

Annual Report  
**2019-20**

Eicher Motors Limited



# KEEP RIDING ***PURE***

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

# CONTENTS

## Corporate Review 01

Eicher Motors Limited	04
Financial Position – Consolidated	06
Operational Highlights – Consolidated	07
Message to the Shareholders	08
Pure Motorcycling with Royal Enfield	12
The Oldest Motorcycle	14
Brand in Continuous Production	
Quarterly Highlights	16
Financial Position – Standalone	18
Operational Highlights – Standalone	19
650 Twins – Gaining Global	20
Recognition and Momentum	
Expanding International Footprint	24
Deepening Presence Across India	27
Motorcycle Stories	28
Reimagining Rides for Distinctive	30
Experiences	
Royal Enfield Community	32
Perfect Canvas for Customization	34
Manufacturing Excellence	36
Driving Global Aspirations	
Making a Positive Difference	38
in the Communities	

## Management Review 40

Management Discussion & Analysis	42
----------------------------------	----

## Statutory Reports 57

Business Responsibility Report	58
Directors' Report	66
Corporate Governance Report	92

## Financial Statements 113

Standalone Financial Statements	114
Consolidated Financial Statements	187

## Review of Subsidiary 261

Performance Highlights	262
Business Highlights and	264
Future Prospects	
Notice	270

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](http://www.eichermotors.com)



To view the report online or to download, visit [www.eichermotors.com/annual-reports](http://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)

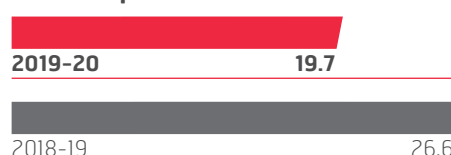


**6.6%** ↓

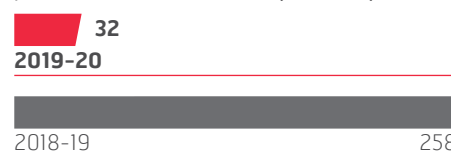
### Earnings Before Interest, Tax, Depreciation & Amortization (EBITDA) before share of profit of Joint Ventures (%)



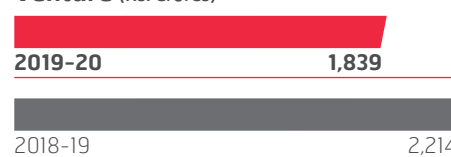
### Operating Margin (EBIT) before share of profit of Joint Ventures (%)



### 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**

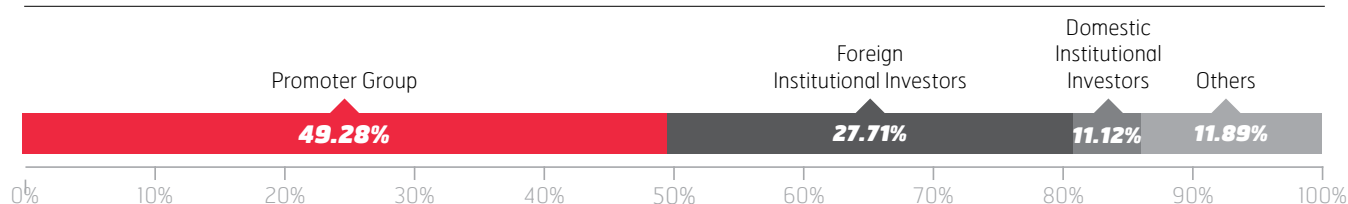
Fully-owned subsidiaries –  
Royal Enfield North America (USA)  
Royal Enfield Brazil  
Royal Enfield Thailand

**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)**

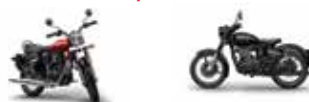
Royal Enfield  
North  
America Ltd

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**

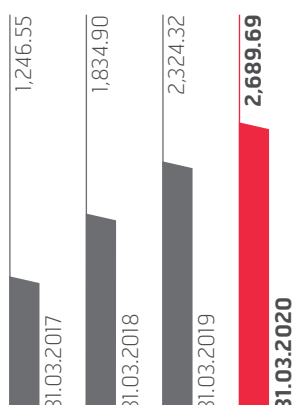
# FINANCIAL POSITION – CONSOLIDATED

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
<b>Current assets</b>				
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
<b>Total assets</b>	<b>12,449.72</b>	<b>11,386.83</b>	<b>9,522.23</b>	<b>7,009.08</b>
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
<b>Net worth</b>	<b>9,980.93</b>	<b>8,918.72</b>	<b>7,030.07</b>	<b>5,345.07</b>
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
<b>Total equity and liabilities</b>	<b>12,449.72</b>	<b>11,386.83</b>	<b>9,522.23</b>	<b>7,009.08</b>
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.

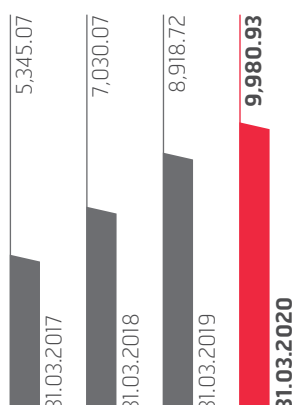
## Net Fixed Assets

(Rs. Crores)



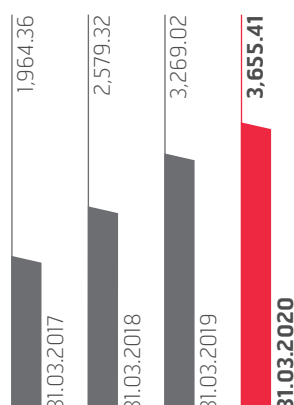
## Net Worth

(Rs. Crores)



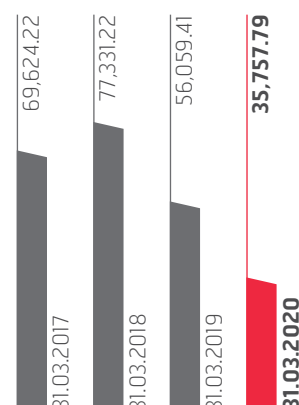
## Book Value Per Share

(Rs.)



## Market Capitalisation

(Rs. Crores)





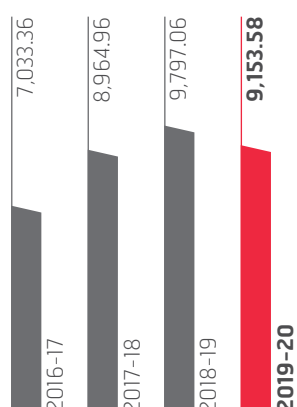
# OPERATIONAL HIGHLIGHTS – CONSOLIDATED

PROFIT AND LOSS ACCOUNT				
	(Rs. Crores)			
	2019-20	2018-19	2017-18	2016-17
<b>Sales Volume :</b>				
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
<b>Earnings before interest, tax, depreciation &amp; amortization (EBITDA)</b>	<b>2,180.35</b>	<b>2,903.11</b>	<b>2,807.63</b>	<b>2,173.95</b>
<b>EBITDA to Net Revenue (%)</b>	<b>23.8%</b>	<b>29.6%</b>	<b>31.3%</b>	<b>30.9%</b>
Depreciation & amortization expense	381.54	300.28	223.30	153.81
<b>Earnings before interest &amp; tax (EBIT)</b>	<b>1,798.81</b>	<b>2,602.83</b>	<b>2,584.33</b>	<b>2,020.14</b>
<b>EBIT to Net Revenue (%)</b>	<b>19.7%</b>	<b>26.6%</b>	<b>28.8%</b>	<b>28.7%</b>
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
<b>Profit after taxation (PAT)</b>	<b>1,827.44</b>	<b>2,220.25</b>	<b>2,179.72</b>	<b>1,713.08</b>
Share of loss of Joint venture from discontinued operation - EPPL*	-	-17.52	-220.05	-46.00
<b>Net Profit after tax</b>	<b>1,827.44</b>	<b>2,202.73</b>	<b>1,959.67</b>	<b>1,667.08</b>
Other comprehensive income / (expense)	11.18	-6.20	9.97	-2.43
<b>Total Comprehensive income</b>	<b>1,838.62</b>	<b>2,196.53</b>	<b>1,969.64</b>	<b>1,664.65</b>
<b>Total Comprehensive income including share of profits from Joint Venture from continuing operation to Net Revenue (%)**</b>	<b>20.1%</b>	<b>22.6%</b>	<b>24.4%</b>	<b>24.3%</b>
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

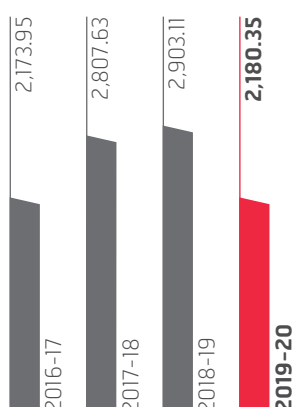
## Net Revenue from Operations

(Rs. Crores)



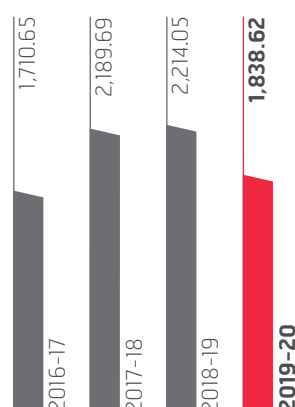
## EBITDA

(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