

Eureka Forbes (EUREKAFO) - BUY

Company Update

Current Market Price (CMP)
Rs.651

Fair Value (FV)
Rs.800

Rationale:

- Eureka hosted its Investor Day, where it unveiled FY30E ambitions.
- Guidance: Revenues / EBITDA at 17-18% / 23-24% CAGR to Rs5,400-5,600 cr / Rs800-850 cr.
- Electric water purifiers (EWP): Volume and mix-driven growth outlook.
- Service: Improvement in customer experience and outliers being addressed.
- Standalone filters/spares: New growth engine for service.
- We estimate 14%/25%/31% revenue/EBITDA/PAT CAGRs over FY25-28E.
- We expect earnings per share (EPS) to grow by 35.1% in FY27E and 30.4% in FY28E.
- Eureka remains our top pick in the sector; reiterate BUY.

👍 Positives:

- EFL has seen DD revenue growth in FY25 and H1FY26 with healthy margin expansion.
- Management reiterated that service revenue growth (based on accrual) will improve from Q4FY26E.
- EFL's market development initiatives have improved EWP category penetration by 100 bps to 7%.
- Management believes vacuum cleaners will see the same growth trajectory as washing machines.

👎 Negatives:

- Gross margins could moderate to some extent.

(EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization; CAGR: Compound Annual Growth Rate; PAT: Profit After Tax; DD: Double-Digit)



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