

## Eicher Motors (EIM) - SELL

### Q4FY26 Result Update

|   |                                    |
|---|------------------------------------|
| Current Market Price (CMP)<br><b>Rs.6,982</b> | Fair Value (FV)<br><b>Rs.6,500</b> |
|---|------------------------------------|

### Rationale:

- Q4FY26: Standalone EBITDA 1% below our estimates; above-expected other expenses.
- We expect the company's volume growth to sustain in the coming quarters, led by brand activation efforts and newer product launches, along with capacity expansion.
- The company has changed its stance to focus on volume growth and absolute EBITDA growth rather than EBITDA margin.
- We expect margins to remain rangebound due to an inferior product mix, higher promotional spends, supported by product launches, and commodity headwinds.
- We expect CV industry volumes to decline due to multiple headwinds, which will weigh on VECV.
- We retain SELL with an unchanged FV of Rs6,500, valuing the Royal Enfield business on DCF methodology and the VECV business at 18x June 2028E EPS.

### 👍 Positives:

- Consolidated revenues increased 16% yoy, 1.5% above our estimates.
- VECV exports grew 33.9% yoy in FY26, despite a challenging external environment.

### 👎 Negatives:

- Consolidated EBITDA margin was 24.9% (-60 bps qoq), 20 bps below our expectations.
- RE domestic market share in >250 cc motorcycle segment fell to 84% in Q4FY26 (from 89% in Q3FY26).
- VECV's profitability came in 8% below our expectations in Q4FY26.

(EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization; CV: Commercial Vehicle; VECV: Volvo-Eicher Commercial Vehicle; EPS: Earnings Per Share; DCF: Discounted Cash Flow; RE: Royal Enfield)



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

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- 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.
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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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