

## Eicher Motors Limited – Management Discussion & Analysis

### Annual Report 2023-24

#### 1. Company Overview

Eicher Motors Limited (EML) is one of India's most important automobile companies, known for making motorcycles and commercial vehicles. It owns **Royal Enfield (RE)** and has a **joint venture with Volvo Group** for making trucks and buses under **VE Commercial Vehicles (VECV)**.

#### Business Segments:

##### 1. Royal Enfield (RE) – The Motorcycle Division

Royal Enfield is one of the oldest motorcycle brands in the world. It is famous for making classic-looking motorcycles that combine heritage with modern technology.

- **Retail & Distribution:**
  - Over **2,000+ stores** in India, including **1,102 large dealerships** and **901 smaller studio stores**.
  - Strong global presence in **60+ countries**.
  - Owns **five subsidiaries** and has **assembly units in Brazil, Argentina, Colombia, Thailand, and Nepal**.
- **Financial Highlights:**
  - Revenue: **Rs. 16,536 Crores (+14% YoY)**.
  - **EBITDA of Rs. 4,327 Crores (+26% YoY)** with a profit margin of **26.2%**.
  - Profit after tax: **Rs. 3,999 Crores**, leading to an **EPS of Rs. 145.8 per share**.
- **Market Share & Growth:**
  - **88.5% market share in India** in the 250-750cc segment.
  - **#1 in the UK and #4 in Europe** for mid-sized motorcycles.
  - **4x growth in five years** in **North & South America**, with key markets being the **USA, Brazil, Argentina, Colombia, and Mexico**.
  - Strong presence in **Thailand, Japan, Korea, Australia, and New Zealand**.
- **Beyond Motorcycles:**

- **Lifestyle segment:** Revenue of **Rs. 2,439 Crores (15% of total revenue)**, including accessories and apparel.
- **Genuine Motorcycle Accessories (GMA): 26% growth**, available in **47 countries**.
- **Apparel segment:** Grew **27%**, sold through stores and online platforms.

## 2. VE Commercial Vehicles (VECV) – The Truck & Bus Division

VECV is a joint venture between **Eicher Motors and Volvo Group**, making modern trucks and buses.

- **Products:**

- Light, medium, and heavy-duty trucks.
- Buses, including electric buses and high-load trucks.
- Auto parts and engineering solutions.

- **Market Performance:**

- **Highest-ever sales: 85,560 units (+7.5% YoY).**
- **Eicher Trucks & Buses: 83,088 units**, a new record.
- **Light & Medium Duty Trucks: 40,559 units** (Market share **34.6%**).
- **Volvo Trucks: 2,131 units**, with a **94% market share in the premium segment (400+ HP trucks)**.
- **Buses: 17,620 units**, maintaining **#3 position in India** with a **21.6% market share**.
- **Exports: 3,721 units**, a **24.6% drop** due to global issues.

- **Financial Highlights:**

- Revenue: **Rs. 21,868 Crores (+15.4% YoY)**.
- **EBITDA of Rs. 1,715 Crores (+23.6% YoY, margin 8%)**.
- Profit after tax: **Rs. 823 Crores (+42% YoY)**.
- **Highest-ever sales in spare parts & engineering components.**

## 2. Macroeconomic Overview – Understanding the Economy

## Indian Economy

India's economy grew **7.6% in FY 2023-24**, helped by **strong demand, low inflation, and stable interest rates**. The **RBI kept the repo rate at 6.50%** to support economic growth.

## Global Economy

The global economy grew at **3.2% in 2023**, which is **slower than usual** due to **higher borrowing costs, inflation, and political issues**.

## 3. Industry Overview – Understanding the Market

### Two-Wheeler Market

- **13.3% growth** in India, with sales reaching **17.97 million units**.
- **Motorcycle sales grew 13.9%** to **11.68 million units**.
- **Premium bikes (>250cc) grew by 19.2%**, reaching **0.94 million units** (8.1% of total motorcycle sales).

### Global Two-Wheeler Market

- Sales in **90 countries** grew **2.7%**, reaching **62.6 million units**.
- **Strong growth in Asia, slow growth in the USA, UK, and Europe**.
- **Exports from India dropped due to global issues**.

## 4. Risk Management – Handling Future Challenges

1. **Keeping the Royal Enfield Brand Fresh:** Making modern features while keeping the old-school feel.
2. **Government Rules & Regulations:** Staying updated with laws in different countries.
3. **Electric Vehicle (EV) Shift:** Investing in future EV motorcycles and trucks.
4. **Supply Chain Issues:** Keeping enough materials by using multiple suppliers.
5. **Global Conflicts & Trade Issues:** Expanding in different markets to reduce risks.
6. **Cybersecurity Risks:** Protecting company data with strong IT security.
7. **Talent & Workforce:** Keeping key employees with better career growth plans.
8. **Rising Raw Material Costs:** Reducing production costs while keeping quality high.

## 5. Conclusion – The Road Ahead

Eicher Motors has grown significantly in both motorcycles and commercial vehicles. By focusing on **innovation, global expansion, and risk management**, the company is in a strong position for future success.

With its **classic motorcycles, growing truck business, and strong financial performance**, Eicher Motors is shaping the future of the automotive industry while staying true to its heritage.