EICHER

KEEP RIDING PURE

Eicher Motors Limited

Annual Report **2018-19**

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Shows you where you can find related information in the report

Shows you where you can find more information at **www.eichermotors.com**

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 realised. 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.

To view the report online or to download visit
www.eichermotors.com/annual-reports

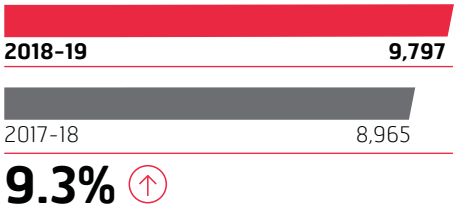
Eicher Motors Limited (EML) owns the iconic Royal Enfield brand, the global leader in middleweight motorcycles and it has been making its distinctive motorcycles since 1901. Royal Enfield operates in India, and over 50 countries around the world. EML also has a joint venture with Sweden's AB Volvo - VE Commercial Vehicles Limited (VECV) - which is driving modernisation in India's commercial vehicle space, and in other developing countries. VECV has a complete range of trucks and buses from 3.5-49 tonnes.

CONSOLIDATED FINANCIAL HIGHLIGHTS*

Period of comparison

- 1.4.2018 - 31.3.2019
- 1.4.2017 - 31.3.2018

Net Revenue from Operations (Rs. Crores)



9.3% ↑

Earnings Before Interest, Depreciation & Tax (EBIDTA) 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)

0.7% ↑

Total Comprehensive income including share of profits of Joint Venture (Rs. Crores)

1.1% ↑

** 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 Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE), is the owner of the iconic Royal Enfield brand. A global leader in 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 combine modern-day elements with the brand's heritage, garners immense enthusiasm amongst global motorcyclist. It has modern product development centres at Leicestershire, UK and Chennai, India where expert technical team conceptualise next-generation motorcycles. Royal Enfield also has three state-of-the-art manufacturing facilities around Chennai to meet global demand.

EML's joint venture VE Commercial Vehicles (VECV) with Sweden's AB Volvo, engages in the manufacture of high-technology buses and trucks from 3.5-49 tonnes. It has pioneered modernisation of commercial vehicles in India and other developing countries. VECV's integrated plant in Pithampur, Madhya Pradesh is a global hub for medium duty five- and eight-litre engines for the Volvo Group.

BUSINESS SEGMENTS

Motorcycles
Royal Enfield

8,22,724

motorcycles sold

96%

Market share in India's mid-size (250cc-750cc) motorcycles segment

Commercial vehicles
VE Commercial Vehicles (VECV)

72,969

commercial vehicles sold

29.4%

Commercial vehicles market share in domestic light-to-medium duty (3.5 to 15 tonnes) segment

Royal Enfield

- World's oldest motorcycle brand in continuous production
- Focussed on mid-size motorcycles (250 cc-750 cc)
- Products sold in India and 50 countries globally through exclusive stores and dealers

Portfolio

- Motorcycles – Bullet, Classic, Thunderbird, Himalayan, Interceptor 650, Continental GT 650
- Apparel – Protective riding apparel, urban casual wear and personal accessories
- Motorcycle accessories - touring seats, protective engine and leg gaurds, luggage solutions and controls

VE Commercial Vehicles (VECV)

- Designs, manufactures and markets reliable, fuel-efficient trucks and buses

Portfolio

- Eicher branded 3.5-4.9 tonnes, Light Medium Duty Trucks (5-15 tonnes), Heavy Duty Trucks (16-49 tonnes) and buses
- Volvo Trucks
- Engineering components and aggregates
- Assembly of Euro-VI Compliant Medium Duty engines for Volvo Group

ROYAL ENFIELD: GEOGRAPHIC FOOTPRINT

3

Manufacturing facilities in India at Thiruvottiyur, Oragadam and Vallam Vadagal near Chennai, India

3

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

42

Exclusive Royal Enfield stores across UK, Colombia, USA, Mexico, UAE, France, Spain, Indonesia, Thailand, Philippines, Australia, New Zealand, Portugal, Malaysia, Brazil, Vietnam and Argentina.

2

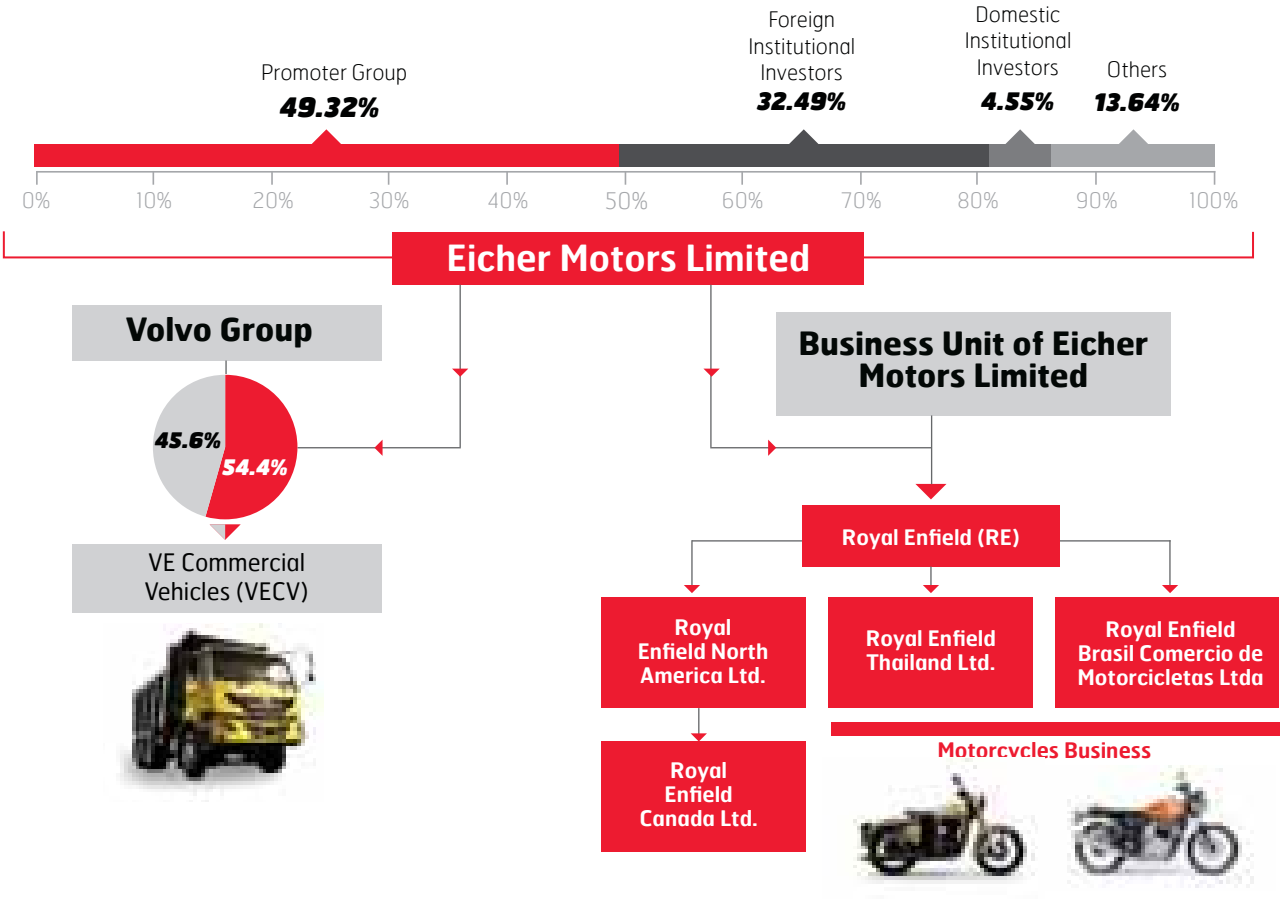
Technology Centers at Leicestershire, UK and Chennai, India

915

Exclusive stores in India

SHAREHOLDING PATTERN

(As on March 31, 2019)



FINANCIAL POSITION – CONSOLIDATED

BALANCE SHEET

(Rs. Crores)

	31.03.2019	31.03.2018	31.03.2017	31.03.2016
Net Fixed Assets (Property plant & equipment, Intangibles, CWIP and Investment property)	2,324.32	1,834.90	1,246.55	888.64
Investment in joint venture	1,943.92	1,764.27	1,745.82	1,558.44
Investment in mutual funds, bonds & fixed deposits	5,896.60	4,925.51	3,241.31	1,825.24
Other non-current assets	198.53	204.85	278.07	200.80
Current assets				
Inventories	633.38	394.64	335.90	308.39
Debtors	90.34	68.00	50.04	32.64
Cash and Bank Balances (excluding fixed deposits)	47.29	103.06	25.06	49.17
Other current assets	252.45	227.00	86.33	75.69
Total assets	**11,386.83**	**9,522.23**	**7,009.08**	**4,939.01**
Equity share capital	27.28	27.26	27.21	27.16
Other equity	8,891.44	7,002.81	5,317.86	3,625.93
Net worth	**8,918.72**	**7,030.07**	**5,345.07**	**3,653.09**
Non-current liabilities	370.01	226.92	134.26	73.60
Current liabilities	2,098.10	2,265.24	1,529.75	1,212.32
Total equity and liabilities	**11,386.83**	**9,522.23**	**7,009.08**	**4,939.01**
No. of Shares	2,72,82,570	2,72,55,549	2,72,10,249	2,71,61,183
Book Value per Share (Rs.)	3,269.02	2,579.32	1,964.36	1,344.97
Market Value per Share (Rs.)	20,547.70	28,372.65	25,587.50	19,180.60
Market Value to Book Value per Share	6.3:1	11:1	13:1	14.3:1
Market Capitalisation (Rs. Crores)	56,059.41	77,331.22	69,624.22	52,096.78

Net Fixed Assets
(Rs. Crores)

2018-19	**2,324.32**
2017-18	1,834.90
2016-17	1,246.54
2015-16	888.64

Net Worth
(Rs. Crores)

2018-19	**8,918.72**
2017-18	7,030.07
2016-17	5,345.07
2015-16	3,653.09

Book Value Per Share
(Rs.)

2018-19	**3,269.02**
2017-18	2,579.32
2016-17	1,964.36
2015-16	1,344.97

Market Capitalisation
(Rs. Crores)

2018-19	**56,059.41**
2017-18	77,331.22
2016-17	69,624.22
2015-16	52,096.78

OPERATIONAL HIGHLIGHTS – CONSOLIDATED

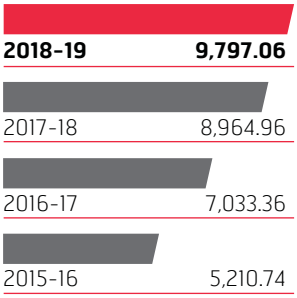
PROFIT AND LOSS ACCOUNT

(Rs. Crores)

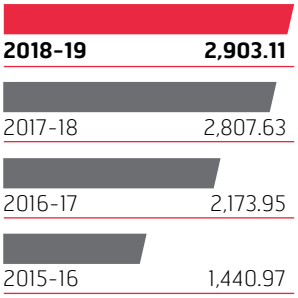
	2018-19	2017-18	2016-17	2015-16
	Apr'18 - Mar'19	Apr'17 - Mar'18	Apr'16 - Mar'17	Apr'15 - Mar'16
Sales Volume :				
Commercial Vehicles (Nos.)	72,969	65,932	58,604	51,888
Motorcycles (Nos.)	8,22,724	8,20,121	6,66,135	5,07,548
Net Revenue from operations - motorcycles	9,797.06	8,964.96	7,033.36	5,210.74
Manufacturing and other expenses	6,893.95	6,157.33	4,859.41	3,769.77
Earnings before interest, depreciation & tax (EBIDTA)	**2,903.11**	**2,807.63**	**2,173.95**	**1,440.97**
EBIDTA to Net Revenue (%)	**29.6%**	**31.3%**	**30.9%**	**27.7%**
Depreciation	300.28	223.30	153.81	118.03
Earnings before interest & tax (EBIT)	**2,602.83**	**2,584.33**	**2,020.14**	**1,322.94**
EBIT to Net Revenue (%)	**26.6%**	**28.8%**	**28.7%**	**25.4%**
Finance Cost	7.33	5.34	3.56	1.57
Other Income	443.39	280.10	227.33	147.99
Share of profit of joint venture - VECV	258.40	256.56	189.47	172.16
Profit before tax	3,297.29	3,115.65	2,433.38	1,641.52
Provision for taxation	1,077.04	935.93	720.30	459.02
Profit after taxation (PAT)	**2,220.25**	**2,179.72**	**1,713.08**	**1,182.50**
Share of loss of Joint venture from discontinued operation - EPPL*	-17.52	-220.05	-46.00	-38.89
Net Profit after tax	**2,202.73**	**1,959.67**	**1,667.08**	**1,143.61**
Other comprehensive income	-6.20	9.97	-2.43	-0.98
Total Comprehensive income	**2,196.53**	**1,969.64**	**1,664.65**	**1,142.63**
Total Comprehensive income including share of profits from Joint Venture from continuing operation to Net Revenue (%)	**22.6%**	**24.4%**	**24.3%**	**22.7%**
Basic Earnings per Share (Rs.)	807.76	719.69	613.12	421.30
Diluted Earnings per Share (Rs.)	806.86	718.33	611.44	419.76

* The operations of Eicher Polaris Private Limited (EPPL) was discontinued with effect from March 9, 2018

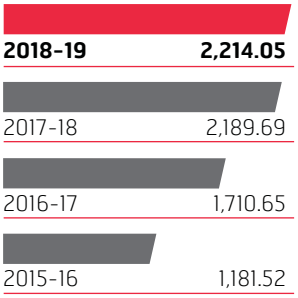
Net Revenue from Operations
(Rs. Crores)



EBITDA
(Rs. Crores)



Total Comprehensive income including share of profits from Joint Venture from continuing operation**
(Rs. Crores)



** Total comprehensive income excludes exceptional item for 2017-18 and 2018-19

MESSAGE TO THE SHAREHOLDERS

Dear Shareholders,

I'm writing to you after what's been a fairly tough year for the Indian automotive industry and your company. The latter half of 2018-19 was very challenging for the industry in India with a slowing economy, coupled with price increases driven by a number of regulatory changes, weakening demand across the industry.