

Retail Equity Research



Eicher Motors Limited

HOLD

Sector: Automobiles

13th January, 2026

| Key Changes | | Target | Rating | Earnings | | Target | Rs. 8,122 |
|-------------|----------------|--------|-----------|----------|------------|--------|-----------|
| Stock Type | Bloomberg Code | Sensex | NSE Code | BSE Code | Time Frame | CMP | Rs. 7,437 |
| Large Cap | EIM:IN | 83,878 | EICHERMOT | 505200 | 12 Months | Return | +9% |

Data as of: 12-Jan-2026, 18:00 hrs

| Company Data | | | |
|-------------------|---------|---------|--------|
| Shareholding (%) | Q4FY25 | Q1FY26 | Q2FY26 |
| Promoters | 49.1 | 49.1 | 49.1 |
| FII's | 25.0 | 25.8 | 27.0 |
| MFs/Institutions | 16.6 | 15.8 | 14.7 |
| Public | 8.0 | 8.1 | 8.0 |
| Others | 1.2 | 1.2 | 1.3 |
| Total | 100.0 | 100.0 | 100.0 |
| Promoter Pledge | Nil | Nil | Nil |
| Price Performance | 3 Month | 6 Month | 1 Year |
| Absolute Return | 8.8% | 31.8% | 45.9% |
| Absolute Sensex | 1.7% | 0.0% | 7.7% |
| Relative Return | 7.1% | 31.7% | 38.3% |

*over or under performance to benchmark index



| Y.E March (cr) | FY25A | FY26E | FY27E |
|-------------------|--------|--------|--------|
| Sales | 18,538 | 22,909 | 26,095 |
| Growth (%) | 14.2 | 23.6 | 13.9 |
| EBITDA | 4,712 | 5,616 | 6,488 |
| EBITDA Margin (%) | 25.4 | 24.5 | 24.9 |
| PAT Adjusted | 4,734 | 5,342 | 6,126 |
| Growth (%) | 18.3 | 12.8 | 14.7 |
| Adjusted EPS | 172.7 | 194.8 | 223.4 |
| Growth (%) | 18.2 | 12.8 | 14.7 |
| P/E | 31.0 | 38.8 | 33.8 |
| P/B | 6.9 | 8.4 | 7.3 |
| EV/EBITDA | 31.2 | 36.9 | 31.9 |
| ROE (%) | 22.2 | 21.7 | 21.5 |
| D/E | 0.0 | 0.0 | 0.0 |

Royal Enfield outperformed; growth priced in

Eicher Motors Limited (EML) manufactures motorcycles and accessories. The company owns the iconic Royal Enfield brand and has a joint venture with AB Volvo – Volvo Eicher Commercial Vehicles (VECV).

- Eicher's Q2FY26 consolidated revenue grew 45.0% YoY to Rs. 6,071cr, supported by record motorcycle sales at Royal Enfield.
- In Q2FY26, Royal Enfield's motorcycle sales rose 43.2% YoY to 326,375 units. In the domestic market, sales rose 42.0% to 292,703 units, driven by improved affordability in the sub-350cc segment after the cut in the goods and services tax (GST). International sales surged 55.1% YoY to 33,672 units.
- Eicher trucks and buses recorded a 5.8% YoY increase in sales to 21,216 units. VECV's sales grew 5.4% YoY to 21,901 units, primarily fuelled by a 61.3% YoY surge in exports to 1,823 units.
- EBITDA jumped 39.0% to Rs. 1,512cr, but the margin contracted 110bps to 24.9% due to elevated operating costs and higher marketing expenditures.
- Consolidated profit after tax (PAT) grew 24.5% YoY to Rs. 1,369cr, driven by strong operating performance across Royal Enfield and VECV.

Outlook & Valuation

Eicher Motor's financial performance continues to demonstrate steady operational momentum across its key segments, providing a solid base for H2FY26. Royal Enfield is expected to sustain its growth trajectory as the company strengthens its franchise through launches, platform upgrades and global market expansion. VECV's healthy performance, marked by its record sales volume in the second quarter, reinforces confidence that the commercial vehicles segment will add to growth. The company's focus on enhancing product capability through new models and alternative fuel technologies are also likely to support growth. However, considering that the current price has factored in the growth, we downgrade our rating on the stock to HOLD with a revised target price of Rs. 8,122 based on the sum-of-the-parts (SOTP) valuation.

Quarterly Financials Consolidated

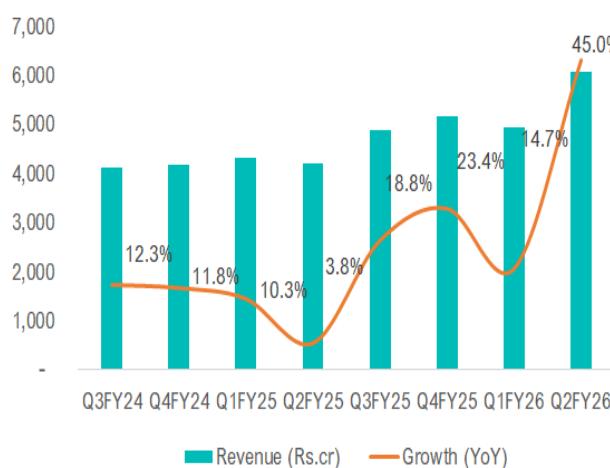
| Rs.cr | Q2FY26 | Q2FY25 | YoY (%) | Q1FY26 | QoQ (%) | H1FY26 | H1FY25 | YoY (%) |
|---------------|--------|--------|---------|--------|---------|--------|--------|---------|
| Sales | 6,071 | 4,186 | 45.0 | 4,946 | 22.8 | 11,017 | 8,500 | 29.6 |
| EBITDA | 1,512 | 1,088 | 39.0 | 1,203 | 25.7 | 2,715 | 2,253 | 20.5 |
| Margin (%) | 24.9 | 26.0 | -110bps | 24.3 | 60bps | 24.6 | 26.5 | 190bps |
| EBIT | 1,312 | 908 | 44.6 | 1,005 | 30.6 | 2,317 | 1,904 | 21.7 |
| PBT | 1,779 | 1,362 | 30.6 | 1,593 | 11.7 | 3,372 | 2,803 | 20.3 |
| Rep. PAT | 1,369 | 1,100 | 24.5 | 1,205 | 13.6 | 2,575 | 2,202 | 16.9 |
| Adj PAT | 1,369 | 1,100 | 24.5 | 1,205 | 13.6 | 2,575 | 2,202 | 16.9 |
| Adj. EPS (Rs) | 49.9 | 40.1 | 24.6 | 43.9 | 13.6 | 93.7 | 80.2 | 16.9 |



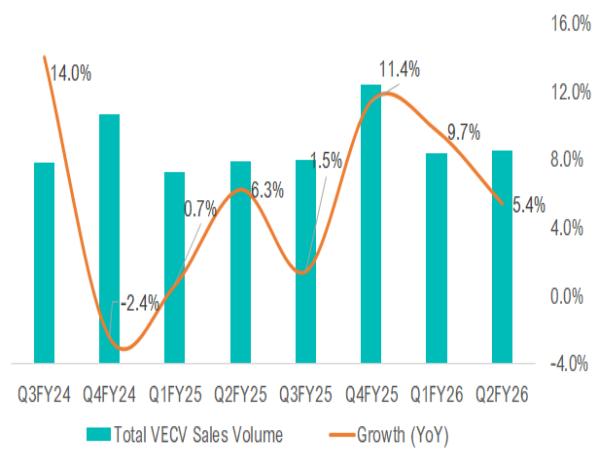
Key concall highlights

- Royal Enfield reported sales of more than 249,000 motorcycles during the festive season of September and October, 26% higher YoY.
- During Q2FY26, Royal Enfield unveiled an updated Meteor 350 and also introduced two new additions to its line-up: The Graphite Gray Hunter 350 and the Shadow Ash Guerrilla 450.
- In the quarter, Flying Flea, the city+ mobility brand endorsed by Royal Enfield, won the Red Dot Award 2025 in the Design Concept category for the Flying Flea C6.
- Light and medium duty trucks recorded sales of 10,096 units, and recorded a market share of 34.8% in this segment. Deliveries in this category grew 7.5% to 18,706 units in H1FY26, up from 17,407 units in H1FY25.
- Eicher's tractor and bus exports rose 61.3% YoY to 1,823 units in Q2FY26 despite challenges posed by political unrest in Southeast Asian markets.
- The company expanded its manufacturing capacity to 1.3-1.35 million motorcycles from 1.2 million, and has also started setting up additional module capacity at its Cheyyar unit, which is expected to become operational in Q1FY27.

Revenue



Total VECV Sales Volume



SOTP Valuation

| Particulars | Basis | Multiple | % Holding | Value (Rs. cr.) | Value/share (Rs.) |
|-----------------------|------------|----------|-----------|-----------------|-------------------|
| Royal Enfield | FY27E AEPS | 38.0x | 100% | 210,725 | 7,684 |
| VE Commercial Vehicle | FY27E AEPS | 16.5x | 54% | 12,013 | 438 |
| Total Value | | | | 222,738 | 8,122 |

Change in Estimates

| Year / Rs cr | Old estimates | | New estimates | | Change (%) | |
|--------------|---------------|--------|---------------|--------|------------|--------|
| | FY26E | FY27E | FY26E | FY27E | FY26E | FY27E |
| Revenue | 21,077 | 23,680 | 22,909 | 26,637 | 8.7 | 12.5 |
| EBITDA | 5,230 | 5,949 | 5,616 | 6,613 | 7.4 | 11.2 |
| Margins (%) | 24.8 | 25.1 | 24.5 | 24.8 | -30bps | -30bps |
| Adj. PAT | 5,128 | 5,684 | 5,378 | 6,273 | 4.9 | 10.4 |
| EPS | 187.0 | 207.3 | 196.1 | 228.7 | 4.8 | 10.3 |

Consolidated Financials

Profit & Loss

| Y.E March (Rs. Cr) | FY23A | FY24A | FY25A | FY26E | FY27E |
|--|---------------|---------------|---------------|---------------|---------------|
| Sales | 14,176 | 16,234 | 18,538 | 22,909 | 26,637 |
| % change | 40.0 | 14.5 | 14.2 | 23.6 | 16.3 |
| EBITDA | 3,444 | 4,327 | 4,712 | 5,616 | 6,613 |
| % change | 58.5 | 25.7 | 8.9 | 19.2 | 17.7 |
| Depreciation | 526 | 598 | 729 | 766 | 818 |
| EBIT | 2,917 | 3,729 | 3,983 | 4,850 | 5,796 |
| Interest | 28 | 51 | 54 | 53 | 68 |
| Other Income | 910 | 1,524 | 2,005 | 2,325 | 2,581 |
| PBT | 3,800 | 5,202 | 5,933 | 7,123 | 8,309 |
| % change | 72.5 | 36.9 | 14.1 | 20.1 | 16.7 |
| Tax | 886 | 1,201 | 1,199 | 1,745 | 2,036 |
| Tax Rate (%) | 23.3 | 23.1 | 20.2 | 24.5 | 24.5 |
| Reported PAT | 2,914 | 4,001 | 4,734 | 5,378 | 6,273 |
| PAT att. to common shareholders | 2,914 | 4,001 | 4,734 | 5,378 | 6,273 |
| Adj.* | - | - | - | - | - |
| Adj. PAT | 2,914 | 4,001 | 4,734 | 5,378 | 6,273 |
| % change | 73.8 | 37.3 | 18.3 | 13.6 | 16.7 |
| No. of shares (cr) | 27.4 | 27.4 | 27.4 | 27.4 | 27.4 |
| Adj EPS (Rs.) | 106.4 | 146.1 | 172.7 | 196.1 | 228.7 |
| % change | 73.7 | 37.4 | 18.2 | 13.5 | 16.7 |
| DPS (Rs.) | 37.0 | 51.0 | 70.0 | 74.8 | 85.3 |

Balance Sheet

| Y.E March (Rs. Cr) | FY23A | FY24A | FY25A | FY26E | FY27E |
|---------------------------|---------------|---------------|---------------|---------------|---------------|
| Cash | 766 | 146 | 263 | 561 | 601 |
| Accts. Receivable | 369 | 374 | 550 | 415 | 477 |
| Inventories | 1,278 | 1,410 | 1,564 | 1,850 | 2,132 |
| Other Cur. Assets | 1,270 | 2,222 | 4,578 | 4,958 | 5,859 |
| Investments | 12,101 | 13,346 | 13,943 | 15,920 | 17,942 |
| Gross Fixed Assets | 4,881 | 5,695 | 6,724 | 7,984 | 9,315 |
| Net Fixed Assets | 2,000 | 1,950 | 2,269 | 2,752 | 3,254 |
| CWIP | 78 | 212 | 110 | 121 | 133 |
| Intangible Assets | 859 | 1,036 | 1,269 | 1,499 | 1,599 |
| 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 | 31,281 | 35,969 |
| Current Liabilities | 3,077 | 3,450 | 4,116 | 4,823 | 5,527 |
| Provisions | 102 | 175 | 195 | 225 | 226 |
| Debt Funds | 304 | 435 | 487 | 472 | 457 |
| 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 | 24,595 | 28,529 |
| Shareholder Funds | 14,990 | 18,046 | 21,296 | 24,623 | 28,556 |
| Minority Interest | - | - | - | - | - |
| Total Liabilities | 19,198 | 23,128 | 27,174 | 31,281 | 35,969 |
| BVPS | 547 | 659 | 777 | 898 | 1,041 |

Cashflow

| Y.E March (Rs. Cr) | FY23A | FY24A | FY25A | FY26E | FY27E |
|-------------------------|---------------|---------------|---------------|---------------|---------------|
| Net inc. + Depn. | 3,440 | 4,599 | 5,464 | 6,144 | 7,091 |
| Non-cash adj. | -435 | -1,043 | -1,593 | -2,602 | -3,096 |
| Other adjustments | - | - | - | - | - |
| Changes in W.C | -183 | 168 | 110 | 556 | 251 |
| C.F. Operation | 2,823 | 3,724 | 3,980 | 4,098 | 4,246 |
| Capital exp. | -674 | -814 | -1,028 | -1,260 | -1,332 |
| 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 | -1,739 | -1,849 |
| Issue of equity | 11 | 47 | 87 | - | - |
| Issue/repay debt | 157 | 155 | -61 | -16 | -14 |
| Dividends paid | -574 | -1,013 | -1,397 | -2,052 | -2,240 |
| Other finance.CF | 9 | -33 | -27 | 6 | -3 |
| C.F - Finance | -398 | -844 | -1,399 | -2,062 | -2,358 |
| Chg. in cash | 8 | 45 | 121 | 298 | 40 |
| Closing Cash | 766 | 146 | 263 | 561 | 601 |

Ratio

| Y.E March | FY23A | FY24A | FY25A | FY26E | FY27E |
|--------------------------------|-------|-------|-------|-------|-------|
| Profitab. & Return | | | | | |
| EBITDA margin (%) | 24.3 | 26.7 | 25.4 | 24.5 | 24.8 |
| EBIT margin (%) | 20.6 | 23.0 | 21.5 | 21.2 | 21.8 |
| Net profit mgn.(%) | 20.6 | 24.6 | 25.5 | 23.5 | 23.6 |
| ROE (%) | 19.4 | 22.2 | 22.2 | 21.8 | 22.0 |
| ROCE (%) | 19.1 | 20.2 | 18.3 | 19.3 | 20.0 |
| W.C & Liquidity | | | | | |
| Receivables (days) | 9.5 | 8.4 | 10.8 | 6.6 | 6.5 |
| Inventory (days) | 56.8 | 57.3 | 55.4 | 51.1 | 50.6 |
| Payables (days) | 80.5 | 84.9 | 89.7 | 89.4 | 90.9 |
| 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 | 3.1 | 3.1 |
| Total asset T.O (x) | 0.8 | 0.8 | 0.7 | 0.8 | 0.8 |
| Int. covge. ratio (x) | 104.1 | 73.3 | 73.3 | 91.5 | 85.7 |
| Adj. debt/equity (x) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Valuation | | | | | |
| EV/Sales (x) | 5.7 | 6.8 | 7.9 | 9.0 | 7.7 |
| EV/EBITDA (x) | 23.3 | 25.5 | 31.2 | 36.6 | 31.1 |
| P/E (x) | 27.7 | 27.5 | 31.0 | 38.3 | 32.8 |
| P/BV (x) | 5.4 | 6.1 | 6.9 | 8.4 | 7.2 |

Recommendation Summary - (Last 3 years)



| Dates | Rating | Target |
|-----------|--------|--------|
| 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 |
| 13-Jan-25 | HOLD | 8,122 |

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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