

Eicher Motors Limited

BUY

Sector: Automobiles

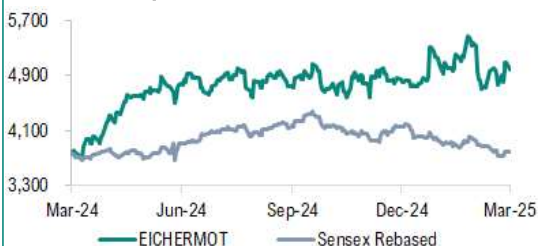
11th March, 2025

Key Changes	Target	Rating	Earnings	Target	Rs. 5,665
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Large Cap	EIM:IN	74,115	EICHERMOT	505200	12 Months
				CMP	Rs. 4,985
				Return	+14%

Date as of : 10-03-2025

Company Data			
Market Cap (Rs.cr)	136,675		
52 Week High — Low (Rs.)	5,552 - 3,675		
Enterprise Value (Rs. cr)	136,970		
Outstanding Shares (cr)	27.4		
Free Float (%)	50.0		
Dividend Yield (%)	1.0		
6m average volume (cr)	0.1		
Beta	1.0		
Face value (Rs.)	1.0		
Shareholding (%)	Q1FY25	Q2FY25	Q3FY25
Promoters	49.1	49.1	49.1
FII's	28.8	27.6	25.4
MFs/Institutions	12.0	13.8	16.2
Public	8.8	8.2	8.1
Others	1.4	1.3	1.2
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	3.6%	5.3%	31.7%
Absolute Sensex	-9.1%	-9.5%	0.0%
Relative Return	12.6%	14.8%	31.7%

*over or under performance to benchmark index



Y.E March (cr)	FY25E	FY26E	FY27E
Sales	18,178	20,442	23,056
Growth (%)	12.0	12.5	12.8
EBITDA	4,777	5,435	6,246
EBITDA Margin (%)	26.3	26.6	27.1
PAT Adjusted	4,523	5,200	5,909
Growth (%)	13.0	15.0	13.6
Adjusted EPS	165.0	189.7	215.5
Growth (%)	13.1	15.0	13.6
P/E	30.2	26.3	23.1
P/B	6.5	5.6	4.8
EV/EBITDA	28.7	25.2	21.9
ROE (%)	21.5	21.3	20.9
D/E	0.0	0.0	0.0

Riding Strong, Scaling Higher

Eicher Motors Ltd (EML) manufactures motorcycles and accessories under the Royal Enfield brand. It also has a joint venture with AB Volvo, Volvo Eicher Commercial Vehicles (VECV).

- Eicher motors reported an 18.8% YoY revenue growth, reaching Rs. 4,888cr, driven by strong performance in the motorcycle segment and higher sales volume in VECV.
- In Q3FY25, total sales of Eicher trucks and buses grew 1.2% YoY to 20,305 units, driven by a 12.3% increase in Light and Medium Duty (LMD) bus sales to 3,151 units and 44.5% surge in exports to 1,192 units.
- In Q3FY25, Royal Enfield reported a 19.4% YoY growth in motorcycle sales for models with engine capacities up to 350cc and above, reaching a total volume of 272,297 units. In addition, the company's international business demonstrated exceptional growth, surging 106.2% to 30,284 units, driven by strong global demand.
- The company's financial performance has been robust, with EBITDA increasing 10.2% YoY to Rs. 1,201cr, driven by strong top-line growth. However, the EBITDA margin contracted 190bps YoY to 24.6%.
- Reported PAT increased 17.6% to Rs. 1,171cr, supported by strong revenue growth.

Outlook & Valuation

The company reported strong Q3FY25 performance, driven by market share gains and new product launches. It scaled Flying Flea EV capacity to 1.5lakh units annually, with flexibility for future demand. The collaboration with Spain's Stark Future SL strengthened EV technology advancements, while expansion into Bangladesh and Brazil supported global growth. The management anticipated continued demand and volume momentum, supported by product and marketing strategies. Therefore, **we have upgraded our rating on the stock from HOLD to BUY, with a rolled forward target price of Rs. 5,665 based on the sum-of-the-parts (SOTP) valuation.**

Quarterly Financials Consol.

Rs.cr	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ (%)	9MFY25	9MFY24	YoY (%)
Sales	4,888	4,116	18.8	4,186	16.8	13,388	12,061	11.0
EBITDA	1,201	1,090	10.2	1,088	10.4	3,454	3,198	8.0
Margin (%)	24.6	26.5	-190bps	26.0	-140bps	25.8	26.5	-70bps
EBIT	1,022	943	8.4	908	12.6	2,926	2,766	5.8
PBT	1,461	1,298	12.6	1,362	7.3	4,264	3,817	11.7
Rep. PAT	1,171	996	17.6	1,100	6.5	3,372	2,931	15.0
Adj PAT	1,171	996	17.6	1,100	6.5	3,372	2,931	15.0
Adj. EPS (Rs)	42.6	36.3	17.4	40.1	6.2	122.8	106.9	14.9



Key concall highlights

- Royal Enfield launched the Goan Classic and Scram 440, expanding its premium motorcycle lineup with purpose-built designs that cater to diverse rider preference.
- The company introduced the Flying Flea EV brand, marking its entry into electric mobility, with the first model launch expected in Q1FY26.
- The company has opened a fully-owned CKD plant in Thailand, strengthening its manufacturing footprint, improving supply chain efficiency, and enhancing market responsiveness in the Asia-Pacific (APAC) region.
- Royal Enfield is a leading middleweight brand in the UK and Europe, holding a market share of 8.5%. It has a significant presence in the Americas and the APAC, with 8% and 9% market shares, respectively. This demonstrates its strong global position and popularity among enthusiasts, driven by its commitment to quality and performance, and a loyal customer base.
- Royal Enfield's Hunter 350 crossed 500,000 sales, reaffirming its status as one of the fastest-growing motorcycles globally, benefiting from strong demand in domestic and international markets.

Revenue



Total VECV Sales Volume



SOTP Valuation

Particulars	Basis	Multiple	% Holding	Value (Rs. cr.)	Value/share (Rs.)
Royal Enfield	FY27E AEPS	29.0x	100%	145,485	5,307
VE Commercial Vehicle	FY27E AEPS	11.0x	54%	9,812	358
Total value				155,297	5,665

Change in Estimates

	Old estimates		New estimates			Change (%)	
Year / Rs cr	FY25E	FY26E	FY25E	FY26E	FY27E	FY25E	FY26E
Revenue	18,428	20,594	18,178	20,442	23,056	-1.4	-0.7
EBITDA	4,985	5,699	4,777	5,435	6,246	-4.2	-4.6
Margins (%)	27.1	27.7	26.3	26.6	27.1	-80bps	-110bps
Adj. PAT	4,563	5,148	4,523	5,200	5,909	-0.9	1.0
EPS	166.4	187.7	165.0	189.7	215.5	-0.9	1.1



Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25E	FY26E	FY27E
Sales	14,176	16,234	18,178	20,442	23,056
% change	40.0	14.5	12.0	12.5	12.8
EBITDA	3,444	4,327	4,777	5,435	6,246
% change	58.5	25.7	10.4	13.8	14.9
Depreciation	526	598	639	713	782
EBIT	2,917	3,729	4,137	4,722	5,464
Interest	28	51	58	64	69
Other Income	910	1,524	1,927	2,247	2,452
PBT	3,800	5,202	6,007	6,905	7,847
% change	72.5	36.9	15.5	15.0	13.6
Tax	886	1,201	1,484	1,706	1,938
Tax Rate (%)	23.3	23.1	24.7	24.7	24.7
Reported PAT	2,914	4,001	4,523	5,200	5,909
PAT att. to common shareholder-	2,914	4,001	4,523	5,200	5,909
Adj.*	-	-	-	-	-
Adj. PAT	2,914	4,001	4,523	5,200	5,909
% change	73.8	37.3	13.0	15.0	13.6
No. of shares (cr)	27.4	27.4	27.4	27.4	27.4
Adj EPS (Rs.)	106.4	145.9	165.0	189.7	215.5
% change	73.7	37.2	13.1	15.0	13.6
DPS (Rs.)	37.0	51.0	57.6	66.2	75.2

Balance Sheet

Y.E March (Rs. Cr)	FY23A	FY24A	FY25E	FY26E	FY27E
Cash	766	146	166	274	343
Accts. Receivable	369	374	427	491	576
Inventories	1,278	1,410	1,605	1,797	2,053
Other Cur. Assets	1,270	2,222	2,956	3,536	4,581
Investments	12,101	13,346	14,907	16,860	18,855
Gross Fixed As-sets	4,881	5,695	6,695	7,768	8,921
Net Fixed Assets	2,000	2,077	2,429	2,779	3,139
CWIP	77	85	94	103	113
Intangible Assets	859	1,036	1,136	1,236	1,336
Def. Tax -Net	86	116	119	121	123
Other Assets	391	2,317	2,456	2,823	3,276
Total Assets	19,198	23,128	26,295	30,019	34,395
Current Liabilities	3,077	3,450	3,580	3,813	4,223
Provisions	102	175	176	177	178
Debt Funds	304	435	470	512	563
Other Liabilities	724	1,022	1,079	1,140	1,208
Equity Capital	27	27	27	27	27
Res. & Surplus	14,963	18,018	20,963	24,349	28,196
Shareholder Funds	14,990	18,046	20,991	24,376	28,223
Minority Interest	-	-	-	-	-
Total Liabilities	19,198	23,128	26,295	30,019	34,395
BVPS	547	658	766	889	1,030

Cashflow

Y.E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net inc. + Depn.	3,440	4,599	5,162	5,913	6,691
Non-cash adj.	-435	-1,043	-2,246	-2,621	-3,057
Other adjustments					
Changes in W.C	-183	168	28	38	19
C.F. Operation	2,823	3,724	2,944	3,330	3,653
Capital exp.	-674	-814	-1,000	-1,073	-1,153
Change in inv.	-2,076	-2,357	-381	-375	-420
Other invest.CF	333	319	-	-	-
C.F - Investment	-2,416	-2,852	-1,381	-1,448	-1,572
Issue of equity	11	47	-	-	-
Issue/repay debt	157	155	36	42	50
Dividends paid	-574	-1,013	-1,578	-1,814	-2,061
Other finance.CF	9	-15	-2	-2	-1
C.F - Finance	-398	-826	-1,544	-1,774	-2,012
Chg. in cash	8	45	20	108	69
Closing Cash	766	146	166	274	343

Ratio

Y.E March	FY23A	FY24A	FY25E	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	24.3	26.7	26.3	26.6	27.1
EBIT margin (%)	20.6	23.0	22.8	23.1	23.7
Net profit mgn.(%)	20.6	24.6	24.9	25.4	25.6
ROE (%)	19.4	22.2	21.5	21.3	20.9
ROCE (%)	19.1	20.2	19.3	19.0	19.0
W.C & Liquidity					
Receivables (days)	9.5	8.4	8.6	8.8	9.1
Inventory (days)	56.8	57.3	57.7	57.5	58.0
Payables (days)	80.5	84.9	85.0	85.1	85.4
Current ratio (x)	1.1	1.2	1.4	1.5	1.7
Quick ratio (x)	0.4	0.2	0.2	0.3	0.3
Turnover & Leverage					
Gross asset T.O (x)	3.1	3.1	2.9	2.8	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	71.8	74.0	79.1
Adj. debt/equity (x)	0.0	0.0	0.0	0.0	0.0
Valuation					
EV/Sales (x)	5.7	6.8	7.5	6.7	5.9
EV/EBITDA (x)	23.3	25.5	28.7	25.2	21.9
P/E (x)	27.7	27.5	30.2	26.3	23.1
P/BV (x)	5.4	6.1	6.5	5.6	4.8



Recommendation Summary - (last 3 years)



Dates	Rating	Target
17-Aug-21	BUY	2,926
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

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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