

Result Update

Q2 FY26

Eicher Motors Ltd.

Institutional
Research

Eicher Motors Ltd.



BP WEALTH

Two/Three Wheelers| Q2FY26 Result Update

14th November 2025

Mixed bag of performance; Margins key monitorable ahead

The company reported its strongest quarterly revenue ever at Rs. 6,172 crores (up 22.4% QoQ / up 44.8% YoY), beating market estimates of Rs. 6,082 crores. The YoY growth was driven by robust growth in domestic and international markets. EBITDA for the quarter stood at Rs. 1,512 crores (up 25.7% QoQ / up 39.0% YoY), largely in line with street estimates. EBITDA margin stood at 24.5% (up 64 bps QoQ / down 102 bps YoY). While material costs stood to be largely stable, a steep drawdown in inventories drove the annual contraction in margin. Revenue from VECV (not consolidated in EML topline) stood at Rs. 6,106 crore, up 10.3% YoY, and EBITDA grew 8.0% YoY to Rs. 479 crore, translating to an EBITDA margin of 7.8%. Net profit for the quarter stood at Rs. 1,369 crores (up 13.6% QoQ / up 24.5% YoY), trailing against market estimates of Rs. 1,422 crores. PAT margin stood at 22.2% (down 171 bps QoQ / down 362 bps YoY). Royal Enfield volumes stood at 3.3 lakh units, up 45% YoY, driven by strong demand momentum across domestic and international markets. VECV volumes came in at 21,901 units, growing 5.4% YoY, with demand being muted on a sequential basis.

Valuation and Outlook

Eicher Motors delivered a mixed performance in Q2FY26. While revenue growth remained strong on the back of robust Royal Enfield volumes and stable VECV demand, profitability fell short of expectations. Gross margin contracted YoY and both EBITDA and PAT came in below Street estimates, reflecting continued mix pressures, elevated input costs, and higher marketing spends linked to new product activations and network expansion. Sequential margin improvement was modest and not enough to offset the broader pressure, keeping the near-term margin outlook weak. That said, the demand environment appears constructive heading into H2. Management commentary highlights healthy festive season trends and improving retail momentum, which, combined with GST-led benefits for the industry, could provide a near-term uplift to volumes. However, until commodity trends stabilise and value-engineering initiatives start meaningfully contributing, margin recovery is likely to remain gradual. Overall, the quarter underscores a strong top line but softer-than-expected profitability, making it a mixed set of numbers. While underlying demand drivers should support H2 performance, we retain a cautious stance in the near term given the limited visibility on margin improvement.

Sector Outlook

Neutral

Stock

CMP (Rs.)	6,700
BSE code	505200
NSE Symbol	EICHERMOT
Bloomberg	EIM IN
Reuters	EICH.NS

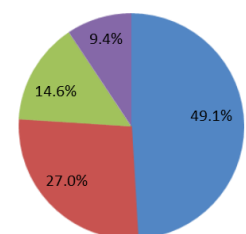
Key Data

Nifty	25,910
52 Week H/L (Rs.)	7,123 / 4,536
O/s Shares (Cr)	27.4
Market Cap (Rs. Cr)	1,83,566
Face Value (Rs.)	1

Average Volume

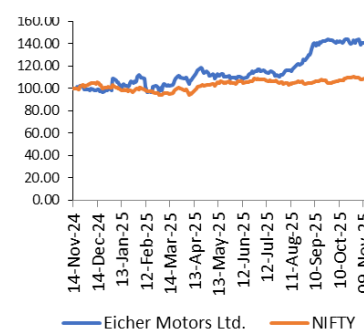
3 months	534,390
6 months	502,970
1 year	506,160

Share Holding Pattern (%)



Promoters FII DII Others

Relative Price Chart



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Key Highlights

Particulars (Rs. Cr.)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)
Net Sales	6,172	4,263	44.8%	5,042	22.4%
Gross profit	2,697	1,981	36.2%	2,229	21.0%
Gross margin (%)	43.7%	46.5%	-276 bps	44.2%	-52 bps
EBITDA	1,512	1,088	39.0%	1,203	25.7%
OPM (%)	24.5%	25.5%	-102 bps	23.9%	64 bps
Adj. PAT	1,369	1,100	24.5%	1,205	13.6%
PAT Margin	22.2%	25.8%	-362 bps	23.9%	-171 bps

Source: Company, BP Equities Research

Key Concall Highlights

Royal Enfield

Demand & Festive Season

The festive period was exceptionally strong, with record bookings and retail up ~50% YoY.

Rural markets outperformed urban regions, and the southern region, which had been soft earlier, saw a notable pickup in demand during the quarter.

“Enquiry-to-booking conversion improved sharply from ~20-21% to ~29-30%.”

GST Impact

Strong uplift across Classic, Meteor, Hunter, and Bullet, each registering a strong double-digit sales increase.

The 450cc and 650cc line-up benefited from a pre-GST-change buying rush but has seen a more gradual recovery post-implementation. Management has also appealed for GST reductions in the sub-350cc segment to drive broader volume expansion.

Volume and Market Share

RE sold 3.27 lakh units in Q2FY26, up from 2.25 lakh YoY.

International business continued to recover, with H1FY26 export volumes rising 49% YoY.

Brazil, Nepal and Bangladesh delivered strong growth, Latin American markets continued to firm up, and Europe showed steady recovery, although APAC markets remained slow.

Subsidiaries saw improving profitability as CKD operations scaled and product mix normalised.

“GST reduction on sub-350cc motorcycles significantly boosted enquiries and conversions.”

Profitability & Cost Structure

Margin pressures driven by unfavourable mix shift toward 350cc, commodity cost inflation (precious metals, aluminium) and higher marketing activations.

Value engineering and pricing actions partly offset costs (~50 bps of benefit), but inflation remains a net headwind.

Management reiterated that margins may remain volatile in the near term as the company maintains its focus on scale-driven absolute profit.

Capacity & Production

Current motorcycle capacity expanded to 1.3-1.35 million units from 1.2 million units through debottlenecking.

New capacity module kick-started, to come online from Q1FY27 next year to meet the rising demand for 350cc.

“The company maintained its 84% share in the mid-size motorcycle segment.”

VECV

Volumes & Profitability

VECV delivered its best-ever second quarter, supported by strong traction in light and medium-duty trucks, buses and exports.

Heavy-duty truck volumes remained subdued due to extended monsoons, higher fleet productivity reducing replacement cycles, and greater freight movement via dedicated rail corridors.

Despite this, VECV improved its EBITDA and PAT margins through a better mix and operational efficiency, and remains optimistic about H2FY26 performance.

Outlook

Management expects better H2FY26, driven by an uptick in infrastructure spending, a GST-led consumption revival, improved replacement demand, and seasonal bias (H2FY26 ~55% of annual industry volumes).

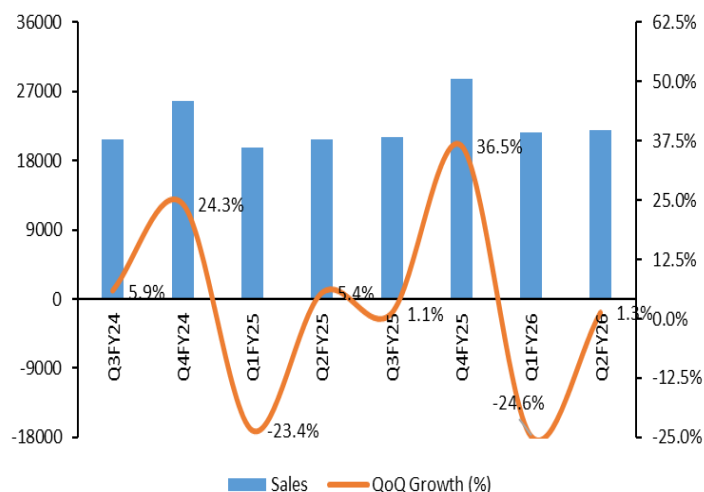
EV, CNG, and LNG product roadmaps are expanding; long-haul EV pickup is limited by charging infrastructure and financing constraints.

Quarterly Snapshot

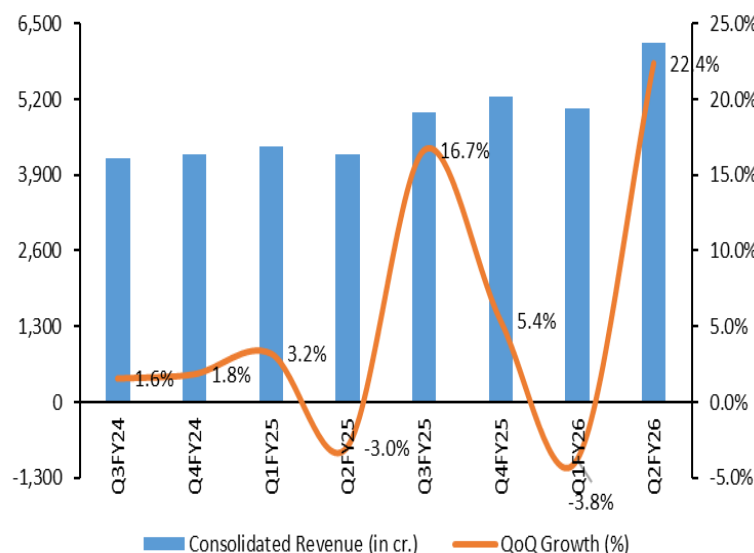
Volume Trend (RE)



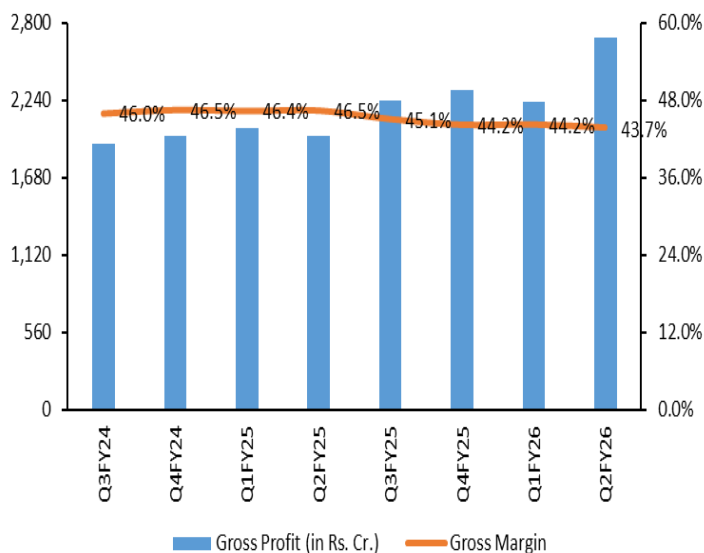
Volume Trend (VECV)



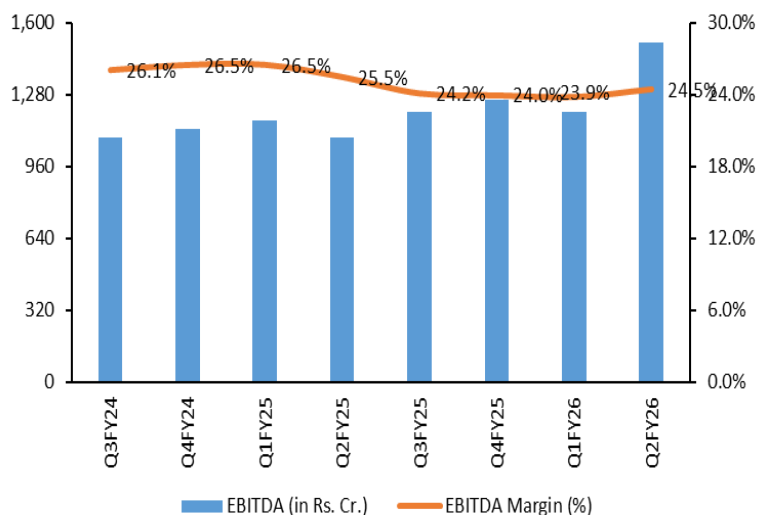
Revenue Trend



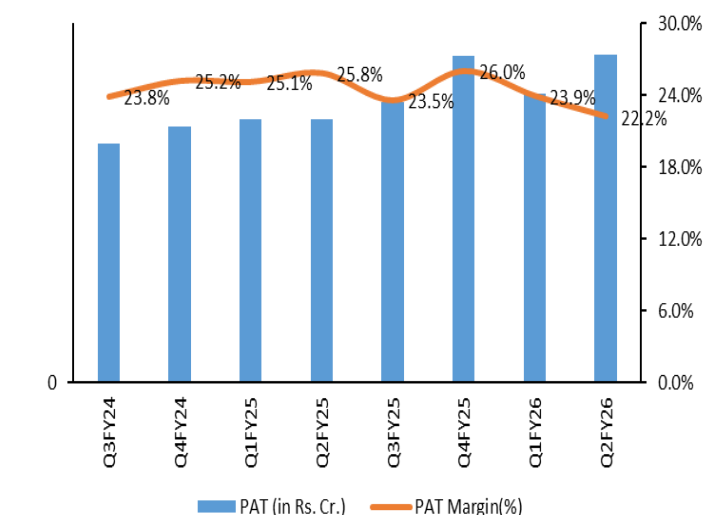
Gross Profit and Gross Margin



EBITDA and EBITDA Margin



PAT and PAT Margin



Source: Company, BP Equities

Key Financials						
YE March (Rs. Cr.)	FY22	FY23	FY24	FY25	FY26E	FY27E
Revenue	10,298	14,442	16,536	18,870	22,456	25,712
Revenue Growth (Y-o-Y)	18.1%	40.2%	14.5%	14.1%	19.0%	14.5%
EBITDA	2,178	3,446	4,329	4,723	5,502	6,505
EBITDA Growth (Y-o-Y)	22.2%	58.2%	25.6%	9.1%	16.5%	18.2%
Net Profit	1,677	2,914	4,001	4,734	5,614	6,865
Net Profit Growth (Y-o-Y)	24.5%	73.8%	37.3%	18.3%	18.6%	22.3%
Diluted EPS	61.3	106.4	146.1	172.7	204.9	250.5
Profitability Ratios						
EBITDA (%)	21.1%	23.9%	26.2%	25.0%	24.5%	25.3%
NPM (%)	16.3%	20.2%	24.2%	25.1%	25.0%	26.7%
ROE (%)	13.3%	19.4%	22.2%	22.2%	22.7%	23.7%
ROCE (%)	13.6%	19.1%	20.2%	18.4%	18.4%	18.8%
Valuation Ratios						
P/E (x)	109.3x	63.0x	45.8x	38.8x	32.7x	26.7x
EV/EBITDA (x)	83.1x	53.1x	42.5x	38.9x	33.4x	28.2x
Market Cap/Sales (x)	17.8x	12.7x	11.1x	9.7x	8.2x	7.1x

Source: Company, BP Equities

Disclaimer Appendix

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

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