

**Transcript of the proceedings of 39th Annual General Meeting of Eicher Motors Limited held through Video Conferencing on August 17, 2021 at 1.00 p.m. IST**

**Swati (Moderator):** I welcome all the shareholders and all directors and officers of the Company to the 39<sup>th</sup> Annual General Meeting of Eicher Motors Limited. Mr. S. Sandilya, Chairman of the Board, will chair the meeting and Mr. Manhar Kapoor, General Counsel and Company Secretary, shall assist the Chairman in conducting proceedings for this meeting from a secretarial perspective. I now hand over the call to Manhar.

**Manhar Kapoor (Company Secretary):** Good afternoon everyone, I welcome you all to the 39<sup>th</sup> Annual General Meeting of the Company. At the beginning of the meeting, 36 members are attending this meeting through video conferencing [93 Members, in total, attended the meeting]. I also confirm that Mr. Sandilya, Ms. Manvi Sinha, Mr. Vinod Aggarwal are present in the meeting and Statutory Auditors, Secretarial Auditors, the CFO and Vijay Gupta, Managing Partner, VKGN & Associates, who are the scrutinizers for this meeting are also present. I request Mr. Sandilya to proceed with the formal agenda of the meeting.

I must also say Mr. Siddhartha Lal, Managing Director and Mr. Inder Mohan Singh, Independent Director are facing some technical issues and they will be joining in shortly.

**S. Sandilya (Chairman):** I welcome the members to the 39<sup>th</sup> Annual General Meeting of Eicher Motors Limited. This AGM is being held through video conferencing, in compliance with the circulars issued by Ministry of Corporate Affairs and SEBI in this regard. I confirm that the quorum for the meeting is present and I call the meeting to order.

All Directors of the Company are present but Mr. Manhar explained that two of them are having some technical issues and therefore they are not participating, but they may join anytime as soon as the technical problem gets over. I would like to introduce the people, who are already participating and they will acknowledge their presence.

First Mr. Vinod Aggarwal, Non-Executive Director of the Company.

**Vinod Aggarwal (Non Executive Director):** Hello everyone.

**S. Sandilya:** Okay Vinod we acknowledge your presence.

Then Ms. Manvi Sinha, Independent Director, please acknowledge your presence.

**Manvi Sinha (Independent Director):** Mr. Sandilya and all shareholders, I am present and glad to be at the AGM.

**S. Sandilya:** Thank you. Mr. Kaleeswaran Arunachalam, Chief Financial Officer.

**Kaleeswaran Arunachalam (Chief Financial Officer):** Good afternoon everyone.

**Manhar Kapoor:** Mr. Siddhartha Lal has now also joined.

**S. Sandilya:** Mr. Siddhartha Lal has joined, Can you acknowledge your presence Siddhartha?

**Siddhartha Lal (Managing Director):** Good morning everyone, good morning Mr. Sandilya, this is Siddhartha Lal here joining in from the UK.

**S. Sandilya:** Thank you. I would like to inform that Mr. Vinod Kumar Dasari has resigned from the Board of Eicher Motors Limited, in which he was the whole time director and also from the position of CEO of Royal Enfield, with effect from the close of business hours of August 13, 2021.

I will now talk about the performance of the Company for the year 2020-21 and briefly cover financial and business performance, new products and geographical expansion among other highlights.

On behalf of the Board of Directors, I would like to welcome you all to the 39<sup>th</sup> Annual General Meeting of your Company. I trust you and your families are safe and doing well. For more than a year, the coronavirus pandemic and the ensuing emergency have resulted in disruptive changes across the world. Eicher Motors has seen a paradigm shift in the way of living, the way of working, and in the way of engaging and collaborating with people.

Your Company has adapted the ways of working to this new normal now. Your Company's progress on the strategic objectives, long term goals, launches, and business as usual has been steady and resilient to external challenges.

Let's start with looking at the overall business performance. The year 2020-21 was unprecedented as the COVID-19 pandemic affected economies and livelihoods across the globe. The instances of lockdown across the country and states, and the spread of the deadly disease resulted in suspension of operations at offices, plants and dealerships, primarily in the beginning of the financial year which impacted activities. The price increases on account of regulatory changes, supply chain disruption and acute commodity pricing pressure, further aggravated the situation. However, buoyant demand from the rural segment and a gradual recovery in the urban segment, also supported by the preference for personal mobility, helped the motorcycle industry register a strong growth of 20% in the latter half of the year as compared to the same period in 2019-20.

I will now commence with the performance of Eicher Motors Limited at a consolidated level. On a consolidated basis, Eicher Motors recorded a total revenue from operations of INR 8,720.4 crores, a decline of 5% over the previous year.

Consolidated Earnings before interest, depreciation and taxes (EBITDA) was Rs. 1,781.3 crores, a decline of 18% over the previous year. EBITDA percentage reduced to 20.4% in the current year, from 23.8% in the previous year. Eicher Motors' consolidated net revenue and EBITDA do not include the financials of its joint ventures - VE Commercial Vehicles and Eicher Polaris Private Limited. The profit or loss of the joint ventures are accounted for under the equity method as per the relevant accounting standard and are included in EML's consolidated total comprehensive income.

Eicher Motors' share of profit from the joint venture - VE Commercial Vehicles was Rs. 31.1 crores, a slight decline of 2%, as compared to the previous year. Total Comprehensive income, excluding share of loss from the discontinued operations of Eicher Polaris Pvt. Ltd., was Rs.1,381.2 crores, which is 25% lower compared with the previous year.

**The Royal Enfield sales volume:** Company's total sales volume was at 6,09,403 motorcycles in 2020-21, a decline of 13% from 6,97,582 motorcycles in 2019-20. Sales performance was impacted by COVID-19 led demand and supply disruption. The production operations gradually returned to pre-COVID levels as supply chain constraints eased over a period. A faster recovery in demand and an excellent response to the launch of Meteor 350 resulted in a strong order book. In India, your Company's sales volume was at 5,73,728 motorcycles in 2020-21, a decrease of 13% from 6,58,920 motorcycles in 2019-20. India continued to be the largest market for your Company. The share of India in your Company's total sales remained almost stable at 94%.

In International markets, your Company recorded a good performance despite the limitations placed at the beginning of the year. The total export volume was at 35,675 motorcycles in 2020-21, a decline of 8% from 38,662 motorcycles in 2019-20. North America and Latin America witnessed a growth in the sales volume for the year. A quick recovery in demand, launch of Meteor 350 and expansion of the distribution network helped your Company register a 50% growth in its export volume in the second half of the year over the same period in 2019-20. Your Company's focus on growing international business has resulted in an increase in the share of export volume to 5.9% in 2020-21 from 5.5% in 2019-20.

Moving ahead, specifically on Royal Enfield, this is a milestone year for your Company as the brand completes 120 years. Royal Enfield, a key brand of Eicher Motors Limited (EML) believes in and defines the pure motorcycling way of life. Since 1901, for over 120 years, Royal Enfield has carried forward this legacy of pure motorcycling and helped its customers create memories and experiences. It has engaged extensively with various internal and external stakeholders who have directly or indirectly contributed to its success story so far.

A quick look at important updates of Royal Enfield for the year 2020-21. As I mentioned earlier, the Meteor launch of Royal Enfield was significant. Royal Enfield introduced the all new easy cruiser, the Meteor 350 in November 2020. Built completely from the ground-up, the Meteor 350 is based on a new engine platform. This also marked the first ever digital launch of a motorcycle for your Company. The very creative and unique way of using technology for the launch not only delighted the Royal Enfield community and enthusiasts but also helped your Company reach a much wider audience. It was indeed outstanding and I had personally watched this launch.

Adding modern technology to retro styling, Meteor has the all new 'Tripper' navigation pod, enabling easy access to turn-by-turn navigation without interfering with the ride experience. The Meteor 350 garnered a lot of positive reviews from experts, media, and customers alike and was praised for its excellent build quality, performance and riding experience. The motorcycle received a very encouraging response not only in the traditional cruiser markets but also all across the nation, resulting in a large order book.

Another big step forward for your Company was the launch of a unique motorcycle personalization interface, Make It Yours – MiY, along with the Meteor 350. Taking a huge step towards advancing motorcycle personalisation in the 2-wheeler industry, your Company launched the Make it Yours (MiY) initiative. It's a first-of-its-kind initiative allowing a buyer to personalise, accessories and configure a motorcycle at booking stage through a 3D configurator. MiY offers thousands of possible combinations with choices across style, safety and comfort. MiY initiative is transformative across the entire Company. A large part of the portfolio has moved to MiY as Classic, Meteor 350, Himalayan and Twins are available with personalisation options. The new initiative has received a very good response as a large number of customers are booking through MiY. Widening of choices under MiY across the product portfolio will also help enhance the customer spend on a motorcycle.

MiY is also available on Apparel now. Consumers now have an exciting range of personalisation options across helmets and T-shirts to choose from. There are now more than 7,000 options to personalise helmets, and more than 15,000 options to personalise T-shirts using text, decals, graphics, colours, and several other choices. Motorcycling enthusiasts can now wear their personality, on or off the saddle.

Inspired by the 'Motorcycling Way of Life', your Company launched its first-ever exclusive women's apparel and riding gear range. The clothing range was designed to be aspirational yet accessible and support women in their pursuits of exploration.

Moving to other product launches in the year 2020-21. Himalayan. Eicher Motors launched the Himalayan in new colourways along with a host of functional upgrades and the Tripper navigation. Himalayan, in a short span of 5 years, has opened up a new category within global adventure touring. Its simplicity, versatility and competence have earned incredible response from riders across the world. Twins CTG Refresh, additionally your Company also launched the popular 650 Twin motorcycles in all-new colourways. Inspired by their rich legacy, these motorcycles now sport colourways that are refreshingly young and exciting.

Now moving on to other business updates. Studio stores. In 2019-20, Royal Enfield introduced the concept of a studio store which is very unique and is primarily meant for smaller and remote locations with minimal investment. The opportunity to set up a studio store was provided only to the existing Royal Enfield dealers to ensure delivery of a uniform customer experience conforming to the brand standards. After opening a record number of studio stores (600 stores) in 2019-20, your Company added another 431 studio stores in 2020-21. Despite lockdowns and restrictions during the year, the total tally was increased to 1,031 studio stores by the end of March 2021. All these stores were opened by existing Royal Enfield dealers which is a testament to the trust the dealer partners have in your Company and the potential of studio stores in expanding the dealer business. Thus, Royal Enfield network expansion continued even during the most challenging times of the pandemic.

In addition, Royal Enfield added 104 regular stores taking the total count of stores to 1,025. Today, Royal Enfield retail touch points across the country including regular stores and studio stores has crossed the 2,000 mark, standing at a total of 2,056 stores.

Let me now turn to international operations. The Argentina CKD operations. With a focus on expanding global presence, your Company has started setting up Completely Knocked Down (CKD) facilities in key export markets. The first such facility was established in Argentina. Your Company achieved a great feat by successfully starting operations in pandemic time through an entirely digital coordination. Royal Enfield has state-of-the-art production facilities in Chennai, which is in India (Vallam Vadagal, Oragadam and Thiruvottiyur), as well as technical centres in the UK and India housing the best teams from across the world. Together they conceptualize and manufacture motorcycles for India and international markets.

Moving to other global operations, expansion of the retail and service network in key geographies significantly improved accessibility of Royal Enfield motorcycles and enhanced brand visibility. Across regions, your Company continued to strengthen the network by securing a number of successful conversions of bigger and quality dealers. This was supplemented by an assertive drive to set up more Royal Enfield exclusive stores and further enhance the holistic brand experience for the end customer. Your Company increased its exclusive store count from 77 in 2019-20 to 132 in 2020-21 and Multi-Brand Outlets to over 630.

In the Asia Pacific region, APAC, as it is known, the overall footprint of Royal Enfield grew to 123 retail touch points with major expansion undertaken in Thailand and Australia. Along with expansion of footprint within the region, your Company also forayed into Japan and Cambodia during the year. Japan is a critical two wheeler market with high potential for old school, classic-style motorcycles. Similarly, Cambodia is one of the most sought after motorcycling destinations in the world. In the APAC region, the rental business model also plays an important role in managing the 'Usership before Ownership' facet. Hence your Company has tied up with leading rental partners to provide the motorcycle enthusiasts with an opportunity to explore the region as well as experience Royal Enfield motorcycles.

The Americas region performed very well in 2020-21 and has huge potential for Royal Enfield. The regional team worked on expanding the retail network and ended the year with around 50 exclusive stores and over 180 MBOs. Royal Enfield entered the Mexico market in July 2020 and expanded the exclusive store network to 7 outlets after considering prospects.

The European region is one of the largest markets for Royal Enfield outside India and has been delivering well. The region also has the largest distribution network with about 420 retail outlets including 36 Company exclusive stores. Your Company added stores in almost all the major markets including the UK, France, Germany and Italy during the year.

Now let me move to VE Commercial Vehicle. Operational results in terms of VECV sales volumes. VECV has just completed what has probably been one of the most challenging years in its history. With the announcement of lockdown, in April, 2020, a downside Business Plan was prepared quickly along with a detailed action plan to combat the crisis. With the involvement of every team member of VECV, several actions were implemented.

Just to highlight a few. A Successful transition to BS-VI emission standards with very positive customer feedback; First commercial vehicle Company in India to offer 100% connected vehicles; Successful commencement of commercial vehicle production from our Greenfield Bhopal plant was another significant achievement; Substantially improved parts availability, uptime services and enhanced customer-connect using the digital tools & media.

As a result of these initiatives VECV has been able to gain the confidence of its customers and gain market-share as well. At the same time, steps have been taken to reduce costs and conserve cash, while not compromising on any of the long term initiatives. In the domestic segment, 3.5-15 tonne VECV made sales of 25,116 vehicles recording a decline of 6% over the previous year and above 16 tonne cargo domestic segment, made sales of 7,714 vehicles an increase of 6% over the previous year. During the current year, there was a decline in sales of Eicher Buses in the domestic market due to schools not opening in full swing, work from home advisories and limited travel in the COVID-19 situation, which is a common thing for all the players in the market. Volvo trucks sales declined by 3.8% compared with the previous year.

Now coming to VE Commercial Vehicles' Financial Performance (Consolidated). VECV's consolidated net revenue from operations for the year 2020-21 was Rs. 8,674.6 crores, an increase of 1.8% over the previous year. EBITDA increased by 43% over the previous year. There was an increase in the EBITDA percentage from 4.9% in the previous year to 6.8% in the year 2020-21.

The total comprehensive income decreased to Rs. 62.8 crores compared with Rs. 55.3 crores in the previous year. Total Comprehensive income percentage (on revenue from operations) increased from 0.6% in the previous year to 0.7% in the current year.

Now, in terms of Global presence, introduction of new products and variants, opening of new markets and segment-focused digital marketing helped shore up volumes despite a drop in the commercial vehicles industry. VECV registered a 10% growth in overall volumes along with an increase in market shares across all regions of South Asia, Africa, Middle East and ASEAN.

10% growth in exports out of India, Market share grew across regions with narrow segment focus strategy, expansion to new markets and new products & variants. 3 new markets, with maiden entry into Latin America region. 1/4th of sales contributed by new products and variants. Digital marketing and segment focused approach, aided gain of market share in existing markets. These are the significant achievements. 40 new customer touch points added (mainly service and parts), taking the total tally to ~700 across International markets. Structured Retail Excellence (RetEx) program under rollout for enhancing Customer experience.

Now let me turn to your Company's CSR activities and EML's efforts and initiatives in that direction. Eicher Motors aims to create economic value and actively contribute towards the development of a sustainable society by taking up projects for the common good through responsible business practices and good governance. Eicher's community initiatives are

implemented through the Eicher Group Foundation (EGF) and align with broad themes identified by the organization and your Company's CSR Committee.

Eicher Motors continued to contribute to skill development, maternal and child health, environmental sustainability and community development programs across various parts of the country. In an unprecedented year, as the pandemic and its spread challenged the medical and administrative infrastructure, EML provided support in the form of financial and on-ground assistance across the country. Your Company contributed funds to several state and central government COVID relief initiatives while also supporting hospitals with medical infrastructure and consumables. Special COVID -19 kits, essential equipment for hospitals and several other relief programmes were conducted to support communities navigate life-altering challenges.

Moving on to the Dividend announcement now. In the prevailing tough time, your Company's overall profit came down. However, the Board of Directors of Eicher Motors decided to reward its shareholders for their commitment and confidence in your Company. The Board at its meeting held on May 27, 2021 declared the highest ever dividend payment of 1700%, which is Rs. 17/- per Equity Share of face value of Re. 1/- each for the financial year 2020-21 and the same will be treated as final dividend. Last year, your Company had paid an interim dividend of 1250%, which is Rs. 125/- per Equity Share of face value of Rs. 10/- each to the shareholders of Eicher Motors (final dividend paid for last year was Rs. Nil).

Lastly, I would like to draw your attention to the first integrated annual report of this year. Your Company adopted the International Integrated Reporting Council's (IIRC) Integrated Reporting Framework to showcase Environmental, Social and Governance (ESG) progress in this Report and present various factors of its value-creation framework, incorporating key financial and non-financial aspects.

To conclude, I wish to convey my thanks and acknowledgement for the cooperation and assistance extended by the Central Government, State Government, Financial Institutions, Company's Bankers, dealers, customers and suppliers and any other stakeholder. Your Company has robust business models for both Royal Enfield and VECV and has committed and competent teams. Both companies have strong product pipelines and will continue to push forward with the long-term strategic plans.

Owing to the impact of the pandemic, the Company undertook innovative measures not only to drive demand but also to enhance customer experience. A strong product pipeline, distribution network expansion, digital campaigns for brand building, online platform for booking and initiatives to enhance customer experience are oriented towards growing the customer interest in the brand and its products.

Ensuring safety and convenience of customers was of paramount importance. Your Company introduced initiatives to support test ride, delivery and services at the customer doorstep. Dealers, employees and workmen were supported appropriately during these times.

I would like to congratulate each and every member of the Eicher Family for his or her sincere and committed contribution to the financial performance for the year 2020-21. I look forward to their continued support and encouragement as your Company embarks on another exciting year. My best wishes to all of you. I thank all the shareholders, members present for participating in today's meeting. Thank you very much. Namaste.

The management of the Company has made necessary arrangements for conducting the 39<sup>th</sup> Annual General Meeting through video conferencing and for voting of the shareholders, on the items being considered in this meeting through e-voting platform and I have satisfied myself that all efforts feasible, under the present circumstances, have been made by the Company in this regard. Six business items are included in the notice convening this meeting. First three items in the notice are ordinary business. Audited financial statements including consolidated financial statements of the Company for the financial year ended March, 31<sup>st</sup> 2021, together with the reports of board of directors and auditors, are required to be approved by the shareholders at the AGM. There are no qualifications, observations or adverse remarks in the reports of Statutory Auditors and Secretarial Auditors, which have any adverse effect on the functioning of the Company. Second item of the agenda is related to declaration of dividend of Rs. 17 per Equity Share, of the face value of Re. 1 each, for the financial year ended March, 31<sup>st</sup> 2021. Third item on the Agenda is related to appointment of Mr. Siddhartha Lal, who retire by rotation and being eligible offers himself for reappointment, as a Director liable to retire by rotation. The remaining items are special business as follows:

Item No. 4 relates to ratification of remuneration to M/s. Jyothi Satish & Co., Cost Auditors of the Company, payable for the financial year 2020-21. This is an ordinary resolution. Item No. 5 relates to re-appointment of Mr. Siddhartha Lal as Managing Director and payment of remuneration, for a period of 5 years with effect from May 1, 2021. This matter required approval of the shareholders, by way of a special resolution. Now may I request Mr. Siddhartha Lal, Managing Director to take up Item No. 6 of the Notice.

**Siddhartha Lal:** Thank you Mr. Sandilya. Last Item No. 6 relates to payment of remuneration to Mr. S. Sandilya for the financial year 2020-21, as it exceeds 50% of the total remuneration payable to all non-executive directors of the Company. The Board recommends this resolution and seeks your approval, by way of a special resolution. Back to you Mr. Sandilya.

**S. Sandilya:** Thanks Siddhartha, further details related to each of the Special Business items have been provided in the explanatory statement enclosed with the notice convening this AGM. All the resolutions are already open for voting as informed earlier. E-voting has commenced and it has now concluded. Those of you who have not cast your vote, may do so at the end of this meeting. The voting will be over in 15 minutes and the Company Secretary will give you more details about that. Ms. Swati over to you. We will take up questions from the shareholders, related to the accounts of the Company for the year 2020-21.

**Swati:** Thank you Mr. Sandilya. I now invite speaker shareholders who have registered themselves with the Company as such in advance, to ask questions relating to the accounts.



Questions will be addressed after hearing all speaker shareholders. Due to time constraints, I would request each of you to please wrap up your queries within two minutes. I would also request speaker shareholders to switch off your mobile phones, in order to avoid any ambient or background noise. I will call out speaker shareholders one by one. I would request you to provide your DP ID, Client ID or Folio No. and register your name as well and then go ahead to ask your question.

The first shareholder who is registered to ask questions is Mr. Pradeep Sood. Mr. Pradeep Sood, please go ahead.

**Pradeep Sood:** Thank you Chairman Sir, Thank you very much. I Pradeep Sood from Delhi wholeheartedly welcome you and the Board of Directors and I am thankful that you allowed me the time to speak.

Chairman Sir, from the past many years, the way you are working for the Company with hard work, devotion, honesty and dedication is really admirable. We are proud that we are shareholders of this Company. You have taken our Company to new heights, have given a good dividend and return from the beginning. Chairman Sir, I expect that in the future also, you will give more dividend and return and will take the shares of the Company to new heights. I am also very thankful to Mr. Manhar Kapoor and the other members of the Secretarial team for providing outstanding shareholders' services.

**Swati:** Thank you Mr. Sood.

Our next speaker shareholder is Mr. Manjit Singh. Mr. Manjit Singh, please go ahead and ask your question.

**Manjit Singh:** Good afternoon, Namaskar. My name is Manjit Singh. I thank and welcome the Chairman, Directors, shareholders, employees of the secretarial department and other employees of the Company. I want to ask the following questions:

What are the Company's plans for increasing the sales of commercial vehicles, tractors and other products apart from the Royal Enfield motorcycle?

What are the future plans of the Company for the next three years?

What is the Company's strategy for electric vehicles and research and development related to it?

Whether the Company is having solar plants and whether it is consuming electricity through the solar plants in its manufacturing facilities?

What are the plans of the Company for rain water harvesting in its plants?

What is the contribution of various subsidiaries of Eicher Motors in the overall business/profit & loss including that of the US subsidiary?

What is the impact of changes in the prices of metal and other commodities, used as inputs in the course of the manufacturing process on the Company?

Which tyre do we use in our Royal Enfield Motorcycles?

Thank you.

**Swati:** Thank you Manjit Singh ji.

The next speaker shareholder is Mr. Yusuf Rangwala.

**Yusuf Rangwala:** Good afternoon Sir. I am very glad to hear your speech that we have a lot of stores and our motorcycles are exported to Singapore and Japan.

My questions are as follows:

I request you to share some videos of the manufacturing process at our Company's manufacturing plants situated in Chennai.

Please inform us whether our bikes are being sold to the Indian military and to police forces.

Whether our Company's products are sold in Nepal.

I want to thank the Company for initiating CSR activities for support of the hospitals and also giving huge dividends to shareholders.

**Swati:** Thank you Mr. Rangwala. We have the next speaker shareholder, Mrs. Elizabeth Mascarenhas.

**Elizabeth Mascarenhas:** Thank you Sir. Respected Chairman, MD, Mr. Siddhartha Lal, other Hon'ble Directors who are in this virtual meeting, my fellow shareholders, my name is Elizabeth Mascarenhas. I am attending from Mumbai. My CDSL Folio No. is 1205140000090218. Now I thank the Company secretarial team for sending me an E-Report and also for registering my request to speak. Thank you so much for giving me this platform to speak.

The Annual Report is very good, it's a treat to see all the motorcycles from the last 120 years. I feel so proud of this Company. The working in terms of revenue was not good because we can understand covid problems, but the Board decided to give a dividend of Rs. 17/- per share, which is a very good gesture. Our book value has gone up and our market value is also gone up. I feel that equity is Rs. 27.33 crores against reserve of Rs. 9677.67 crores, so I feel that in these difficult days, bonus shares would be much appreciated. I would like to know when the last bonus was given. I congratulate you and your entire team for all the awards and accolades received during the year. I also appreciate the CSR work done to the community, especially in these very difficult days. Now, I come to the following queries:

Sir, we have three domestic manufacturing sites and employees and how many are working from home and in the plants. How many employees are affected by COVID-19, whether there are any fatalities and what is their vaccination level.

What about the EV? Do we have EV motorcycles? Where we are now in the EV segment and what are the future sales prospects.

I would like to know whether we are facing this chip or semiconductors shortages, or any other product shortage in the supply chain.

We are the manufacturers of motorcycles and commercial vehicles. Royal Enfield is the oldest motorcycle of the mid-sized segment of 350cc to 750 cc sold in India and 60 plus countries. Our Company's motorcycle business is laid by the iconic brand Royal Enfield and which is still in continuous production from last 120 years. What is the brand value of this iconic brand? Have we done the valuation and if not done are you aspiring to do it. In motorcycles, which one of the Classic, Himalayan, Interceptor 650 and Continental 650 GT, is the most popular brand?

How much business do we get in apparel, protective gear and other motorcycle accessories?

How many commercial vehicles and motorcycles have we sold in the last quarter of FY 2020-21?

What is the share of Royal Enfield motorcycles in world market share?

What is the next three years future road map of the Company along with COVID and how do we plan to keep our employees engaged & motivated during these COVID times?

I support all the resolutions. I wish our Company all the best. May we grow from strength to strength and we come for the next 200 years, that is my prayer. I wish all of you to enjoy a very good health. Thank you so much.

**Swati:** Thank you Mrs. Elizabeth Mascarenhas.

Our next speaker shareholder is Mr. Subhash Bhutani.

**S. Sandilya:** He is not online. In that case, he has probably left. I suggest he could send his questions by email and the Company secretary will answer the questions.

**Swati:** Yes Mr. Chairman, his line is unclear but he has submitted his questions by email, so I could read out his questions.

So I think that is the last speaker shareholder that we had on today's call. So Mr. Chairman, with your permission, I will read out the questions submitted to us by Mr. Bhutani. He has five questions.

What are our medium to long term strategic plans to take on the challenges posed by the COVID-19 pandemic and the third wave? What is the code red for humanity report on climate change by the UN and do we have any response or comment on that.

Future plan of the management to reward members in any form in the coming time.

Future growth level in turnover and profitability during the rest of the period, for this particular financial year. What is our view on the turnover and profitability for the rest of the year and the margin range and plans for the expansion that we may have for the rest of this financial year.

There is sufficient room for capital improvement in the balance sheet therefore, we want to know your steps to increase assets quality and capital improvement for strengthening the balance sheet in this financial year.

Is there any unpaid dividend amount required to be transferred to IEPF?

We have another question that has been sent to us by email by a shareholder who did not register to speak. Mr. Rishi Gupta has asked why is the share price of Eicher Motors' going down? Is this related to the performance of the Company? Would the management like to comment on that?

With that we come to the end of all speaker shareholder's questions. I now hand it over to Chairman.

**S. Sandilya:** Thank you Swati. With the permission of the shareholders, I would now answer some of the general questions myself and then handover to Mr. Siddhartha Lal and others for answering some specific questions. Mr. Pradeep Sood, Mr. Manjit Singh, Mr. Yusuf Rangwala, Mrs. Elizabeth Mascarenhas and all of them have praise for the Company's performance and a lot of appreciation. I thank them for the kind of support they are giving as shareholders to the Company and appreciating what the Company is doing. Some of you are wishing that we should continue to do better and our endeavor is to continue to do better and better. The Company has taken a lot of steps even in the troubled times of pandemic.

The Company has attempted to do better in terms of overall performance, including cost control and profitability. There are some specific questions on electric vehicles, later on I would request Siddhartha Lal to answer, but I think all companies in this segment including Royal Enfield are definitely working on this. But, it is not appropriate to share any details in terms of the time plan because these are confidential in nature and depend on the market situation.

Coming to specific questions on subsidiaries, as you know the Company is expanding globally and when you start expanding in a global scenario, there will be certain initial business issues, in terms of profits and losses, but the overall approach is to take this Company to a very high global level and therefore, I think it is all in that particular right direction.

Thank you very much for appreciating the Company's brand having been around for 120 years. It is a really proud moment for us that the brand has successfully completed 120 years of existence and the motorcycle is doing well globally, expanding the market.

Many of you have complemented both the Company Secretary and his department and also Mr. Siddhartha Lal for his leadership. I thank you for all your appreciation.

There is one suggestion which came from Mr. Yusuf Rangwala regarding making a film of the manufacturing facility and circulating it. It is a good idea and we will see what is the feasibility. You know we can't have any plant visits and especially in Chennai. Many times we used to offer, but the shareholders never ever visited the plants though, we used to offer them transport facility to reach the plant. We will see whether it is feasible now and if so, our management will look at what can be done.

One question came up on tractors and I would like to inform that the tractor business of Eicher was sold out long ago and we are not in that business anymore. We are only in motorcycle and commercial vehicles business.

One question came up on the bonus issue. As you would appreciate this Company has been giving a lot of value to the shareholders in various forms but on things like bonus issue and other similar suggestions, we will continue to keep evaluating at various points of time and at some appropriate point we may consider them. However, the Company did share split, which also was a request from many shareholders for the past so many years. We did that and it's now a one rupee share, making it a little more easily buyable by people who want to buy, as against the 10 rupees share which went up very significantly higher at a point of time.

Shareholders have also asked about the future of the Company as well as regarding the chip shortage and its impact. On CSR, we have done a lot of good work in that area.

I would now request Siddhartha Lal to answer specific questions, which have been raised including on product sales to Nepal, plans for electric vehicles, impact of chip shortage, on valuation of the brand in case anything has been done and also on the 650 Continental GT. I would now request Mr. Siddhartha Lal to answer.

However, one question was related to the share price going down. We in our Company do not do anything with respect to share price. We have no control on it, that's totally unrelated and it depends on the market conditions. You all know, when vaccines come, the prices go up, the vaccine shortage is there and the prices go down. A lot of things happen which are very uncertain. We do not have any influence on the share price in the market, so what happens in the market is totally random. It happens based on various other factors, not necessarily basis the Company's performance. The Company's performance is important but that's not the only determinant factor for the share price going up or down in the market. With that, I stop and I will request Mr. Siddhartha Lal to answer those specific questions. Thank you.

**Siddhartha Lal:** Mr. Sandilya, thank you. First question was about VECV, our joint venture/subsidiary. Please be assured that we have an enormous focus on our joint venture and we strive extremely hard to work on it. As you know one of the most senior persons in Eicher group right now in the executive capacity is Mr. Vinod Aggarwal and he is the CEO and Managing Director of our joint venture, so VECV is in excellent hands. VECV is doing extremely well, is always gaining share in the commercial vehicle industry and has an absolutely outstanding new product range coming out for BS- IV and may I request Mr. Vinod Aggarwal to comment and say a few words on VECV progress later.

Questions related to Electric vehicles have come up a few times from a lot of people and of course it is a very crucial point these days. It is a technology change that will come into the automotive sector, motorcycles and trucks in the coming years and decades. We are extremely aware of that, we are working extremely hard towards an electric future that may arise. There is a good likelihood that it will arise. From a two wheeler perspective, motorcycle perspective, it is certainly in our mid-sized motorcycle segment. It's certainly a slightly longer term project. The economy currently is not appropriate for EV in mid-sized markets. That means an equivalent electric motorcycle to one of ours will be, maybe, two to three times as expensive currently. But we have a very strong team working on electric motorcycles, specialists and others and we are working hard towards a product strategy and a business strategy for electric motorcycles. That is more in the medium to long terms, let's say, in the three to five years horizon. The product and range will come but not immediately. So, we do have plans but it is not in the near future and that's also because we think that timing is wrong for the current period.

I am very glad to hear lots of questions around UN code red or the sustainability areas, it is certainly a big focus at Royal Enfield. We have the Eicher Group foundation and of course the operating companies that are very focused on looking at all the sustainable development goals of the UN and considering those in our plans for evolving Eicher Motors into a green Company and over time into a net zero and hopefully, a net positive Company as well in carbon, in water and in other areas. In the integrated report this year, you will find a lot of information on our sustainability strategy at Royal Enfield, at VECV and so at Eicher Motors all together.

Regarding the rain water harvesting, in all of our Royal Enfield plants now, we are water positive. So we are doing a lot of work. We are actually generating more water than we are taking from the ground and similarly, we are investing a lot in sustainable sources of energy. So a lot of things are going on and they are detailed in our integrated report.

There were questions around the fact of commodity prices and chip shortage. These are things that are affecting both Royal Enfield and VECV tremendously. We are, of course, trying to overcome them as much as possible. We have to try alternative ways and we have to increase prices in some cases. Chip shortages are affecting our overall production as well. So we are taking all steps, including developing second sources for products, including stock piling wherever we can in order to circumvent some of these issues of shortages that we have.

About the factory video, we also do have some YouTube videos so you can in fact go to YouTube channel of Royal Enfield and you will be able to see the videos of the factory. We will be uploading more in the next few months as well, so please keep an eye on the YouTube channel of Royal Enfield, but also if you just search the Royal Enfield factory on YouTube, you will find lots of other videos as well. So please take the opportunity to do that. You can also view them on your mobile phones.

We do sell motorcycles in Nepal. We do have outlets in Nepal and we are successful in Nepal as well.

Regarding the product portfolio, the most sold products in Royal Enfield have always been the 350 cc and the Classic 350 is the higher selling product for over ten years now. Regarding most popular products, what is very important is good diversification, which has happened across our portfolio at Royal Enfield. Himalayan platform has gained a lot of traction. We have done a lot of work and that's gained a lot of traction and certainly our Twins also, over the last couple of years they have been doing well, especially in the international markets but also very much so in India. We have gained a lot of traction, so we have a wider set of product ranges now rather than just a 350 cc, which was the only product we had till five or six years ago.

Numbers on Apparel, accessories, and spare parts sales are there in the annual report as well. The goal for non-motorcycle business is to grow by 20% and we are trending in that direction.

It's very tough to say about Global market share. We have more data available on our website and in our annual reports for this. We have country by country market share, available in some cases. In the mid-sized market, we have reached No. 1 in markets in various countries around the world in the UK, in New Zealand and No. 2, No. 3 in many other markets. As a result of all the endeavors that we have been doing, we have actually been gaining shares. We have become an important player in many markets around the world, including in Thailand as well, which is a big market and in Brazil also, we are doing very well.

Regarding brand value, we have not conducted a study or asked for research on that front on our own. We do have a lot of reports coming on the brand value of Eicher Motors and the brand value of Royal Enfield. They are not validated reports for us. We cannot be sure because they may be conducted by a third party, which is not very clear. More importantly, Royal Enfield has been in brand reports where they say it is one of the highest rated consumer brands in India. It has reached that level where consumers really think of it as a very important brand regardless of the category that it's in as well. It's not just one of the best motorcycle brands in the country, but one of the best brands in the country as well. It is of a very high value. These were the main questions and I hope I was able to answer them to the fullest. Mr. Vinod Aggarwal may now speak a few words on VECV as well.

**Vinod Aggarwal:** Thank you Siddhartha. A very good afternoon to all the shareholders. First of all, let me tell you that VECV today is a very successful joint venture. Now we have completed 13 years in our joint venture with Volvo Group and during this period, I think we

have done a lot of things. We have incorporated a lot of Volvo Group technology in all our products and today, we are present in a very wide range of products like from 4.9 tonne till 55 tonne. We are present with the Eicher brand in both trucks and busses. We are present with the Volvo brand in trucks and in busses. So as you know, the Volvo brand bus business was integrated last year into VECV and that was also a very big achievement last year and apart from that we are very strong in various segments. If you look at the light and medium duty segment, last year, we had a market share of 30% plus in the light and medium duty segment. In heavy duty trucks last year, we had a market share of 8% for both Eicher and Volvo brands. In busses we have a market share of around 25% in light and medium duty busses. In heavy duty busses, we have a market share of around 10%. In our Volvo trucks, in this segment, we have almost more than 90% market share. Volvo bus in this segment, is very strong. We have a very high market share for both Volvo trucks and Volvo buses in the high and premium market.

We have very strong plans to grow large in the country in the commercial vehicle market not only in India but also in export markets. With the better technology that we have absorbed from Volvo Group, we can compete with any product in the developed markets, for example, we have introduced products in South Africa which is a kind of bulk focused market and over there, we are competing with various Japanese products. Similarly in South East Asia, we have introduced our products in Indonesia and Malaysia where again, we are competing with Japanese products.

The new plant that we have set up in Bhopal has been set up with industry 4.0 practices. There, of course, the pro 2000 series that we are manufacturing, that's a product with huge potential for export markets. Therefore, we have plans to become very large not only in India but also in overseas markets. With all the various strengths that we have, like the one based on our relationship/partnership with Volvo Group, I think the future for VECV is very bright.

There was a particular question about how much did we sell last quarter of FY 2020-21 and the first quarter of this year. In VECV, we sold 5,806 vehicles in the first quarter of this year and in the last quarter of FY 2020-21, it was much better than the previous year's last quarter because in the previous year, the last quarter was impacted very badly because of COVID-19 related problems. In fact the entire country was impacted with almost 100% curfews last year. This year, of course, we have a growth of 173%, even though this year also, the first quarter was impacted by COVID-19 Wave-II. Overall, we did well in this quarter. That's it from my side. Thank you very much.

**S. Sandilya:** I find that there are four more questions. One question was on the COVID-19 situation and fear of a third wave. As you know, there are reports that the third wave may or may not be as serious as wave two or one. But I think as you know, the Company has managed it pretty well in the last situation and now they have built up reasonable experience in managing any kind of pandemic impact that they may face. But it is very difficult to predict what will happen but I think if and when something happens, the Company is well prepared to handle any kind of exigencies.



Another question was on future growth of the Company beyond 2021-22. Eicher Motors, as you know, does not give any guidance and any kind of statement of figures and quantification would be getting into forward looking statements, which we as a policy do not make.

About the balance sheet, I must assure you that our balance sheet is fairly strong. We have a robust balance sheet with a substantial amount of cash. There are no worries about it. There is always a constant focus to ensure that we have a reasonable bottom line and therefore a good balance sheet overall.

Regarding unpaid dividends, we follow the statutory requirements, which in case it is not taken within a period of 7 years, as per the regulations, we transfer the unpaid dividends to the government in the IEPF.

With that, I will close. All the questions have been answered. So I will now request the Company Secretary to talk about certain statutory matters concerning this AGM and proceed for the formal closure of the meeting. Thank you very much for attending this meeting and it's been really nice of you to have taken time out to attend, our shareholders' meeting. Thank you very much. Manhar to take over.

**Manhar Kapoor:** Thank you Mr. Chairman. I would also like to clarify that Mr. Inder Mohan Singh, Independent Director, was able to join the AGM with a little bit of delay and he has been in the meeting since then.

Now some closing remarks and statutory items. Mr. Vijay Gupta, Managing Partner, VKGN & Associates has been appointed as the scrutinizer to scrutinize e-voting at the AGM and remote e-voting in a fair and transparent manner. Remote e-voting had commenced on 14<sup>th</sup> of August, 2021 at 09:00 a.m. and concluded on 16<sup>th</sup> of August, 2021 at 5:00 p.m. Facility for e-voting at the meeting is available for those members who are present but who have not cast their vote already by availing the remote e-voting facility.

The Statutory Registers and any other documents as mentioned in the AGM Notice have been made available for inspection by the shareholders basis an email request received by the Company. Certificate from Statutory Auditors confirming that the Company's ESOP plan and the RSU plan have been implemented in accordance with the SEBI Regulations, is available on the website of the Company.

The Result of the e-voting will be announced within 48 hours from the conclusion of this meeting in accordance with the regulations. I request all shareholders who are attending this AGM and who have not cast their votes already, to exercise their vote on NSDL's e-voting platform using the same login credentials as they are using now to attend this AGM. The e-voting will be available for 15 minutes after the conclusion of this meeting.

Now on behalf of the management and shareholders attending, I would like to thank the Chairman and thank you everyone. With this we come to the closure of this session. Thank you very much.