

## Eureka Forbes (EUREKAFO) - BUY

### Company Update

Current Market Price (CMP) <b>Rs.430</b>	Fair Value <b>Rs.700</b>
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### Rationale:

- Eureka Forbes has corrected over 30% in CY26 so far, and the stock is now trading at 35x 1-year forward PE, attractive on both an absolute and a relative basis.
- India's deteriorating air and water quality provides a sustained demand tailwind for purification devices, which Eureka is well placed to capitalize on.
- A likely pickup in AMC/standalone spare revenues and robust growth in robotic vacuum cleaners (targets 6x over FY25-30E) will further aid growth.
- We estimate revenue/EBITDA/PAT CAGR of ~12%/22%/27% in FY25-28E.
- Maintain our estimates and FV at Rs700 (~44X FY2028E diluted EPS). Reiterate BUY.

### Positives:

- Eureka has delivered impressive EPS growth in the past three years.
- Eureka merits a higher valuation multiple, considering the robust earnings growth expectations.
- Service business growth is expected to improve going forward.

### Negatives:

- Q3FY26 performance was disappointing (~8% growth).

(EPS: Earnings Per Share. PAT: Profit After Tax, EBITDA: Earnings Before Interest, Tax, Depreciation, and Amortization. CAGR: Compound Annual Growth Rate)



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

## RATING SCALE (PRIVATE CLIENT GROUP)

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### 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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