

## Eureka Forbes Ltd

Analyst Recommendation: BUY

BSE Code: 543482

NSE: EUREKAFORB

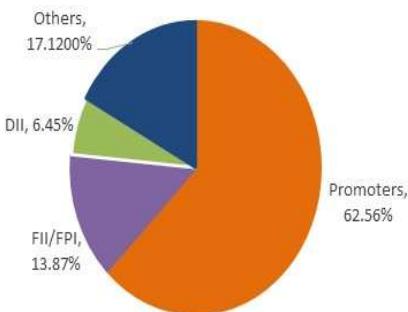
CMP:	Rs 607
3 Year Target -	Rs 700

Face Value	10.00
Market Cap (Rs Billion)	117
Stock PE	73.3
Dividend Yield	0.00%
Shares O/S (Cr)	19.3
Book Value per Share (Rs)	232
Nifty	25,818

## 1 yr. Price Chart of Stock and Nifty



## Shareholding pattern as on 30th Sep 2025



## Investor's Rationale

## Changing gears; moving to a high-growth trajectory

Eureka Forbes targets to grow revenue by 2x and EBITDA by 3x by FY30E. We believe the guidance is achievable provided positive macro tailwinds. – that was the chief takeaway from the investor meet. Other takeaways:

- (1) Management reinforced the company's transition from a product-led water purifier brand to a broader health and hygiene player.
- (2) Management outlined a clear multi-engine growth strategy across water, cleaning, air and softeners, supported by sharper product positioning and customer awareness.
- (3) The service platform remains a strong competitive moat with digital tools and AMC growth strengthening recurring revenues.
- (4) It aims to achieve INR 10,000mn of revenue from robotics segment by FY30E.
- (5) It reduced 60+ filter kits to 5 universal kits, which will be variant agnostic, thereby providing healthy growth headroom.
- (6) It will likely continue to focus on creating brand awareness through educating customer and sustained A&P spends.
- (7) Despite higher investment in A&P, capex and R&D, the company expects to achieve mid-tear EBITDA margin due to portfolio mix change and operating leverage. (8) Newer categories like air purifiers and water softeners provide a healthy runway for growth.

## Investment View

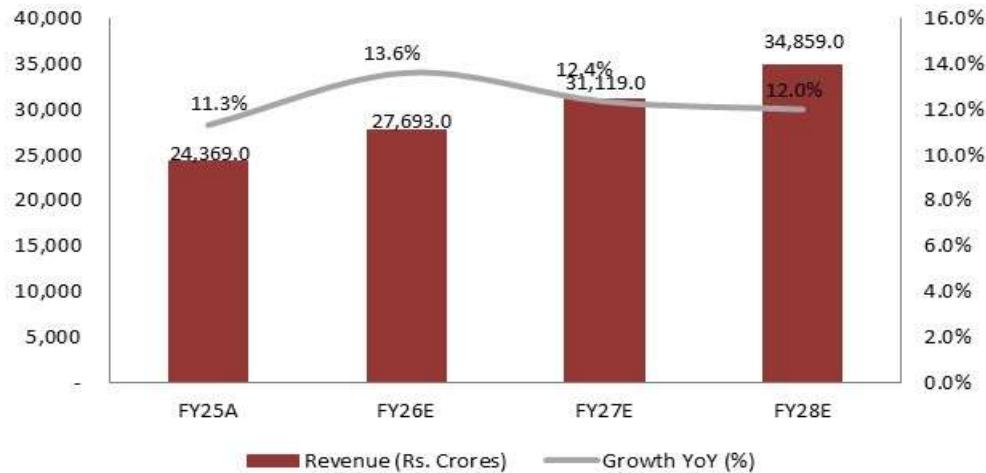
We note that Eureka's early bet on the robotics category has enabled it to deliver eight successive quarters of double-digit growth. We believe that the company is structurally better placed for long-term growth, supported by integrated product-service-digital-led model. Maintain BUY.

YE Mar (Rs mn)	FY25A	FY26E	FY27E	FY28E
Net Sales	24369	27693	31119	34859
EBITDA	2656	3193	3602	4109
PAT	1602	2063	2393	2835
RoCE (%)	3.4	4.3	4.6	5.1
RoE (%)	3.7	4.6	5.1	5.7
P/E	73.3	56.9	49.1	41.4
P/BV	2.7	2.5	2.4	2.3

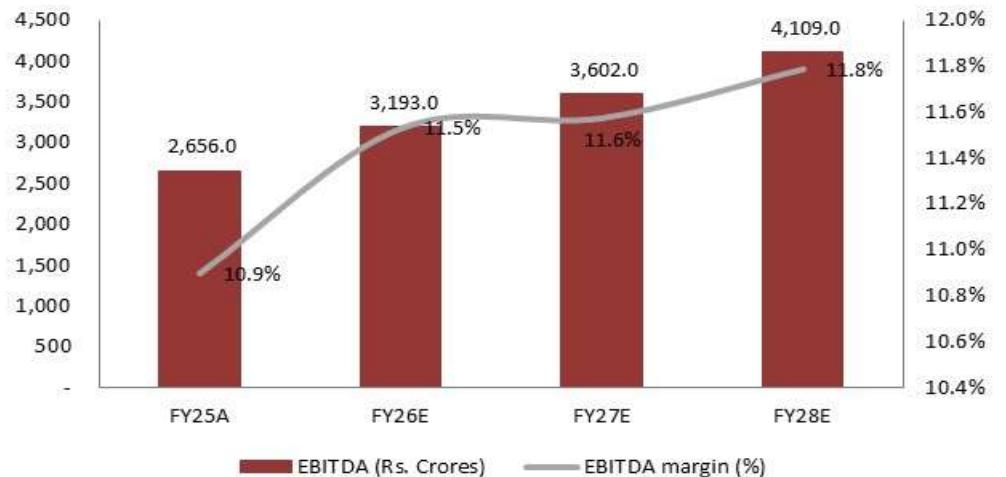
## Investor Rationale

- Management underlined that the turnaround phase is largely behind, with the company now positioning for a 'take-off' phase driven by category growth, premiumisation and a scaled digital service platform. The narrative shifted decisively to leveraging multiple growth engines across water purifiers, robotics, softeners, air purifiers and AMCs.
- The company launched the project two years back, with the aim of becoming a D2C health and hygiene tech leader. The framework rests on four planks – grow the water purifier category through penetration and premiumisation, expand portfolio (robotics, softeners, air purifiers), excel in service through better customer experience and build a scaled D2C platform to provide convenience. We note that execution excellence helps the business to turnaround in revenue and profitability.
- Management reiterated that the core categories remain structurally underpenetrated, with strong growth visibility over the next five years. The overall addressable market for water purifiers (product and service), softeners, vacuum cleaners and air purifiers is projected to grow from about INR ~97bn in FY23 to INR 263bn (previously INR~234bn) FY30E, implying a mid-teens CAGR and still low single-digit to mid-single-digit penetration in several segments. This reflects revised upward estimates for water softeners, vacuum cleaners, and air purifiers.
- Management's FY30 aspiration of more than doubling revenue and tripling EBITDA shows confidence in its category engines and operational model. Eureka's growth plan rests on scaling water, robotics, air, softeners, filters and D2C. Margin expansion is expected from better mix, higher utilisation and productivity gains. A disciplined approach to capex and cash flows supports these ambitions. We believe, the roadmap is achievable given current execution momentum.
- Management believes the future of home cleaning lies in robotics and has already built a playbook around the portfolio, omni-channel GTM and service capabilities. The convenience theme and rising awareness continue to support adoption. A wide portfolio across entry to premium tiers is helping build relevance across price points. We expect robotics to become a material contributor over time.
- The company holds market leadership across categories and channels. It has an omni- channel presence with a unique direct sales channel. Digital and D2C channels have grown rapidly with strong app adoption and repeat usage. The company now has a large first-party database that enables cross-sell and up-sell. Digital platforms also support AMC sales and service bookings. We believe this ecosystem enables non- linear scale without heavy physical expansion.
- Management highlighted that the company will likely be expanding its service business by participating in larger filter and spares universe. They would do this by their service platform that supports both AMC and filters growth. This should enable the company to serve the larger base of customers.
- Management highlighted a sharp simplification in filter kits, reducing the number from 60+ to 5 universal kits. These kits would be variant agnostic, which will likely increase the customer base for the company. Customer education programs and technician- driven engagement are helping shift consumers away from unorganised filters. This provides a recurring, margin-accretive revenue stream. We expect filters to become a more meaningful part of the mix over time.

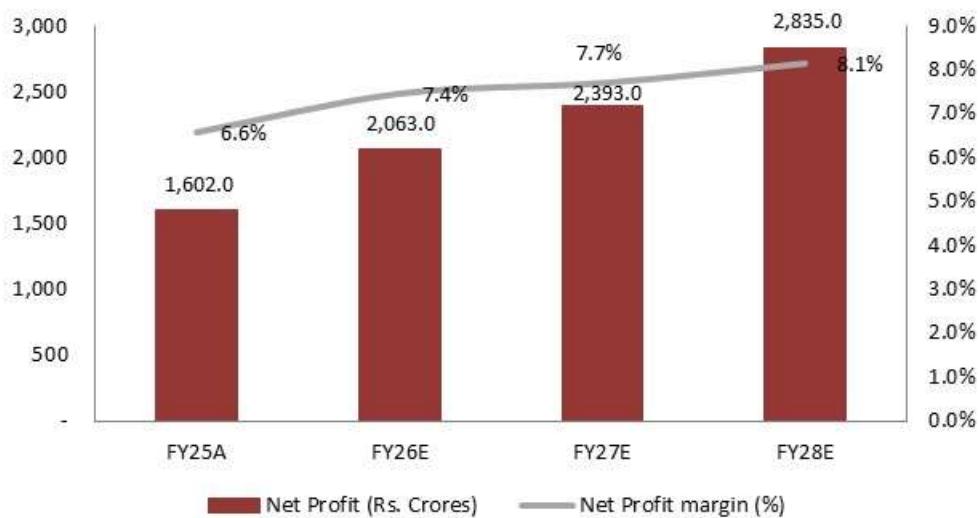
### Revenue growth to be steady



### EBITDA to grow going ahead



### Net profit to surge going ahead





## **Outlook and Valuation**

We model Eureka to report revenue and PAT CAGRs of 12.7% and 20.9%, respectively, over FY25–28E. Maintain BUY with a DCF-based revised TP of INR 700 (earlier INR 685; implied target P/E at 48x FY28E EPS).

## **Company Overview**

Eureka Forbes Limited is India's leading health and hygiene brand. Its product portfolio encompasses water purification, vacuum cleaning and air purification. EFL is the market leader in water purifiers and vacuum cleaners segments with a market share of over 40% and 60% respectively.



**Balance sheet (Consolidated)**

YE Mar (Rs mn)	FY25A	FY26E	FY27E	FY28E
Equity Share Capital	1,935	1,935	1,935	1,935
Reserves and Surplus	42,152	44,215	46,607	49,442
Total Net Worth	44,087	46,150	48,542	51,377
Minority Interest	12	12	12	12
Current Liabilities	9,519	10,800	12,136	13,595
Other Liabilities	6,630	6,707	6,829	6,977
<b>Total Liabilities</b>	<b>60,248</b>	<b>63,669</b>	<b>67,519</b>	<b>71,961</b>
Net Fixed Assets	-	-	-	-
Investments	1,246	1,246	1,246	1,246
CWIP	19	-	-	-
Total Intangible Assets	51,595	51,595	51,595	51,595
Deffered Tax Assets	-	-	-	-
Net Current Assets	7,388	10,828	14,678	19,120
<b>Total Assets</b>	<b>60,248</b>	<b>63,669</b>	<b>67,519</b>	<b>71,961</b>

**Profit & Loss Account (Consolidated)**

YE Mar (Rs mn)	FY25A	FY26E	FY27E	FY28E
Net Sales	24,369	27,693	31,119	34,859
Operating Expenses	21,713	24,500	27,517	30,750
<b>EBITDA</b>	<b>2,656</b>	<b>3,193</b>	<b>3,602</b>	<b>4,109</b>
EBITDA Margin (%)	11	12	12	12
Depreciation & Amortization	580	495	546	599
<b>EBIT</b>	<b>2,076</b>	<b>2,698</b>	<b>3,056</b>	<b>3,510</b>
Interest expenditure	56	117	134	134
Other Non-operating Income	146	188	290	429
Recurring PBT	2,165	2,769	3,212	3,805
Profit / (Loss) from	-	-	-	-
Associates	-	-	-	-
Less: Taxes	563	706	819	970
<b>PAT</b>	<b>1,602</b>	<b>2,063</b>	<b>2,393</b>	<b>2,835</b>
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	7	-	-	-
Net Income (Reported)	1,610	2,063	2,393	2,835
<b>Net Income (Adjusted)</b>	<b>1,602</b>	<b>2,063</b>	<b>2,393</b>	<b>2,835</b>



**Cash Flow (Consolidated)**

YE Mar (Rs mn)	FY25A	FY26E	FY27E	FY28E
Operating Cashflow	2507	3462	3693	4256
Working Capital Changes	-607	904	754	823
Capital Commitments	-597	-400	-425	-450
Free Cashflow	1910	3062	3268	3806
Other investing cashflow	-1160	-	-	-
<b>Cashflow from Investing Activities</b>	<b>-1756</b>	<b>-400</b>	<b>-425</b>	<b>-450</b>
Issue of Share Capital	-	-	-	-
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	-409	-	-	-
Dividend paid	-	-	-	-
Others	-	-	-	-
<b>Cash flow from Financing Activities</b>	<b>-409</b>	<b>-</b>	<b>-</b>	<b>-</b>
Chg. in Cash & Bank balance	342	3062	3268	3806
<b>Closing cash &amp; balance</b>	<b>955</b>	<b>5579</b>	<b>8846</b>	<b>12652</b>

**Key Ratios & Valuations (Consolidated)**

YE Mar	FY25A	FY26E	FY27E	FY28E
<b>Returns (%)</b>				
RoCE (%)	3.4	4.3	4.6	5.1
RoE (%)	3.7	4.6	5.1	5.7
RoIC (%)	3.7	4.8	5.6	6.6
<b>Valuation Ratios (x)</b>				
P/E	73.3	56.9	49.1	41.4
P/CEPS	53.8	45.9	40	34.2
P/BV	2.7	2.5	2.4	2.3
EV / EBITDA	42.9	34.7	29.9	25.3
<b>Per Share Data (INR)</b>				
Reported EPS	8.3	10.7	12.4	14.7
Cash EPS	11.3	13.2	15.2	17.7
Book Value per share	227.9	238.5	250.9	265.5



Large Cap.	Return	Mid/Small Cap.	Return
<b>Buy</b>	More than equal to 10%	<b>Buy</b>	More than equal to 15%
<b>Hold</b>	Between 10% & -5%	<b>Accumulate*</b>	Upside between 10% & 15%
<b>Reduce</b>	Less than -5%	<b>Hold</b>	Between 0% & 10%
		<b>Reduce/sell</b>	Less than 0%

\* To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.



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