




# Retail Equity Research

# Eicher Motors Limited

Sector: Automobiles

13<sup>th</sup> January, 2026

# HOLD

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

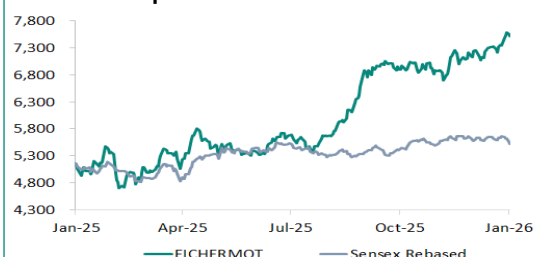
Data as of: 12-Jan-2026, 18:00 hrs

Company Data	
Market Cap (Rs.cr)	204,170
52 Week High — Low (Rs.)	7,610 - 4,644
Enterprise Value (Rs. cr)	205,762
Outstanding Shares (cr)	27.4
Free Float (%)	50.0
Dividend Yield (%)	0.9
6m average volume (cr)	0.1
Beta	1.0
Face value (Rs. )	1.0

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
<i>Growth (%)</i>	<i>14.2</i>	<i>23.6</i>	<i>13.9</i>
EBITDA	4,712	5,616	6,488
<i>EBITDA Margin (%)</i>	<i>25.4</i>	<i>24.5</i>	<i>24.9</i>
PAT Adjusted	4,734	5,342	6,126
<i>Growth (%)</i>	<i>18.3</i>	<i>12.8</i>	<i>14.7</i>
Adjusted EPS	172.7	194.8	223.4
<i>Growth (%)</i>	<i>18.2</i>	<i>12.8</i>	<i>14.7</i>
P/E	31.0	38.8	33.8
P/B	6.9	8.4	7.3
EV/EBITDA	31.2	36.9	31.9
<i>ROE (%)</i>	<i>22.2</i>	<i>21.7</i>	<i>21.5</i>
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, market 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.**

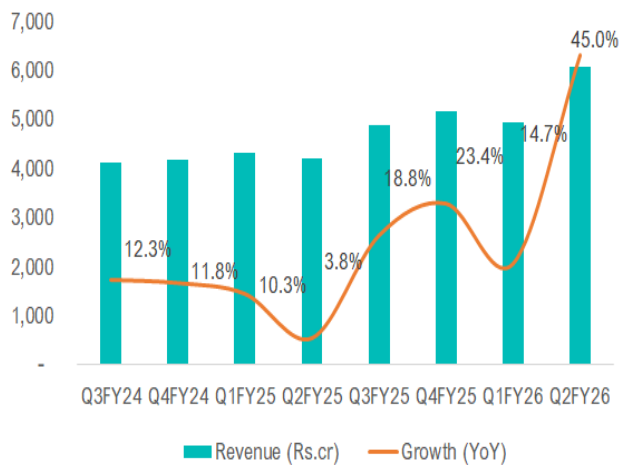
## Quarterly Financials Consolidated

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

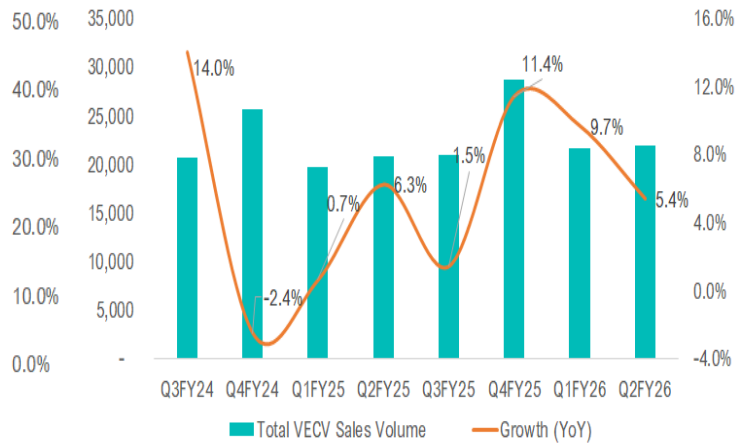
## Key concall highlights

- 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
<b>Total Value</b>				<b>222,738</b>	<b>8,122</b>

## 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
<b>Sales</b>	<b>14,176</b>	<b>16,234</b>	<b>18,538</b>	<b>22,909</b>	<b>26,637</b>
% change	40.0	14.5	14.2	23.6	16.3
<b>EBITDA</b>	<b>3,444</b>	<b>4,327</b>	<b>4,712</b>	<b>5,616</b>	<b>6,613</b>
% change	58.5	25.7	8.9	19.2	17.7
Depreciation	526	598	729	766	818
<b>EBIT</b>	<b>2,917</b>	<b>3,729</b>	<b>3,983</b>	<b>4,850</b>	<b>5,796</b>
Interest	28	51	54	53	68
Other Income	910	1,524	2,005	2,325	2,581
<b>PBT</b>	<b>3,800</b>	<b>5,202</b>	<b>5,933</b>	<b>7,123</b>	<b>8,309</b>
% 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
<b>Reported PAT</b>	<b>2,914</b>	<b>4,001</b>	<b>4,734</b>	<b>5,378</b>	<b>6,273</b>
<b>PAT att. to common shareholders</b>	<b>2,914</b>	<b>4,001</b>	<b>4,734</b>	<b>5,378</b>	<b>6,273</b>
Adj.*	-	-	-	-	-
<b>Adj. PAT</b>	<b>2,914</b>	<b>4,001</b>	<b>4,734</b>	<b>5,378</b>	<b>6,273</b>
% 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
<b>Adj EPS (Rs.)</b>	<b>106.4</b>	<b>146.1</b>	<b>172.7</b>	<b>196.1</b>	<b>228.7</b>
% change	73.7	37.4	18.2	13.5	16.7
DPS (Rs.)	37.0	51.0	70.0	74.8	85.3

### Cashflow

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Net inc. + Depn.</b>	<b>3,440</b>	<b>4,599</b>	<b>5,464</b>	<b>6,144</b>	<b>7,091</b>
Non-cash adj.	-435	-1,043	-1,593	-2,602	-3,096
Other adjustments	-	-	-	-	-
Changes in W.C	-183	168	110	556	251
<b>C.F. Operation</b>	<b>2,823</b>	<b>3,724</b>	<b>3,980</b>	<b>4,098</b>	<b>4,246</b>
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	-	-
<b>C.F - Investment</b>	<b>-2,416</b>	<b>-2,852</b>	<b>-2,483</b>	<b>-1,739</b>	<b>-1,849</b>
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
<b>C.F - Finance</b>	<b>-398</b>	<b>-844</b>	<b>-1,399</b>	<b>-2,062</b>	<b>-2,358</b>
Chg. in cash	8	45	121	298	40
<b>Closing Cash</b>	<b>766</b>	<b>146</b>	<b>263</b>	<b>561</b>	<b>601</b>

### Balance Sheet

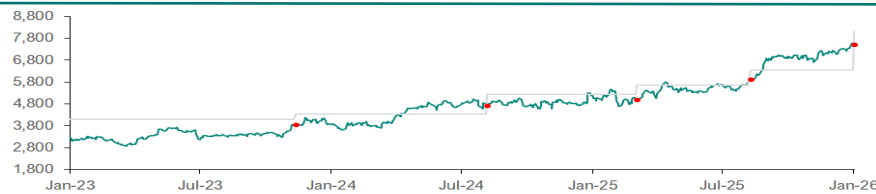
Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	766	146	263	561	601
Accts. Receivable	369	374	550	415	477
Inventories	1,278	1,410	1,564	1,850	2,132
Other Cur. Assets	1,270	2,222	4,578	4,958	5,859
Investments	12,101	13,346	13,943	15,920	17,942
<b>Gross Fixed As-sets</b>	<b>4,881</b>	<b>5,695</b>	<b>6,724</b>	<b>7,984</b>	<b>9,315</b>
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
<b>Total Assets</b>	<b>19,198</b>	<b>23,128</b>	<b>27,174</b>	<b>31,281</b>	<b>35,969</b>
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
<b>Shareholder Funds</b>	<b>14,990</b>	<b>18,046</b>	<b>21,296</b>	<b>24,623</b>	<b>28,556</b>
Minority Interest	-	-	-	-	-
<b>Total Liabilities</b>	<b>19,198</b>	<b>23,128</b>	<b>27,174</b>	<b>31,281</b>	<b>35,969</b>
BVPS	547	659	777	898	1,041

### Ratio

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Profitab. &amp; Return</b>					
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
<b>W.C &amp; Liquidity</b>					
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
<b>Turnover &amp; Leverage</b>					
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
<b>Valuation</b>					
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

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

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