

Force Motors – Recommended Stock -Target Price Raised

Dear Investors,

We are pleased to share that **Bajaj Capital's Research Team**—recommended stock, Force Motors, has successfully achieved its first target price of 20,525 on 31 December 2025, delivered a strong return of 19.5% within just one month—well ahead of our original 6-month expectation. The stock further strengthened to 21,915 on 2 January 2026 and has generated an overall return of ~25% from the recommendation price and date.

We had initially recommended Force Motors on 3 December 2025 at a price of 17,550, with a 6-month target of 20,525, implying an upside potential of ~17%. The early achievement of this target highlights strong business momentum, a robust earnings trajectory, and a supportive regulatory and policy environment.

Operational performance has remained encouraging, with sustained volume momentum across recent months reinforcing a positive near-term outlook. **After a strong October 2025, when domestic sales across SCV, LCV, UV and SUV segments grew 35% YoY and overall sales increased 32% YoY, momentum accelerated further in November 2025, with domestic sales surging 59% YoY and total sales including exports rising 53% YoY. This trend continued into December 2025, with domestic sales across core segments growing 48.72% YoY and overall domestic plus export sales increasing 49.7% YoY, indicating consistent demand traction and improved revenue visibility.**

In light of the company's strong sales performance over the last three months, improving market sentiment toward auto and auto ancillary stocks and rising probability of a commercial vehicle cycle revival, supported by positive management commentary, business visibility has strengthened meaningfully. Accordingly, **we have revised our target price upward to 23,555, implying an upside potential of approximately 12% from the current market price of around 21,030 over the next 3 months. We continue to maintain a positive stance on the stock.**

We remain constructive on Force Motors' short- to medium-term prospects and advise investors to accumulate the stock on declines, as the company is well positioned to deliver sustained growth driven by better execution, product traction and strengthening business visibility.

At current levels, the stock is trading at a premium valuation, which we believe is justified given the strong sales growth over the last three months and healthy balance sheet. Force Motors is trading at a premium but not frothy valuation of ~33.9x P/E and ~20.3x EV/EBITDA on a TTM basis, which appears reasonable considering its strong demand momentum, debt-free balance sheet, healthy cash position and strategic OEM partnerships.

Based on our assessment, we expect Q3FY26 earnings growth to be in the higher double-digit range. While there are early signs of a potential CV cycle revival after nearly six years, visibility remains limited given the short observation period of the last two to three months. The recent performance may also partly reflect GST rationalisation benefits and a low base effect.

We recommend a HOLD for existing shareholders to participate in the potential upside, while advising a fresh BUY for new investors with a three-month investment horizon. From the current market price of approximately 21,030, the stock offers an upside potential of around 12% over the next 3 months.

Given the company's healthy fundamentals, improving demand outlook of CV industry & a favourable monetary policy environment supported by the RBI & the Government, we continue to maintain a positive outlook on the stock.

Happy Investing!

Thank you and best regards,

On behalf of Research Team