kotak Securities

Dated: 14th Nov 2025

Eicher Motors (EIM) - SELL

Q2FY26 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.6855	**Rs.5750**

Rationale:

- Q2FY26: Consolidated EBITDA in line with our expectations.
- Q2FY26: Higher-than-expected ASPs were offset by higher other expenses.
- We expect the company's volume growth to sustain over the coming quarters, led by brand-activation efforts and newer product launches.
- We believe ASPs and profitability will remain below expectations.
- We expect the company to deliver 12-13% EBITDA CAGR over FY25-28E.
- We expect earnings per share (EPS) growth of 14.4% in FY26E and 12.8% in FY27E.
- We value the Royal Enfield business on DCF methodology and VECV business at 17x December 2027E EPS.
- Despite baking in a strong volume uptick, valuations at 34x 1-year forward for domestic 2W business remain expensive.

Positives:

- Revenues grew 45% yoy, 1.1% above our estimates due to marginally higher ASPs.
- RE volume increased by 43% on a yoy basis in Q2FY26.
- EBITDA margin came in at 24.5% (+60 bps qoq), in line with our expectations.

Negatives:

- Consolidated net profit came in at Rs1,370 cr, 3% below estimates.
- We expect margin performance to fall below Street expectations owing to an inferior product mix and higher promotional spends.

(EBITDA: Earnings Before Interest, Taxes, Depreciation, and Amortization; ASP: Average Selling Price; CAGR: Compound Annual Growth Rate; DCF: Discounted Cash Flow; VECV: Volvo Eicher Joint venture; RE: Royal Enfield; 2W: Two-Wheeler)

Holding Period: 12 months

Rating Scale (Private Client Group)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
SUBSCRIBE	–	We advise investor to subscribe to the IPO.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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