

12 August 2025

India | Equity Research | Results Update

Eureka Forbes

White Goods

Strong operating performance across parameters

Eureka Forbes reported strong set of numbers for 7th straight quarter. Eureka saw double-digit growth in the product business both in value and volume terms, despite a subdued demand backdrop. We note: (1) Water purifiers maintained double-digit momentum, aided by launch of 2x range across price points, widening its appeal to the broader customer base. (2) Vacuum cleaners too saw double-digit growth driven by innovative launches in the fast-growing robotics category. (3) Service business continued its momentum with double-digit growth in service bookings driven by better ASP and higher volumes. (4) Upcoming R&D centre, slated to be commissioned in Q3FY26, underscores the company's focus on innovation. (5) We believe margin expansion is fuelled by not only operating leverage, but also cost-optimisation measures. With low category penetration, we see ample runway for sustained, profitable growth.

We cut our FY26–27E EPS by 2.1–3.3% to factor in the Q1FY26 results. Maintain **BUY** with a DCF-based revised TP of INR 660 (earlier INR 690; implied target P/E at 56x FY27E EPS).

Q1FY26 results overview

Eureka reported revenue/EBITDA/adj. PAT growth of 9.8%/9.2%/20.3% YoY. Gross margin contracted 86bps YoY. However, PAT margin expanded 55bps due to a reduction in service cost as a percentage of net sales. EBITDA margin remained flat YoY. Other income increased by 217.8% YoY due to cash accumulation. Other expenses increased by 10.4% YoY due to elevated advertisement expenses. There was double digit growth in products business.

Vacuum cleaner category gained traction

The vacuum cleaner saw strong growth supported by 52% YoY growth in robotics. Eureka has also partnered with Dixon to manufacture robotic vacuum cleaners, which should help position the company to capitalise on rising adoption. With continued investments in NPD, we expect vacuum cleaners to emerge as a significant value driver for the company in the medium-long term.

Service business saw strong momentum

Service business staged a strong comeback, with double-digit growth in service bookings, driven by higher volumes. The benefits of the efforts by the management to drive service business are visible now. Multi-year AMC saw higher growth than single-year AMC, signalling long-term customer retention. With robust volume traction, the company is strengthening its service reach and also gaining market share, in our view.

Financial Summary

Y/E	March (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Revenue		21,893	24,369	27,434	30,731
EBITDA		1,986	2,656	3,088	3,382
EBITDA Margin (%)		9.1	10.9	11.3	11.0
Net Profit		1,058	1,602	1,957	2,268
EPS (INR)		5.5	8.3	10.1	11.7
EPS % Chg YoY		87.0	51.5	22.1	15.9
P/E (x)		102.3	67.5	55.3	47.7
EV/EBITDA (x)		53.3	39.3	32.6	28.9
RoCE (%)		2.4	3.4	4.1	4.3
RoE (%)		2.5	3.7	4.3	4.8

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Market Data

Market Cap (INR)	108bn
Market Cap (USD)	1,234mn
Bloomberg Code	EUREKAFO IN
Reuters Code	EURK.BO
52-week Range (INR)	656 /440
Free Float (%)	35.0
ADTV-3M (mn) (USD)	1.5

Price Performance (%)	3m	6m	12m
Absolute	12.0	2.5	19.4
Relative to Sensex	12.6	(0.1)	18.2

ESG Score	2023	2024	Change
ESG score	NA	62.7	NA
Environment	NA	39.5	NA
Social	NA	68.9	NA
Governance	NA	78.9	NA

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY26E	FY27E
Revenue	(1.2)	(1.9)
EBITDA	(1.8)	(2.8)
EPS	(2.1)	(3.3)

Previous Reports

19-05-2025: [Q4FY25 results review](#)

12-02-2025: [Q3FY25 results review](#)

Maintain BUY

We model Eureka to report revenue and PAT CAGRs of 12.3% and 19.0%, respectively, over FY25–27E. Maintain **BUY** with a DCF-based revised TP of INR 660 (earlier INR 690; implied target P/E at 56x FY27E EPS).

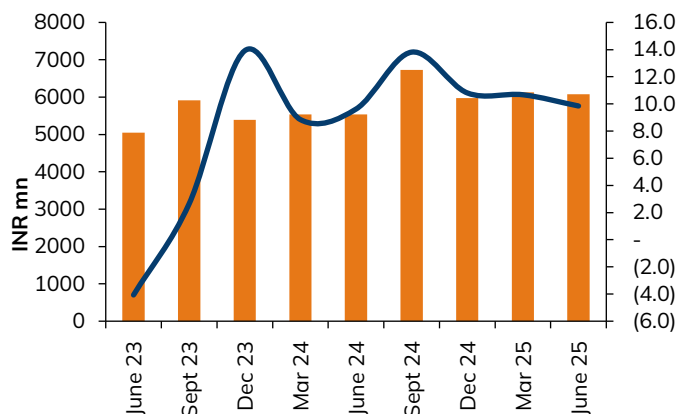
Exhibit 1: Q1FY26 consolidated performance

Y/E March (INR mn)	Q1FY26	Q1FY25	YoY % chg.	Q4FY25	QoQ % chg.
Revenue	6,079	5,534	9.8	6,127	(0.8)
Expenditure					
Raw materials	2,423	2,158	12.3	2,472	(2.0)
% of revenue	39.9	39.0		40.3	
Employee cost	876	852	2.8	816	7.3
% of revenue	14.4	15.4		13.3	
Other expenditure	2,165	1,961	10.4	2,068	4.7
% of revenue	35.6	35.4		33.8	
Total expenditure	5,464	4,971	9.9	5,356	2.0
EBITDA	615	563	9.2	771	(20.2)
EBITDA margin	10.1	10.2		12.6	
Other income	74	23	217.8	44	69.3
PBDIT	689	586	17.5	815	(15.4)
Depreciation	159	138	15.0	151	5.2
PBIT	531	449	18.3	664	(20.1)
Interest	10	17	(40.2)	11	(9.5)
PBT	521	432	20.6	653	(20.2)
Prov for tax	134	110	21.2	170	(21.3)
% of PBT	25.7	25.5		26.0	
PAT before MI/Share of associate	387	322	20.3	483	(19.9)
Minority Interest/Share of associate	0	0	142.2	(0)	(227.2)
Adjusted PAT	387	321	20.3	483	(20.0)
Extra ordinary items	(9)	(5)	65.1	(3)	173.1
Reported PAT	378	316	19.6	480	(21.2)

Source: I-Sec research, Company data

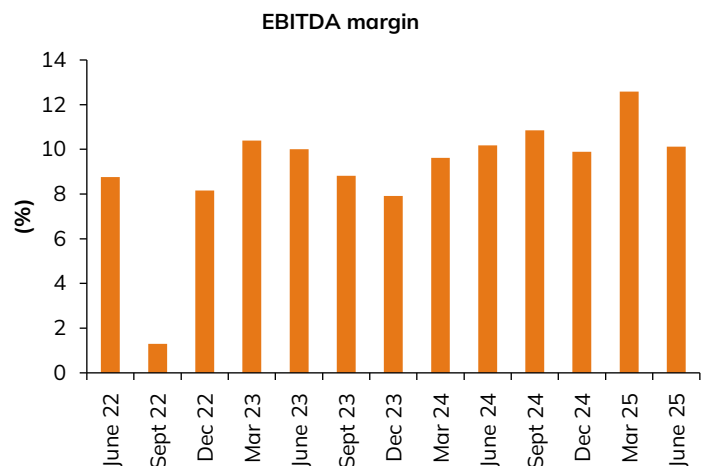
Key performance highlights

Exhibit 2: Revenue and revenue growth



Source: Company data, I-Sec research

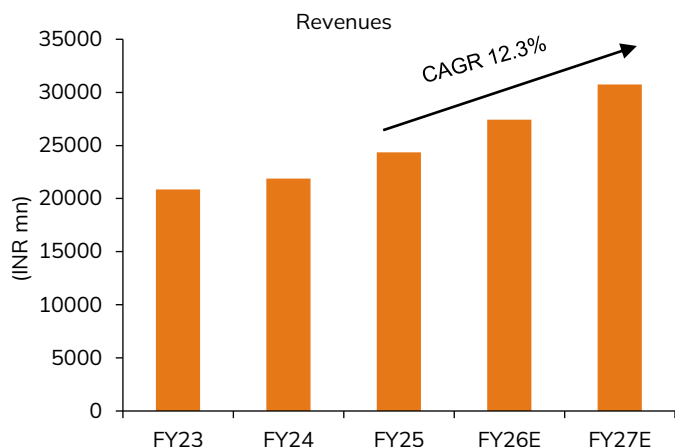
Exhibit 3: EBITDA margin



Source: Company data, I-Sec research

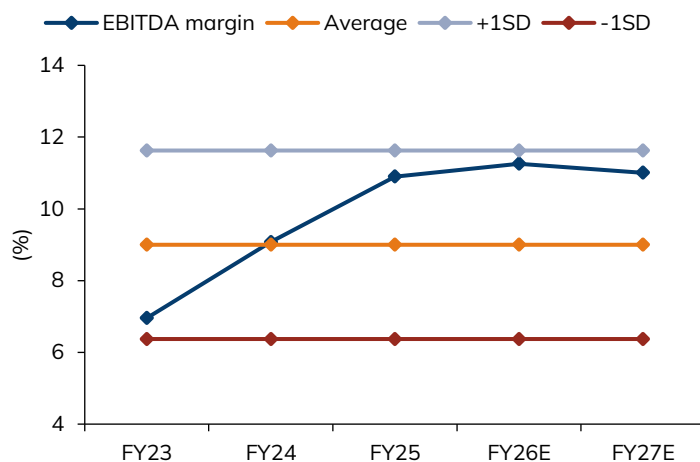
Key indicators – Annual

Exhibit 4: Revenue and revenue growth



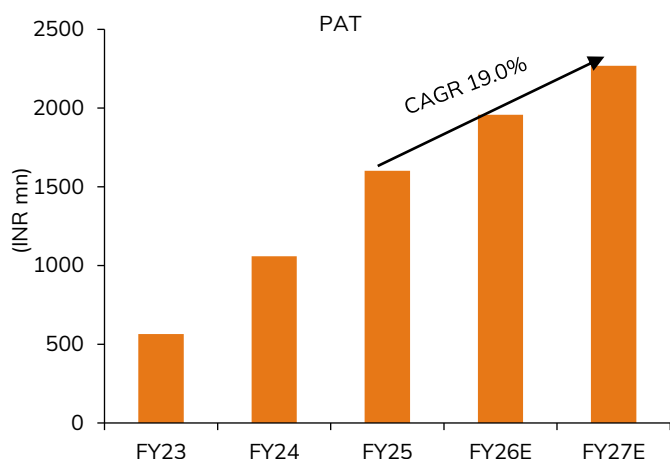
Source: Company data, I-Sec research

Exhibit 5: EBITDA margin



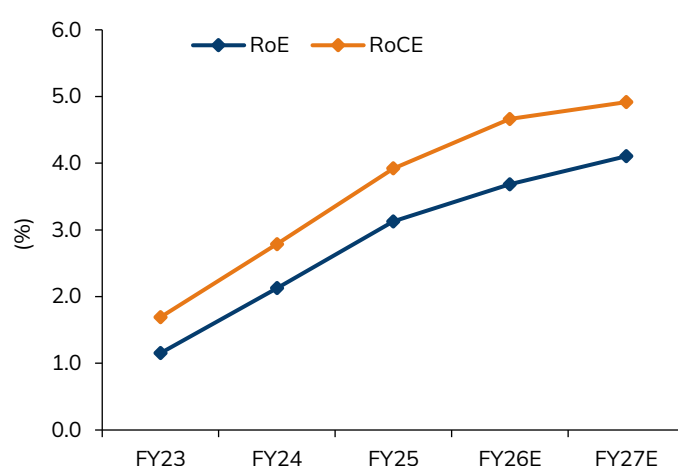
Source: Company data, I-Sec research

Exhibit 6: PAT and PAT growth



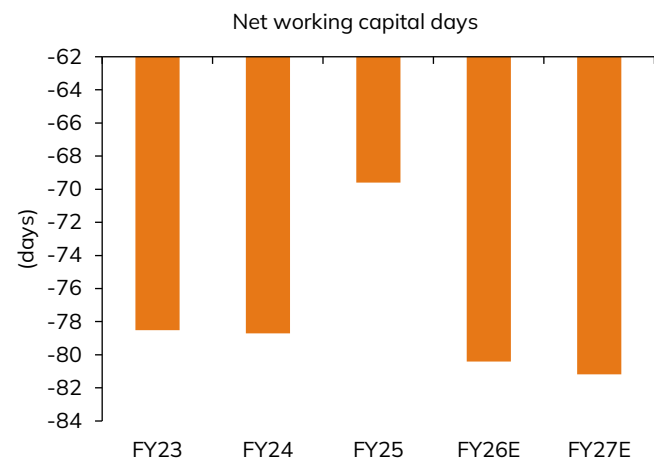
Source: Company data, I-Sec research

Exhibit 7: RoE and RoCE



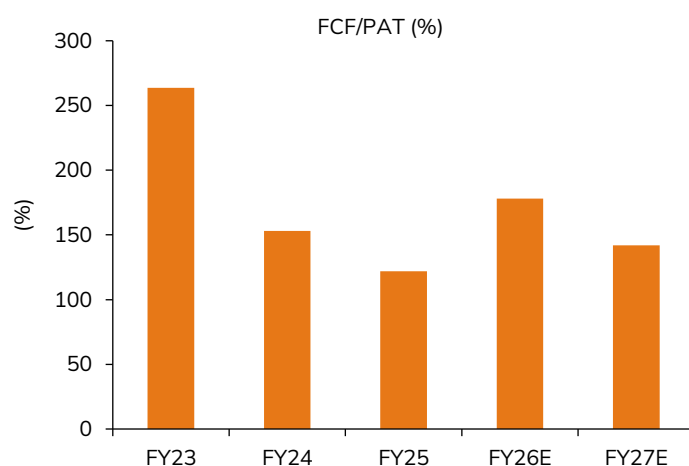
Source: Company data, I-Sec research

Exhibit 8: Net working capital days



Source: Company data, I-Sec research

Exhibit 9: FCF/PAT (%)



Source: Company data, I-Sec research

Valuation and key risks

DCF valuation

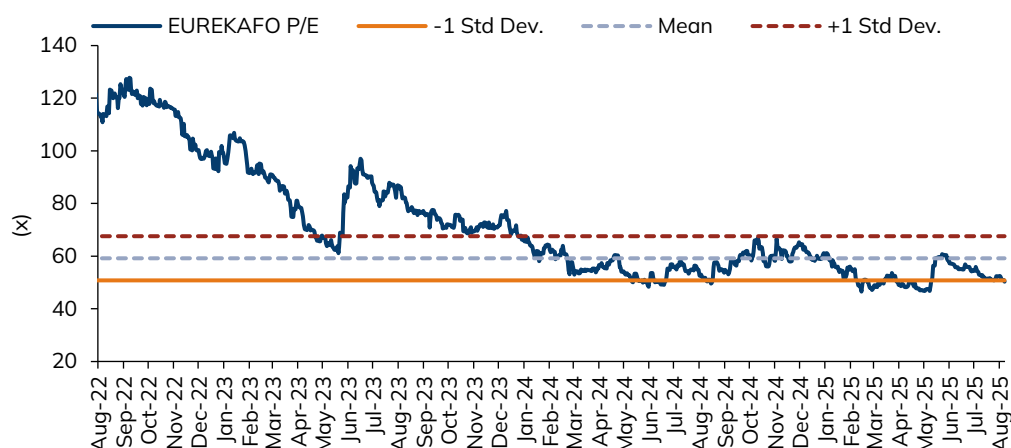
We model Eureka to report revenue and PAT CAGRs of 12.3% and 19.0%, respectively, over FY25–27E. Maintain **BUY** with a DCF-based revised TP of INR 660 (earlier INR 690; implied target P/E at 56x FY27E EPS).

Exhibit 10: DCF-based valuation

Particulars	
Cost of Equity (%)	11.1%
Terminal growth rate (%)	5.0%
Discounted interim cash flows (INR mn)	53,816
Discounted terminal value (INR mn)	73,880
Total equity value (INR mn)	127,696
Value per share (INR)	660

Source: Company data, I-Sec research

Exhibit 11: Mean PE (x) and standard deviations



Source: I-Sec research, Bloomberg

Risks

Sharp increase in input prices and competitive pressures

Major increase in input prices and/or increase in competitive pressures may result in downside to our estimates.

Delays in launch of new plants/products

Any delays in launch of new products may result in lower earnings than estimated.

Exhibit 12: Shareholding pattern

%	Dec'24	Mar'25	Jun'25
Promoters	62.6	62.6	62.6
Institutional investors	19.2	19.5	20.4
MFs and others	3.2	3.9	4.2
FIs/Banks	0.1	0.1	0.1
Insurance	2.1	1.6	0.9
FIIIs	13.8	13.9	15.2
Others	18.2	17.9	17.0

Source: Bloomberg, I-Sec research

Exhibit 13: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 14: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Net Sales	21,893	24,369	27,434	30,731
Operating Expenses	19,906	21,713	24,346	27,349
EBITDA	1,986	2,656	3,088	3,382
EBITDA Margin (%)	9.1	10.9	11.3	11.0
Depreciation & Amortization	540	580	532	583
EBIT	1,446	2,076	2,556	2,799
Interest expenditure	98	56	117	117
Other Non-operating Income	88	146	188	362
Recurring PBT	1,436	2,165	2,627	3,044
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	378	563	670	776
PAT	1,058	1,602	1,957	2,268
Less: Minority Interest	0	0	-	-
Extraordinaries (Net)	(123)	7	-	-
Net Income (Reported)	935	1,610	1,957	2,268
Net Income (Adjusted)	1,058	1,602	1,957	2,268

Source Company data, I-Sec research

Exhibit 15: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Total Current Assets	5,524	7,388	11,206	14,984
of which cash & cash eqv.	975	2,517	6,001	9,218
Total Current Liabilities & Provisions	9,269	9,519	11,248	12,600
Net Current Assets	(3,745)	(2,131)	(42)	2,384
Investments	1,116	1,246	1,246	1,246
Net Fixed Assets	2,896	3,118	3,005	2,848
ROU Assets	-	-	-	-
Capital Work-in-Progress	12	19	-	-
Total Intangible Assets	51,734	51,595	51,595	51,595
Other assets	-	-	-	-
Deferred Tax assets	-	-	-	-
Total Assets	52,012	53,848	55,805	58,073
Liabilities				
Borrowings	1,643	1,675	1,675	1,675
Deferred Tax Liability	8,101	8,073	8,073	8,073
provisions	-	-	-	-
other Liabilities	-	-	-	-
Equity Share Capital	1,935	1,935	1,935	1,935
Reserves & Surplus	40,322	42,152	44,109	46,377
Total Net Worth	42,256	44,087	46,044	48,312
Minority Interest	12	12	12	12
Total Liabilities	52,012	53,848	55,805	58,073

Source Company data, I-Sec research

Exhibit 16: Quarterly trend

(INR mn, year ending March)

	Sep-24	Dec-24	Mar-25	Jun-25
Net Sales	6,731	5,977	6,127	6,079
% growth (YOY)	13.8	10.8	10.7	9.8
EBITDA	731	591	771	615
Margin %	10.9	9.9	12.6	10.1
Other Income	34	44	44	74
Extraordinaries	24	(8)	(3)	(9)
Adjusted Net Profit	447	350	483	387

Source Company data, I-Sec research

Exhibit 17: Cashflow statement

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Operating Cashflow	1,870	2,507	3,885	3,642
Working Capital Changes	(418)	(607)	1,396	791
Capital Commitments	(284)	(597)	(400)	(425)
Free Cashflow	1,586	1,910	3,485	3,217
Other investing cashflow	(53)	(1,160)	-	-
Cashflow from Investing Activities	(337)	(1,756)	(400)	(425)
Issue of Share Capital	-	-	-	-
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	(1,105)	(409)	-	-
Dividend paid	-	-	-	-
Others	-	-	-	-
Cash flow from Financing Activities	(1,105)	(409)	-	-
Chg. in Cash & Bank balance	428	342	3,485	3,217
Closing cash & balance	613	955	6,001	9,218

Source Company data, I-Sec research

Exhibit 18: Key ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
Per Share Data (INR)				
Reported EPS	5.5	8.3	10.1	11.7
Adjusted EPS (Diluted)	5.5	8.3	10.1	11.7
Cash EPS	8.3	11.3	12.9	14.7
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	218.4	227.9	238.0	249.7
Dividend Payout (%)	-	-	-	-
Growth (%)				
Net Sales	5.0	11.3	12.6	12.0
EBITDA	37.0	33.7	16.3	9.5
EPS (INR)	87.0	51.5	22.1	15.9
Valuation Ratios (x)				
P/E	102.3	67.5	55.3	47.7
P/CEPS	67.7	49.6	43.5	38.0
P/BV	2.6	2.5	2.3	2.2
EV / EBITDA	53.3	39.3	32.6	28.9
P / Sales	4.9	4.4	3.9	3.5
Dividend Yield (%)	-	-	-	-
Operating Ratios				
Gross Profit Margins (%)	59.4	58.6	58.2	58.3
EBITDA Margins (%)	9.1	10.9	11.3	11.0
Effective Tax Rate (%)	26.3	26.0	25.5	25.5
Net Profit Margins (%)	4.8	6.6	7.1	7.4
NWC / Total Assets (%)	(9.1)	(8.6)	(10.8)	(11.8)
Net Debt / Equity (x)	0.0	0.0	(0.1)	(0.2)
Net Debt / EBITDA (x)	(0.2)	(0.8)	(1.8)	(2.6)
Profitability Ratios				
RoCE (%)	2.4	3.4	4.1	4.3
RoE (%)	2.5	3.7	4.3	4.8
RoIC (%)	2.5	3.7	4.6	5.2
Fixed Asset Turnover (x)	6.6	6.4	6.2	6.3
Inventory Turnover Days	43	40	39	39
Receivables Days	23	28	27	27
Payables Days	154	146	155	154

Source Company data, I-Sec research

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