

Result Update

EFC (I) Ltd

 Reco: **Buy** CMP: **510** TP: **920** ▲ 80%

On Track; Standing Strong

We maintain our initial BUY rating for EFC, following stable revenue growth at 4.5% YoY, and PAT growth at 91.7% YoY. The vertical reported YoY increase of 27% and 51% in Revenue and EBIT respectively. Rental revenue stood at 96.34 crores, with YoY increase of 31% and 157% in Revenue and EBIT respectively. Management indicates that the Q4 is typically focussed on chasing contracts and finalising deals.

Retain BUY with a TP of Rs. 920. We keep FY2025-27E EPS as per previous estimates. We value EFC at 920, based on a PE multiple of 12x on FY27E earnings.

Scope available for margin expansion

With the introduction of the Emberstone SM REIT, we expect better PAT margins post FY25, owing to inflow of service, marketing, admin and management fee from the REIT. It has received the certificate of registration for the REIT, and is aiming for the prospectus release in February CY25.

Inflow of Furniture Segment Revenue

The company has been actively expanding its furniture manufacturing capabilities. The segment is yet to reach its optimal capacity. Management is confident of achieving stable revenues with EBITDA margins around 30%.

Update on 15% Stake in MPF Fire Systems Limited

The Target Company has been acquired through the Corporate Insolvency Resolution Process (CIRP). MPF Fire Systems is into the business of generating, accumulating, distributing, installing and supplying Solar Energy, wind, green hydrogen, green ammonia for its own use or for sale to Governments, State Electricity Boards, Intermediaries in Power Transmission/ Distribution, Companies, Industrial Units, or to other types of users.

Company says they are positioned as a strategic investor in MPF, they don't intend to participate in the management. Management aims at creating synergies as it would bring down operational costs for office spaces.

Future Guidance

The management trimmed its original guidance of doubling its revenue from FY24 to achieving 50%+ growth over FY24 revenues in FY25. However the focus remains on achieving stronger bottom line margins leading to doubling of PAT in FY25. The company saw increased interest costs this quarter due to

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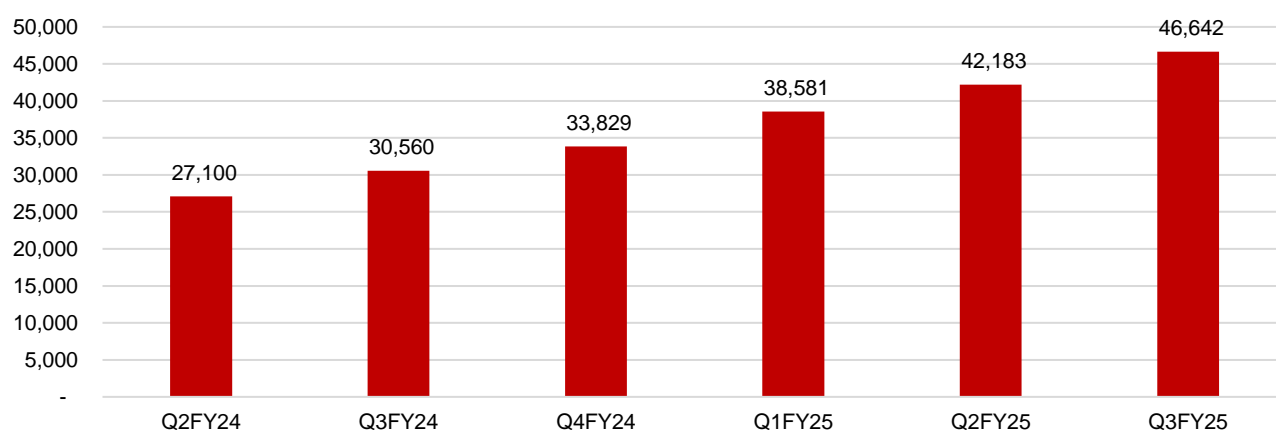
initiation of repayment on a 55 Crore loan intended to acquire a property in Wakdewadi, Pune.

Key Highlights from Earnings Call

- **Seats**

Seating Capacity stood at 57,000 adding 5650 seats in Q3FY25, with occupancy at 90%, 70 sites under management and 2.6 mn sqft under management.

Figure 1 Billed Seats (#)



Source: Company

- **Rental Segment**

Rental revenue stood at 96.34 crores, with YoY increase of 31% and 157% in Revenue and EBIT respectively. It added Nobroker, Standard Chartered, Bajaj Finserv and 12 more clients this quarter.

- **Design and Build Segment**

The vertical reported YoY increase of 27% and 51% in Revenue and EBIT respectively. Unexecuted order book stands at 92 Crore.

- **Furniture Segment**

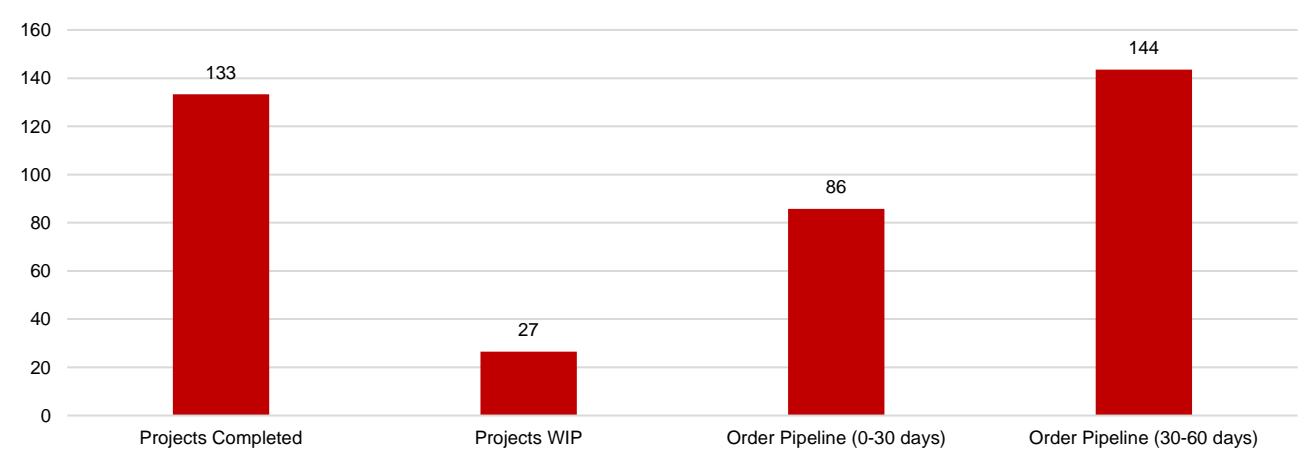
The company commissioned the furniture manufacturing facility in Q2FY25. The facility is divided into specialized sections—Modular, Metal Fabrication, Woodworking, CNC for both Metal and Wood, Soft Seating, and Office Chair Assembly. They have recently launched a new division for chair assembly which encompasses premium office chairs and gaming chairs. Plans for sofa manufacturing are in pipeline.

Figure 2 New Furniture products developed



Source: Company

Figure 3 Furniture Segment Order Book Breakdown (INR Cr.)



Source: Company

Financials

Income Statement

Particulars	2023	2024	2025E	2026E	2027E
Revenue from operations	103	410	672	965	1,377
COGS	37	187	302	429	606
Gross Profit	66	224	370	536	771
Employee benefits expense	5	14	33	33	55
Other expenses	5	36	47	68	96
EBITDA	55	173	289	435	620
Depreciation expense	34	76	87	96	108
EBIT	21	98	202	339	511
Finance Cost	15	35	33	31	30
Other Income	1	18	10	10	10
EBT	7	81	180	318	491
Tax	3	18	45	79	123
Net Profit	4	63	135	238	369
EPS	1	13	27	48	74

Balance Sheet

Particulars	2023	2024	2025E	2026E	2027E
Fixed Assets	40	82	98	93	88
Right of use assets	251	295	279	254	237
CWIP	19	28	28	28	28
Intangible Assets	50	50	50	50	50
Investments	0	0	0	0	0
Inventories	0	25	37	53	75
Trade receivables	15	120	147	212	302
Cash Equivalents	3	187	292	499	830
Short term loans	4	23	23	23	23
Other asset items	95	148	148	148	148
Total Assets	477	958	1,102	1,360	1,780
Equity Capital	7	10	10	10	10
Reserves	64	417	552	790	1,159
Non controlling int	2	5	5	5	5
Long term Borrowings	54	112	112	112	112
Short term Borrowings	5	3	3	3	3
Lease Liabilities	265	291	278	269	280
Trade Payables	15	47	69	98	138
Advance from Customers	7	6	6	6	6
Other liability items	58	67	67	67	67
Total Equity and Liabilities	477	958	1,102	1,360	1,780

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