

# Result Update

Q1 FY26

**Eicher Motors Ltd.**

Institutional  
Research

# Eicher Motors Ltd.



BP WEALTH

2W OEM | Q1FY26 Result Update

01st August 2025

## Topline performance remains steady; Margins under pressure

The company reported its highest first-quarter revenue ever at Rs. 50,418 million (down 3.8% QoQ / up 14.8% YoY), beating market estimates of Rs. 4,9600 million. The YoY growth was driven by healthy domestic demand and robust exports. EBITDA for the quarter stood at Rs. 12,028 million (down 4.4% QoQ / up 3.2% YoY), outperforming street estimates of Rs. 11990 million. EBITDA margin stood at 23.9% (down 14 bps QoQ / down 267 bps YoY). Contraction in margins were driven by increased marketing and raw material costs. Revenue from VECV (not consolidated in EML topline) stood at Rs. 5,671 crore, up 11.9% YoY, and EBITDA grew 32.6% YoY to Rs. 511 crore. The strong performance is linked to better volumes, pricing and cost discipline. Net profit for the quarter stood at Rs. 12,052 million (down 11.5% QoQ / up 9.4% YoY), yet again beating market estimates. PAT margin stood at 23.9% (down 209 bps QoQ / down 117 bps YoY). PAT performance was supported by higher non-operating income during the quarter. Royal Enfield volumes stood at 261,326 units, up 14.7% YoY, driven by strong demand momentum across domestic and international markets. RE retained leadership in India's mid-size motorcycle segment with a ~87.3% market share as of June 2025. VECV volumes came in at 21,610 units, growing 9.7% YoY despite a flat industry backdrop. Market share improved to 18.7% (vs. 17.3% YoY), with 34.5% LMD share and 21.5% share in buses.

## Valuation and Outlook

Eicher Motors delivered a resilient performance during the quarter, beating street estimates on all fronts, supported by continued growth in volumes across both Royal Enfield and VECV. While rising input and marketing costs weighed on margins, steady demand, improved product mix, and a strong brand pull helped maintain operating strength on a sequential basis. Royal Enfield's sustained leadership in the mid-size motorcycle segment was further reinforced by its refreshed product portfolio and strong retail engagement, while new launches are seeing encouraging traction. The company's focused efforts to expand internationally, via new CKD operations, product localization, and immersive brand-building are expected to deepen its footprint in markets like SAARC, Latin America, and South-east Asia. On the commercial vehicle side, VECV continues to benefit from its diversified portfolio and sharp execution, gaining share across LMD trucks and buses despite industry cyclicality. As we move forward, near-term margin pressures may persist due to input cost volatility and competitive intensity, Eicher Motors is structurally well-positioned to navigate these challenges. The company stands to be a key beneficiary of the accelerating premiumisation trend in the two-wheeler space. Coupled with cost discipline, a strong pipeline, and planned EV investments, Eicher remains on a solid footing to deliver outsized gains over the medium term.

## Key Highlights

Particulars (Rs. Mn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
Net Sales	50,418	43,931	14.8%	52,411	-3.8%
Gross profit	22,292	20,369	9.4%	23,143	-3.7%
Gross margin (%)	44.2%	46.4%	-215 bps	44.2%	6 bps
EBITDA	12,028	11,654	3.2%	12,577	-4.4%
OPM (%)	23.9%	26.5%	-267 bps	24.0%	-14 bps
Rep. PAT	12,052	11,015	9.4%	13,622	-11.5%
PAT Margin	23.9%	25.1%	-117 bps	26.0%	-209 bps

Source: Company, BP Equities Research

## Sector Outlook

Neutral

## Stock

CMP (Rs.)	5,539
BSE code	505200
NSE Symbol	EICHERMOT
Bloomberg	EIM IN
Reuters	EICH.NS

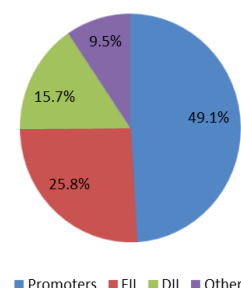
## Key Data

Nifty	24,768
52 Week H/L (Rs.)	5,907/4,509
O/s Shares (Mn)	40.5
Market Cap (Rs. bn)	1,516
Face Value (Rs.)	10

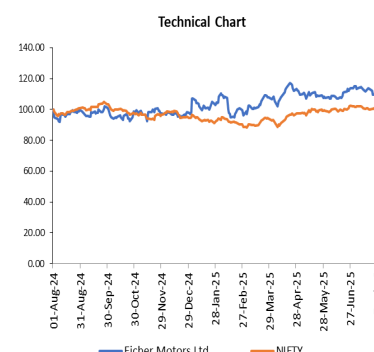
## Average Volume

3 months	475,610
6 months	494,700
1 year	527,530

## Share Holding Pattern (%)



## Relative Price Chart



## Research Analyst

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## Key Concall Highlights

### Margin Update

In Q1, commodity costs had a negative impact of about 50 basis points on margins, though this was partially offset by value engineering benefits of 20 basis points, resulting in a net impact of 30 basis points

The company is facing some commodity cost headwinds, particularly in steel and aluminum, but is managing this through various interventions including some price increases.

The company implemented price increases in April and again in July to partially offset inflationary pressures. However, management emphasized that the core strategy remains focused on value addition rather than full cost pass-through. The intent is to maintain an accessible price point for customers to support volume growth and market expansion.

*"New launches and refreshed looks are likely to position the company well for festivity"*

### Business Update

The company reiterated that its total installed capacity stands at ~1.2 million units across its Oragadam and Vallam plants, which cater to global motorcycle production. Current utilization is at ~90%. Management highlighted that ongoing CapEx is aimed at bridging capacity gaps and supporting new product development, rather than undertaking large-scale capacity additions. The company has adopted a modular capacity enhancement approach, which allows for scalable and efficient expansion without significant upfront investment.

*"Three variants and four colorways of Classic 650 expected to support volume growth over time. "*

### Product Launches

The refreshed Hunter 350, launched on April 27th has received encouraging initial market reaction, with monthly volumes now tracking at ~17,000–17,500 units, showing improved traction, especially for the new color variants. Management aims to further build the brand through continued marketing and community-building under the HunterHood platform.

The recently launched Classic 650 has received strong initial market acceptance in India and international markets, particularly in the UK and Europe.

### International Markets

**Brazil:** Identified as a high-potential two-wheeler market. The company currently operates through two CKD assemblers and is evaluating greater control over operations. Efforts are underway to enhance product accessibility through local financing tie-ups. Retail expansion and brand-building initiatives (e.g., rider events) are gaining traction, with strong consumer response noted.

**Europe:** Own distribution network is now in place. Backend operations, including floor funding, are being streamlined to support growth. While UK growth remains muted due to pre-registered inventory, the broader European market is showing positive momentum.

#### Asia-Pacific:

Australia continues to perform well.

Thailand faces near-term pressure.

Indonesia is showing good traction.

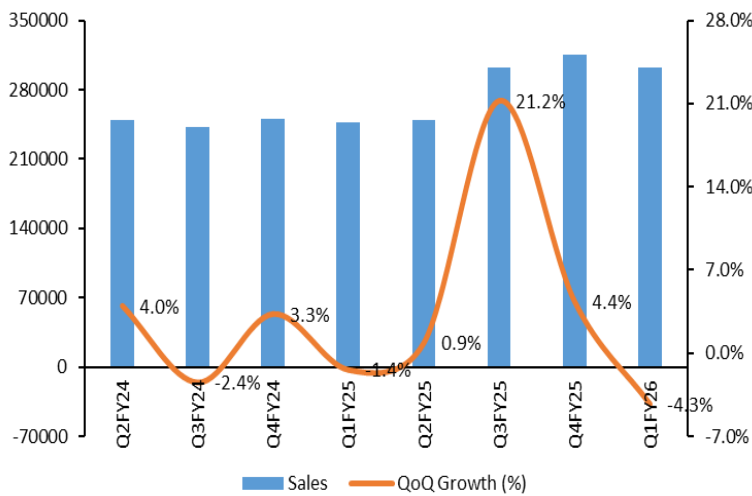
**SAARC:** Strong performance in Bangladesh and Nepal, with both CKD facilities fully operational and product acceptance remaining high.

### Rare Earth Metal Impact

Management highlighted a temporary production disruption in Q1FY26 due to a shortage of rare earth materials used in performance platform components such as gear sensors and alternators. The company had anticipated the risk and began working on alternative materials 3–4 months ago. As a result, production has now resumed with minimal import-related challenges using the new materials. The situation is now fully stabilized.

## Quarterly Snapshot

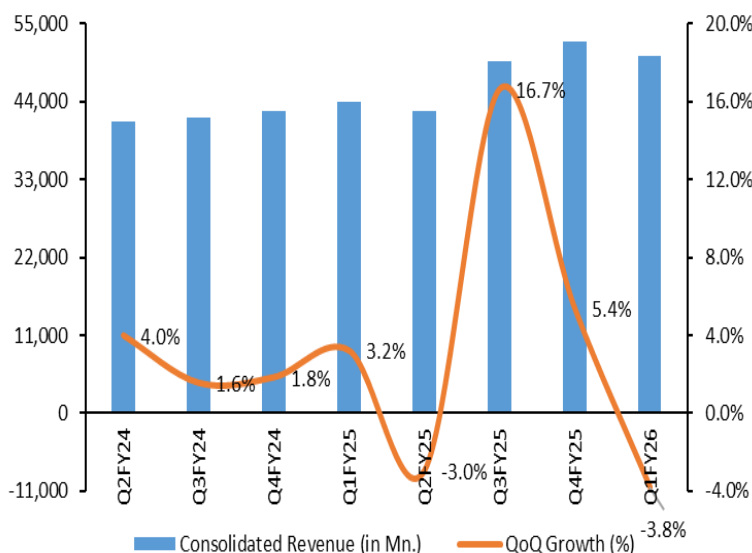
Volume Trend (RE)



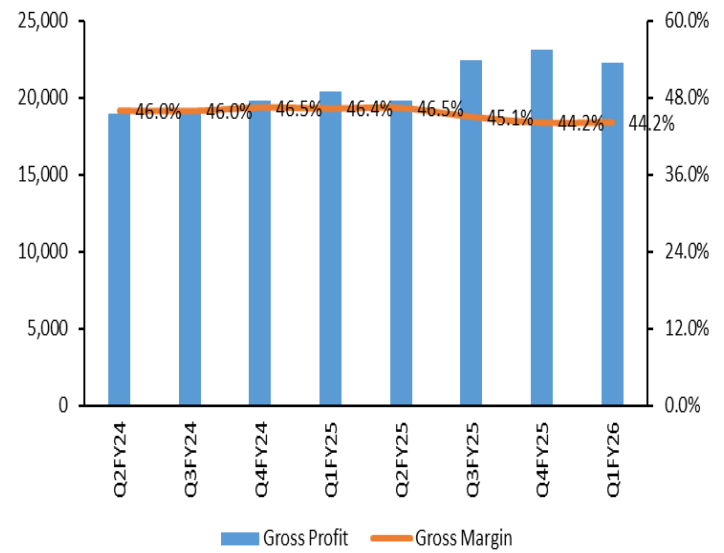
Volume Trend (VECV)



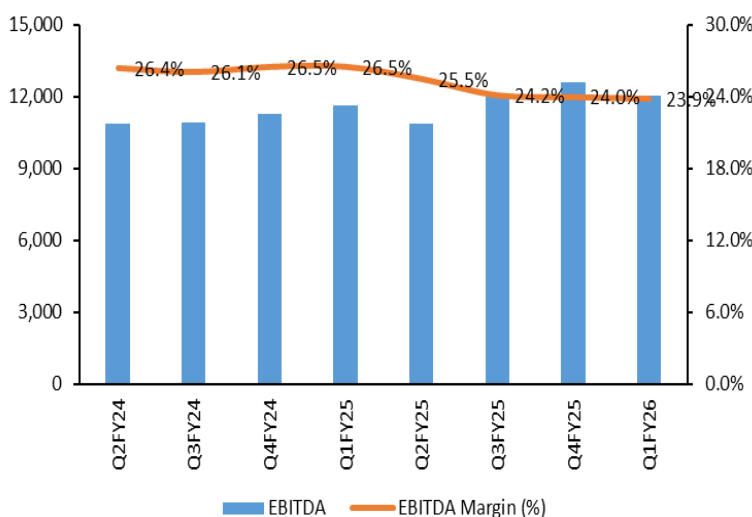
Steadying revenue trajectory



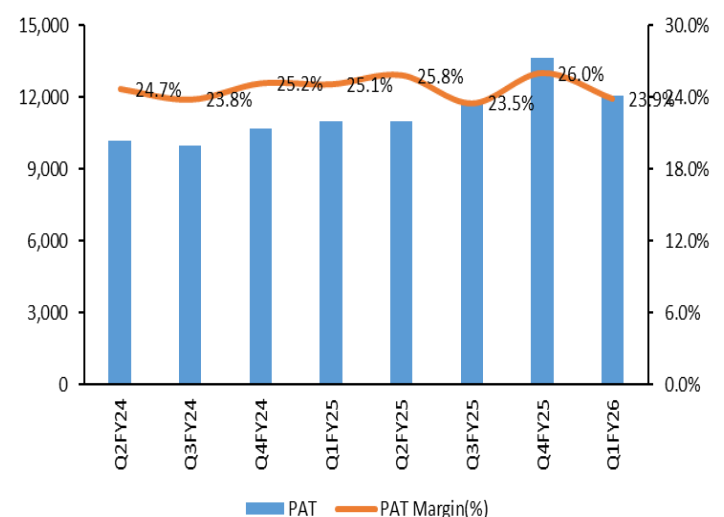
Rising RM continues to impact gross margin



Increasing expenses drag profitability



PAT &amp; PAT Margin (%)



Source: Company, BP Equities

Key Financials						
YE March (Rs. mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Revenue	1,02,978	1,44,422	1,65,358	1,88,704	2,13,707	2,44,694
Revenue Growth (Y-o-Y)	18.09%	40.25%	14.50%	14.12%	13.25%	14.50%
EBITDA	21,723	34,436	43,269	47,120	54,709	64,844
EBITDA Growth (Y-o-Y)	21.95%	58.52%	25.65%	8.90%	16.10%	18.53%
Net Profit	16,766	29,139	40,010	47,344	55,350	65,333
Net Profit Growth (Y-o-Y)	24.48%	73.80%	37.31%	18.33%	16.91%	18.04%
Diluted EPS	61.3	106.4	145.9	173.0	202.2	238.7
Profitability Ratios						
EBIDTA (%)	21.1%	23.8%	26.2%	25.0%	25.6%	26.5%
NPM (%)	16.3%	20.2%	24.2%	25.1%	25.9%	26.7%
ROE (%)	13.3%	19.4%	22.2%	22.2%	22.5%	22.9%
ROCE (%)	13.5%	19.1%	20.2%	18.3%	18.2%	18.1%
Valuation Ratios						
P/E (x)	91.2x	52.5x	38.3x	32.3x	27.6x	23.4x
EV/EBITDA (x)	69.3x	44.3x	35.4x	32.5x	28.0x	23.6x
Market Cap/Sales (x)	14.9x	10.6x	9.2x	8.1x	7.2x	6.3x

Source: Company, BP Equities

## Disclaimer Appendix

**Analyst (s) holding in the Stock : Nil****Analyst (s) Certification:**

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