EICHER

EICHER MOTORS LIMITED

2013 ANNUAL REPORT

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Board of Directors
S. Sandilya, Chairman
Siddhartha Lal, Managing Director & CEO
R.L. Ravichandran, Executive Director
Priya Brat, Non-executive and Independent Director
M.J. Subbaiah, Non-executive and Independent Director
Prateek Jalan, Non-executive and Independent Director

Compliance Officer
Lalit Malik

Auditors
Deloitte Haskins & Sells,
Chartered Accountants

Bankers
HDFC Bank Limited
ICICI Bank Limited

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

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

Plant Locations
Thiruvottiyur High Road,
Thiruvottiyur, Chennai – 600 019
(Tamil Nadu)

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

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

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LETTER TO THE SHAREHOLDERS

Dear Shareholders,

I have the pleasure of presenting to you the Annual Report for Eicher Motors Limited for the year 2013. Despite a challenging year for the Indian economy, and for the automotive industry in particular, I am pleased to inform you that Eicher Motors Limited has had an excellent year overall. We outgrew the industry in both our operating sectors – commercial vehicles and motorcycles, thereby recording our highest ever total income from operations at Rs. 6,810 crores. We did so while maintaining a strong market pricing and efficient operations, resulting in a record operating profit (EBIT) of Rs. 583 crores.

This out-performance is due to the robust and counter-intuitive business model that we have been putting into place over the last many years – an asset-light and lean operating model, sharply defined products, strong brand and customer experience, all aided by meticulous execution. Our aggressive business model continues to challenge the status quo in the market, and we take on much larger players and shape the market with our focussed approach. This process has been aided tremendously by our very conservative funding model, where we maintain no net debt, and large cash surpluses in Eicher Motors Limited and in our joint-venture with Volvo group, VE Comercial Vehicles Ltd (VECV). This allowed us to continue to push forward on all our long-term projects and investments despite an adverse working capital cycle in our CV business. The sustained investments during the downturn across all areas of our businesses – industry, product, distribution and brand – will help us continue this positive momentum in the years to come.

Our superlative performance, in a year that was generally forgettable for the automotive industry, won us the coveted Manufacturer of the Year 2014 at the CNBC TV 18 Overdrive Awards.

In line with our business objectives and growth, we have also refreshed Eicher's brand visual identity to mirror our growth and future direction. This new identity better captures the brand's growth trajectory and relevance in modern times with a forward *tilt* element. The word mark and the horse head that has been synonymous with the Eicher logo are now leaner and sharper as compared to the previous unit. The Eicher red has been identified as the corporate brand colour and will be used for Eicher Motors Limited. Our 50:50 joint venture with the Volvo Group – VE Commercial Vehicles – also uses the Eicher brand in its Eicher Trucks and Buses (ETB) division. As part of the new identity system, the product brand used by ETB will have a shade of blue next to the Eicher red. With a full new look-feel system that has been created to complete the visual identity, the refreshed identity will be rolled out across Eicher's diverse internal and external touch-points.

Our motorcycle business has been evolving rapidly over the last few years. Royal Enfield's growth trajectory began with the development of the Unit Construction Engine (UCE) platform that made its debut in 2009 with the launch of the Classic 500. With its clean, retro design and performance, the Classic has been a huge hit, particularly among the urban audiences. In 2010, we took another huge step at Royal Enfield when we upgraded our entire product range with the UCE – both in 350 and 500cc displacements. The all new Thunderbird 500 and 350, launched in 2012, was aimed at the long distance riding enthusiast. The new Thunderbird redefines highway cruising and with this we widened our reach even further to a younger demographic. Earlier in 2013 we also introduced the Bullet 500 – a more powerful and evolved version of the iconic Bullet for the traditional enthusiasts. In September 2013, Royal Enfield also launched the Continental GT, at the heart of which is the powerful and responsive 535cc UCE. The lightest, fastest and most powerful Royal Enfield in production, the Continental GT is a definitive classic sports motorcycle. With this launch, Royal Enfield now has four product families based on the UCE platform – Bullet, Classic, Thunderbird and Continental GT.

The Continental GT is a big milestone in Royal Enfield's recent history. In a post-performance era where consumers are increasingly looking for authentic, evocative and uncomplicated motorcycles, the Continental GT perfects the essential elements of the most influential idea in motorcycle history – café racing. We brought the core idea of rocker sub-culture from the 1960s UK roaring into the 21st century with a motorcycle that is outstanding fun to ride. Unveiled to media from 13 countries around the world in September 2013 in the UK, the bike – and its unique launch setting aimed at creating the right context for the product – drew laurels from even the most hardened critics in the world of global automotive journalism. Designed ground-up as a global product, the motorcycle engaged and captivated each of the 100 journalists when they put the bike through its paces from the iconic Ace Café, all the way to Brighton in the southern coast of the UK. As part of the launch event, several tours and workshops were organised with experts who curated various aspects of the Swinging 60's culture, fashion and café-racing history. The nature and scale of the event was a definite first for Royal Enfield. Drawing inspiration from the international launch event, we introduced the Continental GT in India at a carefully conceived event in Goa in November 2013. Like in the UK, the event in Goa too was on a huge scale with nearly 90 members of the Indian auto and lifestyle media taking to the roads of Goa simultaneously in a bid to evaluate whether the Continental GT would live up to their expectations. I am happy to say that we passed their test with flying colours. Both, the bike and the event, drew accolades from every section of the media. Their reviews are there for all to see at royalenfield.com/re-world/news. The Continental GT has also garnered several awards, including the coveted Indian Motorcycle of the Year (IMOTY) 2014, Best Motorcycle of the Year up to 1000cc and Best Design of the Year at the NDTV Car & Bike awards, Best Motorcycle of the Year up to 600cc at the Bike India awards, Most Beautiful Bike of the Year at the BBC Top Gear Awards and Readers' Choice Award at the ET Zigwheels awards, among others.

With the Continental GT motorcycle, Royal Enfield also introduced 'Burn-up Wear' – well-crafted, meticulously-detailed, purpose-built motorcycling clothing and accessories. This line has been crafted from Royal Enfield rider experiences, in collaboration with veterans of riding apparel. The range includes a textile riding jacket, GT Brando leather jacket and a special edition co-branded leather jacket designed by the iconic Lewis Leathers based on their Lightning series. The collection also includes AGV helmets, all-weather ankle length shoes, long and short riding gloves and riding trousers. A selection of branded T-shirts and pit shirts complete the range. Royal Enfield had forayed into apparel and accessories in 2012 alongwith the introduction of the new Thunderbird.

At Royal Enfield, we believe that the experience of motorcycling should be such that it creates a sensorial connect between the man, his machine and the terrain. Globally, most leisure motorcycles have become extreme in their nature, and are either too heavy or too fast, and often too expensive. In many ways, they are intimidating for the rider. Our aim is to get the experience of motorcycling back to being approachable, immediate, unintimidating and one that provides unadulterated fun. We call this 'Pure Motorcycling'. For us, this is the core proposition of our brand and comes alive in our product experiences and various brand touch-points. Most of all, in our marquee rides where Royal Enfield customers get to experience motorcycling at its purest. In 2013, our biggest marquee ride, the Himalayan Odyssey, celebrated its 10th anniversary with 100 riders riding to Khardung La, the world's highest motorable road. This year Royal Enfield also conducted its first ever ride to Tibet – a monumental journey from Lucknow to Lhasa and beyond, finishing in Kathmandu.

To further enhance the 'Pure Motorcycling' brand promise of Royal Enfield, we have taken our retail experience to another level with the opening of our concept store at Select Citywalk mall in Saket, New Delhi. The new retail concept gives the customer a much more immersive brand experience, and showcases the motorcycles, apparel and accessories in a more personable manner. After fine-tuning the idea, we plan to roll out this concept to our hundreds of stores globally over the next few years. Do see the store concept in person if you can, or else online at www.royalenfield.com/saket

In April 2013, Royal Enfield also started commercial production from its state-of-the-art new facility in Oragadam, Tamil Nadu. Spread over 50 acres, the new plant is benchmarked to achieve the highest level of quality and productivity. Several parts that make up Royal Enfield's range of motorcycles were re-tooled to deliver exacting accuracy and finish. The substrate quality of the sheet metal parts, for instance, is at par with the best in the world. Completed in a record 11 months from the start of construction in February 2012, the Oragadam plant has been designed to optimise cost of production through relevant automation while retaining the human craftsmanship that is distinctive to Royal Enfield motorcycles. While the plant started with an initial installed capacity of 150,000 units in the first phase, given the growing demand of our motorcycles worldwide, the next phase of expansion at Oragadam is already under way and expected to be completed by CY 2015. We will be investing Rs. 600 crores towards capacity expansion and developments of new global product platforms over 2014 and 2015. Royal Enfield surpassed its target and sold 178,121 units in 2013 and we have also upwards revised our production plan for 2014 to 280,000 units. We are working towards maximising the production at Oragadam that will take the eventual production capacity to over 500,000 motorcycles per year.

All these actions on the brand and on our industrial capacity, along with further enhancement of our international reach, especially in developing markets, as well as our current and future motorcycle models will help us in getting closer to our ambition of global leadership in the mid-size motorcycle segment (250 to 750cc).

While the Indian motorcycling space has been evolving through 2013, the Indian commercial vehicles industry has been on the decline since 2011 after experiencing 30 per cent volume growth in 2009-10 and then 2010-11. Several factors in combination have resulted in the decline of the industry's year-on-year growth rate. Segment wise, the light, medium and heavy commercial vehicles, which is from 5 tonnes to 49 tonnes, bore the brunt of decelerating economic growth across the country with a negative growth rate of 32.5 per cent year on year.

Despite facing such challenging economic conditions in recent times however, VE Commercial Vehicles – the 50:50 joint venture between the Volvo Group and Eicher Motors Limited – has been progressing extremely well too. While the Indian commercial vehicle industry was in decline overall through 2013, we improved our heavy duty market share to 4.4 per cent in 2013 as compared to the 3.9 per cent market share we had in 2012. We have also continued our strong performance in the bus segment where we have improved our market share to 13.5 per cent in 2013 from 12 per cent in 2012.

The Volvo Group and Eicher Motors came together five years ago with a vision to drive modernisation in the CV industry in India and the developing world. In these five years VECV has grown from strength to strength. We have increased our market share across every segment we operate in as well as overall. Since the commencement of VECV, we have invested a total of over Rs. 1,800 crores in our business, and are on track to investing a cumulative Rs. 2,500 crores by the end of 2014. The main investments for the cutting edge manufacturing facilities are behind us now; we are deep into the investment phase of our path-breaking new products, and are now focussed on commercial investments to improve distribution, after sales support and customer experience.

In December 2013, we introduced 'The Future of Indian Trucking' to the world, with the unveiling of the new Eicher 'Pro series' range of trucks and buses ranging from 5-49 tonnes. The next generation of Eicher trucks and buses aims to continuously improve transportation efficiency in India and the developing markets through relevant modernisation, reducing ownership costs and thus enhancing economic growth and productivity. The 'Pro series' comprises 11 new products spanning the entire medium and heavy duty segments from 5 to 49 tonnes. With a completely new Pegasus-based front styling across the product family, the new range of vehicles is a quantum leap in each and every aspect. The new range of trucks is powered by new generation engines adapted from Volvo Group technology. Today we have the most professional, holistic and progressive approach to Indian trucking. VECV's philosophy of 'Go Pro' implies that our customers can truly work with and rely on a professional partner. Eicher's products, service and attitude are truly professional, and this enables our customers to become more productive, profitable and prosperous in their work and life.

As a company committed to long-term growth in the country and leadership in the CV industry, we have invested heavily in infrastructure and capacity expansion. We started commercial production of Volvo Group's new medium duty engine platform (MDEP) at our new VE Powertrain facility in Pithampur, Madhya Pradesh. With an initial production capacity of 25,000 units annually in the first phase and a plan to strategically increase production capacity in a phased manner to 100,000 units per annum, the new plant in Pithampur, which was set up with an investment of Rs. 375 crores, puts us in an extremely advantageous position with respect to the competition. The most technologically advanced engine manufacturing plant in the country, the MDEP also places us way ahead of the competition in engine technology. This new facility will be the base for the Volvo Group to source 5 and 8 base engines for its global Euro-5 and Euro-6 requirements; in addition, the same base engine will be used for Eicher brand's requirements in India for BS-3, BS-4 and beyond – giving us a strong volume base, revenue stream and global technology for our Indian products.

In October 2013, VECV also began commercial production at its new bus body plant. The plant will produce light, medium and heavy duty buses including the rear engine semi low floor buses. This state-of-the-art plant has robotic painting processes and is highly mechanised to ensure high quality consistency and productivity.

At our other 50:50 joint venture with Polaris Industries of the USA, we have continued to make good progress. The plant in Jaipur is in an advanced state of readiness, and our plans of producing a four-wheeled personal vehicle is also in an advanced stage of development. Commercial production at our plant in Jaipur is slated to start in 2015.

Overall, 2013 has been an excellent year for Eicher Motors Limited, and we have got a good trajectory into 2014. However, we don't take anything for granted and continue to find new ways of disrupting the status quo in all the markets that we operate in by truly understanding spoken and unspoken customer needs and converting those into better products and customer experience. While we still have much larger ambitions in both our businesses in India, we are now embarking on an international journey in commercial vehicles and motorcycles – and believe that the Eicher and Royal Enfield brands can truly become global brands in the future.

Yours sincerely,

Siddhartha Lal

Siddhartha Lal
Managing Director & CEO
Eicher Motors Limited

PERFORMANCE OVER THE YEARS

Eicher Motors Limited (EML) is a leading player in the Indian automotive space. Eicher Motors also owns the iconic Royal Enfield motorcycle business, which leads the premium motorcycle segment in India. The oldest motorcycle company in continuous production world-wide, Royal Enfield has witnessed a huge surge in demand in the recent past, and is charting its course to be the leading player in the mid-size motorcycle segment globally. Its 50-50 joint venture with the Volvo Group, VE Commercial Vehicles Limited, designs, manufactures and markets reliable, fuel-efficient trucks and buses; and is leading the path in driving modernisation in commercial transportation in India and other developing markets. EML's 50:50 strategic joint venture with the US-based Polaris Industries Inc., Eicher Polaris Private Ltd., is in the start-up phase, and is currently designing and developing, and will soon manufacture and sell a full new range of personal vehicles.

The standalone results of Eicher Motors Limited relate entirely to Royal Enfield motorcycle operations.

The consolidated results of Eicher Motors Limited include the standalone results of Eicher Motors Limited, VE Commercial Vehicles Limited and Eicher Polaris Private Limited. The principles of consolidation have been detailed in Note # 1 on page #74.

FINANCIAL POSITION AT A GLANCE – EML CONSOLIDATED

Rs. in crores

Balance Sheet	31.12.2013	31.12.2012	31.12.2011	31.12.2010	31.12.2009	31.12.2008 *	31.03.2008	31.03.2007	31.03.2006	31.03.2005
Gross Fixed Assets (including CWIP and Pre-operative Expenditure)	2762.86	2030.35	1341.01	881.61	755.92	730.06	630.60	556.90	523.30	641.55
Net Fixed Assets	2119.73	1496.17	856.71	454.71	375.75	380.98	334.20	310.20	313.60	388.62
Investments	825.41	638.45	512.62	458.59	294.11	6.24	261.20	261.30	258.00	2.67
Inventories	526.80	488.84	427.96	326.52	218.96	338.07	210.40	168.90	161.20	161.25
Debtors	512.50	445.87	344.58	260.93	232.53	180.19	148.20	195.00	123.10	158.08
Cash and Bank Balances	682.56	803.50	1191.51	1245.68	1170.65	1260.14	51.90	48.10	27.50	31.00
Other Current Assets	669.59	598.65	460.00	216.89	189.99	122.65	229.20	207.30	177.40	154.75
Current Liabilities and Provisions	1973.02	1644.94	1397.56	933.21	697.75	503.16	544.40	536.80	392.80	455.95
Net Current Assets	418.43	691.92	1026.49	1116.81	1114.38	1397.89	95.30	82.50	96.40	49.13
Deferred Tax Assets (net)	-	-	-	-	-	14.72	-	-	-	-
Miscellaneous expenditure		-	-	-	-	-	-	0.60	2.10	5.87
Total	**3363.57**	**2826.54**	**2395.82**	**2030.11**	**1784.24**	**1799.83**	**690.70**	**654.60**	**670.10**	**446.29**
Share Capital	27.04	27.00	26.99	26.94	26.69	28.09	28.10	28.10	28.10	28.10
Reserves & Surplus	2116.36	1727.89	1466.14	1205.20	1042.35	1075.60	407.80	372.20	412.20	212.90
Net Worth	**2143.40**	**1754.89**	**1493.13**	**1232.14**	**1069.04**	**1103.69**	**435.90**	**400.30**	**440.30**	**241.00**
Minority Interest	**1039.72**	**948.46**	**837.65**	**677.41**	**574.67**	**530.53**	**-**	**-**	**-**	**-**
Deferred Tax Liability (net)	180.45	123.19	64.46	24.92	14.16	-	35.30	36.60	42.60	67.09
Borrowings	-	-	0.58	95.64	126.37	165.61	219.50	217.70	187.20	138.20
Total	**3363.57**	**2826.54**	**2395.82**	**2030.11**	**1784.24**	**1799.83**	**690.70**	**654.60**	**670.10**	**446.29**
No. of Shares	27038883	27000983	26992583	26937783	26692881	28093950	28093950	28093950	28093950	28093950
Book Value per Share (Rs.)	**775.41**	**639.93**	**547.59**	**451.96**	**395.02**	**384.58**	**145.67**	**132.70**	**142.94**	**62.25**
Market Value per Share (Rs.)	**4975.85**	**2906.60**	**1488.00**	**1235.25**	**655.00**	**234.95**	**250.50**	**247.70**	**302.35**	**310.15**
Market Value to Book Value per Share	**6.4:1**	**4.5:1**	**2.6:1**	**2.7:1**	**1.6:1**	**0.6:1**	**1.7:1**	**1.9:1**	**2.1:1**	**5.0:1**
Market Capitalisation	**13454.14**	**7848.11**	**4016.50**	**3327.49**	**1748.38**	**660.07**	**703.80**	**695.80**	**849.40**	**871.30**
Debt Equity Ratio	**-**	**-**	**-**	**-**	**0.1:1**	**0.1:1**	**0.4:1**	**0.4:1**	**0.4:1**	**0.6:1**

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

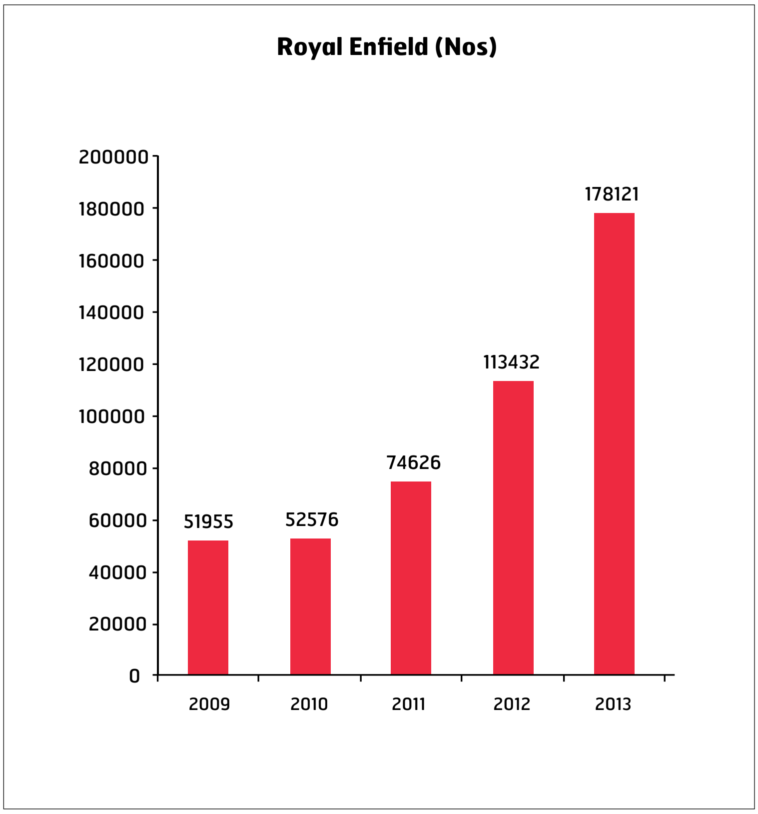
OPERATIONAL HIGHLIGHTS AT A GLANCE – EML CONSOLIDATED

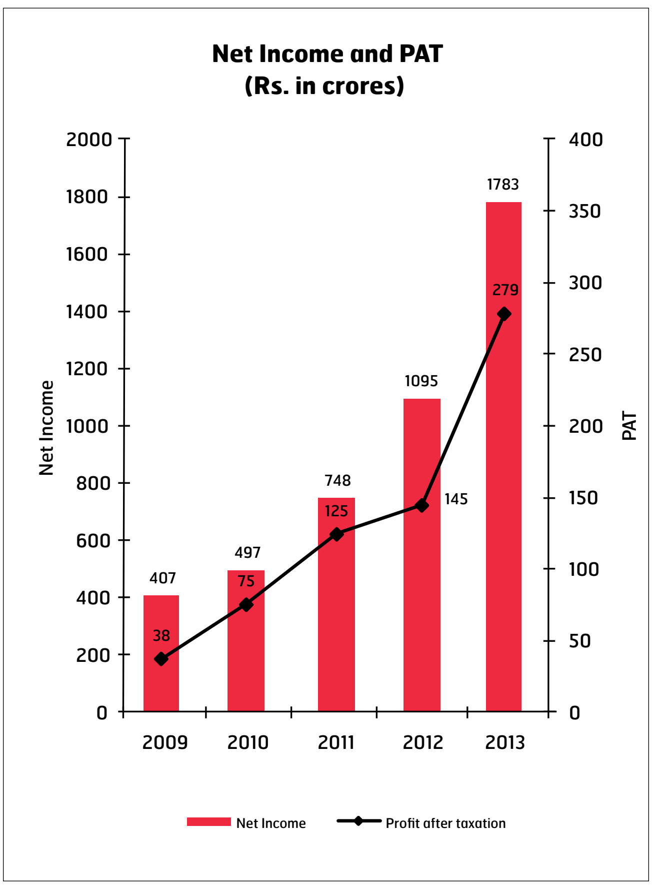
Rs. in crores

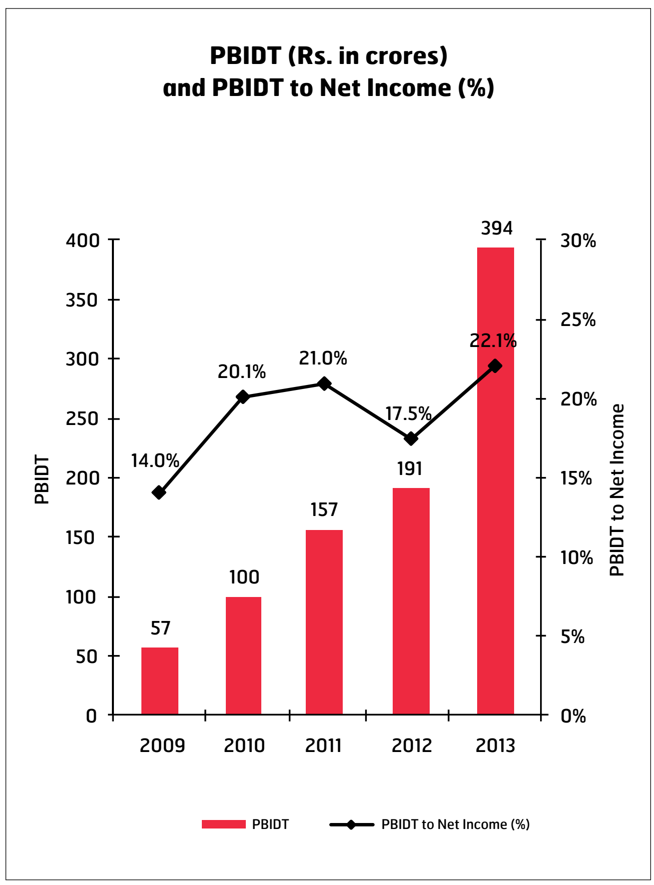
Profit & Loss Account	2013	2012	2011	2010	2009	Apr'08 to Dec'08 *	2007-08	2006-07	2005-06	2004-05
Sales Volume:										
Commercial Vehicles (Nos.)	41251	48831	49042	39275	25164	15436	29828	28072	23604	23004
Two Wheelers (Nos.)	178121	113432	74626	52576	51955	32566	38528	32612	30777	29475
Components (Including Inter Segment Sales)	303.33	283.72	281.09	203.82	130.87	105.88	113.05	128.78	99.60	107.21
Sales Revenue (Excluding Inter Segment Sales)	7433.29	6995.04	6130.29	4701.63	3112.22	1882.48	2572.60	2252.80	1880.80	2211.58
Other Income	95.29	136.64	142.48	127.57	105.44	65.75	30.20	26.60	31.20	18.12
Total Income	**7528.58**	**7131.68**	**6272.77**	**4829.20**	**3217.66**	**1948.23**	**2602.80**	**2279.40**	**1912.00**	**2229.70**
Less: Excise Duty	623.49	605.15	445.87	304.55	173.59	164.52	310.00	270.80	213.60	229.02
Net Total Income	**6905.09**	**6526.53**	**5826.90**	**4524.65**	**3044.07**	**1783.71**	**2292.80**	**2008.60**	**1698.40**	**2000.68**
Manufacturing and other expenses	6096.61	5840.87	5095.07	4040.18	2794.21	1717.48	2146.60	1870.30	1602.30	1849.82
Miscellaneous expenditure written off	-	-	-	-	-	-	0.60	1.50	2.10	6.66
Profit before interest, depreciation, exceptional items & tax (PBIDT)	**808.48**	**685.66**	**731.83**	**484.47**	**249.86**	**66.23**	**145.60**	**136.80**	**94.00**	**144.20**
PBIDT to Net Income (%)	**11.7%**	**10.5%**	**12.6%**	**10.7%**	**8.2%**	**3.7%**	**6.4%**	**6.8%**	**5.5%**	**7.2%**
Interest	7.88	3.79	7.67	9.50	8.67	9.93	19.00	14.80	16.90	22.33
Depreciation	130.04	82.17	63.96	57.30	53.88	36.89	50.80	45.10	50.19	48.37
Profit before exceptional items and tax	**670.56**	**599.70**	**660.20**	**417.67**	**187.31**	**19.41**	**75.80**	**76.90**	**26.91**	**73.50**
PBT to Net Income (%)	**9.7%**	**9.2%**	**11.3%**	**9.2%**	**6.2%**	**1.1%**	**3.3%**	**3.8%**	**1.6%**	**3.7%**
Exceptional Items	-	-	-	-	-	39.35	-	-	166.66	-
Profit before tax for the year	**670.56**	**599.70**	**660.20**	**417.67**	**187.31**	**58.76**	**75.80**	**76.90**	**193.57**	**73.50**
Provision for taxation	145.18	124.85	162.80	110.82	57.82	(8.53)	21.00	24.20	(18.30)	14.65
Profit after taxation (PAT)	**525.38**	**474.85**	**497.40**	**306.85**	**129.49**	**67.29**	**54.80**	**52.70**	**211.87**	**58.85**
PAT to Net Income (%)	**7.6%**	**7.3%**	**8.5%**	**6.8%**	**4.3%**	**3.8%**	**2.4%**	**2.6%**	**12.5%**	**2.9%**
Minority Interest	**131.44**	**150.59**	**188.63**	**117.93**	**46.10**	**4.69**	**-**	**-**	**-**	**-**
Profit after taxation and minority interest	**393.94**	**324.26**	**308.77**	**188.92**	**83.39**	**62.60**	**54.80**	**52.70**	**211.87**	**58.85**
Dividend including Corporate Dividend Tax	**94.91**	**62.76**	**50.20**	**34.55**	**21.87**	**16.44**	**16.44**	**92.90**	**12.82**	**12.82**
Equity Dividend (%)	**300%**	**200%**	**160%**	**110%**	**70%**	**50%**	**50%**	**290%**	**40%**	**40%**
Basic Earnings per Share (Rupees)	**145.84**	**120.11**	**114.48**	**70.54**	**30.78**	**16.23**	**19.49**	**18.77**	**12.11**	**20.95**
Diluted Earnings per Share (Rupees)	**145.04**	**119.41**	**114.03**	**70.28**	**30.69**	**16.23**	**19.46**	**18.74**	**12.11**	**20.95**

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

FINANCIAL HIGHLIGHTS – EML STANDALONE







DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors has pleasure in presenting the Thirty Second Annual Report along with the Audited Accounts for the year ended December 31, 2013.

FINANCIAL RESULTS

Your Company achieved an all time high top line growth during the financial year 2013 with total revenue from operations (net) at Rs. 1702.47 crores. The profit before depreciation and interest amounted to Rs. 313.73 crores, which is 18.4% of the total revenue. After accounting for interest and dividend income of Rs. 80.1 crores, interest expense of Rs. 0.27 crores and depreciation of Rs. 30.41 crores, profit before tax amounts to Rs. 363.15 crores. Profit after tax amounts to Rs. 278.62 crores after income tax provision of Rs. 84.53 crores.

DIVIDEND

The Directors are pleased to recommend a dividend of 300% (Rs. 30/- per Equity Share of Rs. 10/- each) for the year ended December 31, 2013. Last year, your Company has paid dividend of 200% (Rs. 20/- per Equity Share of Rs. 10/- each) to the shareholders of the Company.

BUSINESS PERFORMANCE

Your Company's Royal Enfield unit continues to grow significantly. It sold 1,78,121 motorcycles in the year 2013, 57.0% more when compared to 2012 sales of 1,13,432. Of 178,121 motorcycles sold in 2013, 4256 were exported, a growth of 20.5% over previous year.

The financial results are summarized below:

Rs. in crores

Particulars	For the year ended December 31, 2013	For the year ended December 31, 2012
Gross sales	**1910.68**	**1173.79**
Less : Excise duty	**215.29**	**130.04**
Net sales	**1695.39**	**1043.75**
Other operating revenue	**7.08**	**5.51**
Total revenue from operations (net)	**1702.47**	**1049.26**
Profit before depreciation and interest	**313.73**	**145.43**
Interest	**0.27**	**0.26**
Depreciation	**30.41**	**17.15**
Profit before other income and tax	**283.05**	**128.02**
Interest and dividend income	**80.10**	**45.78***
Profit before tax	**363.15**	**173.80**
Provision for tax (including Deferred tax)	**84.53**	**29.04**
Net profit after tax	**278.62**	**144.76**
Balance brought forward from previous year	**455.76**	**381.62**
Amount available for appropriation	**734.38**	**526.38**
Proposed Dividend	**81.12**	**54.00**
Corporate Dividend Tax	**6.86**	**2.14**
Transfer to General Reserve Account	**27.86**	**14.48**
Balance carried to Balance Sheet	**618.54**	**455.76**
Earnings per share		
- Basic (Rs.)	**103.15**	**53.62**
- Diluted (Rs.)	**102.58**	**53.31**

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