# Eureka Forbes | BUY

## Strong quarter, upbeat outlook

**Eureka Forbes (EFL) delivered yet another resilient quarter with 15% sales growth, notwithstanding the challenging market conditions (visible in muted growths for consumer durable peers) and high base. Key positives were – a) high teens growth in product business, b) turnaround in service business seen in 1Q further accelerated with double-digit growth in AMC bookings led by volumes & ASP. While reported services revenue (due to accrual accounting) has been relatively lower, the strong growth in bookings led by its interventions provides visibility on uptick in growth from 4QFY26E. Margins expanded YoY despite higher service charge and brand investments, led by leverage benefit. Management sounded confident, expects revenue momentum to sustain which along with cost optimisation/scale leverage should provide fuel to invest behind growth as well as drive margin expansion. We like EFL's growth story (focus on breaking category barriers to drive growth in products/services business) & see scope to improve margins. Execution so far has been impressive; a debt-free balance sheet, negative working capital and strong FCF generation provide comfort. With product business momentum sustaining, likely uptick in service business revenues over next few quarters can lead to further rerating. Maintain Buy with unchanged TP of INR 715 (40x Sep 27E EPS).**

- **Strong execution on products:** Despite challenging external environment (mixed consumer sentiment and postponed purchases in anticipation of GST 2.0) and higher base, consol. sales grew c.15% YoY to INR 7.7bn (3-4% above our and street estimate). Products business saw high-teens growth YoY with traction in both premium and economy segments. In terms of sub-segments, water purifiers continued to drive robust volume performance on the back of scale up in its 2 year range (reduced cost of ownership), with 70% of buyers being first-time category entrants, and smart IoT range. In cleaning segment, robotics (now contributing c.60% of vacuum cleaner sales) continues to remain a major growth driver led by premium portfolio and omni-channel expansion.

- **Turnaround in service business gaining momentum:** Service business which showed early signs of turnaround in 1Q, further gained acceleration in 2Q with high-teens growth combining filter sales and AMC bookings. Double digit growth in AMC bookings was driven by volume and increased ASP (also visible from higher service charge in the quarter) due to a higher mix of multi-year AMCs that lead to a better customer lock-in. Management expects service business transformation to continue with sustained momentum in both AMCs bookings and filter sales.

- **Gross margin expansion with scale leverage drives sharp earnings beat:** Gross margin improved by 52 bps YoY to 57.1% (JMFe: 56.3%) driven by healthy mix and effective cost control, but contracted by 300bps QoQ due to seasonality led product changes. Staff cost including ESOP grew 2.4% YoY, while other expenses grew 13.8% YoY - owing to increased brand investments (+21% YoY). Service charge was up 17.4% YoY driven by double-digit growth in service bookings. Positive gross margin progression coupled with scale leverage drove sharp EBITDA margin expansion of 179 bps to 12.6% (193bps better vs. our estimate). EBITDA growth of 33.7% to INR 977mn was 20-23% above our/street estimates. Adjusted for ESOP charge (flat YoY), EBITDA grew 31.2% with margins at lifetime high levels of 13.4%. Reported PAT was up 31.8% YoY to INR 629mn. Going forward, management expects revenue momentum to sustain with YoY margin expansion.

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| Recommendation and Price Target | |
|---|---|
| Current Reco. | BUY |
| Previous Reco. | BUY |
| Current Price Target (12M) | 715 |
| Upside/(Downside) | 21.7% |
| Previous Price Target | 715 |
| Change | 0.0% |

| Key Data – EUREKAFO IN | |
|---|---|
| Current Market Price | INR587 |
| Market cap (bn) | INR113.6/US$1.3 |
| Free Float | 34% |
| Shares in issue (mn) | 193.5 |
| Diluted share (mn) | 193.5 |
| 3-mon avg daily val (mn) | INR107.8/US$1.2 |
| 52-week range | 656/452 |
| Sensex/Nifty | 84,563/25,910 |
| INR/US$ | 88.7 |

Price Performance

| % | 1M | 6M | 12M |
|---|---|---|---|
| Absolute | 8.8 | 9.5 | -1.2 |
| Relative* | 5.5 | 5.4 | -9.4 |

** To the BSE Sensex*

| Financial Summary | | | | | (INR mn) |
|---|---|---|---|---|---|
| Y/E March | FY24A | FY25A | FY26E | FY27E | FY28E |
| Net Sales | 21,837 | 24,224 | 27,650 | 31,714 | 36,410 |
| Sales Growth (%) | 5.0 | 10.9 | 14.1 | 14.7 | 14.8 |
| EBITDA | 1,986 | 2,656 | 3,270 | 4,235 | 5,233 |
| EBITDA Margin (%) | 9.1 | 10.9 | 11.8 | 13.4 | 14.4 |
| Adjusted Net Profit | 1,069 | 1,613 | 2,093 | 2,993 | 3,947 |
| Diluted EPS (INR) | 5.5 | 8.3 | 10.8 | 15.5 | 20.4 |
| Diluted EPS Growth (%) | 97.8 | 50.9 | 29.8 | 43.0 | 31.9 |
| ROIC (%) | 2.6 | 3.8 | 4.7 | 6.5 | 8.4 |
| ROE (%) | 2.6 | 3.7 | 4.6 | 6.3 | 7.7 |
| P/E (x) | 106.2 | 70.4 | 54.3 | 38.0 | 28.8 |
| P/B (x) | 2.7 | 2.6 | 2.5 | 2.3 | 2.1 |
| EV/EBITDA (x) | 56.4 | 41.5 | 33.0 | 24.7 | 19.1 |
| Dividend Yield (%) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Source: Company data, JM Financial. Note: Valuations as of 14/Nov/2025

# Concall Highlights

- **Operating Environment**
  - The overall environment remains challenging, with muted demand and mixed consumer sentiments seen across multiple sectors and parts of the economy.
  - Despite the challenging macro environment, the company saw reasonable post-festive off - takes and tertiary sales momentum that was in line with typical seasonal patterns.
  - GST-rollout caused a delay for nearly 30-day period, but this impact was largely offset by early festive season.
  - The channel mix remains evenly spread out, with strong growth observed in e-commerce and modern trade over the past few years, while traditional trade remains under pressure due to competition from organized trade channels.
- **Working Capital**
  - Working capital cycle got impacted in Q2 due to monsoons, pre-festive billing, GST 2.0 rollout timing and revenue mix shift towards e-com & modern trade (attributing 87% increase in debtors), which management expects will unwind in H2.
  - The company has intentionally increased inventory levels of imported portfolio to ensure supply security, though this is expected to go down as company shifts more towards local sourcing
- **Margin performance**
  - The company continues to manage costs effectively, despite higher advertising and promotion spends (21% increase). Strong operating leverage has contributed positively to the margin expansion.
  - Company's gross margins are expected to stabilize and improve going forward supported by healthy product and service mix and strong cost management programme.
  - On-going renegotiations with vendors, based on future growth visibility, are driving cost efficiencies and helping maintain stable gross margin.
  - During last three year period, IT spends of the company have been largely stable.
  - Despite the seasonal fluctuations, margins are expected to improve from Q2 levels going forward.
  - The sequential margin compression QoQ was due to seasonality led product changes.
- **Products business**
  - The product business, including both water purifiers and cleaning products, grew by high-teens in Q2, sustained double-digit growth in every quarter for the past two years, driven by strong growth in both economy and premium segments.
  - Robotics and cleaning segment growth have been ahead of other categories in Q2 with healthy gross margin and no margin dilution to overall P&L expected going forward.
  - **Water Purifiers:** The two-year filter life product range continues to perform well, significantly reducing the cost of ownership and driving first-time category entrants (around 70% of buyers). The premium range (> INR 20K) also performed well, contributing to the overall product mix shift.
  - **Robotics**: The robotics range grew rapidly, with the Forbes SmartClean Auto Bin and Fully Automatic Cleaning Station driving strong sales in the cleaning category. Robotics now contributes to 60% of vacuum cleaner sales and is a key growth engine for the company.
  - Company is seeing pet care and cleaning of pet hair as a big driver of robotics preference.
- **Service business**
  - The service business turnaround continued with a high-teens growth, driven by increased AMC bookings and filter sales.
  - One of the key drivers of this growth is growth in AMC bookings and increase in ASP due to higher mix of multi-year contracts, improving customer retention. Another is the increase in filter sales, which the company is driving by tapping into its large base of out-of-warranty customers.

- The service revenue growth, especially from AMC bookings, is reflected in a delayed manner due to service amortization. While bookings are growing strongly, the revenue impact will be realized over time and cost is recorded upfront.
- The company's interventions in improving customer service experience have led all-time high customer service KPIs and healthy retention rates.

## Service Improvement:

- Significant improvements were made to address edge cases in customer service, including creating a dedicated escalation desk, improving technician incentives, enhancing spares availability, and improving digital systems for better complaint resolution.
- Specific measures were introduced to preempt complaints before they escalate, with a focus on enhancing the service quality and reducing customer dissatisfaction.
- The company also continued efforts to resolve tenancy-related issues with technicians and ensure better governance in that area.

## Miscellaneous

- **Competition**: The Company remains unaffected by the increasing competition and management remains positive. New entrants are seen as beneficial for category growth. Management is confident of maintaining the market share through strong brand trust and service excellence.
- **D2C Vision:** Company is transitioning to a D2C health tech company, leveraging its legacy of direct sales. The company now has 1.5 million monthly active users on its app, showing strong digital engagement. The focus remains on leveraging both digital and physical channels for customer engagement and sales.
- **Dividend and Share Buyback**: While the company is generating strong cash flows, the management's primary focus remains on growth investments. However, the possibility of returning cash to shareholders through dividends or share buybacks is an option that will be considered at an appropriate time, depending on growth opportunities.
- Company has recently inaugurated a revamped R&D centre in Bangalore, which is expected to enhance product innovation capabilities.

## Guidance

- Management remains confident in achieving sustained double-digit growth with continued YoY margin expansion, though potentially not as high as last year's 120-125bps to avoid holding back growth investments.
- Going forward, scaling up with healthy GM will provide a room for growth in investments and profitability.
- Product categories like water purifiers, robotics, and cleaning will continue to drive revenue growth, alongside the service business (both from AMCs bookings and filter sales).
- No major disruptions from GST or festive season impacts are expected in Q3.
- In near future, company doesn't intend to get into subscription model. Also, management remain open to enter into new categories but currently have a sufficient runway to grow in the current categories.

**Exhibit 1. 2QFY26 snapshot (consol.): Strong quarter; performance ahead of estimates both on sales and profitability**

| INR mn | 2QFY26 | 2QFY25 | YoY growth | 2QFY26E | % variance | 1HFY26 | 1HFY25 | YoY growth |
|---|---|---|---|---|---|---|---|---|
| **Revenue** | **7,721** | **6,731** | **14.7%** | **7,405** | **4.3%** | **13,799** | **12,265** | **12.5%** |
| **Gross Profit** | **4,409** | **3,808** | **15.8%** | **4,169** | **5.8%** | **8,064** | **7,184** | **12.2%** |
| Gross Profit Margin % | 57.1% | 56.6% | 52 bps | 56.3% | 80 bps | 58.4% | 58.6% | -14 bps |
| Staff Cost | 862 | 842 | 2.4% | 875 | -1.4% | 1,738 | 1,694 | 2.6% |
| Service Charge | 843 | 718 | 17.4% | 900 | -6.4% | 1,651 | 1,405 | 17.5% |
| Other Expenses | 1,727 | 1,518 | 13.8% | 1,600 | 7.9% | 3,084 | 2,791 | 10.5% |
| **EBITDA** | **977** | **731** | **33.7%** | **794** | **23.0%** | **1,592** | **1,294** | **23.0%** |
| EBITDA margin % | 12.6% | 10.9% | 179 bps | 10.7% | 193 bps | 11.5% | 10.5% | 99 bps |
| Depreciation | 164 | 141 | 16.8% | 160 | 2.7% | 323 | 278 | 15.9% |
| EBIT | 812 | 590 | 37.7% | 634 | 28.2% | 1,269 | 1,015 | 25.0% |
| Interest Expense | 22 | 17 | 34.6% | 10 | 124.6% | 32 | 33 | -2.8% |
| Financial Other Income | 60 | 34 | 76.2% | 50 | 19.5% | 134 | 57 | 134.0% |
| **PBT pre-exceptional** | **850** | **607** | **39.9%** | **674** | **26.1%** | **1,370** | **1,039** | **31.9%** |
| **PBT post-exceptional** | 850 | 637 | 33.3% | 674 | 26.1% | 1,370 | 1,069 | 28.2% |
| Taxes | 221 | 160 | 37.9% | 172 | 28.3% | 354 | 270 | 31.1% |
| **Reported Net Profit** | **629** | **477** | **31.8%** | **502** | **25.3%** | **1,016** | **799** | **27.2%** |
| **Adjusted Net Profit** | **629** | **455** | **38.3%** | **502** | **25.3%** | **1,016** | **777** | **30.9%** |

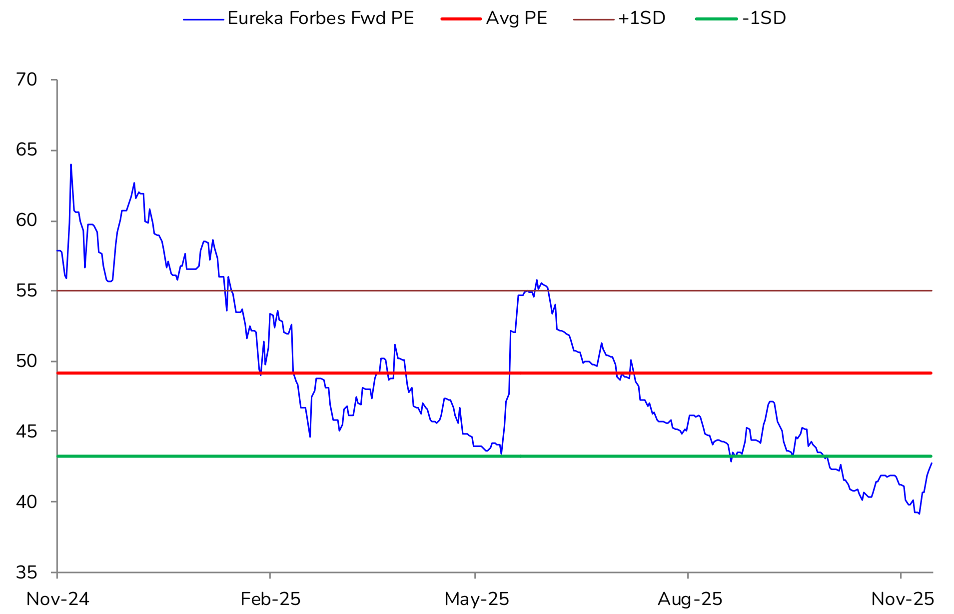
Source: Company, JM Financial

**Exhibit 2. Quarterly financial overview – on consolidated basis**

| INR mn | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 |
|---|---|---|---|---|---|---|---|---|---|
| **Reported Revenue** | **5,914** | **5,394** | **5,536** | **5,534** | **6,731** | **5,977** | **6,127** | **6,079** | **7,721** |
| YoY | 2.6% | 13.9% | 8.8% | 9.6% | 13.8% | 10.8% | 10.7% | 9.8% | 14.7% |
| Continuing business growth* | 4.8% | 16.8% | 11.4% | 10.8% | 14.7% | 11.3% | 10.9% | 9.8% | 14.7% |
| Gross Profit | 3,420 | 3,194 | 3,281 | 3,376 | 3,808 | 3,454 | 3,655 | 3,655 | 4,409 |
| Staff cost | 859 | 832 | 849 | 852 | 842 | 795 | 816 | 876 | 862 |
| Service charge | 816 | 699 | 793 | 687 | 718 | 736 | 827 | 808 | 843 |
| Other expenses | 1,223 | 1,236 | 1,107 | 1,274 | 1,518 | 1,331 | 1,241 | 1,357 | 1,727 |
| **EBITDA** | **521** | **427** | **533** | **563** | **731** | **591** | **771** | **615** | **977** |
| YoY | 595.6% | 10.6% | 0.9% | 11.5% | 40.2% | 38.4% | 44.6% | 9.2% | 33.7% |
| **Adjusted EBITDA (ex-ESOP cost)** | **628** | **535** | **625** | **650** | **788** | **648** | **792** | **671** | **1,034** |
| YoY | 738.4% | 38.6% | 18.3% | 19.7% | 25.4% | 21.2% | 26.7% | 3.2% | 31.2% |
| Depreciation | 132 | 134 | 140 | 138 | 141 | 151 | 151 | 159 | 164 |
| Interest | 29 | 18 | 16 | 17 | 17 | 12 | 11 | 10 | 22 |
| Other income | 18 | 31 | 19 | 23 | 34 | 44 | 44 | 74 | 60 |
| **PBT before exceptional item** | **378** | **306** | **396** | **432** | **607** | **473** | **653** | **521** | **850** |
| YoY | NM | 21.8% | -1.2% | 21.1% | 60.7% | 54.6% | 64.9% | 20.6% | 39.9% |
| Exceptional expense/(gain) | - | - | 151 | - | -30 | - | -12 | - | - |
| **PBT after exceptional item** | **378** | **306** | **244** | **432** | **637** | **473** | **665** | **521** | **850** |
| YoY | NM | 202.4% | -21.0% | 21.1% | 68.7% | 54.6% | 172.0% | 20.6% | 33.3% |
| Tax | 119 | 76 | 31 | 110 | 160 | 123 | 170 | 134 | 221 |
| **Reported PAT** | **258** | **230** | **214** | **322** | **477** | **350** | **495** | **387** | **629** |
| YoY | NM | 235.1% | 3.9% | 26.4% | 84.7% | 52.5% | 131.4% | 20.3% | 31.8% |
| **Adjusted PAT** | **258** | **230** | **346** | **322** | **455** | **350** | **486** | **387** | **629** |
| YoY | NM | 35.0% | 29.9% | 26.4% | 76.0% | 52.5% | 40.3% | 20.3% | 38.3% |
| % to revenue | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 |
| Gross margin | 57.8% | 59.2% | 59.3% | 61.0% | 56.6% | 57.8% | 59.7% | 60.1% | 57.1% |
| Staff cost | 14.5% | 15.4% | 15.3% | 15.4% | 12.5% | 13.3% | 13.3% | 14.4% | 11.2% |
| Service charge | 13.8% | 13.0% | 14.3% | 12.4% | 10.7% | 12.3% | 13.5% | 13.3% | 10.9% |
| Other expenses | 20.7% | 22.9% | 20.0% | 23.0% | 22.5% | 22.3% | 20.3% | 22.3% | 22.4% |
| **EBITDA margin** | **8.8%** | **7.9%** | **9.6%** | **10.2%** | **10.9%** | **9.9%** | **12.6%** | **10.1%** | **12.6%** |
| **EBITDA margin (ex-ESOP cost)** | **10.6%** | **9.9%** | **11.3%** | **11.7%** | **11.7%** | **10.8%** | **12.9%** | **11.0%** | **13.4%** |

Source: Company, JM Financial.
Note: 1QFY26 onwards, continuing business growth will be same as overall revenue growth.
*Continuing business excludes discontinued businesses/portfolio (Health Conditioner, Corona Guard, Safety and Security Devices, Forbes Pro Cleaning Services, Exports & Semi Finished Goods sales).

**Exhibit 3. EFL's 1yr avg. PE band**




Source: Company, JM Financial

**Exhibit 4. Revision in estimates**

| INR mn | Revised | | | Earlier | | | Change (%) | | |
|---|---|---|---|---|---|---|---|---|---|
| | FY26E | FY27E | FY28E | FY26E | FY27E | FY28E | FY26E | FY27E | FY28E |
| Sales | 27,650 | 31,714 | 36,410 | 27,582 | 31,774 | 36,424 | 0.2% | -0.2% | 0.0% |
| EBITDA | 3,270 | 4,235 | 5,233 | 3,220 | 4,167 | 5,173 | 1.6% | 1.6% | 1.2% |
| PAT | 2,093 | 2,993 | 3,947 | 2,118 | 2,981 | 3,930 | -1.2% | 0.4% | 0.4% |
| EPS | 10.8 | 15.5 | 20.4 | 10.9 | 15.4 | 20.3 | -1.2% | 0.4% | 0.4% |

Source: Company, JM Financial

# Financial Tables (Consolidated)

| Income Statement | | | | | (INR mn) |
|---|---|---|---|---|---|
| **Y/E March** | **FY24A** | **FY25A** | **FY26E** | **FY27E** | **FY28E** |
| Net Sales | 21,837 | 24,224 | 27,650 | 31,714 | 36,410 |
| *Sales Growth* | *5.0%* | *10.9%* | *14.1%* | *14.7%* | *14.8%* |
| Other Operating Income | 56 | 146 | 0 | 0 | 0 |
| **Total Revenue** | **21,893** | **24,369** | **27,650** | **31,714** | **36,410** |
| Cost of Goods Sold/Op. Exp | 8,886 | 10,077 | 11,502 | 13,161 | 15,110 |
| Personnel Cost | 3,298 | 3,305 | 3,401 | 3,624 | 3,862 |
| Other Expenses | 7,722 | 8,332 | 9,476 | 10,694 | 12,205 |
| **EBITDA** | **1,986** | **2,656** | **3,270** | **4,235** | **5,233** |
| *EBITDA Margin* | *9.1%* | *10.9%* | *11.8%* | *13.4%* | *14.4%* |
| *EBITDA Growth* | *37.0%* | *33.7%* | *23.1%* | *29.5%* | *23.6%* |
| Depn. & Amort. | 540 | 580 | 673 | 692 | 715 |
| EBIT | 1,446 | 2,076 | 2,597 | 3,543 | 4,518 |
| Other Income | 88 | 146 | 274 | 525 | 830 |
| Finance Cost | 98 | 56 | 62 | 51 | 51 |
| PBT before Excep. & Forex | 1,436 | 2,165 | 2,810 | 4,017 | 5,298 |
| Excep. & Forex Inc./Loss(-) | -151 | 42 | 0 | 0 | 0 |
| PBT | 1,285 | 2,207 | 2,810 | 4,017 | 5,298 |
| Taxes | 328 | 563 | 716 | 1,024 | 1,351 |
| Extraordinary Inc./Loss(-) | 0 | 0 | 0 | 0 | 0 |
| Assoc. Profit/Min. Int.(-) | 0 | 0 | 0 | 0 | 0 |
| Reported Net Profit | 956 | 1,644 | 2,093 | 2,992 | 3,947 |
| **Adjusted Net Profit** | **1,069** | **1,613** | **2,093** | **2,993** | **3,947** |
| *Net Margin* | *4.9%* | *6.6%* | *7.6%* | *9.4%* | *10.8%* |
| Diluted Share Cap. (mn) | 193.5 | 193.5 | 193.5 | 193.5 | 193.5 |
| **Diluted EPS (INR)** | **5.5** | **8.3** | **10.8** | **15.5** | **20.4** |
| *Diluted EPS Growth* | *97.8%* | *50.9%* | *29.8%* | *43.0%* | *31.9%* |
| Total Dividend + Tax | 0 | 0 | 0 | 0 | 0 |
| Dividend Per Share (INR) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Source: Company, JM Financial

| Balance Sheet | | | | | (INR mn) |
|---|---|---|---|---|---|
| **Y/E March** | **FY24A** | **FY25A** | **FY26E** | **FY27E** | **FY28E** |
| Shareholders' Fund | 42,256 | 44,087 | 46,180 | 49,172 | 53,119 |
| Share Capital | 1,935 | 1,935 | 1,935 | 1,935 | 1,935 |
| Reserves & Surplus | 40,322 | 42,152 | 44,245 | 47,237 | 51,184 |
| Preference Share Capital | 0 | 0 | 0 | 0 | 0 |
| Minority Interest | 12 | 12 | 12 | 12 | 12 |
| Total Loans | 249 | 0 | 0 | 0 | 0 |
| Def. Tax Liab. / Assets (-) | 8,101 | 8,073 | 8,073 | 8,073 | 8,073 |
| **Total - Equity & Liab.** | **50,619** | **52,172** | **54,265** | **57,258** | **61,204** |
| Net Fixed Assets | 54,641 | 54,733 | 54,640 | 54,478 | 54,293 |
| Gross Fixed Assets | 3,064 | 3,315 | 3,765 | 4,165 | 4,565 |
| Intangible Assets | 52,287 | 52,421 | 52,421 | 52,421 | 52,421 |
| Less: Depn. & Amort. | 881 | 1,289 | 1,783 | 2,299 | 2,837 |
| Capital WIP | 172 | 286 | 236 | 191 | 144 |
| Investments | 550 | 590 | 590 | 590 | 590 |
| Current Assets | 6,090 | 8,044 | 11,062 | 15,166 | 20,362 |
| Inventories | 2,527 | 2,529 | 2,869 | 3,291 | 3,778 |
| Sundry Debtors | 1,375 | 1,801 | 2,044 | 2,344 | 2,691 |
| Cash & Bank Balances | 975 | 2,517 | 4,899 | 8,227 | 12,531 |
| Loans & Advances | 453 | 393 | 404 | 416 | 429 |
| Other Current Assets | 760 | 805 | 845 | 887 | 932 |
| Current Liab. & Prov. | 10,663 | 11,194 | 12,025 | 12,975 | 14,040 |
| Current Liabilities | 3,390 | 3,596 | 3,918 | 4,303 | 4,739 |
| Provisions & Others | 7,273 | 7,598 | 8,107 | 8,673 | 9,301 |
| Net Current Assets | -4,572 | -3,150 | -964 | 2,190 | 6,322 |
| **Total – Assets** | **50,619** | **52,172** | **54,265** | **57,258** | **61,204** |

Source: Company, JM Financial

| Cash Flow Statement | | | | | (INR mn) |
|---|---|---|---|---|---|
| **Y/E March** | **FY24A** | **FY25A** | **FY26E** | **FY27E** | **FY28E** |
| Profit before Tax | 1,285 | 2,207 | 2,810 | 4,017 | 5,298 |
| Depn. & Amort. | 540 | 580 | 673 | 692 | 715 |
| Net Interest Exp. / Inc. (-) | 10 | -89 | -212 | -474 | -779 |
| Inc (-) / Dec in WCap. | -418 | -607 | 208 | 186 | 186 |
| Others | 542 | 318 | 0 | 0 | 0 |
| Taxes Paid | -14 | 52 | -716 | -1,024 | -1,351 |
| **Operating Cash Flow** | **1,945** | **2,460** | **2,762** | **3,396** | **4,068** |
| Capex | -250 | -556 | -480 | -430 | -430 |
| *Free Cash Flow* | *1,695* | *1,904* | *2,282* | *2,966* | *3,638* |
| Inc (-) / Dec in Investments | 250 | 0 | 0 | 0 | 0 |
| Others | -316 | -1,129 | 163 | 413 | 717 |
| **Investing Cash Flow** | **-316** | **-1,684** | **-317** | **-17** | **287** |
| Inc / Dec (-) in Capital | 0 | 0 | 0 | 0 | 0 |
| Dividend + Tax thereon | 0 | 0 | 0 | 0 | 0 |
| Inc / Dec (-) in Loans | -964 | -250 | 0 | 0 | 0 |
| Others | -237 | -184 | -62 | -51 | -51 |
| **Financing Cash Flow** | **-1,201** | **-434** | **-62** | **-51** | **-51** |
| **Inc / Dec (-) in Cash** | **428** | **342** | **2,383** | **3,328** | **4,304** |
| Opening Cash Balance | 548 | 2,175 | 2,517 | 4,899 | 8,227 |
| Closing Cash Balance | 975 | 2,517 | 4,899 | 8,227 | 12,531 |

Source: Company, JM Financial

| Dupont Analysis | | | | | |
|---|---|---|---|---|---|
| **Y/E March** | **FY24A** | **FY25A** | **FY26E** | **FY27E** | **FY28E** |
| Net Margin | 4.9% | 6.6% | 7.6% | 9.4% | 10.8% |
| Asset Turnover (x) | 0.4 | 0.4 | 0.4 | 0.5 | 0.5 |
| Leverage Factor (x) | 1.5 | 1.4 | 1.4 | 1.4 | 1.4 |
| RoE | 2.6% | 3.7% | 4.6% | 6.3% | 7.7% |

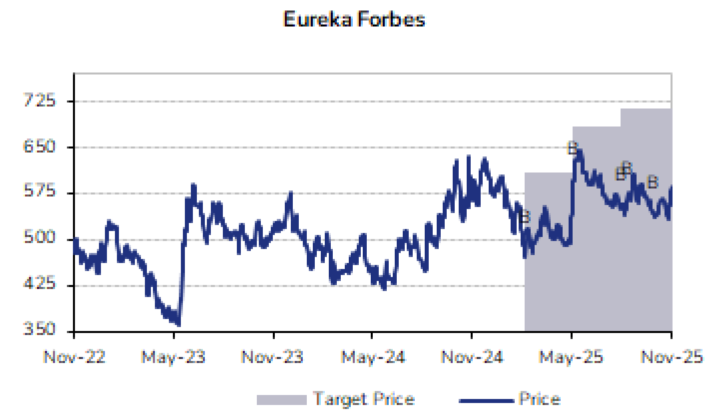
| Key Ratios | | | | | |
|---|---|---|---|---|---|
| **Y/E March** | **FY24A** | **FY25A** | **FY26E** | **FY27E** | **FY28E** |
| BV/Share (INR) | 218.4 | 227.9 | 238.7 | 254.1 | 274.5 |
| ROIC | 2.6% | 3.8% | 4.7% | 6.5% | 8.4% |
| ROE | 2.6% | 3.7% | 4.6% | 6.3% | 7.7% |
| Net Debt/Equity (x) | 0.0 | -0.1 | -0.1 | -0.2 | -0.2 |
| P/E (x) | 106.2 | 70.4 | 54.3 | 38.0 | 28.8 |
| P/B (x) | 2.7 | 2.6 | 2.5 | 2.3 | 2.1 |
| EV/EBITDA (x) | 56.4 | 41.5 | 33.0 | 24.7 | 19.1 |
| EV/Sales (x) | 5.1 | 4.5 | 3.9 | 3.3 | 2.8 |
| Debtor days | 23 | 27 | 27 | 27 | 27 |
| Inventory days | 42 | 38 | 38 | 38 | 38 |
| Creditor days | 36 | 31 | 31 | 32 | 32 |

Source: Company, JM Financial

## History of Recommendation and Target Price

| Date | Recommendation | Target Price | % Chg. |
|---|---|---|---|
| 17-Feb-25 | Buy | 610 | |
| 16-May-25 | Buy | 685 | 12.3 |
| 12-Aug-25 | Buy | 715 | 4.4 |
| 25-Aug-25 | Buy | 715 | 0.0 |
| 10-Oct-25 | Buy | 715 | 0.0 |

## Recommendation History



# APPENDIX I

## JM Financial Institutional Securities Limited

**Corporate Identity Number: U67100MH2017PLC296081**
**Member of BSE Ltd. and National Stock Exchange of India Ltd.**
**SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610**
**Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.**
**Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com**
**Compliance Officer: Ms. Ashley Johnson | Tel: +91 22 6224 1862 | Email: ashley.johnson@jmfl.com**
**Grievance Officer: Ms. Ashley Johnson | Tel: +91 22 6224 1862 | Email: instcompliance@jmfl.com**

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

| New Rating System: Definition of ratings | |
|---|---|
| **Rating** | **Meaning** |
| **BUY** | Expected return >= 15% over the next twelve months. |
| **ADD** | Expected return >= 5% and < 15% over the next twelve months. |
| **REDUCE** | Expected return >= -10% and < 5% over the next twelve months. |
| **SELL** | Expected return < -10% over the next twelve months. |

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

| Previous Rating System: Definition of ratings | |
|---|---|
| **Rating** | **Meaning** |
| **BUY** | Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields. |
| **HOLD** | Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months. |
| **SELL** | Price expected to move downwards by more than 10% from the current market price over the next twelve months. |

* REITs refers to Real Estate Investment Trusts.

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