

Eicher Motors Limited

18th August, 2025

BUY

Data as of: 14-Aug-2025, 18:00 hrs

Riding the growth wave

- In Q1FY26, Eicher Motors posted a 14.7% YoY growth in revenue, reaching Rs. 4,946cr, supported by robust volume growth and broad-based performance of both Royal Enfield and VECV.
- Royal Enfield recorded a sales volume of 265,528 units for the quarter, reflecting 17.0% YoY growth. The domestic volume reached 228,779 (+11.8% YoY) supported by a rise in market share to 87.3%. International volume also surged 65.4% YoY to 36,749 units, driven by strong demand.
- The sales volume of Eicher trucks and buses grew 9.8% YoY to 21,173 units. On the other hand, the total VECV volume reached 21,610 units (+9.7% YoY), mainly driven by exports, which grew 20.5% YoY to 1,436 units.
- EBITDA increased 3.2% YoY to Rs. 1,203cr. However, margin contracted by 270bps YoY to 24.3%, tempered by increasing raw material costs.
- Reported profit after tax (PAT) surged 9.4% YoY to Rs. 1,205cr, supported by increased non-operating income (+58.2% YoY).

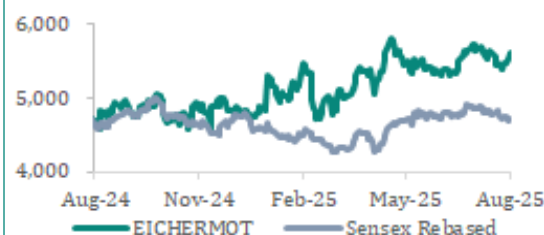
Outlook & Valuation

Looking ahead, Eicher Motors is well placed to capitalise on rising premiumisation trends and sustained rural demand. Its strategy to broaden customer base, particularly by targeting a younger demographic, is gaining traction and is expected to further fuel its growth trajectory. Additionally, continued momentum in the export market, supported by robust demand and expansion initiatives, bodes well for its future performance. With a strong pipeline of upcoming launches and continued progress on its EV roadmap through the “Flying Flea” brand, the company is poised to maintain its growth momentum. Therefore, **we reiterate our BUY rating on the stock, with a revised target price of Rs. 6,342 based on the sum-of-the-parts (SOTP) valuation.**

Quarterly Financials Consolidated

Rs.cr	Q1FY26	Q1FY25	YoY Growth (%)	Q4FY25	QoQ Growth (%)
Sales	4,946	4,313	14.7	5,150	-4.0
EBITDA	1,203	1,165	3.2	1,258	-4.4
Margin (%)	24.3	27.0	-270bps	24.4	-10bps
EBIT	1,005	997	0.8	1,056	-4.9
PBT	1,593	1,441	10.5	1,669	-4.6
Rep. PAT	1,205	1,101	9.4	1,362	-11.5
Adj PAT	1,205	1,101	9.4	1,362	-11.5
Adj. EPS (Rs)	43.9	40.2	9.3	49.7	-11.5

*over or under performance to benchmark index

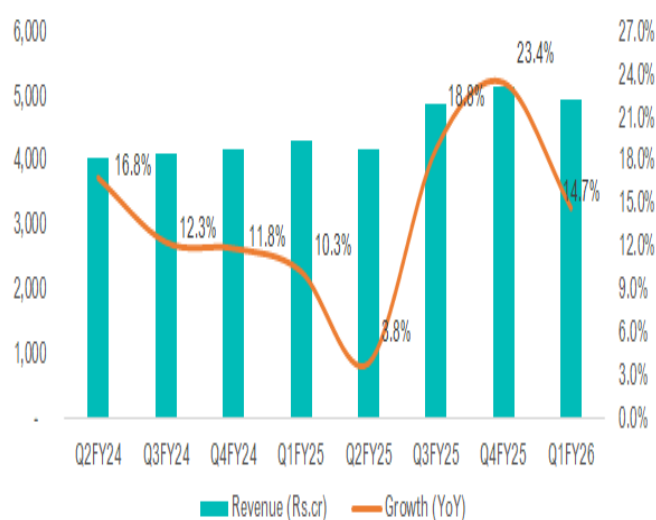


Y.E March (cr)	FY25A	FY26E	FY27E
Sales	18,538	21,077	23,680
<i>Growth (%)</i>	<i>14.2</i>	<i>13.7</i>	<i>12.4</i>
EBITDA	4,712	5,230	5,949
<i>EBITDA Margin (%)</i>	<i>25.4</i>	<i>24.8</i>	<i>25.1</i>
PAT Adjusted	4,734	5,128	5,684
<i>Growth (%)</i>	<i>18.3</i>	<i>8.3</i>	<i>10.8</i>
Adjusted EPS	172.7	187.0	207.3
<i>Growth (%)</i>	<i>18.2</i>	<i>8.3</i>	<i>10.8</i>
P/E	31.0	30.1	27.1
P/B	6.9	6.3	5.6
EV/EBITDA	31.2	29.5	25.9
<i>ROE (%)</i>	<i>22.2</i>	<i>21.1</i>	<i>20.5</i>
D/E	0.0	0.0	0.0

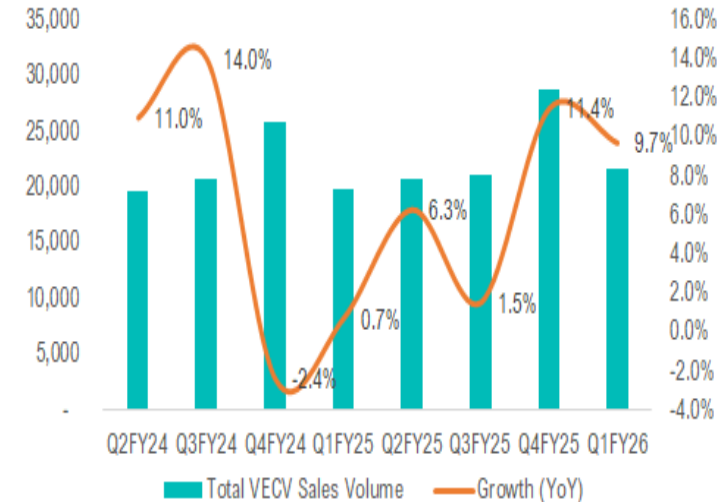
Concall highlights

- Eicher Motors is strengthening its international presence, for its Royal Enfield motorcycles, by establishing a second completely knocked down (CKD) facility in Brazil, aimed at improving product availability in key markets.
- Royal Enfield performed exceptionally well in the SAARC region, especially Nepal and Bangladesh. The newly launched Classic 350, produced exclusively at the CKD facility in Nepal, also garnered a positive response.
- Over the last few quarters, Royal Enfield has seen strong growth in rural markets, with contribution rising from 30% to 50%. This reflects improved market penetration, aided by in-house financing services available across ~575 dealerships.
- VECV reported a revenue of Rs. 5,671cr, marking 11.9% YoY growth. EBITDA margins expanded 140bps YoY to 9.0%, driven by an improved product mix and better operating leverage. However, the PAT declined by 10.0% YoY to Rs. 289cr.
- Overall market share of VECV improved to 18.7%, up from 17.3% last year, supported by sustained leadership in light and medium duty (LMD) truck segment with 34.5% market share. For the bus segment, the market share rose to 21.5%, while that for the heavy duty (HD) truck segment it reached 8.8%.

Revenue



Total VECV Sales Volume



SOTP Valuation

Particulars	Basis	Multiple	% Holding	Value (Rs. cr.)	Value/share (Rs.)
Royal Enfield	FY27E AEPS	33.0x	100%	163,749	5,971
VE Commercial Vehicle	FY27E AEPS	14.0x	54%	10,193	372
Total Value				173,942	6,342

Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change -%	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	20,442	23,056	21,077	23,680	3.1	2.7
EBITDA	5,435	6,246	5,230	5,949	-3.8	-4.8
Margins (%)	26.6	27.1	24.8	25.1	-180bps	-200bps
Adj. PAT	5,200	5,909	5,128	5,684	-1.4	-3.8
EPS	189.7	215.5	187.0	207.3	-1.4	-3.8



Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	14,176	16,234	18,538	21,077	23,680
% change	40.0	14.5	14.2	13.7	12.4
EBITDA	3,444	4,327	4,712	5,230	5,949
% change	58.5	25.7	8.9	11.0	13.8
Depreciation	526	598	729	803	903
EBIT	2,917	3,729	3,983	4,427	5,046
Interest	28	51	54	59	49
Other Income	910	1,524	2,005	2,058	2,126
PBT	3,800	5,202	5,933	6,426	7,123
% change	72.5	36.9	14.1	8.3	10.8
Tax	886	1,201	1,199	1,298	1,439
Tax Rate (%)	23.3	23.1	20.2	20.2	20.2
Reported PAT	2,914	4,001	4,734	5,128	5,684
PAT att. to common shareholders	2,914	4,001	4,734	5,128	5,684
Adj.*	-	-	-	-	-
Adj. PAT	2,914	4,001	4,734	5,128	5,684
% change	73.8	37.3	18.3	8.3	10.8
No. of shares (cr)	27.4	27.4	27.4	27.4	27.4
Adj EPS (Rs.)	106.4	146.1	172.7	187.0	207.3
% change	73.7	37.4	18.2	8.3	10.8
DPS (Rs.)	37.0	51.0	70.0	75.8	84.0

Cashflow

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	3,440	4,599	5,464	5,931	6,587
Non-cash adj.	-435	-1,043	-1,593	-2,284	-2,657
Other adjustments	-	-	-	-	-
Changes in W.C	-183	168	110	144	168
C.F. Operation	2,823	3,724	3,980	3,790	4,098
Capital exp.	-674	-814	-1,028	-1,159	-1,184
Change in inv.	-2,076	-2,357	-1,810	-479	-517
Other invest.CF	333	319	355	-	-
C.F - Investment	-2,416	-2,852	-2,483	-1,638	-1,701
Issue of equity	11	47	87	-	-
Issue/repay debt	157	155	-61	43	55
Dividends paid	-574	-1,013	-1,397	-2,078	-2,303
Other finance.CF	9	-33	-27	-	16
C.F - Finance	-398	-844	-1,399	-2,035	-2,232
Chg. in cash	8	45	121	118	165
Closing Cash	766	146	263	381	545

Balance Sheet

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	766	146	263	381	545
Accts. Receivable	369	374	550	605	661
Inventories	1,278	1,410	1,564	1,802	2,015
Other Cur. Assets	1,270	2,222	4,578	4,674	5,073
Investments	12,101	13,346	13,943	15,920	17,942
Gross Fixed As-sets	4,881	5,695	6,724	7,883	9,067
Net Fixed Assets	2,000	1,950	2,269	2,614	2,883
CWIP	78	212	110	121	133
Intangible Assets	859	1,036	1,269	1,369	1,469
Def. Tax -Net	86	116	90	92	93
Other Assets	391	2,317	2,539	3,114	3,879
Total Assets	19,198	23,128	27,174	30,691	34,694
Current Liabilities	3,077	3,450	4,116	4,480	4,981
Provisions	102	175	195	196	197
Debt Funds	304	435	487	530	586
Other Liabilities	724	1,022	1,080	1,139	1,203
Equity Capital	27	27	27	27	27
Res. & Surplus	14,963	18,018	21,269	24,319	27,700
Shareholder Funds	14,990	18,046	21,296	24,347	27,728
Minority Interest	-	-	-	-	-
Total Liabilities	19,198	23,128	27,174	30,691	34,694
BVPS	547	659	777	888	1,011

Ratio

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	24.3	26.7	25.4	24.8	25.1
EBIT margin (%)	20.6	23.0	21.5	21.0	21.3
Net profit mgn.(%)	20.6	24.6	25.5	24.3	24.0
ROE (%)	19.4	22.2	22.2	21.1	20.5
ROCE (%)	19.1	20.2	18.3	17.8	17.8
W.C & Liquidity					
Receivables (days)	9.5	8.4	10.8	10.5	10.2
Inventory (days)	56.8	57.3	55.4	54.8	54.0
Payables (days)	80.5	84.9	89.7	90.2	91.3
Current ratio (x)	1.1	1.2	1.6	1.6	1.6
Quick ratio (x)	0.4	0.2	0.4	0.4	0.4
Turnover & Leverage					
Gross asset T.O (x)	3.1	3.1	3.0	2.9	2.8
Total asset T.O (x)	0.8	0.8	0.7	0.7	0.7
Int. covge. ratio (x)	104.1	73.3	73.3	75.3	103.5
Adj. debt/equity (x)	0.0	0.0	0.0	0.0	0.0
Valuation					
EV/Sales (x)	5.7	6.8	7.9	7.3	6.5
EV/EBITDA (x)	23.3	25.5	31.2	29.5	25.9
P/E (x)	27.7	27.5	31.0	30.1	27.1
P/BV (x)	5.4	6.1	6.9	6.3	5.6



Recommendation Summary - (last 3 years)



Dates	Rating	Target
10-Nov-21	HOLD	2,910
17-Feb-22	BUY	3,122
16-Aug-22	BUY	3,806
15-Nov-22	BUY	4,109
20-Nov-23	BUY	4,333
14-Aug-24	HOLD	5,229
11-Mar-25	BUY	5,665
18-Aug-25	BUY	6,342

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:

▲ Upgrade

● No Change

▼ Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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