.04
Profit before exceptional items and tax	**2,430.34**	3,150.50
Exceptional items	**-**	(17.52)
Profit before tax	**2,430.34**	3,132.98
Provision for tax (including Deferred tax)	**526.52**	1,078.54
Net profit after tax	**1,903.82**	2,054.44
Other comprehensive income	**7.02**	(5.77)
Total Comprehensive income for the year/period, net of tax	**1,910.84**	2,048.67
Balance in statement of profit and loss brought forward from previous year	**6,576.63**	4,871.26
Amount available for appropriation (Excluding exchange difference in translation of foreign operations)	**8,471.89**	6,924.79
Dividend for FY 2018-19 paid in 2019-20	**-**	341.11
Interim dividend proposed and paid in 2019-20	**341.32**	-
Tax on dividend	**70.16**	56.14
Earnings per share		
- Basic (Rs.)	**697.50**	753.37
- Diluted (Rs.)	**697.16**	752.54

CHANGE IN THE NATURE OF BUSINESS, IF ANY

There is no change in the nature of business of the Company during the financial year under review.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY THAT HAVE OCCURRED AFTER MARCH 31, 2020 TILL THE DATE OF THIS REPORT

Due to COVID-19, the Company temporarily suspended the operations in all the units of the Company. COVID-19 has impacted the normal business operations of the Company by way of interruption in production, supply chain disruption, unavailability of personnel, closure/lock down of production facilities, retail outlets of dealers etc. However, production and sales/supply of goods have commenced during the month of May 2020 with partial capacity.

The Company has performed a detailed assessment of its liquidity position and the recoverability of the assets as at the Balance Sheet date and has concluded that based on current indicators of future economic conditions, the carrying value of the assets will be recovered. Management believes that it has fully considered all the possible impact of known events in the preparation of the standalone financial results. However, the impact assessment of COVID-19 is a continuing process, given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions and the consequent impact on its business, if any.

DIVIDEND

The Board of Directors at its meeting held on March 11, 2020, has approved payment of interim dividend of Rs. 125/- per Equity Share (@1250%) of face value of Rs. 10/- each, out of the then profits of the Company for the financial year 2019-20 in accordance with the Dividend Distribution Policy of the Company.

The entitlement of interim dividend has been determined in the following manner:

a) To all Beneficial Owners in respect of shares held in dematerialized form as per the data made available by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as of the close of business hours on March 21, 2020 (record date);

b) To all Members in respect of shares held in physical form after giving effect to valid transfer/transmission in respect of transfer/transmission requests lodged with the Company on or before the close of business hours on March 21, 2020 (record date).

Out of the total Interim Dividend amount, the Company has completed remittance of payment through electronic transfer. The Interim Dividend amount to be paid through Warrants and Bank Demand Drafts is pending dispatch due to nationwide lockdown/movement restrictions imposed by the Government on account of Covid-19 outbreak and the same will be dispatched promptly once normalcy is restored.

AMOUNTS TRANSFERRED TO RESERVES

During the financial year 2019-20, no amount was transferred to General Reserve of the Company.

BRIEF DESCRIPTION OF THE STATE OF THE COMPANY'S AFFAIRS/ BUSINESS PERFORMANCE

Your Company has sold 6,98,216 motorcycles in the financial year 2019-20, 15.2% lower when compared to financial year 2018-19 sales of 8,23,828 motorcycles. Out of 6,98,216 motorcycles sold in 2019-20, 39,296 motorcycles were exported, a growth of 88.7% over the volume of 20,825 motorcycles exported in financial year 2018-19.

Net Revenue from operations for financial year 2019-20 year was Rs. 9,077.47 crores, 7.3% lower when compared with previous financial year (Rs. 9,794.48 crores). Net Sales of spare parts, gears and services increased to Rs. 1,075.18 crores in financial year 2019-20 from Rs. 1,056.39 crores in the previous financial year, registering a growth of 1.8%.

Your Company's profit before depreciation, interest, exceptional item and tax was Rs. 2,203.78 crores in financial year 2019-20, lower by 25.2% over Rs. 2,944.38 crores recorded in financial year 2018-19.

MARKET AND FUTURE PROSPECTS

Please refer to Management Discussion & Analysis Report which forms part of the Annual Report.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be given pursuant to the provisions of Section 134 of the Companies Act, 2013 ("the Act"), read with the Companies (Accounts) Rules, 2014 is provided under ***Annexure-1***.

DISCLOSURE REGARDING ISSUE OF SWEAT EQUITY SHARES AND EQUITY SHARES WITH DIFFERENTIAL RIGHTS

The Company has not issued any sweat equity shares or equity shares with differential rights during the financial year 2019-20.

CHANGES IN SHARE CAPITAL & THE COMPANY'S EMPLOYEE STOCK OPTION PLAN, 2006 AND RESTRICTED STOCK UNITS PLAN, 2019

The paid up Equity Share Capital of the Company as on March 31, 2020, was Rs. 27,30,45,700/-. During the year under review, the Company has issued 22,000 Equity Shares of face value of Rs. 10/- each pursuant to its Employees Stock Option Plan, 2006 ("ESOP, 2006"). No shares have been issued under the Company's Restricted Stock Units Plan, 2019 ("RSU Plan, 2019").

A Statement giving complete details as at March 31, 2020, pursuant to Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 is available on the website of the Company and the weblink for the same is https://www.eicher.in/uploads/1594715939_Eicher-Motors-ESOP-Statement-2019-20.pdf

ESOP, 2006 and RSU Plan, 2019, for grant of stock options have been implemented in accordance with the aforesaid SEBI Regulations. A certificate from M/s S.R. Batliboi & Co., LLP, Statutory Auditors, in this regard will be available for inspection on the website of the Company under "Investors" Section. The Company has not changed its ESOP, 2006 and RSU Plan, 2019 during the year under review.

Further, details of options granted and exercised are included in Note no. 50 in the notes to accounts forming part of consolidated financial statements.

DEPOSITS

The Company has not accepted any deposits from the public/members under Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014 during the financial year under review. The Company has not renewed/ accepted fixed deposits after May 29, 2009. There are no deposits that remain unclaimed.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with Section 149(7) of the Act, all the Independent Directors of the Company have given written declarations to the Company confirming that they meet the criteria of independence as laid down under Section 149(6) of the Act and Regulation 16 of SEBI (LODR) Regulations, 2015. As on March 31, 2020, all Independent Directors of the Company have registered themselves in the Independent Director's databank maintained by Indian Institute of Corporate Affairs in terms of Section 150 of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules, 2014.

In accordance with the provisions of Section 152 and other applicable provisions of the Act & the Articles of Association of the Company, Mr. Vinod K. Aggarwal, Non-Executive Director, retires by rotation and being eligible offers himself for re-appointment at the ensuing AGM. The Board of Directors of the Company at its meeting held on February 6, 2020, re-appointed Mr. S. Sandilya and Ms. Manvi Sinha, as Independent Directors of the Company for a period of 5 (five) consecutive years each with effect from February 13, 2020, after taking into consideration recommendations of the Nomination & Remuneration Committee of the Company and subject to requisite approval of the shareholders at the ensuing AGM. In the opinion of the Board, Mr. S. Sandilya and Ms. Manvi Sinha possess requisite skills & expertise in the context of business of the Company. For details on skills/expertise/competencies of Mr. Sandilya and Ms. Sinha respectively, please refer Corporate Governance Report forming part of this Annual Report.

During the year under review, Mr. Vinod Kumar Dasari, Whole-time Director & CEO-Royal Enfield and Mr. Vinod Kumar Aggarwal, Non-Executive Director, were appointed on the Board of the Company w.e.f. April 1, 2019, with requisite approvals of the shareholders obtained at the 37th Annual General Meeting held on August 1, 2019. There has been no other change in the Directors and Key Managerial Personnel of the Company during the financial year under review. Further, the Board at its meeting held on May 6, 2020 has appointed Mr. Kaleeswaran Arunachalam as the Chief Financial Officer of the Company with effect from May 6, 2020 in place of Mr. Lalit Malik, who shall continue as the Chief Commercial Officer of the Company.

THE COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Company's Hiring & Employment Policy:

A number of factors are considered towards selecting candidates at the Board level which include:

- Ability to contribute to strategic thinking
- Proficiency in Governance norms, policies and mechanisms at the Board level
- Relevant cross industry/functional experience, educational background, skills and experience
- Wherever relevant, independence of Directors in terms of applicable regulations.

With respect to core competencies and personal reputation, our practices ensure through the selection process that all Directors:

- Exhibit integrity and accountability
- Exercise informed judgement
- Are financially literate
- Are mature and confident individuals
- Operate with high performance standards

Removal of Directors

Under extreme circumstances and in highly unusual situations it may become necessary to remove a member from the Board of Directors. Reasons for doing so, may relate to any of the following (indicative; other than as provided under the Companies Act, 2013):

i. Breach of confidentiality in anyway

ii. Failure to meet obligatory procedures in the disclosure of conflict of interest

iii. Failure to fulfil the fiduciary duties of a Director for the Company

iv. Acting in any other manner which is against the interests of the Company

The Company's Remuneration Policy:

The Company's Compensation Strategy defines the principles underlying compensation philosophy for its employees. Compensation is a critical piece of overall human-resources strategy and broadly refers to all forms of financial returns and tangible benefits that employees receive as a part of their employment relationship.

The Remuneration/Compensation Policy of the Company is designed to attract, motivate and retain manpower. This Policy applies to Directors and Senior Management including Key Managerial Personnel (KMP) and other employees of the Company.

The remuneration of the Managing Director, Executive Director, Key Managerial Personnel (KMPs) and CXOs of the Company is recommended by the Nomination and Remuneration Committee based on criteria such as industry benchmarks, the Company's performance vis-à-vis the industry, responsibilities and performance assessment. The Company pays remuneration by way of salary, perquisites and allowances (fixed component), incentive remuneration and/or commission (variable components).

Loans/advances may be extended to employees for various personal purposes or to aid business functions, from time to time, on a case to case basis, in accordance with the relevant Human Resource guidelines/policies in force or as may be approved by the Chief Financial Officer, the Chief Human

Resource Officer of the Company, or any person authorized by them, including for relocation viz. school deposits/expenses, travel/logistics expenses, housing advance, housing deposits/ brokerage, any other expenses towards relocation; advance submission of tax deducted at source by the Company on behalf of employee; advance towards medical insurance premiums; loans granted to enable grantees exercise ESOPs and towards deposit of perquisite tax thereon; loans/advances covered under Employees Union recognized by the Company as per Union Agreement; medical emergency advances etc.

Additionally, in the event of exigencies arising due to calamities, the Company may provide financial assistance to any affected employee by way of extending interest free loan in an amount not exceeding his/her two months' gross salary.

Remuneration by way of commission to the Non-Executive Directors shall be decided by the Board of Directors within the ceiling of a sum, not exceeding 1% of the annual net profits of the Company in each of the financial year, calculated in accordance with the provisions of the Act and as approved by the members by passing a resolution in the general meeting.

Remuneration of KMPs and employees largely consists of basic remuneration, perquisites, allowances, performance incentives and employee stock options granted pursuant to the Employees Stock Option Plan of the Company. The components of remuneration vary for different employee levels and are governed by industry patterns, qualifications and experience of the employee and his/her responsibility areas, employee performance assessment etc.

The said Policy is also available on the website of the Company at http://www.eicher.in/uploads/1561782697_remuneration-policy.pdf

ANNUAL EVALUATION OF BOARD, COMMITTEES AND INDIVIDUAL DIRECTORS

During the financial year under review, formal annual evaluation of the Board, its Committees and individual Directors was carried out pursuant to the Board Performance Evaluation Policy of the Company and provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

The Nomination and Remuneration Committee specified the criteria for effective performance evaluation of the Board, its Committees and Individual Directors of the Company. The performance of the Board and Committees was evaluated after seeking inputs from all the Directors on the basis of the criteria such as Board/ Committee constitution, frequency of meetings, effectiveness of processes etc. The performance of individual Directors (including Independent Directors) was evaluated by the Board (excluding the Director being evaluated) after seeking inputs from all Directors on the basis of the criteria such as thought contribution, business insights and applied knowledge. After the Board carried out aforesaid evaluation, the Nomination & Remuneration Committee reviewed implementation of the manner specified by it for performance evaluation & effectiveness of the process.

A separate meeting of Independent Directors was also held to review the performance of the Managing Director, performance of the Board as a whole and performance of the Chairperson of the Company. Review of the performance of the Chairperson was done after taking into account the views of the Executive Director and Non-Executive Directors (excluding the Chairperson being evaluated).

MEETINGS OF BOARD OF DIRECTORS

Eight (8) meetings of the Board of Directors of the Company were conducted during the financial year under review. The details of Board/Committees/Shareholder meetings are provided under the Corporate Governance Report which forms part of the Annual Report.

DETAILS OF LOANS, GUARANTEES AND INVESTMENTS UNDER SECTION 186 OF THE ACT

The details of loans, guarantees and investments made by the Company during the financial year under review which are covered under Section 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in this Annual Report.

PARTICULARS OF RELATED PARTY TRANSACTIONS

All contracts/ arrangements/ transactions entered into by the Company during the financial year with related parties are in compliance with the applicable provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. Requisite approval of the Audit Committee and the Board (wherever required) was obtained by the Company for all Related Party Transactions.

There were no materially significant Related Party Transactions made by the Company with Promoters, Directors or Key Managerial Personnel, subsidiaries, joint ventures and associate companies which may have a potential conflict with the interest of the Company. There are no transactions that are required to be reported in Form AOC-2, hence the said form does not form part of this report. However, the details of the transactions with related parties are provided in the Company's financial statements in accordance with Indian Accounting Standards.

The Company has a Policy on materiality of and dealing with Related Party Transactions, as approved by the Board, which is available on its website www.eichermotors.com.

AUDIT COMMITTEE

The Audit Committee of the Company is constituted pursuant to the requirements of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. At present, members of the Audit Committee are:

Sl. No.	Name of Members
1	Mr. S Sandilya (Chairman)
2	Mr. Siddhartha Lal
3	Ms. Manvi Sinha
4	Mr. Inder Mohan Singh

During the year under review, the Board at its Meeting held on November 8, 2019, appointed Mr. Inder Mohan Singh, Non-Executive Independent Director as Member of the Audit Committee.

DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM

The Company has formulated a Whistle Blower Policy to establish a vigil mechanism for Directors, employees, dealers and vendors of the Company to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy or to report genuine concerns or grievances including instances of leak or suspected leak of unpublished price sensitive information pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015. The Whistle Blower Policy of the Company is available at https://www.eicher.in/uploads/1581075167_whistle_blower_policy.pdf.

SUBSIDIARIES, ASSOCIATE AND JOINT VENTURE COMPANIES

Highlights of performance of subsidiaries and joint venture companies and their contribution to the overall performance of the Company during the year under review:

Royal Enfield North America Limited (RENA)

RENA was incorporated in March 2015 as a 100% subsidiary of Eicher Motors Limited to manage the distribution and sales of Royal Enfield products and services including, motorcycles, spares and gear in North America. It sold 3,322 motorcycles (excluding 301 motorcycles sold to Royal Enfield Canada Limited, 100% subsidiary of RENA) during the year 2019-20 and achieved revenue of Rs.114.63 crores (including revenue of Rs. 9.45 crores by sales to Royal Enfield Canada Limited). As of March 2020, RENA had contracted with 108 multi brand outlets in USA.

Royal Enfield Canada Limited (RECA)

RECA is a 100% subsidiary of RENA. RECA was incorporated in April 2016 in Canada to manage the distribution and sales of Royal Enfield products and services including, motorcycles, spares and gear in Canada. During the year 2019-20, the Company sold 301 motorcycles and achieved revenue of Rs. 10.10 crores. As of March 2020, RECA had contracted with 12 multi brand outlets in Canada.

Royal Enfield Brasil Comercio De Motocicletas Ltda. (REBRA)

Royal Enfield started its operations in Brazil through a direct distribution company by the name of Royal Enfield Brasil Comercio de Motocicletas Ltda in 2016. During the year the Company sold 2,300 motorcycles and achieved revenue of Rs. 45.29 crores.

Royal Enfield (Thailand) Ltd (RETH)

Royal Enfield (Thailand) Ltd. was incorporated on September 18, 2018 and commenced sales operations from September 2019. The Company's footprints have grown to 14 exclusive stores and 12 Authorized Sales & Service Points. In the year 2019, the Company received two awards from the Grand Prix group for Interceptor being the "Best Modern Classic" and Himalayan being "Best Lightweight Tourer" motorcycle. The Company plans to commence assembly operations from the year 2021 to cater to ASEAN region. During the year 2019-20, the Company sold 690 motorcycles and achieved revenue of Rs. 26.06 crores.

Royal Enfield (UK) Limited (REUK)

Royal Enfield (UK) Limited, was incorporated on August 20, 2019 to engage in the wholesale business of motorcycles, apparels, spares & accessories. The Company is yet to commence trading operations as at March 31, 2020.

Eicher Polaris Private Limited (EPPL)

Eicher Polaris Private Limited, a joint venture company, was involved in manufacturing and sales of personal utility vehicles.

The Board of Directors and Shareholders of EPPL at their respective meetings held on February 18, 2020 approved voluntary liquidation (solvent liquidation) of EPPL and appointed an insolvency professional as the liquidator. The liquidation process is under progress currently.

VE Commercial Vehicles Limited and its step-down subsidiaries

Overview of performance covered separately in the Annual Report.

Report containing salient features of financial statements of subsidiaries and joint venture companies

Pursuant to the provisions of Section 129(3) of the Act, a report containing salient features of the financial statements of the Company's subsidiaries and joint venture company in Form AOC-1 is attached as ***Annexure-2.***

COMPANIES WHICH HAVE BECOME OR CEASED TO BE THE COMPANY'S SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE FINANCIAL YEAR

During the financial year under review, Royal Enfield (UK) Ltd. ("REUK") was incorporated on August 20, 2019 as wholly owned subsidiary of the Company. No other company has become or ceased to be the Company's subsidiary, joint venture or associate company during the financial year 2019-20.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND THE COMPANY'S OPERATIONS IN FUTURE

There are no significant material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations. However, members' attention is drawn to the statement on contingent liabilities, commitments in the notes forming part of the Financial Statements.

DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

Details of internal financial control and its adequacy are included in the Management Discussion and Analysis Report, which forms part of the Annual Report.

CORPORATE SOCIAL RESPONSIBILITY

The Company has constituted a Corporate Social Responsibility (CSR) Committee and has framed a Corporate Social Responsibility Policy and identified Healthcare, Children's education, Road safety, Environmental sustainability, Local Area Development in, including but not limited to, areas around the Company's establishments & in Himalayas and Livelihood development including vocational training for underprivileged as some of the key areas. The Company will continue to support social projects that are consistent with the Policy.

Corporate Social Responsibility Committee of the Company is constituted as follows:

1. Mr. S Sandilya – Chairman
2. Mr. Siddhartha Lal
3. Mr. Inder Mohan Singh

Annual Report on CSR activities is annexed as ***Annexure-3***.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared by the Company in accordance with the requirements of Indian Accounting Standard ("Ind AS")-110 "Consolidated Financial Statements" and Ind AS 28 "Investment in Associates and Joint ventures", prescribed under Section 133 of the Companies Act, 2013, read with the rules issued thereunder. The Company, its subsidiaries and jointly controlled entities adopted Ind AS from April 1, 2016. The consolidated financial statements are provided in the Annual Report. A statement containing the salient features of the financial statements of each of the subsidiary and joint venture company in the prescribed Form AOC-1 is attached.

Pursuant to Section 136 of the Act, the financial statements, consolidated financial statements and separate accounts of the subsidiaries are available on the website of the Company at www.eichermotors.com. The Company shall provide the copies of the financial statements of the Company and its subsidiary companies to the shareholders upon their request received on investors@eichermotors.com. The consolidated total comprehensive income of the Company and its subsidiaries amounted to Rs. 1,838.62 crores for the financial year 2019-20 as compared to Rs. 2,196.53 crores for the previous financial year 2018-19.

AUDITORS

(a) Statutory Auditors and Their Report

M/s S.R. Batliboi & Co., LLP, Chartered Accountants (Firm Registration Number: FRN 301003E/E300005) were appointed as Statutory Auditors in the 35th (Thirty Fifth) Annual General Meeting (AGM) of the Company for a period of five years, from the conclusion of 35th AGM till the conclusion of the 40th AGM of the Company, subject to ratification of their appointment at every AGM by the shareholders, if required pursuant to the provisions of the Companies Act, 2013 ("Act"). Central Government vide the Companies (Amendment) Act, 2017 has amended the provisions of Section 139 of the Act and ratification of appointment of Statutory Auditors in every AGM is no longer required. The Statutory Auditors have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules made thereunder to continue to act as Statutory Auditors of the Company.

The Statutory Auditors had carried out audit of financial statements of the Company for the financial year ended March 31, 2020 pursuant to the provisions of the Act. The reports of Statutory Auditors form part of the Annual Report. The reports are self-explanatory and do not contain any qualifications, reservations or adverse remarks.

(b) Secretarial Auditors and Their Report

The Board of Directors has appointed M/s. Shweta Banerjee & Associates, Company Secretaries, to conduct Secretarial Audit for the financial year ended March 31, 2020. As required under Section 204 of the Companies Act, 2013, the Secretarial Audit Report is annexed as ***Annexure-4*** to this Report. The Secretarial Auditors' Report is self-explanatory and does not contain any qualifications or adverse remarks which require any clarification or explanation.

(c) Cost Auditor

In terms of Section 148 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, it is hereby confirmed that the cost accounts and records are made and maintained by the Company as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.

Ms. Jyothi Satish, a qualified Cost Accountant, has been appointed as the cost auditor to carry out audit of the cost records of the Company for the financial year 2019-20 pursuant to the provisions of the Companies Act, 2013. The Cost Auditor shall submit its report to the Board of Directors within the time prescribed under the Companies Act, 2013 and the rules made thereunder.

CORPORATE GOVERNANCE, MANAGEMENT DISCUSSION & ANALYSIS AND BUSINESS RESPONSIBILITY REPORTS

As per SEBI (LODR) Regulations, 2015, Corporate Governance Report together with the Auditors' certificate regarding compliance of conditions of Corporate Governance, Management Discussion & Analysis Report and Business Responsibility Report form part of the Annual Report.

SUSTAINABILITY REPORT

The Company in its commitment to a sustainable global economy has voluntarily prepared a Sustainability Report based on GRI Sustainability Reporting Standards, which will help stakeholders to understand the Company's economic, environmental, social and governance performance more effectively and analyzing the financial and non-financial performance of the Company. With this, stakeholders shall also have a better understanding of the Company's long term perspective.

The Sustainability Report captures our passion along with the responsibilities for communicating sustainability performance and its impact on our stakeholders through various aspects such as responsible consumption, clean water and sanitation, gender equality, innovation, infrastructure etc. The Sustainability Report for the financial year 2019-20 is available on the Company's website at https://www.eicher.in/sustainability-report

EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of Sections 134 & 92(3) of the Companies Act, 2013, the details forming part of the extract of the Annual Return in Form MGT-9 is annexed as ***Annexure-5*** to this Report and which is also available on the website of the Company www.eichermotors.com.

DIRECTORS RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

a) that in the preparation of the Annual Financial Statements for the year ended March 31, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b) that such accounting policies as mentioned in Note no. 3 of the Notes to the Financial Statements have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the profits of the Company for the year ended on that date;

c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) that the annual Financial Statements have been prepared on a going concern basis;

e) that proper internal financial controls to be followed by the Company have been laid down and that the financial controls are adequate and were operating effectively; and

f) that proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

PARTICULARS OF EMPLOYEES

Disclosures as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

1) Ratio of the remuneration of each director to the median remuneration of the employees of the Company and the percentage increase in remuneration of Directors & KMPs in the Financial Year:

Sl. No.	Name of the Director/KMP	Designation	Ratio of Remuneration of each Director to median remuneration of employees	Percentage Increase in Remuneration for FY 2019-20 over FY 2018-19
1	Mr. S Sandilya	Chairman & Non-Executive Independent Director	10.1	0.97
2	Mr. Siddhartha Lal	Managing Director	311.1	51.29
3	Mr. Vinod K. Dasari	Whole-time Director and CEO-Royal Enfield	398.8	NA*
4	Mr. Inder Mohan Singh	Non-Executive Independent Director	2.6	9.35^
5	Ms. Manvi Sinha	Non-Executive Independent Director	2.6	14.01
6	Mr. Lalit Malik	Chief Financial Officer^^	-	(21.08)#
7	Mr. Manhar Kapoor	General Counsel and Company Secretary	-	(35.31)#

*Percentage increase in remuneration for FY 2019-20 over FY 2018-19 is not applicable since Mr. Vinod K Dasari was appointed by the Board as Whole-time Director and CEO- Royal Enfield, w.e.f April 1, 2019.

^Mr. Inder Mohan Singh, Non-Executive Independent Director, joined the Board w.e.f November 12, 2018, hence, to compute percentage increase in his remuneration for FY 2019-20 over FY 2018-19, remuneration for FY 2018-19 has been annualized.

#Percentage decrease in remuneration for FY 2019-20 over FY 2018-19 is mainly due to perquisite on exercising shares under the Company's Employee Stock Options Plan, 2006 (ESOP, 2006), during the financial year 2018-19. It shall be 12.37% and 15.17% for Mr. Lalit Malik and Mr. Manhar Kapoor, respectively, without considering perquisite on exercising shares under ESOP, 2006 for both the financial years.

^^Mr. Lalit Malik, Chief Commercial Officer, had also been the Chief Financial Officer of the Company till May 6, 2020.

Note: Mr. Vinod K. Aggarwal, Non-Executive Director, is not entitled for any remuneration by way of sitting fees or commission or otherwise, in the Company.

2) Percentage decrease in the median remuneration of the employees in the financial year: 5%[@]

   [@]decrease of median remuneration by 5% is due to employee additions who are below the median remuneration

3) Number of permanent employees on the rolls of the Company as at March 31, 2020: 4,899 employees.

4) The average decrease in median remuneration of the employees other than managerial personnel was 5% as compared to the increase in the managerial remuneration by 25%.

5) It is hereby affirmed that the remuneration is paid as per the Remuneration Policy of the Company.

Further, a statement containing particulars of top ten employees in terms of the remuneration drawn and employees drawing remuneration in excess of the limits set out in Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, are provided as part of the Directors' Report. However, in terms of provisions of Section 136 of the said Act, the Annual Report is being sent to all the members of the Company and others entitled thereto, excluding the said statement. Any member interested in obtaining such particulars may write to the Company Secretary at investors@eichermotors.com

RISK MANAGEMENT

Requisite information is provided under Management Discussion and Analysis Report which forms part of the Annual Report.

COMPLIANCE OF SECRETARIAL STANDARDS

During the financial year under review, the Company has complied with applicable Secretarial Standards specified by the Institute of Company Secretaries of India pursuant to Section 118 of the Companies Act, 2013.

SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Requisite information is provided under Corporate Governance Report which forms part of the Annual Report.

ACKNOWLEDGEMENT

We thank our customers, business associates and bankers for their continued support during the financial year.

We wish to convey our deep appreciation to the dealers of the Company for their achievements in the area of sales and service, and to suppliers/ vendors for their valuable support.

We also place on record our sincere appreciation for the enthusiasm and commitment of the Company's employees for the growth of the Company and look forward to their continued involvement and support.

For **Eicher Motors Limited**

Siddhartha Lal	**S. Sandilya**
Managing Director	Chairman
DIN: 00037645	DIN: 00037542
Place: London, UK	Place: Chennai, Tamil Nadu

Date: June 12, 2020

ANNEXURE-1

INFORMATION ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO UNDER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013, READ WITH RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014

(A) CONSERVATION OF ENERGY

(i) The steps taken or impact on conservation of Energy

1. Engine powder coating compressor eliminated by connecting with paint shop compressor resulting in savings 1,31,850 Kwh
2. HVLS (High volume low speed) fan controlled with clock timer to switch off in break time resulting in savings of 10,518 Kwh
3. Dyno Exhaust Motor VFD (Variable frequency drive) provided and frequency reduced resulting in savings of 4,500 Kwh
4. VFD implemented in paint shop and oven cooling zone supply and exhaust fans resulting in savings of 2,01,551 Kwh
5. Intelligent-touch Manager installed in air conditioners resulting in savings of 1,97,398 Kwh
6. Compressor power consumption reduced by following activities resulting in savings of 8,10,010 Kwh:
   i) Air Leakage Audit through ultrasonic air leak detector and air leak points identified and arrested
   ii) Separated powder coat and chromating air line from machine shop air compressor
   iii) Installed air receiver tank in between compressor and dryer to reduce air dryer load
   iv) Sigma air manager upgraded from 2.0 to 4.0 and set point reduced
   v) Installed air flow meter for machine shop to monitor and control on daily basis
   vi) Installation of air regulator in identified locations to optimize the compressed air working pressure
   vii) Reduction in air compressor capacity
7. Compressor power consumption saved during holidays and night shifts by facilitating bay wise compressed air shut off valve to switch off/on only on requirements and during night shifts, power cuts and on holidays only required line compressed air given resulting in savings of 40,000 Kwh
8. Energy saving mode activated in all machines to cut-off motors during machine idle state resulting in savings of 40,000 Kwh
9. Intelligent flow controller implemented for compressed air line resulting in reduction in consumption and increase in compressor idle time resulting in savings of 75,000 Kwh
10. Shop floor lights optimised wherever roof skylight sheets are available and HVLS fan running time optimized and controlled through timers resulting in savings of 1,41,809 Kwh
11. Air curtain installation, to prevent chilled air purge out from engine assembly closed room resulting in savings of 23,400 Kwh
12. Plating shop chiller unit replaced by cooling tower resulting in savings of 1,72,536 Kwh

(ii) The steps taken by the Company for utilising alternate sources of energy

NIL

(iii) The capital investment on energy conservation equipment

Rs. 64.0 lakhs

(B) TECHNOLOGY ABSORPTION

1. Electronic Fuel Injection (EFI) system adopted for all our UCE models to reduce emissions to meet BS VI regulations.
2. Electronic purge valve introduced for Evaporative Emissions control to meet BS VI requirements.
3. Catalytic Convertor (CAT) with LS type substrate introduced to improve efficiency.
4. Vertical positioning of CAT to improve early light off, reducing emissions.
5. Switchable ABS introduced in Himalayan models (Feature to switch off Rear wheel ABS while riding off road).

6. Rear View Mirror Plate Chrome Metalizing introduced for enhancing durability.

7. High Security Registration Plate Provision (HSRP) & Front Reflectors implemented for all models as a regulation requirement.

8. Duracoat Lacquering for Shock Absorber & Rider Seat Springs implemented for improved corrosion resistance.

9. TPU Film & Seam Tape implemented on stitching area for TB X Seat to eliminate water ingress to the seat foam.

10. ABS system upgraded from Gen 9 to Gen 10 modulator in Himalayan as a Technology advancement and VAVE initiative.

11. Introduction of Alloy Wheel & Tubeless tyres for Classic models.

12. Implementation of a combined throttle body / ECU.

The expenditure incurred on Research and Development:

a) Revenue: Rs. 83.74 crores

b) Capital: Rs. 173.62 crores

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, total exports (FOB value) were Rs.709.47 crores (Previous year Rs. 343.95 crores). Foreign Exchange amounting to Rs.392.75 crores (Previous year Rs. 430.69 crores) was used on account of import of components, spare parts, capital goods, salaries & wages, advertisement, business travel and consulting fees during the year under review.

ANNEXURE-2

FORM AOC-1
STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES/ASSOCIATE COMPANIES/JOINT VENTURES

[Pursuant to First Proviso to Sub-Section (3) of Section 129 Read with Rule 5 of the Companies (Accounts) Rules, 2014]

PART A-SUBSIDIARIES

Rs. in Crores

Sl. No.	Name of Subsidiary	VE Commercial Vehicles Ltd. (VECV) *	VECV Lanka (Private) Ltd	VECV South Africa (PTY) Ltd.	Royal Enfield Brasil Comércio de Motocicletas Ltda	Royal Enfield (Thailand) Limited	Royal Enfield North America Limited (RENA)	Royal Enfield Canada Limited	Royal Enfield UK Limited	Eicher Group Foundation [Licence under Section 8(1) of the Companies Act, 2013]
		Subsidiary of the Company	Subsidiary of VECV	Subsidiary of VECV	Subsidiary of the Company	Subsidiary of the Company	Subsidiary of the Company	Subsidiary of RENA	Subsidiary of the Company	Subsidiary of the Company (50% held by the Company and remaining 50% held by VECV)
1	Reporting Period for the subsidiary concerned, if different from the holding company's reporting period**	-	-	-	-	-	-	-	-	-
2	The date since when subsidiary was acquired	March 07, 2008	April 09, 2013	January 22, 2016	August 18, 2014	September 18, 2018	March 23, 2015	April 19, 2016	August 20, 2019	November 19, 2015
3	Reporting currency and exchange rate as on last date of the relevant Financial Year in case of foreign subsidiaries	INR	LKR 1 LKR = Rs. 0.395	ZAR 1 ZAR = Rs. 4.186	BRL 1 BRL = Rs. 14.38	THB 1 THB = Rs. 2.28	USD 1 USD = Rs. 75.39	USD 1 USD = Rs. 75.39	GBP 1 GBP = Rs. 93.08	INR
4	Share Capital	10.00	5.43	11.50	6.78	19.10	39.52	0.10	0.93	0.05
5	Other Equity	3,477.62	(3.69)	(5.71)	(63.66)	(8.62)	(102.29)	0.37	(0.18)	70.85
6	Total Assets	6,957.55	14.93	22.76	34.67	28.87	51.05	0.56	0.86	71.21
7	Total Liabilities	3,469.93	13.19	16.97	91.55	18.39	113.82	0.09	0.11	0.31
8	Investments	17.07	-	-	-	-	0.10	-	-	-
9	Turnover (Gross)	8,493.84	24.58	25.57	45.29	26.06	114.63	10.10	-	-
10	Contribution received	-	-	-	-	-	-	-	-	65.10
11	Profit before Taxation	51.64	(1.84)	2.21	(41.06)	(6.38)	3.52	0.18	(0.18)	31.31
12	Provision for Taxation	(7.68)	0.04	1.14	-	-	-	0.04	-	-
13	Profit after Taxation	59.32	(1.88)	1.07	(41.06)	(6.38)	3.52	0.14	(0.18)	31.31
14	Proposed Dividend	-	-	-	-	-	-	-	-	-
15	% of Shareholding ***	54.40%	54.40%	54.40%	99.99%	99.99%	100.00%	100.00%	100.00%	50.00%

*VECV is a subsidiary company as per the Section 2(87) of the Companies Act 2013. However for the purpose of financial statements, VECV is treated as joint venture company as per Ind AS 111 'Joint Arrangements'

**For consolidation of financial statements and for the purpose of disclosure in this form, reporting period of all subsidiaries is same as that of the Company

***EML holds 54.4% in VECV. VECV holds 100% in VECV Lanka (Private) Limited and VECV South Africa (PTY) Ltd.

PART B-JOINT VENTURE

Sl. No.	Name of Joint Venture	Eicher Polaris Private Limited (EPPL)
1	Latest audited Balance Sheet	March 31, 2020
2	Date on which joint venture was associated/acquired	October 10, 2012
3	Shares of Joint Venture held by the Company on the year end	
	No. as on March 31, 2020 (excluding shares pending allotment of 9,89,000 shares)	32,45,00,000 Shares
	Amount of Investment in Joint Venture - Rs. Crores (excluding share application money pending allotment of Rs. 0.99 crore)	324.50
	Extend of Holding %	50%
4	Description of how there is significant influence	There is no significant influence by Eicher Motors Limited since it is a joint venture company with 50% shareholding and control
5	Reason why joint venture is not consolidated	Not Applicable
6	Net worth attributable to Shareholding as per latest audited Balance Sheet - Rs. Crores	15.73
7	Profit/Loss for the year	
	i. Considered in Consolidation	Refer Note below
	ii. Not Considered in Consolidation	Refer Note below

Note:

1. During the current year the Company has not considered any impairment loss (year ended March 31, 2019 and year ended March 31, 2018 : Rs. 17.52 crores and Rs. 311.98 crores respectively). The cumulative impairment till March 31, 2020 is Rs. 329.50 crores, including an amount of Rs. 5.00 crores towards the Company share of cost to wind down the operations.
2. EPPL earned a profit of Rs. 0.48 crores during the current year of which the Company's share of profit is Rs. 0.23 crores

ANNEXURE-3

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2019-20

1	A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link of the CSR policy and projects or programmes	The Board of Directors of the Company at their meeting held on November 12, 2014 had approved the Corporate Social Responsibility Policy of the Company pursuant to Section 135 of the Companies Act 2013 ("the Act") and relevant rules prescribed thereunder. The Policy, *inter-alia*, lays down the criteria for identifying programmes eligible for financial assistance and for determining the quantum of assistance in relation with such programmes, implementation procedure for programmes, evaluation, monitoring and reporting framework and administration mechanism. Programmes that are eligible in accordance with the Act and are consistent with the CSR themes of the Company shall be eligible for grants. Following CSR themes are given preference while identifying and approving CSR programmes: 1. Road safety 2. Environmental sustainability 3. Children's Education 4. Healthcare 5. Local area development in, including but not limited to, areas around the Company's establishments and in the Himalayas 6. Livelihood development including vocational training for underprivileged CSR Committee may include any other themes on CSR, that are within the purview of Section 135 of the Act read with Schedule VII thereto. The Company ensures that every programme has: 1. Clearly defined objectives consistent with the Policy 2. A System for monitoring actual spending by the grantees 3. Impact assessment 4. A reporting framework/ system Prospective CSR programmes are presented to the CSR Committee for evaluation. The proposal include proposed budget, social need for the programme and benefits expected. The CSR Committee recommends desirable programmes with all necessary details to the Board for approval. All CSR programmes are closely monitored through field visits, comprehensive documentation and regular interaction with beneficiary communities. Your Company implements its CSR Programmes on its own or through Eicher Group Foundation (EGF), a section 8 Company incorporated by the Company and its unlisted subsidiary VE Commercial Vehicles Limited (VECV) with a view to facilitate and monitor CSR initiatives of the Company and VECV. The Company also collaborate with third parties for undertaking CSR Programmes in such manner as the CSR Committee may deem fit. Your Company will continue to support social projects that are consistent with the policy. CSR Policy of the Company is available at http://www.eicher.in/uploads/1527072722_CSR-policy-09-05-2018.pdf Details of the Company's CSR Projects and Programmes are provided under **Annexure A**.

2	The Composition of the CSR Committee	The CSR Committee comprises: 1. Mr. S Sandilya – Chairman 2. Mr. Siddhartha Lal 3. Mr. Inder Mohan Singh
3	Average net profit of the company for last three financial years	Rs. 2,769.48 Cr
4	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	Rs. 55.39 Cr
5	Details of CSR spent during the financial year	
	(1) Total amount to be spent for the financial year	Rs. 55.39 Cr
	(2) Amount unspent, if any	Nil
	(3) Manner in which the amount spent during the financial year	The manner in which the amount is spent is provided under Annexure A.
6	In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report	Not Applicable
7	We hereby declare that implementation and monitoring of the CSR policy are in compliance with CSR objectives and policy of the Company.	

Siddhartha Lal
Managing Director
DIN: 00037645
Place: London, UK

S. Sandilya
Chairman, CSR Committee
DIN: 00037542
Place: Chennai, Tamil Nadu

Date: June 12, 2020

ANNEXURE-A

TO CSR REPORT TO THE DIRECTORS' REPORT

REPORTING PERIOD: APRIL 1, 2019 TO MARCH 31, 2020

(Rs. in Lakh)

1 Sl. No.	2 CSR Project or Activity identified	3 Sector in which the Project is covered	4 Projects or programmes (1) Local area or other (2) Specify the State and district where projects or programmes were undertaken	5 Amount outlay (budget) project or programme wise	6 Amount spent on the projects or programmes Subheads: 1) Direct expenditure on projects or programmes 2) Overheads	7 Cumulative expenses up to the reporting period	8 Amount spent: Direct or through implementing agency
1	Disaster Relief	Promoting health care, eradicating hunger, poverty and malnutrition, sanitation and making available safe drinking water	Others-Maharashtra, Karnataka, Kerala & Odisha	760.8	272.3	666.7	Through implementing agency-Eicher Group Foundation
2	Improve employment opportunities for school dropouts unemployed youth by skill building	Employement enhancing vocational skills.	Local area Chennai and surrounding area, Tamil Nadu, Gurugram Haryana	850.0	93.4	632.8	Through implementing agency-Eicher Group Foundation
3	Road Safety and Community Development Programme	(i) promoting health care and sanitation; (ii) promoting education including special education, employement enhancing vocational training	Others-Leh, Jammu and Kashmir, Lahaul and Spiti, Himachal Pradesh	1,436.0	305.3	1,113.4	Direct/through implementing agency-Eicher Group Foundation
4	Eradication of blindness and deafness	Promoting healthcare	Others-Various States	3,780.9	483.4	1,374.0	Through implementing agency-Eicher Group Foundation
5	Infrastructure development and operational expenses for School	Promoting education	Others-Alwar and surrounding area, Rajasthan	3,263.0	446.4	2,202.3	Through implementing agency-Eicher Group Foundation
6	Village upgradation programme a) Education-children's learning centres, renovation of anganwadis b) Environment- reviving of lakes/ponds, waste collection, kitchen garden c) Livelihood-self help groups d) Multi disciplinary training centre e) Community safe drinking water f) Healthcare g) Community development programme	Rural development	Local area Tiruvottriyur, Oragadam, Vallam (Tamil Nadu)	581.0	-	479.7	Through implementing agency-Eicher Group Foundation

(Rs. in Lakh)

1	2	3	4	5	6	7	8
Sl. No.	CSR Project or Activity identified	Sector in which the Project is covered	Projects or programmes (1) Local area or other (2) Specify the State and district where projects or programmes were undertaken	Amount outlay (budget) project or programme wise	Amount spent on the projects or programmes Subheads: 1) Direct expenditure on projects or programmes 2) Overheads	Cumulative expenses up to the reporting period	Amount spent: Direct or through implementing agency
7	Upgradation of Government School in Tiruvottiyur	Promoting education	Local area Chennai	209.0	24.4	186.8	Direct/through implementing agency-Eicher Group Foundation
8	Electrification of Villages in Himalayas	Rural development	Others-Himalayas	670.0	283.8	596.8	Direct/through implementing agency-Eicher Group Foundation
9	Donation of clothes	Rural development	Others-Kashmir, Jharkhand, Himachal Pradesh and other states	646.0	-	498.0	Direct
10	Greening of highways	Environmental sustainability	Local area Chennai and surrounding area, Tamil Nadu	268.0	32.5	160.5	Through implementing agency -Eicher Group Foundation
11	Holistic maternal and child well-being	Promoting healthcare	Local area Chennai and surrounding area	300.0	81.6	162.7	Direct/through implementing agency-Eicher Group Foundation
12	Improving traffic compliance and management, reducing fatal accidents & road safety using behavioural insights	Promoting healthcare, education and road safety	Local area Chennai, Tamil Nadu	138.0	50.3	50.3	Direct/through implementing agency-Eicher Group Foundation
13	Solid Waste Management	Ensuring environmental sustainability, ecological balance, maintaining quality of soil, air and water	Others-Leh Ladakh region	175.0	63.6	63.6	Through implementing agency-Eicher Group Foundation
14	Mitigating Farm Stubble burning	Ensuring environmental sustainability, ecological balance, maintaining quality of air	Others- Punjab	150.0	103.0	103.0	Through implementing agency-Eicher Group Foundation
15	Royal Enfield Centre for Skill Development	Promoting education, employment enhancing vocational skills	Local Area-Chennai & Others-Uttar Pradesh	5,798.0	490.9	490.9	Direct/through implementing agency-Eicher Group Foundation

(Rs. in Lakh)

1	2	3	4	5	6	7	8
Sl. No.	**CSR Project or Activity identified**	**Sector in which the Project is covered**	**Projects or programmes (1) Local area or other (2) Specify the State and district where projects or programmes were undertaken**	**Amount outlay (budget) project or programme wise**	**Amount spent on the projects or programmes Subheads: 1) Direct expenditure on projects or programmes 2) Overheads**	**Cumulative expenses up to the reporting period**	**Amount spent: Direct or through implementing agency**
16	Spending/contribution on COVID-19 medical, healthcare management and other related activities	Promotion of health care, preventive health care, eradicating hunger, poverty and malnutrition, sanitation, disaster management, contribution to any fund set up by the Government	Across India	210.0	200.8	200.8	Through implementing agency- Eicher Group Foundation
17	Distribution of school bags for children, food & other items, COVID-19 relief support in terms of giving cooked food and drinking water to needy. Reaching out with protective gear for doctors, nurses and other volunteers	Promoting education, healthcare, preventive healthcare, eradicating hunger, poverty	Local-Chennai-Tamil Nadu, Others- Pune, Mumbai, Rajasthan	3.1	3.1	3.1	Direct/through implementing agency- Eicher Group Foundation
18	Donation of helmets	Promoting healthcare and Road Safety	Across India	143.0	0.2	64.4	Direct / through implementing agency- Eicher Group Foundation
19	Eicher Group Foundation		On above projects or programmes		2,444.1		
Direct expenditure on projects or programmes (A)					**5,379.3**		
Overheads relating to 1 to 18 above (B)					**159.7**		
Grand Total (A)+(B)					**5,539.0**		

ANNEXURE-4

FORM MR-3
SECRETARIAL AUDIT REPORT

For the financial year ended on March 31, 2020
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Eicher Motors Limited,
(CIN: L34102DL1982PLC129877)
3rd Floor, Select Citywalk,
A-3, District Centre, Saket,
New Delhi - 110017

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Eicher Motors Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives, during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020, according to the provisions of:

i) The Companies Act, 2013 ('the Act') and the rules made there under;

ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

iv) Foreign Exchange Management Act, 1999 ('FEMA') and the rules and regulations made thereunder to extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings;

v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

   a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

   b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 - There was no reportable event requiring compliance during the Audit Period;

   e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - There was no reportable event requiring compliance during the Audit Period;

   g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client;

   h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - There was no reportable event requiring compliance during the Audit Period;

   i) The Securities and Exchange Board of India (Issue and Listing of Non- Convertible and Redeemable Preference Shares) Regulations, 2013 - There was no reportable event requiring compliance during the Audit Period;

   j) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - There was no reportable event requiring compliance during the Audit Period.

vi) Other laws as may be applicable specifically to the Company shall include all the laws which are applicable to 'automobile products and components' industry i.e. The Motor Vehicles Act, 1988 and rules made thereunder, primarily in respect of vehicles manufactured by the Company.

We have also examined compliance with the applicable clauses of the following:

i) Secretarial Standards issued by The Institute of Company Secretaries of India, and

ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that during the Audit Period, the Board of Directors of the Company was duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors including an Independent Woman Director. The changes in the composition of the Board of Directors that took place during the Audit Period were carried out in compliance with the provisions of the Act.

Adequate notice was given to all Directors to schedule the Board Meetings including Committee Meetings, agenda and detailed notes on agenda were sent properly before the scheduled meeting(s), and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting(s).

All the decisions at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be and therefore, no dissenting views were required to be captured and recorded as part of minutes.

We further report that, during the Audit Period, there were adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with other applicable laws, rules, regulations and guidelines.

We further report that, during the Audit Period,

(a) the Company had allotted equity shares to its employees and officers of the Company pursuant to Employee Stock Option Plan, 2006 and necessary compliances of the Act and FEMA were made, and

(b) the Company had approved and adopted 'Eicher Motors Limited's Restricted Stock Units Plan 2019 for employees of the Company, and for employees of subsidiary company(ies).

For **Shweta Banerjee & Associates**
Company Secretaries

Shweta Banerjee
Proprietor
ACS No.: 54680,
CP No.: 20179
PR: 711/2020
UDIN: A054680B000179596

Place: New Delhi
Date: April 26, 2020

This Report is to be read with our letter of even date which is annexed as **Annexure** and forms an integral part of this report.

ANNEXURE

To,
The Members,
Eicher Motors Limited,
3rd Floor, Select Citywalk,
A-3, District Centre, Saket,
New Delhi - 110017

Our Secretarial Audit Report of even date, for the financial year ended March 31, 2020 is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of the events etc.
6. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards are the responsibility of the management. Our examination was limited to the verification of procedure on test basis.
7. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
8. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.

For **Shweta Banerjee & Associates**
Company Secretaries

Shweta Banerjee
Proprietor
ACS No.: 54680,
CP No.: 20179
PR: 711/2020
UDIN: A054680B000179596

Place: New Delhi
Date: April 26, 2020

ANNEXURE-5

EXTRACT OF ANNUAL RETURN
Form No. MGT-9
(As on the financial year ended on March 31, 2020)
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	L34102DL1982PLC129877
ii)	Registration Date	October 14, 1982
iii)	Name of the Company	Eicher Motors Limited
iv)	Category / Sub-Category of the Company	Public Company Limited by Shares
v)	Address of the Registered office and contact details	3rd Floor, Select City Walk, A-3, District Centre, Saket, New Delhi-110017
vi)	Whether listed company (Yes / No)	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Pvt. Ltd. Noble Heights, 1st Floor, Plot No. NH 2, LSC, C-1 Block, Near Savitri Market, Janakpuri, New Delhi-110058 Phone: +91 11 4141 0592 Fax: +91 11 4141 0591 E-Mail: delhi@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company:

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the Company
1	Manufacture of motorcycles	3091	88%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN/ Reg. No.	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	VE Commercial Vehicles Ltd. Address: 3rd floor, Select Citywalk, A-3, District Centre, Saket, New Delhi-110017	U74900DL2008PLC175032	Subsidiary	54.4%	2(87)
2.	VECV Lanka (Private) Limited Address: Level 1, The Landmark Building, No. 385, Galle Road, Kollupitiya, Colombo -03 Sri Lanka	PV 91985	Subsidiary	54.4%	2(87)
3.	VECV South Africa (PTY) Ltd. Address: Unit 15, Cambridge Office Park, 5 Bauhinia Street, Highveld Technopark, Centurion, South Africa	2016/007012/07	Subsidiary	54.4%	2(87)
4.	Eicher Polaris Private Limited Address: 3rd floor, Select Citywalk, A-3, District Centre, Saket, New Delhi-110 017	U34300DL2012PTC243453	Joint Venture	50%	2(6)
5.	Royal Enfield North America Limited Address: 226N. Water ST, Milwaukee, WI 53202, USA	R062747	Subsidiary	100%	2(87)
6.	Royal Enfield Brasil Comércio de Motocicletas Ltda Address: Rua Natividade #129, Vila Nova Conceição Postal Code: 04513-020 City of São Paulo State of São Paulo - Brasil	18369408/0001-09	Subsidiary	99.99%	2(87)

Sl. No.	Name and Address of the Company	CIN/GLN/ Reg. No.	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
7.	Eicher Group Foundation (Section 8 Company) Address: 3rd floor, Select Citywalk, A-3, District Centre, Saket, New Delhi-110 017	U74900DL2015NPL287551	Subsidiary	50% is held by the Company and remaining 50% is held by VE Commercial Vehicles Ltd.	2(87)
8.	Royal Enfield Canada Limited Address: 1055 West Georgia Street 1500, Royal Centre, P.O. Box 11117 Vancouver BC V6E 4N7 Canada	BC1072545	Subsidiary	100%	2(87)
9.	Royal Enfield (Thailand) Limited Address : 90 CW Tower, Building A, 21st Floor, Room A2101, Ratchadapisek Road, Huai Khwang Sub-District, Huai Khwang District, Bangkok 10310, Thailand	0105561160485	Subsidiary	99.99%	2(87)
10.	Royal Enfield UK Limited Address: Royal Enfield UK Technology Centre, Bruntingthorpe Proving Ground Bath Lane, Leicester, Leicestershire LE17 5QS	12166273	Subsidiary	100%	2(87)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year (as on April 1, 2019)				No. of Shares held at the end of the year (as on March 31, 2020)				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	3,15,241	-	3,15,241	1.16	3,15,241	-	3,15,241	1.15	(0.01)
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	15,143	-	15,143	0.06	15,143	-	15,143	0.06	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other (Trust)	1,25,16,355	-	1,25,16,355	45.88	1,25,16,355	-	1,25,16,355	45.84	(0.04)
Sub-total (A)(1)	**1,28,46,739**	**-**	**1,28,46,739**	**47.09**	**1,28,46,739**	**-**	**1,28,46,739**	**47.05**	**(0.04)**
(2) Foreign									
a) NRIs Individuals	6,09,688	-	6,09,688	2.23	6,09,688	-	6,09,688	2.23	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/ FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2)	**6,09,688**	**-**	**6,09,688**	**2.23**	**6,09,688**	**-**	**6,09,688**	**2.23**	**-**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**1,34,56,427**	**-**	**1,34,56,427**	**49.32**	**1,34,56,427**	**-**	**1,34,56,427**	**49.28**	**(0.4)**
B. Public Shareholding									
1. Institutions									
a) Mutual Fund/UTI	11,23,995	-	11,23,995	4.12	23,17,519	-	23,17,519	8.49	4.37
b) Banks/FI	34,315	95	34,410	0.13	1,29,522	95	1,29,617	0.47	0.34
c) Central Govt.	29,971	-	29,971	0.11	39,748	-	39,748	0.15	0.04
d) State Govt(s)	-	-	-	-	-	-	-	-	-

Category of Shareholders			No. of Shares held at the beginning of the year (as on April 1, 2019)				No. of Shares held at the end of the year (as on March 31, 2020)				% Change during the year
			Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
	e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
	f)	Insurance Companies	-	-	-	-	4,80,018	-	4,80,018	1.76	1.76
	g)	FIIs	88,65,502	-	88,65,502	32.49	75,66,351	-	75,66,351	27.71	(4.78)
	h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
	i)	Others (specify)									
		Alternate Investment Fund	80,869	-	80,869	0.30	1,08,765	-	1,08,765	0.40	0.10
Sub-total (B)(1)			**1,01,34,652**	**95**	**1,01,34,747**	**37.15**	**1,06,41,923**	**95**	**1,06,42,018**	**38.98**	**1.83**
2.	**Non-Institutions**										
	a)	Bodies Corp.									
		i) Indian	4,20,444	1395	4,21,839	1.55	1,77,067	694	1,77,761	0.65	(0.90)
		ii) Overseas	-	-	-	-	-	-	-	-	-
	b)	Individuals									
		i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh	18,52,108	2,86,490*	21,38,598	7.84	16,26,529	2,34,292*	18,60,821	6.81	(1.03)
		ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	5,48,340	-	5,48,340	2.01	5,70,476	-	5,70,476	2.09	0.08
	c)	Others (specify)									
		(1) Trust	34,562	3,209	37,771	0.14	65,387	3,209	68,596	0.25	0.11
		(2) Foreign Nationals	-	-	-	-	-	-	-	-	-
		(3) Non Resident Indians	1,45,098	47,658	1,92,756	0.71	1,32,196	41,012	1,73,208	0.63	(0.08)
		(4) Overseas Corporate Bodies	-	140	140	0.00	-	100	100	0.00	-
		(5) Clearing Members	1,08,878	-	1,08,878	0.40	1,05,976	-	1,05,976	0.39	(0.01)
		(6) HUF	50,716	-	50,716	0.19	45,198	-	45,198	0.17	(0.02)
		(7) IEPF	1,88,067	-	1,88,067	0.69	1,97,931	-	1,97,931	0.72	0.03
		(8) Foreign Portfolio Investors (Category III)	17	-	17	0.00	28	-	28	0.00	-
		(9) NBFCs registered with RBI	243	-	243	0.00	83	-	83	0.00	-
		(10) Others	4,934	-	4,934	0.02	6,850	-	6850	0.03	0.01
Sub-total (B)(2)			**33,53,407**	**3,38,892**	**36,92,299**	**13.53**	**29,27,721**	**2,79,307**	**32,07,028**	**11.74**	**(1.79)**
Total Public Shareholding (B) = (B)(1) + (B)(2)			**1,34,88,059**	**3,38,987**	**1,38,27,046**	**50.68**	**1,35,69,644**	**2,79,402**	**1,38,49,046**	**50.72**	**0.04**
C. Shares held by Custodian for GDRs & ADRs			-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)			**2,69,44,486**	**3,38,987**	**2,72,83,473***	**100.00**	**2,70,26,071**	**2,79,402**	**2,73,05,473***	**100.00**	**-**

*The total shareholding reported in physical mode under the public category has been ascertained after adding 903 equity shares held by one individual, pursuant to order of the Honourable Supreme Court. The number of shares issued by the Company and those held by the individual may be altered depending on completion of implementation of the said Order by all concerned parties.

(ii) Shareholding of Promoter & Promoter Group :

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (as on April 1, 2019)			Shareholding at the end of the year (as on March 31, 2020)			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares pledged/ encumbered to total shares	
1.	Ms. Simran Lal	3,15,241	1.16	-	3,15,241	1.15	-	(0.01)
2.	Ms. Tara Lal	3,14,994	1.15	-	3,14,994	1.15	-	0.00
3.	Mr. Siddhartha Lal	2,94,694	1.08	-	2,94,694	1.08	-	0.00
4.	The Simran Siddhartha Tara Benefit Trust, Trustee- Vikram Lal	1,20,30,648	44.10	-	1,20,30,648	44.06	-	(0.04)
5.	The Brinda Lal Trust, Trustee- Vikram Lal	4,85,707	1.78	-	4,85,707	1.78	-	0.00
6.	Karvansarai Investments Private Limited	15,143	0.06	-	15,143	0.06	-	0.00
	Total	**1,34,56,427**	**49.32**	**-**	**1,34,56,427**	**49.28**	**-**	**(0.04)***

*Decrease in 0.04% shareholding of Promoter & Promoter Group is on account of allotment of equity shares by the Company under its Employee Stock Option Plan, 2006, during the FY 2019-20.

(iii) Change in Promoters' Shareholding:

Sl. No.	Particulars	Shareholding at the beginning of the year (as on April 1, 2019)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	Ms. Simran Lal				
1.	At the beginning of the year	3,15,241	1.16	3,15,241	1.16
	Date wise Increase/ Decrease in Promoters Shareholding during the year		No Change		
	At the end of the year i.e. as on March 31, 2020			3,15,241	1.15
	Ms. Tara Lal				
2.	At the beginning of the year	3,14,994	1.15	3,14,994	1.15
	Date wise Increase/ Decrease in Promoters Shareholding during the year		No Change		
	At the end of the year i.e. as on March 31, 2020			3,14,994	1.15
	Mr. Siddhartha Lal				
3.	At the beginning of the year	2,94,694	1.08	2,94,694	1.08
	Date wise Increase/ Decrease in Promoters Shareholding during the year		No Change		
	At the end of the year i.e. as on March 31, 2020			2,94,694	1.08
	The Simran Siddhartha Tara Benefit Trust				
4.	At the beginning of the year	1,20,30,648	44.10	1,20,30,648	44.10
	Date wise Increase/ Decrease in Promoters Shareholding during the year		No Change		
	At the end of the year i.e. as on March 31, 2020			1,20,30,648	44.06
	The Brinda Lal Trust				
5.	At the beginning of the year	4,85,707	1.78	4,85,707	1.78
	Date wise Increase/ Decrease in Promoters Shareholding during the year		No Change		
	At the end of the year i.e. as on March 31, 2020			4,85,707	1.78
	Karvansarai Investments Private Limited				
6.	At the beginning of the year	15,143	0.06	15,143	0.06
	Date wise Increase/ Decrease in Promoters Shareholding during the year		No Change		
	At the end of the year i.e. as on March 31, 2020			15,143	0.06

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Top Ten Shareholders	Shareholding at the beginning of the year (as on April 1, 2019)		Shareholding at the end of the year (as on March 31, 2020)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	SBI-ETF Nifty 50^^	1,54,585	0.57	5,18,251	1.90
2.	ICICI Prudential Balanced Advantage Fund^^	1,87,912	0.69	4,91,272	1.80
3.	Government of Singapore@	3,69,052#	1.35	4,11,397	1.51
4.	UTI Equity Fund^^	2,22,315	0.81	3,66,328	1.34
5.	Motilal Oswal Multicap 35 Fund@	3,16,049#	1.16	3,65,557	1.34
6.	Amansa Holdings Private Limited^^	-	-	3,54,744	1.30
7.	WF Asian Smaller Companies Fund Limited@	2,37,809	0.87	3,14,963	1.15
8.	Virtus Vontobel Emerging Markets Opportunities Fund^^	1,73,633	0.63	3,05,999	1.12
9.	Vanguard Total International Stock Index Fund@	2,06,197	0.76	2,36,525	0.87
10.	BBH Select Equity Master Fund, LP^^	1,35,525	0.50	2,15,866	0.79
11.	Europacific Growth Fund*	4,79,508	1.76	-	-
12.	Capital World Growth and Income Fund*	3,50,000	1.28	-	-
13.	Matthews India Fund*	2,66,539	0.98	57,316	0.21
14.	Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds*	2,10,927	0.77	1,96,140	0.72
15.	Cartica Capital Ltd*	1,94,757	0.71	-	-
16.	Investor Education and Protection Fund Authority Ministry of Corporate Affairs*	1,88,067	0.69	1,97,931	0.72

Note: 98.98% of the Shares of the Company are held in dematerialised form and are widely traded on daily basis. Therefore, the date wise increase/decrease in shareholding is not indicated.

@ Amongst common top ten Shareholders as on April 1, 2019 and March 31, 2020.

* Amongst top ten Shareholders only as on April 1, 2019.

^^ Amongst top ten Shareholders only as on March 31, 2020.

Opening balance of Shareholding of Government of Singapore and Motilal Oswal Multicap 35 Fund includes 6,600 and 59,469 equity shares respectively, held in other demat accounts however with common PAN and therefore clubbed for the purpose of disclosure.

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No	For each of the Director and KMP	Shareholding at the beginning of the year (as on April 1, 2019)		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	**Mr. Siddhartha Lal, Managing Director**				
	At the beginning of the year	2,94,694	1.08	2,94,694	1.08
	Date wise Increase/ Decrease in Share holding		No Change		
	At the end of the year i.e., March 31, 2020			2,94,694	1.08
2.	**Mr. S. Sandilya, Chairman and Non-Executive Independent Director**				
	At the beginning of the year	11,766	0.04	11,766	0.04
	Date wise Increase/ Decrease in Share holding		No Change		
	At the end of the year i.e., March 31, 2020			11,766	0.04
3.	**Mr. Vinod K Aggarwal, Non-Executive Director**				
	At the beginning of the year	6,700	0.02	6,700	0.02
	Date wise Increase/ Decrease in Share holding		No Change		
	At the end of the year i.e., March 31, 2020			6,700	0.02
4.	**Mr. Inder Mohan Singh, Non-Executive Independent Director**				
	At the beginning of the year	5	0.00	5	0.00
	Date wise Increase/ Decrease in Share holding		No Change		
	At the end of the year i.e., March 31, 2020			5	0.00

Sl. No	For each of the Director and KMP	Shareholding at the beginning of the year (as on April 1, 2019)		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
5.	**Mr. Lalit Malik, Chief Financial Officer***				
	At the beginning of the year	4,176	0.01	4,176	0.01
	Date wise Increase/ Decrease in Share holding				
	Allotment of shares under ESOP, 2006 on November 8, 2019	4,000	0.02	8,176	0.03
	Market sale on November 18, 2019	2,800	0.01	5,376	0.02
	Market sale on November 25, 2019	5,376	0.02	0	0.00
	At the end of the year i.e., March 31, 2020			0	0.00
6.	**Mr. Manhar Kapoor, General Counsel & Company Secretary**				
	At the beginning of the year	0	0.00	0	0.00
	Date wise Increase/ Decrease in Share holding				
	Allotment of shares under ESOP, 2006 on November 8, 2019	700	0.00	700	0.00
	Market sale on November 15, 2019	700	0.00	0	0.00
	At the end of the year i.e., March 31, 2020			0	0.00

*Mr. Lalit Malik, Chief Commercial Officer, had also been the Chief Financial Officer of the Company till May 6, 2020.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(Amount in Rs.)

	Secured Loans Excluding Deposits	Unsecured Loans	Trade Payables-Acceptances	Deposit	Total Indebtedness
Indebtedness at the beginning of the Financial Year (as on April 1, 2019)					
(i) Principal Amount	-	11,13,75,843	65,15,18,209	-	**76,28,94,052**
(ii) Interest due but not paid	-	9,56,717	-	-	**9,56,717**
(iii) Interest accrued but not due	-	-	-	-	**-**
Total (i+ii+iii)	-	11,23,32,560	65,15,18,209	-	**76,38,50,769**
Change in indebtedness during the Financial Year					
• Addition	-	-	2,11,93,31,445	-	**2,11,93,31,445**
• Reduction	-	11,23,32,560	2,77,08,49,654	-	**2,88,31,82,214**
Net Change	-	(11,23,32,560)	(65,15,18,209)	-	**(76,38,50,769)**
Indebtedness at the end of the Financial Year (As on March 31, 2020)					
(i) Principal Amount	-	-	-	-	**-**
(ii) Interest due but not paid	-	-	-	-	**-**
(iii) Interest accrued but not due	-	-	-	-	**-**
Total (i+ii+iii)	**-**	**-**	**-**	**-**	**-**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER:

(Amount in Rs.)

Sl. No.	Particulars of Remuneration paid during the year	Name of MD/WTD/ Manager		Total Amount
		Mr. Siddhartha Lal-Managing Director*	Mr. Vinod Kumar Dasari-Whole time Director & CEO- Royal Enfield	
1.	**Gross salary**			
	a) Salary	4,67,86,751	24,61,54,000	**29,29,40,751**
	b) Value of perquisites	9,45,61,567	39,600	**9,46,01,167**
	c) Profits in lieu of salary	-	-	**-**
2.	Stock Option	-	-	**-**
3.	Sweat Equity	-	-	**-**
4.	Commission			
	- as % of profit	-	-	**-**
	- others	5,28,00,000	-	**5,28,00,000**
5.	Others, please specify	-	-	**-**
	Total (A)	**19,41,48,318**	**24,61,93,600**	**44,03,41,918**
	Ceiling as per the Act (10% of the net profits of the Company, computed as per Section 198 of the Companies Act, 2013)			**2,25,47,19,360**

*Mr. Siddhartha Lal-Managing Director is a Non-resident Indian. His salary and value of perquisites as above is calculated as per the laws of United Kingdom where he presently resides.

B. REMUNERATION TO OTHER DIRECTORS:

(Amount in Rs.)

Sl. No.	Particulars of Remuneration paid during the year	Name of Directors					Total Amount
1.	Independent Directors	Mr. S. Sandilya	Ms. Manvi Sinha	Mr. Inder Mohan Singh	-	Mr. Prateek Jalan*	
	• Fee for attending Board/ Committee meetings	4,80,000	5,30,000	4,80,000	-	-	**14,90,000**
	• Commission	57,49,920	10,97,809	4,21,077	-	17,95,298	**90,64,104**
	• Others, please specify	-	-	-	-	-	**-**
	Total (1)	**62,29,920**	**16,27,809**	**9,01,077**	**-**	**17,95,298**	**1,05,54,104**
2.	Other Non-Executive Directors	-	-	-	Mr. Vinod K. Aggarwal	-	-
	• Fee for attending Board/ Committee meetings	-	-	-	N.A.	-	-
	• Commission	-	-	-	N.A.	-	-
	• Others, please specify	-	-	-	N.A.	-	-
	Total (2)	**-**	**-**	**-**	**-**	**-**	**-**
	Total (B) = (1 + 2)	**62,29,920**	**16,27,809**	**9,01,077**	**-**	**17,95,298**	**1,05,54,104**
	Total Managerial Remuneration (A+B)						**45,08,96,022**
	Overall Ceiling as per the Act (11% of the net profits of the Company, computed as per Section 198 of the Companies Act, 2013)						**2,48,01,91,296**

*Mr. Prateek Jalan, Non-Executive Independent Director resigned from the Board with effect from October 13, 2018. His commission entitlement for FY 2018-19 on a pro-rata basis, was approved by the Board at its meeting held on May 10, 2019 and paid in FY 2019-20 post approval of annual financial statements by shareholders for that FY.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/ WTD:

(Amount in Rs.)

Sl. No.	Particulars of Remuneration paid during the year	Key Managerial Personnel		
		Mr. Manhar Kapoor- General Counsel & Company Secretary	Mr. Lalit Malik- Chief Financial Officer*	Total
1.	Gross salary			
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1,04,17,314	2,11,85,597	**3,16,02,911**
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	61,999	24,03,684	**24,65,683**
	c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	**-**
2.	Stock Option	23,37,353	1,33,57,300	**1,56,94,653**
3.	Sweat Equity	-	-	**-**
4.	Commission	-	-	**-**
5.	Others, please specify	-	-	**-**
	Total	**1,28,16,666**	**3,69,46,581**	**4,97,63,247**

*Mr. Lalit Malik, Chief Commercial Officer, had also been the Chief Financial Officer of the Company till May 6, 2020.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

There was no penalty, punishment or compounding of offence(s) during the year ended March 31, 2020 under the Companies Act, 2013.

CORPORATE GOVERNANCE REPORT

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

Corporate Governance continues to be a strong focus area for the Company.

Our philosophy on Corporate Governance in Eicher emanates from resolute commitment to protect stakeholder's rights and interest, 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(s)/the Company's Policies 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 comprise Non-Executive Directors and Independent Directors, which meet and deliberate regularly to discharge their obligations.

In India, Corporate Governance standards for listed companies are regulated by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations, 2015]. The Company has adopted best practices contained in SEBI (LODR) Regulations, 2015.

2. BOARD OF DIRECTORS

2.1 Composition, Meetings, Attendance, Other Directorship, Chairpersonship and Membership

The Board is responsible for the management of the affairs of the Company. As on March 31, 2020, the Board consists of six Directors comprising three Non-Executive Independent Directors of which one is a woman Director, one Non-Executive Non- Independent Director and two Executive Directors. Eight Board meetings were held during the financial year ended March 31, 2020, on April 1, 2019, May 10, 2019, July 31, 2019, November 8, 2019, December 5, 2019, February 6, 2020, March 11, 2020 and March 26, 2020. Details about attendance in the Board meetings and other details of the Directors are given below:

Sl. No.	Name of the Director	Category	No. of Board Meetings attended	Whether attended the 37th AGM held on August 1, 2019	Number of Directorship held in other companies#	Number of Committee Memberships /Chairpersonship held in other companies#	
						Memberships*	Chairpersonship*
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Mr. S. Sandilya DIN: 00037542	Chairman-Non-Executive Independent Director	7	Yes	3	3	3
2.	Mr. Siddhartha Lal DIN: 00037645	Promoter–Managing Director	8	Yes	1	1	1
3.	Mr. Vinod K. Dasari DIN: 00345657^	Whole Time Director & Chief Executive Officer- Royal Enfield	8	Yes	2	-	-
4.	Mr. Vinod K. Aggarwal DIN: 00038906^	Non-Executive Non-Independent Director	8	Yes	1	-	-
5.	Ms. Manvi Sinha DIN: 07038675	Non-Executive Independent Director	8	Yes	-	-	-
6.	Mr. Inder Mohan Singh DIN: 07114750	Non-Executive Independent Director	8	Yes	2	2	-

Notes:

^ Mr. Vinod K. Dasari has been appointed as the Whole Time Director and Mr. Vinod Kumar Aggarwal has been appointed as a Non-Executive Non Independent Director of the Company, w.e.f. April 1, 2019 respectively, for a period of 5 consecutive years, with requisite approval of the shareholders obtained at the 37th Annual General Meeting held on August 1, 2019. Mr. Vinod K. Dasari is also Chief Executive Officer of Royal Enfield.

For the purpose of this disclosure, public limited companies, whether listed or not, are included and all

other companies including private limited companies, foreign companies and companies registered under Section 8 of the Companies Act, 2013 or Section 25 of the Companies Act, 1956 are excluded.

*For the purpose of reckoning the limit, chairpersonship(s)/ membership(s) of the Audit Committee and the Stakeholders' Relationship Committee alone are considered. Number of membership of a Director in a Committee under column no. 7 of the table above also includes his/her membership held through chairpersonship position in Committees.

None of the Director holds chairpersonship of the Board Committees in excess of the maximum ceiling of five and membership in excess of the maximum ceiling of ten, as specified under Regulation 26 of SEBI (LODR) Regulations, 2015. No Director of the Company is related to any other director on the Board. Mr. Sandilya is also a Non-Executive Independent Director in Mastek Limited (Chairman), Rane Brake Lining Limited and GMR Infrastructure Limited. Mr. Inder Mohan Singh is also a Non-Executive Independent Director in JTEKT India Limited. Mr. Vinod K. Dasari is also a Non-Executive Director in Pidilite Industries Limited. All of the above being listed companies. As on March 31, 2020, all Independent Directors of the Company have registered themselves in the Independent Director's databank maintained by Indian Institute of Corporate Affairs.

No Independent Director serves as a Whole-time Director/Managing Director in any other listed company. Further, none of the Non-Executive Director of the Company, holds Directorship/Independent Directorship in more than seven listed companies and the Executive Directors of the Company does not hold Independent Directorship in more than three listed companies as provided under Regulation 17A of SEBI (LODR) Regulations, 2015.

Your Company's Board has an optimum combination of Executive, Non-Executive and Independent Directors with one Independent Woman Director, as per the requirements of Regulation 17 of SEBI (LODR) Regulations, 2015. The composition of the Board is as per the requirements of SEBI (LODR) Regulations, 2015 and the Companies Act, 2013. In the opinion of the Board, the Independent Directors of the Company meet all the criteria and conditions specified by SEBI (LODR) Regulations, 2015 and the Companies Act, 2013 and are Independent of the management of the Company. None of the Directors of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by SEBI or Ministry of Corporate Affairs or any other authority. The Company has also obtained a certificate of the Practicing Company Secretary in this regard.

The Company has appointed separate persons to the post of the Chairman and the Chief Executive Officer. Mr S. Sandilya is the Chairman of the Board of Directors and Mr. Siddhartha Lal is the Managing Director and Chief Executive Officer of the Company. Mr. Sandilya is not related to Mr. Siddhartha Lal as per the definition of the term "relative" defined under the Companies Act, 2013.

2.2. Appointment of Directors

Directors are appointed or re-appointed with the approval of the shareholders and shall remain in office in accordance with the provisions of the law and terms and conditions of appointment. The Company has issued letter of appointment to all the Independent Directors and the terms and conditions of their appointment have been disclosed on the Company's website at www.eichermotors.com.

While formulating and approving policies concerning appointment of directors and other senior officers, Board diversity, remuneration and evaluation, the Board seeks to ensure business continuity with due weightage to succession planning.

2.3. Information supplied to the Board

The required information, including information as enumerated under Regulation 17(7) read with Part A of Schedule II of the SEBI (LODR) Regulations, 2015 is made available to the Board of Directors, for discussions and consideration at the quarterly Board Meetings.

2.4. Separate Meeting of Independent Directors

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015, a separate meeting of the Independent Directors of the Company was held on May 10, 2019, without the attendance of Non-Independent Directors and members of management to:

(a) review the performance of Managing Director and the Board as a whole;

(b) review the performance of the Chairperson of the Company, taking into account the views of Executive Director and Non-Executive Directors;

(c) assess the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

2.5. Shareholding of Non-Executive Directors

As on March 31, 2020, Mr. S. Sandilya, Chairman and Non-Executive Independent Director of the Company holds 11,766 equity shares, Mr. Vinod Kumar Aggarwal, Non-Executive Director holds 6,700 equity shares and Mr. Inder Mohan Singh, Non-Executive Independent Director, holds 5 equity shares in the Company. Ms. Manvi Sinha, Non-Executive Independent Director, does not hold any shares in the Company. The Company has not issued any convertible instruments.

2.6. Familiarization Programme for Independent Directors

The Company familiarizes Independent Directors with regard to their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, the business models of the Company, major statutory updates etc. and the details are available on the weblink http://www.eicher.in/familiarization-program.

2.7. Skills/expertise/competencies of the Board

The Board recognizes certain skills/expertise/competencies that are required by it to function effectively in the context of business of the Company and which *inter-alia* consist of experience & knowledge of the automobile industry, technical skills & specialist knowledge in various areas. Board members have significant experience and expertise in the areas of corporate governance, corporate strategy, finance & accounts, engineering, automobile industry, media and public relations, legal and general management. The Company gains immensely from the strategic vision and insights provided by Directors.

The Board is of the opinion that all Directors possess personal attributes in addition to sound professional knowledge and experience and contribute to the collective skills/expertise/competencies that are required in the Company's industry and business environment.

Amongst the above listed competencies, our Directors possess the relevant skills/expertise as mentioned below:

Name of Director	Corporate Governance	Finance & Accounts	Corporate Strategy	Engineering-technical Skills	Experience/ Knowledge of Automobile Industry	Media	Legal	General Management	Public Relations
Mr. S. Sandilya	Yes	Yes	Yes	Yes	Yes	-	Yes	Yes	Yes
Mr. Siddhartha Lal	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes	Yes
Mr. Vinod K. Dasari	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes	Yes
Ms. Manvi Sinha	Yes	Yes	Yes	-	-	Yes	-	Yes	Yes
Mr. Vinod K. Aggarwal	Yes	Yes	Yes	-	Yes	Yes	Yes	Yes	Yes
Mr. Inder Mohan Singh	Yes	Yes	Yes	-	Yes	-	Yes	-	-

3. AUDIT COMMITTEE

Composition and terms of reference of the Audit Committee of Directors of the Company are in conformity with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (LODR) Regulations, 2015, with all members being financially literate and most having accounting or related financial management expertise. As on March 31, 2020, Audit Committee consists of three Non-Executive Independent Directors and one Executive Director. The role of the Audit Committee is *inter-alia* 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 carry out such other matters as are required in terms of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

3.1 Major terms of reference

(i) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

(ii) Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services;

(iii) Reviewing with the management the quarterly, half yearly and annual financial statements and auditors' report/limited review report thereon before submission to the Board for approval;

(iv) Reviewing the Company's financial and risk management policies;

(v) Review and monitor the Auditor's independence and performance, and effectiveness of audit process;

(vi) Approval or any subsequent modification of transactions of the Company with related parties;

(vii) Scrutiny of inter-corporate loans and investments;

(viii) Valuation of assets of the Company, whenever it is necessary;

(ix) Evaluation of internal financial controls and risk management systems;

(x) Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

(xi) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;

(xii) Discussion with internal auditors of any significant findings and follow up thereon;

(xiii) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

(xiv) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

(xv) To review the functioning of the whistle blower mechanism;

(xvi) Reviewing the utilization of loans and/ or advances to /investment in the subsidiary company exceeding Rs. 100 crore or 10% of the asset size of the subsidiary, whichever is lower;

(xvii) Carrying out any other function as mentioned in the terms of reference of the Audit Committee.

The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews information as required under SEBI (LODR) Regulations, 2015, including the following:

(i) management discussion and analysis of financial condition and results of operations;

(ii) statement of related party transactions submitted by management;

(iii) internal audit reports relating to internal control weaknesses;

(iv) management letters/ letters of internal control weaknesses issued by the statutory auditors, if any.

3.2 Meetings and Attendance

Six Meetings of the Audit Committee of Directors were held during the Financial Year ended March 31, 2020 on April 1, 2019, May 10, 2019, July 31, 2019, November 8, 2019, February 6, 2020 and March 26, 2020. The name of Members, Chairperson of the Committee and their attendance details are as under:

Sl. No.	Name of Members	Chairperson/ Member	No. of meetings which the member was eligible to attend	No. of meetings attended
1.	Mr. S. Sandilya	Chairman	6	5
2.	Mr. Siddhartha Lal	Member	6	6
3.	Ms. Manvi Sinha	Member	6	6
4.	Mr. Inder Mohan Singh*	Member	2	2

** The Board at its meeting held on November 8, 2019, appointed Mr. Inder Mohan Singh, Non-Executive Independent Director as Member of the Audit Committee.*

Whole-time Director, Non-Executive Director, Chief Financial Officer, the Head of Internal Audit and the Statutory Auditors are invited for the Audit Committee meetings as required. Mr. Manhar Kapoor, General Counsel & Company Secretary acts as the Secretary to the Audit Committee.

4. STAKEHOLDERS' RELATIONSHIP COMMITTEE

In terms of Regulation 20 of the SEBI (LODR) Regulations, 2015, the Company has a Stakeholders' Relationship Committee which, as on March 31, 2020, consists of three Non-Executive Independent Directors. The Committee looks into the redressal of shareholders' complaints relating to transmission of shares, transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc., review of measures taken for effective exercise of voting rights by shareholders, review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent, review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices, if any, by the shareholders of the Company.

4.1 Meetings and Attendance

Four Meetings of the Stakeholders' Relationship Committee of Directors were held during the Financial Year ended March 31, 2020 on May 10, 2019, July 31, 2019, November 8, 2019 and February 6, 2020. The name of the Member and Chairperson of the Committee and attendance details are as under:

Sl. No.	Name of Members	Chairperson/ Member	No. of meetings which the member was eligible to attend	No. of meetings attended
1.	Ms. Manvi Sinha	Chairperson	4	4
2.	Mr. S. Sandilya	Member	4	3
3.	Mr. Inder Mohan Singh	Member	4	4

The Managing Director and the Chief Financial Officer are invited at the Stakeholders' Relationship Committee meetings as required. Mr. Manhar Kapoor, General Counsel & Company Secretary acts as the Secretary to the Stakeholders' Relationship Committee. He is the compliance officer of the Company.

4.2 Status of Complaints

Sl. No.	Particulars	Numbers
1.	Complaints received	71
2.	Complaints resolved	77*
3.	Pending complaints	NIL

Out of total number of complaints resolved during the financial year under review, 6 complaints were pertaining to previous financial year.

5. NOMINATION & REMUNERATION COMMITTEE

The Company has a Nomination & Remuneration Committee comprising of three Directors, all being Non-Executive Independent Directors as at March 31, 2020. The composition and the role of the Committee are in conformity with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (LODR) Regulations, 2015.

5.1 Major terms of Reference

(i) Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommending to the Board their appointment, removal and all remuneration, in whatever form, payable to senior management;

(ii) Laying down the evaluation criteria for performance evaluation of Individual Directors, Board as a whole and its Committees;

(iii) Review the implementation and compliance of the performance evaluation process in the Company;

(iv) To decide on whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;

(v) Devising a policy on diversity of Board of Directors;

(vi) Formulating the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a Policy relating to the Remuneration of the Directors, Key Managerial Personnel and other employees;

(vii) To undertake and perform all such functions, powers of administration and superintendence of Employee Stock Option Plan – 2006 (ESOP, 2006) and Restricted Stock Units Plan, 2019 (RSU Plan, 2019), as contained under SEBI (Share Based Employee Benefits) Regulations, 2014 including any amendments thereof;

(viii) To review and approve any other matter relating to the aforesaid ESOP, 2006 and RSU Plan, 2019 which may be considered necessary and incidental thereto.

5.2 Meetings and Attendance

Five Meetings of the Nomination & Remuneration Committee of Directors of the Company were held during the Financial Year ended March 31, 2020 on April 1, 2019, May 10, 2019, August 1, 2019, February 6, 2020, and March 26, 2020. The names of the Members, Chairperson of the Committee and attendance details are as under:

Sl. No.	Name of Members	Chairperson/ Member	No. of meetings which the member was eligible to attend	No. of meetings attended
1.	Ms. Manvi Sinha	Chairperson	5	5
2.	Mr. S. Sandilya	Member	5	4
3.	Mr. Inder Mohan Singh	Member	5	5

Mr. Manhar Kapoor, General Counsel & Company Secretary acts as the Secretary to the Nomination and Remuneration Committee.

5.3 Performance Evaluation Criteria for Independent Directors

The Company has adopted an Evaluation policy to evaluate performance of Individual Directors, the Board as a whole and its committees. Nomination and Remuneration Committee of the Company has specified the manner for effective evaluation of performance of Board, its committees and Individual Directors. Amongst others, evaluation of Individual Directors including Independent Directors is carried out by the entire Board, in accordance with the provisions of Code for Independent Directors as outlined under Schedule IV, Sections 134 & 178 of the Companies Act, 2013. Evaluation factors include various criteria including thought contribution, business insight, applied knowledge, etc.

During the financial year under review, formal annual evaluation of the Board, its committees, the Chairman and Individual Directors including Independent Directors was carried out pursuant to the Board Performance Evaluation Policy on May 10, 2019.

6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Company has a Corporate Social Responsibility Committee of Directors comprising two Non-Executive Independent Directors and one Executive Director as at March 31, 2020. The composition and the role of the Committee are in conformity with the provisions of Section 135 of the Companies Act, 2013 and the rules made thereunder.

6.1 Major terms of Reference

(i) Formulating and recommending to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company in the areas or subjects specified in Schedule VII to the Companies Act, 2013.

(ii) Recommending the amount of expenditure to be incurred on the activities referred to in the Company's CSR policy.

(iii) Monitoring the CSR Policy of the Company from time to time.

6.2 Meetings and Attendance

Three meetings of the Corporate Social Responsibility Committee of the Company were held during the Financial Year ended March 31, 2020, on May 10, 2019, July 31, 2019 and November 8, 2019. The names of the Members, Chairperson of the Committee and their attendance details are as under:

Sl. No.	Name of the Members	Chairperson/ Member	No. of meetings which the member was eligible to attend	No. of meeting attended
1.	Mr. S. Sandilya	Chairman	3	3
2.	Mr. Siddhartha Lal	Member	3	3
3.	Mr. Inder Mohan Singh	Member	3	3

Mr. Manhar Kapoor, General Counsel & Company Secretary acts as the Secretary to the Corporate Social Responsibility Committee.

7. RISK MANAGEMENT COMMITTEE

In terms of Regulation 21 of the SEBI (LODR) Regulations, 2015, the Company has a Risk Management Committee.

The constitution of the Risk Management Committee is in compliance with the above provisions. As on March 31, 2020, the Risk Management Committee consists of two Directors and the Chief Financial Officer, as follows:

Sl. No.	Name of the Member	Chairperson/ Member
1.	Mr. Siddhartha Lal (Managing Director)	Chairman
2.	Mr. S. Sandilya (Chairman and Non-Executive Independent Director)	Member
3.	Mr. Lalit Malik (Chief Financial Officer)*	Member

** Mr. Lalit Malik, Chief Commercial Officer, had also been the Chief Financial Officer of the Company till May 6, 2020.*

Major Terms of Reference:

(i) To assist the Board in formulating the Risk Management Plan and Practices.

(ii) To monitor and review risk management plan and practices of the Company as approved by the Board.

8. SHARES COMMITTEE

As at March 31, 2020, the Shares Committee of the Company consists of three members i.e. Mr. Lalit Malik-Chief Financial Officer, Mr. Manhar Kapoor–General Counsel & Company Secretary and Mr. Bharat Chaba-Head- Corporate Strategy & Planning, to look after and approve requests for transfer/transmission of equity shares, dematerialization, issue of duplicate share certificates, etc. During the year under review, all valid requests for transfer & transmission of shares in physical form, issue of duplicate share certificate were processed within prescribed time.

During the financial year ended March 31, 2020, 19 meetings of the Committee were held to approve transfer of 2,900 shares, name deletion for 1,826 shares, issue of duplicate share certificates for 27,590 shares, transmission of 20,210 shares and dematerialisation of 59,584 shares. This also includes duplicate share certificates issued for 13,672 equity shares which were subsequently transferred and dematerialized for the purpose of transfer to the Investor Education and Protection Fund Authority ("IEPF Authority") pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013 ("Act") and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, ("Rules").

Further, the Committee approved transfer of 1,657 equity shares of the Company lying in Company's Suspense Account and 1,045 equity shares held in demat accounts of the shareholders to the IEPF Authority in terms of Sections 124 and 125 of the aforesaid Act and Rules.

9. REMUNERATION OF DIRECTORS

9.1 Remuneration to Managing Director and Whole-time Director

The remuneration of the Managing Director and Whole-time Director is fixed by the Board of Directors, after taking into account recommendations of the Nomination & Remuneration Committee and approved by shareholders in the Annual General Meeting. The details of remuneration of Managing Director and Whole-time Director for the financial year ended March 31, 2020 are as under:

(Rs. in Crores)

Name of the Director	Salary	Commission	Perquisites	Service Contract	
				Tenure	Notice period
Mr. Siddhartha Lal, Managing Director	4.68	5.07	9.46	5 years (Members at their AGM held on June 18, 2016, approved re-appointment of Mr. Siddhartha Lal as Managing Director w.e.f. May 1, 2016 up to April 30, 2021)	3 months' notice or salary in lieu of notice for 3 months or for such period which falls short of 3 months
Mr. Vinod K. Dasari, Whole-time Director and CEO-Royal Enfield	28.35	0.00	0.00	5 years (Members at their AGM held on August 1, 2019, approved appointment of Mr. Vinod K. Dasari as Whole-time Director w.e.f. April 1, 2019 up to March 31, 2024)	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, Allowances, Perquisites, Bonus and Commission is within the limits approved by the shareholders pursuant to the provisions of Section 197 read with Section 198 of the Companies Act, 2013 and the rules made thereunder.

Factors such as industry standards, responsibilities and performance assessment are considered while determining the quantum of commission to be paid to the Managing Director.

No sitting fees has been paid to Mr. Siddhartha Lal and Mr. Vinod K. Dasari. Mr. Vinod K. Dasari has been granted 1,00,000 stock options under the Company's Employee Stock Option Plan, 2006 on April 1, 2019, to be vested over a period of seven (7) years and exercisable in accordance with the said Plan. Further, 5,000 stock options have been granted on August 1, 2019 and 5,000 stock options have been granted on March 26, 2020 effective from April 1, 2020 under the Company's Restricted Stock Units Plan, 2019 to Mr. Vinod K. Dasari which shall be exercisable after the end of 1 year from the effective date of grant. None of the options granted to Mr. Dasari have been issued on discount. No stock options have been granted to Mr. Siddhartha Lal under the Company's Employees Stock Option Plan, 2006 or Restricted Stock Units Plan, 2019, during the financial year ended March 31, 2020.

9.2 Remuneration to Non-Executive Directors

The remuneration comprising sitting fees and commission to Non-Executive Directors for the financial year ended March 31, 2020 is as under:

(Rs. in Lakh)

Name of the Director	Remuneration	
	Sitting fee	Commission
Mr. S. Sandilya – Chairman and Non-Executive Independent Director	4.80	57.50
Ms. Manvi Sinha – Non-Executive Independent Director	5.30	10.98
Mr. Inder Mohan Singh – Non-Executive Independent Director	4.80	10.98
Total	**14.90**	**79.46**

Note: Mr. Vinod K. Aggarwal, Non-Executive Non Independent Director, is not entitled to any sitting fees for attending Board & Committee meetings, if any and profit linked commission, as per terms and conditions of his appointment.

Criteria of making payment to Non-Executive Directors: Remuneration paid to Non-Executive and Independent Directors represents sitting fees @ Rs. 40,000/- for attending each meeting of the Board of Directors and @ Rs. 20,000/- for attending each meeting of the Audit Committee. Sitting fees @ Rs. 10,000/- is paid for attending each meeting of Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee. Amount of sitting fees as above is fixed by the Board of Directors of the Company.

Shareholders at their 37th Annual General Meeting held on August 1, 2019 , approved payment of remuneration by way of commission to the Non-Executive Directors of the Company not exceeding 1% of the annual net profits of the Company for each financial year, calculated in accordance with the provisions of the Companies Act, 2013, in such proportion and in such manner as may be determined by the Board of Directors.

The aforesaid annual commission approved by the Board and payable to Non-Executive Independent Directors is subject to approval of annual financial statements by the shareholders at the forthcoming Annual General Meeting of the Company. Independent Directors are not entitled to any stock options.

There has been no other material pecuniary relationship or business transactions by the Company with any of the Non-Executive Director of the Company.

10. SUBSIDIARY COMPANIES

Subsidiary companies of the Company are managed by their respective Board/ authorised representative having the rights and obligations to manage such companies in the best interest of their stakeholders. The Company monitors performance of unlisted subsidiary companies, *inter-alia*, by the following means:

(i) Financial statements, in particular, the investments made by the subsidiary companies are periodically reviewed by the Audit Committee of the Company;

(ii) Utilization of loans and/or advances to/investment by the Company in the subsidiary companies as per the threshold specified under SEBI (LODR) Regulations, 2015, are periodically reviewed by the Audit Committee;

(iii) Minutes of Board meetings of subsidiary companies are periodically placed before the Company's Board;

(iv) All significant transactions and arrangements entered into by the subsidiary companies are reviewed periodically by the Board of the Company.

(v) Mr. Inder Mohan Singh, a Non-Executive Independent Director of the Company is an Independent Director on the Board of VE Commercial Vehicles Limited ("VECV")*, an unlisted material subsidiary company of the Company, incorporated in India.

The Company has also formulated a policy for determining material subsidiary as required under Regulation 16 of the SEBI (LODR) Regulations, 2015, and the same is disclosed on the Company's website and the web link for the same is www.eicher.in/uploads/1554285869_policy-for-determining-material-subsidiaries.pdf

**As per Indian Accounting Standards, VECV is considered as a Joint Venture Company for the purpose of preparation of financial statements of the Company.*

11. OTHER DISCLOSURES

11.1 Related Party Transactions

In terms of Indian Accounting Standard-24 on "Related Party Disclosures", as prescribed under Section 133 of the Companies Act, 2013, the Company has identified the related parties and suitable disclosures relating to details of transactions with such related parties have been disclosed in Note No. 47 to the Standalone Accounts forming part of this Annual Report.

All contracts/arrangements/ transactions entered into by the Company during the financial year with the related parties are in compliance with the applicable provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 and do not have potential conflicts with the interest of the Company. Related Party Transactions are also placed in the Audit Committee Meeting(s) for its prior approval. Audit Committee also reviews related party transactions entered into by the Company on quarterly basis. There are no materially significant related party transactions entered into during the financial year ended March 31, 2020.

The Company has also formulated a policy on materiality of and dealing with Related Party Transactions (RPT Policy). This RPT Policy is available on the website of the Company and the weblink for the same is https://www.eicher.in/uploads/1554285759_policy-on-materiality-of-and-dealing-with-related-party-transactions-3-4-19.pdf. All the Related Party Transactions are dealt with in accordance with the provisions of the Companies Act, 2013, Regulation 23 of the SEBI (LODR) Regulations, 2015 and the Company's RPT Policy.

11.2 Compliances by the Company

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

11.3 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 which is strictly adhered to and the same is available on the Company's website at https://www.eicher.in/uploads/1458646029_eicher-code-of-conduct-directors-and-senior-management.pdf. All the Board Members and Senior Management Personnel have affirmed compliance with the said Code. This Report contains a declaration to this effect signed by Managing Director & Chief Executive Officer.

Further, there are no material, financial and commercial transactions, where the Senior Management have personal interest that may have a potential conflict with the interest of the Company at large.

11.4 Code on Prevention of Insider Trading

As per SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company, *inter-alia*, adopted a Code of Conduct for Regulating, Monitoring and Reporting trading by an Insider ("Code"). All Designated Persons of the Company, its material subsidiary and their immediate relatives, as per the Code, who could have access to the unpublished price sensitive information of the Company are governed by this Code. Amongst others, the trading window for dealing in securities of the Company is closed and opened as per the provisions of the said Code.

11.5 CEO / CFO Certification

The CEO and the CFO of the Company have certified to the Board with regard to the compliance in terms of Regulation 17(8) of SEBI (LODR) Regulations, 2015 and that the certificate forms part of the Annual Report.

11.6 Status of compliance of Non-Mandatory requirements under Regulation 27(1) of SEBI (LODR) Regulations, 2015 read with Part E of Schedule II thereto

The Company complies with the following non-mandatory requirements:

1. The Non-Executive Chairman of the Company is entitled to maintain a Chairman's office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties.
2. The Auditors have expressed no qualification in their reports.
3. The Internal Auditor reports directly to the Audit Committee on quarterly basis.

11.7 Accounting treatment in preparation of the financial statements

The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended. The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

11.8 Vigil Mechanism/ Whistle Blower Policy

The Board of Directors of the Company has adopted a Whistle Blower Policy to establish a vigil mechanism for the Directors, employees, vendors and dealers of the Company, to report genuine concerns or grievances including instances of leak or suspected leak of unpublished price sensitive information pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015 and the same is available on the Company's website at https://www.eicher.in/uploads/1581075167_whistle_blower_policy.pdf.

No person has been denied access to the Audit Committee.

11.9 Dividend Distribution Policy

In Compliance with Regulation 43A of the SEBI (LODR) Regulations, 2015, the Board of Directors of the Company has adopted a Dividend Distribution Policy of the Company. The Dividend Distribution Policy, *inter alia*, includes the following:

(i) The circumstances under which the shareholders may or may not expect dividend

The Company firmly believes in the philosophy of payment of Dividend at regular intervals, whenever the financial position and other factors permit, in addition to creating long term value for the shareholders of the Company. The Board shall strive to strike a balance between payment of dividend at regular interval and long term wealth creation for the shareholders.

The Company may decide not to recommend any Dividend during a financial year in circumstances where there are losses or inadequacy of profits, where other suitable means are available to reward the shareholders instead of dividend, where the Company needs to conserve its profits/surplus funds for business plans and other exigencies, where surplus cash and liquid funds are not available, amongst others.

(ii) The financial parameters and internal factors that shall be considered while declaring dividend

Amongst others, major financial parameters and internal factors that shall be considered are Net Profits for the Current financial year, surplus in the Profit & Loss account, availability of Free Reserves, Cash Flow and liquidity projections for next three financial years, further Capital infusion requirement in the Company's subsidiaries/ Joint Ventures, other investment plans, Company/ Brand acquisitions and declaration of dividend by the Company's subsidiaries.

(iii) The external factors that shall be considered while declaring dividend

External factors that shall be considered are economic environment, industry outlook and performance of manufacturing and other sectors having a bearing on the Company's performance, Government policies and regulatory provisions, industry's average dividend payout and shareholder's expectation.

(iv) Utilisation of retained earnings by the Company

Retained earnings may be utilised by the Company *inter-alia* for business expansion and upgradation (expansion and modernisation of production facilities, product development, market expansions etc.), payment of dividend, buy-back of shares etc. Investments and new business opportunities, meeting financial emergencies and other contingencies.

(v) Classes of shares in the Company

Issued, subscribed and paid-up share capital of the Company consist of only Equity Shares of face value of Rs. 10/- each. There is no other class of shares.

The said Policy is available on the Company's website https://www.eicher.in/uploads/1491545619_dividend-distribution-policy.pdf

11.10 Sexual Harassment Of Women At Workplace (Prevention, Prohibition And Redressal) Act, 2013

The Company has zero tolerance towards sexual harassment at the workplace and towards this end, has adopted a policy in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Act") and the Rules made thereunder. All employees (permanent, contractual, temporary, trainees) are covered under the said policy. An Internal Complaints' Committee has also been set up, in accordance with the aforesaid Act, to redress complaints received on sexual harassment. During the financial year under review, the Company received one complaint of sexual harassment. The said complaint was investigated and disposed of in accordance with the Act and the Company's Policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace.

The Company also conducts various programs in the organization on a continuous basis in order to build awareness in this area. During the year under review, approximately 1156 employees were given awareness training on prevention of sexual harassment at work place. The training structure included training through workshops, e-learning modules and as part of new hires induction programme.

11.11 Commodity price risk or foreign exchange risk and hedging activities:

The Company procures most of the Components & Services from the Suppliers who in turn procure the input Raw Materials from the Raw Material Suppliers. Hence direct purchase of Raw Materials/ Commodity by the Company is very marginal.

However, to facilitate the Suppliers in procuring the right quality of Raw Materials at competitive prices, the Company administers the pricing mechanism by settling quarterly/half yearly prices for the tentative quantity forecasts with Steel Mills and Aluminium Alloy Suppliers.

The Company communicates periodically through e-mail communications sent to Component Suppliers mentioning therein the settled prices with tentative quantity forecasts along with the details of the recommended Raw Material Suppliers.

Component Suppliers avail the price negotiated by the Company to procure the Raw material either from the recommended Raw Material suppliers or from their own Raw Material Suppliers. However, supplier's own Raw Material sources require pre-approval from the Company involving quality audits. In this way, both quality standards and price control are adhered to, as per the Company's norms.

The order for raw material scheduled quantity is placed by the component suppliers with the Raw material suppliers and physical transaction takes place between them. The adjustment in the Raw Material Prices by the component suppliers are done in accordance with the prices settled by the Company. The Raw Material prices are settled by the Company, periodically, based on domestic market price movements and international price data.

Commodity Price fluctuation impact is managed by VAVE initiatives, continuous cost optimization and process improvement initiatives. The Company has not entered into any commodity derivatives with any of the bankers and hence the disclosure of exposure in commodity risks faced by the Company is not required.

In addition, the Company manages majority foreign currency collections and payments through EEFC (Exchange Earners' Foreign Currency) Account and has relatively insignificant foreign exchange exposure. Further, no hedging activities (by way of derivatives) have been undertaken by the Company for foreign currency risk.

11.12 The Company and its subsidiaries have paid a total fees of Rs. 4.02 Crore excluding GST on a consolidated basis during the financial year 2019-20 to M/s. S.R. Batliboi & Co., LLP, Statutory Auditors of the Company and to its network firms, for all kind of services rendered by them to the Company and to its subsidiaries.

12. MEANS OF COMMUNICATION

(i) The consolidated quarterly and annual results are generally published in the Business Standard (English) - All editions and Business Standard (Hindi), Delhi edition, having wide circulation. The Standalone and Consolidated quarterly and annual results of the Company along with limited review reports of the Auditors thereon and/or Auditors' Report are available on the Company's website at www.eichermotors.com. In addition, the Company sends standalone and consolidated quarterly and annual results to all shareholders whose email ids are registered with the Company.

(ii) The Standalone and Consolidated quarterly and annual results along with limited review reports/ Audit Reports of the Auditors thereon, are promptly filed with the Stock Exchanges in terms of Regulations 30 and 33 of SEBI (LODR) Regulations, 2015.

(iii) Public releases are also available on the Company's website. Schedule of Analyst or Institutional Investor meetings and/or conference call information, presentations made to them, if any, and the transcripts of quarterly results calls are promptly posted on the website of the Company.

(iv) The Company also disseminate on its website all disclosures filed with the stock exchanges under Regulation 30 of SEBI (LODR) Regulations, 2015 and all other information and documents that are required to be placed on the website of the Company.

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

- Business of the Company
- Terms and conditions of appointment of Independent Directors
- Composition of various committees of the Board
- Whistle Blower Policy
- Dividend Distribution Policy
- Annual Reports of the Company
- Policy on materiality of and dealing with related party transactions
- Policy for determining material subsidiaries
- Details of familiarization programmes for Independent Directors
- Shareholding Patterns
- Company Profile
- Press Releases
- Code of Conduct for the Directors and Senior Management
- Contact information - for resolving any investor's queries
- Other information as required under Regulation 46 of SEBI (LODR) Regulations, 2015

13. GENERAL SHAREHOLDER INFORMATION

13.1 Day, date, time and venue of the Annual General Meeting

Monday, August 10, 2020 at 1:00 P.M. Indian Standard Time (IST) through Video Conferencing/Other Audio Visual Means

13.2 Financial Year

The financial year under review is of 12 (twelve) months from April 1, 2019 to March 31, 2020.

13.3 General Body Meetings

Year	Date	Day	Time	Location	Whether passed any Special Resolution
April 1, 2018 – March 31, 2019	1.08.2019 (37th AGM)	Thursday	10:00 A.M	Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi-110 003	Yes-4
April 1, 2017 - March 31, 2018	10.08.2018 (36th AGM)	Friday	11:00 A.M	Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi-110 003	No
April 1, 2016 - March 31, 2017	08.08.2017 (35th AGM)	Tuesday	10.00 A.M.	Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi-110 003	No

Notes:

1. Four Special Resolutions were passed at the 37th AGM held on August 1,2019 related to (i) payment of remuneration by way of commission to Non-Executive Directors (NEDs) (ii) payment of remuneration to Mr. S. Sandilya, Chairman, (Non-Executive & Independent Director) for the financial year 2018- 19, which exceeds 50% of the total remuneration payable to all NEDs (iii) approval of the Company's Restricted Stock Units Plan, 2019 ("RSU 2019") and; (iv) extension of benefits under RSU, 2019 to employees of subsidiary companies. There were no special resolutions passed at the 35th and 36th AGMs.

2. No Special Resolution was passed through postal ballot last year. Also, no Special Resolutions are proposed to be passed through postal ballot.

13.4 Financial Calendar – 2019-20

Adoption of Quarterly/ Annual Results for the quarter/year ended	Date of Board Meetings	Date of publication	Name of Newspapers
June 30, 2019 (Quarterly Results)	31/07/2019	01/08/2019	Business Standard- All Editions (English), and Business Standard (Hindi), Delhi Edition
September 30, 2019 (Quarterly Results)	08/11/2019	09/11/2019	Business Standard- All Editions (English), and Business Standard (Hindi), Delhi Edition
December 31, 2019 (Quarterly Results)	06/02/2020	07/02/2020	Business Standard- All Editions (English), and Business Standard (Hindi), Delhi Edition
March 31, 2020 (Quarterly & Annual Results)	12/06/2020	13/06/2020 (Proposed)	Business Standard- All Editions (English), and Business Standard (Hindi), Delhi Edition (Proposed)

Tentative Financial Calendar – for the financial year ending March 31, 2021

Quarterly results for the quarters ending June 30, 2020, September 30, 2020, December 31, 2020 and quarterly/annual results for the quarter/year ending March 31, 2021 will be approved in the Board Meetings which will be tentatively held in the month of August 2020, November 2020, February 2021 and May 2021 respectively (subject to the finalisation of dates by the Board of Directors). Annual General Meeting for the Financial Year 2020-21 will be tentatively held in between July-August 2021. The Consolidated quarterly and annual results will likely to be published in the Business Standard (English) in all Editions and in Business Standard (Hindi), Delhi Edition. The Standalone and Consolidated quarterly and annual results will be submitted with the Stock Exchanges. Additionally, the same will be posted on the Company's website at www.eichermotors.com.

13.5 Book Closure & Dividend Payment Date:

The Board of Directors of the Company at its meeting held on March 11, 2020 has approved payment of interim dividend @1250% per equity share of face value of Rs. 10/- each i.e. Rs. 125 each per equity share for the financial year 2019-20. Shareholders whose name appear in the Register of Members (both demat and physical shareholders) as on the close of business hours on the record date of March 21, 2020 were entitled for dividend. Out of the total Interim Dividend amount, the Company has completed remittance of payment through electronic transfer. The Interim Dividend amount to be paid through Warrants and Bank Demand Drafts is pending dispatch due to nationwide lockdown/movement restrictions imposed by the Government on account of Covid-19 outbreak and the same will be dispatched promptly once normalcy is restored.

13.6 Listing on Stock Exchanges

The equity shares of the Company are listed on the following Stock Exchanges:

BSE Limited
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai - 400 001, www.bseindia.com

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1, G Block
Bandra-Kurla Complex, Bandra (E)
Mumbai - 400 051, www.nseindia.com

The annual listing fees has been paid to both the stock exchanges for the financial year 2020-21.

13.7 Name of Depositories for dematerialisation of equity shares and stock code/symbol

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

The equity shares are quoted under the following Code/Symbol:

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

13.8 Registrar and Share Transfer Agent / Address for correspondence:

Share transfer, transmission, transposition, name deletion, duplicate share certificate issuance, dematerialisation and other communication regarding change of address, dividends, share certificates, investor complaints, etc. may be addressed to:

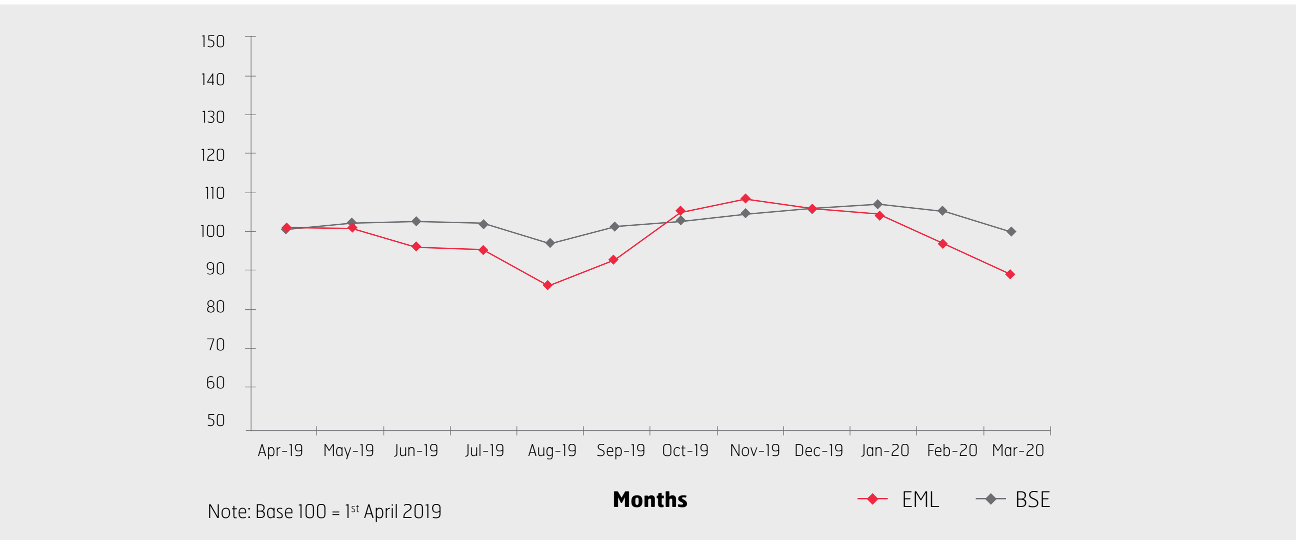
Link Intime India Pvt. Ltd.
Registrar and Share Transfer Agent
Noble Heights, 1st Floor, Plot No. NH 2,
LSC, C-1 Block, Near Savitri Market,
Janakpuri, New Delhi-110058
Phone No: +91 11 4141 0592
Fax No: +91 11 4141 0591
E-mail: delhi@linkintime.co.in

Members may write for any queries/information to Mr. Manhar Kapoor, General Counsel and Company Secretary at Eicher Motors Limited, 3rd Floor-Select Citywalk, A-3 District Centre, Saket, New Delhi–110017, or at #96, Sector 32, Gurugram- 122001, Haryana, or any query can be sent by email to investors@eichermotors.com.

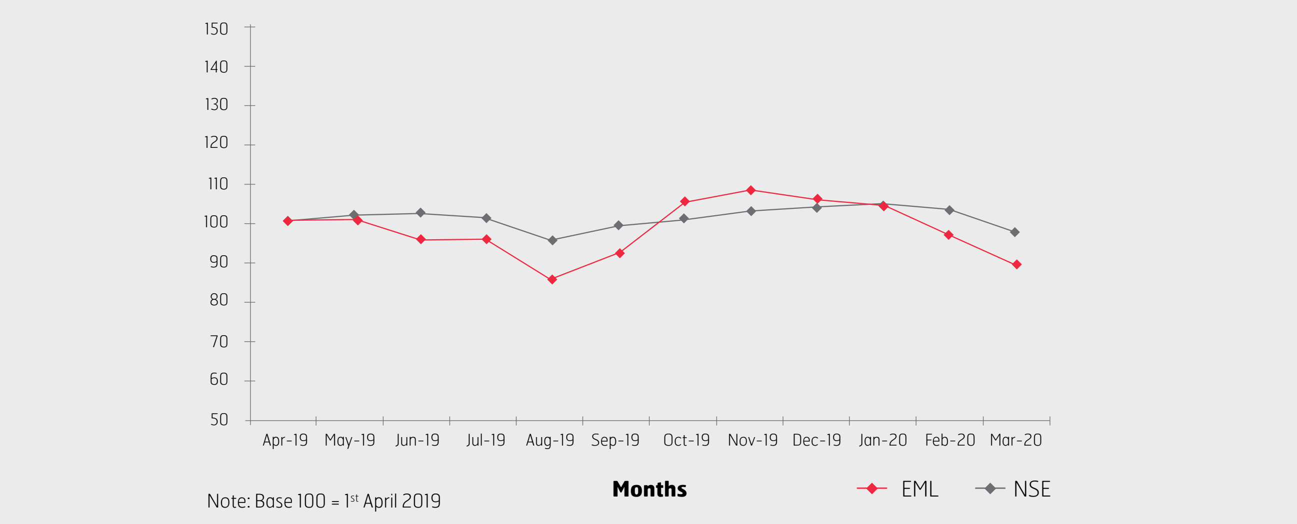
13.9 Market Price Data at BSE and NSE:

April 2019 to March 2020	BSE			NSE		
	High (Rs. per share)	Low (Rs. per share)	Volume (No. of Shares)	High (Rs. per share)	Low (Rs. per share)	Volume (No. of Shares)
April 2019	21,600.00	19,960.00	62,657	21,560.00	19,921.00	20,37,760
May 2019	21,625.60	18,222.00	89,189	21,649.00	18,205.00	25,76,382
June 2019	20,355.15	18,850.00	43,418	20,360.00	18,831.05	15,64,126
July 2019	20,272.80	15,946.60	80,104	20,288.80	15,976.60	29,57,529
August 2019	17,730.00	15,196.95	1,37,786	17,787.95	15,200.00	38,75,275
September 2019	19,510.75	15,531.00	1,36,267	19,565.00	15,530.00	39,48,529
October 2019	22,666.00	17,589.25	1,16,142	22,680.20	17,594.00	32,22,826
November 2019	23,427.75	20,855.70	72,123	23,450.00	21,034.15	27,53,870
December 2019	22,874.00	20,693.90	56,360	22,876.60	20,665.00	26,45,874
January 2020	22,534.50	19,810.00	68,442	22,594.75	19,800.10	35,42,538
February 2020	20,633.70	16,347.10	91,210	20,641.60	16,317.05	38,09,273
March 2020	18,502.45	12,950.00	1,25,481	18,528.65	12,950.00	44,35,713

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



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



13.10 Share transfer system

During the financial year ended March 31, 2020, shares of the Company have been transferred through Link Intime India Private Limited, the Registrar and Share Transfer Agent of the Company and the Shares Committee of the Company approved the said share transfers. All valid requests for transfer/ transmission of Equity shares held in physical form are processed within a period of 15 days from the date of receipt of complete documents/ verification and the share certificates duly transferred are immediately returned to the transferee/lodger.

Details of total number of requests processed for share transfer, transmission, duplicate share certificates, name deletion, dematerialization during the financial year under review are provided under Para 8 of this Corporate Governance Report.

In terms of amended provisions of Regulation 40 of the SEBI (LODR) Regulations, 2015, the Company has not been accepting requests for transfer of shares held in physical form w.e.f. April 1, 2019 in terms of aforesaid provisions. Any shareholder who is desirous of transferring shares, which are held in physical form, after April 1, 2019, can do so only after the shares are dematerialised. Shareholders of the Company may please note that the above amended provisions are not applicable in case of requests for transmission (i.e. transfer of title of shares by way of inheritance/ succession) and transposition (i.e. re-arrangement / interchanging of the order of name of shareholders).

In terms of provisions of SEBI circular SEBI/HO/ MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, members holding shares in physical form are requested to register and/or update their PAN/ Bank account details with the Company's Registrar & Share Transfer Agent and those holding shares in electronic form shall register/update such details with their Depository Participants (DPs).

13.11 Dematerialization of shares and liquidity

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

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

As on March 31, 2020, 2,70,26,071 shares constituting 98.98% of the total paid up equity shares of the Company have been dematerialised with NSDL and CDSL.

13.12 Distribution of shareholding as on March 31, 2020

Category	No. of shareholders	% holders	No. of shares of face value of Rs. 10/- each	% Shareholding
1-500	1,12,928	99.11	17,96,508	6.58
501-1,000	316	0.28	2,32,757*	0.85
1,001-2,000	212	0.19	3,03,524	1.11
2,001-3,000	91	0.08	2,20,722	0.81
3,001-4,000	50	0.04	1,71,136	0.63
4,001-5,000	34	0.03	1,51,125	0.55
5,001-10,000	111	0.10	7,98,927	2.93
10,001-50,000	147	0.12	32,19,930	11.79
50,001-1,00,000	24	0.02	17,00,189	6.22
1,00,001 and above	33	0.03	1,87,10,655	68.52
Total	**1,13,946**	**100**	**2,73,05,473***	**100**

**The total shareholding reported has been ascertained after adding 903 equity shares held by one individual, pursuant to order of the Honourable Supreme Court. The number of shares issued by the Company and those held by the individual may be altered depending on completion of implementation of the said Order by all concerned parties.*

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

13.13 Transfer of Unclaimed / Unpaid Dividend to Investor Education and Protection Fund Authority

The Company shall be transferring the unclaimed/unpaid dividends as mentioned hereunder to the Investor Education and Protection Fund Authority, established by the Central Government, in terms of the provisions of Sections 124 and 125 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended.

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

For the Financial Year	Due date for transfer to the Central Government
2013 (January to December)	April 25, 2021
2014 (January to December)	April 25, 2022
2015-16 (January to March)*	April 18, 2023
2016-17 (April to March)	September 12, 2024
2017-18 (April to March)	September 14, 2025
2018-19 (April to March)	August 30, 2026
2019-20 (April to March)*	April 12, 2027

**Interim Dividend declared by the Board of Directors on March 12, 2016 and March 11, 2020, respectively.*

Members who have not encashed their Dividend Warrants for the above financial years/period may approach the Company's Registrar & Share Transfer Agent for encashment of their unclaimed dividends.

13.14 Transfer of Shares to the Investor Education and Protection Fund Authority

In compliance with the provisions of Section 124 and 125 of the Companies Act, 2013 ("the Act") read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, ("the Rules"), as on date the Company has transferred 2,04,841 (0.75%) equity shares of Rs. 10 each of the Company, on which dividend remained unclaimed or unpaid for a period of seven consecutive years or more, belonging to 2,712 shareholders, to the Investor Education and Protection Fund Authority ("IEPF Authority").

The requirement of transfer of shares to IEPF Authority does not apply to shares in respect of which there is a specific order of Court, Tribunal or Statutory Authority, restraining any transfer of the shares.

Any person whose share(s)/ unclaimed dividend has been transferred to the IEPF Authority may claim the share(s)/ dividend from it pursuant to the said Act and the Rules by submitting an online application in Form IEPF-5 available on the website www.iepf.gov.in. Simultaneously, claimant shall be required to submit a copy of Form IEPF-5 submitted with IEPF Authority duly signed and accompanied by all requisite original documents to the Company's Registered office address in an envelope marked as "Claim for refund from IEPF Authority" for verification. Shareholders are requested to go through the provisions of said Act and the Rules and also the information provided on the website www.iepf.gov.in. Shareholders may also write to the Company or the Company's RTA for any further information/clarification in this regard.

13.15 Unclaimed Shares Suspense Account

In compliance with Regulation 39 of the SEBI (LODR) Regulations, 2015, the Company has maintained Eicher Motors Limited - Unclaimed Suspense Account, in which unclaimed shares lying with the Company have been credited after dematerialization thereof.

The details with respect to the unclaimed shares of the Company for the financial year ended March 31, 2020 are as under:

Sl. No.	Particulars	No. of shareholders	No. of shares
(i)	Aggregate number of shareholders and the outstanding shares in the Suspense Account lying at the beginning of the year	95	3,748
(ii)	Number of shareholders who approached the Company for transfer of shares from the Suspense Account during the year	1	7
(iii)	Number of shareholders to whom shares were transferred from the Suspense Account during the year	1	7
(iv)	Number of shareholders whose shares were transferred to Investor Education and Protection Fund Authority in compliance with the provisions of Section 124 & 125 of the Companies Act, 2013 and the rules framed thereunder	33	1,657
(v)	Aggregate number of shareholders and the outstanding shares lying in the Suspense Account at the end of the year	61	2,190*

**This includes 106 equity shares reinstated into Unclaimed Suspense account during the financial year 2019-20, which were debited in excess from said account during the financial year 2018-19 at the time transfer of shares to IEPF Authority.*

The voting rights on shares lying in Suspense Account shall remain frozen till the rightful owner of such shares claims the shares.

13.16 Nomination facility

Your Company is pleased to offer the facility of nomination to members. Pursuant to Section 72 of the Companies Act, 2013, the members, who hold shares in the physical form and wish to avail nomination facility, are requested to send the duly complete nomination form, available on the website of the Company www.eichermotors.com, to the Registrar and Share transfer Agent of the Company. The Members, who hold shares in the electronic form and wish to avail nomination facility, are requested to send request to their respective Depository Participant(s) only.

13.17 Consolidation of folios and avoidance of multiple mailing

In order to enable the Company to reduce costs and duplication of efforts for investor servicing, members who may have more than one folio in their individual name or jointly with other persons mentioned in the same order, are requested to consolidate all similar holdings under one folio. This would help in monitoring the folios more effectively. Members may write to the Registrar and Share Transfer Agent at the address given at Para 13.8, indicating the folio numbers to be consolidated.

13.18 National Electronic Clearing Services (NECS) Mandate

Members holding shares in dematerialised form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS) mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers etc., to their respective Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrar and Share Transfer Agent to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to the Company's Registrar and Share Transfer Agent. The Form for intimating Bank and/or NECS mandate is available on the website of the Company www.eichermotors.com.

13.19 Registered Office

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

13.20 Corporate Office

#96, Sector 32,
Gurugram- 122 001, Haryana, India
Tel. No. (0124)- 4415600

Headquarters

Royal Enfield Global Headquarters
#296, Rajiv Gandhi Salai,
Sholinganallur, Chennai-600 119
Tamil Nadu, India

13.21 Plant locations

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

(ii) A-19/1, SIPCOT Industrial Growth Centre,
Oragadam, Kanchipuram - 602 105
(Tamil Nadu)

(iii) G 121 & 122, SIPCOT Industrial Park,
Vallam Vadagal, Kanchipuram- 602 105
(Tamil Nadu)

This Corporate Governance Report of the Company for the financial year ended March 31, 2020 is in compliance with the requirements of Corporate Governance under SEBI (LODR) Regulations, 2015. Further, the Company has complied with all the applicable requirements specified in Regulations 17 to 27 and clause (b) to (i) of sub-regulation (2) of Regulation 46 of the said Regulations.

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

For **Eicher Motors Limited**

Siddhartha Lal
Managing Director & Chief Executive Officer
DIN: 00037645
Place: London, UK

Date: June 12, 2020

S. Sandilya
Chairman
DIN: 00037542
Chennai, Tamil Nadu

DECLARATION

As per Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Board Members and the Senior Management Personnel have affirmed to the compliance with the Code of Conduct for Board of Directors and Senior Management for the financial year ended March 31, 2020.

For **Eicher Motors Limited**

Siddhartha Lal
Managing Director &
Chief Executive Officer
DIN: 00037645

Place: London, UK
Date: June 12, 2020

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE

As per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

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

1. The Corporate Governance Report prepared by Eicher Motors Limited (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) of sub – regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended March 31, 2020 as required by the Company for annual submission to the Stock exchange.

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations.

5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:

    i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;

    ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;

    iii. Obtained and read the Register of Directors as on March 31, 2020 and verified that at least one independent woman director was on the Board of Directors throughout the year;

    iv. Obtained and read the minutes of the following committee meetings / other meetings held from April 1, 2019 to March 31, 2020:

        (a) Board of Directors;

        (b) Audit Committee;

        (c) Annual General Meeting (AGM);

        (d) Nomination and Remuneration Committee;

        (e) Stakeholders Relationship Committee

v. Obtained necessary declarations from the directors of the Company

vi. Obtained and read the policy adopted by the Company for related party transactions.

vii. Obtained the schedule of related party transactions during the year and balances at the year- end. Obtained and read the minutes of the audit committee meeting where in such related party transactions have been pre-approved prior by the audit committee.

viii. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

9. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2020, referred to in paragraph 4 above.

Other matters and Restriction on Use

10. This report 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.

11. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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

per **Sanjay Vij**
Partner
Membership Number: 095169
UDIN: 20095169AAAABP8277

Place of Signature: Gurugram
Date: June 12, 2020

CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

We, Siddhartha Lal–Chief Executive Officer and Managing Director and Kaleeswaran Arunachalam -Chief Financial Officer, hereby certify that:

(a) We have reviewed the financial statements and cash flow statement for the financial year ended March 31, 2020 and that 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 financial year ended March 31, 2020 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. We have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the Auditors and the Audit Committee that:

   (i) there have not been any significant changes in internal controls over financial reporting during the year ended March 31, 2020;

   (ii) there have not been any significant changes in accounting policies during the year ended March 31, 2020; and

   (iii) there has not been any instance during the financial year ended March 31, 2020 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.

Siddhartha Lal
Managing Director & Chief Executive Officer

Place: London, United Kingdom
Date: June 12, 2020

Kaleeswaran Arunachalam
Chief Financial Officer

Place: Mumbai, India

FINANCIAL STATEMENTS
113-260

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Eicher Motors Limited

REPORT ON THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Eicher Motors Limited** ("the Company"), which comprise the Balance sheet as at March 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw your attention to Note 54 to the Standalone Ind AS Financial Statements, which describes the uncertainties and the impact of the COVID-19 pandemic on the Company's operations and financial statements as assessed by the Management. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Intangibles assets capitalized or under development (Refer to the accounting estimates and judgements in Note 3 and Note 8 to the financial statements)	
The Company has various internally generated intangible projects under development. Initial recognition of the expenditure under these projects are based on assessing each project in relation to specific recognition criteria, including the possible effects from the pandemic relating to Covid-19 that needs to be met for capitalization. In addition, the management also assess indication of impairment of the carrying value of assets which requires management judgment and assumptions as affected by future market or economic developments.	• Our audit procedures included reading Company's research and development expenditure accounting policies to assess compliance with Ind AS 38 "Intangible Assets". • We performed test of control over management process of identifying and capitalizing the development expenditure in accordance with the accounting principles of capitalization of expenditure on internally generated intangible assets as per Ind AS 38 such as technical feasibility of the project, intention and ability to complete the intangible asset, ability to use or sell the asset, generation of future economic benefits and the ability to measure costs reliably.

Key audit matters	How our audit addressed the key audit matter
Due to the materiality of the assets under development recognized and the level of management judgement involved, initial recognition and measurement of internally generated intangible assets has been considered as a key audit matter.	• We performed test of details of development expenditure capitalized by reviewing the key assumptions including the authorization of the stage of the project in the development phase, the accuracy of costs included and assessing the useful economic life attributed to the asset and possible effect of Covid-19 impact on such capitalization In addition, we considered whether any indicators of impairment were present by understanding the business rationale for projects. • We tested the disclosure relating to research and development expenditure in the standalone Ind AS financial statements.
Revenue Recognition (Refer to the accounting policies in Note 3 to the financial statements)	
Revenue from the sale of goods is recognised upon the transfer of control of the goods to the customer, usually on delivery of goods. The Company uses a variety of shipment terms across its operating markets and this has an impact on the timing of revenue recognition. There is a risk that revenue could be recognised in the incorrect period for sales transactions occurring on and around the year end therefore revenue recognition has been identified as a key audit matter.	• Our audit procedures included reading the Company's revenue recognition accounting policies to assess compliance with Ind AS 115 "Revenue from contracts with customers". • We performed test of controls of management's process of recognizing the revenue from sales of goods with regard to the timing of the revenue recognition as per the sales terms with the customers. • We performed test of details of the sales transactions testing based on a representative sampling of the sales orders to test that the related revenues and trade receivables are recorded taking into consideration the terms and conditions of the sale orders, including the shipping terms. • We also performed audit procedures relating to revenue recognition by agreeing deliveries occurring around the year end to supporting documentation to establish that sales and corresponding trade receivables are properly recorded in the correct period. • Audit procedures relating to revenue recognition were extended to a longer period to ensure that there is no impact on the revenue numbers reported based on the possible effects of pandemic relating to Covid-19.

Information Other than the Standalone Ind AS Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises Board's Report including Annexures to the Board's Report and Management Discussion and Analysis, Corporate Governance and General Shareholder Information and Business Responsibility report included in the Annual report, but does not include the Standalone Ind AS Financial Statements and our auditor's report thereon.

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

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

Responsibilities of Management for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of

the Act, we give in the “Annexure 1” a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

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

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

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

   (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in “Annexure 2” to this report;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

   (h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 42 to the standalone Ind AS financial statements;

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

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

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

per Sanjay Vij
Partner
Membership Number: 095169
UDIN: 20095169AAAABN5367

Place of Signature: Gurugram
Date: June 12, 2020

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

Re: Eicher Motors Limited ('the Company')

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

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

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

Particulars	Carrying value as at March 31, 2020 (Rs. in Crore)	Remarks
Freehold land located at Alwar, Rajasthan and Jhajjar, Haryana	**0.74**	Pending registration in the name of the Company

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

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

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

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

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

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

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

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

Name of Statue	Nature of Dues	Forum where it is pending	Period to which it relates	Amount involved (Rs. crores)	Amount unpaid (Rs. crores)
Central Excise Act, 1944	Excise Duty	Up to Commissioner (Appeals)'s level	1995-96 to 1996-97	0.02	0.01
	Excise Duty	CESTAT	1983-84 to 2000-01 ,2012-13 to 2015-16, 2016-17 to 2017-18	1.27	1.23
	Excise Duty	Punjab and Haryana High Court	1995-96 to 1998-99	0.18	-
The Central Sales Tax Act, 1956	Sales Tax	Commissioner of Sales Tax (Appeals)	1986-87 to 1987-88, 1994-95 to 2002-03, 2004-05 to 2005-06, 2008-09 to 2010-11, 2013-14 to 2015-16	1.56	0.52
	Sales Tax	Sales Tax Appellate Tribunal	1988-89, 1991-92 to 1995-96, 1997-98 to 1999-00, 2002-03 to 2004-05, 2006-07 to 2007-08, 2014-15	1.94	0.85
	Sales Tax	Allahabad High Court, Rajasthan High Court, Patna High Court, Madhya Pradesh High Court	1984-85, 1985-86, 2000-01, 2004-05	0.83	0.39
Tamil Nadu Value Added Tax Act, 2006	Value Added Tax	Commissioner of Sales Tax (Appeals)	2010-11, 2013-14	0.76	0.48
Bihar Finance Act, 1981	Sales Tax	Commissioner of Sales Tax (Appeals)	2000-01	0.78	0.30
	Sales Tax	Patna High Court	2001-02	0.46	0.44
The Bihar Tax on Entry of Goods into Local Areas for Consumption, Use or Sale therein Act, 1993	Entry Tax	Commissioner of Sales Tax (Appeals)	2013-14	0.10	-
Uttar Pradesh Sales Tax Act, 1948, Uttar Pradesh VAT Act, 2008	Sales Tax / Value added Tax	Commissioner of Sales Tax (Appeals)	2013-14	0.02	-
	Sales Tax / Value added Tax	Appellate Tribunal	1991-92, 1993-94 to 1995-96, 1999-00, 2001-02	0.22	0.19
	Sales Tax / Value added Tax	Allahabad High Court	2000-01	0.43	0.29

Name of Statue	Nature of Dues	Forum where it is pending	Period to which it relates	Amount involved (Rs. crores)	Amount unpaid (Rs. crores)
Rajasthan Sales Tax Act, 1994, Rajasthan Value Added Tax Act, 2003	Sales Tax / Value added Tax	Commissioner of Sales Tax (Appeals)	1996-97, 2000-01, 2002-03, 2014-15	0.28	0.22
	Sales Tax / Value added Tax	Sales Tax Appellate Tribunal	1990-2000	0.05	0.05
	Sales Tax / Value added Tax	Rajasthan High Court	1993-94	0.03	0.01
	Sales Tax / Value added Tax	Supreme Court of India	1986-87 to 1988-89, 1990-91, 1991-92, 2001-02 to 2003-04	1.96	1.41
Delhi Sales Tax Act, 1975	Sales Tax	Sales Tax Appellate Tribunal	1991-92, 1992-93, 2000-01, 2002-03	0.35	0.31
The Madhya Pradesh General Sales Tax Act, 1958, The Madhya Pradesh VAT Act, 2002	Sales Tax / Value added Tax	Commissioner of Sales Tax (Appeals)	2000-01, 2008-09	0.02	0.02
	Sales Tax / Value added Tax	Appellate Tribunal	2002-03, 2004-05	0.26	0.16
The Maharashtra Value Added Tax Act, 2002	Value Added Tax	Commissioner of Sales Tax (Appeals)	2012-13	0.04	0.03
The Odisha Sales Tax Act, 1947	Value Added Tax	Commissioner of Sales Tax (Appeals)	2000-01	0.01	0.00
The Kerala Value Added Tax 2003	Value Added Tax	Commissioner of Sales Tax (Appeals)	2012-13	0.03	0.03
The Telangana Value Added Tax 2005	Value Added Tax	Commissioner of Sales Tax (Appeals)	2005-06	0.12	0.00
Goods and Service Tax Act 2017	GST	Commissioner of GST (Appeals)	2017-18 to 2018-19	0.31	0.27
Finance Act, 1994	Service Tax	CESTAT	2006-07 to 2011-12	0.39	0.36
The Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	2014-15, 2015-16 and 2017-18	5.27	3.52
The Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2012-13 and 2013-14	0.99	-

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

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

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

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

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

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

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

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

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

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

per Sanjay Vij
Partner
Membership Number: 095169
UDIN: 20095169AAAABN5367

Place: Gurugram
Date: June 12, 2020

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF EICHER MOTORS LIMTED

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

We have audited the internal financial controls over financial reporting of Eicher Motors Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these standalone financial statements.

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

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

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

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

per Sanjay Vij
Partner
Membership Number: 095169
UDIN: 20095169AAAABN5367

Place: Gurugram
Date: June 12, 2020

BALANCE SHEET

AS AT MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Particulars	Note No.	**As at March 31, 2020**	As at March 31, 2019
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4	**1,996.60**	1,688.32
(b) Capital work-in-progress	5	**26.75**	272.14
(c) Investment property	6	**3.16**	3.51
(d) Intangible assets	7	**184.83**	178.98
(e) Right of use assets	53	**184.16**	-
(f) Intangible assets under development	8	**285.42**	177.60
(g) Investments in subsidiaries & joint ventures	9	**68.86**	67.93
(h) Financial assets			
(i) Investments	10	**1,344.22**	2,509.79
(ii) Other financial assets	12	**23.90**	28.27
(i) Non-current tax assets	25	**46.52**	18.44
(j) Other non-current assets	17	**77.99**	148.00
Total non-current assets		**4,242.41**	5,092.98
Current assets			
(a) Inventories	13	**518.05**	605.34
(b) Financial assets			
(i) Investments	10	**2,512.50**	468.81
(ii) Loans	11	**0.12**	1.29
(iii) Trade receivables	14	**133.97**	106.61
(iv) Cash and cash equivalents	15	**19.00**	701.76
(v) Bank balances other than (iv) above	16	**2,907.38**	2,238.31
(vi) Other financial assets	12	**92.85**	84.34
(c) Other current assets	17	**152.73**	177.97
Total current assets		**6,336.60**	4,384.43
Total assets		**10,579.01**	9,477.41
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	18	**27.30**	27.28
(b) Other equity	19	**8,248.04**	7,099.17
Total equity		**8,275.34**	7,126.45
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Lease liability	53	**76.23**	-
(ii) Other financial liabilities	20	**12.66**	9.96
(b) Provisions	23	**21.20**	23.00
(c) Deferred tax liabilities (net)	24	**252.04**	276.49
(d) Government grant	26	**60.02**	62.66
(e) Other non-current liabilities	28	**20.40**	0.61
Total non-current liabilities		**442.55**	372.72
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	**-**	76.38
(ii) Lease liability	53	**24.43**	-
(iii) Trade payables	22		
Total outstanding dues of micro and small enterprises		**18.42**	19.28
Total outstanding dues of creditors other than micro and small enterprises		**1,002.35**	1,211.82
(iv) Other financial liabilities	20	**160.57**	158.00
(b) Provisions	23	**76.21**	57.65
(c) Current tax liabilities	25	**90.06**	141.47
(d) Government grant	26	**13.52**	11.58
(e) Contract liability	27	**340.50**	77.45
(f) Other current liabilities	28	**135.06**	224.61
Total current liabilities		**1,861.12**	1,978.24
Total liabilities		**2,303.67**	2,350.96
Total equity and liabilities		**10,579.01**	9,477.41

See accompanying notes forming part of the financial statements

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

per Sanjay Vij
Partner
Membership No : 095169

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

Manhar Kapoor
Company Secretary

Kaleeswaran Arunachalam
Chief Financial Officer

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

Siddhartha Lal
Managing Director
DIN: 00037645

S. Sandilya
Chairman
DIN: 00037542

Vinod Aggarwal
Director
DIN: 00038906

Place: Gurugram
Date: June 12, 2020

Date: June 12, 2020

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Particulars	Note No.	**For the year ended March 31, 2020**	For the year ended March 31, 2019
INCOME			
Revenue from contract with customers		**9,008.69**	9,715.16
Other operating income		**68.78**	79.32
Revenue from operations	29	**9,077.47**	9,794.48
Other income	30	**615.34**	508.04
Total Income		**9,692.81**	10,302.52
EXPENSES			
Cost of materials consumed	31	**4,661.17**	5,053.96
Purchases of traded goods	32	**214.25**	207.26
Change in inventories of finished goods, work-in-progress and traded goods	33	**110.35**	(198.46)
Employee benefits expense	34	**765.12**	679.53
Finance costs	35	**10.86**	2.99
Depreciation and amortisation expense	36	**377.92**	298.93
Other expenses	37	**1,122.80**	1,107.81
Total Expenses		**7,262.47**	7,152.02
Profit before exceptional items and tax		**2,430.34**	3,150.50
Exceptional item	38	**-**	(17.52)
Profit before tax		**2,430.34**	3,132.98
Tax expense			
Current tax	39	**548.82**	941.92
Deferred tax	39	**(22.30)**	136.62
Total tax expense		**526.52**	1,078.54
Net profit after tax		**1,903.82**	2,054.44
Other comprehensive income/(expense)			
Items that may be reclassified to profit or loss:-			
Exchange differences in translating the financial statements of foreign operations		**9.64**	(7.47)
Income tax effect	39	**(2.43)**	2.61
		7.21	(4.86)
Items that will not be reclassified to profit or loss:-			
Re-measurement gains/(losses) on defined benefit plans		**(0.25)**	(1.40)
Income tax effect	39	**0.06**	0.49
		(0.19)	(0.91)
Total Comprehensive income for the year		**1,910.84**	2,048.67
Earnings per equity share of Rs. 10 each (in Rs.)			
(a) Basic	45	**697.50**	753.37
(b) Diluted	45	**697.16**	752.54

See accompanying notes forming part of the financial statements

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

per Sanjay Vij
Partner
Membership No : 095169

Place: Gurugram
Date: June 12, 2020

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

Manhar Kapoor
Company Secretary

Kaleeswaran Arunachalam
Chief Financial Officer

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

Siddhartha Lal
Managing Director
DIN: 00037645

S. Sandilya
Chairman
DIN: 00037542

Vinod Aggarwal
Director
DIN: 00038906

Date: June 12, 2020

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

A EQUITY SHARE CAPITAL

	Number of Shares	Amount
Balance as at March 31, 2018	**2,72,55,549**	**27.26**
Changes in equity share capital during the year		
Issue of equity shares under employee share option plan (refer note 50)	27,021	0.02
Balance as at March 31, 2019	**2,72,82,570**	**27.28**
Changes in equity share capital during the year		
Issue of equity shares under employee share option plan (refer note 50)	22,000	0.02
Balance as at March 31, 2020	**2,73,04,570**	**27.30**

B OTHER EQUITY

Particulars	Reserves and surplus						Items of OCI	Total equity
	Capital reserve	Capital redemption reserve	Securities premium reserve	General reserve	Share based payments reserve	Retained earnings	Foreign currency translation reserve	Total
Balance as at March 31, 2018	**0.25**	**1.41**	**60.37**	**339.89**	**59.80**	**4,871.26**	**11.99**	**5,344.97**
Profit for the year	-	-	-	-	-	2,054.44	-	**2,054.44**
Other comprehensive income / (expense) for the year, net of income tax	-	-	-	-	-	(0.91)	(4.86)	**(5.77)**
Total comprehensive income / (expense) for the year	**-**	**-**	**-**	**-**	**-**	**2,053.53**	**(4.86)**	**2,048.67**
Share-based payments (refer note 50)	-	-	-	-	16.40	-	-	**16.40**
Payment of dividend	-	-	-	-	-	(299.93)	-	**(299.93)**
Payment of dividend tax	-	-	-	-	-	(48.23)	-	**(48.23)**
Proceeds from issue of equity shares under employee share option plan	-	-	36.11	-	-	-	-	**36.11**
ESOP expense transferred to subsidiary company	-	-	-	-	1.18	-	-	**1.18**
Transfer to securities premium on issue of shares	-	-	18.63	-	(18.63)	-	-	**-**
Balance as at March 31, 2019	**0.25**	**1.41**	**115.11**	**339.89**	**58.75**	**6,576.63**	**7.13**	**7,099.17**
Impact on accounting for leases on opening balance	-	-	-	-	-	(12.87)	-	**(12.87)**
Tax impact on above	-	-	-	-	-	4.50	-	**4.50**
Balance as on April 01, 2019	**0.25**	**1.41**	**115.11**	**339.89**	**58.75**	**6,568.26**	**7.13**	**7,090.80**
Profit for the year	-	-	-	-	-	1,903.82	-	**1,903.82**
Other comprehensive income / (expense) for the year, net of income tax	-	-	-	-	-	(0.19)	7.21	**7.02**
Total comprehensive income / (expense) for the year	**-**	**-**	**-**	**-**	**-**	**1,903.63**	**7.21**	**1,910.84**
Share-based payments (refer note 50)	-	-	-	-	25.75	-	-	**25.75**
Payment of dividend	-	-	-	-	-	(682.43)	-	**(682.43)**
Payment of dividend tax	-	-	-	-	-	(126.30)	-	**(126.30)**
Proceeds from issue of equity shares under employee share option plan	-	-	28.88	-	-	-	-	**28.88**
ESOP expense transferred to subsidiary company	-	-	-	-	0.50	-	-	**0.50**
Transfer to securities premium on issue of shares	-	-	15.01	-	(15.01)	-	-	**-**
Balance as at March 31, 2020	**0.25**	**1.41**	**159.00**	**339.89**	**69.99**	**7,663.16**	**14.34**	**8,248.04**

See accompanying notes forming part of the financial statements

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

per Sanjay Vij
Partner
Membership No : 095169

Place: Gurugram
Date: June 12, 2020

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

Manhar Kapoor
Company Secretary

Kaleeswaran Arunachalam
Chief Financial Officer

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

Siddhartha Lal
Managing Director
DIN: 00037645

S. Sandilya
Chairman
DIN: 00037542

Vinod Aggarwal
Director
DIN: 00038906

Date: June 12, 2020

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A. CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES		
Profit before tax	**2,430.34**	3,132.98
Adjustments for:		
Depreciation and amortisation expenses	**377.92**	298.93
Gain on disposal of property, plant and equipment	**(0.21)**	(0.17)
Impairment loss in the value of investments	**-**	17.52
Property, plant and equipment discarded	**0.35**	3.00
Rent income	**-**	(0.26)
Loss on sale of property, plant and equipment	**2.55**	1.12
Dividend from joint venture company	**(68.00)**	(65.28)
Gain on financial instruments at fair value through profit or loss	**(302.98)**	(288.68)
Interest income recognised in profit or loss	**(220.58)**	(130.32)
Expenses recognised in respect of equity-settled share-based payments	**25.02**	14.21
Re-measurement losses on defined benefit plans	**(0.25)**	(1.40)
Exchange difference on conversion	**9.64**	(7.47)
Exchange difference on reinstatement of property, plant and equipment	**6.78**	(2.53)
Unrealised foreign exchange difference	**(3.96)**	2.02
Finance costs recognized in profit or loss	**10.86**	2.99
Operating profit before changes in working capital	**2,267.48**	2,976.66
Changes in working capital:		
Adjustments for (increase) / decrease in non-current assets:		
Other financial assets	**2.99**	(4.45)
Other assets	**1.69**	0.04
Adjustments for (increase) / decrease in current assets:		
Inventories	**87.29**	(226.11)
Trade receivables	**(23.40)**	(30.61)
Loans	**1.17**	(1.01)
Other financial assets	**5.84**	(2.94)
Other assets	**23.48**	12.99
Adjustments for increase / (decrease) in non-current liabilities:		
Other financial liabilities	**2.70**	1.08
Provisions	**(2.92)**	(7.72)
Government grant	**(2.64)**	15.82
Other liabilities	**19.79**	0.61
Adjustments for increase / (decrease) in current liabilities:		
Trade payables	**(218.83)**	60.63
Other financial liabilities	**0.83**	13.84
Provisions	**18.56**	10.44
Government grant	**1.94**	1.45
Contract liability	**263.05**	(202.79)
Other liabilities	**(89.55)**	(101.28)
Cash generated from operating activities	**2,359.47**	2,516.65
Direct taxes paid	**(628.31)**	(908.46)
Net cash flow from operating activities (A)	**1,731.16**	1,608.19
B. CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES		
Payment for property, plant and equipment	**(555.19)**	(784.28)
Proceeds from disposal of property, plant and equipment	**0.80**	0.08
Investment in subsidiary company	**(0.93)**	(18.50)
Investment in a joint venture company	**(0.99)**	(30.00)

CASH FLOW STATEMENT (CONTD.)

FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Investment in equity shares of a company recognised at FVTPL	**-**	(5.04)
Proceeds from sale of debt Mutual funds	**8,176.17**	9,050.65
Purchases of debt Mutual funds	**(8,746.27)**	(7,924.00)
Investments in fixed deposit	**(4,681.98)**	(3,696.00)
Maturity proceeds from fixed deposit	**4,017.00**	2,578.94
Dividend from joint venture company	**68.00**	65.28
Rent received	**-**	0.26
Interest received	**204.06**	89.92
Net cash flow used in investing activities (B)	**(1,519.33)**	(672.69)
C. CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		
Short term borrowings availed	**211.93**	322.06
Re-payment of short term borrowings	**(277.08)**	(342.89)
Interest paid	**(0.87)**	(1.39)
Proceeds from issue of equity share capital under ESOP Scheme (including security premium)	**28.90**	36.13
Repayment of lease liabilities	**(37.51)**	-
Dividend paid	**(682.43)**	(299.93)
Tax on dividend paid	**(126.30)**	(48.23)
Net cash flow used in financing activities (C)	**(883.36)**	(334.25)
Net Increase/(decrease) in cash and cash equivalents (A)+(B)+(C)	**(671.53)**	601.25
Cash and cash equivalents at the beginning of the year (less bank overdraft)	**690.53**	89.28
Cash and cash equivalents at the end of the year	**19.00**	690.53

Particulars	As at March 31, 2020	As at March 31, 2019
Components of cash and cash equivalents		
Cash on hand	**0.07**	0.03
Balances with banks:		
In current accounts	**18.93**	9.73
In deposit accounts with original maturity of less than three months	**-**	692.00
Cash and cash equivalents as per balance sheet (refer note 15)	**19.00**	701.76
Bank overdrafts (refer note 21)	**-**	11.23
Cash and cash equivalents as per statement of cash flows	**19.00**	690.53

See accompanying notes forming part of the financial statements

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

per Sanjay Vij
Partner
Membership No : 095169

Place: Gurugram
Date: June 12, 2020

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

Manhar Kapoor
Company Secretary

Kaleeswaran Arunachalam
Chief Financial Officer

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

Siddhartha Lal
Managing Director
DIN: 00037645

S. Sandilya
Chairman
DIN: 00037542

Vinod Aggarwal
Director
DIN: 00038906

Date: June 12, 2020

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

1. CORPORATE INFORMATION

Eicher Motors Limited ("the Company") is a public company domiciled and incorporated in India under the provisions of the Companies Act, 1956. The Company is engaged in the manufacturing and selling of motorcycles, spare parts and related services. The Company has its registered office at New Delhi, India and its corporate office at Gurugram, Haryana, India. The Company has its equity shares listed on the BSE Limited and National Stock Exchange of India Limited. The standalone financial statements were authorized for issue in accordance with a resolution of the Board of Directors on June 12, 2020.

2. BASIS OF PREPARATION AND PRESENTATION

2.1 Statement of Compliance

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

2.2 Accounting convention

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

2.3 Operating cycle

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

3.2 Fair Value Measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020
ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

The fair value of an asset or a liability is measured using the assumptions, that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the Company. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Company decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Company also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

The Company presents the valuation results to the Company's independent auditors. This includes a discussion of the major assumptions used in the valuations.

3.3 Revenue from contract with customers

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

Sale of goods

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

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

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Variable consideration

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

Warranty obligations

The Company typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on warranty provisions in section 3.16 Provisions.

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

Agency services

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

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section 3.17 Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

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

Dividend and interest income

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

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

3.4 Leases

The Company assesses at the contract inception, whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Buildings	2 to 25 years
Land	99 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 3.13 Impairment of non-financial assets.

ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of buildings and others (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

As a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.5 Foreign currencies

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

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

Transactions in foreign currencies are initially recorded by the foreign operation at the functional

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

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

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

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

Tax charges and credits attributable to exchange differences on those monetary items are also recorded in Other Comprehensive Income (OCI).

3.6 Borrowing costs

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

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

3.7 Government grants

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

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

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

3.8 Retirement and other employee benefits

Provident fund

(i) The Company operates a scheme of provident fund for eligible employees, which is a defined benefit plan. Both the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company contributes a part of the contributions to the "Eicher Executive Provident Fund Trust". The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

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

(ii) The employees, who are not covered under the scheme stated in 3.8 (i) above, are covered in a defined contribution scheme wherein their portion of provident fund is contributed to the government administered provident fund. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service.

Gratuity

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

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period.

Re-measurements, comprising actuarial gains and losses and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurements recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

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

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

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

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

Short-term and other long-term employee benefits

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

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

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

3.9 Share-based payment arrangements

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

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note no. 50.

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

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

3.10 Taxation

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

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Current tax

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

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

Deferred tax

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

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

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

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

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

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

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

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

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

Current and deferred tax for the year

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

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

3.11 Property, plant and equipment

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

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

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

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

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

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

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

3.12 Intangible assets

Intangible assets acquired separately

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

Internally-generated intangible assets - research and development expenditure

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

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

- the technical feasibility of completing the intangible asset so that it will be available for use or sale

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

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

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

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

Derecognition of intangible assets

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

Useful lives of intangible assets

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

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

3.13 Impairment of non-financial assets

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

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

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

3.14 Investment property

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

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

3.15 Inventories

Inventories comprising Raw materials, work-in-progress, stores and spares, loose tools, traded goods and finished goods are stated at the lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to its present location. Cost of inventories is determined on a moving average.

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

3.16 Provisions

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

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

Warranties

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

3.17 Financial instruments

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

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

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

3.18 Financial assets

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

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

amortised cost (except for debt instruments that are designated at fair value through profit or loss on initial recognition):

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

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

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

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

All other financial assets are subsequently measured at fair value.

Effective interest method

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

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

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

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

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

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

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

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

Impairment of financial assets

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

The Company measures the loss allowance for a financial instrument at an amount equal to the

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

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

Derecognition of financial assets

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

3.19 Financial liabilities and equity instruments

Classification as financial liability or equity

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

Equity instruments

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

Financial liabilities

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

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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in the other comprehensive income. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of cost of an asset is included in the 'Finance costs' line item.

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

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

Derecognition of financial liabilities

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

3.20 Cash and cash equivalent

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

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

3.21 Cash flow statement

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

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

3.22 Cash dividend

The Company recognises a liability to make dividend distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India a distribution is authorised when it is approved by the shareholders, However, Board of Directors of a Company may declare interim dividend during any financial year out of the surplus in statement of profit and loss and out of the profits of the financial year in which such interim dividend is sought to be declared. A corresponding amount is recognised directly in equity.

3.23 Earnings per share

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

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

3.24 Changes in accounting policies and disclosures

New and amended standards

The Company applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments apply for the first time for the year ending March 31, 2020, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, amendments that have been issued but are not yet effective/notified.

Ind AS 116 Leases

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases-Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor.

The Company adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application on April 1, 2019 and has taken the cumulative adjustment to retained earnings, on such date. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 April 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C of Ind AS 17 at the date of initial application. The Company elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets). The Company applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

On transition, the adoption of the new standard has resulted in recognition of lease liabilities of Rs. 123.45 crores and Right of Use assets amounting to Rs. 201.90 crores, which have been discounted at 8 to 9.5% p.a. The Company has recognised an impact of Rs. 12.87 crores in the opening retained earnings and the related Deferred Tax Asset of Rs. 4.50 crores on the difference between the opening lease liabilities and right of use assets because of the transition. Refer to note 53 for further details.

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

associated with uncertain tax treatments. The Appendix specifically addresses the following:

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

The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex tax environment, it assessed whether the Appendix had an impact on its financial statements and concluded that the Appendix did not have a significant impact on the financial statements of the Company.

Annual Improvements to Ind AS

- **Ind AS 103 Business Combinations**

  The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

  An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after April 1, 2019.

  These amendments had no impact on the financial statements of the Company as there is no transaction where joint control is obtained.

- **Ind AS 111 Joint Arrangements**

  An entity that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in Ind AS 103. The amendments clarify that the previously held interests in that joint operation are not remeasured.

  An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after April 1, 2019.

  These amendments had no impact on the financial statements of the Company as there is no transaction where a joint control is obtained.

- **Ind AS 12 Income Taxes**

  The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

  An entity applies the amendments for annual reporting periods beginning on or after April 1, 2019.

  Since the Company's current practice is in line with these amendments, they had no impact on the financial statements of the Company.

- **Ind AS 23 Borrowing Costs**

  The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

  The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 April 2019.

  Since the Company's current practice is in line with these amendments, they had no impact on the financial statements of the Company.

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

4. PROPERTY, PLANT AND EQUIPMENT

Particulars	Freehold land*	Buildings	Plant and equipment	Furniture and fixtures	Office equipment	Vehicles	Total
Cost							
At March 31, 2018	85.95	483.80	1,301.83	20.57	109.45	44.48	2,046.08
Additions	-	161.00	293.08	7.43	30.33	18.60	510.44
Disposals	-	0.43	47.31	0.54	0.35	2.72	51.35
Adjustments (Exchange difference)	-	(1.06)	(0.91)	(0.03)	(0.27)	(0.09)	(2.36)
At March 31, 2019	**85.95**	**643.31**	**1,546.69**	**27.43**	**139.16**	**60.27**	**2,502.81**
Additions	-	133.50	411.30	7.54	49.34	21.56	623.24
Disposals	-	0.23	32.99	1.09	2.34	6.00	42.65
Adjustments (Exchange difference)		1.55	1.54	0.04	0.45	0.26	3.84
At March 31, 2020	**85.95**	**778.13**	**1,926.54**	**33.92**	**186.61**	**76.09**	**3,087.24**
Accumulated depreciation							
At March 31, 2018	-	44.62	471.70	9.00	48.99	17.01	591.32
Charge for the year	-	25.33	210.92	3.44	23.71	9.45	272.85
Disposals	-	0.35	46.78	0.24	0.33	1.69	49.39
Adjustments (Exchange difference)		(0.03)	(0.20)	(0.01)	(0.04)	(0.01)	(0.29)
At March 31, 2019	**-**	**69.57**	**635.64**	**12.19**	**72.33**	**24.76**	**814.49**
Charge for the year	-	33.30	230.25	3.96	28.96	12.76	309.23
Disposals	-	0.23	26.37	0.80	2.28	4.33	34.01
Adjustments (Exchange difference)		0.15	0.33	0.01	0.29	0.15	0.93
At March 31, 2020	**-**	**102.79**	**839.85**	**15.36**	**99.30**	**33.34**	**1,090.64**
Carrying amount							
At March 31, 2019	85.95	573.74	911.05	15.24	66.83	35.51	1,688.32
At March 31, 2020	**85.95**	**675.34**	**1,086.69**	**18.56**	**87.31**	**42.75**	**1,996.60**

* Title deeds for land and other properties Rs. 0.74 Crs (Rs. 0.74 Crs) at Alwar and Jhajjar are pending for mutation in favour of the Company.

5. CAPITAL WORK-IN-PROGRESS

Particulars	**As at March 31, 2020**	As at March 31, 2019
Capital work-in-progress*	**26.75**	272.14
	26.75	272.14

* Capital work in progress as at March 31, 2020 comprises expenditure for plant in the course of construction and machineries yet to be installed.

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

6. INVESTMENT PROPERTY

Particulars	Building	Total
Cost		
At March 31, 2018	10.12	10.12
Additions	-	-
Disposals	-	-
At March 31, 2019	**10.12**	**10.12**
Additions	-	-
Disposals	-	-
At March 31, 2020	**10.12**	**10.12**
Accumulated depreciation		
At March 31, 2018	6.26	6.26
Charge for the year	0.35	0.35
Disposals	-	-
At March 31, 2019	**6.61**	**6.61**
Charge for the year	0.35	0.35
Disposals	-	-
At March 31, 2020	**6.96**	**6.96**
Carrying amount		
At March 31, 2019	3.51	3.51
At March 31, 2020	**3.16**	**3.16**

Fair value of the Investment property

The fair value of the Company's investment properties as at March 31, 2019 and March 31, 2020 have been arrived at on the basis of valuation carried out on the respective dates by Mr. Purshotam Khandelwal, independent valuer not related to the Company. Mr. Purshotam Khandelwal is a registered valuer with the authority which governs the valuers in India, and they have appropriate qualifications and experience in the valuation of properties in the relevant location.

For the building located in Jaipur, India, the fair value of structure as on March 31, 2019 and March 31, 2020 was determined based on S.O. No.X-3/2015 dated 15/07/2015 of State P.W.D.B&R issued by Chief Engineer, PWD Building and Roads, Government of Rajasthan, Jaipur with suitable adjustments for rise in cost index since July 2015 to average mean period of construction. The items not covered under Standing Order No. X-3/2015 have been valued on the rates of State PWD BSR.

Detail of the investment properties and information about the fair value hierarchy as at March 31, 2020 and March 31, 2019 are as follows :-

Particulars	Level 2	
	Fair value as at March 31, 2020	Fair value as at March 31, 2019
Building located at Jaipur, India	**4.05**	4.33

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Information regarding income and expenditure of Investment property

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rental income derived from investment properties	-	0.26
Direct operating expenses	-	-
Profit arising from investment properties before depreciation and indirect expenses	-	0.26
Less: Depreciation	**0.35**	0.35
Profit / (loss) arising from investment properties before indirect expenses	**(0.35)**	(0.09)

7. INTANGIBLE ASSETS

Particulars	Product designs, prototypes etc.	Computer softwares	Total
Cost			
At March 31, 2018	30.83	51.57	82.40
Additions	145.07	20.98	166.05
Disposals / write off	-	-	-
Adjustments (Exchange difference)	(0.06)	(0.11)	(0.17)
At March 31, 2019	**175.84**	**72.44**	**248.28**
Additions	19.52	20.27	39.79
Disposals / write off	0.02	0.01	0.03
Adjustments (Exchange difference)	2.74	0.20	2.94
At March 31, 2020	**198.08**	**92.90**	**290.98**
Accumulated amortisation			
At March 31, 2018	13.00	30.74	43.74
Charge for the year	10.88	14.85	25.73
Disposals / write off	-	-	-
Adjustments (Exchange difference)	(0.01)	(0.16)	(0.17)
At March 31, 2019	**23.87**	**45.43**	**69.30**
Charge for the year	20.27	15.93	36.20
Disposals / write off	-	0.01	0.01
Adjustments (Exchange difference)	0.49	0.17	0.66
At March 31, 2020	**44.63**	**61.52**	**106.15**
Carrying amount			
At March 31, 2019	151.97	27.01	178.98
At March 31, 2020	**153.45**	**31.38**	**184.83**

8. INTANGIBLE ASSETS UNDER DEVELOPMENT

Particulars	As at March 31, 2020	As at March 31, 2019
Intangible assets under development*	**285.42**	177.60
	285.42	177.60

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

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

9. INVESTMENTS IN SUBSIDIARIES & JOINT VENTURES

Particulars	**As at March 31, 2020 Non-Current**	As at March 31, 2019 Non-Current
Unquoted Investments		
(a) Investment in equity instruments of subsidiary companies (at cost)		
47,13,569 (March 31, 2019 : 47,13,569) shares of Brasilian Real 1 each fully paid up of Royal Enfield Brasil Comércio de Motocicletas Ltda	**9.82**	9.82
1,00,000 (March 31, 2019 : 1,00,000) shares of Royal Enfield North America Limited (no face value)	**34.17**	34.17
1,67,50,000 (March 31, 2019 : 1,67,50,000) shares of Thai Bhat 5 each fully paid up of Royal Enfield (Thailand) Limited	**18.50**	18.50
10,000 (March 31, 2019 : Nil) shares of GBP 10 each fully paid up of Royal Enfield UK Limited	**0.93**	-
Sub-total (A)	**63.42**	62.49
(b) Investment in equity instruments of joint venture companies (at cost)		
54,40,000 (March 31, 2019 : 54,40,000) Equity shares of Rs.10 each fully paid up of VE Commercial Vehicles Limited	**5.44**	5.44
32,45,00,000 (March 31, 2019 : 32,45,00,000) Equity shares of Rs.10 each fully paid up of Eicher Polaris Private Limited	**324.50**	324.50
Eicher Group Foundation (License under Section 8(1) of the Companies Act, 2013)*	**-**	-
Sub-total	**329.94**	329.94
Less: Impairment in value of investments in Eicher Polaris Private Limited (refer note 38)	**(324.50)**	(324.50)
Sub-total (B)	**5.44**	5.44
Total (A+B)	**68.86**	67.93

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

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

FINANCIAL ASSETS :

10. INVESTMENTS

Particulars	As at March 31, 2020		As at March 31, 2019	
	Non-Current	**Current**	Non-Current	Current
Unquoted Investments				
(a) Investment in equity instruments of companies at fair value through profit or loss (FVTPL) 16,84,750 (March 31, 2019 : 4,750) Equity shares of Suryadev Alloys and Power Private Limited	**5.13**	-	0.09	-
Sub-total (A)	**5.13**	**-**	**0.09**	**-**
Quoted Investments				
(b) Investments in mutual funds carried at fair value through profit or loss (FVTPL)	**1,297.88**	**2,512.50**	2,465.76	468.81
Sub-total (B)	**1,297.88**	**2,512.50**	2,465.76	468.81
(c) Investment in bonds carried at amortised cost	**41.21**	**-**	43.94	-
Sub-total (C)	**41.21**	**-**	43.94	-
Total (A+B+C)	**1,344.22**	**2,512.50**	2,509.79	468.81
Aggregate carrying value of quoted investments	**1,339.09**	**2,512.50**	2,509.70	468.81
Aggregate market value of quoted investments	**1,345.11**	**2,512.50**	2,511.63	468.81
Aggregate carrying value of unquoted investments	**5.13**	**-**	0.09	-
Category-wise investments - as per Ind AS 109 Classifications				
Financial assets carried at fair value through profit or loss (FVTPL)				
Unquoted				
Investment in equity instruments	**5.13**	**-**	0.09	**-**
Quoted				
Investment in mutual funds	**1,297.88**	**2,512.50**	2,465.76	468.81
Financial assets carried at amortized cost				
Quoted				
Investment in bonds	**41.21**	**-**	43.94	-

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

11. LOANS

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Unsecured, considered good		
Loans to employees	**0.12**	1.29
Total	**0.12**	1.29

12. OTHER FINANCIAL ASSETS

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Unsecured, considered good		
Security deposits	**23.90**	26.89
Others	**-**	1.38
Total	**23.90**	28.27
Current		
Unsecured, considered good		
Insurance claim receivable	**0.11**	0.73
Interest accrued on fixed deposits and bonds	**86.60**	70.08
Share application money pending allotment	**0.99**	5.04
Others	**5.15**	8.49
Total	**92.85**	84.34

13. INVENTORIES

(At lower of cost and net realisable value)

Particulars	As at March 31, 2020	As at March 31, 2019
Raw materials	**185.94**	166.09
Work in progress	**42.29**	21.68
Finished goods	**225.66**	359.71
Traded goods	**43.48**	40.39
Stores and spares	**18.17**	13.72
Loose tools	**2.51**	3.75
Total	**518.05**	605.34

Write-downs of inventories to net realisable value resulted in net loss of Rs. 1.54 crores (March 31, 2019 : Rs. 5.83 crores). These were recognised as an expense during the year in the Statement of Profit and Loss.

The mode of valuation of inventories has been stated in note 3.15.

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

14. TRADE RECEIVABLES

Particulars		As at March 31, 2020	As at March 31, 2019
Trade receivables		**75.74**	79.55
Receivables from related parties (refer note 47)		**58.23**	27.06
	Total	**133.97**	106.61
Current			
Considered good - secured		**0.66**	0.45
Considered good - unsecured		**133.31**	106.16
Receivables - credit impaired		**0.62**	0.74
		134.59	107.35
Less: Provision for doubtful receivables		**(0.62)**	(0.74)
	Total	**133.97**	106.61

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

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

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

For terms and condition for related party sales refer note 47.

15. CASH AND CASH EQUIVALENTS

Particulars		As at March 31, 2020	As at March 31, 2019
Cash on hand		**0.07**	0.03
Balances with banks:			
In current accounts		**18.93**	9.73
In deposit accounts with original maturity of less than three months		**-**	692.00
	Total	**19.00**	701.76

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

Particulars		As at March 31, 2020	As at March 31, 2019
Cash on hand		**0.07**	0.03
Balances with banks:			
In current accounts		**18.93**	9.73
In deposit accounts with original maturity of less than three months		**-**	692.00
	Total	**19.00**	701.76
Bank overdrafts (refer note 21)		**-**	11.23
Cash and cash equivalents as per statement of cash flows	**Total**	**19.00**	690.53

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Changes in liabilities arising from financing activities

Particulars	April 1, 2019	Net cash flows	Others	March 31, 2020
Short-term borrowings	65.15	(65.15)	-	**-**
Interest accrued but not due	-	(0.87)	0.87	**-**
Dividend payable including tax on dividend	-	(808.73)	808.73	**-**
Total liabilities from financing activities	65.15	(874.75)	809.60	**-**

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

16. OTHER BANK BALANCES

Particulars	As at March 31, 2020	As at March 31, 2019
In unpaid dividend accounts	**16.40**	12.31
On deposit accounts		
- Original maturity between three and twelve months	**164.00**	1,221.00
- Original maturity greater than twelve months	**2,726.98**	1,005.00
Total	**2,907.38**	2,238.31

17. OTHER ASSETS

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Unsecured, considered good		
Capital advances	**71.70**	50.41
Balance with government authorities	**6.29**	7.98
Prepayment land leases	**-**	87.24
Other prepayments	**-**	2.37
Total	**77.99**	148.00
Current		
Unsecured, considered good		
Advance to suppliers	**68.36**	54.71
Advance to employees	**6.66**	5.66
Prepaid expenses	**20.63**	17.98
Balance with government authorities:		
Considered good	**43.27**	88.91
Considered doubtful	**1.11**	1.11
	44.38	90.02
Less: Provision for doubtful advances	**(1.11)**	(1.11)
	43.27	88.91
Prepayment land leases	**-**	0.95
Government grant receivable	**13.81**	8.95
Other prepayments	**-**	0.81
Total	**152.73**	177.97

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

18. SHARE CAPITAL

(a) Equity share capital

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised Equity share capital		
3,00,00,000 (March 31, 2019 : 3,00,00,000) Equity shares of Rs. 10 each	**30.00**	30.00
Total	**30.00**	30.00
Issued, subscribed and fully paid up		
2,73,04,570 (March 31, 2019 : 2,72,82,570) Equity shares of Rs. 10 each	**27.30**	27.28
Total	**27.30**	27.28

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

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

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Nos.	Rs. in Crores	Nos.	Rs. in Crores
At the beginning of the year	**2,72,82,570**	**27.28**	2,72,55,549	27.26
Issued during the year - ESOP (refer note 50)	**22,000**	**0.02**	27,021	0.02
Outstanding at the end of the year	**2,73,04,570**	**27.30**	2,72,82,570	27.28

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	Nos.	% holding in the class	Nos.	% holding in the class
The Simran Siddhartha Tara Benefit Trust	**1,20,30,648**	**44.06%**	1,20,30,648	44.10%

(iii) Share options granted under the Company's employee share option plan carry no rights to dividend and no voting rights. Further details of the employee share option plan are provided in note 50.

(b) Preference share capital

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised Preference share capital		
1,01,000 (March 31, 2019 : 1,01,000) Redeemable preference shares of Rs. 100 each	**1.01**	1.01
Total	**1.01**	1.01

The Company has not issued any preference shares.

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

19. OTHER EQUITY

Particulars	**As at March 31, 2020**	As at March 31, 2019
Capital reserves	**0.25**	0.25
Capital redemption reserve	**1.41**	1.41
Securities premium reserve	**159.00**	115.11
General reserves	**339.89**	339.89
Share based payments reserve	**69.99**	58.75
Foreign currency translation reserve	**14.34**	7.13
Retained earnings	**7,663.16**	6,576.63
Total	**8,248.04**	7,099.17

Particulars	**As at March 31, 2020**	As at March 31, 2019
A Capital reserve		
Opening balance	**0.25**	0.25
Add / Less: Movement during the year	**-**	-
Closing balance	**0.25**	0.25

Particulars	**As at March 31, 2020**	As at March 31, 2019
B Capital redemption reserve		
Opening balance	**1.41**	1.41
Add / Less: Movement during the year	**-**	-
Closing balance	**1.41**	1.41

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

Particulars	**As at March 31, 2020**	As at March 31, 2019
C Securities premium reserve		
Opening balance	**115.11**	60.37
Add : Proceeds from issue of equity shares	**28.88**	36.11
Add : Transferred from share options outstanding account	**15.01**	18.63
Closing balance	**159.00**	115.11

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

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Particulars	As at March 31, 2020	As at March 31, 2019
D General reserves		
Opening balance	**339.89**	339.89
Add: Amount transferred from retained earnings	**-**	-
Closing balance	**339.89**	339.89

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

Particulars	As at March 31, 2020	As at March 31, 2019
E Share-based payments reserve		
Opening balance	**58.75**	59.80
Add : ESOP expense during the year	**25.75**	16.40
Add : ESOP expense transferred to subsidiary company	**0.50**	1.18
Less : Transferred to securities premium on issue of shares	**15.01**	18.63
Closing balance	**69.99**	58.75

The above reserve relates to share options granted by the Company to certain employees under its employee share option plan. Further information about share-based payments to employees is set out in note 50.

Particulars	As at March 31, 2020	As at March 31, 2019
F Foreign currency translation reserve		
Opening balance	**7.13**	11.99
Add : Exchange differences in translation of foreign operations	**7.21**	(4.86)
Closing balance	**14.34**	7.13

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

Particulars	As at March 31, 2020	As at March 31, 2019
G Retained earnings		
Opening balance	**6,576.63**	4,871.26
Less: Impact on accounting for leases on opening balance	**(12.87)**	-
Add: Tax impact on above	**4.50**	-
Add: Profit for the year	**1,903.82**	2,054.44
Add: Other Comprehensive income: from Remeasurement of defined benefit obligation net of income tax	**(0.19)**	(0.91)
Less: Interim dividend in 2019-20 (amount per share Rs. 125 (March 31, 2019: Rs. Nil))	**341.32**	-
Less: Tax on interim dividend	**70.16**	-
Less: Dividend for 2018-19 paid in FY 2019-20 (amount per share Rs. 125 (March 31, 2019 : Rs. 110))	**341.11**	299.93
Less: Tax on dividend	**56.14**	48.23
Total appropriations	**808.73**	348.16
Balance at end of year	**7,663.16**	6,576.63

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

FINANCIAL LIABILITIES :

20. OTHER FINANCIAL LIABILITIES

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Security deposits received	**12.66**	9.96
Total	**12.66**	9.96
Current		
Employee dues	**78.42**	73.00
Capital creditors	**55.03**	57.38
Unpaid dividend *	**16.40**	12.31
Provision for constructive obligation towards the discontinued operations of a joint venture (refer note 38)	**5.00**	5.00
Others	**5.72**	10.31
Total	**160.57**	158.00

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

21. BORROWINGS

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured		
- From bank		
Overdraft facility	**-**	11.23
Short-term Loan	**-**	65.15
Total	**-**	76.38

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

22. TRADE PAYABLES

Particulars	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of micro enterprises and small enterprises		
Dues to micro and small enterprises (refer note 43)	**18.42**	19.28
Sub-total (A)	**18.42**	19.28
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Acceptances	**26.18**	107.76
Other trade payables	**917.36**	1,026.66
Trade payables to related parties (refer note 47)	**58.81**	77.40
Sub-total (B)	**1,002.35**	1,211.82
Total (A+B)	**1,020.77**	1,231.10

For terms and conditions pertaining to related party dues, refer note 47.

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

23. PROVISIONS

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Employee benefits - refer note (i) below	**5.08**	4.23
Warranties - refer note (ii) below	**16.12**	18.77
Total	**21.20**	23.00
Current		
Employee benefits - refer note (i) below		
Compensated absences	**12.31**	10.72
Other employee benefits	**0.05**	0.08
Sub-total (A)	**12.36**	10.80
Warranties - refer note (ii) below	**63.85**	46.85
Sub-total (B)	**63.85**	46.85
Total (A+B)	**76.21**	57.65

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

(ii) Movement in warranties provision

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	**65.62**	64.35
Additions during the year	**55.63**	43.33
Amount utilised during the year	**42.40**	43.66
Unwinding of discount	**1.12**	1.60
Closing balance	**79.97**	65.62

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

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

24. DEFERRED TAX LIABILITIES (NET)

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax liabilities on		
Property, plant and equipment and intangible assets	**193.63**	250.38
Investments measured at FVTPL	**75.17**	46.25
Others	**2.66**	0.68
Sub-total (A)	**271.46**	297.31
Less: Deferred tax assets on		
Accrued expenses deductible on payment	**1.11**	1.55
Deferred revenue	**8.50**	10.73
Provision for compensated absences and other employee benefits	**3.10**	3.75
Provision for doubtful debts and advances	**0.43**	0.65
Lease	**3.81**	-
Others	**2.47**	4.14
Sub-total (B)	**19.42**	20.82
Total (A-B)	**252.04**	276.49

Movement of deferred tax liabilities/assets

For the year ended March 31, 2020

Particulars	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
Deferred tax liabilities on				
Property, plant and equipment and intangible assets	250.38	(56.75)	-	193.63
Investments measured at FVTPL	46.25	28.92	-	75.17
Others	0.68	1.98	-	2.66
Sub-total (A)	**297.31**	**(25.85)**	**-**	**271.46**
Less: Deferred tax assets on				
Accrued expenses deductible on payment	1.55	(0.44)	-	1.11
Deferred revenue	10.73	(2.23)	-	8.50
Provision for compensated absences and other employee benefits	3.75	(0.65)	-	3.10
Exchange differences in translating the financial statements of foreign operations	-	2.43	(2.43)	-
Remeasurement of defined benefit obligation	-	(0.06)	0.06	-
Provision for doubtful debts and advances	0.65	(0.22)	-	0.43
Lease	4.50	(0.69)	-	3.81
Others	4.16	(1.69)	-	2.47
Sub-total (B)	**25.34**	**(3.55)**	**(2.37)**	**19.42**
Total (A-B)	**271.97**	**(22.30)**	**2.37**	**252.04**

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

For the year ended March 31, 2019

Particulars	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
Deferred tax liabilities on				
Property, plant and equipment and intangible assets	150.48	99.90	-	250.38
Investments measured at FVTPL	11.88	34.37	-	46.25
Others	0.97	(0.29)	-	0.68
Sub-total (A)	163.33	133.98	-	297.31
Less: Deferred tax assets on				
Accrued expenses deductible on payment	2.80	(1.25)	-	1.55
Deferred revenue	10.08	0.65	-	10.73
Provision for compensated absences and other employee benefits	2.79	0.96	-	3.75
Exchange differences in translating the financial statements of foreign operations	-	(2.61)	2.61	-
Remeasurement of defined benefit obligation	-	(0.49)	0.49	-
Provision for doubtful debts and advances	0.47	0.18	-	0.65
Others	4.22	(0.08)	-	4.14
Sub-total (B)	20.36	(2.64)	3.10	20.82
Total (A-B)	142.97	136.62	(3.10)	276.49

25. CURRENT TAX LIABILITIES / NON-CURRENT ASSETS

Particulars	**As at March 31, 2020**	As at March 31, 2019
Tax liabilities		
Provision for current tax (net)	**90.06**	141.47
Total	**90.06**	141.47
Tax assets		
Advance income tax (net)	**46.52**	18.44
Total	**46.52**	18.44

26. GOVERNMENT GRANT

Particulars	**As at March 31, 2020**	As at March 31, 2019
Non-current		
Deferred revenue arising from Government grant (refer note (i) and (ii) below)	**60.02**	62.66
Total	**60.02**	62.66
Current		
Deferred revenue arising from Government grant (refer note (i) and (ii) below)	**13.52**	11.58
Total	**13.52**	11.58

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

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

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

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

NOTES
FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020
ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

(ii) Movement in Government grant

Particulars	**As at March 31, 2020**	As at March 31, 2019
Opening balance	**74.24**	56.97
Additions during the year	**36.62**	38.30
Amount recognised as income during the year	**37.32**	21.03
Closing balance	**73.54**	74.24

27. CONTRACT LIABILITY

Particulars	**As at March 31, 2020**	As at March 31, 2019
Current		
Contract liability	**340.50**	77.45
Total	**340.50**	77.45

28. OTHER LIABILITIES

Particulars	**As at March 31, 2020**	As at March 31, 2019
Non-current		
Deferred revenue	**20.40**	0.61
Total	**20.40**	0.61
Current		
Advance from customers	**60.41**	93.24
Deferred revenue	**33.79**	30.70
Statutory remittances (contributions to PF and ESIC, withholding taxes, GST, etc.)	**37.26**	89.38
Others	**3.60**	11.29
Total	**135.06**	224.61

29. REVENUE FROM OPERATIONS

Particulars	**For the year ended March 31, 2020**	For the year ended March 31, 2019
Revenue from operations		
Revenue from contract with customers		
Manufactured goods	**8,576.56**	9,294.10
Traded goods	**432.13**	421.06
Sub-total (A)	**9,008.69**	9,715.16
Other operating revenue		
Government grant (Export incentives)	**37.32**	21.03
Scrap sale	**17.38**	24.99
Income from other operating revenues	**14.08**	33.30
Sub-total (B)	**68.78**	79.32
Total (A+B)	**9,077.47**	9,794.48

Also refer accounting policy 3.3 on Revenue from contract with customers.

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
Details of products sold			
Manufactured goods			
Two wheelers		**7,947.59**	8,692.07
Spare parts and other components		**628.97**	602.03
	Total	**8,576.56**	9,294.10
Traded goods			
Accessories and other allied products		**432.13**	421.06
	Total	**432.13**	421.06

30. OTHER INCOME

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
Interest income on financial assets carried at amortized cost			
Bank deposits and bonds		**218.26**	128.94
Others		**2.32**	1.38
		220.58	130.32
Dividend income			
Dividend from joint venture company		**68.00**	65.28
		68.00	65.28
Gain on financial instruments at fair value through profit or loss		**302.98**	288.68
Other non-operating income			
Rent income (refer note 6)		**-**	0.26
Other income		**18.99**	22.80
Profit on sale of property, plant and equipment		**0.21**	0.17
Exchange gain (net)		**4.58**	0.53
		23.78	23.76
	Total	**615.34**	508.04

31. COST OF MATERIALS CONSUMED

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
Inventory at the beginning of the year		**166.09**	143.44
Add: Purchases		**4,850.88**	5,124.97
		5,016.97	5,268.41
Less: Inventory at the end of the year		**185.94**	166.09
Less: Material cost of vehicles capitalised		**2.73**	2.10
		4,828.30	5,100.22
Less: Sale of raw materials to suppliers on cost-to-cost basis		**167.13**	46.26
	Total	**4,661.17**	5,053.96

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

32. PURCHASES OF TRADED GOODS

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Accessories and other allied products	**214.25**	207.26
Total	**214.25**	207.26

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Inventories at the end of the year		
Finished goods	**225.66**	359.71
Work-in-progress	**42.29**	21.68
Traded goods	**43.48**	40.39
A	**311.43**	421.78
Inventories at the beginning of the year		
Finished goods	**359.71**	188.68
Work-in-progress	**21.68**	18.01
Traded goods	**40.39**	16.63
B	**421.78**	223.32
Net change (B-A)	**110.35**	(198.46)

34. EMPLOYEE BENEFITS EXPENSES

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages and bonus	**666.99**	585.67
Contribution to provident and other funds (refer note 44)	**27.18**	29.45
Share-based payments (refer note 50)	**25.02**	14.21
Staff welfare expenses	**45.93**	50.20
Total	**765.12**	679.53

35. FINANCE COSTS

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expense		
On other borrowings	**0.87**	1.39
Unwinding of discount on provisions	**1.12**	1.60
Interest on Lease Liabilities (refer note 53)	**8.87**	-
Total	**10.86**	2.99

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

36. DEPRECIATION AND AMORTIZATION EXPENSES

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation on property, plant and equipment (refer note 4)	**309.23**	272.85
Depreciation of investment property (refer note 6)	**0.35**	0.35
Amortization of intangible assets (refer note 7)	**36.20**	25.73
Amortization of Right of use assets (refer note 53)	**32.14**	-
Total	**377.92**	298.93

37. OTHER EXPENSES

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Consumption of Stores and machinery spares (including loose tools and packing material)	**156.27**	169.52
Loss on sale of property, plant and equipment and intangible assets	**2.55**	1.12
Property, plant and equipment discarded	**0.35**	3.00
Power and fuel	**62.82**	66.89
Insurance	**15.57**	11.58
Repairs and maintenance		
Buildings	**3.57**	3.48
Plant and equipment	**42.88**	44.94
Others	**53.13**	45.02
Rates and taxes	**3.30**	5.38
Advertisement	**14.12**	26.11
Freight and handling charges	**134.15**	143.09
Warranty	**55.63**	43.33
Other selling and distribution expenses	**240.42**	201.53
Expense related to short term leases	**12.67**	45.74
Legal and professional charges*	**54.00**	53.90
Travelling expenses	**87.58**	90.17
Development expenses	**10.97**	13.42
Corporate social responsibility expenditure (refer note 52)	**55.39**	45.39
Provision for doubtful debts and advances	**-**	0.49
Miscellaneous expenses	**117.43**	93.71
Total	**1,122.80**	1,107.81

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
As auditors:		
a) For Audit	**0.25**	0.25
b) For Limited reviews of unaudited financial results	**0.18**	0.15
c) For other services	**0.12**	0.04
d) For reimbursement of expenses	**0.05**	0.03
Total	**0.60**	0.47
In other capacity:		
a) For other services	**0.09**	0.11
Total	**0.09**	0.11

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

38. EXCEPTIONAL ITEMS

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Impairment loss in the value of investments		
- Eicher Polaris Private Limited	-	17.52
Total	-	17.52

Pursuant to the decision of the Board of Directors of the joint venture company, Eicher Polaris Private Limited at their meeting held on March 09, 2018 to wind down the operations with immediate effect, the Company had recorded an impairment loss of Rs. 294.50 crores on the investment and Rs. 17.48 crores towards its share of cost to wind down the operations, totalling to Rs.311.98 crores during the year 2017-18.

During the year 2018-19, it has further recorded an impairment loss of Rs.12.52 crores and Rs. 5.00 crores towards share of cost to wind down operations, totalling to Rs.17.52 crores.

Cumulatively, the company has recorded total impairment loss of Rs.329.50 crores till date.

39. INCOME TAX RECOGNISED IN STATEMENT OF PROFIT AND LOSS

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax			
In respect of the current year		548.82	941.92
	Sub-total (A)	548.82	941.92
Deferred tax			
Relating to origination and reversal of temporary differences		(22.30)	136.62
	Sub-total (B)	(22.30)	136.62
Total income tax expense recognized in the current year	**Total (A+B)**	526.52	1,078.54

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit before tax	2,430.34	3,132.98
Income tax expense calculated at 25.168% (2018-19 : 34.944%)	611.67	1,094.79
Effect on long-term capital gain from investment in mutual funds	(45.60)	(33.33)
Effect of additional deduction of research and product development cost	-	(17.25)
Effect of ESOP expenses not deductible in determining taxable profits	6.30	4.96
Effect of income exempt from taxation	(17.86)	(23.85)
Effect of change in tax rate from 34.944% to 25.168%	(65.23)	-
Effect of mark to market on mutual funds	28.92	34.37
Effect of non creation of deferred tax asset on exceptional item	-	6.12
Others	8.32	12.73
	526.52	1,078.54
Income tax expense recognised in statement of profit and loss	526.52	1,078.54
Income tax rate :		
Basic rate	22.000%	30.000%
Surcharge - 10% (March 31, 2019 12%) (applied on basic rate)	2.200%	3.600%
Cess - 4% (applied on basic plus surcharge)	0.968%	1.344%
	25.168%	34.944%

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Income tax recognized in other comprehensive income

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
Deferred tax charge/(benefit)			
Arising on income and expenses recognized in other comprehensive income:			
Exchange differences in translating the financial statements of foreign operations		**2.43**	(2.61)
Remeasurement of defined benefit obligation		**(0.06)**	(0.49)
Total income tax recognized in other comprehensive income	**Total**	**2.37**	(3.10)
Bifurcation of the income tax recognised in other comprehensive income into:			
Items that may be reclassified to profit or loss		**2.43**	(2.61)
Items that will not be reclassified to profit or loss		**(0.06)**	(0.49)
	Total	**2.37**	(3.10)

40. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Recoverability of intangible assets and intangible assets under development

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

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2020 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 50.

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Impairment of non-financial assets

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

41. RESEARCH AND DEVELOPMENT EXPENSES:

Revenue expenditure on research and development incurred and expensed off during the year through the appropriate heads of account aggregate Rs. 83.74 crores (March 31, 2019 : Rs. 44.66 crores). The capital expenditure incurred during the year for research and development purposes aggregate Rs. 173.62 crores (March 31, 2019 : Rs. 310.28 crores).

42. CONTINGENT LIABILITIES NOT PROVIDED FOR

Particulars	**As at March 31, 2020**	As at March 31, 2019
a) In respect of the following:		
- Excise duty matters	**1.29**	2.52
- Sales tax matters	**7.41**	6.50
- Service tax matters	**0.39**	0.39
- Customs duty matters	**3.48**	3.48
b) Claims against the Company not acknowledged as debts	**10.36**	8.68
c) Guarantees given:	**223.37**	184.20
to bank/others for credit facility granted to 100% subsidiary Company		
- Dues outstanding	**144.43**	110.37

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

There are numerous interpretation issues relating to the Supreme Court judgement on Provident Fund dated February, 28, 2019. The company implemented the same on a prospective basis. Any potential liability on the past years services will be provided after clarity emerges from EPFO.

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

Particulars	**As at March 31, 2020**	As at March 31, 2019
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	**17.84**	18.95
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	**0.01**	0.01
(iii) The amount of payment made to the supplier beyond the appointed day	**64.91**	26.22
(iv) The amount of interest due and payable for the year	**0.28**	0.12
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	**0.58**	0.33
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	**-**	-

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

44. EMPLOYEE BENEFIT PLANS

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

A. Defined Contribution Plans

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Detail of amount recognized as expense for defined contribution plans is given below:		
a) Provident fund*	**20.25**	20.06
b) Superannuation fund	**1.14**	0.49
c) Employee State Insurance Corporation	**1.08**	4.67
d) Other funds	**11.26**	10.45
Total	**33.73**	35.67

*includes Rs. 0.19 crores (March 31, 2019 : Rs. 1.36 crore) capitalized during the year and Rs. 6.36 crores (March 31, 2019 : Rs. 4.86 crores) considered in pre-operative expenditure (pending allocation).

Out of the total contribution made for employees' provident fund, Rs. 6.57 crores (March 31, 2019 : Rs. 4.71 crores) is made to Eicher Executive Provident Fund Trust, while the remaining contribution has been made to government administered provident fund.

B. Defined Benefit Plans:

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

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

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

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at March 31, 2020 by Mr. K.K.Dharni (FIAI M.No. 00051), Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost, were measured using the projected unit credit method.

Provident fund:

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

The Actuary has provided a valuation for Provident Fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the assumptions provided below, the Company does not have additional obligation as at March 31, 2020.

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020
ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

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

Principal assumptions	Provident fund	
	As at March 31, 2020	As at March 31, 2019
Discount rate	**6.85%**	7.80%
Expected statutory interest rate on the ledger balance	**8.50%**	8.65%
Expected short fall in interest earnings on the fund	**0.05%**	0.05%
Retirement age	**58 years**	58 years
Rate of withdrawal	**3.00%**	3.00%
In service mortality	**IALM (2012-14)**	IALM (2006-08)

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

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

Principal assumptions	Gratuity	
	As at March 31, 2020	As at March 31, 2019
Discount rate	**6.85%**	7.80%
Future salary increase	**6.50%**	7.50%
Retirement age	**58 years**	58 years
Rate of withdrawal	**2.00%**	2.00%
In service mortality	**IALM (2012-14)**	IALM (2006-08)

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

Particulars	Gratuity	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Service cost:		
Current service cost	**4.44**	3.46
Net Interest expense	**-**	(0.04)
Components of defined benefit costs recognised in profit or loss	**4.44**	3.42
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	**(0.45)**	0.52
Actuarial (gains)/ losses arising from experience adjustments	**0.70**	0.88
Components of defined benefit costs recognized in other comprehensive income	**0.25**	1.40
Total	**4.69**	4.82

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

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

Particulars	Gratuity	
	As at March 31, 2020	As at March 31, 2019
Present Value of funded defined benefit obligation	**25.65**	21.65
Fair value of plan assets	**25.65**	21.65
Net liability arising from defined benefit obligation	**-**	-

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

Particulars	Gratuity	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening defined obligation	**21.65**	17.13
Current service cost	**4.44**	3.46
Interest cost	**1.69**	1.35
Actuarial (gains)/ losses	**0.51**	1.13
Benefits paid	**(2.64)**	(1.42)
Closing defined benefit obligation	**25.65**	21.65

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

Particulars	Gratuity	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening fair value of plan assets[@]	**21.65**	17.60
Interest income	**1.69**	1.39
Actuarial gains/ (losses)	**0.25**	(0.27)
Contribution	**4.70**	4.35
Benefit paid	**(2.64)**	(1.42)
Closing fair value of plan assets[@]	**25.65**	21.65

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

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

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

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

Particulars	**As at March 31, 2020**	As at March 31, 2019
Government securities	**8.82**	6.15
Debt instruments categorized by issuers' credit rating:		
AAA	**13.58**	10.60
AA+	**2.06**	2.53
AA	**1.02**	1.31
Cash, deposits, etc.	**0.17**	1.06
Total	**25.65**	21.65

The fair values of the above instruments are determined based on quoted market prices in active market. The actual return on plan assets was Rs. 1.94 crores for the year ended March 31, 2020.

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

- If the discount rate is 50 basis points higher (lower), the defined benefit obligation would decrease by Rs. 1.80 crores (increase by Rs. 2.00 crores) [as at March 31, 2019: Decrease by Rs. 1.20 crore (increase by Rs. 1.32 crore)].
- If the expected salary growth increases (decreases) by 50 basis points, the defined benefit obligation would increase by Rs. 2.00 crores (decrease by Rs. 1.82 crores) [as at March 31, 2019: Increase by Rs. 1.32 crore (decrease by Rs. 1.21 crore)].

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

Sensitivity Analysis

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

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

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

Other disclosures

Maturity profile of defined benefit obligation

Particulars	**As at March 31, 2020**	As at March 31, 2019
Average duration of the defined benefit obligation (in years)	**20.05**	20.03

The estimated contribution during next year is Rs. 5.19 crores (March 31, 2019 : Rs. 4.05 cores) to the defined benefit plan.

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

45. EARNINGS PER SHARE

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Basic earnings per share (in Rs.)	**697.50**	753.37
Diluted earnings per share (in Rs.)	**697.16**	752.54
Basic earnings per share		
The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows		
Profit for the year, per statement of profit and loss (Rs. in crores)	**1,903.82**	2,054.44
Weighted average number of equity shares for the purposes of basic earnings per share	**2,72,94,738**	2,72,69,904
Diluted earnings per share		
The earnings and weighted average number of equity shares used in the calculation of diluted earnings per share are as follows		
Profit for the year, per statement of profit and loss (Rs. in crores)	**1,903.82**	2,054.44
Weighted average number of equity shares for the purposes of basic earnings per share	**2,72,94,738**	2,72,69,904
Shares deemed to be issued for no consideration in respect of :		
- employee options	**13,328**	30,193
Weighted average number of equity shares for the purposes of diluted earnings per share	**2,73,08,066**	2,73,00,097

46. SEGMENT REPORTING DISCLOSURE

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

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

Geographical information

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

Particulars	Domestic	Overseas	Total
Revenue from operations			
For the year ended March 31, 2020	**8,322.68**	**754.79**	**9,077.47**
For the year ended March 31, 2019	9,418.06	376.42	9,794.48
Revenue from operations - External			
For the year ended March 31, 2020	**8,322.68**	**642.90**	**8,965.58**
For the year ended March 31, 2019	9,418.06	312.46	9,730.52
Non-current segment assets			
As at March 31, 2020	**2,399.36**	**474.92**	**2,874.28**
As at March 31, 2019	2,170.21	384.71	2,554.92

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

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

c) Non-current segment assets include property, plant and equipment, investments in subsidiaries & joint ventures and other non-current assets.

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

Information about major customers

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

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

47. RELATED PARTY DISCLOSURES UNDER IND AS 24

a. Related party disclosures:

Name of related parties and their relationship:

Name of related party		Nature of Relationship
Royal Enfield North America Ltd.	(RENA)	Subsidiary company
Royal Enfield Canada Ltd.	(RECA)	100% subsidiary company of RENA
Royal Enfield Brasil Comercio de Motocicletas Ltda	(RE Brasil)	Subsidiary company
Royal Enfield (Thailand) Ltd.	(RET)	Subsidiary company
Royal Enfield (UK) Ltd	(REUK)	Subsidiary company
VE Commercial Vehicles Limited	(VECVL)	Joint venture company
VECV Lanka (Private) Limited	(VECV Lanka)	Subsidiary company of VECVL
VECV South Africa (PTY) Ltd.	(VECV Africa)	Subsidiary company of VECVL
Eicher Polaris Private Limited	(EPPL)	Joint venture company
Eicher Group Foundation	(EGF)	Joint venture company
Eicher Goodearth Private Limited	(EGPL)	Entity under the control of the key management personnel
Eicher Goodearth India Private Limited	(EGIPL)	Entity under the control of the key management personnel
Nicobar Design Private Limited	(NDPL)	Entity under the control of the key management personnel
Eicher Executive Provident Fund	(EEPF)	Post employment benefit plan
Eicher Tractors Executive Staff Superannuation Fund	(ETESSF)	Post employment benefit plan
Eicher Motors Limited Employees Gratuity Trust	(EMLEGT)	Post employment benefit plan
The Simran Siddhartha Tara Benefit Trust	(SSTBT)	Shareholders holding more than 5% equity shares in the Company
Sunshine Automobiles		Directors' relative is a partner
Ms. Natasha Jamal		Relative of KMP

b. Key management personnel:

Mr. Siddhartha Lal	Managing Director
Mr. Vinod K. Dasari	Whole-time Director & Chief Executive Officer of Royal Enfield (Appointed w.e.f. April 01, 2019)
Mr. S. Sandilya	Chairman
Mr. Priya Brat	Independent director (Resigned w.e.f. June 16, 2017)
Mr. Prateek Jalan	Independent director (Resigned w.e.f. October 13, 2018)
Ms. Manvi Sinha	Independent director
Mr. Inder Mohan Singh	Independent director (Appointed w.e.f. November 12, 2018)
Mr. Vinod Aggarwal	Non-executive director (Appointed w.e.f. April 01, 2019)
Mr. Lalit Malik	Chief Commercial Officer (Chief Financial Officer till May 06, 2020)
Mr. Kaleeswaran Arunachalam	Chief Financial Officer (Appointed w.e.f. May 06, 2020)
Mr. Manhar Kapoor	Company Secretary

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

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

Particulars	Nature of transaction	**For the year ended March 31, 2020**	For the year ended March 31, 2019
Mr. Siddhartha Lal	**Managerial remuneration**		
	Short-term benefits*	**19.21**	12.69
	Post-employment benefits	**-**	0.06
	Other long-term benefits	**-**	0.06
		19.21	12.81
Mr. Vinod K. Dasari	**Managerial remuneration**		
	Short-term benefits	**28.35**	**-**
	Post-employment benefits	**0.39**	**-**
	Other long-term benefits	**0.12**	**-**
		28.86	**-**
Mr. S. Sandilya	Sitting fees	**0.05**	0.04
	Commission	**0.57**	0.57
Mr. Priya Brat	Sitting fees	**-**	-
	Commission	**-**	0.02
Mr. Prateek Jalan	Sitting fees	**-**	0.02
	Commission	**-**	0.18
Ms. Manvi Sinha	Sitting fees	**0.05**	0.03
	Commission	**0.11**	0.11
Mr. Inder Mohan Singh	Sitting fees	**0.05**	0.01
	Commission	**0.11**	0.04
Mr. Lalit Malik	**Remuneration**		
	Short-term benefits	**3.69**	4.68
	Post-employment benefits	**0.07**	0.04
	Other long-term benefits	**0.06**	0.03
		3.82	4.75
Mr. Manhar Kapoor	**Remuneration**		
	Short-term benefits	**1.28**	1.98
	Post-employment benefits	**0.02**	0.02
	Other long-term benefits	**0.02**	0.02
		1.32	2.02

*excludes National Insurance payable to HMRC UK on commission.

Post-employment benfits and other long-term benefits mentioned above were accrued and not paid as on March 31, 2020.

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

d. Transactions with the related parties:

Name of related party	Nature of transaction	**For the year ended March 31, 2020**	For the year ended March 31, 2019
VE Commercial Vehicles Limited	Purchase of raw materials and components / services	**146.56**	172.28
	Expenses reimbursed	**0.50**	0.49
	Corporate service charges paid	**1.58**	2.53
	Tooling advance given	**0.60**	-
	Dividend income	**68.00**	65.28
Eicher Polaris Private Limited	Investment in equity share capital (including advance given in previous year)	**0.99**	30.00
	Purchase of fixed assets	**0.55**	-
	Rent income	**-**	0.26
Eicher Goodearth Private Limited	Corporate service charges paid	**0.97**	1.16
	Rent	**4.81**	4.69
Eicher Goodearth India Private Limited	Brand fees	**22.62**	24.42
Royal Enfield North America Ltd	Guarantee given / forex revaluation	**12.20**	60.13
	Sale of products	**60.89**	56.89
	Expenses recovered	**0.50**	1.18
	Expenses reimbursed	**9.50**	21.29
Royal Enfield Brasil Comercio de Motocicletas Ltda	Guarantee given / forex revaluation	**26.97**	22.40
	Sale of products	**33.91**	6.99
	Expenses recovered	**0.55**	0.41
Royal Enfield (Thailand) Ltd	Investment in shares capital of subsidiary company	**-**	18.50
	Sale of products	**17.09**	0.08
	Expenses recovered	**0.19**	-
Royal Enfield UK Limited	Investment in shares capital of subsidiary company	**0.93**	-
Nicobar Design Private Limited	Rent income	**-**	0.99
Eicher Group Foundation	Corporate social responsibility expenditure	**53.40**	42.69
Eicher Executive Provident Fund	Contribution to provident fund	**6.57**	4.71
Eicher Tractors Executive Staff Superannuation Fund	Contribution to superannuation fund	**0.44**	0.33
Eicher Motors Limited Employees Gratuity Trust	Contribution to gratuity fund	**4.70**	4.35
	Benefits paid	**(2.64)**	(1.42)
Sunshine Automobiles	Sale of motorcycles, spares, Apparel and accessories	**33.82**	-
	Payment for Free service coupon and warranty claims	**0.46**	-
Ms. Natasha Jamal	Sale of vehicle	**0.30**	-

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Balance outstanding at the year end:

Name of related party	Nature	As at March 31, 2020	As at March 31, 2019
VE Commercial Vehicles Limited	Trade payables	**35.36**	51.10
	Advances	**0.60**	-
Eicher Goodearth Private Limited	Security deposits receivable	**1.09**	1.09
Eicher Goodearth India Private Limited	Trade payables	**22.62**	24.42
Royal Enfield North America Ltd	Trade receivables	**19.28**	23.28
	Other financial assets	**1.89**	3.77
	Trade payables	**0.83**	1.88
	Guarantee given (including forex revaluation)	**147.98**	135.78
Royal Enfield Brasil Comercio de Motocicletas Ltda	Trade receivables	**24.62**	3.70
	Guarantee given (including forex revaluation)	**75.39**	48.42
Royal Enfield (Thailand) Ltd	Trade receivables	**14.33**	0.08
Mr. Siddhartha Lal	Commission payable	**5.07**	5.28
Mr. Vinod K. Dasari	Commission payable	**3.73**	-
Non-executive and independent directors	Commission payable	**0.79**	0.92
Sunshine Automobiles	Security deposit payable	**0.01**	-
	Advances received towards Vehicles, spares, apparel and accessories sales	**1.31**	-

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended March 31, 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2019 : Rs. Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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

The Company has a credit period of 45 days with respect to payables to VE Commercial Vehicles Limited.
Brand fees payable to Eicher Goodearth India Private Limited upon approval by Shareholders at its Annual General Meeting.
Rent payable to Eicher Goodearth India Private Limited on due basis.

48. FINANCIAL INSTRUMENTS

Capital Management

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

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

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

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

The following table summarizes the capital of the Company:

Particulars	As at March 31, 2020	As at March 31, 2019
Borrowings (refer note 21)	-	76.38
Less: cash and cash equivalents (refer note 15)	(19.00)	(701.76)
Net debt*	-	-
Share capital	27.30	27.28
Other equity	8,248.04	7,099.17
Total Equity	8,275.34	7,126.45
Gearing ratio	-	-

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

48.1 Categories of financial instruments

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets at fair value through profit or loss		
Non-current		
Investments in equity	5.13	0.09
Investments in mutual funds	1,297.88	2,465.76
Current		
Investments in mutual funds	2,512.50	468.81
Financial assets at amortised cost		
Non-current		
Investments in bonds	41.21	43.94
Other financial assets	23.90	28.27
Current		
Trade receivables	133.97	106.61
Cash and bank balances	2,926.38	2,940.07
Loans	0.12	1.29
Other financial assets	92.85	84.34
Financial liabilities at amortized cost		
Non-current		
Lease liability	76.23	-
Other financial liabilities	12.66	9.96
Current		
Borrowings	-	76.38
Lease liability	24.43	-
Trade payables	1,020.77	1,231.10
Other financial liabilities	160.57	158.00

As the carrying values of the financial instruments disclosed above are reasonable approximations of the fair value of the respective items, the fair values have not been disclosed separately.

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

48.2 Fair value measurements

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

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

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

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

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

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

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

Particulars	Fair value as at March 31, 2020		
	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss			
Non-current			
Investments in equity*	-	-	5.13
Investments in mutual funds	1,297.88	-	-
Current			
Investments in mutual funds	2,512.50	-	-

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

* represents the investments in the equity of Suryadev Alloys & Power Private Limited. As per the share purchase agreement between the Company and Suryadev Alloys & Power Private Limited, in case of termination or as the case may be, the Company shall transfer the equity shares to the Nominated person as may be presecribed and consideration to receive in this regard shall be the same amount as paid by the Company.

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

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

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

Particulars	**March 31, 2020**		March 31, 2019	
	Carrying amount	**Fair value (Level 1)**	Carrying amount	Fair value (Level 1)
Financial assets at amortized cost				
Non-current				
Investments in bonds	**41.21**	**47.23**	43.94	45.87

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

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

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk management objectives

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

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

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

Market risk

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

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Foreign currency risk management

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

(Amount in foreign currency in crores)

Foreign currency exposure	**As at March 31, 2020**		As at March 31, 2019	
	Foreign currency monetary assets	**Foreign currency monetary liabilities**	Foreign currency monetary assets	Foreign currency monetary liabilities
USD	**0.79**	**0.39**	0.56	0.27
EURO	**0.73**	**0.11**	0.61	0.18
GBP	**0.10**	**0.13**	0.18	0.14
JPY	**-**	**4.16**	-	17.27
Others	**6.28**	**0.18**	-	1.95

Foreign currency sensitivity

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

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Financial instruments that are subject to concentrations of credit risk, principally consist of balance with banks, investments in debt instruments/ bonds, trade receivables, loans and advances. None of the financial instruments of the Company result in material concentrations of credit risks.

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

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

Movement in the expected credit loss allowance of financial assets:

Particulars	**As at March 31, 2020**	As at March 31, 2019
Balance at beginning of the year	**0.74**	0.25
Add: Provided during the year	**-**	0.49
Less: amounts written off	**0.12**	-
Balance at end of the year	**0.62**	0.74

Other price risks including interest rate risk

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

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

NAV price sensitivity analysis

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

- profit for the year ended March 31, 2020 would increase/decrease by Rs. 38.10 crores (for the year ended March 31, 2019: increase/decrease by Rs. 29.35 crores).

Interest rate risk

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

Liquidity risk

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

Maturity profile of financial liabilities:

Particulars	As at March 31, 2020			
	Less than 1 year	1 to 5 years	>5 years	Total
Non-current				
(i) Lease liability	-	36.89	39.34	76.23
(ii) Other financial liabilities	-	-	12.66	12.66
Current				
(i) Borrowings	-	-	-	-
(ii) Lease liability	24.43	-	-	24.43
(iii) Trade payables	1,020.77	-	-	1,020.77
(iv) Other financial liabilities	160.57	-	-	160.57

Particulars	As at March 31, 2019			
	Less than 1 year	1 to 5 years	>5 years	Total
Non-current				
Other financial liabilities	-	-	9.96	9.96
Current				
(i) Borrowings	76.38	-	-	76.38
(ii) Trade payables	1,231.10	-	-	1,231.10
(iii) Other financial liabilities	158.00	-	-	158.00

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

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

50. SHARE-BASED PAYMENTS

Employee Stock Option Plan, 2006 of the Company

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

ESOP, 2006 is applicable to all permanent and full-time employees (as defined in the Plan), excluding employee who is a Promoter or belonging to Promoter Group of the Company and other exclusions as per SEBI (Share Based Employee Benefits) Regulations, 2014, as amended from time to time ("SEBI Regulations"). The eligibility of employees to receive grants under the Plan is decided by the Nomination and Remuneration Committee, from time to time at its sole discretion.

Vesting of the options shall take place in the manner as may be determined by the Nomination and Remuneration Committee at the time of grant, provided, the vesting period shall not be less than 1 year from the date of grant or such other period as may be prescribed, from time to time, under the aforesaid SEBI Regulations.

Vesting of options shall be subject to the conditions that the Grantee shall be in continuous employment with the Company (or its subsidiary company, as the case may be) and subject to such other conditions and exceptions as provided under Company's ESOP, 2006.

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

The options vested can be exercised at any time until completion of seven years from the date of vesting. Any options remaining unexercised at the end of the exercise period shall lapse. At the time of exercise, the participant may pay the exercise price in the form as approved by the Nomination and Remuneration Committee in accordance with the terms of the ESOP, 2006.

Each stock option, when exercised, is convertible into one equity share of the Company. No amount is payable by the option grantee on grant of option. The options carry neither rights to dividends nor voting rights until they are exercised & converted into shares.

Details of the Employee Stock Option Plan, 2006 of the Company

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

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

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Option series	Number	Grant date	Vesting period	Expiry date	Exercise Price	Fair value of options at grant date
					Rs.	Rs.
(xvii)	2,400	27-Apr-16	3-5 Years	26-Apr-26	20,148.00	10,055.79
(xviii)	2,100	28-Jul-16	3-5 Years	27-Jul-26	20,340.00	10,437.06
(xix)	3,000	28-Oct-16	3-5 Years	27-Oct-26	24,492.00	11,753.96
(xx)	1,800	1-Feb-17	3-5 Years	31-Jan-27	23,028.00	10,875.64
(xxi)	3,500	27-Mar-17	3-5 Years	26-Mar-27	24,350.00	11,601.21
(xxii)	1,350	9-Aug-17	3-5 Years	8-Aug-27	32,121.00	14,973.54
(xxiii)	1,500	14-Nov-17	3-5 Years	13-Nov-27	30,585.00	14,520.88
(xxiv)	2,100	7-Feb-18	3-5 Years	6-Feb-28	27,579.00	12,729.74
(xxv)	4,500	2-Apr-18	3-5 Years	1-Apr-28	28,373.00	12,934.77
(xxvi)	1,250	9-May-18	3-5 Years	8-May-28	30,427.00	14,091.95
(xxvii)	2,400	9-Aug-18	3-5 Years	8-Aug-28	27,594.00	12,887.07
(xxviii)	2,800	12-Nov-18	3-5 Years	11-Nov-28	22,496.00	10,469.40
(xxix)	1,250	11-Feb-19	3-5 Years	10-Feb-29	20,848.00	9,615.40
(xxx)	1,00,000	1-Apr-19	3-7 Years	31-Mar-33	20,548.00	7,628.93
(xxxi)	3,600	1-Aug-19	3-5 Years	31-Jul-31	16,349.00	7,455.18

Fair value of share options granted in the year:

The weighted average fair value of the share options granted during the financial year is Rs. 7,622.89 (March 31, 2019 : Rs. 12,138.03). Options were priced using Black Scholes options pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioral considerations.Expected Volatility was determined by taking the daily volatility of the share price on NSE, over a period prior to the date of grant, corresponding to the expected life of the options for each vesting.

Inputs into the Black Scholes options pricing model:

				Option series	
Particulars	(xxv)	(xxvi)	(xxvii)	(xxviii)	(xxix)
Grant date share price	28,373.00	30,427.00	27,593.15	22,495.25	20,847.40
Exercise price	28,373.00	30,427.00	27,594.00	22,496.00	20,848.00
Expected volatility	30.06%-30.45%	30.10%-30.24%	29.70%-30.01%	30.04%-30.68%	30.56%-31.16%
Option life	10 Years	10 Years	10 Years	10 Years	10 Years
Dividend yield	0.83%	0.83%	0.78%	0.78%	0.78%
Risk-free interest rate	7.69%-7.75%	8.01%-8.11%	8.12%-8.19%	7.93%-7.98%	7.58%-7.70%

Particulars	(xxx)	(xxxi)
Grant date share price	20,547.70	16,348.05
Exercise price	20,548.00	16,349.00
Expected volatility	28.82%-31.45%	30.66%-31.41%
Option life	7 Years	10 Years
Dividend yield	0.78%	0.75%
Risk-free interest rate	6.77%~7.43%	6.69%~6.77%

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Movements in share options during the year

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		Rs.		Rs.
Balance at beginning of the year	**94,903**	**17,824.66**	114,224	16,056.89
Granted during the year	**103,600**	**20,402.09**	12,200	26,310.39
Forfeited during the year	**(13,865)**	**20,283.91**	(4,500)	22,700.67
Exercised during the year	**(22,000)**	**13,140.74**	(27,021)	13,371.16
Balance at end of the year	**162,638**	**19,890.41**	94,903	17,824.66
Exercisable at the end of the year	**20,057**	**15,775.64**	12,471	13,813.83

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Share-based payments*	**19.67**	14.21

* Excludes Rs. 0.73 crores (Rs. 2.19 crores for the year ended March 31, 2019) of share-based payment capitalised in intangible assets under development.

Share options exercised during the year

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

Option series	Number exercised	Exercise date	Exercise price Rs.
For the year ended March 31, 2020			
(xiii) Granted on May 08, 2015	3,881	10-May-19	14,807
(vii) Granted on December 16, 2013	668	10-May-19	4,915
(viii) Granted on August 11, 2014	930	10-May-19	8,478
(ix) Granted on November 12, 2014	370	31-Jul-19	12,994
(x) Granted on January 12, 2015	400	31-Jul-19	14,739
(viii) Granted on August 11, 2014	3,774	08-Nov-19	8,478
(xiii) Granted on May 08, 2015	9,200	08-Nov-19	14,807
(xv) Granted on February 05, 2016	1,366	08-Nov-19	17,678
(xii) Granted on March 20, 2015	500	08-Nov-19	16,112
(viii) Granted on August 11, 2014	656	06-Feb-20	8,478
(xiii) Granted on May 08, 2015	255	06-Feb-20	14,807
Total	**22,000**		
Weighted average exercise price	**13,140.74**		
For the year ended March 31, 2019			
(vii) Granted on December 16, 2013	666	02-Apr-18	4,915
(viii) Granted on August 11, 2014	500	09-May-18	8,478
(xiii) Granted on May 08, 2015	9,085	09-May-18	14,807
(xii) Granted on March 20, 2015	500	09-May-18	16,112
(viii) Granted on August 11, 2014	500	09-Aug-18	8,478
(xiii) Granted on May 08, 2015	600	09-Aug-18	14,807

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

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

Share options outstanding at end of the year:

Option series		Options outstanding		Remaining contractual life		Exercise price Rs.
		As at March 31, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019	
(ii)	22-Oct-07	**-**	-	**-**	-	462
(iii)	29-Apr-10	**-**	-	**-**	-	695
(iv)	8-Nov-10	**-**	-	**-**	-	1,411
(v)	6-May-11	**-**	-	**-**	-	1,162
(vi)	11-Feb-12	**-**	-	**-**	-	1,770
(vii)	16-Dec-13	**-**	668	**-**	4.71	4,915
(viii)	11-Aug-14	**2,910**	8,270	**4.36**	5.37	8,478
(ix)	12-Nov-14	**860**	1,230	**4.61**	5.62	12,994
(x)	12-Jan-15	**-**	-	**-**	-	14,739
(xi)	12-Jan-15	**1,530**	7,930	**4.78**	5.79	14,739
(xii)	20-Mar-15	**500**	1,000	**4.96**	5.98	16,112
(xiii)	8-May-15	**19,914**	34,465	**5.10**	6.11	14,807
(xiv)	21-Jul-15	**6,290**	6,290	**5.30**	6.31	21,248
(xv)	6-Nov-15	**6,134**	7,500	**5.60**	6.61	17,678
(xvi)	5-Feb-16	**2,100**	2,100	**5.85**	6.85	16,894
(xvii)	27-Apr-16	**1,200**	1,200	**6.07**	7.08	20,148
(xviii)	28-Jul-16	**2,100**	2,100	**6.32**	7.33	20,340
(xix)	28-Oct-16	**1,500**	3,000	**6.58**	7.58	24,492
(xx)	1-Feb-17	**-**	-	**-**	-	23,028
(xxi)	27-Mar-17	**-**	2,000	**-**	7.99	24,350
(xxii)	9-Aug-17	**1,350**	1,350	**7.36**	8.36	32,121
(xxiii)	14-Nov-17	**1,500**	1,500	**7.62**	8.63	30,585
(xxiv)	7-Feb-18	**2,100**	2,100	**7.85**	8.86	27,579
(xxv)	2-Apr-18	**1,350**	4,500	**8.00**	9.01	28,373
(xxvi)	9-May-18	**1,250**	1,250	**8.10**	9.11	30,427
(xxvii)	9-Aug-18	**2,400**	2,400	**8.36**	9.36	27,594
(xxviii)	12-Nov-18	**2,800**	2,800	**8.62**	9.62	22,496
(xxix)	11-Feb-19	**1,250**	1,250	**8.87**	9.87	20,848
(xxx)	1-Apr-19	**1,00,000**	-	**13.00**		20,548
(xxxi)	1-Aug-19	**3,600**	-	**11.33**		16,349
		1,62,638	94,903			

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Restricted Stock Units Plan, 2019 ("RSU 2019")

Pursuant to approval accorded by shareholders at their Annual General Meeting held on August 1, 2019, the Nomination and Remuneration Committee of the Company formulated 'Eicher Motors Limited - Restricted Stock Units Plan 2019' ("RSU Plan 2019") for grant of Restricted Stock Units ("RSU"), in accordance with SEBI (Share Based Employee Benefits) Regulations, 2014, as amended from time to time ("SEBI Regulations").

RSU Plan 2019 is applicable to (i) a permanent employee of the Company working in India or outside India; or (ii) a Director of the Company, whether whole-time or not; and (iii) an employee, as defined in (i) or (ii) of this Para, of a Subsidiary Company, in India or outside India, excluding such category of persons as defined under RSU Plan 2019 of the Company and/or SEBI Regulations. The eligibility of employees or eligibility criteria to receive grants under RSU Plan 2019 is decided by Nomination and Remuneration Committee, from time to time.

The Nomination and Remuneration Committee shall specify the vesting criteria based on continued employment with the Company (or its subsidiary, as the case may be) and/or certain performance criteria to be fulfilled for vesting of RSU and/or any other criteria as it may deems fit and subject to such other conditions and exceptions as provided under RSU Plan, 2019.

Vesting of RSU shall take place in the manner as may be determined by the Nomination and Remuneration Committee at the time of grant, provided that the vesting shall not take place earlier than minimum vesting period of one year but not later than maximum vesting period of seven years from the date of grant of such RSU.

Exercise Price of each grant shall be the face value of the share as on date of exercise of RSU. The exercise period of a vested RSU shall be a maximum of seven years from the date of vesting of RSU, or such other shorter period as may be prescribed by the Nomination and Remuneration Committee at time of Grant and as set out in the letter of Grant, subject to such other conditions and exceptions as provided under Company's RSU Plan, 2019. Any RSU remaining unexercised at the end of the exercise period shall lapse. At the time of exercise, the participant may pay the exercise price in a form as approved by the Nomination and Remuneration Committee in accordance with the terms of the RSU Plan, 2019.

Each RSU, when exercised, is convertible into one equity share of the Company. No amount is payable by the RSU grantee on grant of RSU. RSU carry neither rights to dividends nor voting rights until they are exercised & converted into shares.

Detail of Restricted Stock Units Plan, 2019 ("RSU 2019")

The following share-based payment arrangements were in existence during the current year:

Option series	Number	Grant date	Vesting period	Expiry date	Exercise Price	Fair value of options at grant date
					Rs.	Rs.
(i)	5,000	1-Aug-19	1 Year	31-Jul-27	10.00	15,796.11

Fair value of share options granted in the year:

The weighted average fair value of the stock units granted during the financial year is Rs. 15,796.11 (March 31, 2019 : Rs. Nil). Options were priced using Black Scholes options pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioral considerations.Expected Volatility was determined by taking the daily volatility of the share price on NSE, over a period prior to the date of grant, corresponding to the expected life of the options for each vesting.

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Inputs into the Black Scholes options pricing model model:

Particulars	**(i)**
Grant date share price	16,348.05
Exercise price	10.00
Expected volatility	30.62%
Option life	4.5 years
Dividend yield	0.75%
Risk-free interest rate	6.52%

Movements in share options during the year:

Particulars	**For the year ended March 31, 2020**	
	Number of options	**Weighted average exercise price Rs.**
Balance at beginning of the year	**-**	**-**
Granted during the year	**5,000**	**10.00**
Forfeited during the year	**-**	**-**
Exercised during the year	**-**	**-**
Expired during the year	**-**	**-**
Balance at end of the year	**5,000**	**10.00**
Exercisable at the end of the year	**-**	**-**

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

Particulars	**For the year ended March 31, 2020**	For the year ended March 31, 2019
Share-based payments	**5.35**	-

Stock units exercised during the year

There were no stock units exercised during the year.

Share options outstanding at end of the year:

Option series		**Options outstanding**		**Remaining contractual life**		**Exercise price Rs.**
		As at March 31, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019	
(i)	1-Aug-19	**5,000**	-	**7.34**	-	10

51. CAPITAL COMMITMENT

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 216.45 crores (March 31, 2019 : Rs. 290.85 crores).

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

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

52. EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Gross amount required to be spent	**55.39**	45.39
(b) Amount spent:		
(i) Construction/acquisition of any asset	**-**	-
(ii) On purpose other than (i) above	**53.79**	44.28
(c) Administrative expenses	**1.60**	1.11

53. IND AS 116 LEASES

As a lessee

The Company has lease contracts for various buildings used in its operations. Leases of buildings generally have lease terms between 2 to 25 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension and termination options which are further discussed below.

The Company also has certain leases of buildings with lease terms of 12 months or less and leases with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(i) Movement in the carrying value of the Right to Use Asset for the year ended March 31, 2020

Particulars	Land	Buildings	Total
Opening Balance	88.19	113.71	201.90
Depreciation charge for the Period	(0.97)	(31.17)	(32.14)
Additions during the Period	8.50	6.03	14.53
Adjustment/Deletion		(0.13)	(0.13)
Closing Balance	**95.72**	**88.44**	**184.16**

(ii) Classification of current and non current liabilities of the lease liabilities as at March 31, 2020

Particulars	Land	Buildings	Total
Current liabilities	-	24.43	24.43
Non Current Liabilities	-	76.23	76.23
Total Lease liabilities	**-**	**100.66**	**100.66**

(iii) Movement in the carrying value of the Lease Liability for the year ended March 31, 2020

Particulars	Land	Buildings	Total
Opening Balance	-	123.44	123.44
Interest Expense	-	8.87	8.87
Lease Payments [Total Cash Outflow]	-	(37.51)	(37.51)
Additions during the year	-	5.86	5.86
Closing Balance	**-**	**100.66**	**100.66**

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

(iv) Contractual Maturities of Lease liability outstanding as at March 31, 2020

Particulars	Land	Buildings	Total
Less than one year	-	24.43	24.43
One to five Years	-	36.89	36.89
More than Five years	-	39.34	39.34
Total	**-**	**100.66**	**100.66**

Lease expenses relating to short term leases aggregated to Rs. 12.67 crores during the year ended March 31, 2020.

Lease liabilities are recognised at weighted average incremental borrowing rate ranging from 8% to 9.5%.

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to the lease liabilities as and when they fall due.

The following are the amounts recognised in profit or loss:

Particulars	Amount
Amortisation of right-of-use assets	32.14
Interest expense on lease liabilities	8.87
Expense relating to short-term leases (included in other expenses)	12.67

54. Due to COVID-19, the Company temporarily suspended the operations in all the units of the Company. COVID-19 has impacted the normal business operations of the Company by way of interruption in production, supply chain disruption, unavailability of personnel, closure/lock down of production facilities, retail outlets of dealers etc. However, production and sales / supply of goods have commenced during the month of May 2020 with partial capacity.

The Company has performed a detailed assessment of its liquidity position and the recoverability of the assets as at the balance sheet date and has concluded that based on current indicators of future economic conditions, the carrying value of the assets will be recovered. Management believes that it has fully considered all the possible impact of known events in the preparation of the standalone financial statements. However, the impact assessment of COVID-19 is a continuing process, given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions and the consequent impact on its business, if any.

55. The Board of Directors of the Company at its meeting held on March 11, 2020, declared an interim dividend aggregating to Rs. 341.32 crores @ Rs. 125/- per equity share of nominal value of Rs. 10 each, for the financial year 2019-20 (Interim dividend paid for previous financial year 2018-19 was Rs. Nil and final dividend paid for previous financial year 2018-19 was Rs. 341.11 crores @ Rs. 125/- per equity share of nominal value of Rs. 10 each).

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

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

per Sanjay Vij
Partner
Membership No : 095169

Place: Gurugram
Date: June 12, 2020

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

Manhar Kapoor
Company Secretary

Kaleeswaran Arunachalam
Chief Financial Officer

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

Siddhartha Lal
Managing Director
DIN: 00037645

S. Sandilya
Chairman
DIN: 00037542

Vinod Aggarwal
Director
DIN: 00038906

Date: June 12, 2020

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Eicher Motors Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

Opinion

We have audited the accompanying Consolidated Ind AS Financial Statements of **Eicher Motors Limited** (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and joint ventures comprising of the Consolidated Balance sheet as at March 31 2020, the Consolidated Statement of Profit and Loss, including other comprehensive income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the Consolidated Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate Financial Statements and on the other financial information of the subsidiaries and joint ventures, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the Consolidated state of affairs of the Group and joint ventures as at March 31, 2020, their Consolidated profit including other comprehensive income, their Consolidated cash flows and the Consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw your attention to Note 54 to the Consolidated Ind AS Financial Statements, which describes the uncertainties and the impact of the COVID-19 pandemic on the Group's operations and financial statements as assessed by the Management. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Ind AS Financial Statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the Consolidated Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matters	How our audit addressed the key audit matter
Intangible assets capitalized or under development (Refer to the accounting estimates and judgements in Note 3 and Note 8 to the Consolidated Ind AS Financial Statements)	
The Group has various internally generated intangible projects under development or capitalized. Initial recognition of the expenditure under these projects are based on assessing each project in relation to specific recognition criteria that needs to be met for capitalization. In addition, the management also assess indication of impairment of the carrying value of assets which requires management judgment and assumptions as affected by future market or economic developments. Due to the materiality of the assets capitalized or under development and the level of management judgement involved, initial recognition and measurement and valuation of internally generated intangible assets has been considered as a key audit matter. The Group has also considered the various factors that will concern the capitalization of the items of Intangible Assets which are capitalized or under development and the timelines for the capitalization of expenses based on the possible effects from the pandemic relating to Covid-19.	• Our audit procedures included reading the Group's research and development expenditure accounting policies to assess compliance with Ind AS 38 "Intangible Assets". • We performed test of control over management process of identifying and capitalizing the development expenditure in accordance with the accounting principles of capitalization of expenditure on internally generated intangible assets as per IND AS 38 such as technical feasibility of the project, intention and ability to complete the intangible asset, ability to use or sell the asset, generation of future economic benefits and the ability to measure costs reliably. • We performed test of details of development expenditure capitalized by reviewing the key assumptions including the authorization of the stage of the project in the development phase and the accuracy of costs included and assessing the useful economic life attributed to the asset. In addition, we considered whether any indicators of impairment were present by understanding the business rationale for projects. • We tested the disclosure relating to research and development expenditure in the Consolidated Ind AS Financial Statements
Revenue Recognition (Refer to the accounting policies in Note 3 to the Consolidated Ind AS Financial Statements)	
Revenue from the sale of goods is recognised upon the transfer of control of the goods to the customer, usually on delivery of goods. The Group uses a variety of shipment terms across its operating markets and this has an impact on the timing of revenue recognition. There is a risk that revenue could be recognised in the incorrect period for sales transactions occurring on and around the year end and therefore revenue recognition has been considered as a key audit matter.	• Our audit procedures included reading the Group's revenue recognition accounting policies to assess compliance with Ind AS 115 "Revenue from contracts with customers". • We performed test of controls of management's process of recognizing the revenue from sales of goods with regard to the timing of the revenue recognition as per the sales terms with the customers. • We performed test of details of the sales transactions testing based on a representative sampling of the sales orders to ensure that the related revenues and trade receivables are recorded taking into consideration the terms and conditions of the sale orders, including the shipping terms. • We also performed audit procedures relating to revenue recognition by agreeing deliveries occurring around the year end to supporting documentation including dealers' confirmations, where necessary, to establish that sales and corresponding trade receivables are properly recorded in the correct period. • Audit procedures relating to revenue recognition were extended to a longer period to ensure that there is no impact on the revenue numbers reported based on the possible effects of pandemic relating to Covid-19.

Information Other than the Consolidated Ind AS Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises Board's Report including Annexures to the Board's Report and Management Discussion and Analysis, Corporate Governance and General Shareholder Information and Business Responsibility report included in the Annual report, but does not include the Consolidated Ind AS Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of Management for the Consolidated Ind AS Financial Statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the Consolidated Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint ventures to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Ind AS Financial Statements, including the disclosures, and whether the Consolidated Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its joint ventures of which we are the independent auditors and whose financial information we have audited, to express an opinion on the Consolidated Ind AS Financial Statements. We are responsible for the direction, supervision and performance of the audit of the Financial Statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Ind AS Financial Statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

1. We did not audit the Financial Statements and other financial information, in respect of the subsidiaries namely, Royal Enfield Brasil Comercio De Motocicletas Ltda and Royal Enfield (Thailand) Limited, whose Ind AS Financial Statements include total assets of Rs 64.18 crores as at March 31, 2020, and total revenues of Rs 70.99 crores and net cash outflows of Rs. 1.55 crores for the year ended on that date. These Ind AS Financial Statements and other financial information has been audited by other auditors, which Financial Statements, other financial information and auditor's report have been furnished to us by the management. The Consolidated Ind AS Financial Statements also include the Group's share of net profit after tax (including other comprehensive income) of Rs. 0.09 crores for the year ended March 31, 2020, as considered in the Consolidated Ind AS Financial Statements, in respect of the joint venture Eicher Polaris Private Limited and, the subsidiaries of the joint venture VE Commercial Vehicles Limited, namely, V E C V Lanka (Private) Limited and VECV South Africa (PTY) Limited, whose Financial Statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the management. Our opinion on the Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, the joint venture and the subsidiaries of the joint venture, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, the joint venture and the subsidiaries of the joint venture, is based solely on the reports of such other auditors.

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

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

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate Financial Statements and the other financial information of the subsidiaries, joint ventures and subsidiaries of a joint venture, as noted in the 'other matter' paragraph, we report, to the extent applicable, that:

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

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

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

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

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its joint ventures, none of the directors of the Group's companies or joint ventures, incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements of the Holding Company and its joint ventures incorporated in India (other than Eicher Polaris Private Limited which is exempted from reporting on internal controls over financial reporting vide MCA notification no. G.S.R 583 (E) dated June 13, 2017, read with corrigendum dated July 13, 2017), refer to our separate Report in "Annexure 1" to this report;

(g) In our opinion and based on the consideration of reports of other statutory auditors of the joint ventures incorporated in India, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Holding Company and joint ventures incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

i. The Consolidated Ind AS Financial Statements disclose the impact of pending litigations on its Consolidated financial position of the Group, its joint ventures and the subsidiaries of its joint venture, in its Consolidated Ind AS Financial Statements – Refer Note 41 to the Consolidated Ind AS Financial Statements;

ii. The Group, its joint ventures and the subsidiaries of its joint venture, did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2020;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its joint ventures, incorporated in India, during the year ended March 31, 2020.

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

per Sanjay Vij
Partner
Membership Number: 095169
UDIN: 20095169AAAABO8057

Place of Signature: Gurugram
Date: June 12, 2020

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

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

In conjunction with our audit of the consolidated financial statements of Eicher Motors Limited as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Eicher Motors Limited (hereinafter referred to as the "Holding Company") and its joint ventures, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated financial statements.

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

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

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

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

Opinion

In our opinion, the Holding Company and its joint ventures, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

per Sanjay Vij
Partner
Membership Number: 095169
UDIN: 20095169AAAABO8057

Place of Signature: Gurugram
Date: June 12, 2020

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Particulars	Note No.	**As at March 31, 2020**	As at March 31, 2019
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4	**2,001.77**	1,692.07
(b) Capital work-in-progress	5	**26.75**	272.14
(c) Investment property	6	**3.16**	3.51
(d) Intangible assets	7	**184.83**	179.00
(e) Right of use assets	52	**187.76**	-
(f) Intangible assets under development	8	**285.42**	177.60
(g) Investments in joint ventures	9	**1,892.05**	1,943.92
(h) Financial assets			
(i) Investments	10	**1,344.22**	2,509.79
(ii) Other financial assets	12	**24.08**	27.05
(i) Non-current tax assets	25	**46.52**	18.44
(j) Other non-current assets	17	**78.57**	148.00
Total non-current assets		**6,075.13**	6,971.52
Current assets			
(a) Inventories	13	**572.35**	633.38
(b) Financial assets			
(i) Investments	10	**2,512.50**	468.81
(ii) Loans	11	**0.12**	1.29
(iii) Trade receivables	14	**86.76**	84.29
(iv) Cash and cash equivalents	15	**43.21**	726.98
(v) Bank balances other than (iv) above	16	**2,907.38**	2,238.31
(vi) Other financial assets	12	**90.98**	81.97
(c) Other current assets	17	**161.29**	180.28
Total current assets		**6,374.59**	4,415.31
Total assets		**12,449.72**	11,386.83
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	18	**27.30**	27.28
(b) Other equity	19	**9,953.63**	8,891.44
Total equity		**9,980.93**	8,918.72
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Lease liability	52	**77.72**	-
(ii) Other financial liabilities	20	**12.73**	9.99
(b) Provisions	23	**21.20**	23.00
(c) Deferred tax liabilities (net)	24	**252.15**	273.89
(d) Government grant	26	**60.02**	62.66
(e) Other non-current liabilities	28	**20.40**	0.61
Total non-current liabilities		**444.22**	370.15
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	**144.43**	186.76
(ii) Lease liability	52	**26.85**	-
(iii) Trade payables	22		
Total outstanding dues of micro and small enterprises		**18.42**	19.28
Total outstanding dues of creditors other than micro and small enterprises		**1,009.23**	1,214.77
(iv) Other financial liabilities	20	**166.86**	163.17
(b) Provisions	23	**76.21**	57.65
(c) Current tax liabilities	25	**90.12**	141.48
(d) Government grant	26	**13.52**	11.58
(e) Contract liability	27	**340.85**	77.65
(f) Other current liabilities	28	**138.08**	225.62
Total current liabilities		**2,024.57**	2,097.96
Total liabilities		**2,468.79**	2,468.11
Total equity and liabilities		**12,449.72**	11,386.83

See accompanying notes forming part of the financial statements

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

per Sanjay Vij
Partner
Membership No : 095169

Place: Gurugram
Date: June 12, 2020

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

Manhar Kapoor
Company Secretary

Kaleeswaran Arunachalam
Chief Financial Officer

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

Siddhartha Lal
Managing Director
DIN: 00037645

S. Sandilya
Chairman
DIN: 00037542

Vinod Aggarwal
Director
DIN: 00038906

Date: June 12, 2020

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
INCOME			
Revenue from contract with customers		**9,073.55**	9,717.44
Other operating income		**80.03**	79.62
Revenue from operations	29	**9,153.58**	9,797.06
Other income	30	**543.25**	443.39
Total Income		**9,696.83**	10,240.45
EXPENSES			
Cost of materials consumed	31	**4,661.17**	5,053.96
Purchases of traded goods	32	**250.68**	213.58
Change in inventories of finished goods, work-in-progress and traded goods	33	**84.09**	(210.16)
Employee benefits expense	34	**795.78**	702.44
Finance costs	35	**18.88**	7.33
Depreciation and amortisation expense	36	**381.54**	300.28
Other expenses	37	**1,181.51**	1,134.13
Total expenses		**7,373.65**	7,201.56
Profit before share of profit of Joint venture and tax from continuing operation		**2,323.18**	3,038.89
Share of profit of joint venture (VE Commercial Vehicles Limited)		**31.71**	258.40
Profit before tax and after share of profit of Joint venture from continuing operation		**2,354.89**	3,297.29
Tax expense			
Current tax	38	**548.86**	941.94
Deferred tax	38	**(21.41)**	135.10
Total tax expense		**527.45**	1,077.04
Net Profit after taxes and share of profit of Joint venture from continuing operation		**1,827.44**	2,220.25
Discontinued operation :			
Share of loss of joint venture (Eicher Polaris Private Limited) (refer note 9 (ii))		**-**	(17.52)
Net Profit after tax		**1,827.44**	2,202.73
Other comprehensive income/(expense) (including share of other comprehensive income/(expense) of Joint venture)			
Items that may be reclassified to profit or loss:-			
Exchange differences in translating the financial statements of foreign operations		**17.33**	(8.02)
Income tax effect	38	**(4.36)**	2.80
Share of other comprehensive income in joint venture (net of tax)		**0.30**	0.50
		13.27	(4.72)
Items that will not be reclassified to profit or loss:-			
Re-measurement gains/(losses) on defined benefit plans		**(0.25)**	(1.40)
Income tax effect	38	**0.06**	0.49
Share of other comprehensive income/(expense) in joint venture (net of tax)		**(1.90)**	(0.57)
		(2.09)	(1.48)
Total Comprehensive income for the year		**1,838.62**	2,196.53
Profit for the year attributable to:			
- Owners of the Company		**1,827.44**	2,202.73
- Non-controlling interests		**-**	-
Other comprehensive income for the year attributable to:			
- Owners of the Company		**11.18**	(6.20)
- Non-controlling interests		**-**	-
Total comprehensive income for the year attributable to:			
- Owners of the Company		**1,838.62**	2,196.53
- Non-controlling interests		**-**	-
Earnings per equity share of Rs. 10 each (in Rs.)			
For Continuing Operations	44	**669.52**	814.18
(a) Basic	44	**669.19**	813.28
(b) Diluted			
For Discontinued Operations			
(a) Basic	44	**-**	(6.42)
(b) Diluted	44	**-**	(6.42)
For Continuing and Discontinued Operations			
(a) Basic	44	**669.52**	807.76
(b) Diluted	44	**669.19**	806.86

See accompanying notes forming part of the financial statements

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

per Sanjay Vij
Partner
Membership No : 095169

Place: Gurugram
Date: June 12, 2020

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

Manhar Kapoor
Company Secretary

Kaleeswaran Arunachalam
Chief Financial Officer

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

Siddhartha Lal
Managing Director
DIN: 00037645

S. Sandilya
Chairman
DIN: 00037542

Vinod Aggarwal
Director
DIN: 00038906

Date: June 12, 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

A EQUITY SHARE CAPITAL

	Number of Shares	Amount
Balance as at March 31, 2018	**2,72,55,549**	**27.26**
Changes in equity share capital during the year		
Issue of equity shares under employee share option plan (refer note 49)	27,021	0.02
Balance as at March 31, 2019	**2,72,82,570**	**27.28**
Changes in equity share capital during the year		
Issue of equity shares under employee share option plan (refer note 49)	22,000	0.02
Balance as at March 31, 2020	**2,73,04,570**	**27.30**

B OTHER EQUITY

Particulars	Reserves and surplus						Items of OCI	Total equity
	Capital reserve	Capital redemption reserve	Securities premium reserve	General reserve	Share based payments reserve	Retained earnings	Foreign currency translation reserve	Total
Balance as at March 31, 2018	**0.25**	**1.41**	**60.37**	**339.89**	**59.80**	**6,528.45**	**12.64**	**7,002.81**
Profit for the year	-	-	-	-	-	2,202.73	-	**2,202.73**
Other comprehensive income/ (expense) for the year, net of income tax	-	-	-	-	-	(1.48)	(4.72)	**(6.20)**
Total comprehensive income / (expense) for the year	**-**	**-**	**-**	**-**	**-**	**2,201.25**	**(4.72)**	**2,196.53**
Share-based payments (refer note 49)	-	-	-	-	17.58	-	-	**17.58**
Payment of dividend	-	-	-	-	-	(299.93)	-	**(299.93)**
Payment of dividend tax	-	-	-	-	-	(61.66)	-	**(61.66)**
Proceeds from issue of equity shares under employee share option plan	-	-	36.11	-	-	-	-	**36.11**
Transfer to securities premium on issue of shares	-	-	18.63	-	(18.63)	-	-	**-**
Balance as at March 31, 2019	**0.25**	**1.41**	**115.11**	**339.89**	**58.75**	**8,368.11**	**7.92**	**8,891.44**
Impact on accounting for leases on opening balance	-	-	-	-	-	(13.47)	-	**(13.47)**
Tax impact on above	-	-	-	-	-	4.62	-	**4.62**
Balance as on April 01, 2019	**0.25**	**1.41**	**115.11**	**339.89**	**58.75**	**8,359.26**	**7.92**	**8,882.59**
Profit for the year	-	-	-	-	-	1,827.44	-	**1,827.44**
Other comprehensive income/ (expense) for the year, net of income tax	-	-	-	-	-	(2.09)	13.27	**11.18**
Total comprehensive income / (expense) for the year	**-**	**-**	**-**	**-**	**-**	**1,825.35**	**13.27**	**1,838.62**
Share-based payments (refer note 49)	-	-	-	-	26.25	-	-	**26.25**
Payment of dividend	-	-	-	-	-	(682.43)	-	**(682.43)**
Payment of dividend tax	-	-	-	-	-	(140.28)	-	**(140.28)**
Proceeds from issue of equity shares under employee share option plan	-	-	28.88	-	-	-	-	**28.88**
Transfer to securities premium on issue of shares	-	-	15.01	-	(15.01)	-	-	**-**
Balance as at March 31, 2020	**0.25**	**1.41**	**159.00**	**339.89**	**69.99**	**9,361.90**	**21.19**	**9,953.63**

See accompanying notes forming part of the financial statements

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

per Sanjay Vij
Partner
Membership No : 095169

Place: Gurugram
Date: June 12, 2020

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

Manhar Kapoor
Company Secretary

Kaleeswaran Arunachalam
Chief Financial Officer

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

Siddhartha Lal
Managing Director
DIN: 00037645

S. Sandilya
Chairman
DIN: 00037542

Vinod Aggarwal
Director
DIN: 00038906

Date: June 12, 2020

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A. CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES		
Profit before tax and after share of profit of Joint venture from continuing operation	**2,354.89**	3,297.29
Profit/(loss) before tax from discontinued operations	**-**	(17.52)
Profit before tax	**2,354.89**	3,279.77
Adjustments for:		
Share of profit of joint venture	**(31.71)**	(258.40)
Share of loss of joint venture from discontinued operation (refer note 9 (ii))	**-**	17.52
Depreciation and amortisation expenses	**381.54**	300.28
Gain on disposal of property, plant and equipment	**(0.27)**	(0.20)
Property, plant and equipment discarded	**0.42**	3.00
Rent income	**-**	(0.26)
Loss on sale of property, plant and equipment	**2.54**	1.13
Gain on financial instruments at fair value through profit or loss	**(302.98)**	(288.68)
Interest income recognised in profit or loss	**(220.66)**	(130.36)
Expenses recognised in respect of equity-settled share-based payments	**25.52**	15.39
Re-measurement losses on defined benefit plans	**(0.25)**	(1.40)
Exchange difference on conversion	**17.33**	(8.02)
Exchange difference on reinstatement of property, plant and equipment	**(6.99)**	2.51
Unrealised foreign exchange difference	**(2.02)**	1.27
Finance costs recognized in profit or loss	**18.88**	7.33
Operating profit before changes in working capital	**2,236.24**	2,940.88
Changes in working capital:		
Adjustments for (increase) / decrease in non-current assets:		
Other financial assets	**2.97**	(4.50)
Other assets	**1.69**	0.05
Adjustments for (increase) / decrease in current assets:		
Inventories	**61.03**	(238.74)
Trade receivables	**(0.45)**	(17.56)
Loans	**1.17**	(0.59)
Other financial assets	**3.46**	(5.78)
Other assets	**17.23**	15.27
Adjustments for increase / (decrease) in non-current liabilities:		
Other financial liabilities	**2.74**	1.11
Provisions	**(2.92)**	(7.72)
Government grant	**(2.64)**	15.82
Other liabilities	**19.79**	0.61
Adjustments for increase / (decrease) in current liabilities:		
Trade payables	**(214.88)**	62.18
Other financial liabilities	**0.85**	14.93
Provisions	**18.56**	10.44
Government grant	**1.94**	1.45
Contract liability	**263.20**	(202.69)
Other liabilities	**(87.54)**	(101.21)
Cash generated from operating activities	**2,322.44**	2,483.95
Direct taxes paid	**(628.31)**	(908.48)
Net cash flow from operating activities (A)	**1,694.13**	1,575.47
B. CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES		
Payment for property, plant and equipment	**(545.90)**	(791.51)
Proceeds from disposal of property, plant and equipment	**1.42**	1.58
Investment in a joint venture company	**(0.99)**	(30.00)
Investment in equity shares of a company	**-**	(5.04)
Proceeds from sale of debt Mutual funds	**8,176.17**	9,050.65
Purchases of debt Mutual funds	**(8,746.27)**	(7,924.00)
Investments in fixed deposit	**(4,681.98)**	(3,696.00)

CASH FLOW STATEMENT (CONTD.)

FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Particulars	**For the year ended March 31, 2020**	For the year ended March 31, 2019
Maturity proceeds from fixed deposit	**4,017.00**	2,578.94
Dividend from joint venture company	**68.00**	65.28
Rent received	**-**	0.26
Interest received	**204.14**	89.96
Net cash flow used in investing activities (B)	**(1,508.41)**	(659.88)
C. CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		
Short term borrowings availed	**267.22**	368.92
Re-payment of short term borrowings	**(298.32)**	(344.23)
Interest paid	**(7.51)**	(4.96)
Proceeds from issue of equity share capital under ESOP Scheme (including security premium)	**28.90**	36.13
Repayment of lease liabilities	**(39.82)**	-
Dividend paid	**(682.43)**	(299.93)
Tax on dividend paid	**(126.30)**	(48.23)
Net cash flow used in financing activities (C)	**(858.26)**	(292.30)
Net Increase/(decrease) in cash and cash equivalents (A)+(B)+(C)	**(672.54)**	623.29
Cash and cash equivalents at the beginning of the year (less bank overdraft)	**715.75**	92.46
Cash and cash equivalents at the end of the year	**43.21**	715.75

Particulars	**As at March 31, 2020**	As at March 31, 2019
Components of cash and cash equivalents		
Cash on hand	**0.08**	0.04
Balances with banks:		
In current accounts	**43.13**	34.94
In deposit accounts with original maturity of less than three months	**-**	692.00
Cash and cash equivalents as per balance sheet (refer note 15)	**43.21**	726.98
Bank overdrafts (refer note 21)	**-**	11.23
Cash and cash equivalents as per statement of cash flows	**43.21**	715.75

See accompanying notes forming part of the financial statements

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

per Sanjay Vij
Partner
Membership No : 095169

Place: Gurugram
Date: June 12, 2020

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

Manhar Kapoor
Company Secretary

Kaleeswaran Arunachalam
Chief Financial Officer

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

Siddhartha Lal
Managing Director
DIN: 00037645

S. Sandilya
Chairman
DIN: 00037542

Vinod Aggarwal
Director
DIN: 00038906

Date: June 12, 2020

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

1. CORPORATE INFORMATION

Eicher Motors Limited ("the Holding Company") is a public Company domiciled and incorporated under the provisions of the Companies Act, 1956. The Holding Company and its subsidiaries (hereinafter referred to as "the Group") are engaged in the manufacturing and selling of motorcycles, spare parts and related services. The Holding Company has its registered office at New Delhi, India and its corporate office at Gurugram, Haryana, India. The Group is a leading two wheeler manufacturer and has a dominant presence in domestic market. The consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors on June 12, 2020.

2. BASIS OF PREPARATION AND PRESENTATION

2.1 Statement of Compliance

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

2.2 Accounting convention

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

2.3 Operating cycle

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Consolidation

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

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

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

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

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

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

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

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

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended March 31, 2020. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary.

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

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

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

Name of the Company	Country of Incorporation	**Voting power held as at March 31, 2020**	Voting power held as at March 31, 2019
Royal Enfield North America Limited (RENA) (Incorporated on March 23, 2015)	U.S.A.	100%	100%
Royal Enfield Brasil Comercio De Motocicletas LTDA (Incorporated on August 18, 2004)	Brazil	99.99%	99.99%
Royal Enfield Canada Limited (100% subsidiary Company of RENA) (Incorporated on April 19, 2016)	Canada	100%	100%
Royal Enfield (Thailand) Limited (RET) (Incorporated on September 18, 2018)	Thailand	99.99%	99.99%
Royal Enfield (UK) Limited (REUK) (Incorporated on August 20, 2019)	United Kingdom	100%	-

3.2 Investment in Joint ventures

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

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

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

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

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

incurred legal or constructive obligations or made payments on behalf of the joint venture.

After application of the equity method of accounting, the Group determines whether there any is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in a joint venture and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognise impairment loss with respect to the Group's investment in a joint venture.

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

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

Name of the Company	Country of Incorporation	**Voting power held as at March 31, 2020**	Voting power held as at March 31, 2019
VE Commercial Vehicles Limited	India	54.4%	54.4%
Eicher Polaris Private Limited	India	50.0%	50.0%

3.3 Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

3.4 Fair Value Measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions, that market participants would use when pricing the asset or liability,

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the Group. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

The Group presents the valuation results to the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

3.5 Revenue from contract with customers

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

Sale of goods

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

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

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

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

Warranty obligations

The Group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on warranty provisions in section 3.18 Provisions.

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

Agency services

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

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section 3.19 Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

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

Dividend and interest income

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

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

3.6 Leases

The Group assesses at the contract inception, whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

- Buildings 2 to 25 years
- Others 99 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 3.15 Impairment of non-financial assets.

ii) Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of buildings and others (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

As a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.7 Foreign currencies

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

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

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

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

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

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

Tax charges and credits attributable to exchange differences on those monetary items are also recorded in Other Comprehensive Income (OCI).

3.8 Borrowing costs

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

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

3.9 Government grants

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

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

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

3.10 Retirement and other employee benefits

Provident fund

i. The Group operates a scheme of provident fund for eligible employees, which is a defined benefit plan. Both the employee and the Group make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Group contributes a part of the contributions to the "Eicher Executive Provident Fund Trust". The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the Government. The Group has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

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

iii. The employees, who are not covered under the scheme stated in 3.10 (i) above, are covered in a defined contribution scheme wherein their portion of provident fund is contributed to the government administered provident fund. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service.

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Gratuity

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

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

Defined benefit costs are categorised as follows:

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

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

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

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

Short-term and other long-term employee benefits

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

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

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

3.11 Share-based payment arrangements

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

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note no. 49.

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

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

3.12 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

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

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

Deferred tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

Current and deferred tax for the year

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

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

3.13 Property, plant and equipment

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

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

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

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

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

Particulars Useful life (in years)

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

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

3.14 Intangible assets

Intangible assets acquired separately

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

Internally-generated intangible assets - research and development expenditure

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

An internally-generated intangible asset arising from development (or from the development phase

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

of an internal project) is recognised if, and only if, all of the following have been demonstrated:

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

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

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

Derecognition of intangible assets

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

Useful lives of intangible assets

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

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

3.15 Impairment of non-financial assets

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

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. When an impairment loss subsequently reverses, the carrying

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

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

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

3.16 Investment property

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

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

3.17 Inventories

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

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

3.18 Provisions

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

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

Warranties

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

3.19 Financial instruments

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

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

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

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

3.20 Financial assets

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

Classification of financial assets

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

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

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

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

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

All other financial assets are subsequently measured at fair value.

Effective interest method

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

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

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

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

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

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

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

Impairment of financial assets

The Group applies the expected credit loss model for recognising impairment loss on financial assets

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

measured at amortised cost, debt instruments at FVTOCI, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated at FVTPL.

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

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

Derecognition of financial assets

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

3.21 Financial liabilities and equity instruments

Classification as financial liability or equity

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

Equity instruments

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

Financial liabilities

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

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

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

Derecognition of financial liabilities

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

3.22 Cash and cash equivalent

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

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

3.23 Cash flow statement

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

3.24 Cash dividend

The Group recognises a liability to pay dividend to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. However, Board of Directors of a Company may declare interim dividend during any financial year out of the surplus in statement of profit and loss and out of the profits of the financial year in which such interim dividend is sought to be declared. A corresponding amount is recognised directly in equity.

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

3.25 Earnings per share

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

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

3.26 Changes in accounting policies and disclosures

New and amended standards

The Group applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments apply for the first time for the year ending March 31, 2020, but do not have an impact on the financial statements of the Group. The Group has not early adopted any standards, amendments that have been issued but are not yet effective/notified.

Ind AS 116 Leases

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases-Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Group is the lessor.

The Group adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application on 1 April 2019 and has taken the cumulative adjustment to retained earnings, on such date. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 April 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C of Ind AS 17 at the date of initial application. The Group elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets). The Group applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

On transition, the adoption of the new standard has resulted in recognition of lease liabilities of Rs. 126.05 crores and Right of Use assets amounting to Rs. 204.22 crores, which have been discounted at 8 to 9.5% p.a. The Group has recognised an impact of Rs. 13.47 crores in the opening retained earnings and the related Deferred Tax Asset of Rs. 4.62 crores on the difference between the opening lease liabilities and right of use assets because of the transition. Refer to note 52 for further details.

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

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

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

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex tax environment, it assessed whether the Appendix had an impact on its financial statements and concluded that the Appendix did not have a significant impact on the financial statements of the Group.

Annual Improvements to Ind AS

- **Ind AS 103 Business Combinations**

  The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

  An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after April 1, 2019.

  These amendments had no impact on the financial statements of the Group as there is no transaction where joint control is obtained.

- **Ind AS 12 Income Taxes**

  The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

  An entity applies the amendments for annual reporting periods beginning on or after April 1, 2019.

  Since the Group's current practice is in line with these amendments, they had no impact on the financial statements of the Group.

- **Ind AS 23 Borrowing Costs**

  The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

  The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 April 2019.

  Since the Group's current practice is in line with these amendments, they had no impact on the financial statements of the Group.

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

4. PROPERTY, PLANT AND EQUIPMENT

Particulars	Freehold land*	Buildings	Plant and equipment	Furniture and fixtures	Office equipment	Vehicles	Total
Cost							
At March 31, 2018	85.95	484.35	1,302.90	21.01	109.94	47.65	2,051.80
Additions	-	161.00	293.19	7.47	30.38	20.56	512.60
Disposals	-	0.43	47.30	0.55	0.35	4.56	53.19
Adjustments (Exchange difference)	-	(1.06)	(0.92)	(0.02)	(0.27)	(0.08)	(2.35)
At March 31, 2019	**85.95**	**643.86**	**1,547.87**	**27.91**	**139.70**	**63.57**	**2,508.86**
Additions	-	134.21	411.34	7.58	49.83	23.97	626.93
Disposals	-	0.23	33.00	1.09	2.37	6.94	43.63
Adjustments (Exchange difference)	-	1.48	1.65	0.05	0.47	0.40	4.05
At March 31, 2020	**85.95**	**779.32**	**1,927.86**	**34.45**	**187.63**	**81.00**	**3,096.21**
Accumulated depreciation							
At March 31, 2018	-	44.69	472.05	9.07	49.20	17.62	592.63
Charge for the year	-	25.33	211.47	3.51	23.82	10.06	274.19
Disposals	-	0.35	46.78	0.24	0.33	1.98	49.68
Adjustments (Exchange difference)	-	(0.03)	(0.27)	-	(0.04)	(0.01)	(0.35)
At March 31, 2019	**-**	**69.64**	**636.47**	**12.34**	**72.65**	**25.69**	**816.79**
Charge for the year	-	33.46	230.62	4.07	29.13	13.59	310.87
Disposals	-	0.23	26.38	0.80	2.31	4.58	34.30
Adjustments (Exchange difference)		0.10	0.41	0.02	0.31	0.24	1.08
At March 31, 2020	**-**	**102.97**	**841.12**	**15.63**	**99.78**	**34.94**	**1,094.44**
Carrying amount							
At March 31, 2019	85.95	574.22	911.40	15.57	67.05	37.88	1,692.07
At March 31, 2020	**85.95**	**676.35**	**1,086.74**	**18.82**	**87.85**	**46.06**	**2,001.77**

* Title deeds for land and other properties Rs. 0.74 Crs (Rs. 0.74 Crs) at Alwar and Jhajjar are pending for mutation in favour of the Group.

5. CAPITAL WORK-IN-PROGRESS

Particulars	As at March 31, 2020	As at March 31, 2019
Capital work-in-progress*	**26.75**	272.14
	26.75	272.14

* Capital work in progress as at March 31, 2020 comprises expenditure for buildings, plant in the course of construction and machineries yet to be installed.

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

6. INVESTMENT PROPERTY

Particulars	Building	Total
Cost		
At March 31, 2018	10.12	10.12
Additions	-	-
Disposals	-	-
At March 31, 2019	**10.12**	**10.12**
Additions	-	-
Disposals	-	-
At March 31, 2020	**10.12**	**10.12**
Accumulated depreciation		
At March 31, 2018	6.26	6.26
Charge for the year	0.35	0.35
Disposals	-	-
At March 31, 2019	**6.61**	**6.61**
Charge for the year	0.35	0.35
Disposals		-
At March 31, 2020	**6.96**	**6.96**
Carrying amount		
At March 31, 2019	3.51	3.51
At March 31, 2020	**3.16**	**3.16**

Fair value of the Investment property

The fair value of the Group's investment properties as at March 31, 2019 and March 31, 2020 have been arrived at on the basis of valuation carried out on the respective dates by Mr. Purshotam Khandelwal, independent valuer not related to the Group. Mr. Purshotam Khandelwal is a registered valuer with the authority which governs the valuers in India, and they have appropriate qualifications and experience in the valuation of properties in the relevant location.

For the building located in Jaipur, India, the fair value of structure as on March 31, 2019 and March 31, 2020 was determined based on S.O. No.X-3/2015 dated 15/07/2015 of State P.W.D.B&R issued by Chief Engineer, PWD Building and Roads, Government of Rajasthan, Jaipur with suitable adjustments for rise in cost index since July 2015 to average mean period of construction. The items not covered under Standing Order No. X-3/2015 have been valued on the rates of State PWD BSR.

Detail of the investment properties and information about the fair value hierarchy as at March 31, 2020 and March 31, 2019 are as follows :-

Particulars	Level 2	
	Fair value as at March 31, 2020	Fair value as at March 31, 2019
Building located at Jaipur, India	**4.05**	4.33

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Information regarding income and expenditure of Investment property

Particulars	**For the year ended March 31, 2020**	For the year ended March 31, 2019
Rental income derived from investment properties		0.26
Direct operating expenses	**-**	-
Profit arising from investment properties before depreciation and indirect expenses	**-**	0.26
Less: Depreciation	**0.35**	0.35
Profit / (loss) arising from investment properties before indirect expenses	**(0.35)**	(0.09)

7. INTANGIBLE ASSETS

Particulars	**Product designs, prototypes etc.**	**Computer softwares**	**Total**
Cost			
At March 31, 2018	30.83	51.58	82.41
Additions	145.07	21.01	166.08
Disposals/ write off	-	-	-
Adjustments (Exchange difference)	(0.06)	(0.11)	(0.17)
At March 31, 2019	**175.84**	**72.48**	**248.32**
Additions	19.52	20.27	39.79
Disposals/ write off	0.02	0.01	0.03
Adjustments (Exchange difference)	2.74	0.20	2.94
At March 31, 2020	**198.08**	**92.94**	**291.02**
Accumulated amortisation			
At March 31, 2018	13.00	30.75	43.75
Charge for the year	10.88	14.86	25.74
Disposals/ write off	-	-	-
Adjustments (Exchange difference)	(0.01)	(0.16)	(0.17)
At March 31, 2019	**23.87**	**45.45**	**69.32**
Charge for the year	20.27	15.93	36.20
Disposals/ write off	-	0.01	0.01
Adjustments (Exchange difference)	0.50	0.18	0.68
At March 31, 2020	**44.64**	**61.55**	**106.19**
Carrying amount			
At March 31, 2019	151.97	27.03	179.00
At March 31, 2020	**153.44**	**31.39**	**184.83**

8. INTANGIBLE ASSETS UNDER DEVELOPMENT

Particulars	**As at March 31, 2020**	As at March 31, 2019
Intangible assets under development*	**285.42**	177.60
	285.42	177.60

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

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

9. INVESTMENTS IN JOINT VENTURES

Particulars	As at March 31, 2020	As at March 31, 2019
Unquoted Investments		
VE Commercial Vehicles Limited :		
54,40,000 (March 31, 2019 : 54,40,000) Equity shares of Rs.10 each fully paid up		
Cost of investment	**5.44**	5.44
Group's share of net assets	**1,886.61**	1,938.48
Sub-total (A)	**1,892.05**	1,943.92
Eicher Polaris Private Limited :		
32,45,00,000 (March 31, 2019 : 32,45,00,000) Equity shares of Rs.10 each fully paid up		
Cost of investment	**324.50**	324.50
Group's share of net assets	**(324.50)**	(324.50)
Sub-total (B)	**-**	-
Total (A+B)	**1,892.05**	1,943.92

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

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

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

iii) Information relating to interest in joint ventures

a) Details of material joint ventures

Name of the Company	Principal Activity	Place of incorporation and prinicpal place of business	Proportion of ownership interest and voting rights held by the group	
			As at March 31, 2020	As at March 31, 2019
VE Commercial Vehicles Limited	Manufacturing and sales of Commercial Vehicles	India	**54.40%**	54.40%
Eicher Polaris Private Limited	Manufacturing and sales of personal utility vehicles	India	**50.00%**	50.00%

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

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

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

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

VE Commercial Vehicles Limited	As at March 31, 2020	As at March 31, 2019
Non-current assets	**3,597.10**	3,093.55
Current assets	**3,359.92**	4,696.58
Non-current liabilities	**207.31**	218.12
Current liabilities	**3,271.69**	3,998.63

VE Commercial Vehicles Limited	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations	**8,524.43**	11,599.94
Profit for the year	**58.29**	475.00
Other comprehensive income / (expense) for the year	**(2.96)**	(0.13)
Total Comprehensive income for the year	**55.33**	474.87
Dividends received from the joint venture during the year	**68.00**	65.28

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

VE Commercial Vehicles Limited	As at March 31, 2020	As at March 31, 2019
Net assets of the joint venture	**3,478.02**	3,573.38
Proportion of the Group's ownership interest in the joint venture	**1,892.05**	1,943.92
Carrying amount of the Group's interest in the joint venture	**1,892.05**	1,943.92

Eicher Polaris Private Limited	As at March 31, 2020	As at March 31, 2019
Non-current assets	**-**	-
Current assets	**33.55**	43.56
Non-current liabilities	**-**	-
Current Liabilities	**2.09**	14.54

Eicher Polaris Private Limited	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations	**0.33**	(1.30)
Profit/(loss) for the year	**0.46**	(16.03)
Other comprehensive income for the year	**-**	-
Total Comprehensive income for the year	**0.46**	(16.03)

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

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

Eicher Polaris Private Limited	As at March 31, 2020	As at March 31, 2019
Net assets of the joint venture	**31.45**	29.02
Proportion of the Group's ownership interest in the joint venture	**15.73**	14.51
Less:- Amount of interest in the joint venture not considered for consolidation	**(15.73)**	(14.51)
Less:- Advances given for investment in shares	**0.99**	-
Add : Provision for constructive obligation disclosed as Other Financial Liabilities	**(0.99)**	-
Carrying amount of the Group's interest in the joint venture (refer note 20)	**-**	-

FINANCIAL ASSETS :

10. INVESTMENTS

Particulars	As at March 31, 2020		As at March 31, 2019	
	Non-Current	**Current**	Non-Current	Current
Unquoted Investments				
(a) Investment in equity instruments of companies at fair value through profit or loss (FVTPL) 16,84,750 (March 31, 2019 : 4,750) Equity shares of Suryadev Alloys and Power Private Limited	**5.13**	-	0.09	-
Sub-total (A)	**5.13**	**-**	0.09	-
Quoted Investments				
(b) Investments in mutual funds carried at fair value through profit or loss (FVTPL)	**1,297.88**	**2,512.50**	2,465.76	468.81
Sub-total (B)	**1,297.88**	**2,512.50**	2,465.76	468.81
(c) Investment in bonds carried at amortized cost	**41.21**	**-**	43.94	-
Sub-total (C)	**41.21**	**-**	43.94	-
Total (A+B+C)	**1,344.22**	**2,512.50**	2,509.79	468.81
Aggregate carrying value of quoted investments	**1,339.09**	**2,512.50**	2,509.70	468.81
Aggregate market value of quoted investments	**1,345.11**	**2,512.50**	2,511.63	468.81
Aggregate carrying value of unquoted investments	**5.13**	**-**	0.09	-
Category-wise investments - as per Ind AS 109 Classifications				
Financial assets carried at fair value through profit or loss (FVTPL)				
Unquoted				
Investment in equity instruments	**5.13**	**-**	0.09	-
Quoted				
Investment in mutual funds	**1,297.88**	**2,512.50**	2,465.76	468.81
Financial assets carried at amortized cost				
Quoted				
Investment in bonds	**41.21**	**-**	43.94	-

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

11. LOANS

Particulars	**As at March 31, 2020**	As at March 31, 2019
Current		
Unsecured, considered good		
Loans to employees	**0.12**	1.29
Total	**0.12**	1.29

12. OTHER FINANCIAL ASSETS

Particulars	**As at March 31, 2020**	As at March 31, 2019
Non-current		
Unsecured, considered good		
Security deposits	**24.08**	27.05
Total	**24.08**	27.05
Current		
Unsecured, considered good		
Security deposits	**0.02**	0.02
Insurance claim receivable	**0.11**	0.73
Interest accrued on fixed deposits and bonds	**86.60**	70.08
Share application money pending allotment	**0.99**	5.04
Others	**3.26**	6.10
Total	**90.98**	81.97

13. INVENTORIES

(At lower of cost and net realizable value)

Particulars	**As at March 31, 2020**	As at March 31, 2019
Raw materials	**185.94**	166.09
Work in progress	**42.29**	21.68
Finished goods	**228.95**	383.49
Traded goods	**94.49**	44.65
Stores and spares	**18.17**	13.72
Loose tools	**2.51**	3.75
Total	**572.35**	633.38

Write-downs of inventories to net realisable value resulted in net loss of Rs. 2.11 crores (March 31, 2019 : Rs. 6.17 crores). These were recognised as an expense during the year in the Statement of Profit and Loss.

The mode of valuation of inventories has been stated in note 3.17.

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020
ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

14. TRADE RECEIVABLES

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Considered good - secured	**0.66**	0.45
Considered good - unsecured	**86.10**	83.84
Receivables - credit impaired	**0.62**	0.74
	87.38	85.03
Less: Provision for doubtful receivables	**(0.62)**	(0.74)
Total	**86.76**	84.29

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

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

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

15. CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	**0.08**	0.04
Balances with banks:		
In current accounts	**43.13**	34.94
In deposit accounts with original maturity of less than three months	**-**	692.00
Total	**43.21**	726.98

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

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	**0.08**	0.04
Balances with banks:		
In current accounts	**43.13**	34.94
In deposit accounts with original maturity of less than three months	**-**	692.00
Total	**43.21**	726.98
Bank overdrafts (refer note 21)	**-**	11.23
Cash and cash equivalents as per statement of cash flows **Total**	**43.21**	715.75

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Changes in liabilities arising from financing activities

Particulars	April 1, 2019	Net cash flows	Others	March 31, 2020
Short term borrowings	175.53	(31.10)	-	**144.43**
Interest accured but not due	1.37	(7.51)	8.61	**2.47**
Dividend payable including tax on dividend	-	(808.73)	808.73	**-**
Total liabilities from financing activities	176.90	(847.34)	817.34	**146.90**

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

16. OTHER BANK BALANCES

Particulars	As at March 31, 2020	As at March 31, 2019
In unpaid dividend accounts	**16.40**	12.31
On deposit accounts		
- Original maturity between three and twelve months	**164.00**	1,221.00
- Original maturity greater than twelve months	**2,726.98**	1,005.00
Total	**2,907.38**	2,238.31

17. OTHER ASSETS

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Unsecured, considered good		
Capital advances	**72.28**	50.41
Balance with government authorities	**6.29**	7.98
Prepayment land leases	**-**	87.24
Other prepayments	**-**	2.37
Total	**78.57**	148.00
Current		
Unsecured, considered good		
Advance to suppliers	**69.86**	54.96
Advance to employees	**7.08**	5.70
Prepaid expenses	**22.96**	19.00
Balance with government authorities:		
Considered good	**47.58**	89.91
Considered doubtful	**1.11**	1.11
	48.69	91.02
Less: Provision for doubtful advances	**(1.11)**	(1.11)
	47.58	89.91
Prepayment land leases	**-**	0.95
Government grant receivable	**13.81**	8.95
Other prepayments	**-**	0.81
Total	**161.29**	180.28

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020
ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

18. SHARE CAPITAL

(a) Equity share capital

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised Equity share capital		
3,00,00,000 (March 31, 2019 : 3,00,00,000) Equity shares of Rs. 10 each	**30.00**	30.00
Total	**30.00**	30.00
Issued, subscribed and fully paid up		
2,73,04,570 (March 31, 2019 : 2,72,82,570) Equity shares of Rs. 10 each	**27.30**	27.28
Total	**27.30**	27.28

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

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

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Nos.	Rs. in Crores	Nos.	Rs. in Crores
At the beginning of the year	**2,72,82,570**	**27.28**	2,72,55,549	27.26
Issued during the year - ESOP (refer note 49)	**22,000**	**0.02**	27,021	0.02
Outstanding at the end of the year	**2,73,04,570**	**27.30**	2,72,82,570	27.28

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	Nos.	% holding in the class	Nos.	% holding in the class
The Simran Siddhartha Tara Benefit Trust	**1,20,30,648**	**44.06%**	1,20,30,648	44.10%

(iii) Share options granted under the Group's employee share option plan carry no rights to dividend and no voting rights. Further details of the employee share option plan are provided in note 49.

(b) Preference share capital

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised Preference share capital		
1,01,000 (March 31, 2019 : 1,01,000) Redeemable preference shares of Rs. 100 each	**1.01**	1.01
Total	**1.01**	1.01

The Group has not issued any preference shares.

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

19. OTHER EQUITY

Particulars	**As at March 31, 2020**	As at March 31, 2019
Capital reserves	**0.25**	0.25
Capital redemption reserve	**1.41**	1.41
Securities premium reserve	**159.00**	115.11
General reserves	**339.89**	339.89
Share based payments reserve	**69.99**	58.75
Foreign currency translation reserve	**21.19**	7.92
Retained earnings	**9,361.90**	8,368.11
Total	**9,953.63**	8,891.44

Particulars	**As at March 31, 2020**	As at March 31, 2019
A Capital reserve		
Opening balance	**0.25**	0.25
Add / Less: Movement during the year	**-**	-
Closing balance	**0.25**	0.25

Particulars	**As at March 31, 2020**	As at March 31, 2019
B Capital redemption reserve		
Opening balance	**1.41**	1.41
Add / Less: Movement during the year	**-**	-
Closing balance	**1.41**	1.41

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

Particulars	**As at March 31, 2020**	As at March 31, 2019
C Securities premium reserve		
Opening balance	**115.11**	60.37
Add : Proceeds from issue of equity shares	**28.88**	36.11
Add : Transferred from share options outstanding account	**15.01**	18.63
Closing balance	**159.00**	115.11

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

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Particulars	**As at March 31, 2020**	As at March 31, 2019
D General reserves		
Opening balance	**339.89**	339.89
Add: Amount transferred from retained earnings	**-**	-
Closing balance	**339.89**	339.89

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

Particulars	**As at March 31, 2020**	As at March 31, 2019
E Share based payments reserve		
Opening balance	**58.75**	59.80
Add : ESOP expense during the year	**26.25**	17.58
Less : Transferred to securities premium on issue of shares	**15.01**	18.63
Closing balance	**69.99**	58.75

The above reserve relates to share options granted by the Company to certain employees under its employee share option plan. Further information about share-based payments to employees is set out in note 49.

Particulars	**As at March 31, 2020**	As at March 31, 2019
F Foreign currency translation reserve		
Opening balance	**7.92**	12.64
Add : exchange differences in translating the financial statements of foreign operations	**13.27**	(4.72)
Closing balance	**21.19**	7.92

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

Particulars	**As at March 31, 2020**	As at March 31, 2019
G Retained earnings		
Opening balance	**8,368.11**	6,528.45
Less: Impact on accounting for leases on opening balance	**(13.47)**	-
Add: Tax impact on above	**4.62**	-
Add: Profit for the year	**1,827.44**	2,202.73
Add: Other Comprehensive income from Remeasurement of defined benefit obligation net of income tax	**(2.09)**	(1.48)
Less: Interim dividend in 2019-20 (amount per share Rs. 125 (March 31, 2019: Rs. Nil))	**341.32**	-
Less: Tax on interim dividend	**70.16**	-
Less: Dividend for 2018-19 paid in FY 2019-20 (amount per share Rs. 125 (March 31, 2019 : Rs. 110))	**341.11**	299.93
Less: Tax on dividend	**70.12**	61.66
Total appropriations	**822.71**	361.59
Balance at end of year	**9,361.90**	8,368.11

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

FINANCIAL LIABILITIES :

20. OTHER FINANCIAL LIABILITIES

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Security deposits received	**12.73**	9.99
Total	**12.73**	9.99
Current		
Employee dues	**82.24**	76.80
Capital creditors	**55.03**	57.38
Unpaid dividend *	**16.40**	12.31
Interest accrued but not due	**2.47**	1.37
Provision for constructive obligation towards the discontinued operations of a joint venture (refer note 9 (ii))	**5.00**	5.00
Others	**5.72**	10.31
Total	**166.86**	163.17

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

21. BORROWINGS

Particulars	As at March 31, 2020	As at March 31, 2019
Secured		
Short-term Loan#	**144.43**	110.38
Unsecured		
- From bank		
Overdraft facility*	**-**	11.23
Short-term Loan	**-**	65.15
Total	**144.43**	186.76

#Secured short term loans of subsidiary company viz., Royal Enfield North America Ltd as at March 31, 2020 of Rs. 82.92 crores (March 31, 2019 : Rs. 76.79 crores), carrying interest @ LIBOR + 1.70% p.a., and Royal Enfield Brasil Comercio de Motocicletas Ltda as at March 31, 2020 of Rs. 61.51 crores (March 31, 2019 : Rs. 33.59 crores), carrying interest @ 3.53% p.a (March 31, 2019 : 4.21% p.a). These loans are against Corporate Guarantee given by the Holding Company, Eicher Motors Limited.

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

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

22. TRADE PAYABLES

Particulars	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of micro enterprises and small enterprises		
Dues to micro and small enterprises (refer note 42)	**18.42**	19.28
Sub-total (A)	**18.42**	19.28
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Acceptances	**26.18**	107.76
Other trade payables	**925.07**	1,031.48
Trade payables to related parties (refer note 46)	**57.98**	75.53
Sub-total (B)	**1,009.23**	1,214.77
Total (A+B)	**1,027.65**	1,234.05

For terms and conditions pertaining to related party dues, refer note 46.

23. PROVISIONS

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Employee benefits - refer note (i) below		
Other employee benefits	**5.08**	4.23
Warranties - refer note (ii) below	**16.12**	18.77
Total	**21.20**	23.00
Current		
Employee benefits - refer note (i) below		
Compensated absences	**12.31**	10.72
Other employee benefits	**0.05**	0.08
Sub-total (A)	**12.36**	10.80
Warranties - refer note (ii) below	**63.85**	46.85
Sub-total (B)	**63.85**	46.85
Total (A+B)	**76.21**	57.65

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

(ii) Movement in warranties provision

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening balance	**65.62**	64.35
Additions during the year	**55.63**	43.33
Amount utilized during the year	**42.40**	43.66
Unwinding of discount	**1.12**	1.60
Closing balance	**79.97**	65.62

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

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

24. DEFERRED TAX LIABILITIES (NET)

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax liabilities on		
Property, plant and equipment and intangible assets	**193.63**	250.38
Investments measured at FVTPL	**75.17**	46.25
Others	**2.66**	0.68
Sub-total (A)	**271.46**	297.31
Less: Deferred tax assets on		
Accrued expenses deductible on payment	**1.11**	1.55
Deferred revenue	**8.50**	10.73
Provision for compensated absences and other employee benefits	**3.10**	3.75
Provision for doubtful debts and advances	**0.43**	0.65
Lease	**3.81**	-
Others	**2.36**	6.74
Sub-total (B)	**19.31**	23.42
Total (A-B)	**252.15**	273.89

Movement of deferred tax liabilities/assets

For the year ended March 31, 2020

Particulars	Opening balance	Recognized in profit or loss	Recognized in Other comprehensive income	Closing balance
Deferred tax liabilities on				
Property, plant and equipment and intangible assets	250.38	(56.75)	-	193.63
Investments measured at FVTPL	46.25	28.92	-	75.17
Others	0.68	1.98	-	2.66
Sub-total (A)	**297.31**	**(25.85)**	**-**	**271.46**
Less: Deferred tax assets on				
Accrued expenses deductible on payment	1.55	(0.44)	-	1.11
Deferred revenue	10.73	(2.23)	-	8.50
Provision for compensated absences and other employee benefits	3.75	(0.65)		3.10
Exchange differences in translating the financial statements of foreign operations	-	4.36	(4.36)	-
Remeasurement of defined benefit obligation	-	(0.06)	0.06	-
Provision for doubtful debts and advances	0.65	(0.22)	-	0.43
Lease	4.62	(0.81)		3.81
Others	6.74	(4.38)	-	2.36
Sub-total (B)	**28.04**	**(4.43)**	**(4.30)**	**19.31**
Total (A-B)	**269.26**	**(21.41)**	**4.30**	**252.15**

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

For the year ended March 31, 2019

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

At March 31, 2020, there was no recognised deferred tax liability (March 31, 2019 : Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's joint venture. The Group has determined that undistributed profits of its joint ventures will not be distributed in the foreseeable future. The Group's joint ventures will not distribute its profits until it obtains the consent from all venture partners.

25. CURRENT TAX LIABILITIES / NON-CURRENT ASSETS

Particulars	**As at March 31, 2020**	As at March 31, 2019
Tax liabilities		
Provision for current tax (net)	**90.12**	141.48
Total	**90.12**	141.48
Tax assets		
Advance income tax (net)	**46.52**	18.44
Total	**46.52**	18.44

26. GOVERNMENT GRANT

Particulars	**As at March 31, 2020**	As at March 31, 2019
Non-current		
Deferred revenue arising from Government grant (refer note (i) and (ii) below)	**60.02**	62.66
Total	**60.02**	62.66
Current		
Deferred revenue arising from Government grant (refer note (i) and (ii) below)	**13.52**	11.58
Total	**13.52**	11.58

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

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

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

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

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

(ii) Movement in Government grant

Particulars	**As at March 31, 2020**	As at March 31, 2019
Opening balance	**74.24**	56.97
Additions during the year	**36.62**	38.30
Amount recognised as income during the year	**37.32**	21.03
Closing balance	**73.54**	74.24

27. CONTRACT LIABILITY

Particulars	**As at March 31, 2020**	As at March 31, 2019
Current		
Contract liability	**340.85**	77.65
Total	**340.85**	77.65

28. OTHER LIABILITIES

Particulars	**As at March 31, 2020**	As at March 31, 2019
Non-current		
Deferred revenue	**20.40**	0.61
Total	**20.40**	0.61
Current		
Advance from customers	**60.95**	93.24
Deferred revenue	**33.79**	30.70
Statutory remittances (contributions to PF and ESIC, withholding taxes, GST, etc.)	**39.74**	90.39
Others	**3.60**	11.29
Total	**138.08**	225.62

29. REVENUE FROM OPERATIONS

Particulars	**For the year ended March 31, 2020**	For the year ended March 31, 2019
Revenue from operations		
Revenue from contract with customers		
Manufactured goods	**8,638.10**	9,295.67
Traded goods	**435.45**	421.77
Sub-total (A)	**9,073.55**	9,717.44

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020
ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Other operating revenue		
Government grant (Export incentives)	**37.32**	21.03
Scrap sale	**17.38**	24.99
Income from other operating revenues	**25.33**	33.60
Sub-total (B)	**80.03**	79.62
Total (A+B)	**9,153.58**	9,797.06

Also refer accounting policy 3.5 on Revenue from contract with customers.

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Details of products sold		
Manufactured goods		
Two wheelers	**8,009.62**	8,693.19
Spare parts and other components	**628.48**	602.48
Total	**8,638.10**	9,295.67
Traded goods		
Accessories and other allied products	**435.45**	421.77
Total	**435.45**	421.77

30. OTHER INCOME

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest income on financial assets carried at amortized cost		
Bank deposits and bonds	**218.34**	128.98
Others	**2.32**	1.38
	220.66	130.36
Gain on financial instruments at fair value through profit or loss	**302.98**	288.68
Other non-operating income		
Rent income (refer note 6)	**-**	0.26
Other income	**19.34**	23.89
Profit on sale of property, plant and equipment	**0.27**	0.20
	19.61	24.35
Total	**543.25**	443.39

31. COST OF MATERIALS CONSUMED

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Inventory at the beginning of the year	**166.09**	140.99
Add: Purchases	**4,850.88**	5,127.42
	5,016.97	5,268.41
Less: Inventory at the end of the year	**185.94**	166.09
Less: Material cost of vehicles capitalised	**2.73**	2.10
	4,828.30	5,100.22
Less: Sale of raw materials to suppliers on cost-to-cost basis	**167.13**	46.26
Total	**4,661.17**	5,053.96

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

32. PURCHASES OF TRADED GOODS

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Accessories and other allied products	**250.68**	213.58
Total	**250.68**	213.58

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Inventories at the end of the year		
Finished goods	**228.95**	383.49
Work-in-progress	**42.29**	21.68
Traded goods	**94.49**	44.65
A	**365.73**	449.82
Inventories at the beginning of the year		
Finished goods	**383.49**	203.60
Work-in-progress	**21.68**	18.01
Traded goods	**44.65**	18.05
B	**449.82**	239.66
Net change (B-A)	**84.09**	(210.16)

34. EMPLOYEE BENEFITS EXPENSES

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages and bonus	**692.60**	604.06
Contribution to provident and other funds (refer note 43)	**30.22**	32.03
Share-based payments (refer note 49)	**25.52**	15.39
Staff welfare expenses	**47.44**	50.96
Total	**795.78**	702.44

35. FINANCE COSTS

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expense		
On bills discounting	**1.03**	0.48
On borrowings	**7.57**	5.25
Unwinding of discount on provisions	**1.12**	1.60
Interest on Lease Liabilities (refer note 52)	**9.16**	-
Total	**18.88**	7.33

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020
ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

36. DEPRECIATION AND AMORTIZATION EXPENSES

Particulars	**For the year ended March 31, 2020**	For the year ended March 31, 2019
Depreciation on property, plant and equipment (refer note 4)	**310.87**	274.19
Depreciation of investment property (refer note 6)	**0.35**	0.35
Amortization of intangible assets (refer note 7)	**36.20**	25.74
Amortization of Right of use assets (refer note 52)	**34.12**	-
Total	**381.54**	300.28

37. OTHER EXPENSES

Particulars	**For the year ended March 31, 2020**	For the year ended March 31, 2019
Consumption of Stores and machinery spares (including loose tools and packing material)	**156.38**	169.63
Loss on sale of property, plant and equipment and intangible assets	**2.54**	1.13
Property, plant and equipment discarded	**0.42**	3.00
Power and fuel	**62.86**	66.96
Insurance	**17.50**	13.24
Repairs and maintenance		
Buildings	**3.57**	3.48
Plant and equipment	**42.88**	44.94
Others	**53.75**	45.44
Rates and taxes	**3.98**	6.07
Advertisement	**21.76**	30.36
Freight and handling charges	**144.91**	143.61
Warranty	**55.63**	43.33
Other selling and distribution expenses	**244.73**	203.32
Expense related to short term leases	**14.37**	48.69
Legal and professional charges*	**60.18**	58.46
Travelling expenses	**92.29**	93.57
Development expenses	**11.12**	13.59
Corporate social responsibility expenditure (refer note 50)	**55.39**	45.39
Provision for doubtful debts and advances	**-**	0.49
Exchange loss (net)	**17.54**	3.81
Miscellaneous expenses	**119.71**	95.62
Total	**1,181.51**	1,134.13

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

Particulars	**For the year ended March 31, 2020**	For the year ended March 31, 2019
As auditors:		
a) For Audit	**0.25**	0.25
b) For Limited reviews of unaudited financial results	**0.18**	0.15
c) For other services	**0.12**	0.04
d) For reimbursement of expenses	**0.05**	0.03
Total	**0.60**	0.47
In other capacity:		
a) For other services	**0.09**	0.11
Total	**0.09**	0.11

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

38. INCOME TAX RECOGNISED IN STATEMENT OF PROFIT AND LOSS

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax			
In respect of the current year		**548.86**	941.94
	Sub-total (A)	**548.86**	941.94
Deferred tax			
Relating to origination and reversal of temporary differences		**(21.41)**	135.10
	Sub-total (B)	**(21.41)**	135.10
Total income tax expense recognized in the current year	**Total (A+B)**	**527.45**	1,077.04

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit before tax and after share of profit of Joint venture from continuing operation	**2,354.89**	3,297.29
Income tax expense calculated at 25.168% (2018-19 : 34.944%)	**592.68**	1,152.20
Effect on long-term capital gain from investment in mutual funds	**(45.60)**	(33.33)
Effect of additional deduction of research and product development cost	**-**	(17.25)
Effect of ESOP expenses not deductible in determining taxable profits	**6.30**	4.96
Effect of income exempt from taxation	**(1.03)**	(1.04)
Effect of change in tax rate from 34.944% to 25.168%	**(65.23)**	-
Effect of mark to market on mutual funds	**28.92**	34.37
Deferred tax asset not created on carried forward business loss of subsidiary companies	**11.07**	14.85
Impact of share of profit of joint venture included in profit before tax	**(7.98)**	(90.30)
Others	**8.32**	12.57
	527.45	1,077.04
Income tax expense recognised in statement of profit and loss	**527.45**	1,077.04
Income tax rate :		
Basic rate	**22.000%**	30.000%
Surcharge - 10% (March 31, 2019 12%) (applied on basic rate)	**2.200%**	3.600%
Cess - 4% (applied on basic plus surcharge)	**0.968%**	1.344%
	25.168%	34.944%

Income tax recognized in other comprehensive income

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
Deferred tax charge/(benefit)			
Arising on income and expenses recognized in other comprehensive income:			
Exchange differences in translating the financial statements of foreign operations		**4.36**	(2.80)
Remeasurement of defined benefit obligation		**(0.06)**	(0.49)
Total income tax recognized in other comprehensive income	**Total**	**4.30**	(3.29)
Bifurcation of the income tax recognized in other comprehensive income into:			
Items that may be reclassified to profit or loss		**4.36**	(2.80)
Items that will not be reclassified to profit or loss		**(0.06)**	(0.49)
	Total	**4.30**	(3.29)

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

39. CRITICAL ACCOUNTING JUNDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINITY

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

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

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

Control over VE Commercial Vehicles Limited

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

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

Ind AS 111 classifies joint arrangements into:

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

- Joint venture whereby the parties have joint control over the net assets of the arrangement.

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

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

Recoverability of intangible assets and intangible assets under development

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

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2020 management assessed that the useful lives represent the expected utility of the assets to the Group. Further, there is no significant change in the useful lives as compared to previous year.

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 49.

Impairment of non-financial assets

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

40. RESEARCH AND DEVELOPMENT EXPENSES:

Revenue expenditure on research and development incurred and expensed off during the year through the appropriate heads of account aggregate Rs. 83.74 crores (March 31, 2019 : Rs. 44.66 crores). The capital expenditure incurred during the year for research and development purposes aggregate Rs. 173.62 crores (March 31, 2019 : Rs. 310.28 crores).

41. CONTINGENT LIABILITIES NOT PROVIDED FOR

Particulars	**As at March 31, 2020**	As at March 31, 2019
a) In respect of the following:		
- Excise duty matters	**1.29**	2.52
- Sales tax matters	**7.41**	6.50
- Service tax matters	**0.39**	0.39
- Customs duty matters	**3.48**	3.48
b) Claims against the Group not acknowledged as debts	**10.36**	8.68
c) Contingent liabilities arising from its interests in joint ventures	**100.53**	101.24

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

There are numerous interpretation issues relating to the Supreme Court judgement on Provident Fund dated February, 28, 2019. The company implemented the same on a prospective basis. Any potential liability on the past years services will be provided after clarity emerges from EPFO.

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

Particulars	**For the year ended March 31, 2020**	For the year ended March 31, 2019
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	**17.84**	18.95
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	**0.01**	0.01
(iii) The amount of payment made to the supplier beyond the appointed day	**64.91**	26.22
(iv) The amount of interest due and payable for the year	**0.28**	0.12
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	**0.58**	0.33
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	**-**	-

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

43. EMPLOYEE BENEFIT PLANS

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

A. Defined Contribution Plans

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
Detail of amount recognized as expense for defined contribution plans is given below:			
a)	Provident fund*	**20.25**	20.06
b)	Superannuation fund	**1.14**	0.49
c)	Employee State Insurance Corporation	**1.08**	4.67
d)	Other funds	**14.30**	13.03
	Total	**36.77**	38.25

*includes Rs. 0.19 crores (March 31, 2019 : Rs. 1.36 crore) capitalized during the year and Rs. 6.36 crores (March 31, 2019 : Rs. 4.86 crores) considered in pre-operative expenditure (pending allocation).

Out of the total contribution made for employees' provident fund, Rs. 6.57 crores (March 31, 2019 : Rs. 4.71 crores) is made to Eicher Executive Provident Fund Trust, while the remaining contribution has been made to government administered provident fund.

B. Defined Benefit Plans:

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

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

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

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at March 31, 2020 by Mr. K.K.Dharni (FIAI M.No. 00051), Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost, were measured using the projected unit credit method.

Provident fund:

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

The Actuary has provided a valuation for Provident Fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the assumptions provided below, the Group does not have additional obligation as at March 31, 2020.

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

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

Principal assumptions	Provident fund	
	As at March 31, 2020	As at March 31, 2019
Discount rate	**6.85%**	7.80%
Expected statutory interest rate on the ledger balance	**8.50%**	8.65%
Expected short fall in interest earnings on the fund	**0.05%**	0.05%
Retirement age	**58 years**	58 years
Rate of withdrawal	**3.00%**	3.00%
In service mortality	**IALM (2012-14)**	IALM (2006-08)

Gratuity:

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

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

Principal assumptions	Gratuity	
	As at March 31, 2020	As at March 31, 2019
Discount rate	**6.85%**	7.80%
Future salary increase	**6.50%**	7.50%
Retirement age	**58 years**	58 years
Rate of withdrawal	**2.00%**	2.00%
In service mortality	**IALM (2012-14)**	IALM (2006-08)

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

Particulars	Gratuity	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Service cost:		
Current service cost	**4.44**	3.46
Net Interest expense	**-**	(0.04)
Components of defined benefit costs recognized in profit or loss	**4.44**	3.42
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	**(0.45)**	0.52
Actuarial (gains)/ losses arising from experience adjustments	**0.70**	0.88
Components of defined benefit costs recognized in other comprehensive income	**0.25**	1.40
Total	**4.69**	4.82

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

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

Particulars	Gratuity	
	As at March 31, 2020	As at March 31, 2019
Present Value of funded defined benefit obligation	**25.65**	21.65
Fair value of plan assets	**25.65**	21.65
Net liability arising from defined benefit obligation	**-**	-

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

Particulars	Gratuity	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening defined obligation	**21.65**	17.13
Current service cost	**4.44**	3.46
Interest cost	**1.69**	1.35
Actuarial (gains)/ losses	**0.51**	1.13
Benefits paid	**(2.64)**	(1.42)
Closing defined benefit obligation	**25.65**	21.65

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

Particulars	Gratuity	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening fair value of plan assets@	**21.65**	17.60
Interest income	**1.69**	1.39
Actuarial gains/ (losses)	**0.25**	(0.27)
Contribution	**4.70**	4.35
Benefit paid	**(2.64)**	(1.42)
Closing fair value of plan assets@	**25.65**	21.65

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

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

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

Particulars	**As at March 31, 2020**	As at March 31, 2019
Government securities	**8.82**	6.15
Debt instruments categorized by issuers' credit rating:		
AAA	**13.58**	10.60
AA+	**2.06**	2.53
AA	**1.02**	1.31
Cash, deposits, etc.	**0.17**	1.06
Total	**25.65**	21.65

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

The fair values of the above instruments are determined based on quoted market prices in active market. The actual return on plan assets was Rs. 1.94 crores for the year ended March 31, 2020

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

- If the discount rate is 50 basis points higher (lower), the defined benefit obligation would decrease by Rs. 1.80 crores (increase by Rs. 2.00 crores) [as at March 31, 2019: Decrease by Rs. 1.20 crore (increase by Rs. 1.32 crore)].
- If the expected salary growth increases (decreases) by 50 basis points, the defined benefit obligation would increase by Rs. 2.00 crores (decrease by Rs. 1.82 crores) [as at March 31, 2019: Increase by Rs. 1.32 crore (decrease by Rs. 1.21 crore)].

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

Sensitivity Analysis

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

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

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

Other disclosures

Maturity profile of defined benefit obligation

Particulars	**As at March 31, 2020**	As at March 31, 2019
Average duration of the defined benefit obligation (in years)	**20.05**	20.03

The estimated contribution during next year is Rs. 5.19 crores (March 31, 2019 : Rs. 4.05 cores) to the defined benefit plan.

44. EARNINGS PER SHARE

Particulars	**For the year ended March 31, 2020**	For the year ended March 31, 2019
For Continuing Operations		
(a) Basic (in Rs.)	**669.52**	814.18
(b) Diluted (in Rs.)	**669.19**	813.28
For Discontinued Operations		
(a) Basic (in Rs.)	**-**	(6.42)
(b) Diluted (in Rs.)	**-**	(6.42)
For Continuing and Discontinued Operations		
(a) Basic (in Rs.)	**669.52**	807.76
(b) Diluted (in Rs.)	**669.19**	806.86
Basic earnings per share		
The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows		

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Particulars	**For the year ended March 31, 2020**	For the year ended March 31, 2019
Net Profit after taxes and share of profit of Joint venture from continuing operation	**1,827.44**	2,220.25
Share of loss of Joint ventures from discontinued operation	**-**	(17.52)
Net Profit for the year	**1,827.44**	2,202.73
Weighted average number of equity shares for the purposes of basic earnings per share	**2,72,94,738**	2,72,69,904
Diluted earnings per share		
The earnings and weighted average number of equity shares used in the calculation of diluted earnings per share are as follows		
Net Profit after taxes and share of profit of Joint venture from continuing operation	**1,827.44**	2,220.25
Share of loss of Joint ventures from discontinued operation	**-**	(17.52)
Net Profit for the year	**1,827.44**	2,202.73
Weighted average number of equity shares for the purposes of basic earnings per share	**2,72,94,738**	2,72,69,904
Shares deemed to be issued for no consideration in respect of :		
- employee options	**13,328**	30,193
Weighted average number of equity shares for the purposes of diluted earnings per share	**2,73,08,066**	2,73,00,097

45. SEGMENT REPORTING DISCLOSURE

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

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

Geographical information

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

Particulars	Domestic	Overseas	Total
Revenue from operations			
For the year ended March 31, 2020	**8,322.68**	**830.90**	**9,153.58**
For the year ended March 31, 2019	9,418.07	378.99	9,797.06
Non-current segment assets			
As at March 31, 2020	**4,285.95**	**420.87**	**4,706.82**
As at March 31, 2019	4,108.55	326.13	4,434.68

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

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

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

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

Information about major customers

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

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

46. RELATED PARTY DISCLOSURES UNDER IND AS 24

a. Related party disclosures:

Name of related parties and their relationship:

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

b. Key management personnel:

Mr. Siddhartha Lal	Managing Director
Mr. Vinod K. Dasari	Whole-time Director & Chief Executive Officer of Royal Enfield (Appointed w.e.f. April 01, 2019)
Mr. S. Sandilya	Chairman
Mr. Priya Brat	Independent director (Resigned w.e.f. June 16, 2017)
Mr. Prateek Jalan	Independent director (Resigned w.e.f. October 13, 2018)
Ms. Manvi Sinha	Independent director
Mr. Inder Mohan Singh	Independent director (Appointed w.e.f. November 12, 2018)
Mr. Vinod Aggarwal	Non-executive director (Appointed w.e.f. April 01, 2019)
Mr. Lalit Malik	Chief Commercial Officer (Chief Financial Officer till May 06, 2020)
Mr. Kaleeswaran Arunachalam	Chief Financial Officer (Appointed w.e.f May 06, 2020)
Mr. Manhar Kapoor	Company Secretary

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

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

Particulars	Nature of transaction	**For the year ended March 31, 2020**	For the year ended March 31, 2019
Mr. Siddhartha Lal	**Managerial remuneration**		
	Short-term benefits*	**19.21**	12.69
	Post-employment benefits	**-**	0.06
	Other long-term benefits	**-**	0.06
		19.21	12.81
Mr. Vinod K. Dasari	**Managerial remuneration**		
	Short-term benefits	**28.35**	-
	Post-employment benefits	**0.39**	-
	Other long-term benefits	**0.12**	-
		28.86	-
Mr. S. Sandilya	Sitting fees	**0.05**	0.04
	Commission	**0.57**	0.57
Mr. Priya Brat	Sitting fees	**-**	-
	Commission	**-**	0.02
Mr. Prateek Jalan	Sitting fees	**-**	0.02
	Commission	**-**	0.18
Ms. Manvi Sinha	Sitting fees	**0.05**	0.03
	Commission	**0.11**	0.11
Mr. Inder Mohan Singh	Sitting fees	**0.05**	0.01
	Commission	**0.11**	0.04
Mr. Lalit Malik	**Remuneration**		
	Short-term benefits	**3.69**	4.68
	Post-employment benefits	**0.07**	0.04
	Other long-term benefits	**0.06**	0.03
		3.82	4.75
Mr. Manhar Kapoor	**Remuneration**		
	Short-term benefits	**1.28**	1.98
	Post-employment benefits	**0.02**	0.02
	Other long-term benefits	**0.02**	0.02
		1.32	2.02

*excludes National Insurance payable to HMRC UK on commission.

Post-employment benfits and other long-term benefits mentioned above were accrued and not paid as on March 31, 2020.

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

d. Transactions with the related parties:

Name of related party	Nature of transaction	**For the year ended March 31, 2020**	For the year ended March 31, 2019
VE Commercial Vehicles Limited	Purchase of raw materials and components / services	**146.56**	172.28
	Expenses reimbursed	**0.50**	0.49
	Corporate service charges paid	**1.58**	2.53
	Tooling advance given	**0.60**	-
Eicher Polaris Private Limited	Investment in equity share capital	**0.99**	30.00
	Purchase of fixed assets	**0.55**	-
	Rent income	**-**	0.26
Eicher Goodearth Private Limited	Corporate service charges paid	**0.97**	1.16
	Rent	**4.81**	4.69
	Brand fees		-
Eicher Goodearth India Private Limited	Brand fees	**22.62**	24.42
Nicobar Design Private Limited	Rent income	**-**	0.99
Eicher Group Foundation	Corporate social responsibility expenditure	**53.40**	42.69
Eicher Executive Provident Fund	Contribution to provident fund	**6.57**	4.71
Eicher Tractors Executive Staff Superannuation Fund	Contribution to superannuation fund	**0.44**	0.33
Eicher Motors Limited Employees Gratuity Trust	Contribution to gratuity fund	**4.70**	4.35
	Benefits paid	**(2.64)**	(1.42)
Sunshine Automobiles	Sale of motorcycles, spares, Apparel and accessories	**33.82**	-
	Payment for Free service coupon and warranty claims	**0.46**	-
Ms. Natasha Jamal	Sale of vehicle	**0.30**	-

Balance outstanding at the year end:

Name of related party	Nature	**As at March 31, 2020**	As at March 31, 2019
VE Commercial Vehicles Limited	Trade payables	**35.36**	51.10
	Advances	**0.60**	-
Eicher Goodearth Private Limited	Security deposits receivable	**1.09**	1.09
Eicher Goodearth India Private Limited	Trade payables	**22.62**	24.42
Mr. Siddhartha Lal	Commission payable	**5.07**	5.28
Mr. Vinod K. Dasari	Commission payable	**3.73**	-
Non-executive and independent directors	Commission payable	**0.79**	0.92
Sunshine Automobiles	Security deposit payable	**0.01**	-
	Advances received towards Vehicles, spares, apparel and accessories sales	**1.31**	-

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended March 31, 2020, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2019 : Rs. Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The Company has a credit period of 45 days with respect to payables to VE Commercial Vehicles Limited.

Brand fees payable to Eicher Goodearth India Private Limited upon approval by Shareholders at its Annual General Meeting. Rent payable to Eicher Goodearth India Private Limited on due basis.

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

47. FINANCIAL INSTRUMENTS

Capital Management

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

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

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

The following table summarizes the capital of the Group:

Particulars	As at March 31, 2020	As at March 31, 2019
Borrowings (refer note no. 21)	**144.43**	186.76
Less: cash and cash equivalents (refer note no. 15)	**(43.21)**	(726.98)
Net debt*	**101.22**	-
Share capital	**27.30**	27.28
Other equity	**9,953.63**	8,891.44
Total Equity	**9,980.93**	8,918.72
Gearing ratio	**1.01%**	-

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

47.1 Categories of financial instruments

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets at fair value through profit or loss		
Non-current		
Investments in equity	**5.13**	0.09
Investments in mutual funds	**1,297.88**	2,465.76
Current		
Investments in mutual funds	**2,512.50**	468.81
Financial assets at amortised cost		
Non-current		
Investments in bonds	**41.21**	43.94
Other financial assets	**24.08**	27.05
Current		
Trade receivables	**86.76**	84.29
Cash and bank balances	**2,950.59**	2,965.29
Loans	**0.12**	1.29
Other financial assets	**90.98**	81.97

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Particulars	**As at March 31, 2020**	As at March 31, 2019
Financial liabilities at amortized cost		
Non-current		
Lease liability	**77.72**	-
Other financial liabilities	**12.73**	9.99
Current		
Borrowings	**144.43**	186.76
Lease liability	**26.85**	-
Trade payables	**1,027.65**	1,234.05
Other financial liabilities	**166.86**	163.17

As the carrying values of the financial instruments disclosed above are reasonable approximations of the fair value of the respective items, the fair values have not been disclosed separately.

47.2 Fair value measurements

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

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

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

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

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

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

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

Particulars	**Fair value as at March 31, 2020**		
	Level 1	**Level 2**	**Level 3**
Financial assets at fair value through profit or loss			
Non-current			
Investments in equity*	**-**	**-**	**5.13**
Investments in mutual funds	**1,297.88**	**-**	**-**
Current			
Investments in mutual funds	**2,512.50**	**-**	**-**

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

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

*represents the investments in the equity of Suryadev Alloys & Power Private Limited. As per the share purchase agreement between the Company and Suryadev Alloys & Power Private Limited, in case of termination or as the case may be, the Company shall transfer the equity shares to the Nominated person as may be presecribed and consideration shall be the same as paid by the Company in this regard.

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

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

Particulars	**March 31, 2020**		March 31, 2019	
	Carrying amount	**Fair value (Level 1)**	Carrying amount	Fair value (Level 1)
Financial assets at amortized cost				
Non-current				
Investments in bonds	**41.21**	**47.23**	43.94	45.87

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

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

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk management objectives

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

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

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

Market risk

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

Foreign currency risk management

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

(Amount in foreign currency in crores)

Foreign currency exposure	**As at March 31, 2020**		As at March 31, 2019	
	Foreign currency monetary assets	**Foreign currency monetary liabilities**	Foreign currency monetary assets	Foreign currency monetary liabilities
USD	**0.31**	**2.10**	0.30	1.92
EURO	**0.73**	**0.11**	0.61	0.18
GBP	**0.11**	**0.13**	0.18	0.14
JPY	**-**	**4.16**	-	17.27
Others	**6.57**	**2.22**	8.72	2.98

Foreign currency sensitivity

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

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Financial instruments that are subject to concentrations of credit risk, principally consist of balance with banks, investments in debt instruments/ bonds, trade receivables, loans and advances. None of the financial instruments of the Group result in material concentrations of credit risks.

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

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

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Movement in the expected credit loss allowance of financial assets:

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at beginning of the year	**0.74**	0.25
Add: Provided during the year	**-**	0.49
Less: amounts written off	**0.12**	-
Balance at end of the year	**0.62**	0.74

Other price risks including interest rate risk

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

NAV price sensitivity analysis

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

- profit for the year ended March 31, 2020 would increase/decrease by Rs. 38.10 crores (for the year ended March 31, 2019: increase/decrease by Rs. 29.35 crores).

Interest rate risk

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

Liquidity risk

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

Maturity profile of financial liabilities:

Particulars	As at March 31, 2020			
	Less than 1 year	1 to 5 years	>5 Years	Total
Non-current				
(i) Lease liability	-	38.38	39.34	77.72
(ii) Other financial liabilities	-	-	12.73	12.73
Current				
(i) Borrowings	144.43			144.43
(ii) Lease liability	26.85	-	-	26.85
(iii) Trade payables	1,027.65	-	-	1,027.65
(iv) Other financial liabilities	166.86	-	-	166.86

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

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

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

49. SHARE-BASED PAYMENTS

Employee Stock Option Plan, 2006 of the Company

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

ESOP, 2006 is applicable to all permanent and full-time employees (as defined in the Plan), excluding employee who is a Promoter or belonging to Promoter Group of the Company and other exclusions as per SEBI (Share Based Employee Benefits) Regulations, 2014, as amended from time to time ("SEBI Regulations"). The eligibility of employees to receive grants under the Plan is decided by the Nomination and Remuneration Committee, from time to time at its sole discretion.

Vesting of the options shall take place in the manner as may be determined by the Nomination and Remuneration Committee at the time of grant, provided, the vesting period shall not be less than 1 year from the date of grant or such other period as may be prescribed, from time to time, under the aforesaid SEBI Regulations.

Vesting of options shall be subject to the conditions that the Grantee shall be in continuous employment with the Company (or its subsidiary company, as the case may be) and subject to such other conditions and exceptions as provided under Company's ESOP, 2006.

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

The options vested can be exercised at any time until completion of seven years from the date of vesting. Any options remaining unexercised at the end of the exercise period shall lapse. At the time of exercise, the participant may pay the exercise price in the form as approved by the Nomination and Remuneration Committee in accordance with the terms of the ESOP, 2006.

Each stock option, when exercised, is convertible into one equity share of the Company. No amount is payable by the option grantee on grant of option. The options carry neither rights to dividends nor voting rights until they are exercised & converted into shares.

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Details of the Employee Stock Option Plan, 2006 of the Company

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

Option series	Number	Grant date	Vesting period	Expiry date	Exercise Price Rs.	Fair value of options at grant date Rs.
(ii)	2,08,900	22-Oct-07	3 Years	21-Oct-17	462.00	243.90
(iii)	40,000	29-Apr-10	1 Year	28-Apr-18	695.00	154.62
(iv)	15,400	8-Nov-10	3 Years	7-Nov-20	1,411.00	243.90
(v)	1,08,200	6-May-11	3-5 Years	5-May-21	1,162.00	625.14
(vi)	5,400	11-Feb-12	3-5 Years	10-Feb-22	1,770.00	967.06
(vii)	5,000	16-Dec-13	3-5 Years	15-Dec-23	4,915.00	2,522.03
(viii)	16,000	11-Aug-14	3-5 Years	10-Aug-24	8,477.50	4,336.33
(ix)	5,400	12-Nov-14	3-5 Years	11-Nov-24	12,993.65	6,555.65
(x)	2,000	12-Jan-15	1 Year	11-Jan-25	14,739.00	7,626.61
(xi)	20,300	12-Jan-15	3-5 Years	11-Jan-25	14,739.00	7,393.91
(xii)	4,500	20-Mar-15	3-5 Years	20-Mar-25	16,112.00	8,295.62
(xiii)	53,000	8-May-15	3-5 Years	7-May-25	14,807.00	7,741.96
(xiv)	6,590	21-Jul-15	3-5 Years	20-Jul-25	21,248.00	11,112.50
(xv)	7,800	6-Nov-15	3-5 Years	5-Nov-25	17,678.00	9,010.46
(xvi)	4,200	5-Feb-16	3-5 Years	4-Feb-26	16,894.00	8,565.87
(xvii)	2,400	27-Apr-16	3-5 Years	26-Apr-26	20,148.00	10,055.79
(xviii)	2,100	28-Jul-16	3-5 Years	27-Jul-26	20,340.00	10,437.06
(xix)	3,000	28-Oct-16	3-5 Years	27-Oct-26	24,492.00	11,753.96
(xx)	1,800	1-Feb-17	3-5 Years	31-Jan-27	23,028.00	10,875.64
(xxi)	3,500	27-Mar-17	3-5 Years	26-Mar-27	24,350.00	11,601.21
(xxii)	1,350	9-Aug-17	3-5 Years	8-Aug-27	32,121.00	14,973.54
(xxiii)	1,500	14-Nov-17	3-5 Years	13-Nov-27	30,585.00	14,520.88
(xxiv)	2,100	7-Feb-18	3-5 Years	6-Feb-28	27,579.00	12,729.74
(xxv)	4,500	2-Apr-18	3-5 Years	1-Apr-28	28,373.00	12,934.77
(xxvi)	1,250	9-May-18	3-5 Years	8-May-28	30,427.00	14,091.95
(xxvii)	2,400	9-Aug-18	3-5 Years	8-Aug-28	27,594.00	12,887.07
(xxviii)	2,800	12-Nov-18	3-5 Years	11-Nov-28	22,496.00	10,469.40
(xxix)	1,250	11-Feb-19	3-5 Years	10-Feb-29	20,848.00	9,615.40
(xxx)	1,00,000	1-Apr-19	3-7 Years	31-Mar-33	20,548.00	7,628.93
(xxxi)	3,600	1-Aug-19	3-5 Years	31-Jul-31	16,349.00	7,455.18

Fair value of share options granted in the year:

The weighted average fair value of the share options granted during the financial year is Rs. 7,622.89 (March 31, 2019 : Rs. 12,138.03). Options were priced using Black Scholes options pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioral considerations.Expected Volatility was determined by taking the daily volatility of the share price on NSE, over a period prior to the date of grant, corresponding to the expected life of the options for each vesting.

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Inputs into the Black Scholes options pricing model:

					Option series
Particulars	**(xxv)**	**(xxvi)**	**(xxvii)**	**(xxviii)**	**(xxix)**
Grant date share price	28,373.00	30,427.00	27,593.15	22,495.25	20,847.40
Exercise price	28,373.00	30,427.00	27,594.00	22,496.00	20,848.00
Expected volatility	30.06%-30.45%	30.10%-30.24%	29.70%-30.01%	30.04%-30.68%	30.56%-31.16%
Option life	10 Years	10 Years	10 Years	10 Years	10 Years
Dividend yield	0.83%	0.83%	0.78%	0.78%	0.78%
Risk-free interest rate	7.69%-7.75%	8.01%-8.11%	8.12%-8.19%	7.93%-7.98%	7.58%-7.70%

Particulars	**(xxx)**	**(xxxi)**
Grant date share price	20,547.70	16,348.05
Exercise price	20,548.00	16,349.00
Expected volatility	28.82%-31.45%	30.66%-31.41%
Option life	7 Years	10 Years
Dividend yield	0.78%	0.75%
Risk-free interest rate	6.77%~7.43%	6.69%~6.77%

Movements in share options during the year

Particulars	**For the year ended March 31, 2020**		For the year ended March 31, 2019	
	Number of options	**Weighted average exercise price Rs.**	Number of options	Weighted average exercise price Rs.
Balance at beginning of the year	**94,903**	**17,824.66**	1,14,224	16,056.89
Granted during the year	**1,03,600**	**20,402.09**	12,200	26,310.39
Forfeited during the year	**(13,865)**	**20,283.91**	(4,500)	22,700.67
Exercised during the year	**(22,000)**	**13,140.74**	(27,021)	13,371.16
Balance at end of the year	**1,62,638**	**19,890.41**	94,903	17,824.66
Exercisable at the end of the year	**20,057**	**15,775.64**	12,471	13,813.83

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

Particulars	**For the year ended March 31, 2020**	For the year ended March 31, 2019
Share-based payments*	**20.17**	15.39

*Excludes Rs. 0.73 crores (Rs. 2.19 crores for the year ended March 31, 2019) of share-based payment capitalised in intangible assets under development.

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Share options exercised during the year

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

Option series	Number exercised	Exercise date	Exercise price Rs.
For the year ended March 31, 2020			
(xiii) Granted on May 08, 2015	3,881	10-May-19	14,807
(vii) Granted on December 16, 2013	668	10-May-19	4,915
(viii) Granted on August 11, 2014	930	10-May-19	8,478
(ix) Granted on November 12, 2014	370	31-Jul-19	12,994
(x) Granted on January 12, 2015	400	31-Jul-19	14,739
(viii) Granted on August 11, 2014	3,774	08-Nov-19	8,478
(xiii) Granted on May 08, 2015	9,200	08-Nov-19	14,807
(xv) Granted on February 05, 2016	1,366	08-Nov-19	17,678
(xii) Granted on March 20, 2015	500	08-Nov-19	16,112
(viii) Granted on August 11, 2014	656	06-Feb-20	8,478
(xiii) Granted on May 08, 2015	255	06-Feb-20	14,807
Total	**22,000**		
Weighted average exercise price	**13,140.74**		
For the year ended March 31, 2019			
(vii) Granted on December 16, 2013	666	02-Apr-18	4,915
(viii) Granted on August 11, 2014	500	09-May-18	8,478
(xiii) Granted on May 08, 2015	9,085	09-May-18	14,807
(xii) Granted on March 20, 2015	500	09-May-18	16,112
(viii) Granted on August 11, 2014	500	09-Aug-18	8,478
(xiii) Granted on May 08, 2015	600	09-Aug-18	14,807
(xiv) Granted on July 21, 2015	300	09-Aug-18	21,248
(viii) Granted on August 11, 2014	2,450	12-Nov-18	8,478
(xiii) Granted on May 08, 2015	4,300	12-Nov-18	14,807
(xv) Granted on February 05, 2016	300	12-Nov-18	17,678
(vii) Granted on December 16, 2013	1,000	11-Feb-19	4,915
(viii) Granted on August 11, 2014	450	11-Feb-19	8,478
(ix) Granted on November 12, 2014	370	11-Feb-19	12,994
(xi) Granted on January 12, 2015	6,000	11-Feb-19	14,739
Total	**27,021**		
Weighted average exercise price	**13,371.16**		

Share options outstanding at end of the year:

Option series		Options outstanding		Remaining contractual life		Exercise price Rs.
		As at March 31, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019	
(ii)	22-Oct-07	**-**	-	**-**	-	462
(iii)	29-Apr-10	**-**	-	**-**	-	695
(iv)	8-Nov-10	**-**	-	**-**	-	1,411
(v)	6-May-11	**-**	-	**-**	-	1,162
(vi)	11-Feb-12	**-**	-	**-**	-	1,770
(vii)	16-Dec-13	**-**	668	**-**	4.71	4,915
(viii)	11-Aug-14	**2,910**	8,270	**4.36**	5.37	8,478
(ix)	12-Nov-14	**860**	1,230	**4.61**	5.62	12,994
(x)	12-Jan-15	**-**	-	**-**	-	14,739

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Option series		Options outstanding		Remaining contractual life		Exercise price Rs.
		As at March 31, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019	
(xi)	12-Jan-15	**1,530**	7,930	**4.78**	5.79	14,739
(xii)	20-Mar-15	**500**	1,000	**4.96**	5.98	16,112
(xiii)	8-May-15	**19,914**	34,465	**5.10**	6.11	14,807
(xiv)	21-Jul-15	**6,290**	6,290	**5.30**	6.31	21,248
(xv)	6-Nov-15	**6,134**	7,500	**5.60**	6.61	17,678
(xvi)	5-Feb-16	**2,100**	2,100	**5.85**	6.85	16,894
(xvii)	27-Apr-16	**1,200**	1,200	**6.07**	7.08	20,148
(xviii)	28-Jul-16	**2,100**	2,100	**6.32**	7.33	20,340
(xix)	28-Oct-16	**1,500**	3,000	**6.58**	7.58	24,492
(xx)	1-Feb-17	**-**	-	**-**	-	23,028
(xxi)	27-Mar-17	**-**	2,000	**-**	7.99	24,350
(xxii)	9-Aug-17	**1,350**	1,350	**7.36**	8.36	32,121
(xxiii)	14-Nov-17	**1,500**	1,500	**7.62**	8.63	30,585
(xxiv)	7-Feb-18	**2,100**	2,100	**7.85**	8.86	27,579
(xxv)	2-Apr-18	**1,350**	4,500	**8.00**	9.01	28,373
(xxvi)	9-May-18	**1,250**	1,250	**8.10**	9.11	30,427
(xxvii)	9-Aug-18	**2,400**	2,400	**8.36**	9.36	27,594
(xxviii)	12-Nov-18	**2,800**	2,800	**8.62**	9.62	22,496
(xxix)	11-Feb-19	**1,250**	1,250	**8.87**	9.87	20,848
(xxx)	1-Apr-19	**1,00,000**	-	**13.00**		20,548
(xxxi)	1-Aug-19	**3,600**	-	**11.33**		16,349
		1,62,638	94,903			

Restricted Stock Units Plan, 2019 ("RSU 2019")

Pursuant to approval accorded by shareholders at their Annual General Meeting held on August 1, 2019, the Nomination and Remuneration Committee of the Company formulated 'Eicher Motors Limited - Restricted Stock Units Plan 2019' ("RSU Plan 2019") for grant of Restricted Stock Units ("RSU"), in accordance with SEBI (Share Based Employee Benefits) Regulations, 2014, as amended from time to time ("SEBI Regulations").

RSU Plan 2019 is applicable to (i) a permanent employee of the Company working in India or outside India; or (ii) a Director of the Company, whether whole-time or not; and (iii) an employee, as defined in (i) or (ii) of this Para, of a Subsidiary Company, in India or outside India, excluding such category of persons as defined under RSU Plan 2019 of the Company and/or SEBI Regulations. The eligibility of employees or eligibility criteria to receive grants under RSU Plan 2019 is decided by Nomination and Remuneration Committee, from time to time.

The Nomination and Remuneration Committee shall specify the vesting criteria based on continued employment with the Company (or its subsidiary, as the case may be) and/or certain performance criteria to be fulfilled for vesting of RSU and/or any other criteria as it may deems fit and subject to such other conditions and exceptions as provided under RSU Plan, 2019.

Vesting of RSU shall take place in the manner as may be determined by the Nomination and Remuneration Committee at the time of grant, provided that the vesting shall not take place earlier than minimum vesting period of one year but not later than maximum vesting period of seven years from the date of grant of such RSU.

Exercise Price of each grant shall be the face value of the share as on date of exercise of RSU. The exercise period of a vested RSU shall be a maximum of seven years from the date of vesting of RSU, or such other shorter period as may be prescribed by the Nomination and Remuneration Committee at time of Grant and as set out in the letter of Grant, subject to such other conditions and exceptions as provided under Company's RSU Plan, 2019. Any RSU remaining unexercised at

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

the end of the exercise period shall lapse. At the time of exercise, the participant may pay the exercise price in a form as approved by the Nomination and Remuneration Committee in accordance with the terms of the RSU Plan, 2019.

Each RSU, when exercised, is convertible into one equity share of the Company. No amount is payable by the RSU grantee on grant of RSU. RSU carry neither rights to dividends nor voting rights until they are exercised & converted into shares.

Detail of Restricted Stock Units Plan, 2019 ("RSU 2019")

The following share-based payment arrangements were in existence during the current year:

Option series	Number	Grant date	Vesting period	Expiry date	Exercise Price	Fair value of options at grant date
					Rs.	Rs.
(i)	5,000	1-Aug-19	1 Year	31-Jul-27	10.00	15,796.11

Fair value of share options granted in the year:

The weighted average fair value of the stock units granted during the financial year is Rs. 15,796.11 (March 31, 2019 : Rs. Nil). Options were priced using Black Scholes options pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioral considerations.Expected Volatility was determined by taking the daily volatility of the share price on NSE, over a period prior to the date of grant, corresponding to the expected life of the options for each vesting.

Inputs into the Black Scholes options pricing model model:

	Option series
Particulars	**(i)**
Grant date share price	16,348.05
Exercise price	10.00
Expected volatility	30.62%
Option life	4.5 years
Dividend yield	0.75%
Risk-free interest rate	6.52%

Movements in share options during the year:

Particulars	For the year ended March 31, 2020	
	Number of options	Weighted average exercise price
		Rs.
Balance at beginning of the year	-	-
Granted during the year	**5,000**	**10.00**
Forfeited during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
Balance at end of the year	**5,000**	**10.00**
Exercisable at the end of the year	-	-

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Share-based payments	**5.35**	-

Stock units exercised during the year

There were no stock units exercised during the year.

Share options outstanding at end of the year:

Option series		Options outstanding		Remaining contractual life		Exercise price
		As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	Rs.
(i)	1-Aug-19	**5,000**	-	**7.34**	-	10

50. EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Gross amount required to be spent	**55.39**	45.39
(b) Amount spent:		
(i) Construction/acquisition of any asset	**-**	-
(ii) On purpose other than (i) above	**53.79**	44.28
(c) Administrative expenses	**1.60**	1.11

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

Name of the entity	Share of net assets As at March 31, 2020		Share of profit or loss For the year ended March 31, 2020	
	As % of consolidated net assets	Rs. in crores	As % of consolidated profit or loss	Rs. in crores
Parent				
Eicher Motors Limited	**82.13%**	**8,197.29**	**100.68%**	**1,839.86**
Subsidiaries				
Foreign				
1. Royal Enfield North America Limited	**-0.63%**	**(62.76)**	**0.19%**	**3.52**
2. Royal Enfield Brasil Comercio de Motocicletas Ltda	**-0.57%**	**(56.88)**	**-2.25%**	**(41.06)**
3. Royal Enfield (Thailand) Limited	**0.11%**	**10.48**	**-0.35%**	**(6.42)**
4. Royal Enfield UK Limited	**0.01%**	**0.75**	**-0.01%**	**(0.18)**
Joint Ventures(investment as per the equity method)				
Indian				
1. VE Commercial Vehicles Limited	**18.95%**	**1,892.05**	**1.74%**	**31.71**
2. Eicher Polaris Private Limited	**-**	**-**	**-**	**-**

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

Name of the entity	Share of other comprehensive income For the year ended March 31, 2020		Share of total comprehensive income For the year ended March 31, 2020	
	As % of consolidated Other Comprehensive Income	**Rs. in crores**	**As % of consolidated Total Comprehensive Income**	**Rs. in crores**
Parent				
Eicher Motors Limited	**62.83%**	**7.02**	**100.45%**	**1,846.88**
Subsidiaries				
Foreign				
1. Royal Enfield North America Limited	**-34.41%**	**(3.85)**	**-0.02%**	**(0.33)**
2. Royal Enfield Brasil Comercio de Motocicletas Ltda	**80.67%**	**9.02**	**-1.74%**	**(32.04)**
3. Royal Enfield (Thailand) Limited	**5.32%**	**0.59**	**-0.32%**	**(5.83)**
4. Royal Enfield UK Limited	**-0.02%**	**(0.00)**	**-0.01%**	**(0.18)**
Joint Ventures(investment as per the equity method)				
Indian				
1. VE Commercial Vehicles Limited	**-14.39%**	**(1.61)**	**1.64%**	**30.10**
2. Eicher Polaris Private Limited	**-**	**-**	**-**	**-**

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

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

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

52. IND AS 116 LEASES

As a lessee

The Company has lease contracts for various buildings used in its operations. Leases of buildings generally have lease terms between 2 to 25 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension and termination options which are further discussed below.

The Company also has certain leases of buildings with lease terms of 12 months or less and leases with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(i) Movement in the carrying value of the Right to Use Asset for the year ended March 31, 2020

Particulars	Land	Buildings	Total
Opening Balance	88.19	116.03	204.22
Depreciation charge for the Period	(0.97)	(33.15)	(34.12)
Additions during the Period	8.50	9.37	17.87
Adjustment/Deletion	-	(0.21)	(0.21)
Closing Balance	**95.72**	**92.04**	**187.76**

(ii) Classification of current and non current liabilities of the lease liabilities as at March 31, 2020

Particulars	Land	Buildings	Total
Current liabilities	-	26.85	26.85
Non Current Liabilities	-	77.72	77.72
Total Lease liabilities	**-**	**104.57**	**104.57**

(iii) Movement in the carrying value of the Lease Liability for the year ended March 31, 2020

Particulars	Land	Buildings	Total
Opening Balance	-	126.05	126.05
Interest Expense	-	9.16	9.16
Lease Payments [Total Cash Outflow]	-	(39.82)	(39.82)
Additions during the year	-	9.18	9.18
Closing Balance	**-**	**104.57**	**104.57**

(iv) Contractual Maturities of Lease liability outstanding as at March 31, 2020

Particulars	Land	Buildings	Total
Less than one year	-	26.85	26.85
One to five Years	-	38.38	38.38
More than Five years	-	39.34	39.34
Total	**-**	**104.57**	**104.57**

Lease expenses relating to short term leases aggregated to Rs. 14.37 crores during the year ended March 31, 2020.

Lease liabilities are recognised at weighted average incremental borrowing rate ranging from 8% to 9.5%.

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to the lease liabilities as and when they fall due.

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020
ALL AMOUNTS ARE IN RS. CRORES UNLESS OTHERWISE STATED

The following are the amounts recognised in profit or loss:

Particulars	Amount
Amortisation of right-of-use assets	34.12
Interest expense on lease liabilities	9.16
Expense relating to short-term leases (included in other expenses)	14.37

53. CAPITAL COMMITMENT

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 217.12 crores (March 31, 2019 : Rs. 290.85 crores).

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

54. Due to COVID-19, the Group temporarily suspended the operations in all the units of the Group. COVID-19 has impacted the normal business operations of the Group by way of interruption in production, supply chain disruption, unavailability of personnel, closure/lock down of production facilities, retail outlets of dealers etc. However, production and sales / supply of goods have commenced during the month of May 2020 with partial capacity.

The Group has performed a detailed assessment of its liquidity position and the recoverability of the assets as at the balance sheet date and has concluded that based on current indicators of future economic conditions, the carrying value of the assets will be recovered. Management believes that it has fully considered all the possible impact of known events in the preparation of the consolidated financial statements. However, the impact assessment of COVID-19 is a continuing process, given the uncertainties associated with its nature and duration. The Group will continue to monitor any material changes to future economic conditions and the consequent impact on its business, if any.

55. The Board of Directors and shareholders of Eicher Polaris Pvt. Ltd (a joint venture company) ('EPPL') at their respective meetings held on February 18, 2020 approved voluntary liquidation (solvent liquidation) of EPPL and appointed an insolvency professional as the liquidator. The liquidation process is under progress currently.

56. The Board of Directors of the Company at its meeting held on March 11, 2020, declared an interim dividend aggregating to Rs. 341.32 crores @ Rs. 125/- per equity share of nominal value of Rs. 10 each, for the financial year 2019-20 (Interim dividend paid for previous financial year 2018-19 was Rs. Nil and final dividend paid for previous financial year 2018-19 was Rs. 341.11 crores @ Rs. 125/- per equity share of nominal value of Rs. 10 each).

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

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

per Sanjay Vij
Partner
Membership No : 095169

Place: Gurugram
Date: June 12, 2020

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

Manhar Kapoor
Company Secretary

Kaleeswaran Arunachalam
Chief Financial Officer

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

Siddhartha Lal
Managing Director
DIN: 00037645

S. Sandilya
Chairman
DIN: 00037542

Vinod Aggarwal
Director
DIN: 00038906

Date: June 12, 2020

OVERVIEW OF PERFORMANCE

VE COMMERCIAL VEHICLES LIMITED

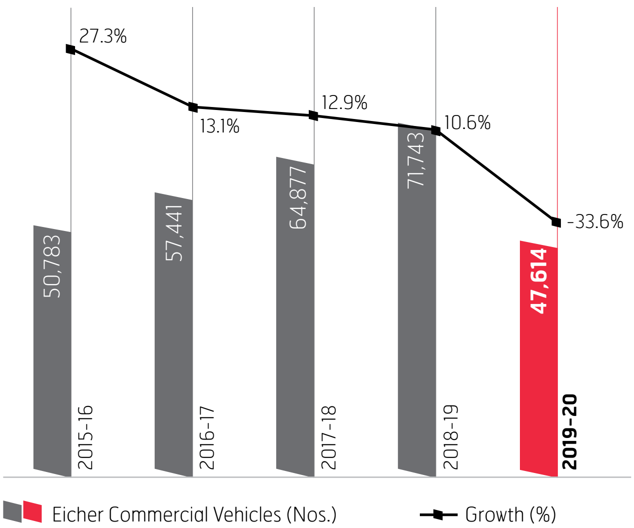
A SUBSIDIARY OF THE COMPANY

261-269

PERFORMANCE HIGHLIGHTS

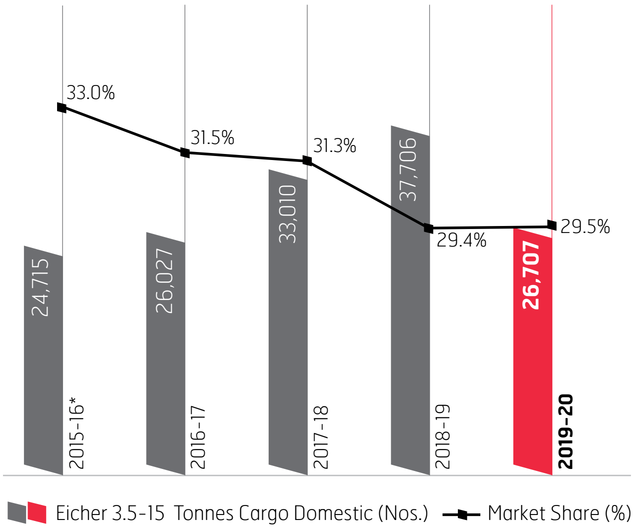
OF VE COMMERCIAL VEHICLES LIMITED

Chart 1 // Eicher Commercial Vehicles and growth



Note: Volvo Trucks (Domestic) volume shown separately in Chart 6

Chart 2 // Eicher 3.5-15 Tonne Cargo Domestic and Market Share



* In 2015-16, the industry volume for 3.5-5T segment has been considered for the period when VECV commenced sales in this segment

Chart 3 // Eicher 16 Tonne and above Cargo Domestic and Market Share

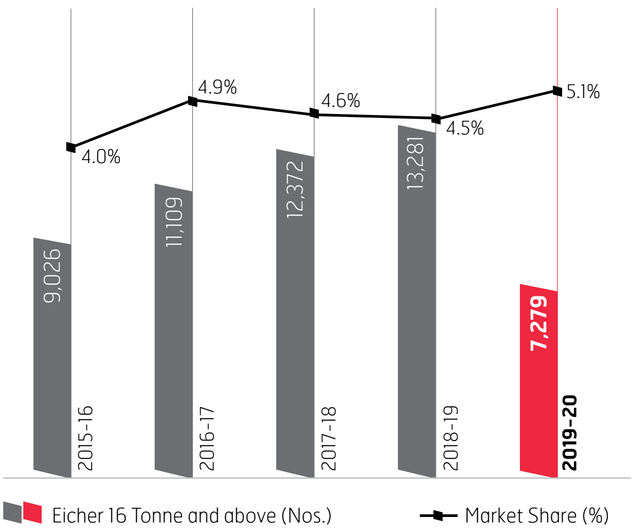
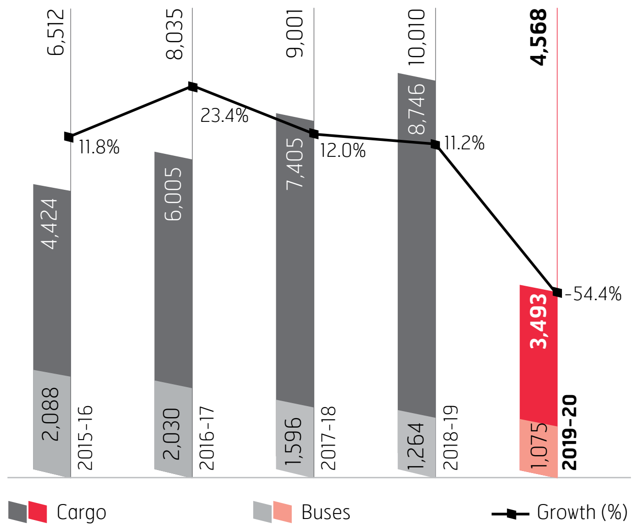


Chart 4 // Eicher Exports: Cargo/Buses and Growth



PERFORMANCE HIGHLIGHTS

OF VE COMMERCIAL VEHICLES LIMITED

Chart 5 // Eicher Buses Domestic and Market Share

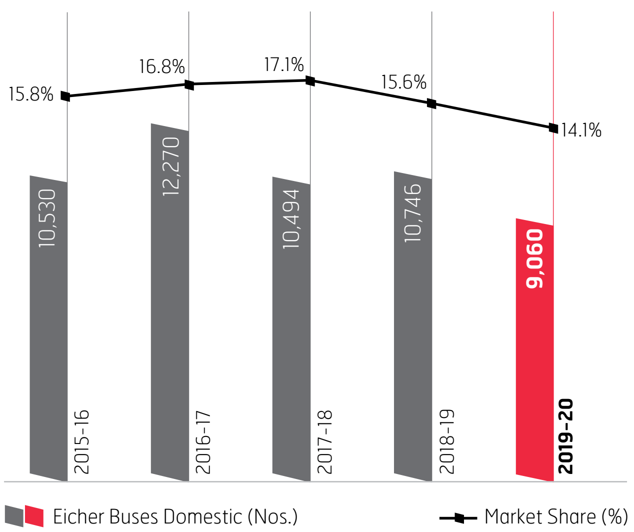


Chart 6 // Volvo Trucks Domestic and Growth

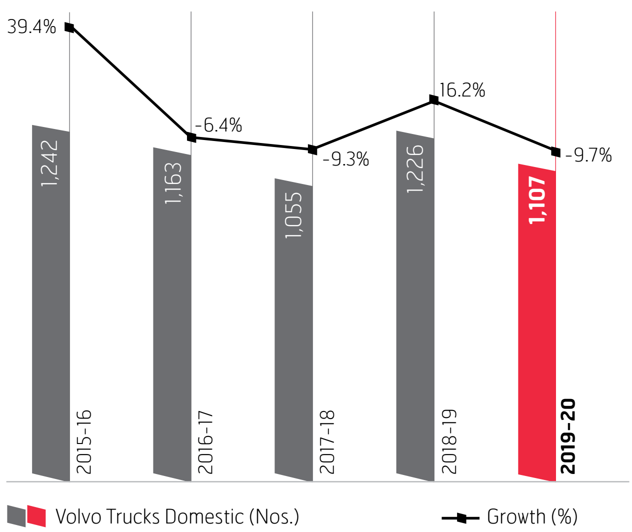


Chart 7 // Net Revenue from operations and Total Comprehensive Income (Consolidated)

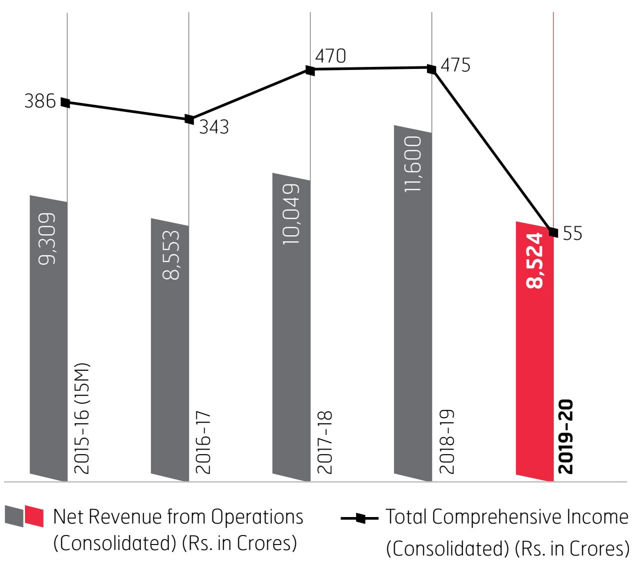
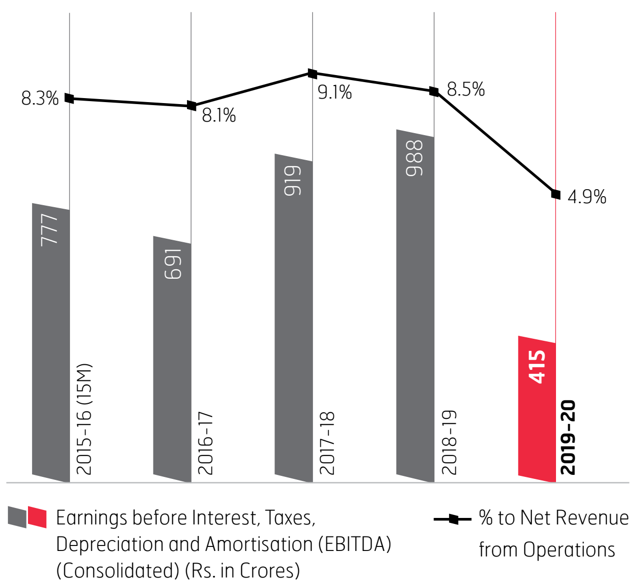


Chart 8 // Earnings before Interest, Taxes, Depreciation and Amortisation* (EBITDA) and percentage to Net Revenue from Operations (Consolidated)



*For the purpose of EBITDA computation, only interest income (part of other income) has been excluded from Total Income

BUSINESS HIGHLIGHTS AND FUTURE PROSPECTS

BRIEF DESCRIPTION OF THE STATE OF COMPANY'S AFFAIRS

The financial year 2019-20 was a very challenging year. Industry was already facing a slowdown because of the sudden new axle load norms introduced in July, 2018, ongoing NBFC crisis, slowing economy, and the impending BSIV to BSVI transition. COVID-19 outbreak and lockdowns across the globe disrupting economic activity and supply chain further added to the challenge adversely impacting sales in almost all segments.

In the financial year 2019-20, the company sold 48,721 trucks and buses and declined by 33.2% as compared to 72,969 trucks and buses last year.

In the domestic market, the company sold 44,153 vehicles, a decline of 29.9% over previous year. The company has witnessed improvement in market shares in Heavy Duty (HD) and Light Medium Duty (LMD) trucks. The company sold 8,386 HD Trucks (7,279 Eicher trucks and 1,107 Volvo trucks), 24,567 LMD trucks, 8,209 LMD Buses, 851 units of HD Buses, 2,140 units of sub 5T trucks in domestic market and 4,568 vehicles in Exports.

During the year under review, the Company won several prestigious awards. Some of these are as follows:

- VECV bagged two prestigious awards at "The Golden Globe Tigers 2019" in category Excellence in Branding and Marketing - Social Media Campaign of the Year for #Haha Highways and Excellence in HR leadership – Best in Training and Organizational development.
- VE Powertrain, a division of VECV, won the Excellence in Supply Chain Management award at Machinist Super Shop floor Awards 2019 by Worldwide Media (WWM) the magazine subsidiary of The Times of India.
- VECV won Leading Practices in Talent Management at the HR Excellence Award, 2019, organized by People First.
- VECV won the Best Experiential and Brand Experiences award for 'Samvaad', an initiative by Eicher Buses, at BTVI National Awards for Marketing Excellence.
- Team Eicher won the Gold Medal in the General Management Category at AIMA Corporate Management Olympiad.
- VECV won the best ICV Cargo Carrier of the Year for Eicher Pro 3015 at Global Awards for Retail Excellence in Auto Retail by ET NOW.
- At the Apollo CV awards 2020, VECV bagged 3 prestigious awards viz., "MCV Cargo Carrier of the Year - Eicher Pro 3016 AMT", "ICV Cargo of the Year - Eicher Pro 2095 XP", "LCV Cargo Carrier of the Year - Eicher Pro 2049".

BUSINESSES, MARKET AND FUTURE PROSPECTS

Eicher Trucks and Buses (ETB)

Eicher Trucks and Buses (ETB) has achieved sales of 47,614 units in the financial year 2019-20 as compared to 71,743 units in the financial year 2018-19, a decline of 33.6%. On the exports front, ETB has sold 4,568 units in the financial year 2019-20 as compared to 10,010 units in the financial year 2018-19, a decline of 54.4%.

LMD trucks (5 – 15T) market share improved from 29.4% to 29.8% in the financial year 2019-20, HD trucks market share for VECV as a whole (Eicher and Volvo) is all time high at 5.9% in the financial year 2019-20. In Bus segment, LMD bus market share declined marginally from 20.7% to 20.4%.

The financial year 2019-20 posed serious challenges for Operations. Volume demand fluctuation, BSVI migration and further impact of COVID-19 in March created extremely difficult situation for operations and supply chain. Operations team responded swiftly by delivering last minute demand of BS-IV vehicles and at the same time ensured migration to BSVI as per plan. BSVI readiness across all facilities completed on time. A concerted and persistent effort on quality through technology adoption and automation resulted in significant improvement in rollout vehicles quality.

Bhopal Plant

The Power Train plant completed in record time after project kick off on November 14, 2019 in January, 2020 and trail production started to rolled out BSVI, E366 and E474 engines. Cab Trim assembly line was also completed in the month of February, 2020.

Volvo Trucks India (VTI)

Total industry volume in the financial year 2019-20 dipped 6.5% in the high end premium HD Truck segment as compared to the financial year 2018-19. The industry volume dipped from 1,517 units last financial year 2018-19 to 1,418 units in the financial year 2019-20. VTI sold 1,107 trucks in the financial year 2019-20, which is a dip of 9.7% as compared to 1,226 units sold in the financial year 2018-19. VTI continues to maintain a strong leadership position in the market with 78% market share. The new construction and infra segment contributed 164 units and On-road vertical made an entry into long haul by supplying 26 units of tractors.

Eicher Engineering Components (EEC)

EEC has achieved net revenue of 7,568 MINR with de-growth of 25% over last year. The year under review witnessed declining demand across segments and across markets in domestic and global space. Exports business closed at around 1,795 MINR whereas the domestic business was at 5,773 MINR. During the year under review, EEC received awards from key global OEM customers for excellence in quality, delivery, new product development and capacity ramp up. Customer relationship management was also one of the key drivers to receive these awards.

To counter the effect of expected downturn in the financial year 2020-21, EEC is working on strengthening customer and supplier relationships, increase share of business with the key global OEM customers, acquire new businesses from existing as well new customers and segments, ensure rapid new product introductions and production ramp-up, focus on cost and working capital management, optimize investments and expeditiously meet requirements of domestic and global OEM customers.

VE Powertrain (VEPT)

VEPT has sold 28,383 engines in the financial year 2019-20 against 39,827 engines in the financial year 2018-19, thus registering a de-growth of 28.7%. VEPT has delivered 1,64,383 engines to customers since inception. VEPT aims to be best partner and preferred supplier of Medium Duty engines and powertrain assemblies to Volvo Group.

COVID-19 has cast uncertainty for the financial year 2020-21 due to its impact in Europe and in Asia. The demand is subdued for the MDE engines from UD Trucks due to market conditions in Thailand (Eu3 applications) and other SE Asian markets. With migration to BSVI emission, relentless cost reduction programs and high focus on uptime assurance to customers and with agility of the supply chain, VEPT aims to cater all customer requirements most efficiently.

Bus Body and Application Manufacturing Plant (Bus Body Plant)

The financial year 2019-20 was a challenging year as built-up volume dropped by 52% over previous financial year 2018-19. Bus Body plant produced 3,472 buses in the financial year 2019-20 as compared to 7,299 buses in the financial year 2018-19.

BSVI buses were launched with new fascia, contemporary styling and common look across platforms. Skyline Pro Euro III and Euro IV have been launched and 20.15 LHD school bus is also developed for Middle East market. With well-established product quality of 20.15 LHD buses and delivery of ~100 nos buses in a month, Bus plant is in a stronger position to get higher volumes from export market in coming years.

Quality and Reliability for pleasant experience to customer is planned through Product Audit initiative to achieve <20 demerits score which is going to be differentiating factor for best in class quality impression of buses.

International Business

The company recorded exports of 4,568 Eicher Branded vehicles during the financial year 2019-20 as against 10,010 vehicles in the financial year 2018-19. The drop in volumes was largely owing to the steep decline of 62% in South Asia which constitutes 45% of exports outside India. However, Eicher branded trucks and buses recorded growth in market share across South Asia, Africa and ASEAN market. New products and variants (from new-generation Pro2000, Pro3000, Pro6000 trucks and Skyline bus range), digitalization of sales processes in key markets coupled with network penetration helped in market share growth in above regions.

Another new medium-duty bus has been developed in Quarter 4 with positive initial response. Retail network was enhanced by 21% to over 600 touch points (including parts outlets), helping build aftersales experience for our customers. Currently only one model from Pro2000 range has been introduced in Africa with extremely positive response. With new-age features for driver comfort and safety, coupled with higher fuel efficiency and superior uptime, it has strengthened the light-duty trucks offering significantly – competing directly with the Japanese brands in these markets.

CONSOLIDATED BALANCE SHEET

VE COMMERCIAL VEHICLES LIMITED AS AT MARCH 31, 2020

(Rs. in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
ASSETS		
Non-current assets		
(a) Property, plant and equipment	**2,046.79**	1,674.72
(b) Capital work-in-progress	**214.98**	288.97
(c) Other Intangible assets	**896.18**	493.71
(d) Right-of-use assets	**204.08**	-
(e) Intangible assets under development	**72.09**	366.64
(f) Financial assets		
(i) Investments	**0.14**	0.14
(ii) Loans	**1.64**	2.01
(iii) Other financial assets	**83.32**	33.64
(g) Other assets	**77.88**	233.72
Total non-current assets	**3,597.10**	3,093.55
Current assets		
(a) Inventories	**961.03**	1,285.77
(b) Financial assets		
(i) Trade receivables	**814.45**	1,264.48
(ii) Loans	**2.53**	3.67
(iii) Cash and cash equivalents	**242.60**	726.90
(iv) Bank balances other than (iii) above	**967.20**	994.98
(v) Other financial assets	**157.52**	237.12
(c) Other assets	**214.59**	183.66
Total current assets	**3,359.92**	4,696.58
Total assets	**6,957.02**	7,790.13
EQUITY AND LIABILITIES		
Equity		
(a) Equity share capital	**10.00**	10.00
(b) Other equity	**3,468.02**	3,563.38
Total equity	**3,478.02**	3,573.38
LIABILITIES		
Non-current liabilities		
(a) Financial liabilities		
(i) Lease liabilities	**75.39**	-
(ii) Other financial liabilities	**7.05**	7.06
(b) Provisions	**108.10**	124.29
(c) Deferred tax liabilities (net)	**11.04**	82.85
(d) Other liabilities	**5.73**	3.92
Total non-current liabilities	**207.31**	218.12
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	**12.62**	295.89
(ii) Lease liabilities	**18.73**	-
(iii) Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	**85.78**	102.06
- Total outstanding dues of creditors other than micro enterprises and small enterprises	**2,517.97**	2,904.19
(iv) Other financial liabilities	**268.17**	301.76
(b) Provisions	**60.97**	94.75
(c) Liabilities for current tax (net)	**53.41**	26.91
(d) Other liabilities	**254.04**	273.07
Total current liabilities	**3,271.69**	3,998.63
Total liabilities	**3,479.00**	4,216.75
Total equity and liabilities	**6,957.02**	7,790.13

Note: Consolidated financial statement represents financial statements of VE Commercial Vehicles Limited and its Subsidiaries, viz, VECV Lanka (Private) Limited and VECV South Africa (PTY) Limited

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

VE COMMERCIAL VEHICLES LIMITED FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in Crores)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
INCOME		
Revenue from operations	**8,524.43**	11,599.94
Other income	**85.37**	97.37
Total Income	**8,609.80**	11,697.31
EXPENSES		
Cost of raw materials consumed	**4,891.94**	7,721.72
Purchases of stock-in-trade	**1,135.81**	1,467.21
Change in inventories of finished goods, work-in-progress and stock-in-trade	**398.44**	(387.05)
Employee benefits expenses	**784.72**	776.67
Finance costs	**25.29**	22.29
Depreciation and amortisation expenses	**409.52**	374.04
Other expenses	**912.28**	1,048.80
Total expenses	**8,558.00**	11,023.68
Profit before tax	**51.80**	673.63
Tax expense		
Current tax	**64.29**	160.41
Tax adjustment relating to earlier years	**-**	(2.17)
Deferred tax charge/(benefit)	**(70.78)**	40.39
Total tax expense	**(6.49)**	198.63
Profit for the year	**58.29**	475.00
Other comprehensive income		
Items that will not be reclassified to profit or loss:-		
Re-measurement losses on defined benefit plans	**(5.38)**	(1.61)
Income tax benefit	**1.88**	0.56
Net other comprehensive income not to be reclassified to profit or loss	**(3.50)**	(1.05)
Items that may be reclassified to profit or loss:-		
Exchange differences in translating the financial statements of foreign operations	**0.84**	1.42
Income tax effect	**(0.30)**	(0.50)
	0.54	0.92
Net other comprehensive income not to be reclassified to profit or loss	**(2.96)**	(0.13)
Total Comprehensive income for the year, net of tax	**55.33**	474.87
Earnings per share (of Rs. 10 each) in Rs.		
Basic/diluted	**58.29**	475.00

CONSOLIDATED CASH FLOW STATEMENT

VE COMMERCIAL VEHICLES LIMITED FOR THE YEAR ENDED MARCH 31, 2020

		(Rs. in Crores)
Particulars	**For the year ended March 31, 2020**	For the year ended March 31, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	**51.80**	673.63
Adjustments for:		
Depreciation and amortisation expenses	**409.52**	374.04
Loss on discard of property, plant and equipment and intangible assets	**1.93**	2.63
Loss on sale of property, plant and equipment (net)	**0.16**	1.52
Exchange differences in translating the financial statements of foreign operations	**0.84**	1.42
Re-measurement losses on defined benefit plans	**(5.38)**	(1.61)
Interest income	**(71.18)**	(81.89)
Finance costs	**25.29**	22.29
Operating profit before changes in working capital	**412.98**	992.03
Working capital adjustments:		
Adjustments for (increase) / decrease in assets:		
Non-current		
Trade receivables	**-**	1.97
Loans	**0.38**	0.16
Other financial assets	**(49.68)**	(2.18)
Other assets	**0.16**	10.80
Current		
Inventories	**324.74**	(336.78)
Trade receivables	**450.03**	127.99
Loans	**1.14**	(2.15)
Other financial assets	**79.60**	(51.32)
Other assets	**(36.43)**	(14.60)
Adjustments for increase / (decrease) in liabilities:		
Non-current		
Other financial liabilities	**(0.01)**	0.64
Provisions	**(16.20)**	(36.52)
Other liabilities	**1.81**	2.50
Current		
Trade payables	**(402.50)**	332.37
Provisions	**(33.78)**	3.74
Other financial liabilities	**(33.59)**	(35.74)
Other liabilities	**(57.55)**	17.00
Cash generated from operating activities	**641.10**	1,009.91
Income taxes paid	**(37.23)**	(150.40)
Net cash flow from operating activities (A)	**603.87**	859.51

CONSOLIDATED CASH FLOW STATEMENT

VE COMMERCIAL VEHICLES LIMITED FOR THE YEAR ENDED MARCH 31, 2020

		(Rs. in Crores)
Particulars	**For the year ended March 31, 2020**	For the year ended March 31, 2019
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment (including capital advances)	**(719.56)**	(716.33)
Proceeds from sale of property, plant and equipment	**8.80**	8.25
Investment in fixed deposits	**27.78**	273.50
Investment in equity shares of non-subsidiary companies	**-**	(0.09)
Interest received (finance income)	**76.68**	86.65
Net cash flow from investing activities (B)	**(606.30)**	(348.02)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase in short term borrowings	**670.00**	863.65
Repayment of short term borrowings	**(953.26)**	(826.50)
Interest paid	**(16.50)**	(22.29)
Payment of finance lease liabilities	**(31.42)**	-
Dividends paid to equity holders	**(125.00)**	(120.00)
Dividend distribution tax	**(25.69)**	(24.67)
Net cash flow from financing activities (C)	**(481.87)**	(129.81)
Net increase/ (decrease) in cash and cash equivalents (A)+(B)+(C)	**(484.30)**	381.68
Cash and cash equivalents at the beginning of the year	**726.90**	345.22
Cash and cash equivalents at the end of the year	**242.60**	726.90

		(Rs. in Crores)
Particulars	**As at March 31, 2020**	As at March 31, 2019
Components of cash and cash equivalents		
Cash on hand	**0.31**	0.22
Cheques/drafts on hand	**0.85**	37.94
Balances with banks:		
In current accounts	**35.43**	130.72
In deposit accounts	**206.01**	558.02
Total cash and cash equivalents	**242.60**	726.90

NOTICE OF 38TH (THIRTY EIGHTH) ANNUAL GENERAL MEETING

Notice is hereby given that the 38th (Thirty Eighth) Annual General Meeting of the members of Eicher Motors Limited is scheduled to be held on Monday, August 10, 2020 at 1.00 P.M. Indian Standard Time (IST) through Video Conferencing/Other Audio Visual means to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements (including audited consolidated financial statements) of the Company for the financial year ended March 31, 2020 together with the Reports of the Board of Directors and the Auditors thereon.

2. To appoint Mr. Vinod Kumar Aggarwal, who retires by rotation and being eligible, offers himself for re-appointment as a Director.

SPECIAL BUSINESS:

3. **To consider and ratify remuneration of Cost Auditor payable for the financial year 2019-20:**

   In this regard, it is proposed to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], read with the Companies (Cost Records and Audit) Rules, 2014, remuneration payable to Ms. Jyothi Satish, Cost Accountant (Membership No. 31292), appointed by the Board of Directors as Cost Auditor of the Company to conduct audit of the relevant cost records of the Company for the financial year 2019-20, amounting to Rs. 4,50,000 (Rupees Four Lakh Fifty Thousand only), plus taxes as applicable and reimbursement of out of pocket expenses incurred in connection with the aforesaid audit be and is hereby ratified and confirmed."

4. **To consider and approve re-appointment of Ms. Manvi Sinha as an Independent Director of the Company:**

   In this regard, it is proposed to consider and if thought fit, to pass the following resolution as a **Special Resolution:**

   "RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ("the Act"), the rules framed thereunder including the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], Ms. Manvi Sinha (DIN: 07038675), in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing her candidature for the office of Director of the Company and being eligible, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for an another term of 5 (five) consecutive years with effect from February 13, 2020.

   RESOLVED FURTHER THAT the Board of Directors, be and is hereby authorised to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

5. **To consider and approve re-appointment of Mr. S. Sandilya as an Independent Director of the Company:**

   In this regard, it is proposed to consider and if thought fit, to pass the following resolution as a **Special Resolution:**

   "RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ("the Act"), the rules framed thereunder including the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], Mr. S. Sandilya (DIN: 00037542), in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director of the Company and being eligible, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for an another term of 5 (five) consecutive years with effect from February 13, 2020.

   RESOLVED FURTHER THAT pursuant to Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, other applicable provisions, including that of the Companies Act, 2013 read with relevant rules made there under [including any amendment(s), statutory modification(s) and/or re-enactment(s) thereof for the time being in force], approval of the members be and is hereby accorded for the continuation of appointment of Mr. S. Sandilya, as an Independent Director of the Company, after attaining the age of 75 (seventy five) years, during his next term of appointment i.e. until February 12, 2025.

RESOLVED FURTHER THAT the Board of Directors, be and is hereby authorised to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

6. **To consider and approve payment of remuneration to Mr. S. Sandilya, Chairman (Non-Executive & Independent Director) for the financial year 2019-20, which may exceed fifty per cent of the total remuneration payable to all the Non-Executive Directors of the Company:**

In this regard, it is proposed to consider and if thought fit, to pass the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Regulation 17(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder [including any amendment(s), statutory modification(s) and/or re-enactment(s) thereof for the time being in force], approval of the members of the Company be and is hereby accorded for payment of remuneration to Mr. S. Sandilya (DIN: 00037542), Chairman (Non-Executive and Independent Director), for the financial year 2019-20, which may exceed fifty per cent of the total remuneration that may be payable to all Non-Executive Directors of the Company for the financial year 2019-20.

RESOLVED FURTHER THAT the Board of Directors, be and is hereby authorised to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

7. **To consider and approve adoption of new set of Articles of Association of the Company:**

In this regard, it is proposed to consider and if thought fit, to pass the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 5, 14 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the Companies (Incorporation) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any statutory modification(s) or re-enactment(s) thereof, for the time being in force], and subject to applicable approval(s) and/ or sanction(s) of the statutory or regulatory authorities, as may be required in this regard, consent of the members be and is hereby accorded for adoption of the new set of Articles of Association of the Company prepared in accordance with Table–F of Schedule-I of the Act, draft whereof has been made available to the shareholders, in total exclusion, substitution and supersession of the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company [which expression shall include any Committee thereof or any other person(s) as may be authorized by the Board in that behalf], be and is hereby authorized to undertake, execute all such acts, deeds, matters and things as they may deem necessary, proper and/ or expedient, to apply for requisite approval(s) of the statutory or regulatory authorities, as may be required, to carry out all requisite, incidental, consequential steps and to settle any question, difficulty or doubt that may arise in order to give full effect to this resolution."

8. **To consider and approve sub-division of equity shares of the Company:**

In this regard, it is proposed to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 61(1)(d) and all other applicable provisions of the Companies Act, 2013 ("the Act"), Companies (Share Capital and Debentures) Rules, 2014 ("the Rules"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any statutory modification(s) or re-enactment(s) thereof, for the time being in force], subject to approval of the shareholders for adoption of new set of Articles of Association of the Company *inter alia* allowing sub-division of shares and subject to other applicable approval(s), sanction(s) of the statutory or regulatory authorities, as may be required in this regard, consent of the members of the Company be and is hereby accorded for sub-division of each existing equity share of face value of Rs. 10/- (Rupees Ten only) each into Ten (10) equity shares of face value of Rs. 1/- (Rupee One Only) each, which shall rank pari passu in all respects with the existing equity shares with effect from the record date.

RESOLVED FURTHER THAT pursuant to the sub-division of equity shares of the Company with effect from the record date, each equity share of the Company of face value of Rs. 10 (Rupees Ten Only) each in the issued, subscribed and paid-up equity share capital shall stand sub-divided into 10 (Ten) equity shares of face value of Rs.1/- (Rupee One Only) each.

RESOLVED FURTHER THAT upon sub-division of the equity shares as aforesaid and with effect from the record date, the existing share certificate(s) in relation to the issued equity shares of the face value of

Rs.10/- (Rupees Ten Only) each, shall be deemed to have been automatically cancelled and shall be of no effect and that the Board may, without requiring surrender of the existing Share Certificate(s) by the members, issue new Share Certificate(s) of the Company, in lieu of the existing share certificate(s) and in case of the equity shares held in the dematerialized form, the number of sub-divided equity shares shall be credited proportionately into the respective beneficiary demat accounts of the members of the Company held with Depository Participants, in lieu of the existing credits present in respective beneficiary demat accounts.

RESOLVED FURTHER THAT the Board of Directors of the Company [which expression shall include any Committee thereof or any other person(s) as may be authorized by the Board in that behalf], be and is hereby authorized to do all such acts, deeds, matters and things including to fix & announce record date, to make appropriate adjustments on account of sub-division of Equity Shares to the number, exercise price etc. of stock options granted/to be granted pursuant to various stock options scheme/plan of the Company with effect from the record date, to delegate all or any of its powers herein conferred to the Company Secretary or any other officer(s) of the Company, to give such directions as they may in their absolute discretion deem necessary, proper or desirable, to apply for requisite approvals, sanctions of the statutory or regulatory authorities, as may be required, to sign, execute necessary applications, papers, documents, undertakings and other declarations for submission with stock exchanges, Registrar of Companies, Registrar & Share Transfer Agent, depositories and/or any other regulatory or statutory authorities, to appoint legal representatives, advocates, attorneys, to settle any question, difficulty that may arise with regard to the sub-division of the equity shares as aforesaid and to carry out/execute all matters in connection therewith and incidental thereto in order to give full effect to this resolution without any further approval of the shareholders."

9. To consider and approve alteration of Capital Clause of the Memorandum of Association of the Company:

In this regard, it is proposed to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 13, 61 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder [including any statutory modification(s) or re-enactment(s) thereof, for the time being in force], subject to such approvals as may be necessary and subject to approval of sub-division of equity shares by the members, consent of the members of the Company be and is hereby accorded to alter and substitute the existing Clause V of the Memorandum of Association of the Company with the following new Clause V:

"V. The Authorised Share Capital of the Company is Rs. 31,01,00,000 (Rupees Thirty One Crores and One Lakh only) divided into 30,00,00,000 equity shares of face value of Rs. 1/- each and 1,01,000- 9% redeemable preference shares of face value of Rs. 100/- each."

RESOLVED FURTHER THAT the Board of Directors of the Company [which expression shall include any Committee thereof or any other person(s) as may be authorized by the Board in that behalf], be and is hereby authorized to undertake, execute all such acts, deeds, matters and things as they may deem necessary, proper and/or expedient, to apply for requisite approval(s) of the statutory or regulatory authorities, as may be required, to carry out all requisite, incidental, consequential steps and to settle any question, difficulty or doubt that may arise in order to give full effect to this resolution."

By order of the Board of Eicher Motors Limited

Manhar Kapoor
General Counsel & Company Secretary
Membership No. FCS 5564

Place: Gurugram, Haryana
Date: June 12, 2020

CIN: L34102DL1982PLC129877
Regd. Off: 3rd Floor-Select Citywalk
A-3 District Centre, Saket
New Delhi – 110017
Phone: 0124-4415600
Website: www.eichermotors.com
E-mail: investors@eichermotors.com

Notes:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Businesses to be transacted at the meeting, is annexed herewith and forms part of this Notice.

2. Re-appointment of Director: Brief resume of the Director proposed to be re-appointed (item no. 2 of the Notice) pursuant to Regulations 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, is given hereunder:

Name	Vinod Kumar Aggarwal
DIN	00038906
Age	60 Years
Qualification	Mr. Vinod Kumar Aggarwal is a qualified Chartered Accountant and Cost & Management Accountant.
Experience (including expertise in specific functional area) / Brief Resume	Mr. Vinod Kumar Aggarwal possesses vast experience in Automobile industry. Please refer the Company's website: https://www.eicher.in/bod for his detailed profile.
Date of first appointment on the Board	April 1, 2019
Directorships held in other companies (as per Section 165 of the Companies Act 2013, excluding private and Section 8- not for profit companies)	VE Commercial Vehicles Limited
Memberships/ Chairmanships of committees of other public companies [in terms of Regulation 26 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015]	None
Number of Equity Shares held in the Company	Mr. Vinod Kumar Aggarwal holds 6,700 equity shares in the Company.
Relationship between Directors and other KMPs inter-se	None
Number of meetings of the Board attended during the last financial year	Mr. Vinod Kumar Aggarwal attended all 8 (Eight) Board Meetings held during the Financial Year 2019-20.
Remuneration last drawn	Mr. Vinod Kumar Aggarwal is not entitled to any remuneration by way of sitting fees or commission in Eicher Motors Limited.
Remuneration proposed to be paid	As may be decided by Board or the Nomination & Remuneration Committee of the Company.
Terms and conditions of Appointment/ Re-appointment	Mr. Vinod Kumar Aggarwal was appointed as a Non-Executive Non-Independent Director of the Company w.e.f. April 1, 2019 on the terms and conditions as approved by the shareholders at their 37th Annual General Meeting held on August 1, 2019.

In terms of Section 152 of the Companies Act, 2013, Mr. Vinod Kumar Aggarwal, Non-Executive Non-Independent Director retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment. The Board of Directors of the Company recommends his re-appointment. Mr.Vinod Kumar Aggarwal and his relatives to the extent of their shareholding, if any, in the Company, may be deemed to be concerned or interested in the business item no. 2 of the Notice with regard to his re-appointment. Save and except the above, none of the Directors/ Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Business set out under item no. 2 of the Notice.

3. In view of the continuing outbreak of the COVID-19 pandemic, Ministry of Corporate Affairs has vide its circulars dated April 8, 2020, April 13, 2020 read with circular dated May 5, 2020 (collectively referred to as **"MCA Circulars"**) has permitted holding of the Annual General Meeting of companies through Video Conferencing or Other Audio Visual Means (**"VC / OAVM"**), during the calendar year 2020, without physical presence of the Members at a common venue.

4. In compliance with applicable provisions of the Companies Act, 2013 ("the Act") read with the MCA Circulars and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the 38th Annual General Meeting of the Company is being conducted through VC/OAVM (hereinafter referred to as "e-AGM"). In accordance with the Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India (ICSI) read with Guidance/Clarification note dated April 15, 2020 issued by ICSI, the proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed venue of the e-AGM.

5. In terms of the MCA Circulars, since the physical attendance of members has been dispensed with, the facility of appointment of proxies by Members will not be available. Hence the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.

6. a) The amount of dividend remaining unpaid or unclaimed for a period of 7 (seven) years from the due date is required to be transferred to the Investor Education and Protection Fund Authority (IEPF Authority), constituted by the Central Government. The Company had, accordingly, transferred the unpaid and unclaimed dividend amount pertaining to financial year 2012 (January – December) to the IEPF Authority within the stipulated time period.

Members who have not encashed their dividend warrants pertaining to the financial year 2013 (January – December) and onwards are advised to write to the Registrar & Share Transfer Agent of the Company, immediately for claiming dividends declared by the Company.

b) As at March 31, 2020, the Company has transferred 2,04,841 (0.75%) equity shares of the Company on which dividend remained unclaimed or unpaid for a period of seven consecutive years or more, belonging to 2,712 shareholders, to the IEPF Authority within the specified time pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013 ("the Act") read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended ("the Rules"). The said requirement of transfer of shares, does not apply to shares in respect of which there is a specific order of Court, Tribunal or Statutory Authority, restraining any transfer of the shares.

Any person whose share(s)/ unpaid dividend has been transferred to the IEPF Authority may claim the share(s)/ dividend from the IEPF Authority pursuant to the said Act and the Rules by submitting an online application in Form IEPF-5 available on the website www.iepf.gov.in. Simultaneously, claimant shall be required to submit a copy of Form IEPF-5 submitted with IEPF Authority duly signed and accompanied by all requisite documents to the Company at its registered office address at 3rd floor, Select Citywalk, A-3 District Centre, Saket, New Delhi-110017, in an envelope marked as "Claim for refund from IEPF Authority" for verification. Shareholders are requested to go through the provisions of said Act and the Rules and also the information provided on the website www.iepf.gov.in. Shareholders may also write to the Company or its Registrar for any further information/clarification in this regard.

7. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address of any member as soon as possible. Members who are holding shares in physical forms are requested to notify changes in their respective address/ Bank Mandate/National Electronic Clearing Service (NECS) details, if any, to the Company's Registrar i.e Link Intime India Pvt. Ltd. at Noble Heights, 1st Floor, Plot No. NH 2, LSC, C-1 Block, Near Savitri Market, Janakpuri, New Delhi-110058 or visit portal of Link Intime India Pvt. Ltd., Registrar & Share Transfer Agent of the Company at https://linkintime.co.in/emailreg/email_register.html and upload the requisite documents thereat. Beneficial owners holding shares in electronic form are requested to intimate change in address/ Bank Mandate/ National Electronic Clearing Service (NECS) details, if any, to their respective Depository Participants (DP). To support the "Green Initiative", members are requested to register/ update their e-mail addresses with the Registrar & Share Transfer Agent of the Company in case of shares held in physical form and with their respective Depository Participants in case shares are held in electronic form.

8. The Securities and Exchange Board of India (SEBI) vide its circular dated April 20, 2018 has mandated submission of Permanent Account Number (PAN) and Bank account details by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN and Bank account details to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to submit their PAN and Bank account details to the Registrar & Share Transfer Agent of the Company along with supporting documents.

9. Pursuant to the provisions of Section 72 of the Companies Act, 2013, a member(s) holding shares in physical form may nominate, in the prescribed Form SH-13, a person to whom all the rights in the shares shall vest in the event of death of the sole holder or all the joint holders. Member(s) holding shares in physical form may write to the Company/ Registrar for this facility. Member(s) holding shares in demat form may contact their respective Depository Participant for availing this facility.

10. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In light of this, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or its Registrar & Share Transfer Agent i.e. Link Intime India Pvt. Ltd., for any assistance in this regard.

11. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or its RTA, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.

12. The Register of Directors & Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, Register of Contracts or Arrangements in which Directors are interested under Section 189, copies of draft letter of re-appointment of Independent Directors, copy of draft Articles of Association and any other document referred in the notice of this Annual General Meeting will be made available for inspection by members of the Company, up to the date of the Annual General Meeting, basis email request received on investors@eichermotors.com. Certificate(s) from the Auditors of the Company certifying that Employee Stock Option Plan, 2006 and Restricted Stock Units Plan, 2019 are being implemented in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014 will be available for inspection on the website of the Company under "Investors" Section.

ELECTRONIC DISPATCH OF ANNUAL REPORT AND PROCESS FOR REGISTRATION OF EMAIL ID FOR OBTAINING COPY OF ANNUAL REPORT:

13. In compliance with the aforesaid MCA Circulars and SEBI circular dated May 12, 2020, Notice of the e-AGM along with the Annual Report for the financial year ended on March 31, 2020, are being sent only through electronic mode to members whose e-mail address is registered with the Company or with the Depository Participant(s). The aforesaid Notice and Annual Report has been uploaded on the website of the Company i.e. www.eichermotors.com, the same can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited at www.bseindia.com and National Stock Exchange of India Limited at www.nseindia.com and are also available on the website of NSDL (agency providing the remote e-Voting facility) at www.evoting.nsdl.com.

14. Members holding shares in physical mode and who have not updated their email addresses with the Company are requested to visit portal of Link Intime India Pvt. Ltd., Registrar & Share Transfer Agent of the Company at https://linkintime.co.in/emailreg/email_register.html and upload the requisite documents thereat. Members holding shares in dematerialised mode are requested to register/ update their email addresses with the relevant Depository Participants.

PROCEDURE TO RAISE QUESTIONS / SEEK CLARIFICATIONS:

15. As the AGM is being conducted through VC, for the smooth conduct of proceedings of the e-AGM, members are encouraged to express their views/send their queries related to Annual Report or any other matter concerning the Company in advance on the email id AGM2020@eichermotors.com, from their registered email address, mentioning their name, folio number/DP ID-Client ID, as applicable, mobile number, copy of PAN card. Questions that will be received by the Company by Monday, August 3, 2020 upto 5.00 p.m. IST shall only be considered and responded during the AGM.

16. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending a request in advance on the email id AGM2020@eichermotors.com, from their registered email address mentioning their name, folio number/ DP ID-Client ID, as applicable, mobile number, copy of PAN card by Monday, August 3, 2020 upto 5.00 p.m. IST. Please note that only those shareholders who have registered themselves as a speaker in advance will only be allowed to express their views/ask questions during the meeting.

17. The Company reserves the right to restrict the number of questions/queries/clarifications to be addressed at the e-AGM and restrict number of speakers, as appropriate, for smooth conduct of the e-AGM.

PROCEDURE FOR JOINING THE E-AGM THROUGH VIDEO CONFERENCING:

18. Members will be provided with a facility to attend the e-AGM through the NSDL e-voting system at https://www.evoting.nsdl.com. By using the remote e-voting credentials, members can access the link to attend AGM through Video Conferencing under "Members login" Section where the EVEN-113153 of the Company will be displayed. Please note that the Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in this notice. Further, Members can also use the OTP based login for logging into the e-Voting system of NSDL.

19. Members are encouraged to join the Meeting through laptops/desktops for better experience. Further, members will be required to allow Camera and use Internet with a good speed for better experience.

20. Please note that participants connecting from mobile devices or tablets or through laptops/desktops connecting via mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use stable wi-fi or LAN connection for better experience.

21. The members can join the e-AGM through VC from 12:30 P.M. (IST) by following the procedure mentioned in this Notice. The facility of participation at the e-AGM through VC will be made available for 1,000 members on first come first served basis. However, this restriction is not applicable on Shareholders holding 2% or more shares, Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Board Committees and Auditors etc. who are allowed to attend the e-AGM without the restriction of first come first served basis. Corporates members/other entities intending to appoint their respective authorized representative to attend e-AGM through VC are requested to send a certified true copy of the Board Resolution/authorization letter to the Company on email id investors@eichermotors.com.

22. Institutional Investors are encouraged to attend and vote at the e-AGM through VC. In case any Institutional Investor faces any issue in participating in e-AGM, they can write to AGM2020@eichermotors.com.

23. Members who need assistance for participating in the e-AGM, can contact (i) Mr. Soni Singh, Assistant Manager, NSDL at SoniS@nsdl.co.in or at telephonic number 022-2499 4559; or (ii) Ms. Pallavi Mhatre, Manager, NSDL at pallavid@nsdl.co.in or at telephonic number 022-2499 4545.

24. Members attending the e-AGM through VC will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:

25. In compliance with the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of SEBI (LODR) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on business items to be transacted at the 38th Annual General Meeting by electronic means. The facility of casting the votes by the members using an electronic voting system ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

26. Pursuant to SEBI (LODR) Regulations, 2015 and such other provisions as may be applicable, the Company had fixed August 3, 2020 as cut-off date for determining the Members who shall be entitled to vote through remote e-voting or through e-voting on the day of e-AGM through VC. The remote e-voting period commences on August 7, 2020 (9:00 a.m. IST) and ends on August 9, 2020 (5.00 p.m. IST). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of August 3, 2020, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently. A person who is not a member as on the cut-off date should treat this notice for information purpose only.

27. The process and manner for remote e-voting are as under:

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com/

Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

(i) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

(ii) Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

(iii) A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

(iv) Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	**Your User ID is:**
(a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
(b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
(c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company. For example if folio number is 001*** and EVEN is 113153 then user ID is 113153001***

(v) Your password details are given below:

(a) If you are already registered for e-Voting, then you can user your existing password to login and cast your vote.

(b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

(c) How to retrieve your 'initial password'?

i. If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

ii. If your email ID is not registered, please follow steps mentioned under Para 14 of these forgoing notes.

(vi) If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

(a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

(b) Click on "Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

(c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

(d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

(vii) After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

(viii) Now, you will have to click on "Login" button.

(ix) After you click on the "Login" button, Home page of remote e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

(i) After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.

(ii) After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

(iii) Select "EVEN-113153" of Eicher Motors Limited.

(iv) Now you are ready for e-Voting as the Voting page opens.

(v) Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

(vi) Upon confirmation, the message "Vote cast successfully" will be displayed.

(vii) You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

(viii) Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE E-AGM ARE AS UNDER:

28. The procedure for e-Voting on the day of the e-AGM is same as mentioned above for remote e-voting.

29. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting or e-voting at the AGM or participating in e-AGM. Only those members, who will be present in the e-AGM through VC facility and have not casted their vote on the resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system at the e-AGM. Members who have voted through remote e-Voting will also be eligible to attend the e-AGM. However, they will not be eligible to vote again at the e-AGM. In case a member casts its vote through both the modes, voting done through remote e-voting shall prevail and e-voting done at the e-AGM shall be treated as invalid.

30. The details of the person who may be contacted for any grievances connected with the facility for e-voting on the day of the e-AGM shall be the same person mentioned for remote e-voting and/or e-AGM through VC.

31. GENERAL GUIDELINES FOR SHAREHOLDERS FOR VOTING:

(a) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote through remote e-voting or e-voting at the AGM, to the Scrutinizer by e-mail to vijaygupta.vkgn@gmail.com with a copy marked to evoting@nsdl.co.in and investors@eichermotors.com.

(b) It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

(c) In case of any queries related to voting, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in.

(d) The voting rights of members shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date of August 3, 2020. In case of joint holders, only such joint holder who is higher in the order of names will be entitled to attend e-AGM through VC and vote.

(e) Any person, who acquires shares of the Company and become member of the Company after sending of the notice and holding shares as of the cut-off date i.e. August 3, 2020, may obtain the login ID and password by sending a request at evoting@nsdl.co.in and investors@eichermotors.com. However, if a member is already registered with NSDL eservices i.e. IDEAS, he can log-in at https://eservices.nsdl.com/ with his existing IDEAS login. If the member forgets his password, he can reset his password by using above instructions for remote e-voting.

32. Mr. Vijay Gupta, Chartered Accountant, or in his absence, Mr. Akshay Kakkar, Company Secretary, shall act as the Scrutinizer(s) to scrutinize the e-voting and remote e-voting process in a fair and transparent manner.

33. During the 38th AGM, the Chairman, after submitting response to the questions raised by the members in advance, shall formally propose to the members participating through VC facility to vote on the business items as set out in the Notice of the 38th AGM through the e-Voting system. After the Members participating through VC Facility, eligible to cast votes, have casted their votes, the e-Voting will be closed and the AGM shall stand concluded.

34. The Scrutinizer shall after the conclusion of the 38th Annual General Meeting, will unblock the votes cast through remote e-voting and e-voting held at the e-AGM in the presence of at least two witnesses not in the employment of the Company and shall make a consolidated scrutinizer's report within the prescribed time, of the total votes cast in favor or against, if any, and submit the report to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

35. Results of voting (remote e-voting and e-voting at the e-AGM) shall be declared within 48 hours from the time of conclusion of the meeting. The results along with the Scrutinizers' report would be intimated to the Stock Exchanges where securities of the Company are listed, Depositories and Registrar & Share Transfer Agent and will be displayed on the Company's website www.eichermotors.com and on the website of NSDL www.evoting.nsdl.com.

By order of the Board of Eicher Motors Limited

Manhar Kapoor
General Counsel & Company Secretary
Membership No. FCS 5564

Place: Gurugram, Haryana
Date: June 12, 2020

CIN: L34102DL1982PLC129877
Regd. Off: 3rd Floor-Select Citywalk
A-3 District Centre, Saket
New Delhi – 110017
Phone: 0124-4415600
Website: www.eichermotors.com
E-mail: investors@eichermotors.com

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 3:

Pursuant to Section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014, remuneration payable to the Cost Auditor is required to be ratified by the members of the Company. The Board of Directors of the Company at its meeting held on July 31, 2019 approved appointment of Ms. Jyothi Satish, Cost Accountant, to conduct audit of relevant cost records of the Company for the financial year 2019-20. The Board of Directors at its meeting held on June 12, 2020, decided to recommend to the shareholders for ratification, payment of remuneration of Rs. 4,50,000/- (Rupees four lakh fifty thousand only) plus applicable taxes and reimbursement of out of pocket expenses to Ms. Jyothi Satish for audit of cost records of the Company for the financial year 2019-20. The Board recommends and therefore seeks shareholders' approval through an Ordinary Resolution as set out under business item no. 3 in the notice of this meeting.

None of the Directors or Key Managerial Personnel of the Company or their relatives is/are concerned or interested, financially or otherwise, in the proposed resolution.

Item Nos. 4 and 5:

Pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ("the Act") read with Companies (Appointment and Qualification of Directors) Rules, 2014 and the erstwhile Listing Agreement, Mr. S. Sandilya (DIN: 00037542) and Ms. Manvi Sinha (DIN: 07038675) were appointed as Independent Directors of the Company by the shareholders at their 33rd Annual General Meeting held on March 20, 2015, for a term of five consecutive years with effect from February 13, 2015. Mr. S. Sandilya and Ms. Manvi Sinha have completed their current term of appointment as Independent Directors for five consecutive years. The Board of Directors of the Company at their meeting held on February 6, 2020, after taking into account recommendations of Nomination and Remuneration Committee and subject to the approvals of the Shareholders, re-appointed them as Independent Directors for an another term of five consecutive years each pursuant to the applicable provisions of the Act, the rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

Mr. S. Sandilya and Ms. Manvi Sinha are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their respective consents for their re-appointment as Independent Directors for an another term of 5 (five) consecutive years each. The Company has also received declarations from Mr. S. Sandilya and Ms. Manvi Sinha stating that they meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act and SEBI Listing Regulations. In the opinion of the Board, Mr. S. Sandilya and Ms. Manvi Sinha fulfil the conditions for their re-appointment as Independent Directors as specified in the Act, the rules made thereunder and the SEBI Listing Regulations and are independent of the management of the Company. The Company has, in terms of Section 160(1) of the Act, received notices in writing from Members, proposing their respective candidature for the office of Independent Directors.

The shareholders are further informed that pursuant to Regulation 17(1A) of SEBI Listing Regulations, with effect from April 1, 2019, the Company is required to obtain approval of the shareholders by way of Special Resolution for continuation of a person who has attained the age of seventy five years as a Non-Executive Director. It is submitted that Mr. S. Sandilya will be attaining the age of seventy five years during his proposed next term of appointment. Mr. S. Sandilya has vast experience in the automobile industry and with his in-depth knowledge in areas of finance, technology, general management and corporate governance, he provides strategic guidance to the Company and steers the Board functioning in the Company's best interests. This has benefited the Company immensely and therefore the Board of Directors at its meeting held on February 6, 2020 has recommended continuation of appointment of Mr. S. Sandilya as an Independent Director of the Company upon attaining the age of seventy five years during his proposed next term of appointment.

Brief Profiles of Mr. S. Sandilya and Ms. Manvi Sinha:

Mr. S. Sandilya is a Commerce graduate and holds a Post Graduate Diploma in Business Administration from IIM, Ahmedabad. He has been associated with the Company since 1975 in various capacities. He has over 50 years of experience in various roles including, managing and supervising operations and devising and implementing corporate strategy at the highest level. Mr. S. Sandilya has vast experience in the automobile industry. With his in-depth knowledge in areas of finance, technology, general management and corporate governance, he provides strategic guidance and steers the Board functioning in the Company's best interests.

Ms. Manvi Sinha has a B.A. (Honours) degree in Economics from St. Stephen's College, Delhi University and has completed the Intermediate level from the Institute of Chartered Accountants of India. She combines a sound academic background with rich journalism experience. Ms. Manvi Sinha served as Chief Revenue Officer at NDTV Ltd. from January 2018 to November 2019. During this time, the broadcast company delivered its best financial results (FY 2018-2019) in 14 years. Previously, Ms. Manvi Sinha had a twenty-year career in television business journalism. She has straddled roles ranging from anchoring and production to business development and operational cum editorial leadership at NDTV. Ms. Manvi Sinha was also a presenter of the India Business Report on BBC World. Prior to joining NDTV in 1998, Ms. Manvi Sinha was in the Audit and Business Advisory division of Arthur Anderson.

Other information about Mr. S. Sandilya and Ms. Manvi Sinha:

Sl. No.	Particulars	Description	
		Mr. S. Sandilya	**Ms. Manvi Sinha**
1.	Date of Birth	April 11, 1948	April 2, 1974
2.	Age	72 years	46 years
3.	No. of meetings of the Board attended during the last financial year	7 (seven) meetings out of 8 (eight) meetings of the Board held during Financial Year 2019-20	8 (eight) meetings out of 8 (eight) meetings of the Board held during Financial Year 2019-20
4.	Date of first appointment on the Board	October 26, 1999	February 13, 2015
5.	Remuneration last drawn	Please refer Annexure 5 to Directors' Report and Corporate Governance Report forming part of the Annual Report 2019-20.	
6.	Remuneration proposed to be paid	Remuneration by way of commission as may be decided by the Board of Directors from time to time, which together with commission paid to other Non-Executive Directors shall not exceed 1% (one percent) of the annual net profits of the Company for each financial year, calculated in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder, in addition to sitting fees for attending Board/Committee meetings.	
7.	Directorship in any other listed companies	(i) Rane Brake Lining Limited (ii) GMR Infrastructure Limited (iii) Mastek Limited	None
8.	Committee positions held in terms of Regulation 26 of SEBI Listing Regulations		
	a. Audit Committee		
	(i) Chairpersonship	• Eicher Motors Limited • Rane Brake Lining Limited • Mastek Limited	None
	(ii) Membership (other than chairpersonship)	None	• Eicher Motors Limited
	b. Stakeholders' Relationship Committee		
	(i) Chairpersonship	• Mastek Limited	• Eicher Motors Limited
	(ii) Membership (other than chairpersonship)	• Eicher Motors Limited	None
9.	Equity Shareholding in the Company	11,766	NIL

Copies of the draft letter of re-appointments of Mr. S. Sandilya and Ms. Manvi Sinha Independent Directors setting out the terms and conditions are available for inspection by members basis email request received on investors@eichermotors.com, up to the date of the Annual General Meeting.

Mr. S. Sandilya and Ms. Manvi Sinha for themselves and through their relatives, to the extent of their shareholding, if any, in the Company and to the extent of remuneration by way of sitting fees and commission drawn by them from the Company, may be deemed to be concerned or interested, financially or otherwise, in their respective resolution of re-appointment, as set out under business item nos. 4 & 5 of the notice. Mr. Sandilya and Ms. Sinha, do not have any other pecuniary relationship with the Company. They are also not related to any Director or Key Managerial Personnel of the Company. Save and except the above, none of the other Directors, Key Managerial Personnel of the Company and/or their relatives are in any way concerned or interested, financially or otherwise in the said resolutions.

In the opinion of the Board, it will be in the best interest of the Company to re-appoint Mr. S. Sandilya and Ms. Manvi Sinha as Independent Directors of the Company, keeping in view the expertise, knowledge that they possess and basis their respective performance evaluations carried out during previous financial years. The Board accordingly recommends the Resolutions as set out under business item nos. 4 & 5 in the notice of this meeting for approval by the members as Special Resolutions.

Item No. 6:

Pursuant to Regulation 17(6)(ca) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), every listed entity is required to obtain approval of members of the Company by way of Special Resolution for payment of remuneration to a Non-Executive Director exceeding fifty percent of the total remuneration payable to all Non-Executive Directors of the Company.

Shareholders at their 37th Annual General Meeting held on August 1, 2019, approved payment of remuneration by way of commission to the Non-Executive Directors of the Company, not exceeding 1% of the annual net profits of the Company for each financial year, calculated in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder, in such proportion and in such manner as may be determined by the Board of Directors.

Mr. S. Sandilya has vast experience in the automobile industry. With his in-depth knowledge in areas of finance, technology, general management and corporate governance, he provides strategic guidance to the Company and steers the Board functioning in the Company's best interests. The remuneration payable to Mr. S. Sandilya for the financial year 2019-20 may exceed fifty percent of the total remuneration that may be payable to all Non-Executive Directors of the Company and thus it is necessary to take approval of shareholders by way of Special Resolution.

Taking into account the experience and contribution made towards the Company by Mr. S. Sandilya, the Board recommends the Resolution as set out under business item no. 6 in the notice of this meeting for the approval of the members as Special Resolution. The details of remuneration of Mr. S. Sandilya for the financial year 2019-20, is given under the Corporate Governance Report forming part of the Annual Report. Mr. S. Sandilya holds 11,766 equity shares in the Company. Mr. S. Sandilya and his relatives to the extent of their shareholding, if any, in the Company, may be deemed to be concerned or interested in the resolution to the extent of remuneration that he may receive. Save and except the above, none of the other Directors, Key Managerial Personnel of the Company and/or their relatives are concerned or interested, financially or otherwise, in the said Resolution.

Item No. 7:

The Shareholders are informed that the existing Articles of Association of the Company are based on the provisions of erstwhile Companies Act, 1956 and the same do not contain provisions related to sub-division of shares. The Board has placed before the shareholders for approval, a proposal of sub-division of equity shares of the Company, under business item no. 8 of this Notice which shall require amendment to the existing Articles of Association to include provisions related to sub-division. Pursuant to provisions of Sections 5 and 14 of the Companies Act, 2013 ("the Act") and the rules made thereunder, any alteration in existing set of Articles of Association of a Company has to be in line with the Model set of Articles of Association specified in Table-F of Schedule-I to the Act. The Board at its meeting held on June 12, 2020, has approved adopting a new set of Articles of Association in place of existing Articles of Association and has recommended the same for approval of the Shareholders by way of Special Resolution.

Therefore, approval of the shareholders is being sought by way of Special Resolution to the business item no. 7 of this Notice for adoption of the new set of Articles of Association in place of existing ones.

A copy of the proposed set of new Articles of Association to be adopted is available for inspection by the members basis email request received on investors@eichermotors.com, up to the date of the Annual General Meeting.

None of the Directors, Key Managerial Personnel of the Company and/or their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolution.

Item Nos. 8 and 9:

As the shareholders are aware that the Equity Shares of the Company are listed and traded on the National Stock Exchange of India Limited and BSE Limited. Owing to the Company's strong performance during the last decade, market price of its equity shares has increased significantly. In order to provide enhanced liquidity to the Company's equity shares in the Stock Market and to make it more affordable for small investors, it is proposed to sub-divide each equity share of face value of Rs. 10/- each into 10 equity shares of the face value of Rs. 1/- each pursuant to the provisions of Section 61(1)(d) of the Companies Act, 2013 ("the Act"), the rules made thereunder and other applicable provisions.

The Record Date for the aforesaid sub-division of equity shares shall be fixed by the Board (including any Committee thereof) after the approval of the shareholders is obtained for the proposed sub-division. The sub-division of equity shares will *inter alia* also require appropriate adjustments to be made by the Nomination & Remuneration Committee of the Company, to the stock options that have been granted & yet to be exercised or stock options to be granted and also to the exercise price of such options, under stock option scheme/ plan of the Company, formulated, from time to time, pursuant to SEBI (Share Based Employee Benefits) Regulations, 2014, or any erstwhile Regulations in this regard.

In the opinion of the Board, proposed sub-division of the equity shares is in the best interest of the Company and the investors and therefore the Board at its meeting held on June 12, 2020, approved the aforesaid sub-division subject to requisite approval of the shareholders. It is informed that there will not be any change in the amount of authorized, subscribed and paid-up share capital of the Company on account of sub-division of equity shares.

The sub-division of equity shares proposed under business item No. 8 of this Notice shall also require amendment to the existing Clause V of the Memorandum of Association of the Company as set out under business item no. 9 of this Notice. Pursuant to Sections 14, 61 and other applicable provisions of the Act and the rules made thereunder, approval of the Members by way of Ordinary Resolutions is required for sub-division and carrying out any amendments to the Memorandum of Association of the Company.

The Board, therefore, recommends resolutions set out under business item nos. 8 and 9 for approval of the shareholders by way of Ordinary Resolutions.

None of the Directors, Key Managerial Personnel of the Company and/or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolutions set out under business item nos. 8 & 9.

By order of the Board of Eicher Motors Limited

Manhar Kapoor
General Counsel & Company Secretary
Membership No. FCS 5564

Place: Gurugram, Haryana
Date: June 12, 2020

CIN: L34102DL1982PLC129877
Regd. Off: 3rd Floor-Select Citywalk
A-3 District Centre, Saket
New Delhi – 110017
Phone: 0124-4415600
Website: www.eichermotors.com
E-mail: investors@eichermotors.com

Eicher Motors Limited

Registered Office
3rd Floor, Select Citywalk, A-3, District Centre, Saket, New Delhi - 110017
Tel: (011) 2956 3722

www.eichermotors.com