



**EICHER MOTORS LIMITED**

**ANNUAL REPORT 2005-06**

**Board of Directors**

S Sandilya, Chairman  
 Siddhartha Lal, Managing Director & Chief Executive Officer  
 P N Vijay  
 Priya Brat  
 M J Subbaiah

**Company Secretary**

Inder Mohan Singh

**Auditors**

A F Ferguson Associates, New Delhi

**Bankers**

Central Bank of India  
 Centurion Bank of Punjab Limited  
 HDFC Bank Limited  
 Indian Overseas Bank  
 ICICI Bank Limited  
 State Bank of India  
 State Bank of Patiala  
 State Bank of Indore  
 Standard Chartered Bank

**Registered Office**

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

**Share Transfer Agent**

M/s. MCS Limited  
 Sri Venkatesh Bhawan  
 W-40, Okhla Industrial Area,  
 Phase - II, New Delhi 110020.  
 Phone No.(011) 41406149 - 52  
 E-mail: [mcsLtd@eth.net](mailto:mcsLtd@eth.net)

**Factories :****Commercial Vehicles**

The CV Unit  
 102, Industrial Area No.I  
 Pithampur, Dist. Dhar  
 Madhya Pradesh – 454775

**Two Wheelers**

Royal Enfield  
 Thiruvottiyur, Chennai 600019 (Tamil Nadu)

**Components**

Eicher Engineering Components  
 S V Road, Thane 400607 (Maharashtra)

**Eicher Engineering Solutions**

602, Tower-A Signature Towers  
 South City – I  
 Gurgaon – 122 001

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## NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 24<sup>th</sup> ANNUAL GENERAL MEETING OF THE MEMBERS OF **EICHER MOTORS LIMITED** WILL BE HELD AT 11.30 A.M. ON WEDNESDAY, JULY 5, 2006 AT LTG AUDITORIUM, COPERNICUS MARG, NEW DELHI – 110 001 TO TRANSACT THE FOLLOWING BUSINESS:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2006 and the Balance Sheet as at end of the said year together with Auditors' & Directors' Report thereon.
2. To declare dividend on equity shares.
3. 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 A.F. Ferguson Associates, 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.
4. To appoint a Director in place of Mr. S Sandilya who retires by rotation and being eligible offers himself for reappointment.
5. To appoint a Director in place of Mr. M J Subbaiah who retires by rotation and being eligible offers himself for reappointment.

### SPECIAL BUSINESS:

6. To consider and if thought fit to pass the following resolution with or without modification as an ordinary resolution:  
"RESOLVED that **Mr. Siddhartha Lal**, who was appointed as an Additional Director with effect from 1<sup>st</sup> May, 2006 as approved by the Board of Directors in their meeting held on 29<sup>th</sup> April, 2006 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.
7. To consider and if thought fit to pass the following resolution with or without modification as an ordinary resolution:  
"RESOLVED that subject to the provisions of sections 198, 309, 310, 311, 268 and 269 read with schedule XIII of the Companies Act, 1956 and subject to such other necessary approvals as may be applicable, approval be and is hereby granted for appointment of **Mr. Siddhartha Lal as Managing Director with effect from 1<sup>st</sup> May, 2006 for a period of five years on the terms and conditions as appearing in the explanatory statement enclosed herewith.**
8. To consider and if thought fit to pass the following resolution with or without modification as an ordinary resolution:  
"RESOLVED that subject to the provisions of sections 198, 309, 310, 311, 268 and 269 read with Schedule XIII of the Companies Act, 1956 and subject to such other necessary approvals as may be applicable, approval be and is hereby granted for variation in the terms and conditions relating to remuneration for Mr. S Sandilya, Chairman & Whole-Time Director of the Company with effect from 1<sup>st</sup> October, 2005 to 30th April, 2006 on the terms and conditions as appearing in the explanatory statement enclosed herewith.
9. To consider and if thought fit to pass the following resolution with or without modification as an ordinary resolution:  
"RESOLVED that the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956, and subject to such consents and approvals as may be necessary, the Board of Directors of the Company be and is hereby authorised to mortgage, charge all or any of the present and future immovable properties situated at **102, Industrial Area No.1, Pithampur, Distt Dhar**, of the Company, on pari passu basis with existing lenders, together with the power to take over the whole or substantially the whole of the undertaking of the Company or any of its undertakings in certain events:

#### **As and by way of pari passu first charge:**

- a) Corporate Loan of Rs. 40 crores from State Bank of India, Indore (SBI)

#### **As and by way of pari passu second charge in favour of**

- a) Working capital limit of Rs. 10 crores from State Bank of Indore (SBOI)
- b) Working capital limit of Rs. 3 crores from Central Bank of India (CBI)
- c) Working capital limit of Rs. 145 crores from State Bank of India, Indore (SBI)

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise the terms and conditions and documents for creating the aforesaid mortgage and/or charge and for reserving the aforesaid rights and to do all such acts and things as may be necessary for giving effect to the above resolution".

10. To consider and if thought fit to pass the following resolution with or without modification as a special resolution:  
"RESOLVED that the consent of the Company be and is hereby accorded in terms of Section 372A of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to provide Corporate Guarantee to GE Capital Transportation Financial Services (GETFS) for an amount not exceeding Rs.1.35 crores for delinquencies arising out of the financing of vehicles to the customers through Company's Auto Finance Division in specific markets by GETFS.  
RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all acts, deeds and things as may be required or considered necessary or incidental for providing Corporate Guarantee in favour of GETFS."

**11. To consider and if thought fit to pass the following resolution with or without modification as a special resolution:**

"RESOLVED THAT pursuant to the provisions of Section 81(1A), and other applicable provisions, if any, of the Companies Act, 1956, SEBI (Employees Stock Option Scheme) Guidelines, 1999 as amended from time to time, the Memorandum and Articles of Association of the Company and subject to such other approvals, permissions and sanctions as may be necessary, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee, including the Compensation Committee to which the Board has conferred its powers, including the powers conferred by this resolution), to create, offer, issue and allot at any time to or to the benefit of such person(s) who are in permanent employment of the Company including any Director(s) of the Company (excluding promoters), options exercisable into equity shares or securities convertible into equity shares of face value of Rs. 10/- (Rupees ten only) each fully paid-up, not exceeding 5% of the Paid-up Equity Share Capital of the Company from time to time, on payment of the requisite exercise price to the Company, under Employees Stock Option Scheme 2006 ("ESOS - 2006"), in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the law or guidelines issued by the relevant Authority.

RESOLVED FURTHER THAT in case of any corporate action (s) such as rights issue, bonus issue, merger, sale of division or such other event, if any additional equity shares are issued by the Company to the Option Grantees for the purpose of making a fair and reasonable adjustment to the options granted earlier, the above ceiling of 5% of the Paid-up Equity Share Capital of the Company from time to time shall be deemed to have increased to the extent of such additional equity shares issued.

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot equity shares upon exercise of options from time to time in accordance with the ESOS - 2006 and such equity shares shall rank pari passu in all respects with the then existing equity shares of the Company.

RESOLVED FURTHER THAT in case the equity shares of the Company are sub-divided, then the number of shares to be allotted and the price of acquisition of the shares to the aforesaid option grantees under the scheme shall automatically stand augmented, in the same proportion which the present face value of Rs.10/- (Rupees ten only) per equity share bears to the revised face value of the equity shares of the Company after such sub-division, without affecting any other rights or obligation of the said option grantees.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make from time to time such modification, variations, alterations or revisions in the said scheme as it may deem fit, in its sole and absolute discretion and in conformity with the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company and other applicable laws."

Place : New Delhi  
Date : April 29, 2006 and June 9, 2006

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**By Order of the Board**

**Inder Mohan Singh**  
Company Secretary

**Notes**

1. A member entitled to attend and vote is entitled to appoint a proxy, to attend and vote instead of himself and the proxy need not be a member of the Company.
2. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 is enclosed.
3. The Register of Members and Share Transfer Books of the Company will remain closed from June 26, 2006 to July 5, 2006 (both days inclusive) in terms of Section 154 of the Companies Act, 1956.
4. Please intimate change in your address if any to MCS Limited, Share Transfer Agents, W-40, Okhla Industrial Area, Phase-II, New Delhi - 110 020.
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 July 5, 2006, shall be paid to those members whose names appear on the Register of Members as on July 5, 2006.
6. Members are requested to quote folio numbers in all correspondence with the Company.
7. In case you intend to raise any queries in the forthcoming Annual General Meeting, you are requested to please forward the same at least 10 days before the date of the Meeting to Mr. Inder Mohan Singh, Company Secretary at the following address so that the same may be attended to appropriately to your entire satisfaction.

**By order of the Board**

**Inder Mohan Singh**  
**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: imsingh@eicher.co.in

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

### **Item No. 4**

Mr. S Sandilya who retires by rotation and being eligible offers himself for reappointment. A brief resume of Mr. S Sandilya has been provided in the report on corporate governance.

Mr. S Sandilya holds 15,064 equity shares in the Company.

The Board of Directors feel that the continued presence of Mr. S Sandilya on the Board is desirable and would be beneficial to the Company and hence recommend the resolution No. 4 for adoption.

Except Mr. S Sandilya, no other Directors are concerned or interested.

### **Item No. 5**

Mr. M J Subbaiah who retires by rotation and being eligible offers himself for reappointment. A brief resume of Mr. M J Subbaiah has been provided in the report on corporate governance.

Mr. M J Subbaiah does not hold any shares in 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 adoption.

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

### **Item No. 6**

Mr. Siddhartha Lal was co-opted as an Additional Director on the Board w.e.f. 1<sup>st</sup> May, 2006 as approved by the Board of Directors in their meeting held on 29<sup>th</sup> April, 2006. In terms of section 260 of the Companies Act, he holds office only upto the date of this Annual General Meeting.

The Board of Directors feel that the continued presence of Mr. Siddhartha Lal on the Board is desirable and would be beneficial to the Company and hence recommend the resolution No. 6 for adoption.

Mr. Siddhartha Lal holds 3240 equity shares in the Company.

Except Mr. Siddhartha Lal, no other Directors are concerned or interested. A brief resume of Mr. Siddhartha Lal has been provided in the report on corporate governance.

### **Item No. 7**

#### **TERMS & CONDITIONS OF APPOINTMENT OF MR SIDDHARTHA LAL**

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

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

#### **I. Salary and allowances:**

- a) Basic Salary : Rs.2,00,000/- (Rupees Two Lacs only) per month with effect from 1<sup>st</sup> May, 2006 in the range of Rs. 2,00,000/- to Rs. 4,00,000/- per month.
- b) Flexible Payment Allowance (FPA) : Rs. 2,00,000/- (Rupees Two Lacs only) per month.

#### **II. Perquisites:**

- a) Furnished accommodation;
- b) Facility of Car with driver;
- c) Telephone at residence;
- d) Medical Reimbursement : Expenses incurred for self and family in accordance with the rules of the Company;
- e) Contribution to Provident and Superannuation funds : Company's contribution to Provident and Superannuation funds will be as per the rules of the Company;
- f) Gratuity : Not exceeding half month's salary for each completed year of service;
- g) Other perquisites : subject to the overall ceiling on remuneration, the Managing Director may be given other allowances, benefits and perquisites as the Board of Directors may, from time to time, decide.

#### **Explanation**

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

#### **III. Commission:**

As the Board of Directors of the Company and/or a Committee of the Board, may at their sole discretion approve/decide from time to time payment of commission provided that the total commission shall not exceed 1% of the net profit computed in the manner laid down in Section 198 of the Companies Act, 1956 as amended from time to time.

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

#### **V. In the event of absence or inadequacy of profits in any financial year, the aggregate of salary, allowances, perquisites shall not exceed the**



applicable (maximum) ceiling prescribed under Section II of Part II of Schedule XIII of the Companies Act, 1956 or such other limits as may be prescribed by the Government from time to time.

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

Your Board recommends the passing of this ORDINARY RESOLUTION in the interests of the Company.

Except Mr. Siddhartha Lal, no other Directors are concerned or interested.

**Item No. 8**

**TERMS AND CONDITIONS RELATING TO REMUNERATION FOR MR. S SANDILYA**

**I. Salary and allowances:**

- a) Rs. 2,20,000/- (Rupees Two Lacs Twenty Thousand only) per month with effect from 1<sup>st</sup> October, 2005 in the range of Rs. 2,00,000/- to 3,00,000/- per month.
- b) Monthly allowance of Rs. 1,19,167/- (Rupees One Lakh Nineteen Thousand One Hundred and Sixty Seven only) per month (Rs.14.30 Lacs per annum).
- c) Annual payment of Rs. 22,00,000/- (Rupees Twenty Two Lacs only).

**II. Perquisites:**

- a) Furnished accommodation;
- b) Facility of Car with driver;
- c) Telephone at residence;
- d) Medical Reimbursement : Expenses incurred for self and family in accordance with the rules of the Company;
- e) Contribution to Provident and Superannuation funds : Company's contribution to Provident and Superannuation funds will be as per the rules of the Company;
- f) Gratuity : Not exceeding half month's salary for each completed year of service;
- g) Other perquisites : subject to the overall ceiling on remuneration, the Chairman & Whole-Time Director may be given other allowances, benefits and perquisites as the Board of Directors may, from time to time, decide.

**Explanation**

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

**III. Commission:**

As the Board of Directors of the Company and/or a Committee of the Board, may at their sole discretion approve/decide from time to time payment of commission provided that the total commission shall not exceed 1% of the net profit computed in the manner laid down in Section 198 of the Companies Act, 1956 as amended from time to time.

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

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

**VI.** The Company shall not pay any commission to Mr.S.Sandilya in the event of absence/inadequacy of profits.

Your Board recommends the passing of this ORDINARY RESOLUTION in the interests of the Company.

Mr. S Sandilya on attaining the age of superannuation on 30<sup>th</sup> April, 2006, relinquishes the position of Whole-Time Director of the Company.

Except Mr. S Sandilya, no other Director is concerned or interested.

**Item No. 9**

To secure the present and proposed loans and borrowings of the Company from the Banks, it would be necessary to mortgage/charge the present and future assets of the Company in favour of the Banks by way of First charge and Second charge from time to time.

Section 293(1)(a) of the Companies Act, 1956, provides inter alia, that the Board of Directors of a public company shall not, without the consent of such public company in General Meeting, sell, lease or otherwise dispose off the whole, or substantially the whole, of the undertaking of the company, or where the company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking.

In view of the above, it is necessary for the members to pass a resolution u/s 293(1)(a) of the Companies Act, 1956 before creation of the said mortgages/charges.

Your Board recommends the passing of this ORDINARY RESOLUTION in the interests of the Company.

None of the Directors is interested or concerned in the passing of the resolution.

**Item No. 10**

The Company had entered into an agreement with GE Capital Transportation Financial Services (GETFS) for financing of Commercial Vehicles of the Company to individual customers. GETFS had sanctioned a line of disbursement of Rs. 67.50 crores for financing of vehicles in specific markets to the customers through Company's Auto Finance Division. The individual customers will take this loan from GETFS.

In terms of the aforesaid agreement, the Company had to provide a Corporate Guarantee upto a maximum ceiling of Rs. 1.35 crores in favour of GETFS for delinquencies in the said financing.

The Corporate Guarantee of Rs. 1.35 Crores to GETFS is in excess of the limits as specified under Section 372 A of the Companies Act, 1956 and requires approval of the Shareholders.

Your Board recommends the passing of this SPECIAL RESOLUTION in the interests of the Company.

None of the Directors is interested or concerned in the passing of the resolution.

#### **Item No.11**

The Company proposes to issue stock options to its employees. This is being proposed with the intention of aligning the individual performance to long-term Company's goals, attract talent, help in retention and promote a sense of ownership amongst employees.

In line with the SEBI (Employees Stock Option Scheme) Guidelines, 1999 and the Companies Act, 1956, an Employee Stock Option Scheme – 2006 (ESOS - 2006) is proposed to be introduced as per the following terms :

1. Total number of options to be granted:

The total number of Options will not exceed 5% of the Paid-up Equity Share Capital of the Company from time to time, which will be available for grant to eligible employees of the Company under ESOS - 2006. Each option (after it is vested) will be exercisable for one Equity share of Rs. 10/- (Rupees ten only) each fully paid-up. Vested options that lapse due to non-exercise or unvested options that get cancelled due to resignation of the employees or otherwise would be available for being re-granted at a future date.

SEBI guidelines require that in case of any corporate action (s) such as rights issue, bonus issue, merger, sale of division or such other event, a fair and reasonable adjustment needs to be made to the options granted. Accordingly, if any additional equity shares are issued by the Company to the Option Grantees, for making such fair and reasonable adjustment, the ceiling of 5% as stated above of the Paid-up Equity Share Capital of the Company from time to time shall be deemed to have increased to the extent of such additional equity shares issued.

2. Identification of classes of employees entitled for participation:

All permanent employees of the Company including any Director(s) of the Company (excluding promoters) as may be decided by the Compensation Committee, from time to time, would be entitled to participate in the ESOS - 2006. Employees may be granted Stock Options based on performance and such other criteria as the Compensation Committee may, in its absolute discretion deem fit. The options granted to an employee shall not be transferred, pledged, hypothecated, mortgaged or otherwise alienated in any manner.

3. Requirements of vesting and period of vesting:

The Options granted shall vest so long as the employee continues to be in the employment of the Company as the case may be. Vesting of the options shall take place over a maximum period of 5 (five) years with a minimum vesting period of 1 year from the date of grant. The exact period over which and the proportion in which the options would vest would be determined by the Compensation Committee, subject to the minimum vesting period of one year from the date of grant of options.

4. Exercise Price:

The options will be issued at an exercise price which shall be based on market value at the time of grant. The Compensation Committee shall determine the market value in line with SEBI (Employees Stock Option Scheme) Guidelines, 1999 and any other applicable guidelines.

5. Exercise Period and the process of Exercise:

The Exercise period shall commence from the date of vesting of Options. The Exercise period shall be decided by the Compensation Committee subject to a maximum period of 10 (ten) years from the date of grant of options.

The options shall be exercisable by the employees by a written application to the Company to exercise the options in such manner, and on execution of such documents, as may be prescribed by the Compensation Committee at its sole discretion.

6. Appraisal Process for determining the eligibility of the employees:

The appraisal process for determining the eligibility of the employee will be specified by the Compensation Committee, and may be based on criteria such as seniority of employee, length of service, past performance record, merit of the employee, future potential contribution by the employee and/or such other criteria that may be determined by the Compensation Committee at its sole discretion.

7. Maximum number of options to be issued per employee and in aggregate:

The number of options that may be granted to any specific employee under the Scheme shall not exceed 1% of the issued Capital (excluding outstanding warrants and conversions) of the Company at the time of grant of options.

8. Disclosure and Accounting Policies:

The Company shall comply with the disclosure and the accounting policies prescribed by concerned Authorities.

9. Accounting:

The Compensation Committee shall determine from time to time the valuation and accounting methodology for the options issued under this scheme. In case the company calculates the employee compensation cost using the intrinsic value of the stock option, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the Director's Report and also the impact of this difference on profits and on EPS of the Company shall be disclosed in the Director's Report.

As the Employees Stock Option Scheme provides for issue of shares to be offered to persons other than existing shareholders of the Company, consent of the members is sought pursuant to Section 81(1A) and all other applicable provisions, if any, of the Act and the SEBI Guidelines.

Your Board recommends the passing of this SPECIAL RESOLUTION in the interests of the Company.

None of the Directors of the Company, are in any way, concerned or interested in the resolution, except to the extent of securities that may be offered to them under the Scheme.

## Financial Position at a Glance

(Rs. in crores)

Balance Sheet	2005-06	2004-05	2003-04*	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97
Gross Fixed Assets	507.6	641.6	576.9	207.2	174.1	129.5	99.1	79.2	66.7	58.5
Net Fixed Assets	302.5	388.6	364.7	152.2	130.2	95.0	70.4	55.0	46.4	41.9
Investments	268.9	2.7	2.7	2.7	2.7	0.0	0.0	0.0	0.0	0.0
Inventories	161.2	161.3	126.3	36.1	29.3	24.1	27.4	17.5	25.3	32.2
Debtors	117.6	158.1	154.9	51.9	50.4	32.5	28.6	31.4	26.6	44.7
Other Current Assets	205.6	185.8	134.6	27.8	26.6	32.7	34.8	35.7	23.6	40.0
Current Liabilities and Provisions	391.6	456.0	334.3	109.0	94.9	66.1	61.9	52.0	40.9	61.8
Net Current Assets	92.8	49.1	81.5	6.7	11.4	23.2	28.9	32.6	34.6	55.1
Miscellaneous expenditure	2.1	5.9	8.1	-	0.1	0.1	0.2	0.2	0.3	0.3
<b>Total</b>	<b>666.3</b>	<b>446.3</b>	<b>457.0</b>	<b>161.7</b>	<b>144.3</b>	<b>118.3</b>	<b>99.5</b>	<b>87.9</b>	<b>81.3</b>	<b>97.4</b>
Share Capital	28.1	28.1	28.1	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Reserves & Surplus	416.9	212.9	166.8	80.9	51.3	62.8	43.7	32.2	27.7	26.9
<b>Net Worth</b>	<b>445.0</b>	<b>241.0</b>	<b>194.9</b>	<b>100.9</b>	<b>71.3</b>	<b>82.8</b>	<b>63.7</b>	<b>52.2</b>	<b>47.7</b>	<b>46.9</b>
Deferred Tax Liability (net)	43.7	67.1	66.4	34.6	31.7	-	-	-	-	-
Borrowings	177.6	138.3	195.7	26.2	41.3	35.5	35.8	35.7	33.5	50.4
<b>Total</b>	<b>666.3</b>	<b>446.3</b>	<b>457.0</b>	<b>161.7</b>	<b>144.3</b>	<b>118.3</b>	<b>99.5</b>	<b>87.9</b>	<b>81.3</b>	<b>97.4</b>
No. of Shares	28093950	28093950	28093950	19999200	19999200	19999200	19999200	19999200	19999200	19999200
<b>Book Value per Share (Rs.)** as on 31st March</b>	<b>146.8</b>	<b>62.3</b>	<b>46.8</b>	<b>38.3</b>	<b>22.5</b>	<b>37.6</b>	<b>27.8</b>	<b>25.7</b>	<b>23.4</b>	<b>23.1</b>
<b>Market Value per Share (Rs.) as on 31st March</b>	<b>302.4</b>	<b>310.2</b>	<b>224.4</b>	<b>67.1</b>	<b>42.3</b>	<b>23.3</b>	<b>42.6</b>	<b>12.3</b>	<b>12.0</b>	<b>22.5</b>
<b>Market Value to Book Value per Share</b>	<b>2.1:1</b>	<b>5.0:1</b>	<b>4.8:1</b>	<b>1.8:1</b>	<b>1.9:1</b>	<b>0.6:1</b>	<b>1.5:1</b>	<b>0.5:1</b>	<b>0.5:1</b>	<b>1.0:1</b>
<b>Market Capitalisation as on 31st March</b>	<b>849.4</b>	<b>871.3</b>	<b>630.4</b>	<b>134.2</b>	<b>84.5</b>	<b>46.5</b>	<b>85.2</b>	<b>24.6</b>	<b>24.0</b>	<b>45.0</b>
<b>Debt Equity Ratio</b>	<b>0.4:1</b>	<b>0.6:1</b>	<b>1:1</b>	<b>0.3:1</b>	<b>0.6:1</b>	<b>0.4:1</b>	<b>0.6:1</b>	<b>0.7:1</b>	<b>0.7:1</b>	<b>1.1:1</b>

\* Pursuant to the Composite scheme of Arrangement, the Automobile undertaking (consisting of Tractor, Engines, Gears and Two Wheelers business) of Eicher Limited has been transferred to the Eicher Motors Limited w.e.f. 01.04.2003

\*\* Book value per share is calculated after reducing Intangible Assets and Miscellaneous Expenditure not written off from Net Worth.



## Operational Highlights at a Glance

(Rs. in Crores)

Profit & Loss Account	2005-06**	2004-05	2003-04*	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97
<b>Sales Volume:</b>										
Commercial Vehicles (Nos.)	23604	23004	15885	12717	9630	8438	6931	5321	5275	6579
Two Wheelers (Nos.)	30777	29475	28361	-	-	-	-	-	-	-
Gears (Including Inter Segment Sales - In Crores)	99.6	107.2	81.4	-	-	-	-	-	-	-
Sales Revenue (Excluding Inter Segment Sales)	1858.5	2211.6	1564.8	698.4	530.9	445.1	351.9	267.2	264.2	323.0
Other Income	31.2	18.1	11.4	5.7	1.7	2.0	1.2	1.7	1.3	2.1
<b>Total income</b>	<b>1889.7</b>	<b>2229.7</b>	<b>1576.2</b>	<b>704.1</b>	<b>532.6</b>	<b>447.1</b>	<b>353.2</b>	<b>268.8</b>	<b>265.5</b>	<b>325.1</b>
Less: Excise Duty	213.6	229.0	200.1	71.8	51.5	53.0	41.0	28.2	27.7	34.1
<b>Net Income</b>	<b>1676.1</b>	<b>2000.7</b>	<b>1376.1</b>	<b>632.3</b>	<b>481.1</b>	<b>394.1</b>	<b>312.2</b>	<b>240.6</b>	<b>237.8</b>	<b>291.0</b>
Manufacturing and other expenses	1577.7	1849.8	1244.7	553.3	438.2	358.9	285.5	221.9	222.3	265.9
Miscellaneous expenditure written off	2.1	6.7	7.6	-	-	-	-	-	-	-
<b>Profit before interest, depreciation, exceptional items &amp; tax (PBITD)</b>	<b>96.3</b>	<b>144.2</b>	<b>123.8</b>	<b>79.0</b>	<b>42.9</b>	<b>35.3</b>	<b>26.7</b>	<b>18.6</b>	<b>15.5</b>	<b>25.1</b>
<b>PBITD to Net Income (%)</b>	<b>5.7%</b>	<b>7.2%</b>	<b>9.0%</b>	<b>12.5%</b>	<b>8.9%</b>	<b>9.0%</b>	<b>8.6%</b>	<b>7.7%</b>	<b>6.5%</b>	<b>8.6%</b>
Interest	16.5	22.3	24.0	4.3	3.5	3.4	4.1	5.8	7.5	8.2
Depreciation	46.8	48.4	42.3	16.1	9.4	6.2	4.8	4.1	3.8	4.4
<b>Profit before exceptional items and tax</b>	<b>32.9</b>	<b>73.5</b>	<b>57.6</b>	<b>58.7</b>	<b>30.0</b>	<b>25.7</b>	<b>17.9</b>	<b>8.7</b>	<b>4.3</b>	<b>12.5</b>
<b>PBT to Net Income (%)</b>	<b>2.0%</b>	<b>3.7%</b>	<b>4.2%</b>	<b>9.3%</b>	<b>6.2%</b>	<b>6.5%</b>	<b>5.7%</b>	<b>3.6%</b>	<b>1.8%</b>	<b>4.3%</b>
Exceptional Items	166.7	-	-	-	-	-	-	-	-	-
<b>Profit before tax for the year</b>	<b>199.6</b>	<b>73.5</b>	<b>57.6</b>	<b>58.7</b>	<b>30.0</b>	<b>25.7</b>	<b>17.9</b>	<b>8.7</b>	<b>4.3</b>	<b>12.5</b>
Provision for taxation	-17.3	14.7	23.9	21.3	11.5	2.2	2.1	0.9	1.2	0.8
<b>Profit after taxation # (PAT)</b>	<b>216.9</b>	<b>58.8</b>	<b>33.6</b>	<b>37.5</b>	<b>18.5</b>	<b>23.5</b>	<b>15.9</b>	<b>7.8</b>	<b>3.0</b>	<b>11.7</b>
<b>PAT to Net Income (%)</b>	<b>12.9%</b>	<b>2.9%</b>	<b>2.4%</b>	<b>5.9%</b>	<b>3.8%</b>	<b>6.0%</b>	<b>5.1%</b>	<b>3.3%</b>	<b>1.3%</b>	<b>4.0%</b>
<b>Dividend including Corporate Dividend Tax</b>	<b>12.8@</b>	<b>12.8</b>	<b>11.1</b>	<b>7.9</b>	<b>5.0</b>	<b>4.4</b>	<b>4.4</b>	<b>3.3</b>	<b>2.2</b>	<b>2.2</b>
<b>Equity Dividend (%)</b>	<b>40%</b>	<b>40%</b>	<b>35%</b>	<b>35%</b>	<b>25%</b>	<b>20%</b>	<b>20%</b>	<b>15%</b>	<b>10%</b>	<b>10%</b>
<b>Earnings per Share (Rupees)</b>	<b>77.20</b>	<b>20.95</b>	<b>11.97</b>	<b>18.73</b>	<b>9.24</b>	<b>11.77</b>	<b>7.93</b>	<b>3.91</b>	<b>1.51</b>	<b>5.84</b>
<b>Earnings per Share (from continuing operations - In Rs.)</b>	<b>13.89</b>	<b>14.29</b>	<b>11.97</b>	<b>18.73</b>	<b>9.24</b>	<b>11.77</b>	<b>7.93</b>	<b>3.91</b>	<b>1.51</b>	<b>5.84</b>

\* Pursuant to the Composite scheme of Arrangement, the Automobile undertaking (consisting of Tractor, Engines, Gears and Two Wheelers business) of Eicher Limited has been transferred to the Eicher Motors Limited w.e.f. 01.04.2003

\*\* Tractor business has been sold off during the year.

# The break-up of profit after tax for 2005-06 and 2004-05 is as follows

	Rs. in Crores	
	2005-06	2004-05
Profit after tax from continuing operations	39.01	40.15
Profit after tax from discontinuing operations	14.36	18.7
Profit after tax from disposal of assets and settlement of related liabilities etc. of discontinuing operations	163.51	-
<b>Total</b>	<b>216.88</b>	<b>58.85</b>

@ Represents proposed dividend.

## Financial Highlights

