

Management Discussion & Analysis

Eicher Motors Ltd. – Q2 2025 (November 13, 2024)

1. Financial Performance

- **Revenue:** ₹4,263 crore (3.6% YoY growth)
- **EBITDA:** ₹1,088 crore (25.5% margin, down from 26.4% last year)
- **Profit After Tax (PAT):** ₹1,100 crore (includes ₹114 crore from VECV, up 8.3% YoY)
- **Motorcycle Sales:** 225,000 units
 - India: 206,199 units
 - Exports: 19,118 units
- **Retail Growth:** 12% increase
- **Festival Season Sales:** 1 lakh units (October - Royal Enfield)

2. Product Launches & Expansion

- **New Models:** Guerrilla 450 Roadster, Classic 530, Factory Custom program, 650 Series (Bear 650 & Classic 650)
- **Electric Motorcycle:** "Flying Flea" showcased at EICMA, EV launch expected by early 2026
- **New CKD Plants:** Established in **Bangladesh & Brazil**

3. VECV Performance

- **Q2 Sales:** 20,774 units (Best-ever Q2, up 6.2% despite a 10.8% industry decline)
- **LMD Trucks:** 9,565 units (Market share: 36.5%)
- **Heavy-Duty Sales:** 8% growth (Market share: 10.2%)
- **Bus Sales:** 3,984 units (Up from 3,214 last year)
- **Parts Business Growth:** 27% YoY
- **Exports:** 1,130 units (+12.2% YoY)
- **VECV Revenue:** ₹5,538 crore (+8% YoY)
- **EBITDA:** ₹395 crore (7.1% margin, down from 7.8%)
- **PAT:** ₹209 crore (Up from ₹187 crore last year)

4. Strategic Initiatives

- **LNG Trucks:** Partnership with Baidyanath LNG for **500 Eicher Pro 6355 LNG trucks**
- **Marketing Focus:** "360-degree market activation" targeting urban & rural demand separately
- **Inventory Management:** Shift to a **replenishment model** (restocking in 48-72 hours)
- **Retail Expansion:** Brazil retail outlets expansion post CKD plant launch
- **Production Capacity:** 1.2 million units, scalable to 1.4 million with investment

5. Market Insights

- **Rural Demand:** Rising demand for 2-wheelers and overall market growth
- **Urban Demand:** Increased focus on urban-centric models like **Guerrilla 450**
- **International Market:**
 - **Latin America & SAARC:** Mixed performance, strong bookings in Bangladesh
 - **Europe:** Gradual recovery post-inventory correction
 - **Australia:** Positive momentum in sales

6. Industry Insights & Outlook

- **Motorcycles:** Market grew 6-7% during the festive period, Eicher's retail sales surged 26%
- **Rural vs Urban Sales:** One-third sales mix between rural and urban demand
- **Inventory Buffers:** 2-3 weeks supply with a **replenishment-based model**
- **Market Share (International):** 12% above wholesale, stable inventory
- **Upcoming Regulations:** OBD2B transition from January 2025

Eicher Motors remains committed to **scaling operations, improving value engineering, and driving sustainable growth** through **strategic product launches, market expansions, and operational efficiencies.**

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5. Market Insights & Management Perspective

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- **Bullet Market:** Declining sales in Punjab, Chandigarh, UP, Haryana due to platform shifts; **Bullet Battalion Black** introduced based on feedback
- **Marketing & Customer Engagement:** "Mother brand level" & "product level" campaigns enhancing showroom footfall and conversions
- **Retail Expansion Strategy:** Focus on **scalable inventory replenishment models** rather than stockpiling

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- **Margin & Profitability:** Emphasis on absolute margin growth, product mix optimizations, and customer-driven pricing benefits

Eicher Motors remains committed to **scaling operations, improving value engineering, and driving sustainable growth** through **strategic product launches, market expansions, and operational efficiencies** while aligning with customer demand and market trends.