

BSE Code: 505200 NSE Code: EICHERMOT Reuters Code: EICH.NS Bloomberg Code: EIM:IN

Established in the year 1982, Eicher Motors Limited (EML, formerly - Eicher Tractors India Ltd.) is engaged in the manufacture of commercial vehicles, motorcycles and engineering components. The company has two JV's – one with Volvo and formed a joint venture company - VE Commercial Vehicles Limited (VECV), for the manufacture of commercial vehicles and the other one with US based Polaris Industries Inc., for the manufacture of personal vehicles.

Key Developments

Strong brand portfolio:

Eicher Motors owns the iconic Royal Enfield motorcycle business and enjoys a cult brand. It has a unique mix of motorcycles – it not only caters to the traditional customer base but also to the urban youth. The range of motorcycles included in the Royal Enfield range are – Bullet, Classic, Thunderbird and Continental GT. Besides, on the commercial vehicles front, VECV is a strong player in the light and medium duty truck segment of 5-14 tonne in India, with a current market share of ~33%, and in the heavy duty trucks and buses segment it has a market share of 3.5% and 15.4% respectively.

Steady volumes growth over the years:

Eicher Motors has reported steady growth in its sales volume numbers over the years in both VE Commercial Vehicles and Two Wheelers segments. The VE Commercial Vehicles segment witnessed CAGR of 10% over CY09-CY14, and Two Wheelers segment reported a CAGR growth of 42% during the same period. The sales volume of VE Commercial Vehicles rose to 40,783 units in CY14 from 25,164 units in CY09. Similarly, the Two-Wheelers sold during CY14 stood at 302,592 as against 51,955 in CY09.

Q3CY15 performance:

The company reported 37.3% YoY growth in its topline in Q3CY15 to Rs. 3,123 Crores from Rs. 2,275 Crores in the year ago period. In-line with the revenue growth, EBITDA rose by 61.4% to Rs. 493 Crores in Q3CY15 from Rs. 305 Crores in Q3CY14. EBITDA margins expanded by 236 bps to 15.8% in Q3CY15 from 13.4% in the corresponding quarter of the last fiscal. PAT grew by 54.8% to Rs. 255 Crores from Rs. 165 Crores during this period. PAT margins rose by 93 bps to 8.2% in Q3CY15 from 7.3% in the year ago period.

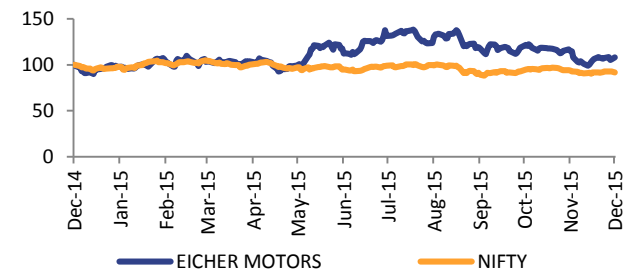
Market Data

CMP (Rs.)	16,031
Face Value	10
52 week H/L (Rs.)	21,620/13,900
Adj. all time High (Rs.)	21,620
Decline from 52WH (%)	25.9
Rise from 52WL (%)	15.3
Beta	0.9
Mkt. Cap (Rs.Cr)	43,444
Enterprise Value(Rs. Cr)	42,344

Fiscal Year Ended

	CY12	CY13	CY14
Net Sales (Rs.cr)	6,390	6,810	8,738
Net Profit (Rs.cr)	324	394	615
Share Capital (Rs.Cr)	27	27	27
EPS (Rs.)	120.1	145.7	227.1
P/E (x)	24.2	34.2	66.4
P/BV (x)	4.5	6.5	16.2
ROE (%)	20.0	20.7	26.9

One year Price Chart



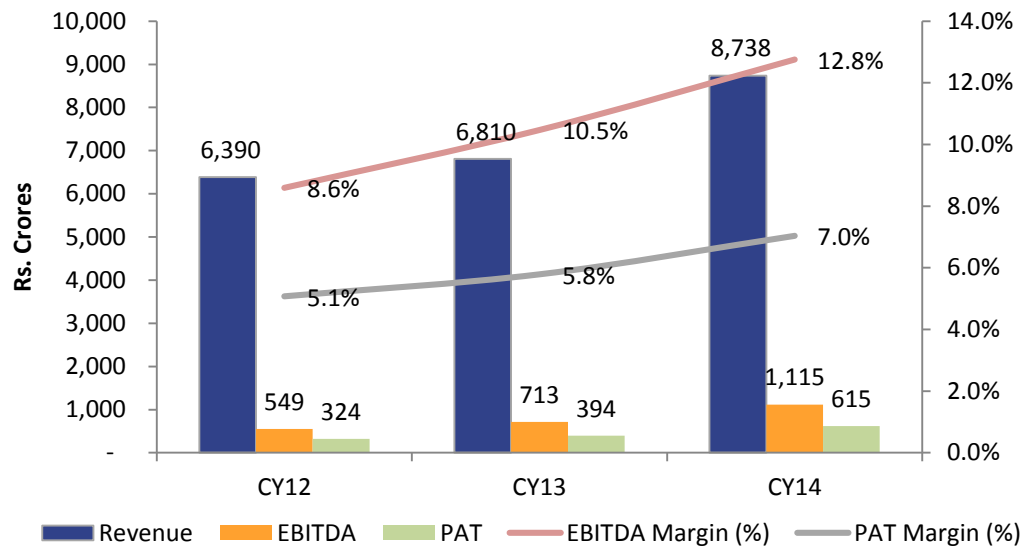
Shareholding	Sep15	Jun15	Diff.
Promoters	54.9	54.9	0.0
DII	4.3	4.6	(0.3)
FII	27.1	27.5	(0.4)
Others	13.7	13.0	0.7

Eicher Motors Limited (EML) is engaged in manufacturer of automobiles and related components.

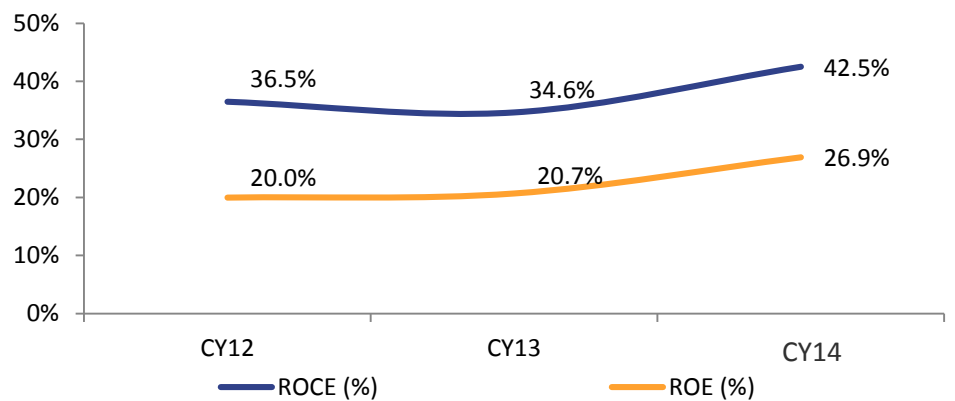
Eicher Motors Ltd. – Overview

Incorporated in the year 1982, Eicher Motors Limited (EML, formerly - Eicher Tractors India Ltd.) is engaged in the manufacture of commercial vehicles, motorcycles and engineering components. EML along with its joint venture partner Volvo Group formed VE Commercial Vehicles Limited (VECV) in 2008, wherein Eicher Motors holds 54.4% and Volvo holds 45.6% stake. It designs, manufactures and markets trucks and buses in India and other developing markets. VECV comprises of five business verticals – Eicher Trucks and Buses, Volvo Trucks India, Eicher Engineering Components and VE Powertrain. Another JV of the company with US based Polaris Industries Inc., Eicher Polaris Private Ltd. is in a start-up phase and is in the process of designing and developing a range of personal vehicles. EML also owns the Royal Enfield motorcycle business, which leads the premium motorcycle segment in India.

Financial snapshot for Eicher Motors Ltd.



Return ratios trend

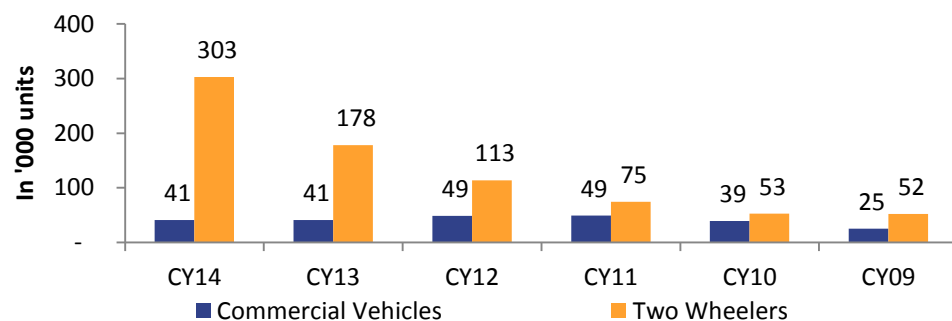


EML has reported a growth in its sales volume over the years in both VE commercial vehicles and two-wheeler verticals.

Steady volumes growth over the years

Eicher Motors has reported steady growth in its sales volume numbers over the years in both VE Commercial Vehicles and Two Wheelers segments. The VE Commercial Vehicles segment witnessed CAGR of 10% over CY09-CY14, and Two Wheelers segment reported a CAGR growth of 42% during the same period. The sales volume of VE Commercial Vehicles rose to 40,783 units in CY14 from 25,164 units in CY09. Similarly, the Two-Wheelers sold during CY14 stood at 302,592 as against 51,955 in CY09. Further, the sales volumes for the nine months ended September 2015 for both the segments viz; VE Commercial Vehicles and Two Wheelers reported a growth of 48% YoY and ~11% YoY to 3,27,069 and 34,805 respectively.

EML's sales volumes trend



The market share of the related entities of EML is 33% for VECV and 96% for Royal Enfield in India.

Market share of related entities

The company entered into a joint venture with Volvo Group and formed a company named VE Commercial Vehicles Limited (VECV) in 2008. Currently, VECV holds ~33% share in the LMD (Light to Medium Duty, 5-14 tonne) segment in India. Further, in 2012 Eicher Motors has created a joint venture company, Eicher Polaris Private Ltd (EPPL) with US based Polaris Industries Inc. Eicher Motors and Polaris holds 50% each in EPPL. EPPL has recently commenced sales of Multix, India's First personal utility vehicle (PUV) post its commercial launch in June 2015. Currently, it has presence in 31 locations across 7 states.

Also, EML had acquired the Royal Enfield motorcycles business in 1991. Currently, it holds ~96% domestic market share in the mid-size motorcycles segment (Engine capacity – 250 cc to 750 cc).

Dealership network

EML has a wide distribution network spanning across India. Currently, it has a distribution network of 467 dealers in India. Besides, the company also has 10 Royal Enfield Exclusive Stores overseas, spread across Colombia (5), UK (2), UAE (1), France (1) and Spain (1).

Brand portfolio

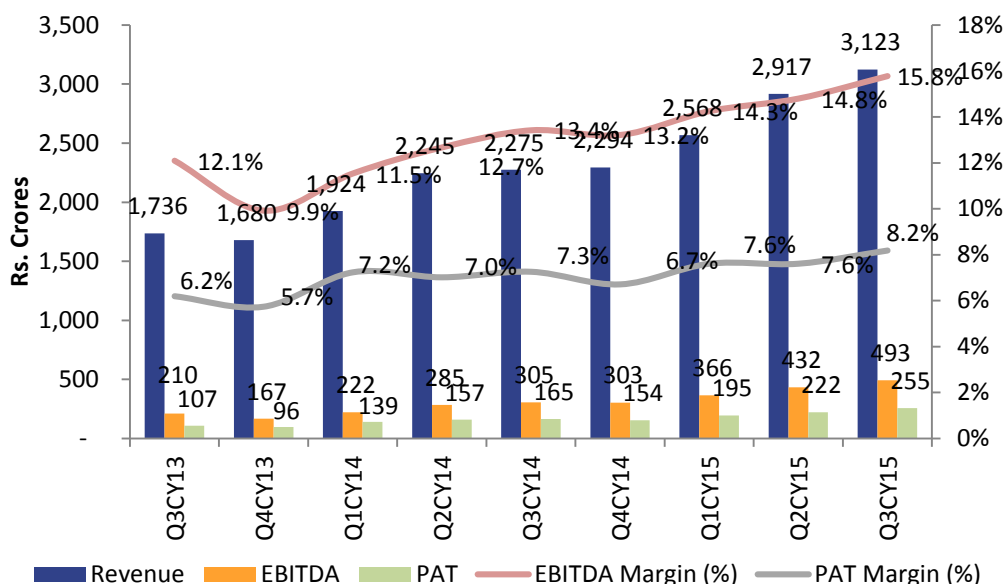
Eicher Motors owns the iconic Royal Enfield motorcycle business and enjoys a cult brand. It has a unique mix of motorcycles – it not only caters to the tradition customer base but also to the urban youth. The range of motorcycles included in the Royal Enfield range are – Bullet, Classic, Thunderbird and Continental GT. Besides, on the commercial vehicles front, VECV is a strong player in the light and medium duty truck segment of 5-14 tonne in India, with a current market share of ~33%, while in the heavy duty trucks and buses segment it has a market share of 3.5% and 15.4% respectively.

For the quarter ended Q3CY15, EML's consolidated topline grew by ~37% to Rs. 3,123 Crores and PAT rose by 55% YoY to Rs. 255 Crores.

Q3CY15 performance

The company reported 37.3% YoY growth in its consolidated topline in Q3CY15 to Rs. 3,123 Crores from Rs. 2,275 Crores in the year ago period. The operating expenses of EML grew by 33.5% to Rs. 2,630 Crores from 1,970 Crores during the period. EBITDA rose by 61.4% to Rs. 493 Crores in the recent quarter ended Sep-15 from Rs. 305 Crores in the quarter ended Sep-14. EBITDA margin expanded by 236 bps to 15.8% in Q3CY15 from 13.4% in the corresponding quarter of the last fiscal. PAT grew by 54.8% to Rs. 255 Crores from Rs. 165 Crores during this period. Other income fell by 34.2%, while depreciation and tax expenses rose by 55.9% and 58.8% respectively during the period under consideration. PAT margin rose by 93 bps to 8.2% in Q3CY15 from 7.3% in the year ago period.

Quarterly performance trend



Balance Sheet (Consolidated)

(Rs.Cr)	CY12	CY13	CY14
Share Capital	27	27	27
Reserve and surplus	1,728	2,028	2,489
Net Worth	1,755	2,055	2,516
Minority Interest	948	1,040	1,085
Total Debt	22	84	58
Deferred tax liability	123	180	239
Other non-current liabilities	74	73	90
Total Equity & Liabilities	2,923	3,433	3,988
Fixed Assets	1,496	2,120	2,728
Investments	639	825	1,078
Net current assets	451	182	(303)
Other non-current assets	337	306	486
Total Assets	2,923	3,433	3,988

Cash Flow (Consolidated)

Y/E (Rs. Cr)	CY12	CY13	CY14
Net profit/loss before tax & extraordinary items	600	671	993
Net cashflow from operating activities	496	716	1,047
Net cash used in investing activities	(773)	(790)	(1,087)
Net cash used from financing activities	(111)	(47)	(162)
Net inc/dec in cash and cash equivalents	(388)	(121)	(202)

Financial performance snapshot

Net sales of the company stood at Rs. 8,738 Crores in CY14, a growth of 28.3% as compared to Rs. 6,810 Crores in CY13. The operating expenses of the company increased by 25% YoY to Rs. 7,624 Crores from Rs. 6,097 Crores during the year. The company's EBITDA grew by 56.3% YoY to Rs. 1,115 Crores in CY14 from Rs. 713 Crores in CY13. The EBITDA margin increased by 229 bps to 12.8% in CY14 from 10.5% in CY13. Further, the other income of the company grew by 12.8% to Rs. 107 Crores. Finally, the net profit increased by 56.2% to Rs. 615 Crores in CY14 from Rs. 394 Crores in CY13. The NPM margin also rose by 125 bps to 7.0% from 5.8% during the year.

Profit & Loss Account (Consolidated)

(Rs.Cr)	CY12	CY13	CY14
Net Sales	6,390	6,810	8,738
Expenses	5,841	6,097	7,624
EBITDA	549	713	1,115
Other Income	137	95	107
Depreciation	82	130	220
EBIT	603	678	1,002
Interest	4	8	10
Profit Before Tax	600	671	993
Tax	125	145	291
Reported PAT	475	525	702
Minority Interest	151	131	86
Net Profit	324	394	615

Key Ratios (Consolidated)

	CY12	CY13	CY14
EBITDA Margin (%)	8.6	10.5	12.8
EBIT Margin (%)	9.4	10.0	11.5
NPM (%)	5.1	5.8	7.0
ROCE (%)	36.5	34.6	42.5
ROE (%)	20.0	20.7	26.9
EPS (Rs.)	120.1	145.7	227.1
P/E (x)	24.2	34.2	66.4
BVPS (Rs.)	650.0	760.1	928.4
P/BVPS (x)	4.5	6.5	16.2
EV/EBITDA (x)	11.9	17.1	35.7



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