



# EICHER

Eicher Motors Ltd.

## JOINT INVESTORS MEET

March 28<sup>th</sup>, 2012 | Pithampur

**Siddhartha Lal**

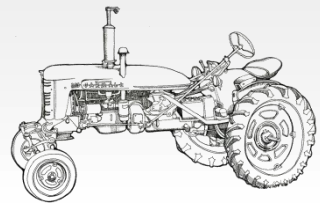
MD & CEO, Eicher Motors Ltd.

# In this Presentation

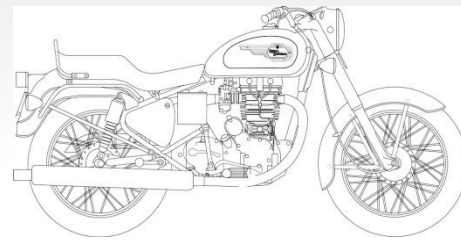
1. Eicher Motors Limited
  - Journey so far
  - EML: Overview
2. Royal Enfield
3. VE Commercial Vehicles Limited
4. Financials



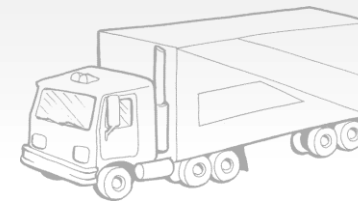
# Eicher Motors Limited – Journey so far...



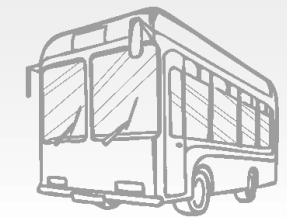
India's **first tractor** rolls out of Eicher factory in Faridabad



**Royal Enfield** motorcycles acquired



Enters **HD trucks** segment



Forms **JV with AB Volvo of Sweden**; transfers CV business to the JV

1959

1984

1991

1993

2002

2005

2008

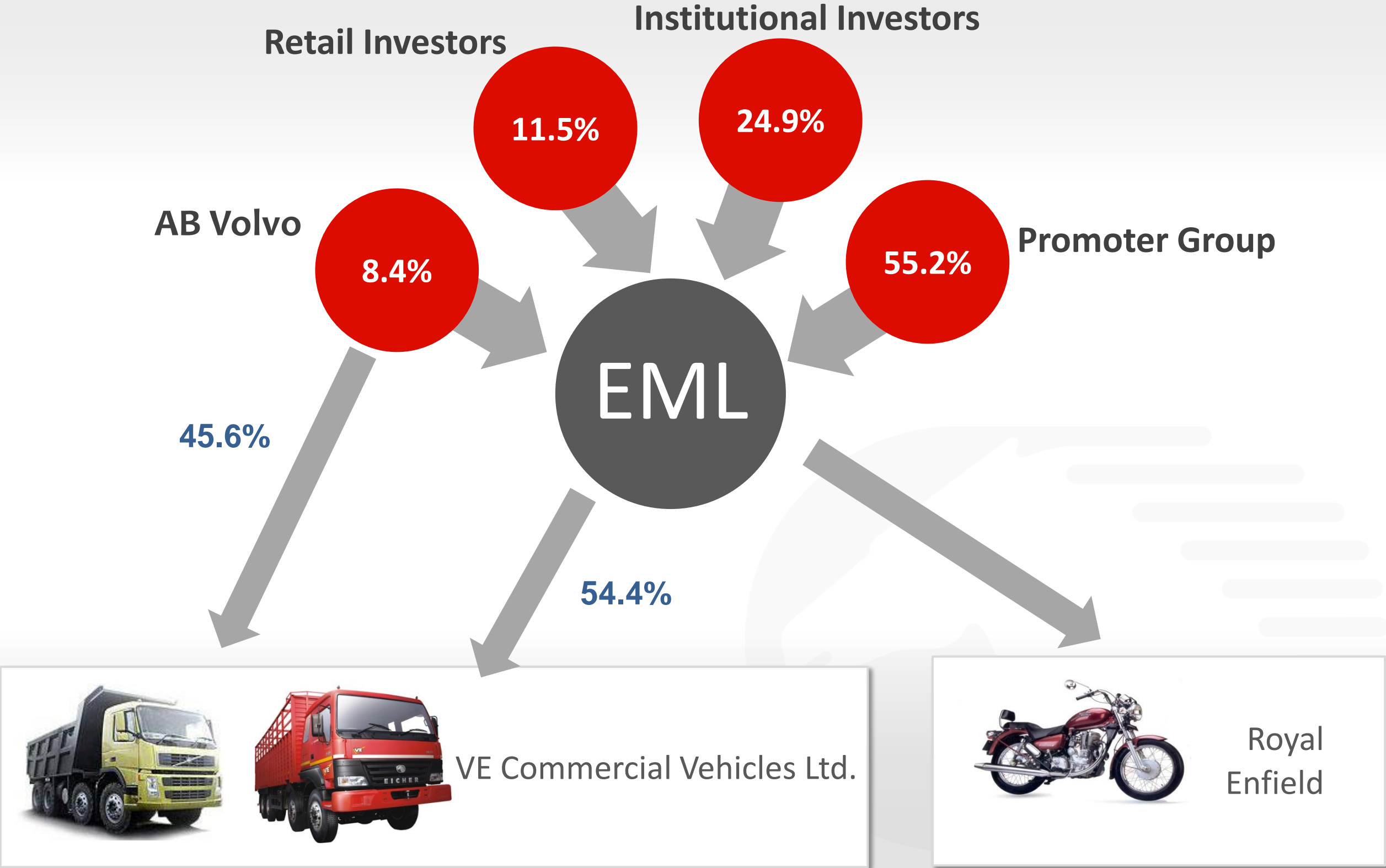
**JV with Mitsubishi** Motors to make 'Canter' trucks

JV with Mitsubishi ended, **enters MD bus** segment



Divests tractor and allied businesses to **focus on CV and motorcycle** businesses

# Eicher Motors Limited Overview



# Eicher Management Philosophy

## Break-through Market Business Model

- ▶ An evolved business model with **50+ years** of experience in automotive space in India, that:
  - ▶ In-depth customer insights and market understanding
- ▶ Best-in-class Capital Optimization:
  - ▶ Frugal engineering practices
  - ▶ Extensive knowledge of suppliers
  - ▶ Operational Excellence
  - ▶ Global Quality Standards

## Established Corporate Governance

- ▶ Fully empowered management teams
- ▶ Regular board meetings, every two months - full review with management
- ▶ Strategic quarterly reviews and regular monthly operations review
- ▶ Product board, Quality board, Customer Satisfaction board, Soft products board (after-market) held every quarter along with other statutory meetings

## Strong Values

- ▶ Corporate conduct rooted in highest standards of ethics, integrity and transparency
- ▶ Highly professional work ethic based on mutual respect
- ▶ Very strong HR and IR culture and brand
- ▶ Long-term orientation
- ▶ Long history of institutionalized CSR and community activities

# Established Governance Structure: EML Board



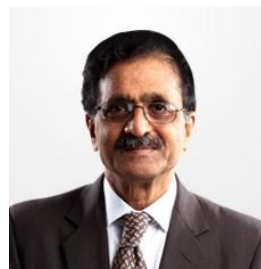
**S Sandilya**

Non Executive Chairman



**Siddhartha Lal**

Managing Director & CEO



**MJ Subbaiah**

Independent Director



**R L Ravichandran**

Executive Director



**Priya Brat**

Independent Director



**Prateek Jalan**

Independent Director

Moving forward...

**ROYAL ENFIELD**



# Royal Enfield



*Royal Enfield “Bullet” is the longest running model in continuous production. Royal Enfield Motorcycles are unique in terms of the engine character - Single Cylinder, Air-Cooled, Push-rod & Valve operated for the distinctive Bullet beat. The authentic vintage styling , traditional paint schemes, 1950’s style, nacelle and toolboxes contribute to its “distinctive classic” appeal.*

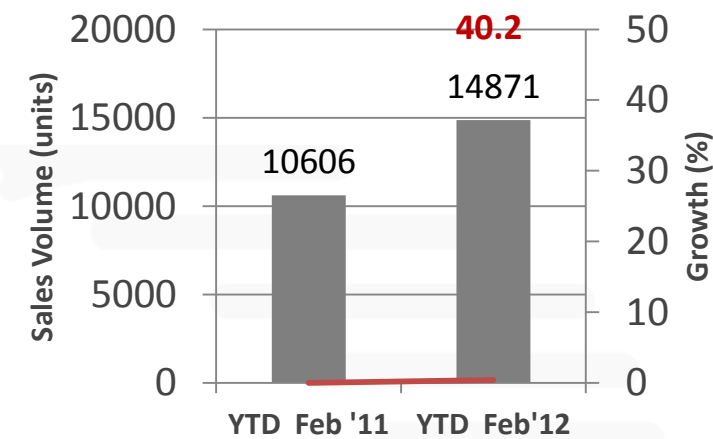
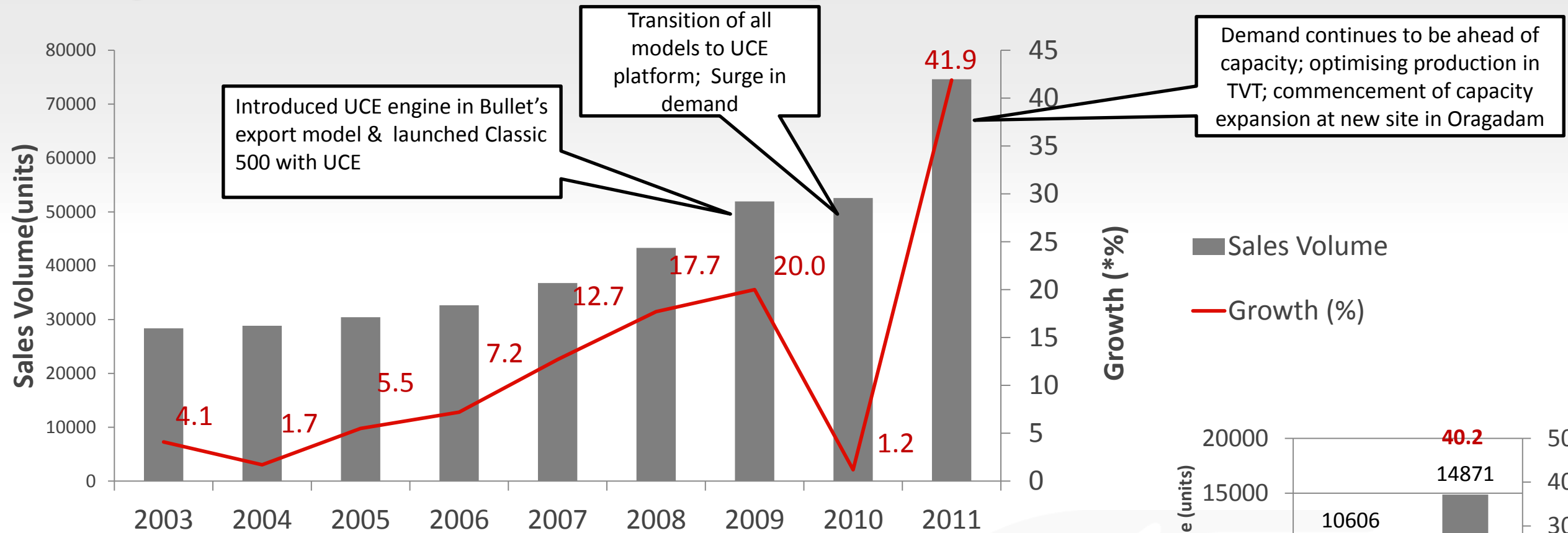
**1901:** Royal Enfield rolls out its first Motor Cycle

**1955:** Enfield India is incorporated.

**1994:** Eicher Motors acquires Enfield India Ltd.



# After successfully managing 2010, the year of transition, Royal Enfield continues to grow and evolve



Bullet

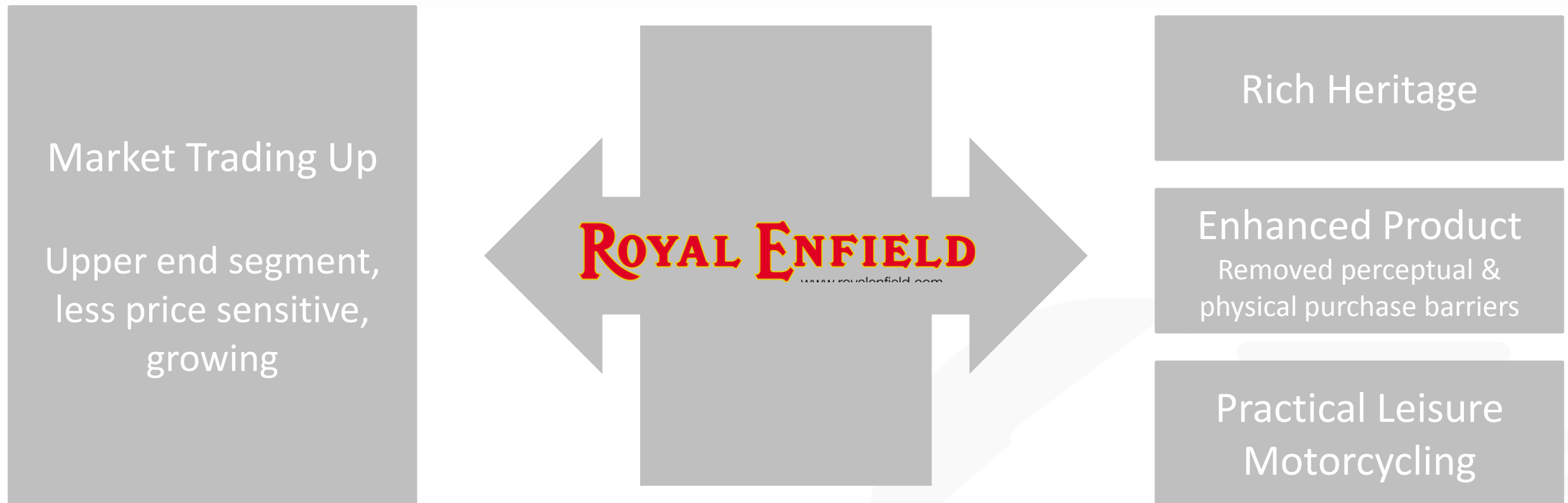


Thunderbird



Classic

# Uniquely differentiated offering



**Sold as a leisure bike; bought as a practical bike**

# Thriving in “Community”: Both physical & virtual



Photograph by Chou Chiang



# Plans being executed for profitable growth

## Enhance production capacity

- Enhance production for CY 2012 to 1,00,000 units;
- Capacity increase to 150, 000 pa after start of commercial production from new site at Oragadam, Chennai, India from 1st half, 2013

## Improve profitability

- Focus on cost management
- Exploit significant opportunities after market

## New product launches

- Thunderbird 500 launch planned in Q2, 2012
- Café Racer to be launched in Q1, 2013
- Accessories launch planned in Q2, 2012

## Distribution and after market footprint

- Increase reach in India and global markets
- Currently, there are 175 distribution and after market points in India. Exports to more than 30 countries

# Future: Café Racer



**Moving forward...**

# **VE COMMERCIAL VEHICLES Ltd. (VECV)**



# VECV was established in 2008 with strong parentage



## Eicher strengths

- ▶ Leadership in LD / MD segments
- ▶ Specialist skills and experience in developing low cost, better performance products
- ▶ Wide dealer network
- ▶ After sales infrastructure for LD / MD
- ▶ Cost effective operations

**Eicher transferred its CV, components and engineering solutions businesses into VECV**

## VECV vision

**“To be recognised as the industry leader driving modernisation in commercial transportation in India and the developing world”**



## Volvo strengths

- ▶ Global expertise
- ▶ Leadership in product technology
- ▶ Good infrastructure facilities
- ▶ Well-defined processes and controls
- ▶ Brand image and customer relationships

**Volvo demerged Volvo Truck India's sales & distribution business from Volvo India Pvt Ltd.**

# VECV milestones



October 2010: **Groundbreaking ceremony of MDEP plant site**



May 2008: **Signing of definitive agreements**

- ▶ Dec 2007: **Signing of Letter of intent**
- ▶ May 2008: **Signing of definitive agreements**
- ▶ Jul – Aug 2008: **Commencement of JV**
- ▶ Dec 2008: **Volvo Board Visit**
- ▶ Mar 2009: **Launch of Quality Improvement CSI-1 Initiative**
- ▶ April 2009: **Inauguration of the new gear plant at Dewas**
- ▶ Jan 2010: **Launch of VE-series of Eicher HD trucks**
- ▶ June 2010: **Launch of MDE Project**
- ▶ October 2010: **Groundbreaking ceremony of MDEP plant site**
- ▶ February 2012: **Groundbreaking ceremony of Eicher Bus manufacturing plant site at Dhar, Madhya Pradesh**



# VECV Overview

**VE COMMERCIAL VEHICLES**  
A VOLVO GROUP AND EICHER MOTORS JOINT VENTURE



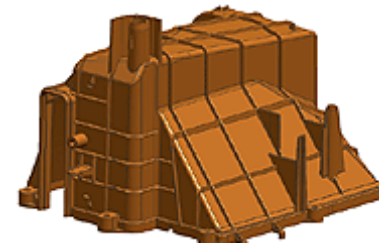
Eicher Trucks  
& Buses



Volvo Trucks  
India



Eicher  
Engineering  
Components



Eicher  
Engineering  
Solutions



Medium Duty  
Engine Project

# VECV - Wanted position in 2015

## Wanted position 2015: Strategic

Seen as a leading CV group in India

- ▶ Most innovative products covering entire range
- ▶ Comprehensive network
- ▶ Proactive solution / service provider
- ▶ Lean organization

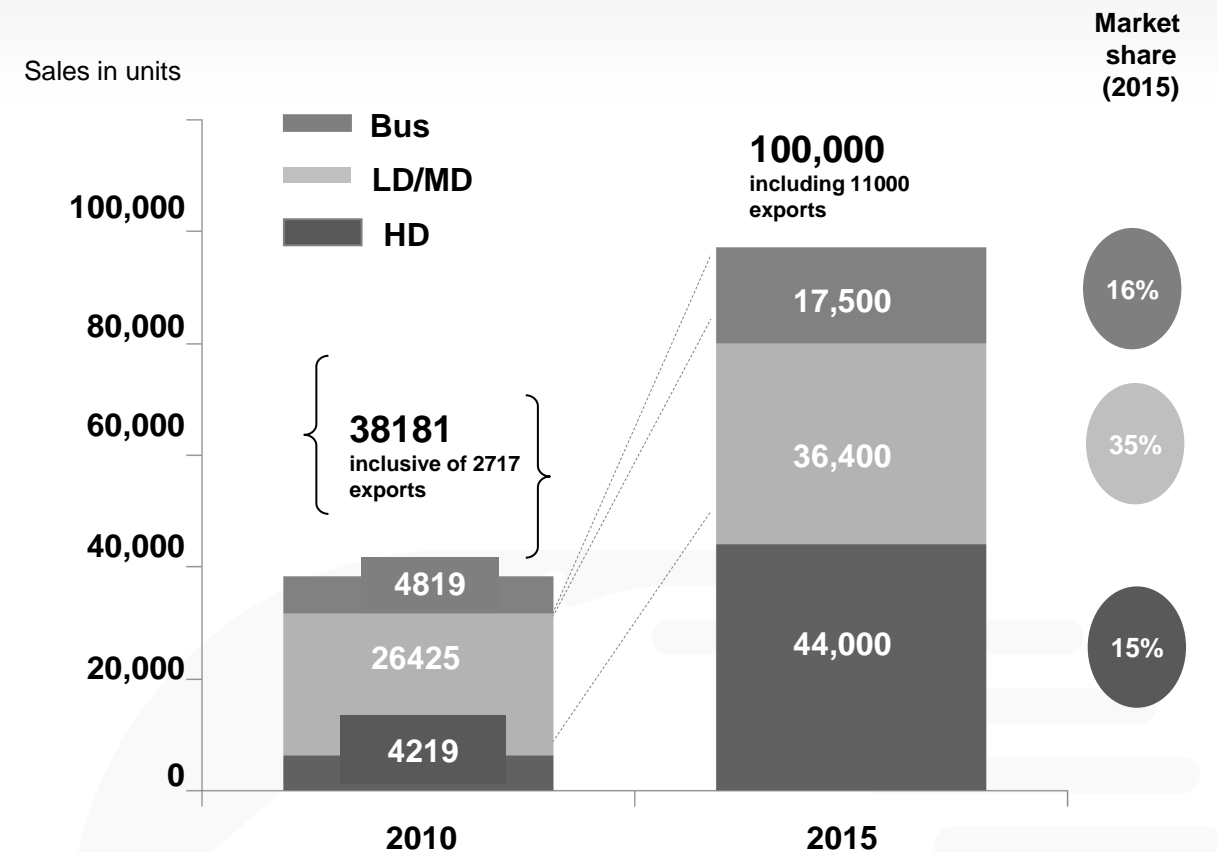
Recognized competitive advantages

- ▶ Best fuel economy
- ▶ Reliable products
- ▶ Superior service quality
- ▶ Safety and comfort setting industry standards

"Best of both" company culture

- ▶ Culture incorporating best of Eicher values and Volvo Way
- ▶ Professionalism, honesty, people caring to attract best talents in industry

## Wanted position 2015: Operations



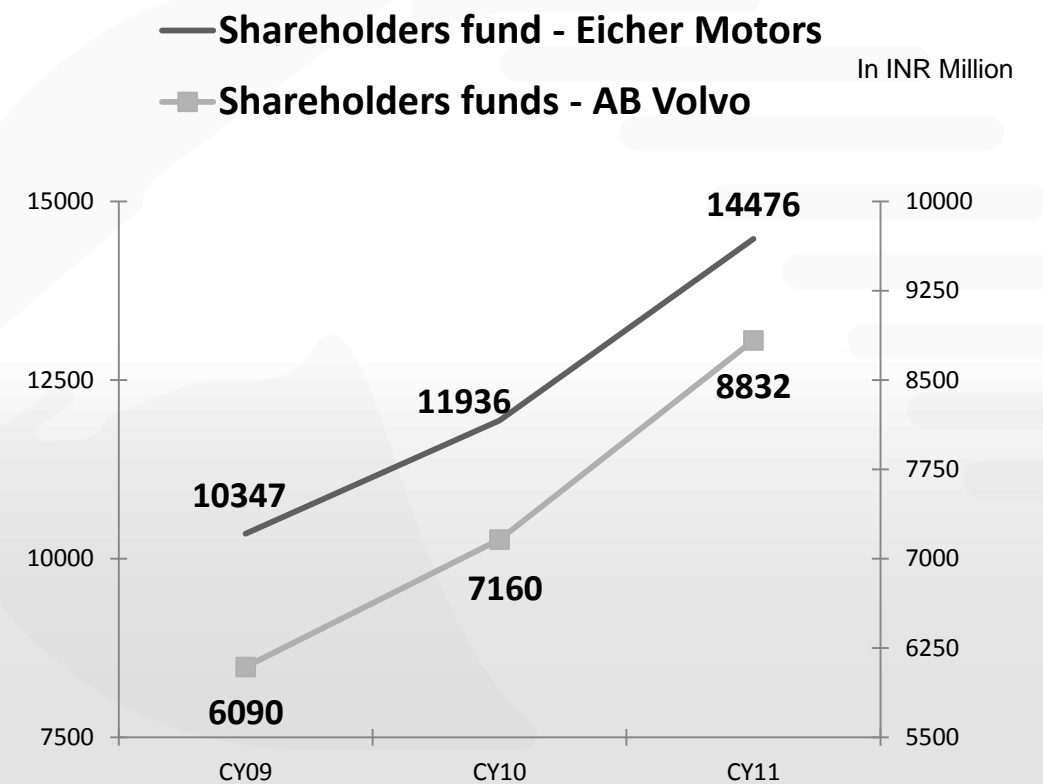
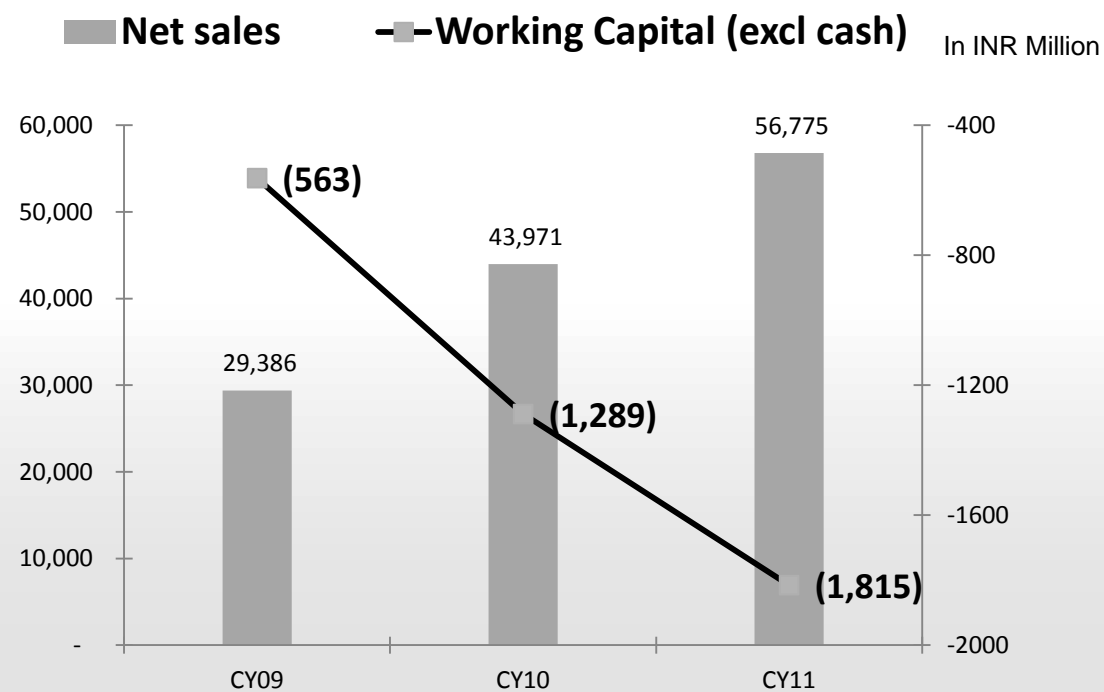
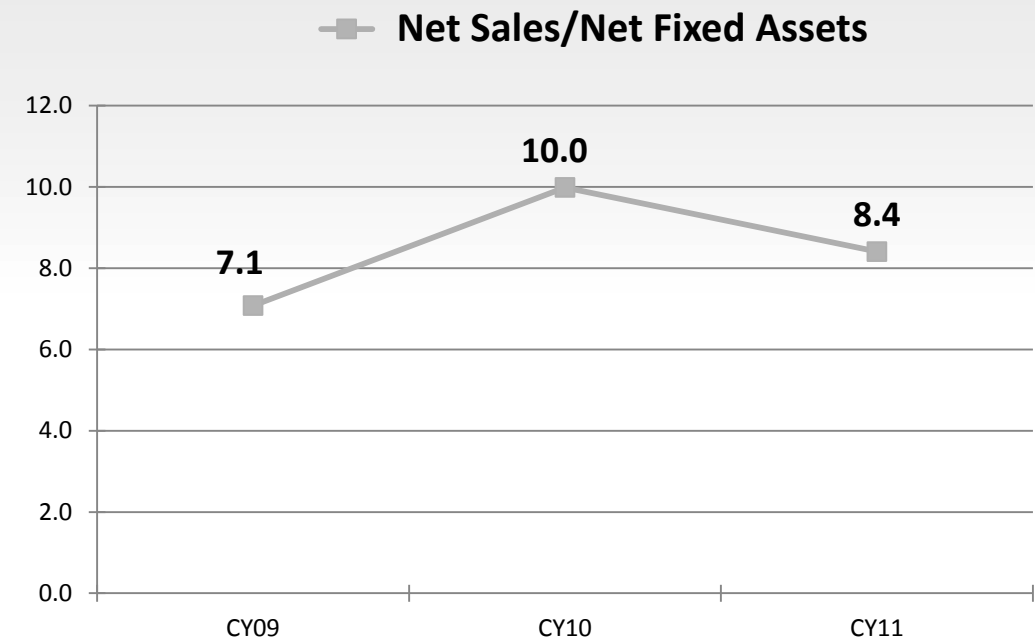
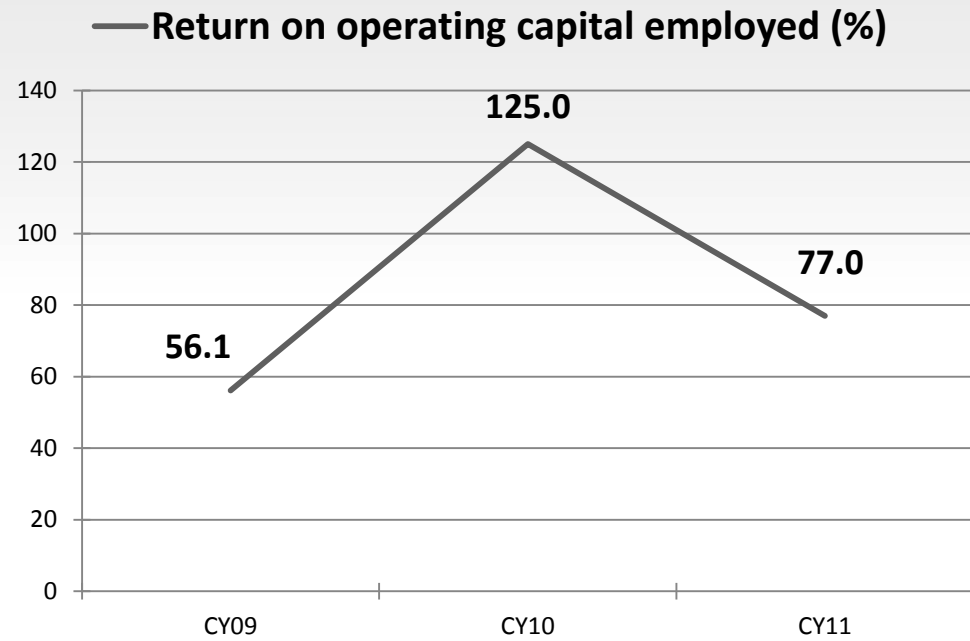
- ▶ Long term operating margin target >8% over a business cycle
- ▶ Customer satisfaction to reach >80%

Moving forward...

# FINANCIALS



# EML Consolidated: Optimising returns on capital employed and effective cash management



**THANK YOU**

