

March 23, 2023

Eicher Motors Limited: Change in Limits

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term/ Short-term Fund-based Limits	100.0	1.0	[ICRA]AAA (Stable)/[ICRA]A1+; Outstanding
Long-term/ Short-term Fund / Non-fund Based Limits	0.0	50.0	[ICRA]AAA (Stable)/[ICRA]A1+; Outstanding
Long-term/ Short-term Non-fund Based Facilities	50.0	129.0	[ICRA]AAA (Stable)/[ICRA]A1+; Outstanding
Long-term Unallocated Limits	30.0	--	--
Total	180.0	180.0	

*Instrument details are provided in Annexure-1

Rationale

This rationale is being released to convey the change in the rated limits as depicted in the table above, based on the latest information received from the entity.

Please refer to the following link for the previous detailed rationale that captures key rating drivers and their description, the liquidity position and rating sensitivities, and key financial indicators: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Two-Wheeler Manufacturers Rating approach – Consolidation
Parent/Group support	Not applicable
Consolidation/Standalone	The rating is based on consolidated financial statements of the issuer. The consolidated list of entities is shared in Annexure-2.

About the company

Eicher Motors Limited, incorporated in 1982, is the flagship company of the Eicher Group in India and a leading player in the Indian automobile industry. On a standalone basis, EML is engaged in the manufacturing and marketing of motorcycles under the 'Royal Enfield' brand with manufacturing facilities in Chennai, Vallam Vadagal and Oragadam (Tamil Nadu). With a diverse portfolio with many established brands and sales of 5.95 lakh units (in FY2022, at a consolidated level), EML is positioned as a market leader in the niche (250cc+) motorcycle segment in India. Additionally, the company operates as a holding company for VE Commercial Vehicles Limited. A joint venture (JV) of EML (54.4%) and AB Volvo (45.6%), VECV came into existence with effect from July 1, 2008. The JV is engaged in—(a) EML's truck and bus operations, auto components business and technical consulting services business; (b) Volvo Group's Indian truck sales and marketing functions; and (c) service and spares network operations for both Volvo trucks as well as buses. In 2020, VECV signed definitive agreements to integrate Volvo Buses India into VECV, including manufacture, assembly, distribution, and sale of Volvo buses in India.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding as Feb 28, 2023 (Rs. crore)	Current Rating (FY2023)		Chronology of Rating History for the past 3 years		
				Date & Rating in		Date & Rating in FY2022	Date & Rating in FY2021	Date & Rating in FY2020
				March 23, 2023	Nov 2, 2022	Sep 1, 2021	Feb 22, 2021	Nov 18, 2019
1 Fund-based Limits	Long-term/ Short-term	1.0	--	[ICRA]AAA (stable)/ [ICRA]A1+	[ICRA]AAA (stable)/ [ICRA]A1+	[ICRA]AAA (stable)/ [ICRA]A1+	-	-
2 Fund Based Limits	Long-term	--	--	--	--	--	[ICRA]AAA (stable)	[ICRA]AAA (stable)
3 Non Fund Based Facilities	Long-term/ Short-term	129.0	-	[ICRA]AAA (stable)/ [ICRA]A1+	[ICRA]AAA (stable)/ [ICRA]A1+	[ICRA]AAA (stable)/ [ICRA]A1+	[ICRA]AAA (stable)/ [ICRA]A1+	[ICRA]AAA (stable)/ [ICRA]A1+
4 Fund/ Non Fund Based Limits	Long-term/ Short-term	50.0	-	[ICRA]AAA (stable)/ [ICRA]A1+	--	--	--	--
5 Unallocated Limits	Long-term	0.0	--	--	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AAA (stable)

Complexity level of the rated instrument

Instrument	Complexity Indicator
Fund-based Limits	Simple
Non Fund Based Facilities	Very Simple
Fund/ Non Fund Based Limits	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, are available on ICRA's website: [Click Here](#)

Annexure-I: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs Crore)	Current Rating and Outlook
NA	Fund-based Limits	-	-	-	1.0	[ICRA]AAA (Stable)/ [ICRA]A1+
NA	Non Fund Based Facilities	-	-	-	129.0	[ICRA]AAA (Stable)/ [ICRA]A1+
NA	Fund/ Non Fund Based Limits	-	-	-	50.0	[ICRA]AAA (Stable)/ [ICRA]A1+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure-II: List of entities considered for consolidated analysis

Company Name	EML Ownership	Consolidation Approach
Royal Enfield North America Limited (RENA)	100.0%	Full Consolidation
Royal Enfield Canada Limited (subsidiary of RENA)	100.0%	Full Consolidation
Royal Enfield Brasil Comercio de Motocicletas Ltda	99.99%	Full Consolidation
Royal Enfield (Thailand) Limited	99.99%	Full Consolidation
Royal Enfield (UK) Ltd	100.0%	Full Consolidation
Eicher Group Foundation	50.0%	Full Consolidation
VE Commercial Vehicles Ltd (VECV)	54.4%	Equity Method
Eicher Polaris Private Limited*	50.0%	Equity Method

Source: Company Annual report FY2022; * Under liquidation

ANALYST CONTACTS

Shamsher Dewan
+91 124 4545 300
shamsherd@icraindia.com

Srikumar Krishnamurthy
+91 44 45964318
ksrikumar@icraindia.com

Rohan Kanwar Gupta
+91 124 4545808
rohan.kanwar@icraindia.com

Debadrita Mukherjee
+91 124 4545394
debadrita.mukherjee@icraindia.com

RELATIONSHIP CONTACT

Jayanta Chatterjee
+91 80 4332 6401
jayantac@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)
info@icraindia.com

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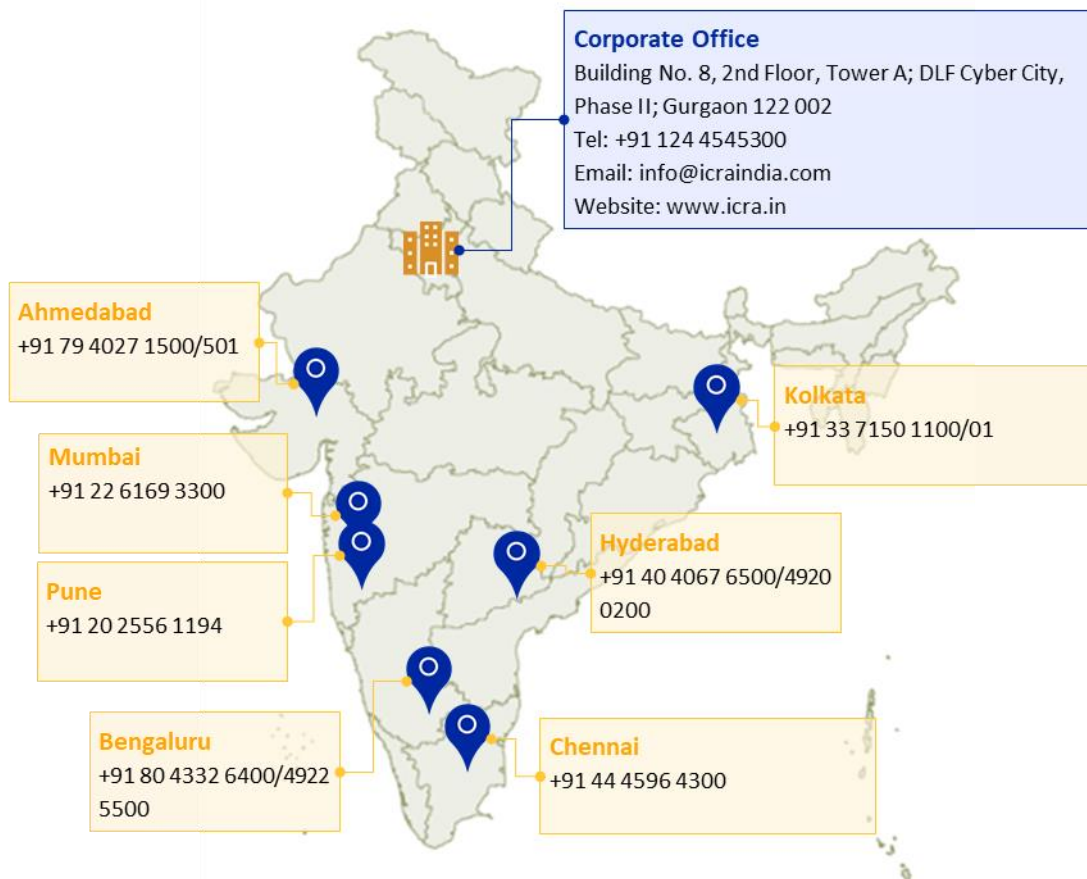
Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



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