Eicher Motors

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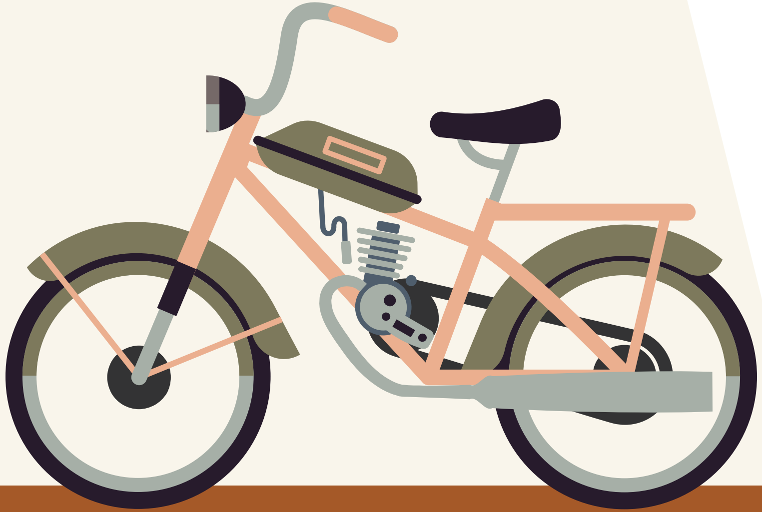
ABOUT

Eicher Motors is the listed company of the Eicher Group in India and a leading player in the Indian automobile industry and the global leader in middleweight motorcycles.

Eicher has a joint venture with Sweden's AB Volvo to create Volvo Eicher Commercial Vehicles Limited (VECV). VECV is engaged in truck and bus operations, auto components business, and technical consulting services business. SIDDHARTHA LAL is the current Managing Director and CEO.

It has 2 technology centers, one each at Leicestershire, UK and Chennai, India.

POSITIVES



- Facilities in Chennai including two modern manufacturing plants at Oragadam and Vallam Vadagal, and adjunct facilities at Thiruvottiyur

- Company had highest-ever sales of Eicher trucks and buses, Volvo trucks, VE powertrains, Components, and Power Solutions.Company modern, connected, and efficient products, backed by our Uptime Promise, have been well received by customers looking to modernise logistics. As a result, Company have made remarkable market share gains across segments.

Contd…

- FY 2023-24 was a game-changing year for Royal Enfield, with three spectacular motorcycle launches, a superb show of EV ambitions at EICMA, and an absolutely stunning edition of Motoverse that is soon becoming a community-first showcase for some of company new motorcycles.

- Company registered best-ever performance with sales of 9,12,003 motorcycles, up 9% from the previous year, and maintained dominance in the middleweight segment

Contd…

- Company launched the most celebrated and longest-running motorcycle model in the world, the Bullet 350 in an all-new avatar, followed by the launch of the all-new Himalayan on the new Sherpa 450 platform in November

- In January, company launched the Shotgun 650 - a very special motorcycle designed for - custom-by-custom

- Himalayan has been adjudged the Best Adventure Tourer and even won the most prestigious Indian Motorcycle of the Year 2024 (IMOTY); fourth IMOTY in the last six years.

Contd..

- Company Launched three spectacular Motorcycles, the highest- even in a single year, in line with ambition to be a global premium Motorcycling brand from India.

- Joint venture with Volvo Group for trucks and buses, Company achieved record-breaking sales during FY 2023-24. Eicher trucks and buses alongside Volvo trucks, saw remarkable success. Company registered highest-ever annual sales of 85,560 units, growing 7.5% over the 79,623 units sold last FY, and outpacing industry growth of about 4% in the relevant segments.

Contd..

- Company is good value based on its Price-To-Earnings Ratio (31.4x) compared to the peer average (60.9x).

- Eicher Motors has been growing earnings at an average annual rate of 21.4%, while the Auto industry saw earnings growing at 24.9% annually. Revenues have been growing at an average rate of 16.6% per year. Eicher Motors's return on equity is 23.2%, and it has net margins of 23.6%.

- Current net profit margins (23.6%) are higher than last year (21.6%). Small Commercial Vehicle (SCV), showcased at Bharat Mobility Global Expo in January 2024, will mark a new growth segment for VECV in the large 2.5T - 3.5T last-mile category.

RECORD-BREAKING BUSINESS AND FINANCIAL PERFORMANCE

9,12,003
Motorcycle sales
11% in FY 2023-24
vs 8,24,066 in FY 2022-23

Rs. 16,535.78 CRORES
Revenue from operations
15% in FY 2023-24
vs Rs. 14,442.18 Crores in FY 2022-23

22.6%
Operating margin (EBIT)
vs 20.2% in FY 2022-23

Rs. 3,987.33 CRORES
Total comprehensive income
36% in FY 2023-24
vs Rs. 2,922.49 Crores in FY 2022-23

85,560
Commercial vehicle (CV) sales
7.5% in FY 2023-24
vs 79,623 in FY 2022-23

Rs. 4,326.91 CRORES
EBITDA
26% in FY 2023-24
vs Rs. 3,443.58 Crores in FY 2022-23

Rs. 447.72 CRORES
Share of profit of JV
42% in FY 2023-24
vs Rs. 315.17 Crores in FY 2022-23

29.7%
Market share in domestic motorcycles (>125cc segment)
vs 31.8% in FY 2022-23

17.5%
Market share in CVs
vs 16.9% in FY 2022-23

Contd..

- Royal Enfield introduced the Wingman, a rider-centred connected vehicle system in India. It integrates vehicle connectivity via the Royal Enfield GRID team, offering proactive support and motorcycle information.

- Royal Enfield announced the introduction of Reown, a new company operated, pre-owned motorcycle business initiative to enable existing and prospective customers to buy or sell their Royal Enfield motorcycles, and exchange their motorcycles and upgrade to a Royal Enfield with ease.

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Royal Enfield global network

MANUFACTURING AND PRODUCT DEVELOPMENT

3 *facilities in Chennai including two modern manufacturing plants at Oragadam and Vallam Vadagal, and adjunct facilities at Thiruvottiyur*

2 *Technical Centres - Leicestershire, UK and Chennai, India*

5 *CKD units across Nepal, Argentina, Brazil, Colombia and Thailand*

RETAIL

2,000+ *Retail outlets in India (1,102 – exclusive stores, 901 studio stores)*

1,085 retail outlets in 65+ countries

North America: *USA*

UK, Europe, MEA: *Austria, Belgium, France, Germany, Italy, Israel, Morocco, Netherlands, Portugal, Qatar, Spain, Turkey, UAE, UK*

APAC: *Australia, Cambodia, Indonesia, Japan, Malaysia, Mongolia, New Zealand, Philippines, Singapore, South Korea, Thailand, Vietnam*

LATAM: *Argentina, Bolivia, Brazil, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Mexico, Peru*

Negatives

- The Company’s manufacturing is concentrated in a single location – Chennai.

- Global risks associated with geopolitical crises and natural disasters which may cause operational disruption, shutdown or production cuts, project delays, supply chain hurdles, and increased construction costs.

- Dependence on single-source vendors or certain countries for key components/raw materials can lead to concentration risk.

Negatives

- Reliance on ICE and outdated features along with sensitivity to changes in consumer sentiment and market segmentation can make the brand outdated

- With consumer preferences shifting towards electric mobility, unpreparedness to react or not having an appropriate product line to stay ahead of change can pose a risk.

- Sudden policy changes and stricter regulations on EVs, ICE vehicles, and environmental and legal regulations across operational markets can impact the business and sales.

Profit & Loss

	Mar-21	Mar-22	Mar-23	Mar-24	CY
Sales	8,720	10,298	14,442	16,536	16,942
Expenses	6,937	8,120	10,996	12,206	12,471
Operating Profit	1,783	2,178	3,446	4,329	4,472
OPM %	20%	21%	24%	26%	26%
Other Income	482	496	908	1,521	1,636
Interest	16	19	28	51	53
Depreciation	451	452	526	598	624
Profit before tax	1,798	2,203	3,800	5,202	5,431
Tax %	25%	24%	23%	23%	
Net Profit	1,347	1,677	2,914	4,001	4,184
EPS in Rs	**49.28**	**61.32**	**106.55**	**146.13**	**152.8**
Dividend Payout %	34%	34%	35%	35%	

WARREN BUFFETT CHECKLIST

Type	Value
ECONOMIC MOAT	GOOD
GROWTH	GOOD
VALUATION	MODERATE
DEBT	GOOD
INTEGRITY	GOOD

MULTIBAGGER

The company has the potential to become multibagger in the order of 300-500% in 5-10 year term.

BUYING STRATEGY

70% on current price levels, Remaining on 30% correction levels
[Conservative Investors can Buy 50% then remaining on 30% correction levels]

HOLDING PERIOD

5 Years
[We are into LONG TERM INVESTING and Investor should not expect quick up movements in price. Incremental Investing is advised & Any corrections should be considered as Opportunity to add more – Remember our focus should be the 500% Future returns – so any price correction investments will zoom the returns

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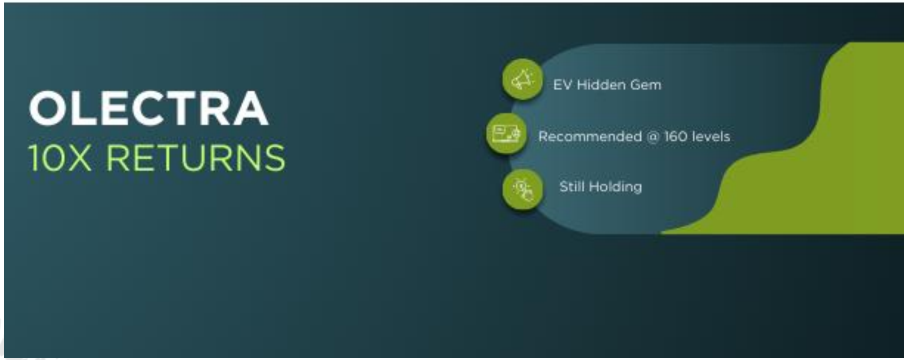
PERFORMANCE



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