

EFC (I) Limited

02 July 2025

Future growth driven by capacity, order book and REIT

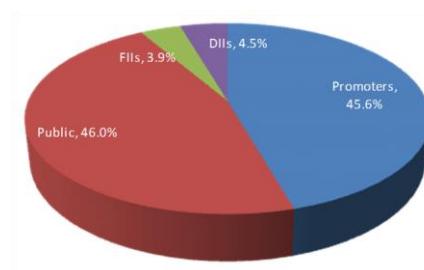
BUY

Sector	: Real Estate Services
Target Price	: ₹468
Last Closing Price	: ₹305
Market Cap	: ₹3,035 crores
52-week High/Low	: ₹359/171
Daily Avg Vol (12M)	: 3,28,835
Face Value	: ₹2
Beta	: 1.082
Pledged Shares	: 0%
Year End	: March
BSE Scrip Code	: 512008
NSE Scrip Code	: N/A
Bloomberg Code	: EFCIL IN
Reuters Code	: N/A
Nifty	: 25,453
BSE Sensex	: 83,410
Analyst	: Research Team

Price Performance



Shareholding Pattern



4Q FY25 and FY25 Update

Outlook & Valuation

EFC reported robust results in FY25. For its core division, Leasing, Management aims to expand their capacity by 22,000-25,000 new seats in FY26 at Rs 6,500-7,000 per seat and expects 90% occupancy. The company anticipates that its Design & Build (D&B) division will achieve a growth rate of 60-70%. For Furniture division, EFC targets 50-60% utilization of its Rs 275-300 crore capacity, expecting export orders to fuel growth. Apart from regular machinery enhancements, no substantial Capex is projected for FY26. The expansion of new seating capacity will primarily be funded by the landlords. The order pipeline in the D&B division is Rs 200 crores, of which Rs 183 crores worth of projects are from an MNC client. The Furniture & Manufacturing division has a strong order book of Rs 35 crore, including major Rs 25 crore export order from a Middle Eastern resort. EFC has received the approval for EMBERSTONE SM REIT. This structure will allow EFC to own the properties it previously only managed, giving them more control over their assets. It will also create an opportunity to generate revenue from these assets and distribute the profits to both EFC and the REIT investors. EFC will serve as the REIT's asset manager, generating management fees. The company's management expects the REIT's launch in FY26.

The EFC stock currently trades at an attractive FY27 forward PE ratio of 9.8x. Based on a target PE multiple of 15x FY27E EPS, we value EFC at a price target of Rs 468, reiterating a BUY rating with a 54% upside potential.

Key Financial Metrics (Consolidated)

₹ crore	FY23A	FY24A	FY25A	FY26E	FY27E
Total income	104.1	428.8	674.3	1,122.7	1,515.6
Growth	98161.3%	312.1%	57.3%	66.5%	35.0%
EBITDA	56.3	191.9	345.2	545.6	719.9
EBITDA margin	54.1%	44.8%	51.2%	48.6%	47.5%
PAT (ex-minority interest)	4.3	58.0	112.8	217.8	310.8
PAT margin	4.2%	13.5%	16.7%	19.4%	20.5%
EPS (₹)*	0.44	5.82	11.33	21.88	31.22

Source: Company data, Khambatta Research

Note: Historical EPS adjusted for Bonus issue of 1:1

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02 July 2025

Result Analysis

- EFC's revenues expanded significantly in FY25, growing by 57.3% y-o-y to Rs 674.3 crore. Concurrently, 4Q FY25 revenue experienced a sharp increase, rising 118.3% y-o-y to Rs 216.4 crore.
- EBITDA increased 79.9% y-o-y to Rs 345.2 crore as EBITDA margin expanded by 644 bps y-o-y to 51.2% during FY25. 4Q FY25 EBITDA increased by 97.0% y-o-y to Rs 114.7 crore while EBITDA margin contracted by 575 bps to 53.0%.
- The company reported a PAT of Rs 112.8 crore as PAT margin expanded by ~321 bps to 16.7% during FY25. 4Q FY25 PAT increased by 10.3% y-o-y to Rs 30.8 crore while PAT margin contracted by ~1396 bps to 14.2%.

Financial Performance (Consolidated)

₹ crore	4Q FY24	3Q FY25	4Q FY25	Y-o-Y	Q-o-Q	FY24	FY25	Y-o-Y
Total income	99.1	181.5	216.4	118.3%	19.2%	428.8	674.3	57.3%
EBITDA	58.2	96.9	114.7	97.0%	18.3%	191.9	345.2	79.9%
EBITDA margin	58.7%	53.4%	53.0%	-575 bps	-40 bps	44.8%	51.2%	644 bps
PAT	27.9	37.9	30.8	10.3%	-18.8%	58.0	112.8	94.6%
PAT margin	28.2%	20.9%	14.2%	-1396 bps	-666 bps	13.5%	16.7%	321 bps
Diluted EPS (₹)	2.81	4.07	4.82	71.5%	18.4%	6.36	14.14	122.3%

Source: Company data, Khambatta Research

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EFC (I) Limited

02 July 2025

Guide to Khambatta's research approach

Valuation methodologies

We apply the following absolute/relative valuation methodologies to derive the 'fair value' of the stock as a part of our fundamental research:

DCF: The Discounted Cash Flow (DCF) method values an estimated stream of future free cash flows discounted to the present day, using a company's WACC or cost of equity. This method is used to estimate the attractiveness of an investment opportunity and as such provides a good measure of the company's value in absolute terms. There are several approaches to discounted cash flow analysis, including Free Cash Flow to Firm (FCFF), Free Cash Flow to Equity (FCFE) and the Dividend Discount Model (DDM). The selection of a particular approach depends on the particular company being researched and valued.

ERE: The Excess Return to Equity (ERE) method takes into consideration the absolute value of a company's return to equity in excess of its cost of equity discounted to the present day using the cost of equity. This methodology is more appropriate for valuing banking stocks than FCFF or FCFE methodologies.

Relative valuation: In relative valuation, various comparative multiples or ratios including Price/Earnings, Price/Sales, EV/Sales, EV/EBITDA, Price/Book Value are used to assess the relative worth of companies which operate in the same industry/industries and are thereby in the same peer group. Generally our approach involves the use of two multiples to estimate the relative valuation of a stock.

Other methodologies such as DuPont Analysis, CFROI, NAV and Sum-of-the-Parts (SOTP) are applied where appropriate.

Stock ratings

Buy recommendations are expected to improve, based on consideration of the fundamental view and the currency impact (where applicable) by at least 15%.

Hold recommendations are expected to improve, based on consideration of the fundamental view and the currency impact (where applicable) between 5% and 15%.

Sell recommendations are expected to improve up to 5% or deteriorate, based on consideration of the fundamental view and the currency impact (where applicable).

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EFC (I) Limited**02 July 2025**

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