

Annual Report
2019-20

Eicher Motors Limited



KEEP RIDING ***PURE***

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

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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)

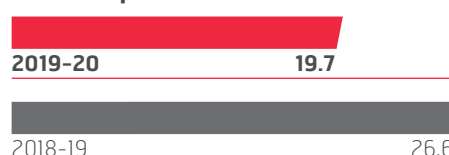


6.6% ↓

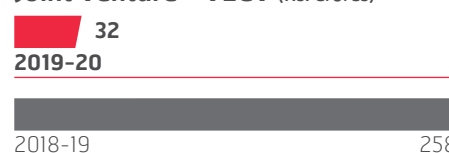
Earnings Before Interest, Tax, Depreciation & Amortization (EBITDA) before share of profit of Joint Ventures (%)



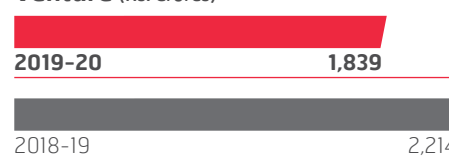
Operating Margin (EBIT) before share of profit of Joint Ventures (%)



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

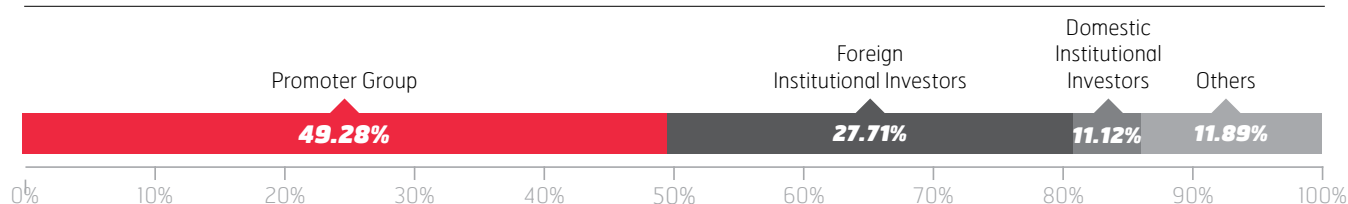
Fully-owned subsidiaries –
Royal Enfield North America (USA)
Royal Enfield Brazil
Royal Enfield Thailand

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)**Eicher Motors Limited (EML)****Volvo Group**

45.6%
54.4%

VE Commercial
Vehicles (VECV)



Eicher Trucks & Buses
Volvo Trucks

**Business Unit of
Eicher Motors Limited****Royal Enfield (RE)**

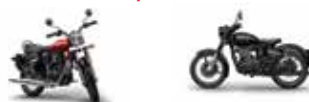
Royal Enfield
North
America Ltd

Royal
Enfield
Canada Ltd.

Royal Enfield
(Thailand) Ltd

Royal Enfield
Brasil Comercio de
Motocicletas Ltda

Royal Enfield
UK Ltd.
(w.e.f August 20,
2019)

Motorcycles Business

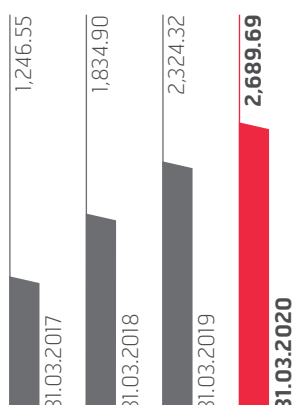
FINANCIAL POSITION – CONSOLIDATED

| 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.

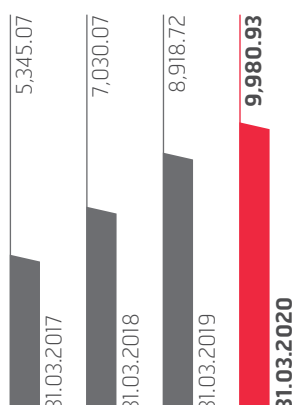
Net Fixed Assets

(Rs. Crores)



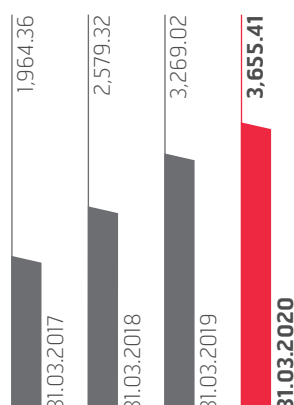
Net Worth

(Rs. Crores)



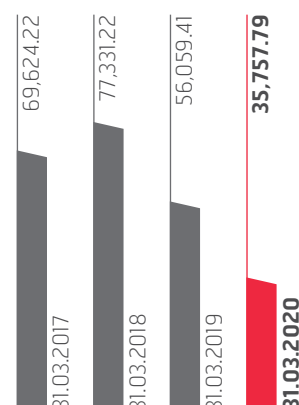
Book Value Per Share

(Rs.)



Market Capitalisation

(Rs. Crores)



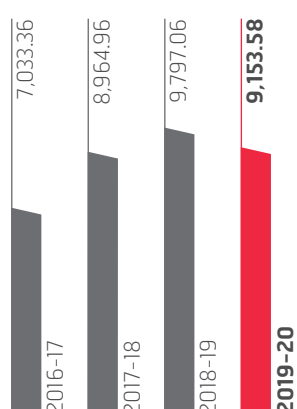
OPERATIONAL HIGHLIGHTS – CONSOLIDATED

| 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

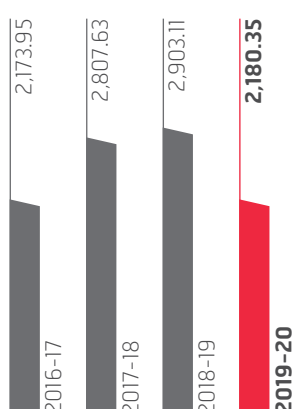
Net Revenue from Operations

(Rs. Crores)



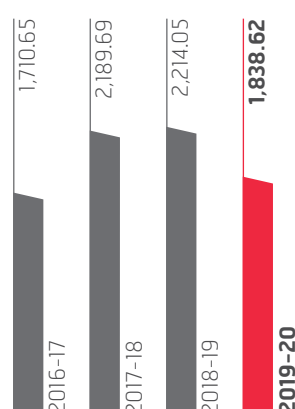
EBITDA

(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