

EICHER MOTORS LIMITED

ANNUAL REPORT

APRIL 01, 2008 - DECEMBER 31, 2008



Board of Directors

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

Company Secretary

Shaila Aggarwal

Auditors

Deloitte Haskins & Sells, Chartered Accountants

Bankers

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

Registered Office

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

Plant Location:**Two Wheelers**

Royal Enfield
 Thiruvottiyur, Chennai 600 019 (Tamil Nadu)

Share Transfer Agent

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



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NOTICE OF THE ANNUAL GENERAL MEETING

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

ORDINARY BUSINESS:

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

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

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

SPECIAL BUSINESS:

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

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

By order of the Board

Place : New Delhi
Date : April 30, 2009

Shaila Aggarwal
Company Secretary

Notes:

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

EICHER MOTORS LIMITED

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

By order of the Board**Shaila Aggarwal****Company Secretary**

Eicher Motors Limited

Eicher House, 12, Commercial Complex

Greater Kailash-II (Masjid Moth)

New Delhi - 110 048

Tel No. 011 - 41437600

E-mail: saggarwal1@eicher.in

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**Item No. 5**

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

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

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

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

Additional information as per Clause 49 of the Listing Agreement
A brief resume of Mr. Priya Brat recommended for re-appointment at the Annual General Meeting is given below:

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

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

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

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

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

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

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

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

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

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

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

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

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

EICHER MOTORS LIMITED**Financial Position at a Glance - EML Consolidated**

(Rs. in Crores)

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

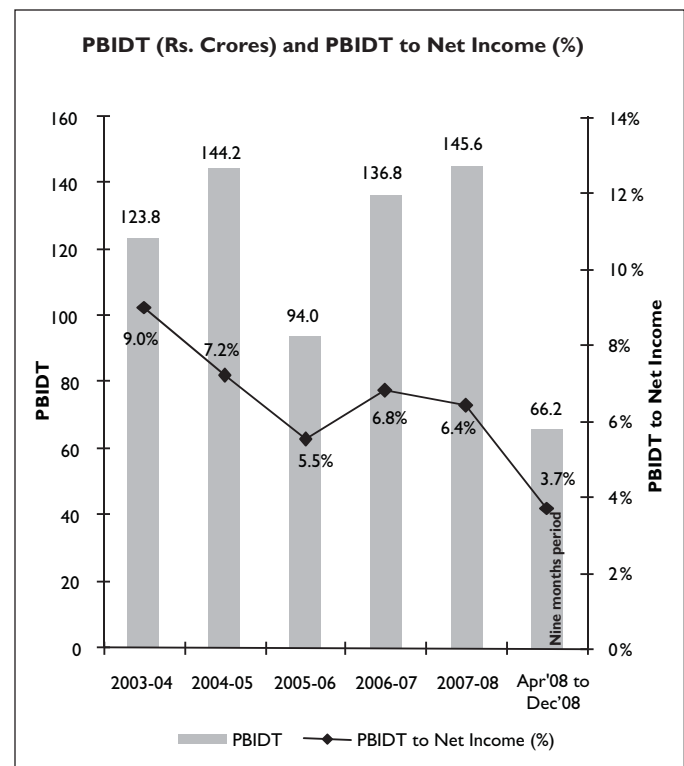
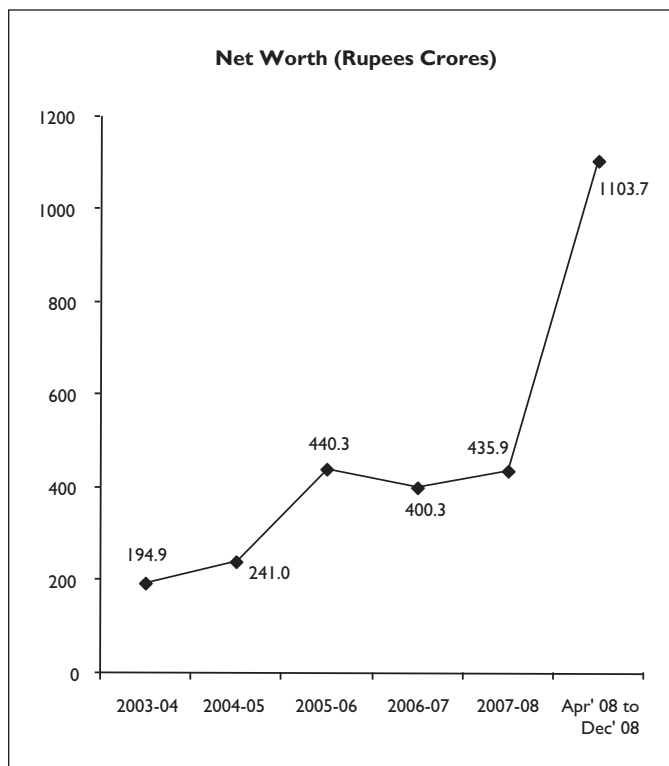
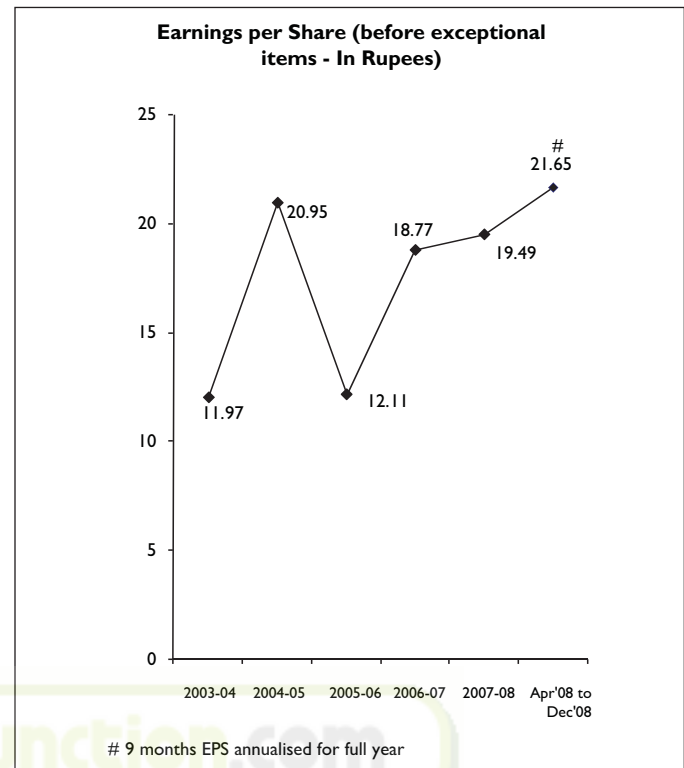
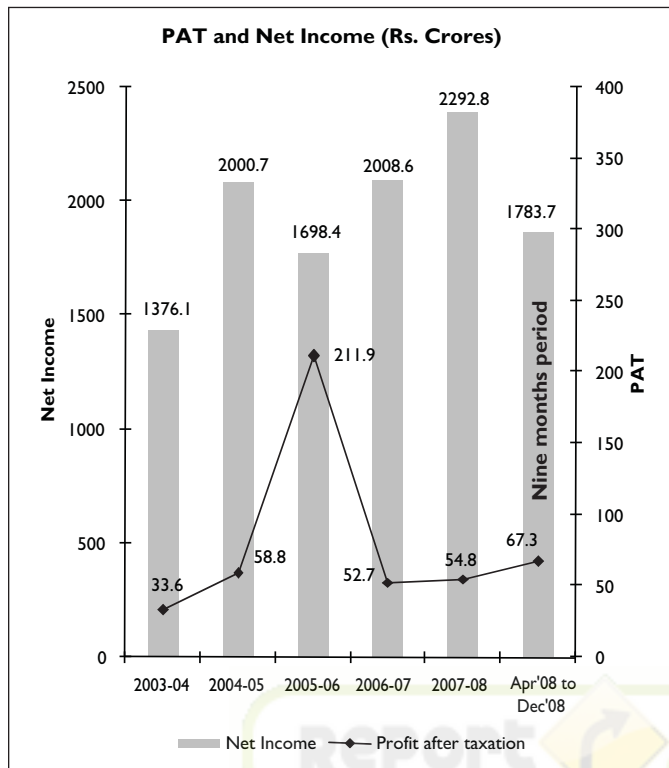
* The accounting year is changed to January to December w.e.f. 01.04.2008. Thus accounting period is for nine months for the period ended December 31, 2008.

Operational Highlights at a Glance - EML Consolidated

(Rs. in Crores)

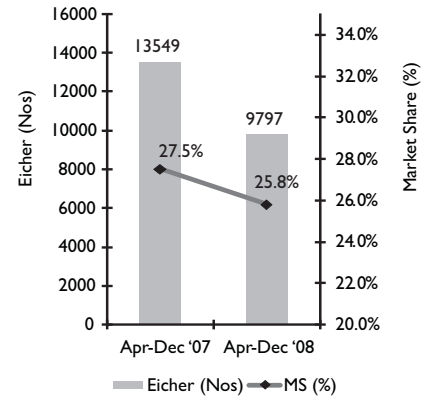
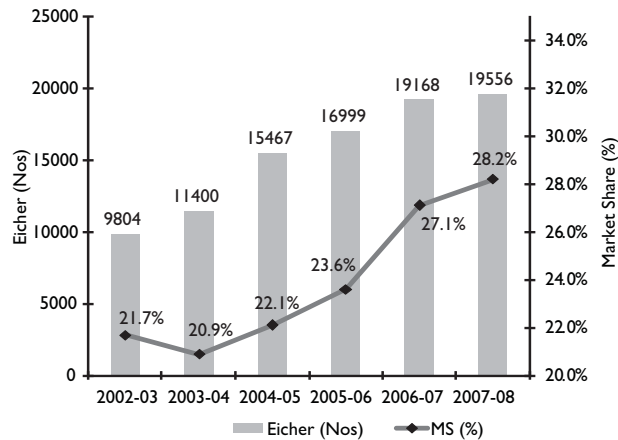
Profit & Loss Account	Apr'08 to Dec'08*	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00
Sales Volume:										
Commercial Vehicles (Nos.)	15436	29828	28072	23604	23004	15885	12717	9630	8438	6931
Two Wheelers (Nos.)	32566	38528	32612	30777	29475	28361	-	-	-	-
Gears (Including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

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

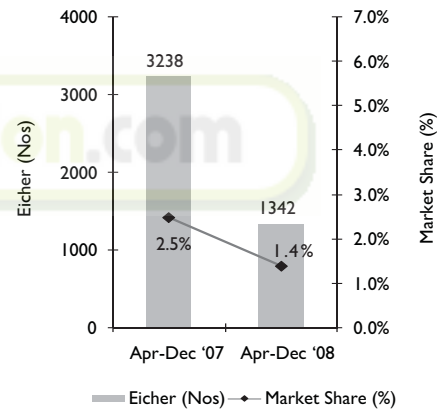
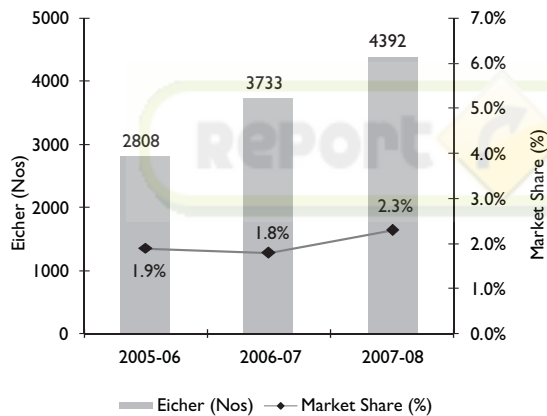
EICHER MOTORS LIMITED**Financial Highlights - EML Consolidated**

Commercial Vehicle Sales Highlights

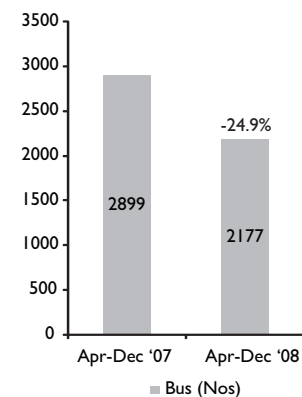
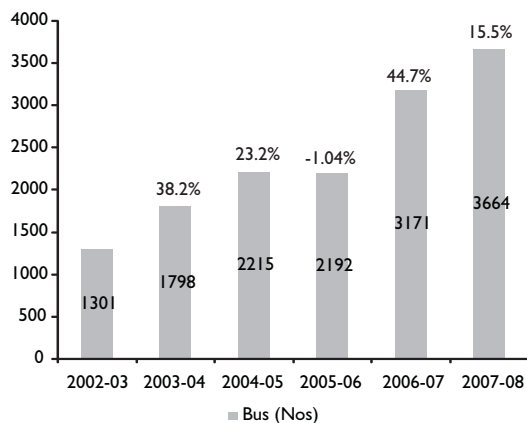
Eicher 5-12 Ton Cargo Domestic (Nos) and Market Share (%)



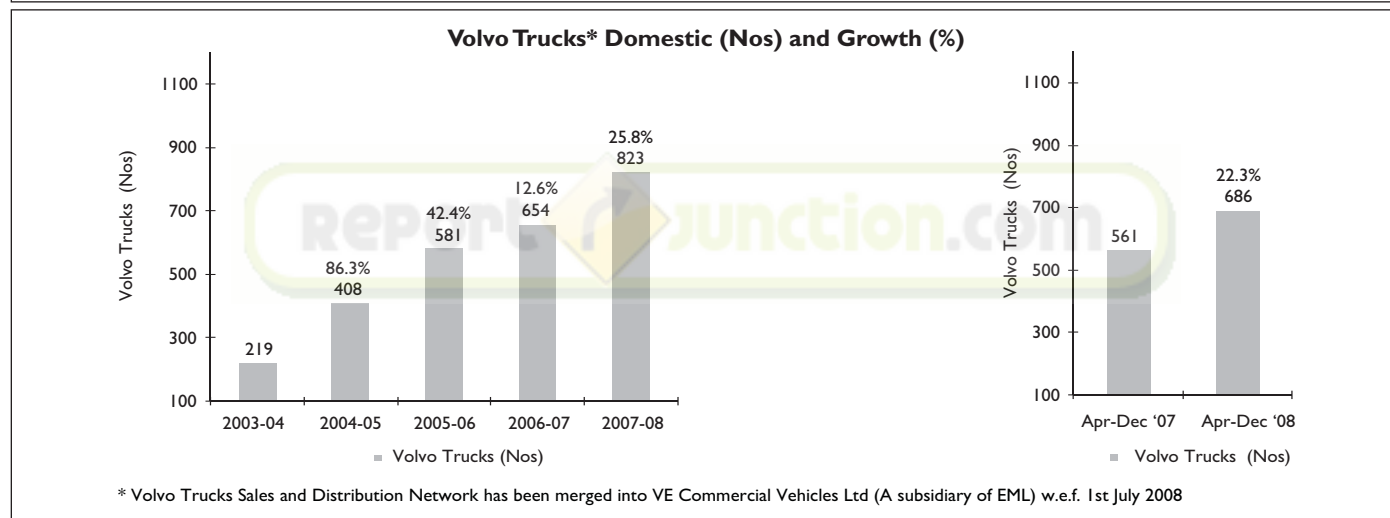
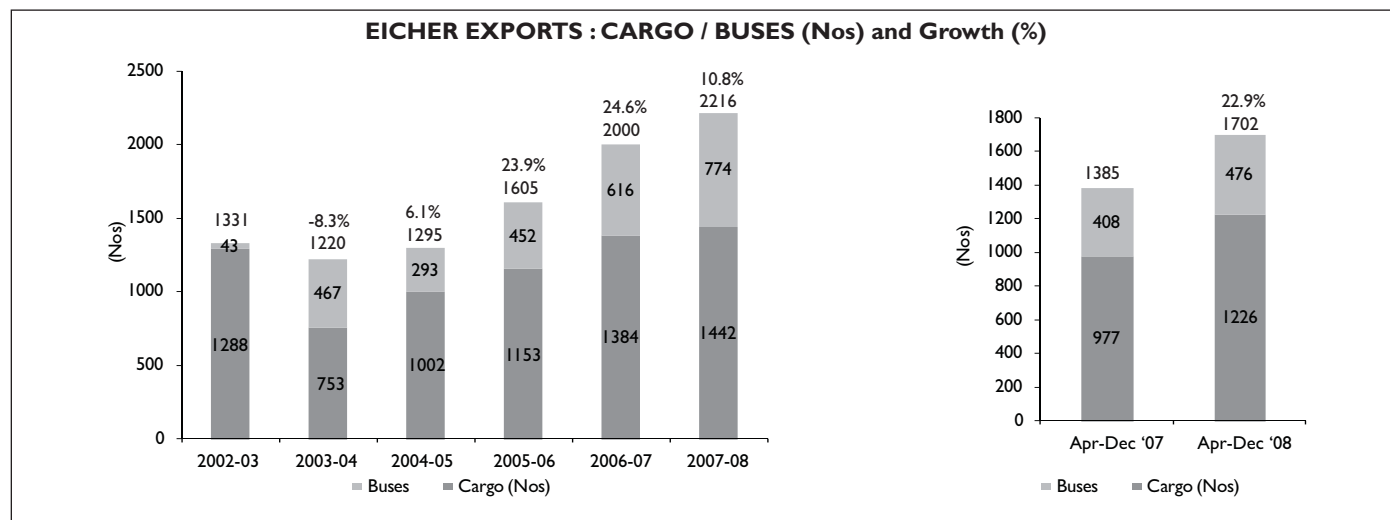
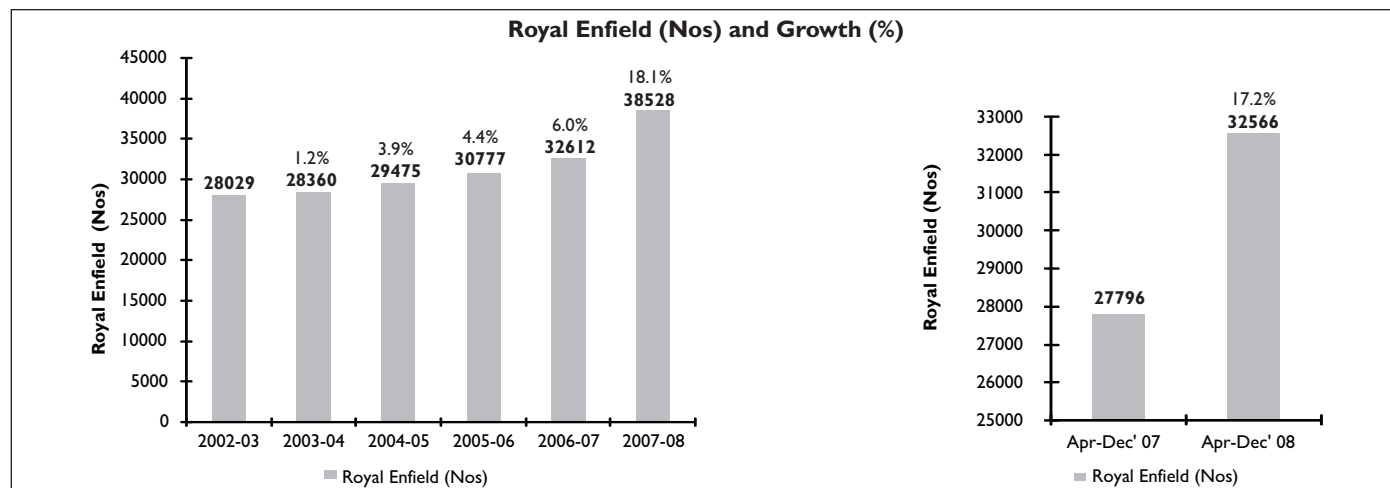
Eicher 16Ton & above Cargo Domestic (Nos) and Market Share (%)



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



Source : SIAM / Company data

EICHER MOTORS LIMITED**Commercial Vehicle Sales Highlights****Two Wheeler Sales Highlights**

Source : SIAM / Company data