

## Eureka moment – Discovering a secular growth story

Consumer Durables ▶ Initiating Coverage ▶ September 04, 2025

CMP (Rs): 587 | TP (Rs): 725

We initiate coverage on Eureka Forbes (EFL) with BUY and TP of Rs725 (50x Sep-27E PER; ~24% upside), with the stock price having the potential to double in 3-4Y. Under the new management, EFL (a leading health and hygiene brand) is transforming products/services and unlocking significant growth in highly underpenetrated categories of water purifiers/vacuum cleaners (EFL pioneered these and leads with ~40%/60% market shares, respectively), entering adjacent categories. Focus on category-led campaigns, affordability (models from Rs6.5k), and distribution (~20k pin codes) led to 7 straight quarters of double-digit growth despite weak sentiment/softness among peers in the other appliance category. Service momentum is reviving (double-digit AMC bookings in Q1). Despite rising R&D/marketing spends, margins rose by ~400bps in 2Y to 11% in FY25 (although lags Kent's ~15-20%, implying major headroom). We bake in revenue/EBITDA/EPS CAGR of ~13%/20%/24% over FY25-28E, with robust net cash of Rs2.5bn now (vs net debt in FY23), FCFE yield (~3% by FY28E), and ROCEs (+250% in FY25, adjusted for Goodwill/other Intangibles).

**From barriers to breakthrough – Driving category growth; early success visible**  
EFL's leadership in highly underpenetrated categories (6%/2% in water purifiers/vacuum cleaners) offers significant growth headroom. Backed by 6x R&D and 8x A&P investments in 3Y, EFL is reshaping category perception, breaking affordability barriers, and delivering sustained double-digit product growth (vs low single-digit growth over the last decade). The focused thrust on affordability (entry models at Rs6.5k) and new product-led premiumization (~Rs15-20k) aided growth in water purifiers. In vacuum cleaners, new offerings (3x rise in robotic SKUs in a year) and 'cleaning as easy as 1-2-3' campaign target first-time users. Robotics is now +50% of vacuum cleaner revenues. We model 13%/15% revenue CAGR over FY25-28E for water purifiers/vacuum cleaners.

**Transformation underway in service business; digitization to act as a catalyst**  
EFL has overhauled service offerings by moving beyond AMCs to tailored solutions, driving the installed app base to 1.6mn in FY25 (vs 140k in May-23) via an enhanced user interface. Digitization (slot-based booking, technician tracking) has lifted app-based engagement (80% complaints are online vs 33% in May-23); low penetration is being addressed via tiered AMCs (from Rs599), QR-coded filters for authenticity, and 1-hour service guarantees. While historically muted (~2% CAGR over FY23-25), early green-shoots are visible (service bookings saw double-digit growth in Q1FY26). We believe the services revenue engine will start firing, with ~13% revenue CAGR over FY25-28E.

**Sharpened focus on profitability; valuation at 50x Sep-27E PER**

EFL has turned around sharply, expanding margins to ~11% in FY25 (vs ~7% in FY23) and moving to Rs2.5bn net cash despite high marketing, digital, and R&D spends. Margins, however, remain well below Kent's ~15-20%, offering meaningful upside potential. EFL is now embarking on its next phase of EBITDA optimization. We value EFL at 50x Sep-27E PER, on ~24% EPS CAGR, superior returns, and an asset-light model.

Target Price – 12M	Sep-26
Change in TP (%)	NA
Current Reco.	BUY
Previous Reco.	NA
Upside/(Downside) (%)	23.5

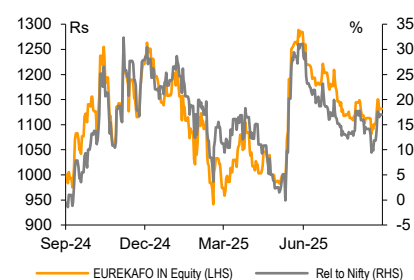
Stock Data	EUREKAFO IN
52-week High (Rs)	656
52-week Low (Rs)	452
Shares outstanding (mn)	193.4
Market-cap (Rs bn)	114
Market-cap (USD mn)	1,290
Net-debt, FY26E (Rs mn)	(4,383.0)
ADTV-3M (mn shares)	0
ADTV-3M (Rs mn)	102.9
ADTV-3M (USD mn)	1.2
Free float (%)	37.4
Nifty-50	24,715.1
INR/USD	88.1

**Shareholding, Jun-25**

Promoters (%)	62.6
FPIs/MFs (%)	14.0/6.4

**Price Performance**

(%)	1M	3M	12M
Absolute	2.6	(5.5)	18.0
Rel. to Nifty	2.0	(6.2)	20.7

**1-Year share price trend (Rs)****Eureka Forbes: Financial Snapshot (Consolidated)**

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	21,893	24,369	26,988	30,696	35,225
EBITDA	1,986	2,656	2,968	3,652	4,596
Adj. PAT	1,108	1,602	1,834	2,332	3,130
Adj. EPS (Rs)	5.7	8.3	9.5	12.1	16.2
EBITDA margin (%)	9.1	10.9	11.0	11.9	13.0
EBITDA growth (%)	37.0	33.7	11.8	23.0	25.8
Adj. EPS growth (%)	66.9	44.6	14.4	27.2	34.2
RoE (%)	2.7	3.7	4.1	5.0	6.4
RoIC (%)	2.2	3.1	3.4	4.3	5.7
P/E (x)	118.8	69.1	62.0	48.7	36.3
EV/EBITDA (x)	56.6	42.4	37.9	30.8	24.5
P/B (x)	2.7	2.6	2.5	2.4	2.2
FCFF yield (%)	1.5	1.7	1.4	2.2	3.0

Source: Company, Emkay Research

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This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)




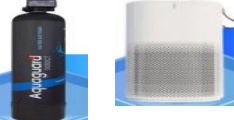
## Story in Charts

**Exhibit 1: EFL enjoys strong market position in categories dominated by high under-penetration, with a robust gross margin profile**

Consumer durable categories	Industry size (Rs bn)		CAGR over FY23-28E	Current penetration levels		Market structure
	FY23	FY28E		India	Global	
Categories EFL caters to						
Water purifier – Product	43.5	80.1	13	6%	~20-25%	No 1 is EFL with ~40%, followed by Kent (~20%); the next 5 players – 34%.
Vacuum cleaner	5.0	11.0	17	2%	~10-15%	No 1 is EFL with ~60%, other key players are Dyson, Phillips, etc.
Air purifier	2.3	5.3	18	>1%	~5-10%	Market is in nascent stages.
Other categories						
ACs	350	704	15	14%	~40-45%	No 1 is Voltas – 18%, followed by LG – 15%, and Daikin – 10%.
Refrigeration	305	562	13	~35-40%	~75-80%	No 1 is Samsung – 25%, No 2 – LG with 24%, No 3 is Whirlpool – 18%.
Washing machine	220	338	9	~20-25%	~75-80%	No 1 is LG – 28%; No 2 is Samsung – 18%; No 3 is Whirlpool – 14%.
Fans	160	348	17	>90%	~70-75%	No 1 is Crompton -23%, followed by Havells – 19%; Bajaj and Usha – 14%.
Home entertainment (TVs and audio systems)	900	1,810	15	76%	~75-80%	No 1 is Samsung – 16%; followed by LG – 15%, and Xiaomi – 12%.

Source: Company; LG DRHP (refer to [link](#)); Kent DRHP (refer to [link](#)); industry reports; Emkay Research

**Exhibit 2: Eureka Forbes: A bird's eye view**

Particulars	Electric Water Purifier	Service	Vacuum Cleaner	Others (Air Purifiers, Water softener)
<b>Product Categories</b>				
<b>Revenue mix (%) - FY25</b>	45	33	16	9
<b>Revenue CAGR (%) - FY23-25</b>	14	2	16	-2
<b>- FY25-28E</b>	13	13	15	11
<b>Penetration levels (%)</b>	6%	Customers opting for AMCs are <50%	2%	Air purifiers <1% HH
<b>Market size (Rs bn) FY23 (refer to <a href="#">link</a>)</b>	Rs44bn	Rs37bn	Rs5bn	Air purifier – Rs2.3bn; Water softener – Rs10bn
<b>Key growth drivers</b>	1) Under-penetration. 2) Poor water quality. 3) Rising health and hygiene awareness.	1) Reducing TCOs (2Y filter-life). 2) App-based service bookings. 3) Shifting to tiered AMCs with add-ons (extended warranties).	1) Very low penetration. 2) Rising disposable incomes. 3) Unpredictability of domestic help. 4) Emergence of robotics.	1) Worsening urban AQI. 2) Increasing awareness about quality of indoor air.
<b>Key investor concerns</b>	1) Low penetration is not translating into faster category growth. 2) Intense online price wars.	1) High TCO due to recurring service costs. 2) 'Wrong fit' of filters hurt conversions as customers opt for products w/o AMCs.	1) Discretionary category with low HH penetration (~2%). 2) Aggressive competition.	1) Air purifiers are seasonal in nature. 2) Demand spikes tied to AQI.
<b>Steps taken by EFL</b>	1) Category-building marketing campaigns. 2) Affordable prices starting at Rs6,499. 3) Premium product introductions. 3) Deeper retail penetration + Tier 2/3 expansion.	1) Tiered AMC contracts starting from Rs599. 2) The recently launched 2Y filter range reduces the TCO for consumers. 3) Promises 1-hour service in key cities.	1) Campaigns like 'cleaning as easy as 1-2-3' is targeting first-time users. 2) Onboarded Bollywood celebrity Shradha Kapoor for marketing.3) Recently partnered with Dixon for manufacturing.	Introduced air purifier with surround 360-degree air intake technology to attract premium customers.
<b>Results visible till now</b>	1) Double-digit growth for 7 consecutive quarters.	1) Turnaround with double-digit growth in service bookings in Q1.	1) Vacuum cleaner growth led by 52% YoY growth in robotics in Q1FY26.	Q3FY25 peak season for air purifiers, owing to increased air pollution; EFL saw 3x its revenue.
<b>Key launches</b>	Aquaguard Slim Tech Glass, Aquaguard Design Nxt, Aquaguard Aura 2X Life.	2Y filters with Nanopure technology introduced in FY25; now available across 40+ SKUs.	Forbes Robo LVac Voice Nuo, Forbes Smart clean with Auto Bin.	Air Purifier 355 Surround 360°, Forbes Air Purifier 150 Surround 360.
<b>Competitive landscape</b>	Kent, Pureit, AO Smith, Livpure, Urban company	Urban Company, Kent	Narwal/Ecovacs/ILIFE	Philips/Dyson/Blueair/Honeywell/Xiaomi
<b>Key risks</b>	Low-category growth in the past; competition from start-ups like Urban Company.	Competition from Urban Company providing low-cost installation and servicing.	Discretionary demand sensitivity: import content is high in robots.	AQI variability; tech obsolescence; highly discretionary.

Source: Company, Emkay Research

**Exhibit 3: EFL is driving strong category growth via targeted interventions and customer-focused advertising in its EWP category...**



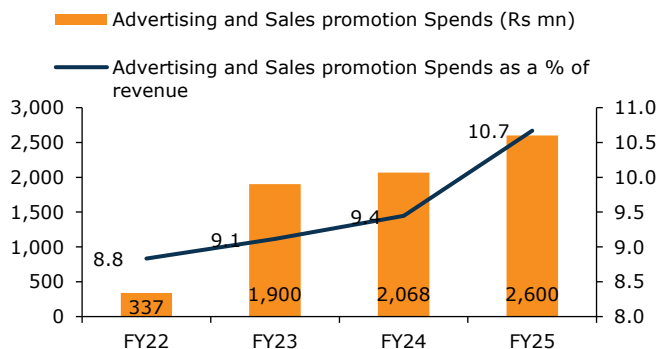
Source: Company, Emkay Research (refer to YouTube [Link](#))

**Exhibit 4: ...while recently onboarding Bollywood celebrity Shraddha Kapoor as the brand ambassador for its vacuum cleaners to target the youth**



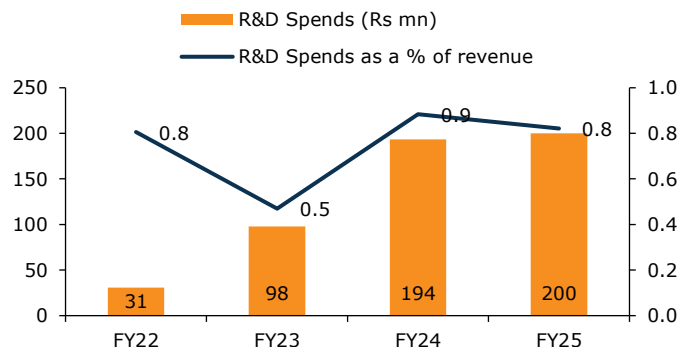
Source: Company, Emkay Research (refer to YouTube [Link](#))

**Exhibit 5: This has led to EFL's A&SP rising ~8x over FY22-25**



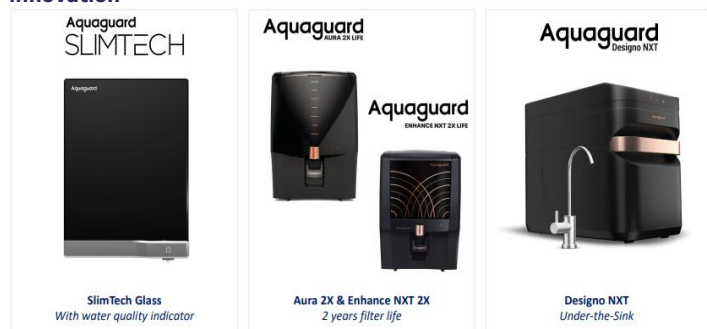
Source: Company, Emkay Research

**Exhibit 6: EFL's R&D spends also rose more than ~6x over FY22-25, with a new R&D center under development (Q3FY26)**



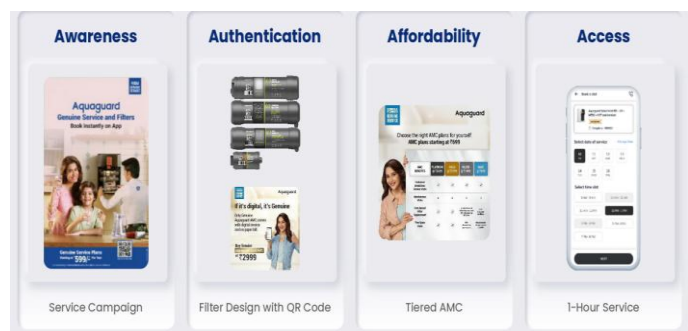
Source: Company, Emkay Research

**Exhibit 7: EFL's enhanced focus on premiumization is visible in the newly launched range of water purifiers, with ahead-of-the-industry innovation**

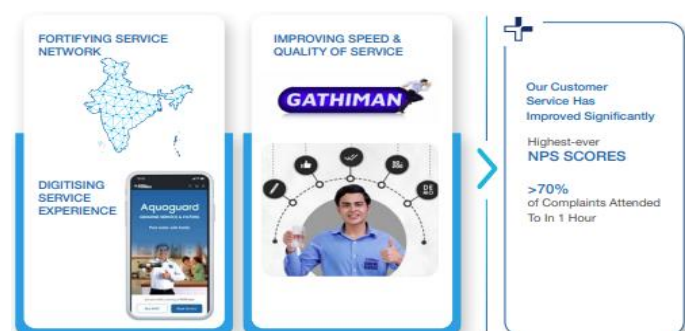


Source: Company, Emkay Research

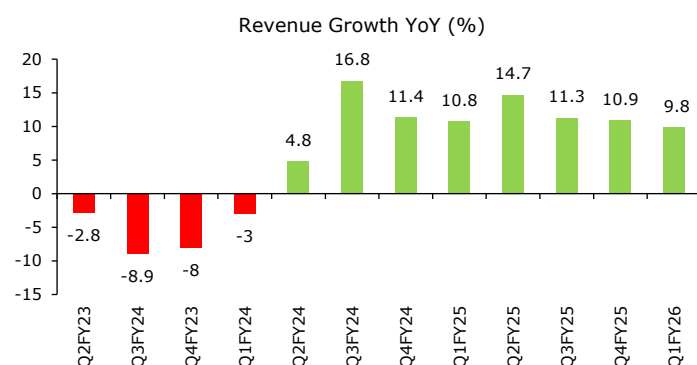
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**Exhibit 8: EFL is actively addressing the 4 'A's for customers to break category barriers in the services business**

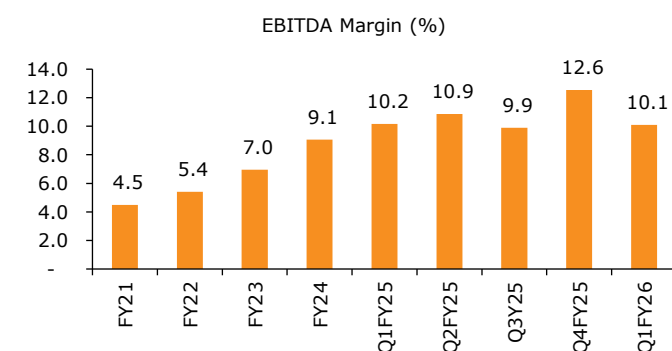
Source: Company, Emkay Research

**Exhibit 9: Centered around a 'customer-first' approach, EFL has undertaken several initiatives to propel its services business**

Source: Company, Emkay Research

**Exhibit 10: These efforts have translated, with EFL posting strong double-digit revenue growth over the past 7 quarters...**

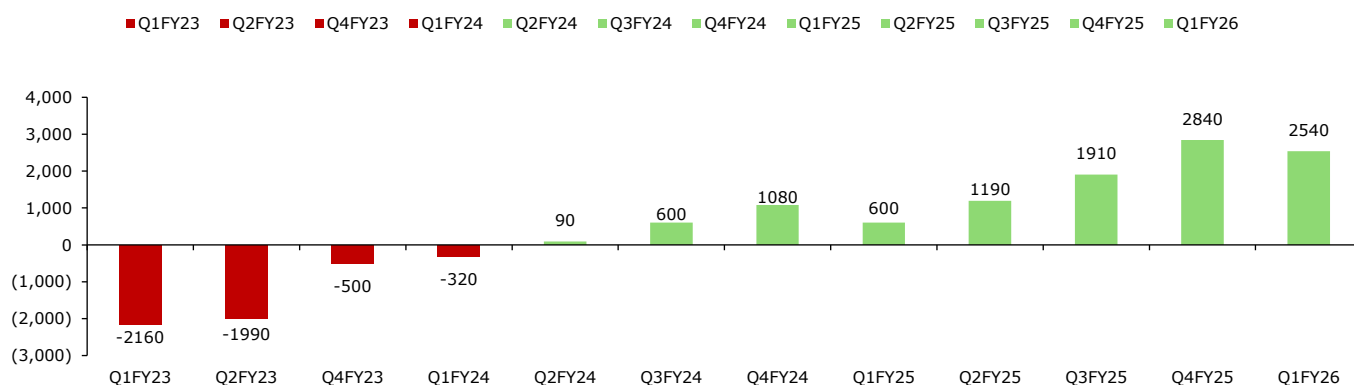
Source: Company, Emkay Research

**Exhibit 11: ...with margins expanding rapidly over FY21-25 across product verticals**

Source: Company, Emkay Research

**Exhibit 12: EFL has consistently maintained net-cash position over the last 8 quarters vs net debt in FY23**

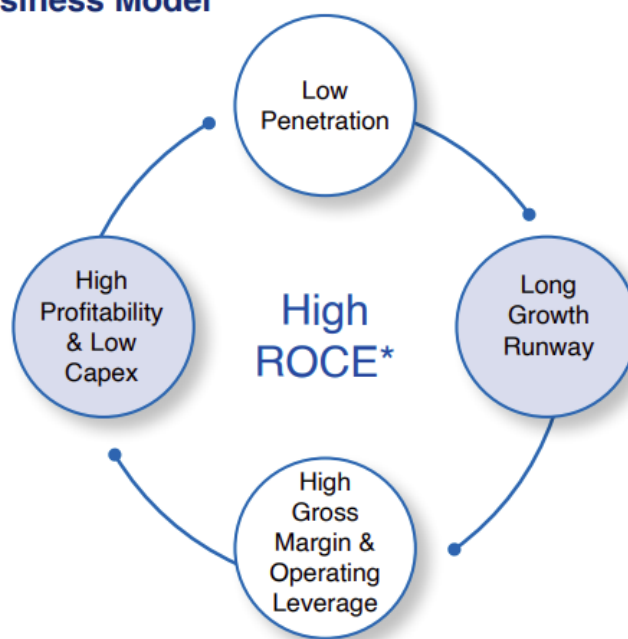
Net (Debt)/Cash Position (Rs mn)



Source: Company, Emkay Research

**Exhibit 13: EFL's business model is equipped to generate strong cash flows, healthy gross margins, and low capex intensity**

### Robust Business Model



Source: Company, Emkay Research

**Exhibit 14: We model in ~13%/20%/24% revenue/EBITDA/PAT CAGR over FY25-28E**

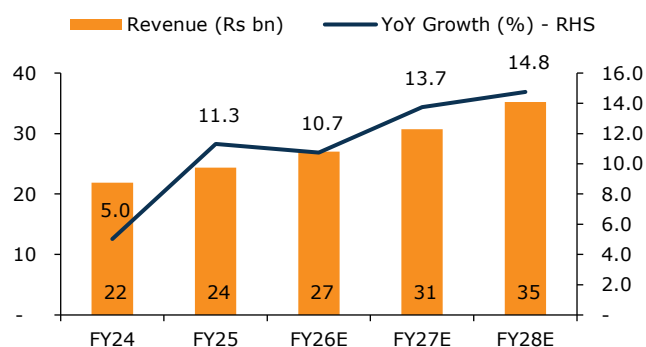
(Rs mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E	CAGR over FY25-28E
<b>Revenue</b>	<b>20,845</b>	<b>21,893</b>	<b>24,369</b>	<b>26,988</b>	<b>30,696</b>	<b>35,225</b>	<b>13</b>
Growth (% YoY)	446.0	5.0	11.3	10.8	13.7	14.8	
<b>EBITDA</b>	<b>1,450</b>	<b>1,986</b>	<b>2,656</b>	<b>2,968</b>	<b>3,652</b>	<b>4,596</b>	<b>20</b>
<b>EBITDAM (%)</b>	<b>7.0</b>	<b>9.1</b>	<b>10.9</b>	<b>11.0</b>	<b>11.9</b>	<b>13.0</b>	
EBIT	886	1,446	2,076	2,294	2,906	3,871	23
<b>EBITM (%)</b>	<b>4.2</b>	<b>6.6</b>	<b>8.5</b>	<b>8.5</b>	<b>9.5</b>	<b>11.0</b>	
Interest	203	98	56	44	50	54	
Other Income	102	88	146	218	284	398	
<b>PBT</b>	<b>785</b>	<b>1,436</b>	<b>2,165</b>	<b>2,469</b>	<b>3,140</b>	<b>4,215</b>	<b>25</b>
Tax rate (%)	15.3	22.9	26.0	25.7	25.7	25.7	
<b>Reported PAT</b>	<b>264</b>	<b>957</b>	<b>1,644</b>	<b>1,834</b>	<b>2,332</b>	<b>3,130</b>	<b>24</b>
<b>PAT margin (%)</b>	<b>1.3</b>	<b>4.4</b>	<b>6.7</b>	<b>6.8</b>	<b>7.6</b>	<b>8.9</b>	
<b>Consolidated EPS (Rs)</b>	<b>1.4</b>	<b>4.9</b>	<b>8.5</b>	<b>9.5</b>	<b>12.1</b>	<b>16.2</b>	<b>24</b>
Net debt	430	-1,138	-2,851	-4,383	-6,609	-9,255	
Net D/E (x)	0.0	-0.0	-0.1	-0.1	-0.1	-0.2	
Capex	295	283	556	816	918	918	
FCF	1,511	1,662	1,904	1,576	2,509	3,325	
<b>RoCE (%) – Adjusted for Goodwill/Other Intangibles</b>	<b>-74.5</b>	<b>-157.1</b>	<b>266.7</b>	<b>86.1</b>	<b>60.4</b>	<b>53.5</b>	

Source: Company, Emkay Research; Note: Overall ROCE for FY25 (including Goodwill and Other Intangibles) is 4.3% for FY25 and goes up to 7.4% for FY28E – ROCE in the table is computed as PBIT/Capital employed (= Tangible Net worth (Net Worth – Goodwill – Other Intangibles) + Deferred Tax Liability + Total Debt); ROCE is negative in FY23/FY24 due to negative base effect.

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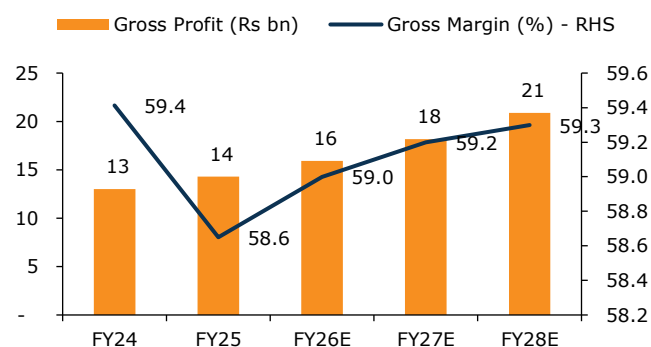


**Exhibit 15: We build in 13% revenue CAGR over FY25–28E, factoring in sustained growth across core categories and a push toward premium and IoT-enabled SKUs...**



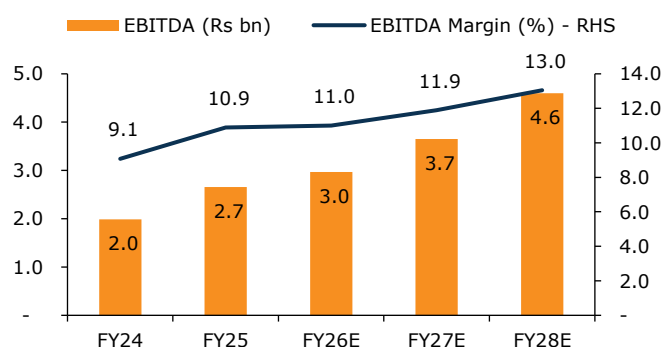
Source: Company, Emkay Research

**Exhibit 16: ...however, we believe GM improvement is largely priced in, with only limited upside hereon...**



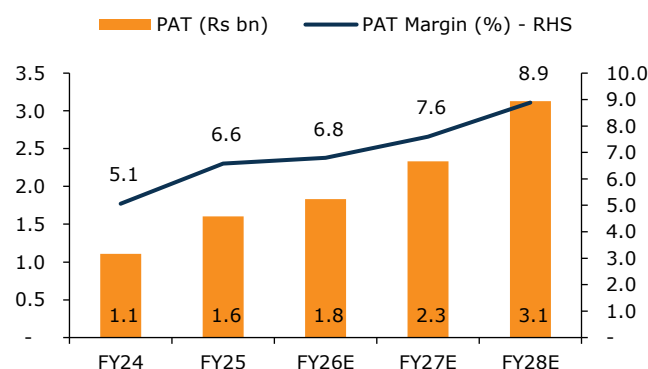
Source: Company, Emkay Research

**Exhibit 17: ...with incremental EBITDA margin accretion of ~200bps to be seen from cost-optimization and operating leverage**



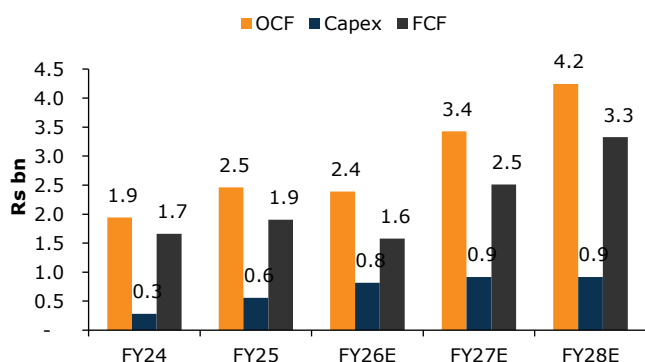
Source: Company, Emkay Research

**Exhibit 18: PAT is estimated to see ~24% CAGR over FY25–28E**



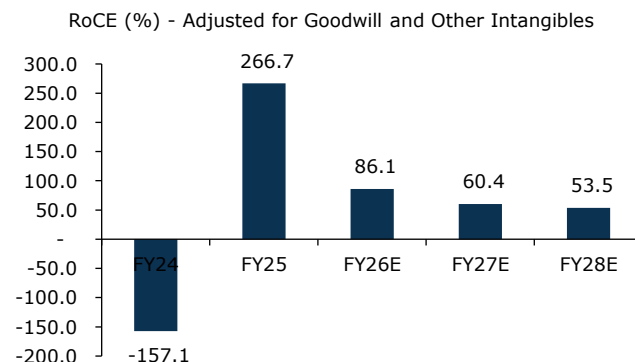
Source: Company, Emkay Research

**Exhibit 19: EFL has strong operating cash flows with limited capex requirements, translating into strong FCF**

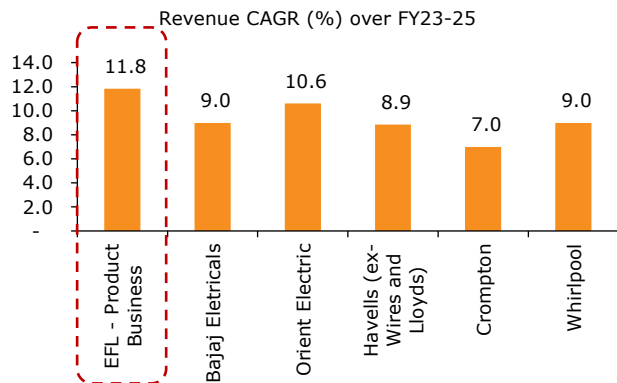


Source: Company, Emkay Research

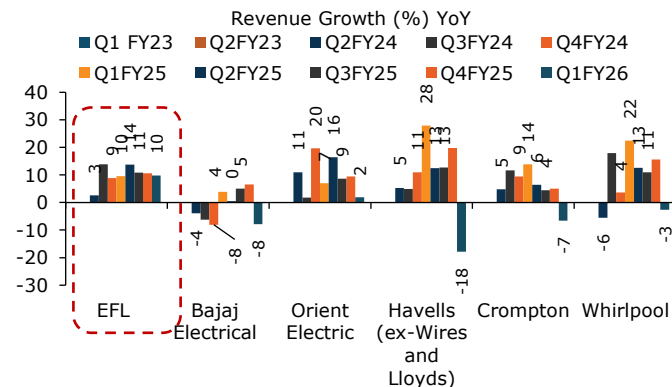
**Exhibit 20: ROCEs (excl Goodwill and Other Intangibles) remain high, owing to a low base effect**



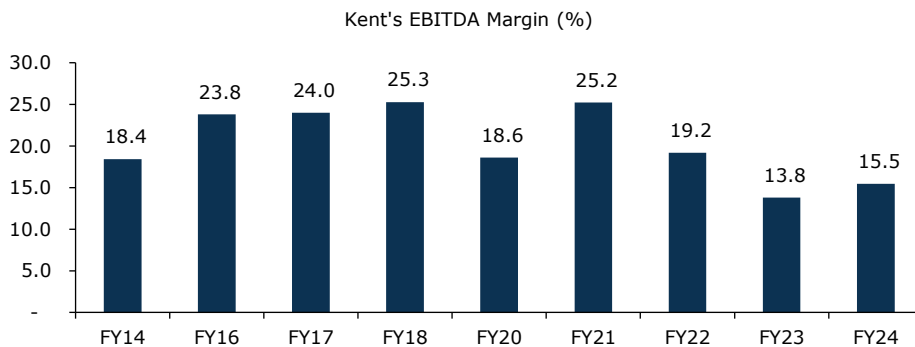
Source: Company, Emkay Research; Note: ROCEs as per Emkay are divergent from company-based calculations, as we factor in overall Net Worth (without adjusting Goodwill and Intangibles from the base); as per Emkay's calculations, ROCEs for FY24/FY25/FY26E/FY27E/FY28E are 3.0%/4.3%/4.7%/5.8%/7.4%, respectively.

**Exhibit 21: EFL's product revenue CAGR has outperformed those of major small appliance players over the past 2Y**

Source: Company, Emkay Research

**Exhibit 22: EFL has consistently delivered double-digit revenue growth from FY24 vs volatile trends seen for other consumer durable categories**

Source: Company, Emkay Research

**Exhibit 23: Kent's historically superior margin profile (~15–20%) has narrowed meaningfully due to growth pressures and aggressive ad spends**

Source: Company, Emkay Research

**Exhibit 24: We value EFL at ~50x Sep-27E PER and believe that the stock could be a potential doubler in 3-4Y, given sustained double-digit topline growth (it even delivered ~10-12% growth amid subdued consumer sentiment), along with further margin headroom (significantly below Kent's ~15–20% levels)**

Eureka Forbes							Potential doubler over the next 3-4Y (FY30E)	
Particulars (Rs bn)	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E
Revenue	20.8	21.9	24.4	27.0	30.7	35.2	41.2	48.9
Growth	446%	5%	11%	11%	14%	15%	17%	19%
Gross margin	60.0%	59.4%	58.6%	59.0%	59.2%	59.3%	59.4%	59.5%
EBITDA	1.5	2.0	2.7	3.0	3.7	4.6	5.9	7.3
EBITDA margin	7.0%	9.1%	10.9%	11.0%	11.9%	13.0%	14.3%	14.9%
PAT	0.3	1.0	1.6	1.8	2.3	3.1	4.2	5.2
PAT Margin	1.3%	4.4%	6.7%	6.8%	7.6%	8.9%	10.1%	10.7%
EPS (Rs)	1.4	4.9	8.5	9.5	12.1	16.2	21.6	27.1
Growth	909%	263%	72%	12%	27%	34%	33%	26%
PER target multiple (x) – Sep-27E						50	48	45
Target price (Rs)						725	900	1,100
CMP (Rs/share)						587	587	587
Upside/(Downside)						24%	53%	87%

Source: Company, Emkay Research

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**Exhibit 25: EFL trades at slight premium vs other small appliance players like Crompton, Whirlpool of India, Bajaj Electricals, and Orient Electricals, given better growth/margin prospects**

Peer Comparison	Revenue Growth (%)			Revenue CAGR (%)	EBITDA Margin (%)			EPS Growth (%)			EPS CAGR (%)	ROE (%)			P/E (x)		
Consolidated	FY26E	FY27E	FY28E	FY25-27E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY25-27E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Eureka Forbes	10.7	13.7	14.8	12.2	11.0	11.9	13.0	11.5	27.2	34.2	19.1	4.1	5.0	6.4	62.0	48.7	36.3
<b>AC Players</b>																	
Voltas	-3.2	16.2	14.4	6.0	6.4	7.5	7.8	-8.8	39.9	19.2	13.0	8.5	10.6	11.2	62.1	44.4	37.2
Blue Star	10.3	16.8	15.7	13.5	7.0	7.5	7.7	2.6	26.5	18.3	12.7	18.2	20.2	20.7	67.2	53.1	44.9
Symphony Ltd	-9.2	17.5	10.4	3.3	17.9	19.8	20.8	-14.3	29.3	16.5	5.3	24.5	27.7	28.5	32.7	25.3	21.7
<b>Small Appliances Players</b>																	
Crompton Greaves	5.1	12.5	11.7	8.7	11.2	11.7	11.9	9.1	20.7	16.8	14.7	16.5	17.9	18.6	35.2	29.1	25.0
Whirlpool of India	9.5	12.6	11.3	11.1	7.6	8.2	8.6	31.1	24.8	20.5	27.9	10.9	12.6	14.2	38.5	30.9	25.6
V Guard	11.3	14.1	12.6	12.7	9.1	9.7	10.2	9.3	27.9	20.6	18.3	16.7	18.1	19.0	44.4	34.7	28.8
Bajaj Electricals	6.3	9.4	12.3	7.9	7.4	8.7	9.9	55.2	64.7	23.8	59.9	7.8	11.3	13.6	38.3	23.3	18.8
Orient Electricals	8.6	12.4	10.7	10.5	7.4	8.2	15.8	31.2	37.9	23.3	34.5	15.7	19.1	21.2	40.3	29.3	23.7
<b>W&amp;C Players</b>																	
KEI Industries	21.6	20.0	18.9	20.8	10.4	10.8	10.7	26.2	21.3	17.9	23.8	14.0	14.8	14.9	43.9	36.2	30.7
Polycab India	22.7	17.9	15.6	20.3	13.6	13.6	13.7	31.8	18.2	13.1	24.8	22.8	22.5	21.2	42.9	36.3	32.1
RR Kabel	18.8	16.7	13.7	17.7	7.4	8.1	8.7	49.2	25.4	23.6	36.8	18.4	19.0	19.2	33.0	26.3	21.3
Havells	10.8	15.0	14.1	12.9	10.3	10.9	10.3	15.7	21.3	8.1	18.4	18.8	20.5	19.3	58.8	48.5	44.8

Source: Company, Bloomberg, Emkay Research; Note: Eureka, Voltas, and Blue Star estimates are per Emkay, while others are per Bloomberg.

This report is intended for Team White Marquee Solutions (team.emkay@whitemarquesolutions)

## New leadership – a catalyst for transformation

### Post-acquisition transformation – Advent's playbook in action

- **Leadership change:** Advent installed a new management team, with Pratik Pota (ex-Jubilant/HUL/Airtel) as the CEO, bringing a growth and execution mindset. EFL moved fast on the people strategy and built a completely new leadership team at the top 2 levels, ie CXO and CXO-1. Moreover, back in 2022, EFL launched an ESOP program covering 100% of the managers with a view to creating an employee ownership culture and to attract, retain, and motivate eligible employees for ensuring sustained growth.
- **Digital revamp:** Major investments were made in app-based servicing, technician tracking/platform, filter authentication, and D2C platform development (~50% of service revenue). These efforts led to ~64% of AMC bookings to be done online in FY25 (vs 28% in May-23); with 80% of the complaints logged digitally now (vs 33% in May-23).
- **Product innovation - premiumization and affordability:** EFL recently launched new IoT-enabled purifiers, high-end vacuum cleaners, and air quality devices, marking a shift from utility to aspirational positioning. The company also launched affordable entry models (~Rs6.5k) to bring in first-time users into the category.
- **Cost discipline and a structural margin reset:** The operating model was made leaner. Centralized procurement and product mix changes lifted the gross margin to ~58–59% (vs ~54% pre-acquisition). EBITDA margin rose from ~7% in FY23 to ~11% in FY25.
- **Balance sheet cleanup:** EFL moved from net debt to a net-cash position of Rs2.5bn as of Q1FY26, enabling reinvestment into growth without capital strain.

**Exhibit 26: EFL enjoys strong market position in categories dominated by high under-penetration, with a robust gross margin profile**

Consumer durable categories	Industry size (Rs bn)		CAGR over FY23-28E	Current penetration levels		Market structure
	FY23	FY28E		India	Global	
Categories EFL caters to						
Water purifier – Product	43.5	80.1	13	6%	~20-25%	No 1 is EFL with ~40%, followed by Kent at ~20%; the next 5 players – 34%.
Vacuum cleaner	5.0	11.0	17	2%	~10-15%	No 1 is EFL with ~60%, other key players are Dyson, Phillips, etc.
Air purifier	2.3	5.3	18	>1%	~5-10%	Market is in nascent stages.
Other categories						
ACs	350	704	15	14%	~40-45%	No 1 is Voltas – 18%, followed by LG – 15%, and Daikin – 10%.
Refrigeration	305	562	13	~35-40%	~75-80%	No 1 is Samsung – 25%, followed by LG – 24%; No 3 is Whirlpool – 18%.
Washing machine	220	338	9	~20-25%	~75-80%	No 1 is LG – 28%, No 2 is Samsung – 18%, No 3 is Whirlpool – 14%.
Fans	160	348	17	>90%	~70-75%	No 1 is Crompton -23%, followed by Havells – 19%; Bajaj and Usha – 14%.
Home entertainment (TVs and audio systems)	900	1,810	15	76%	~75-80%	No 1 is Samsung – 16%; followed by LG – 15%, and Xiaomi – 12%.

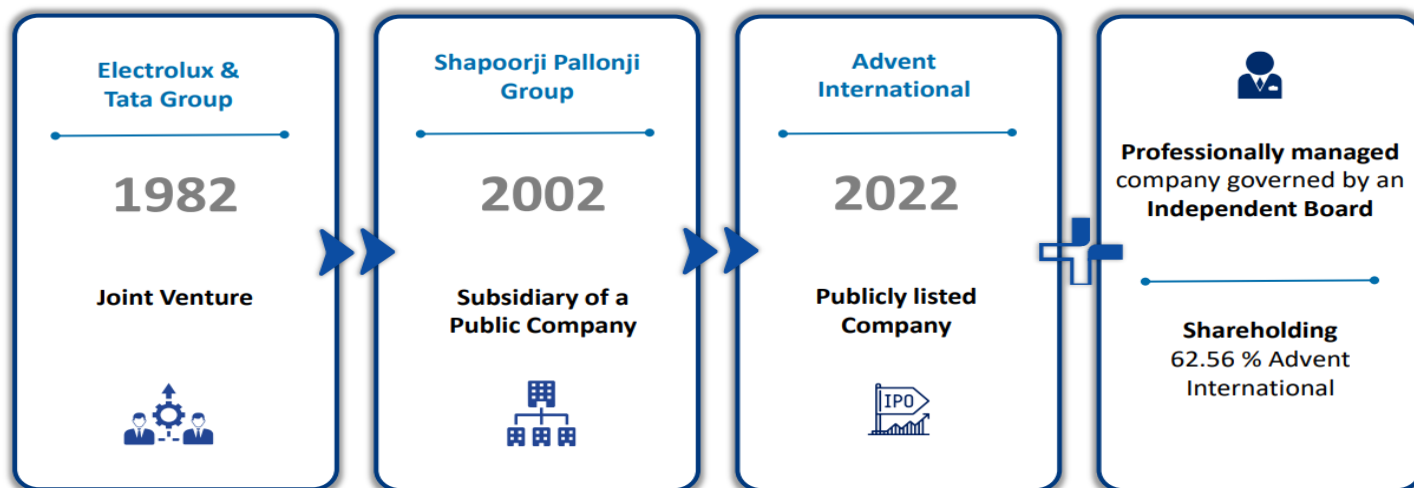
Source: Company; LG DRHP (refer to [link](#)); Kent DRHP (refer to [link](#)); industry reports; Emkay Research

### The acquisition structure

- In Sep-21, Advent signed a deal to acquire ~72.56% stake in Eureka Forbes via its affiliate Lunolux, from the Shapoorji Pallonji Group.
- The deal valued Eureka at ~Rs44bn and was routed through a demerger from Forbes & Company, making EFL a standalone listed entity by Jul-22.
- The acquisition was part of Shapoorji Pallonji Group's deleveraging efforts while for Advent, it marked a long-term bet on India's consumer health sector.





This report is intended for Team White Marques Solutions (team.emkay@whitemarquesolutions.com)

Exhibit 27: A snapshot of EFL's journey



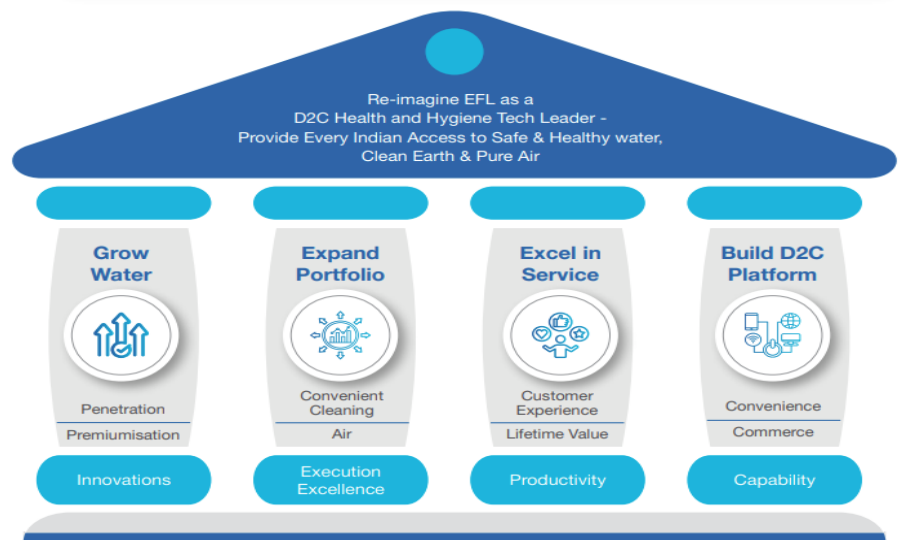
Source: Company, Emkay Research

Exhibit 28: Eureka Forbes from a bird's eye view

Particulars	Electric Water Purifier	Service	Vacuum Cleaner	Others (Air Purifiers, Water softener)
<b>Product categories</b>				
<b>Revenue mix (%) - FY25</b>	45	33	16	9
<b>Revenue CAGR (%) - FY23-25</b>	14	2	16	-2
<b>- FY25-28E</b>	13	13	15	11
<b>Penetration levels (%)</b>	6%	Customers opting for AMCs are <50%	2%	Air purifiers <1% HH
<b>Market size (Rs bn) FY23 (refer to link)</b>	Rs44bn	Rs37bn	Rs5bn	Air purifier – Rs2.3bn; Water softener – Rs10bn
<b>Key growth drivers</b>	1) Under-penetration; 2) Poor water quality; 3) Rising health and hygiene awareness.	1) Reducing TCOs (2Y filter-life); 2) App-based service bookings; 3) Shifting to tiered AMCs with add-ons (extended warranties).	1) Very low penetration; 2) Rising disposable income; 3) Unpredictability of domestic help; 4) Emergence of robotics.	1) Worsening urban AQI; 2) Increasing awareness about quality of indoor air.
<b>Key investor concerns</b>	1) Low penetration is not translating into faster category growth. 2) Intense online price wars.	1) High TCO due to recurring service cost. 2) 'Wrong fit' of filters hurt conversions as customers opt only for product without AMC.	1) Discretionary category with low HH penetration (~2%). 2) Aggressive competition.	1) Air purifiers are seasonal in nature. 2) Demand spikes tied to AQI.
<b>Steps taken by EFL</b>	1) Category-building marketing campaigns. 2) Affordable prices starting at Rs6,499. 3) Premium product introductions. 3) Deeper retail penetration + Tier 2/3 expansion.	1) Tiered AMC contracts starting from Rs599. 2) The recently launched 2Y filter range reduces TCO for consumers. 3) Promises 1-hour service in key cities.	1) Campaigns like 'cleaning as easy as 1-2-3' are targeting first-time users. 2) Onboarded Bollywood celebrity Shradha Kapoor for marketing. 3) Recently partnered with Dixon for manufacturing.	Introduced air purifier with surround 360-degree air intake technology to attract premium customers.
<b>Results visible till now</b>	1) Double-digit growth for 7 consecutive quarters.	1) Turnaround with double-digit growth in service bookings in Q1.	1) Vacuum cleaner growth led by 52% YoY growth in robotics in Q1FY26.	Q3FY25 was the peak season for air purifiers, owing to increased air pollution; EFL saw 3x its revenue.
<b>Key launches</b>	Aquaguard Slim Tech Glass, Aquaguard Design Nxt, Aquaguard Aura 2X Life.	2Y filters with Nanopure technology introduced in FY25; now available across 40+ SKUs.	Forbes Robo LVac Voice Nuo, Forbes Smart clean with Auto Bin.	Air Purifier 355 Surround 360°, Forbes Air Purifier 150 Surround 360.
<b>Competitive landscape</b>	Kent, Pureit, AO Smith, Livpure, Urban company	Urban Company, Kent	Narwal/Ecovacs/ILIFE	Philips/Dyson/Blueair/Honeywell/Xiaomi
<b>Key risks</b>	Low-category growth in the past; competition from start-ups like Urban Company.	Competition from Urban Company providing low-cost installation and servicing.	Discretionary demand sensitivity; import content high in robots.	AQI variability; tech obsolescence; highly discretionary.

Source: Company, Emkay Research

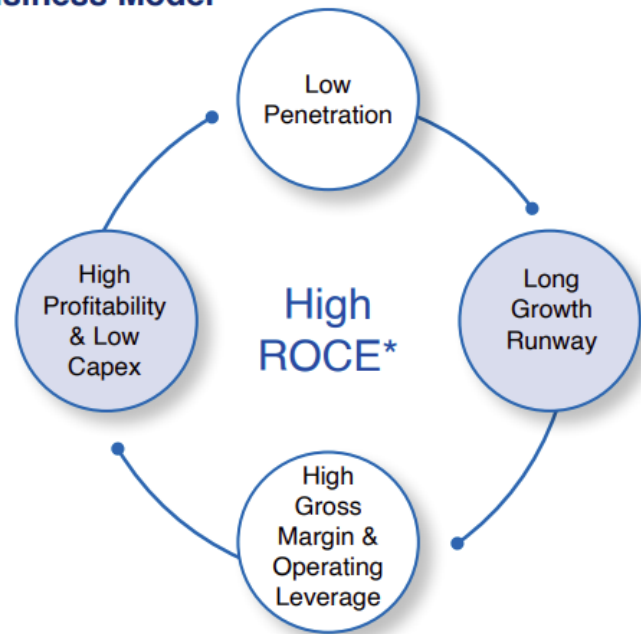
**Exhibit 29: EFL is undergoing an organization-level reboot, while strengthening its leadership**



Source: Company, Emkay Research

**Exhibit 30: EFL’s business model is equipped to generate strong cash flows and healthy gross margins, with low capex intensity**

**Robust Business Model**



Source: Company, Emkay Research

**Exhibit 31: EFL anticipates a well-diversified revenue mix between products and services ahead, with healthy gross margin of ~58-60% and low capex translating into healthy ROCEs and FCF generation**



\*ROCE = EBIT / Capital employed, EBIT = EBITDA - Depreciation & Amortisation + Other Income  
 Capital employed = Tangible Net Worth + Total Debt + Deferred Tax Liabilities

Source: Company, Emkay Research; Note: 1 crore = 10million

### EFL's vision and strategy (Project Udaan) – first investor call in Q4FY23

■ In its first investor call in Q4FY23, EFL had highlighted six strategic pillars to transform the company into a vibrant D2C health and hygiene leader; it delivered sustained, profitable growth through strong product portfolio, best-in-class innovation, customer service, and a digital-first model.

#### 1. Grow the water business (core)

- Expand penetration in an underpenetrated category (~5% penetration in FY23).
- Address barriers via affordability (entry price at ~Rs6,499), relevance (consumer education), and accessibility (distribution expansion).
- Drive premium innovations for design-conscious customers.
- Campaign example: 'Nal se kapda hatega toh sar se kapda hatega', targets cloth/sieve users.

#### 2. Expand cleaning and air categories

- Cleaning: Build both mass adoption and premiumization agenda.
- Air purifiers: Nurture and incubate the category through awareness and consumer education, leveraging rising air quality concerns.

#### 3. Transform customer experience

- Reimagine service by giving customers the ability to schedule, track, rate, and give feedback.
- Equip technicians with digital tools for seamless service delivery.

#### 4. Lean cost and an efficient operating model

- Structured program to drive productivity, cost negotiation, spend control, and cash optimization.
- Free up resources for growth and reinvestments.

#### 5. Digital-first enterprise

- Leverage the 8mn+ customer base and the large on-ground network.
- Rebuild digital assets to deliver convenience, engagement, and commerce.
- Enhance agility across customer, employee, and partner experience.

#### 6. People and culture

- Build a blend of experience and fresh talent to drive transformation.
- Strengthen leadership team across functions.
- Foster a culture of customer centricity, collaboration, agility, ownership, and accountability.

This report is intended for Team White Marque Solutions (team.emkay@whitemarqueresolutions)

## From barriers to breakthrough: Driving category growth; early success visible

- EFL is a pioneer and an undisputed leader in water purification (~40% market share overall; 49% share in services business; ~34% share of EWP in the water purifier segment) and vacuum cleaning (~60% market share) in India, with low penetration (~6% in water purifiers, ~2% for vacuum cleaners) offering a long growth runway.
- EFL has transformed its business via key initiatives like affordable water purifiers (starting at Rs6.5k/unit) and premium models (higher ASPs of Rs15k-20k; ~1.5-2x ASP of the existing range) which drove significant volume growth across price segments.
- Toward H2FY25, EFL scaled up its portfolio of electric water purifiers (EWP), offering an extended 2Y filter life, which helped address the higher TCO issue. Currently, EWP forms ~45% of the overall revenue mix.
- Within vacuum cleaners, the robotics sub-segment rose ~52% YoY in Q1FY26, driving strong double-digit growth for the overall category; it accounts for >50% of the overall revenue mix in EFL's vacuum cleaner business, resulting in ~13% of topline in FY25.
- We believe water purifiers/vacuum cleaners will see ~13%/15% CAGR over FY25-28E, driven by increasing affordability (entry models), premiumization (higher ASP launches), relevance-led innovation, and renewed traction from revamped offerings (eg: robotic vacuum cleaners), thus reinforcing EFL's structural growth trajectory.

### A] EFL is leveraging its market leadership to sustain double-digit category growth

- EFL is an undisputed leader in water purification (~40% market share overall; 49% share in services business; ~34% share of EWP in the water purifier segment) and vacuum cleaning (~60% market share) in India, with low penetration (~6% in water purifiers, ~2% for vacuum cleaners) offering a long growth runway.
- Leveraging its competitive strengths around market leadership, strong service network, the product innovation pipeline, and digital initiatives, EFL has been strategically focusing on addressing barriers in achieving double-digit category growth (vs low single digit over the past decade), with focus on increasing affordability, building relevance, and improving availability.
- Key initiatives like affordable water purifiers (starting at Rs6.5k/unit) and premium models (higher ASPs of Rs15k-20k; ~1.5-2x ASP of the existing range) have driven significant volume growth across price segments.
- The company's strong brand equity (Aquaguard, Aquasure), expansive service network, and category-creation campaigns continue to position it as the go-to brand for health and hygiene solutions.
- During FY25, EFL launched a targeted social media influencer program to boost awareness and engagement across Instagram and YouTube. The company partnered with 10 influencers from both mega/macro categories, creating content across reels, shorts, and stories, covering a wide range, including Lifestyle, Parenting, Interior Design, Tech, and Couples.
- These initiatives have started delivering results, with 7 consecutive quarters of double-digit growth across electric water purifiers, vacuum cleaners, and air purifiers.
- To drive awareness, EFL scaled up its IoT-enabled premium range and launched differentiated filters in FY25. For example, the launch of India's first true IoT-enabled smart purifier – Aquaguard Ritz Pro X.

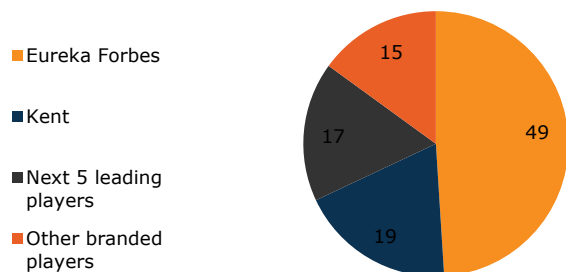


**Exhibit 32: EFL's total addressable market to see a 13% CAGR – more than doubling its growth to Rs234bn by FY30P vs Rs97bn in FY23**

Source: Company, Emkay Research; Note: 1 crore = 10 million

**Exhibit 33: EFL has a clear edge in the services market with ~50% market share in the water purifier service category...**

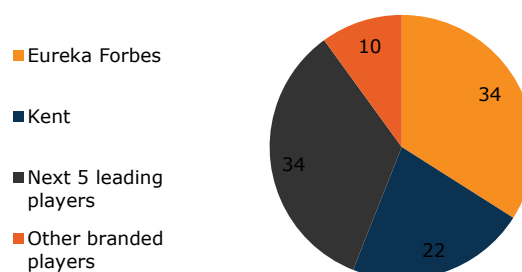
Market Share (%) - Water Purifier Service



Source: Kent DRHP, Emkay Research

**Exhibit 34: ...while holding ~34% market share in the product category, followed by Kent with 22% market share**

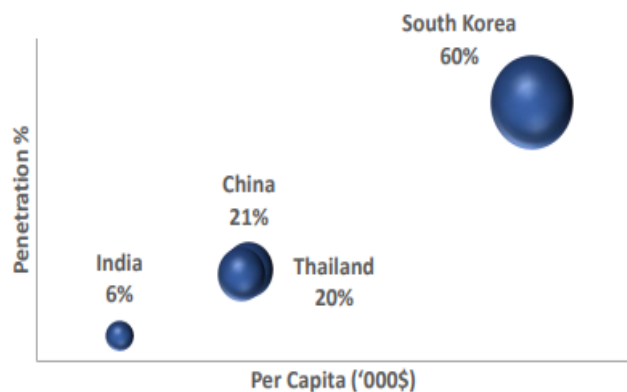
Market Share (%) - Water Purifier Product



Source: Kent DRHP, Emkay Research

**Exhibit 35: India's water purifier penetration is ~6%, which is significantly below those of other Asian countries like China, South Korea, and Thailand**

### Water Purifier Penetration (CY2022)



Source: Company, Emkay Research

**Exhibit 36: Urban penetration of electric water purifiers is still low at 12%; ~35% of the urban population still consumes water straight from the tap**

Source: Company, Emkay Research

**Exhibit 37: EFL is driving strong category growth via targeted interventions and customer-focused advertising...**


Source: Company (FY24 AR), Emkay Research

**Exhibit 38: ...and had recently launched its 'change to the new Aquaguard' campaign, highlighting both advanced purification and modern design**


Source: Company, Emkay Research

**Exhibit 39: Influencers from lifestyle, parenting, and wellness categories promoted flagship offerings such as the Hot and Ambient water purifier and the stainless-steel tank range**


Debina Bonnerjee



Karishma Tanna



Ishita Dutta Sheth

Source: Company, Emkay Research

**Exhibit 40: Urban Company is emerging as a nimble challenger, leveraging its service-first DNA; we believe it is in nascent stages of its journey to disrupt market leaders like EFL and Kent**

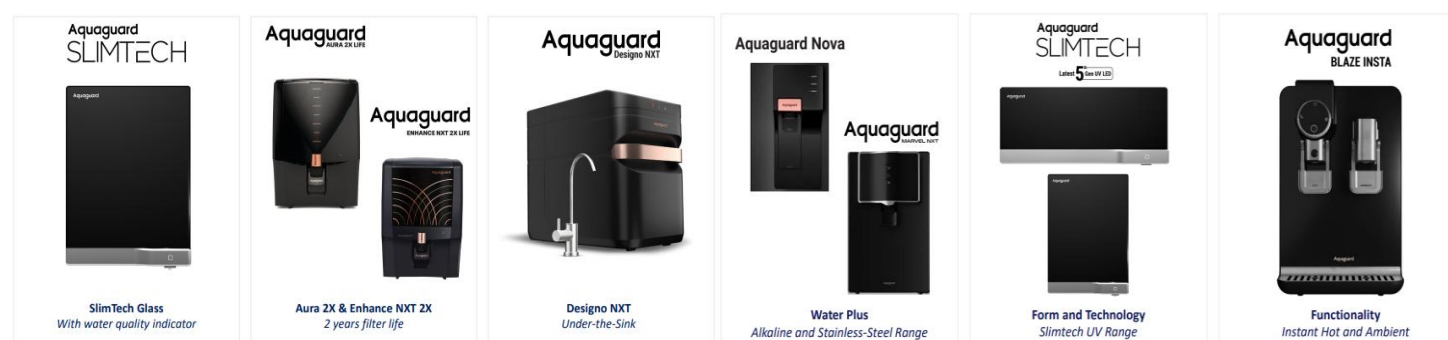
Water purifier	Eureka Forbes - Aqua guard	Kent	Urban Company	Liv Pure	AO Smith
Model	Aqua guard Enrich Marvel	Supreme Plus	Native - M1	Allura Primea	Z5 Pro
Price (Rs/unit)	14,499	15,499	14,999	15,499	16,499
Product					
Type	RO+UV+UF 2X	RO+UV+UF+Alk +Cu+TDSControl+UV LED Tank	RO+UV+Copper+Alkaline	RO+UV+UF+Copper+Alkaline	Z1 Hot+ normal UV
Service Duration	2Y filter life	1Y	2Y filter life	2Y filter life	1Y
Capacity	6L	8L	8L	7L	10L
Other features	<ul style="list-style-type: none"> <li>- 10 stage purification;</li> <li>- &gt;40% water recovery</li> <li>- 3-in-1 patented active copper technology</li> <li>- Infuses the right amount of copper</li> </ul>	<ul style="list-style-type: none"> <li>- 7-stage purification</li> <li>- Advanced RO membrane</li> <li>- Auto flush for RO membrane</li> </ul>	<ul style="list-style-type: none"> <li>- 10-stage purifier</li> <li>- 4-in-1 health booster</li> <li>- 50% water-saving technology</li> </ul>	<ul style="list-style-type: none"> <li>- 10-stage advanced purification</li> <li>- In-tank UV sterilization</li> </ul>	<ul style="list-style-type: none"> <li>- Advanced 8-stage purification</li> </ul>
Warranty	1Y	1Y	2Y	2.5Y	1Y
Feedback on Amazon	<ul style="list-style-type: none"> <li>- Installation is smooth and hassle-free, with free service included;</li> <li>- Service quality is inconsistent</li> <li>- Overall, product performance outweighs service concerns</li> </ul>	<ul style="list-style-type: none"> <li>- Quality and ease of use;</li> <li>- Positive comments on taste, design, and installation.</li> <li>- Others face motor issues and see it as costly</li> <li>- Mixed service review (frequent filter or internal pipe damage)</li> </ul>	<ul style="list-style-type: none"> <li>- Highly praised for performance and design;</li> <li>- Works smoothly, consistently improves taste (TDS reduction), and has an attractive look</li> </ul>	<ul style="list-style-type: none"> <li>- Good quality</li> <li>- Easy installation</li> <li>- Sleek design</li> <li>- Mixed service</li> </ul>	<ul style="list-style-type: none"> <li>- Positive feedback for its taste, value for money, and installation process;</li> <li>- Several customers report issues with water leakage</li> </ul>
Rating on Amazon	4.2	4.1	4.5	4.2	4.1

Source: Company, Emkay Research

## B] EFL's R&D-led innovation helps reduce TCOs for EWP

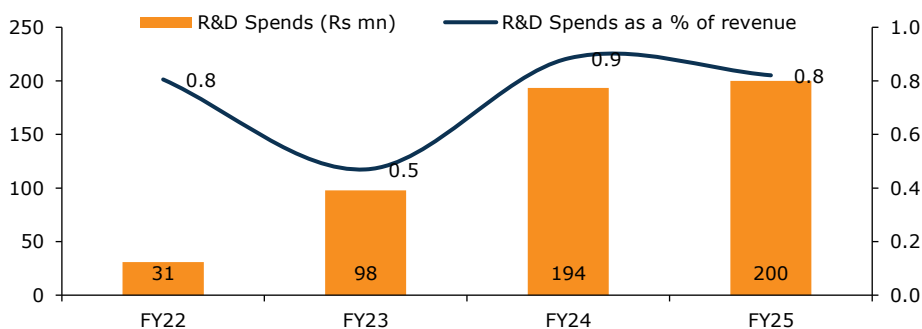
- EFL is continually augmenting its value proposition by creating a comprehensive product bouquet that aligns with the evolving needs and aspirations of today's consumers.
- A new R&D center is currently under development, with commissioning likely from Q3FY26. Consistent focus on product innovation and R&D led to EFL developing India's first truly smart IoT water purifier and the country's slimmest water purifier.
- One of the key challenges in category expansion has been the high cost of changing filters annually. To address this, EFL has introduced Nanopore Long Life Filters, offering 'long life filters with lifelong protection'; it has expanded this portfolio to 40+ SKUs now (vs nil last year), lowering TCO by ~21%, per our calculations.
- The company's strong innovation pipeline, aided by consistent R&D spends (~6x over the last 3Y) across product categories, has delivered several industry-first products, thereby addressing the evolving consumer needs.

**Exhibit 41: EFL's enhanced focus on premiumization is visible in the newly launched range of water purifiers, with ahead-of-the-industry innovation**



Source: Company, Emkay Research

**Exhibit 42: EFL's R&D spends have grown 6x over the last 3 years**



Source: Company, Emkay Research

**Exhibit 43: EFL created a new range of Aqua Guard Water Purifiers, featuring Nanopore Long-Life Filters...**



Source: Company, Emkay Research

**Exhibit 44: ...across 40+ SKUs**



Source: Company, Emkay Research

**Exhibit 45: Despite a higher price differential for 2x filter life, EFL's new 2Y-life filter model reduces TCO by ~21% over a 6Y period**

Model	2Y filter model	1Y filter model	Price differential (Rs)
	<b>Aquaguard Delight RO + UV 2x</b>	<b>Aquaguard Delight RO + UV</b>	
<b>Product Price (Rs)</b>	<b>10,499</b>	<b>8,499</b>	<b>2,000</b>
AMC (Rs) - Basic Plan	999	999	-
No of periods requiring servicing over 6Y	5	5	-
<b>Total AMC (Rs) Cost</b>	<b>4,995</b>	<b>4,995</b>	<b>-</b>
Filter Cost (Rs) pa	3,424	2,924	500
<b>No of periods with filter changes over 6Y</b>	<b>2</b>	<b>5</b>	
<b>Total filter cost (Rs)</b>	<b>6,848</b>	<b>14,620</b>	<b>-7,772</b>
<b>Total ownership cost (Rs) over 6Y</b>	<b>22,342</b>	<b>28,114</b>	<b>-5,772</b>
<b>Total ownership cost (Rs) pa</b>	<b>3,724</b>	<b>4,686</b>	<b>-962</b>
<b>Annualized price differential (%)</b>			<b>-21</b>

Source: Company, Emkay Research

**Exhibit 46: Eureka has multiple products across the price spectrum, covering various key segments**



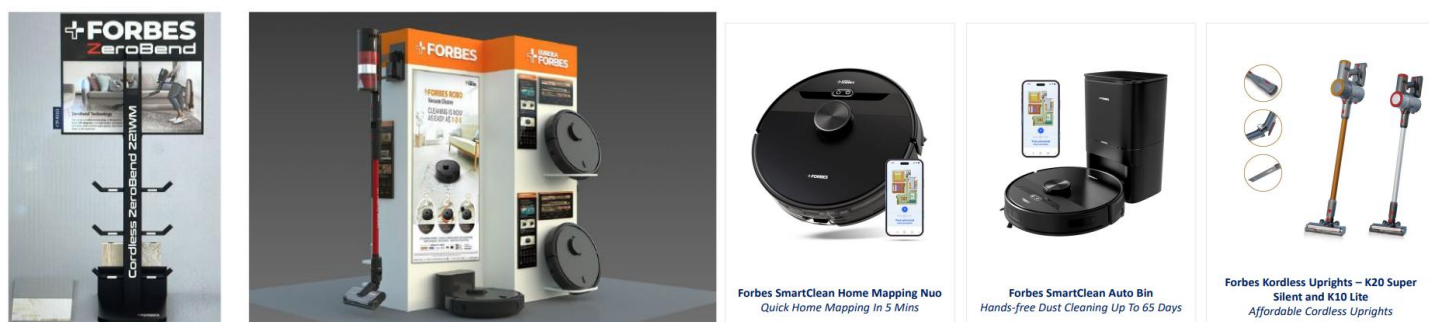
Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

## C] Vacuum cleaner growth accelerating as robotics drive adoption

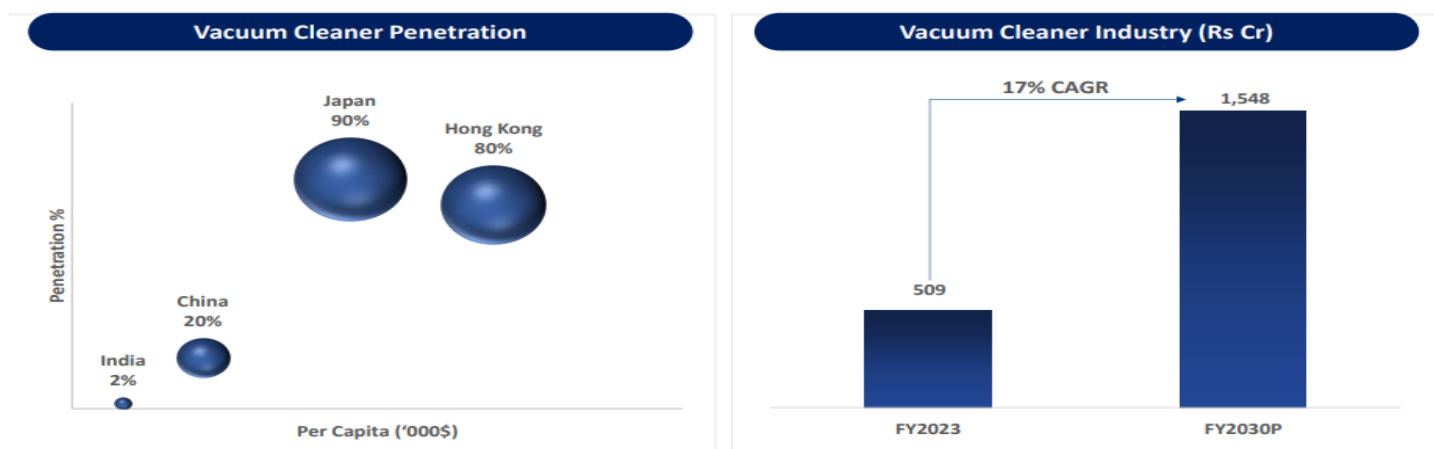
- EFL leveraged its decades-old reputation in the Indian home care space to drive adoption in a category, which is still early in penetration (~2%); it is among the first Indian brands to enter the vacuum cleaner space in India with ~60% market share.
- EFL introduced robotic vacuum cleaners with the aim of tapping into the rising demand for contactless, automated home cleaning solutions.
- The aim for EFL was to design products suited for Indian homes with features like dry and wet mopping, low-profile design for under-furniture cleaning, and carpet detection.
- EFL has also addressed growth challenges in its vacuum cleaner business via new tech launches across price points; also, introduced robotic vacuum cleaner forming >50% of overall vacuum cleaner revenue as of FY25) business, leading to renewed adoption (56% of customers acquired in the last 2Y).
- EFL expanded its robotics portfolio (~3x SKUs over last year) beyond entry-level bots to more premium models with gyroscopic mapping, multi-surface cleaning, and powerful suction, targeting both value and premium segments.
- EFL has recently onboarded Shraddha Kapoor as the brand ambassador for Eureka Forbes Vacuum Cleaners and started the 'cleaning as easy as 1-2-3' campaign, promoting robotic vacuum cleaners for their ease of use in handling wet, dry, and solid mess.
- Ahead, we have built in vacuum cleaners' growth at ~15% over FY25-28E.

**Exhibit 47: EFL has also taken several category-building initiatives for vacuum cleaners, coupled with several innovative launches**



Source: Company, Emkay Research

**Exhibit 48: Vacuum cleaners' penetration is ~2%, significantly below the industry in developed countries**



Source: Company, Emkay Research; Note: 1 crore = 10 million

This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)



**Exhibit 49: EFL launched its 'cleaning as easy as 1-2-3' campaign, which is driving strong category growth**



Source: Company, Emkay Research

**Exhibit 50: The company has recently onboarded Shraddha Kapoor as the brand ambassador for EFL vacuum cleaners**



Source: Company, Emkay Research

**Exhibit 51: Ecovacs and Narwal outperform EFL on battery life and suction power; however, recurring product reliability issues and a relatively weaker service network remain their key drawbacks**

Vacuum Cleaner-Robotics	Eureka Forbes	Ecovacs	Narwal	ILIFE
Model	SmartClean Auto Bin Turbo	Deebot Y1 Pro	Freo X Plus 2-in-1	A30 Pro
Price (Rs/unit)	26,999	21,489	24,990	23,900
Product				
Type	Wet and dry cleaning	Wet and dry cleaning	Wet and dry cleaning	Wet and dry cleaning
Battery Size (mAh)	3,200	5,200	5,200	5,000
Run Time (min)	180	330	210	200
Suction power (pa)	7,000	6,500	7,800	5,000
Other features	- Smart app control, - 3-hour run time - Voice control with Alexa and Google Assistant	Advanced navigation and true mapping; carpet sensor technology; smart app control	Vacuum and mop in one pass. Auto detects rugs and lifts the mop to 8mm to keep rugs dry	Multi-floor mapping; remote control, app, Alexa
Warranty	1Y	1Y	1Y	1Y
Positive feedback	Effective at cleaning, powerful suction	Reliable product; considered as a smart investment	Ease of use, particularly the user-friendly mobile application	Strong suction power; easy to assemble and use
Negative feedback	Poor battery life, no demo provided	Poor service; slow response time	High cost, very noisy; does not handle dried stains	Customer service is not available 24/7; high repair cost
Rating on Amazon	4.1	4.4	4.4	4.3

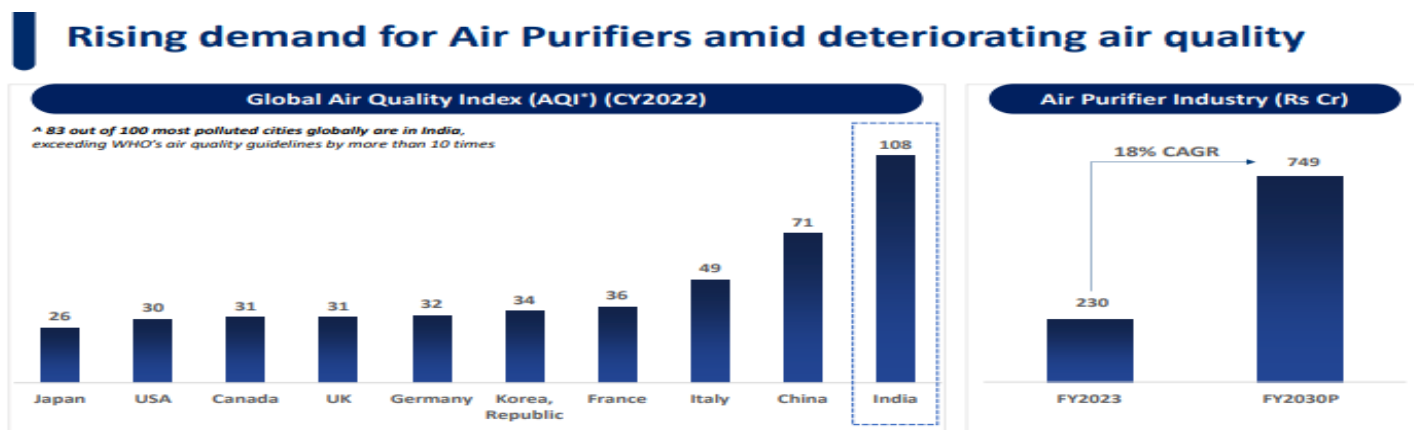
Source: Company, Emkay Research



## D] Eureka Forbes's entry and growth in the air purifier domain reflects a strategic optionality

- EFL entered the air purifier category in 2017 under the Aeroguard brand, with potential expansion into adjacent healthtech categories further strengthening its growth optionality.
- Recognizing air quality as a rising health concern in urban India, EFL developed compact purifiers tailored for Indian households, leveraging its expertise in home wellness.
- In 2017, EFL launched its first locally manufactured purifier (Aeroguard 4s) from its Bengaluru plant.
- The company also broadened its product portfolio to cover various room sizes and price points, integrating smart features like app control and real-time AQI monitoring.
- In FY25, it added Smart Air Purifiers to the portfolio with auto mode, enabling automatic adjustment to clean air delivery (based on the level of pollutants).
- Currently, air purifiers account for a negligible portion of EFL's topline; the market continues to remain fragmented in this category.

Exhibit 52: Air purifier industry has massive growth potential (~18% CAGR over FY23-30P), driven by poor AQI of India vs other countries



Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

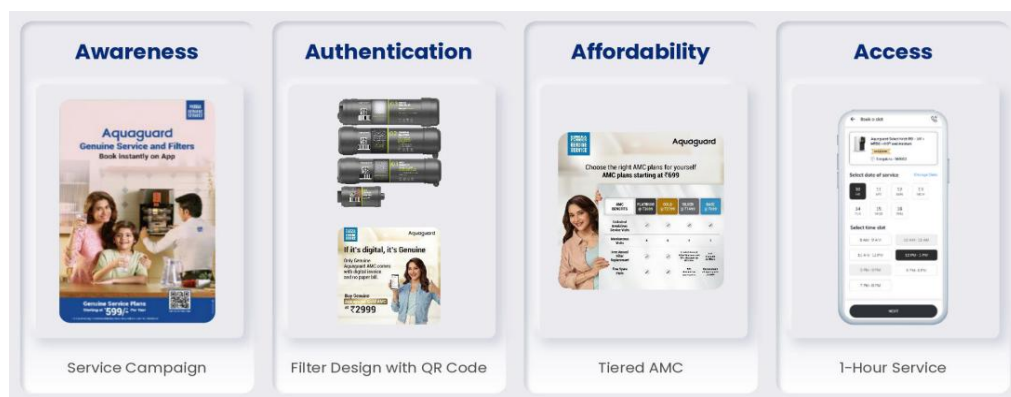
## Reinventing services as a growth engine

- EFL's service arm (~13% of revenue in FY25), historically muted (~2% CAGR over FY23-25) and driven largely by standard AMC renewals, is undergoing a structural transformation into a digitally enabled, engagement-led model aimed at monetization and customer lifetime value.
- The company's several strategic interventions were to address key friction points (*low installed base penetration, perceived high cost of ownership, and lack of trust in genuine parts*), which previously constrained service revenue's scalability.
- Ahead, we believe services revenue will be a key enabler to drive topline growth (vs being a drag historically; 2% CAGR over FY23-25). Early green shoots are visible, with service bookings already delivering double-digit growth in Q1FY26. We model ~13% revenue CAGR from the segment over FY25-28E.

### A] EFL's services poised to become a key growth lever

- **Large untapped installed base:** Currently, only a small proportion of customers with installed purifiers use formal AMC services; higher awareness and affordability can significantly improve penetration.
- **Filter go-to-market strategy and IoT integration:** EFL is focused on building a structured consumables market (filters, cartridges), supported by QR authentication and targeted campaigns, while scaling IoT-enabled products, enabling predictive maintenance and recurring service revenue.
- **Premiumization and innovation:** Continued rollout of premium and smart products over the next 3-4M will not only drive higher product margins but also increase service intensity and frequency.

Exhibit 53: EFL is also transforming its service vertical via multiple innovative means



Source: Company, Emkay Research

Exhibit 54: EFL, centered around a 'customer first' approach, aims to provide best-in-class service and customer experience



Source: Company, Emkay Research

**Exhibit 55: EFL has an omni-channel presence with extensive reach and a distribution network spanning the country**



Source: Company, Emkay Research

## B] Key enablers for reviving service business

- **Digitization and convenience:** App-based service engagement has scaled up sharply with ~64% AMCs booked digitally in FY25 (vs 28% in May-23), driven by innovations such as slot-based appointments, real-time technician tracking, and faster service turnaround. Currently, ~50% of service revenue is generated via digital platforms, reducing dependency on manual intervention and improving customer stickiness.
- **Customer-centric offerings:** Introduction of tiered AMC plans starting at ~Rs599 makes annual maintenance affordable for price-sensitive customers, while QR-coded filters ensure authenticity and trust. Additionally, the one-hour service guarantee enhances reliability, building a competitive moat versus local players.
- **Cross-selling and upselling:** Tailored solutions and service experience improvements have resulted in a ~30% increase in appointments, indicating strong adoption of premium add-ons, part replacements, and consumables.
- **Offline network integration:** By co-opting and partnering with its vast network of 8,000+ technicians and leveraging its direct-to-consumer (D2C) initiatives, EFL is creating an omnichannel service model, deepening reach and improving revenue capture across its 8mn+ installed base.
- Early green shoots are visible, with service bookings already delivering double-digit growth in Q1FY26. We thus model ~13% revenue CAGR from the segment over FY25–28E

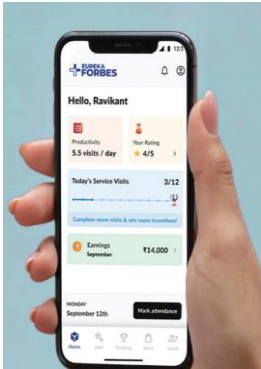
**Exhibit 56: EFL, India's first D2C company, is redefining the space via multiple targeted interventions**



Source: Company, Emkay Research

This report is intended for Team White Marquee Solutions (team.emkay@whitemarquesolutions)

Exhibit 57: EFL relaunched its Field Technician App for 8,000+ technicians, featuring a new, intuitive UI/UX



Source: Company, Emkay Research

Exhibit 58: Service business is undergoing a turnaround, with volume growth in online and offline channels



Source: Company, Emkay Research

Exhibit 59: EFL has taken various initiatives to step up its services growth, including tiered AMC plans to address affordability, QR code-based filters to address authenticity, and incentivization to technicians for faster TAT

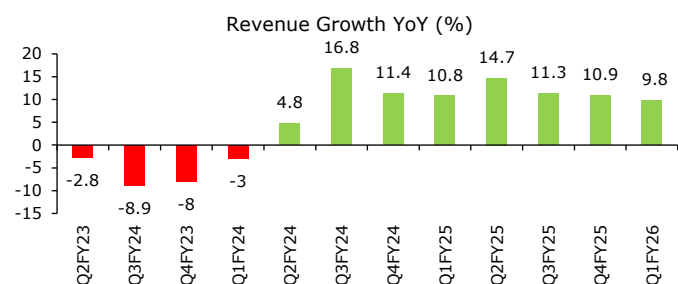


Source: Company, Emkay Research

## Rejuvenated focus on product profitability

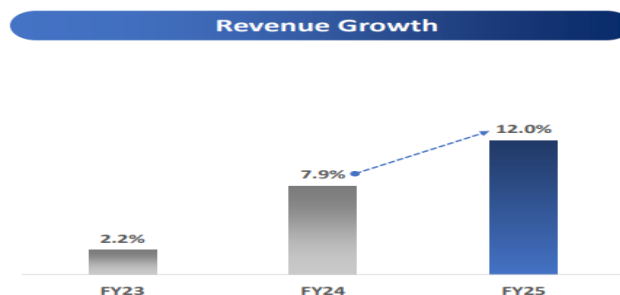
- EFL has delivered a remarkable turnaround, following its acquisition by Advent, with a steady-state, double-digit revenue growth of ~10-12% over the last 7 quarters.
- Moreover, EBITDA margins have risen from ~7% in FY23 to ~11.7% in FY25 despite a 28% YoY increase in advertising and promotional spends in Q4FY25.
- This underscores the structural strength of its business model, anchored by high and consistent gross margins (~58-60%), disciplined cost control via digitization initiatives, and operating leverage from scaling up revenue.
- The institutionalized cost program is focused on centralized procurement; process efficiency has freed up headroom for growth investments without compromising on margins, reinforcing our view on the company's ability to deliver profitable growth.

**Exhibit 60: EFL posted strong double-digit revenue growth over the past 5 quarters...**



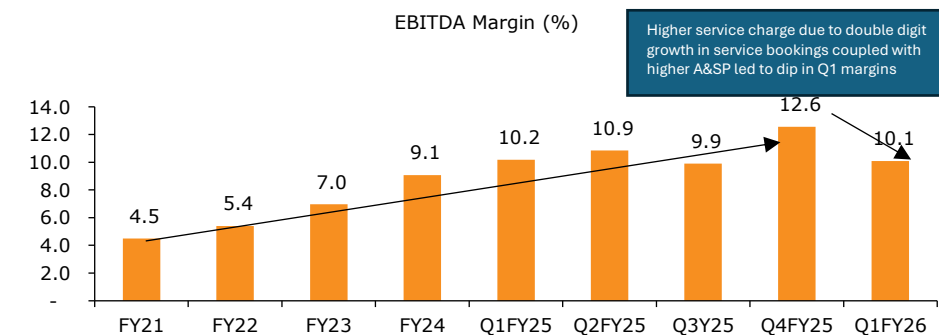
Source: Company, Emkay Research

**Exhibit 61: ...with double-digit growth across product verticals in FY25**



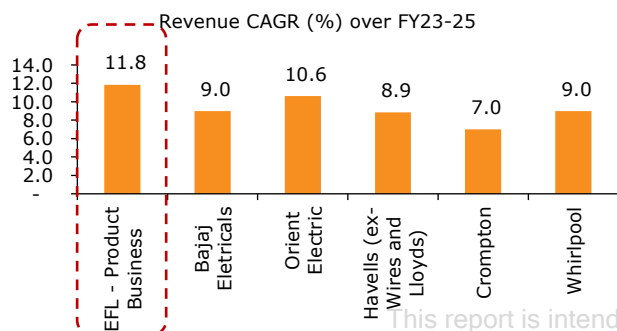
Source: Company, Emkay Research

**Exhibit 62: EFL's EBITDA margin expanded by 520bps over FY23-Q1FY26**



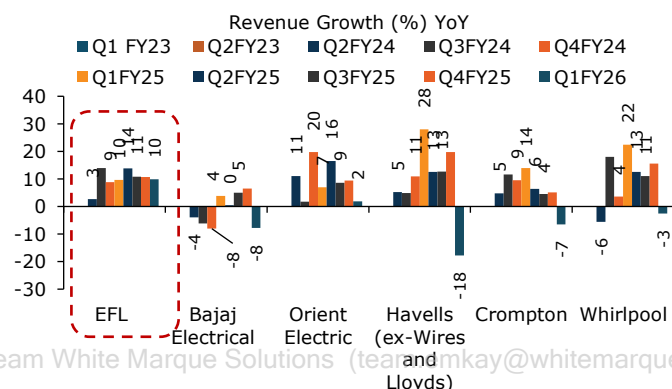
Source: Company, Emkay Research

**Exhibit 63: EFL's product revenue CAGR has outperformed those of major small appliance players over the past 2Y...**



Source: Company, Emkay Research

**Exhibit 64: ...with consistent YoY performance each quarter**

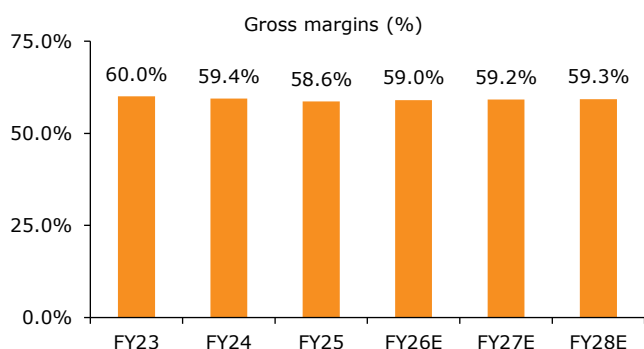


Source: Company, Emkay Research

## Ahead, margin expansion will be driven by two core levers

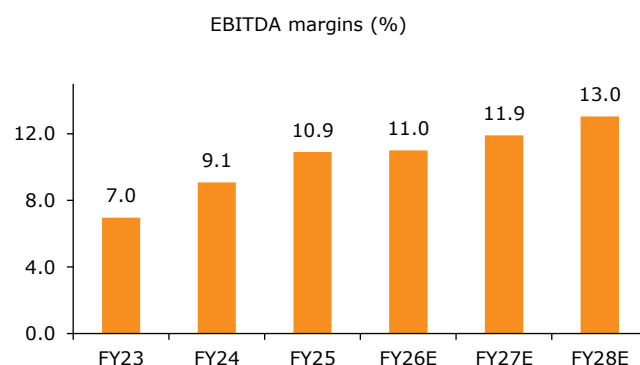
- **Operating leverage in growth:** As revenue sees a ~13% CAGR from Rs24bn in FY25 to Rs36bn in FY28E, fixed-cost absorption in service infrastructure and the direct sales network will provide a natural uplift, enabling ~200bps margin accretion by FY28E.
- **Cost discipline and service monetization:** Institutionalized cost efficiency programs, along with enhanced service monetization (digitization, tiered AMC plans, and IoT-led predictive maintenance), will contribute incremental margin upside.
- Importantly, this expansion trajectory is achieved without cutting growth investments, ensuring the business sustains its leadership while driving EPS CAGR of ~24% over FY25–28E.
- EFL's strong balance sheet (net-cash position of Rs2.5bn in Q1FY26) and strategic pivot toward premiumization and localized manufacturing further strengthen its margin resilience.
- With a high gross margin base, double-digit growth, and disciplined execution, EFL is structurally positioned to see sustained profitable growth and expand margins to 13% by FY28E, signalling a strong rerating potential.

**Exhibit 65: While gross margins are expected to consolidate...**



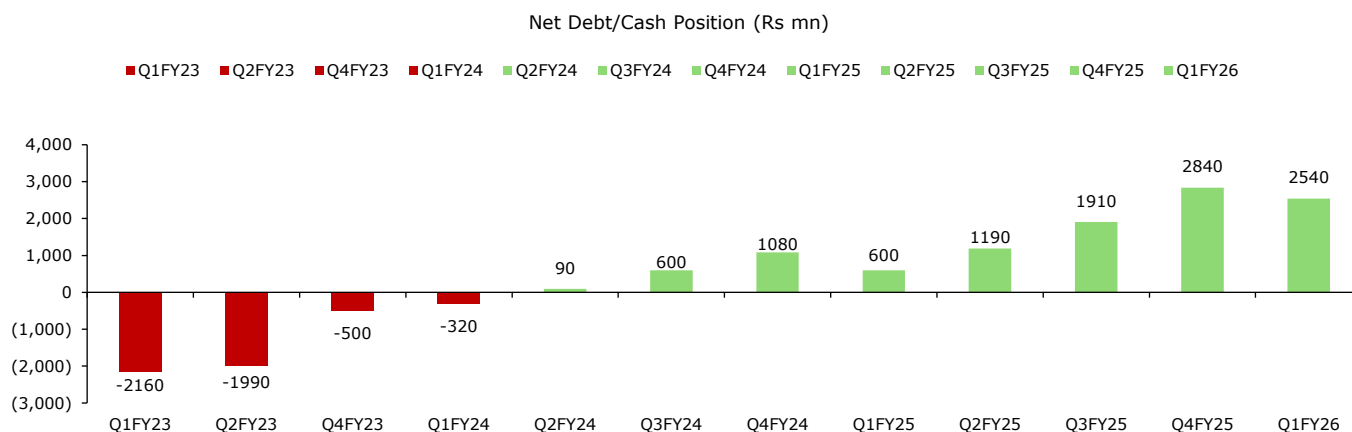
Source: Company, Emkay Research

**Exhibit 66: ...we believe incremental gross margin expansion will be driven by operational efficiencies...**



Source: Company, Emkay Research

**Exhibit 67: EFL has consistently maintained a net-cash position over the last 8 quarters vs a net-debt position in FY23**



Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarquessolutions)



## A deep dive vs direct competitor Kent

- Per Kent's DRHP (refer to [Link](#)), Eureka Forbes is the market leader with ~40% market share by value, followed by Kent's ~22% share in the EWP market.
- **Business model and diversification**
  - **Eureka Forbes:** Operates on a dual model of products + services, with services contributing ~1/3<sup>rd</sup> of revenue, providing annuity-like cash flows. Product portfolio spans air purifiers, water purifiers, and vacuum cleaners; the company holds a clear leadership position, with ~40% share in water purifiers and ~60% in vacuum cleaners.
  - **Kent RO:** A pure-play water purifier company (~20–22% share), with limited diversification into appliances (fans, kitchen products). Service revenue remains secondary, making Kent more dependent on product cycles.
- **Growth consistency**
  - **EFL:** Revenue saw an 8.1% CAGR (FY23–25) to Rs24.4bn in FY25, led by broad-based growth across water purifiers (+14% CAGR), vacuum cleaners (+15.8%). Services revenue has been subdued (+1.7% CAGR), although showing greenshoots owing to double-digit service bookings in Q1FY26 (service revenue will lag after 3 quarters).
  - **Kent RO:** Revenue CAGR of ~8.4%, reaching Rs12.7bn in FY25E (on annualized basis H1FY25), remains highly concentrated in water purifiers (83% mix), reflecting a narrower product portfolio. Growth in appliances has been weak (-1.9% CAGR), while fans under Kent's 'Kuhl' brand is scaling up quickly from a smaller base.
- **Financial metrics**
  - **Gross margin:** EFL and Kent operates in the ~58–60% range; however, EFL (58.6% in FY25) has scope to improve its GM further (vs Kent's 60.5%), given a renewed focus on a richer product mix and scales its high margin service business.
  - **EBITDA margin:** EFL's margin improved sharply to 10.9% (from ~7% in FY23); Kent's margin took a hit in FY25E at 10.3% (vs 15–20% historically), owing to higher A&P spends to drive EWP category growth coupled with higher growth spends to enter into fans and other kitchen appliances segment.
- **Digital and service capability**
  - **EFL:** Strong digital push (the app base scaled to 1.6mn+ in FY25 vs 140k in FY23), with 80% complaints booked online and 64% AMCs sold digitally. Service-led strategy (tiered AMCs, QR-coded filters, 1-hour service promise) differentiates it in an underpenetrated market.
  - **Kent:** Service revenue is derived by selling spare parts and consumables to service franchisees.

**Exhibit 68: Kent's growth trajectory has lagged EFL in recent times, with margins compressing to ~10.3% (vs 15–20% historically), reflecting intensifying competition in the EWP market, elevated A&SP spends to defend category share, and diversification into other appliances like fans and kitchen solutions**

Kent – Historical (Rs mn)	FY15	FY16	FY17	FY18	FY20	FY21	FY22	FY23	FY24	FY25*	CAGR over 10Y
Revenue	6,720	7,668	8,281	8,349	8,736.5	9,791	10,473.7	10,844	11,782	12,744	7
YoY %	16	14	8	1	-5	12	7	4	9	8	
Gross Profit	3,819	4,421	4,858	5,249	5,474	5,916	6,141	6,645	7,153	7,713	7
Gross Margin (%)	57	58	59	63	63	60	59	61	61	61	
Operating Profit (incl other income)	1,562	1,887	2,070	2,321	1,693	2,868	2,392	1,742	2,646	2,255	4
Other income	41	63	83	211	66.8	400.4	383	248	825	936	
EBITDA	1,521	1,824	1,988	2,110	1,626	2,467	2,009	1,494	1,821	1,319	-1
EBITDA (%)	22.6	23.8	24.0	25.3	18.6	25.2	19.2	13.8	15.5	10.3	

Source: Company, Capital Line, Emkay Research; Note: \* On annualized basis (H1FY25)

## Exhibit 69: Eureka vs Kent - key financials

Particulars - Consolidated (Rs mn)	Eureka Forbes			Kent			Variation (%/bps)			CAGR over FY23-25	
	FY23	FY24	FY25	FY23	FY24	FY25*	FY23	FY24	FY25*	EFL	Kent
<b>Revenue</b>	<b>20,845</b>	<b>21,893</b>	<b>24,369</b>	<b>10,844</b>	<b>11,782</b>	<b>12,744</b>	92	86	91	8.1	8.4
<b>YoY (%)</b>	<b>446.0</b>	<b>5.0</b>	<b>11.3</b>	<b>3.5</b>	<b>8.6</b>	<b>8.2</b>					
- Water Purifiers	8,314	9,195	10,859	9,251	9,968	10,522				14.3	6.6
YoY (%)	NA	10.6	18.1	3.3	7.8	5.6					
- Fans				112	307	806				-	168.3
YoY (%)				NA	174	163					
- Kitchen/home appliances/ Vacuum cleaner (EFL)	2,394	2,846	3,210	1,193	1,253	1,148				15.8	-1.9
YoY (%)	NA	18.9	12.8	-6.5	5.1	-8.4					
- Others	2,288	1,970	2,182	133	94	53				-2.3	-36.8
YoY (%)	NA	-13.9	10.7	35.0	-28.7	-44.0					
-Services	7,850	7,881	8,118	156	156	214				1.7	17.3
YoY (%)	NA	0.4	3.0								
<b>Revenue Mix (%)</b>											
- Water Purifiers	40	42	45	85	85	83					
- Fans	-	-	-	1	3	6					
- Kitchen/home appliances/ Vacuum cleaner (EFL)	11	13	13	11	11	9					
-Services	38	36	33	1	1	2					
- Others	11	9	9	1	1	0.4					
<b>Cost Items</b>											
Raw Materials	8,332	8,886	10,077	4,199	4,629	5,031					
<b>Gross Profit</b>	<b>12,513</b>	<b>13,007</b>	<b>14,292</b>	<b>6,645</b>	<b>7,153</b>	<b>7,713</b>	88	82	85	6.9	7.7
<b>Gross Margin (%)</b>	<b>60.0</b>	<b>59.4</b>	<b>58.6</b>	<b>61.3</b>	<b>60.7</b>	<b>60.5</b>	-125	-130	-187		
Employee Costs	3,031	3,298	3,305	1,732	1,712	1,719					
Service Charges	2,960	3,016	2,969	300	303	260					
A & SP	1,900	2,068	2,600	1,437	1,550	2,578					
Freight logistics	757	847	922	243	281	342					
Legal & Professional	482	148	215	62	69	40					
IT expenses	531	541	480	129	138	152					
R&D expenses	100	190	200	21	6	8					
Commission expenses	29	39	42	213	218	213					
Other expenses	1,273	875	906	1,014	1,055	1,082					
<b>Total Expenses</b>	<b>11,063</b>	<b>11,020</b>	<b>11,637</b>	<b>5,151</b>	<b>5,333</b>	<b>6,394</b>				2.6	11.4
<b>% of revenue</b>											
Employee Costs	14.5	15.1	13.6	16.0	14.5	13.5	-143	54	7		
Service Charges	14.2	13.8	12.2	2.8	2.6	2.0	1,143	1,120	1,014		
A & SP	9.1	9.4	10.7	13.3	13.2	20.2	-414	-371	-956		
Freight logistics	3.6	3.9	3.8	2.2	2.4	2.7	139	148	110		
Legal and Professional	2.3	0.7	0.9	0.6	0.6	0.3	174	9	57		
IT expenses	2.5	2.5	2.0	1.2	1.2	1.2	136	130	78		
R&D expenses	0.5	0.9	0.8	0.2	0.0	0.1	28	82	76		
Commission expenses	0.1	0.2	0.2	2.0	1.9	1.7	-182	-167	-150		
Other expenses	6.1	4.0	3.7	9.3	9.0	8.5	-324	-496	-477		
<b>Total Expenses</b>	<b>53.1</b>	<b>50.3</b>	<b>47.8</b>	<b>47.5</b>	<b>45.3</b>	<b>50.2</b>	<b>557</b>	<b>508</b>	<b>-242</b>		
<b>EBITDA</b>	<b>1,450</b>	<b>1,986</b>	<b>2,656</b>	<b>1,494</b>	<b>1,821</b>	<b>1,319</b>				35.3	-6.1
<b>EBITDA Margin (%)</b>	<b>7.0</b>	<b>9.1</b>	<b>10.9</b>	<b>13.8</b>	<b>15.5</b>	<b>10.3</b>	-682	-638	55		
Depreciation	565	540	580	411	426	457					
<b>EBIT</b>	<b>886</b>	<b>1,446</b>	<b>2,076</b>	<b>1,083</b>	<b>1,395</b>	<b>862</b>				53.1	-10.8
<b>EBIT Margin (%)</b>	<b>4.2</b>	<b>6.6</b>	<b>8.5</b>	<b>10.0</b>	<b>11.8</b>	<b>6.8</b>	-574	-523	176		
Interest	203	98	56	9	9	11					
Other Income	102	88	146	248	825	936				19.3	94.3
<b>% of revenue</b>	<b>0.5</b>	<b>0.4</b>	<b>0.6</b>	<b>2.3</b>	<b>7.0</b>	<b>7.3</b>					
<b>PBIT</b>	<b>785</b>	<b>1,436</b>	<b>2,165</b>	<b>1,322</b>	<b>2,211</b>	<b>1,786</b>				66.0	16.2
<b>PBIT Margin (%)</b>	<b>3.8</b>	<b>6.6</b>	<b>8.9</b>	<b>12.2</b>	<b>18.8</b>	<b>14.0</b>	-842	-1,220	-513		
Tax	120	328	563	345	540	390					
Tax Rate (%)	15.3	22.9	26.0	26	24	22					
<b>Adj PAT</b>	<b>665</b>	<b>1,108</b>	<b>1,602</b>	<b>977</b>	<b>1,671</b>	<b>1,396</b>				55.2	19.5
<b>PAT margin (%)</b>	<b>3.2</b>	<b>5.1</b>	<b>6.6</b>	<b>9.0</b>	<b>14.2</b>	<b>11.0</b>	-582	-912	-438		
<b>Exceptional items</b>	<b>400</b>	<b>151</b>	<b>-42</b>	<b>5</b>	<b>4</b>	<b>2</b>					
<b>Reported PAT</b>	<b>264</b>	<b>957</b>	<b>1,644</b>	<b>972</b>	<b>1,667</b>	<b>1,394</b>				149.2	19.8

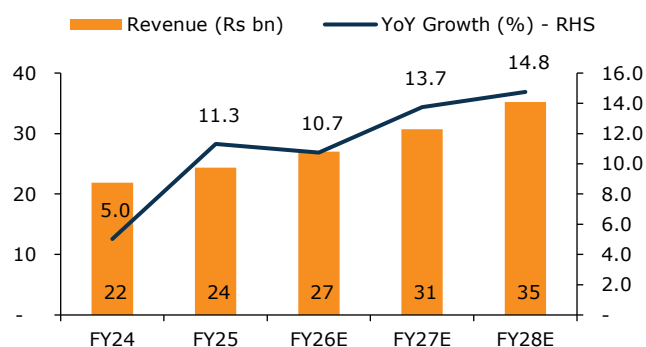
Source: Kent DRHP, Company, Emkay Research; Note: \* On annualized basis (H1FY25)

## Financials: We build in 13%/20%/24% revenue/EBITDA/PAT CAGR over FY25-28E

- Following its acquisition by Advent, EFL has undergone significant transformation through strategic initiatives such as cost rationalization, investments in marketing, digitalization, and R&D. These measures, combined with product launches and improved service offerings, have resulted in consistent revenue growth and margin expansion. Operating margins have improved meaningfully from ~7% in FY23 to ~11% in FY25, supported by scale benefits and operational efficiencies (~400bps in 2Y).
- In terms of revenue mix, water purifiers remain the largest contributor, accounting for ~45% of revenue in FY25, followed by services at 33%, vacuum cleaners at 13%, and other products—non-electric water purifiers, air purifiers, softener, B2B water products—contributing the balance 9%. This diversified portfolio ensures steady growth across multiple segments.
- The company's financial position is robust, with a strong capital structure and negligible leverage. EFL has improved its net-debt position significantly (from Rs1.8bn in FY22 to a net-cash surplus of Rs2.8bn in FY25). The company does not anticipate any significant debt addition in the near term which is expected to sustain its healthy financial profile and strong coverage metrics.
- EFL also maintains an efficient operating cycle, supported by a lean working capital structure. The average collection period is ~27days with payable days at roughly similar levels, while raw material inventory is typically maintained for ~1-1.5M. As a result, the overall working capital cycle remains comfortable at ~37days, reducing the need for large working capital financing.
- EFL's annual capex was ~Rs800mn in the last 2Y (vs ~Rs170mn pre-transformation); ahead, it guides for capex spend at an annual run-rate of ~Rs500-600mn, with a focus on product innovation across product categories and digitization.
- EFL has delivered steady growth with revenue rising from Rs20.8bn in FY23 to Rs24.4bn in FY25; revenue is projected to see a 13% CAGR to Rs35bn by FY28E, driven by expanding product penetration across categories and strong service income.
- Margins are on an improving trajectory, with EBITDA margin expected to expand from 10.9% in FY25 to ~13% by FY28E, aided by premiumization, cost optimization, and operating leverage kicking in. PAT is estimated to grow from Rs1.6bn in FY25 to Rs3.1bn by FY28E, translating into a robust EPS CAGR of ~24%, supported by margin gains and higher operating efficiency.
- EFL trades at expensive valuations relative to its growth outlook. However, strong earnings growth, margin expansion, and a net-cash balance sheet under Advent's strategic ownership underpin our positive view on EFL. We, thus, value it at a P/E multiple of 50x, based on Sep-FY27E PER, implying a TP of Rs725, offering a 24% upside potential; we build in 13%/20%/24% revenue/EBITDA/PAT CAGR.
- Major downside risk includes higher competition from new players which could potentially impact market share and growth.

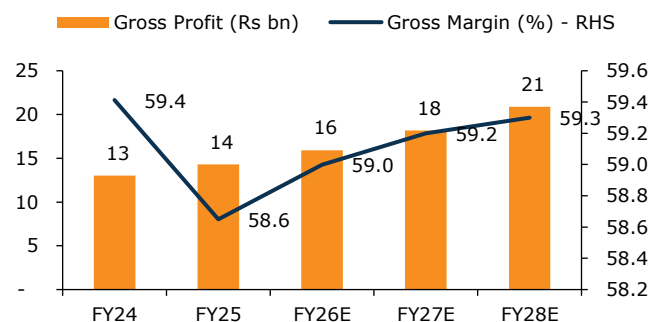
This report is intended for Team White Marquee Solutions (team.emkay@whitemarquesolutions)

**Exhibit 70: We build in a 13% revenue CAGR over FY25–28E, factoring in sustained growth across underpenetrated core categories and a push toward premium and IoT-enabled SKUs....**



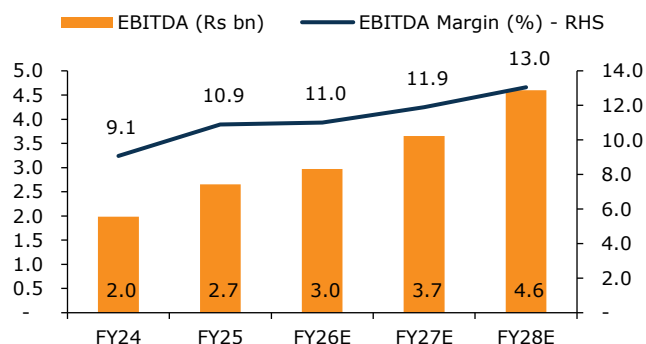
Source: Company, Emkay Research

**Exhibit 71: ...however, we believe gross margin improvement is largely priced in, with only limited upside hereon as most of the gain from the mix and sourcing efficiencies have already played out...**



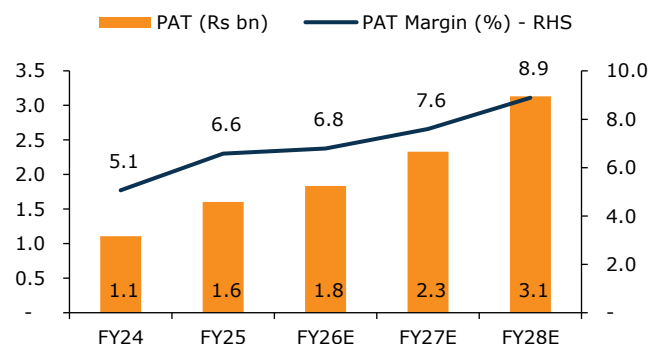
Source: Company, Emkay Research

**Exhibit 72: ...with incremental EBITDA margin accretion of ~200bps to be seen from cost optimization and operating leverage...**



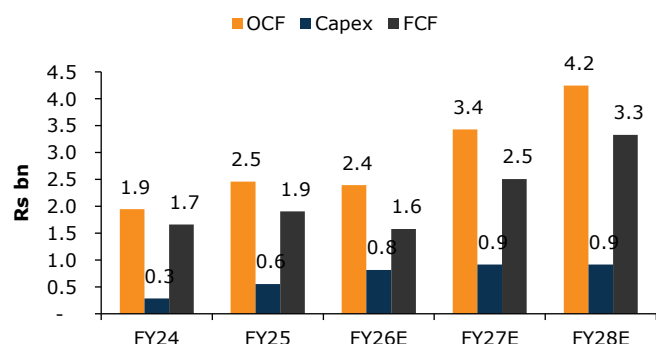
Source: Company, Emkay Research

**Exhibit 73: ...with PAT estimated to see a ~24% CAGR over FY25–28E**



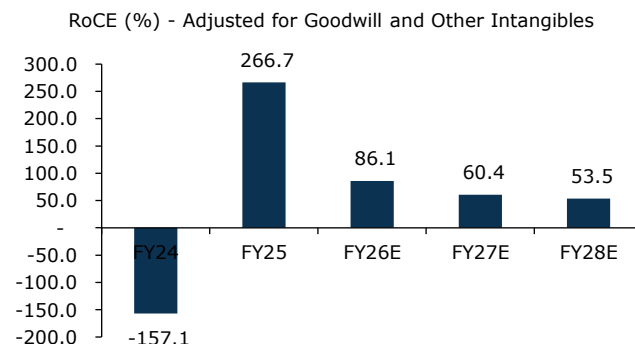
Source: Company, Emkay Research

**Exhibit 74: EFL has strong operating cash flows with limited capex requirements translating into strong FCF...**



Source: Company, Emkay Research

**Exhibit 75: ...however, margins may remain modest in the near term owing to a high capital base**



Source: Company, Emkay Research; Note: ROCEs as per Emkay are divergent from company-based calculations, as we factor in overall Net Worth (without adjusting Goodwill and Intangibles from the base); per Emkay's calculations, ROCEs for FY24/FY25/FY26E/FY27E/FY28E are ~3.0%/4.3%/4.7%/5.8%/7.4%, respectively.

**Exhibit 76: We value EFL at ~50x Sep-27E PER and believe that the stock could be a potential doubler in 3-4Y, given sustained double-digit topline growth (it even delivered ~10-12% growth amid subdued consumer sentiment), along with further margin headroom (significantly below Kent's ~15-20% levels)**

Particulars (Rs bn)	Eureka Forbes						Potential doubler over the next 3-4Y (FY30E)	
	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E
<b>Revenue</b>	20.8	21.9	24.4	27.0	30.7	35.2	41.2	48.9
<b>Growth</b>	446%	5%	11%	11%	14%	15%	17%	19%
<b>Gross margin</b>	60.0%	59.4%	58.6%	59.0%	59.2%	59.3%	59.4%	59.5%
<b>EBITDA</b>	1.5	2.0	2.7	3.0	3.7	4.6	5.9	7.3
<b>EBITDA margin</b>	7.0%	9.1%	10.9%	11.0%	11.9%	13.0%	14.3%	14.9%
<b>PAT</b>	0.3	1.0	1.6	1.8	2.3	3.1	4.2	5.2
<b>PAT Margin</b>	1.3%	4.4%	6.7%	6.8%	7.6%	8.9%	10.1%	10.7%
<b>EPS (Rs)</b>	1.4	4.9	8.5	9.5	12.1	16.2	21.6	27.1
<b>Growth</b>	909%	263%	72%	12%	27%	34%	33%	26%
<b>PER target multiple (x) – Sep-27E</b>						50	48	45
<b>Target price (Rs)</b>						725	900	1,100
<b>CMP (Rs/share)</b>						577	587	587
<b>Upside/(Downside)</b>						24%	53%	87%

Source: Company, Emkay Research; Note: We have introduced numbers only till FY28E; FY29E/FY30E are currently based on scenario analysis.

**Exhibit 77: EFL trades at slight premium vs other small appliance players like Crompton, Whirlpool of India, Bajaj Electricals, and Orient Electricals, given better growth/margin prospects**

Peer Comparison	Revenue Growth (%)			Revenue CAGR (%)	EBITDA Margin (%)			EPS Growth (%)			EPS CAGR (%)	ROE (%)			P/E (x)		
Consolidated	FY26E	FY27E	FY28E	FY25-27E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY25-27E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
<b>Eureka Forbes</b>	<b>10.7</b>	<b>13.7</b>	<b>14.8</b>	<b>12.2</b>	<b>11.0</b>	<b>11.9</b>	<b>13.0</b>	<b>11.5</b>	<b>27.2</b>	<b>34.2</b>	<b>19.1</b>	<b>4.1</b>	<b>5.0</b>	<b>6.4</b>	<b>62.0</b>	<b>48.7</b>	<b>36.3</b>
<b>Air Conditioner Companies</b>																	
Voltas	-3.2	16.2	14.4	6.0	6.4	7.5	7.8	-8.8	39.9	19.2	13.0	8.5	10.6	11.2	62.1	44.4	37.2
Blue Star	10.3	16.8	15.7	13.5	7.0	7.5	7.7	2.6	26.5	18.3	12.7	18.2	20.2	20.7	67.2	53.1	44.9
Symphony Ltd	-9.2	17.5	10.4	3.3	17.9	19.8	20.8	-14.3	29.3	16.5	5.3	24.5	27.7	28.5	32.7	25.3	21.7
<b>Small Appliances Companies</b>																	
Crompton Greaves	5.1	12.5	11.7	8.7	11.2	11.7	11.9	9.1	20.7	16.8	14.7	16.5	17.9	18.6	35.2	29.1	25.0
Whirlpool of India	9.5	12.6	11.3	11.1	7.6	8.2	8.6	31.1	24.8	20.5	27.9	10.9	12.6	14.2	38.5	30.9	25.6
V guard	11.3	14.1	12.6	12.7	9.1	9.7	10.2	9.3	27.9	20.6	18.3	16.7	18.1	19.0	44.4	34.7	28.8
Bajaj Electricals	6.3	9.4	12.3	7.9	7.4	8.7	9.9	55.2	64.7	23.8	59.9	7.8	11.3	13.6	38.3	23.3	18.8
Orient Electricals	8.6	12.4	10.7	10.5	7.4	8.2	15.8	31.2	37.9	23.3	34.5	15.7	19.1	21.2	40.3	29.3	23.7
<b>Wire Companies</b>																	
KEI Industries	21.6	20.0	18.9	20.8	10.4	10.8	10.7	26.2	21.3	17.9	23.8	14.0	14.8	14.9	43.9	36.2	30.7
Polycab India	22.7	17.9	15.6	20.3	13.6	13.6	13.7	31.8	18.2	13.1	24.8	22.8	22.5	21.2	42.9	36.3	32.1
RR Kabel	18.8	16.7	13.7	17.7	7.4	8.1	8.7	49.2	25.4	23.6	36.8	18.4	19.0	19.2	33.0	26.3	21.3
Havells	10.8	15.0	14.1	12.9	10.3	10.9	10.3	15.7	21.3	8.1	18.4	18.8	20.5	19.3	58.8	48.5	44.8

Source: Company, Bloomberg, Emkay Research; Note: Eureka, Voltas, and Blue Star estimates are per Emkay, while others are per Bloomberg.

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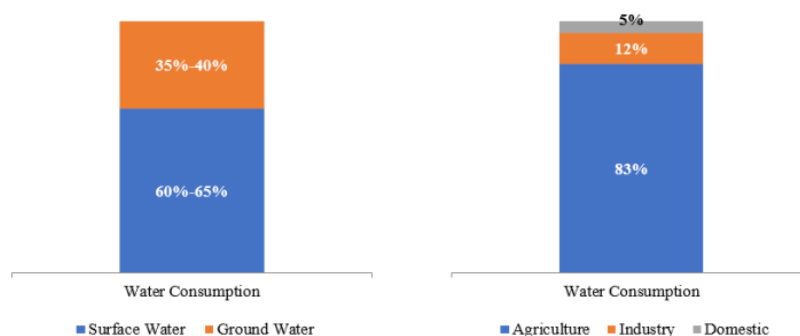
## Annexure 1 – Industry background

### Introduction

- India, home to nearly 18% of the global population, has access to only about 4% of the world's water resources, making it one of the most water-stressed nations globally.
- Rapid industrialization, urbanization, population growth, and excessive agricultural usage have further strained the nation's freshwater availability. Currently, ~60–65% of India's water consumption is from surface water sources, while ~35–40% is drawn from groundwater. The agricultural sector accounts for ~83% of total consumption, followed by industry at ~12%, with the remaining ~5% used for domestic purposes.
- With a population of over 1.4bn, demand for safe drinking water is immense. To meet this requirement, India extracts ~230bn cubic meters of groundwater annually, more than any other country.
- Projections suggest that by 2030, water demand could be double the available supply, exacerbating the risks of scarcity, groundwater depletion, and contamination.
- Adding to the challenge, total dissolved solids (TDS) in many regions exceed the BIS's permissible limit of 500mg/L in drinking water, highlighting the severity of India's water crisis and the urgent need for reliable and effective water purification solutions.

**Exhibit 78: The agriculture sector accounts for ~83% of total consumption, followed by industry at ~12%, with the remaining ~5% used for domestic purposes**

*India's Water Consumption Story (Post-2020)*

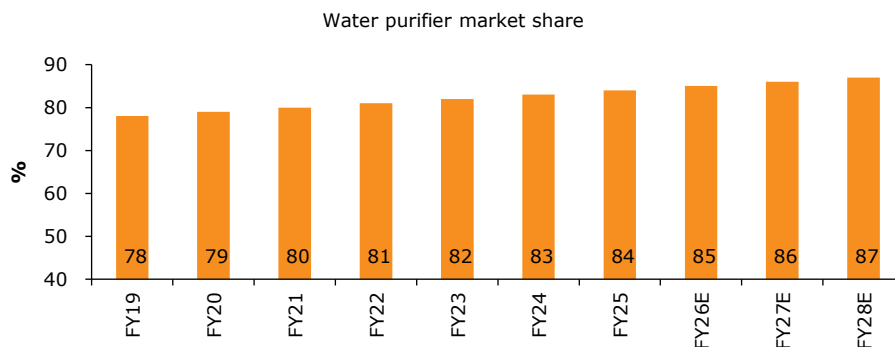


Source: Kent DRHP, Emkay Research

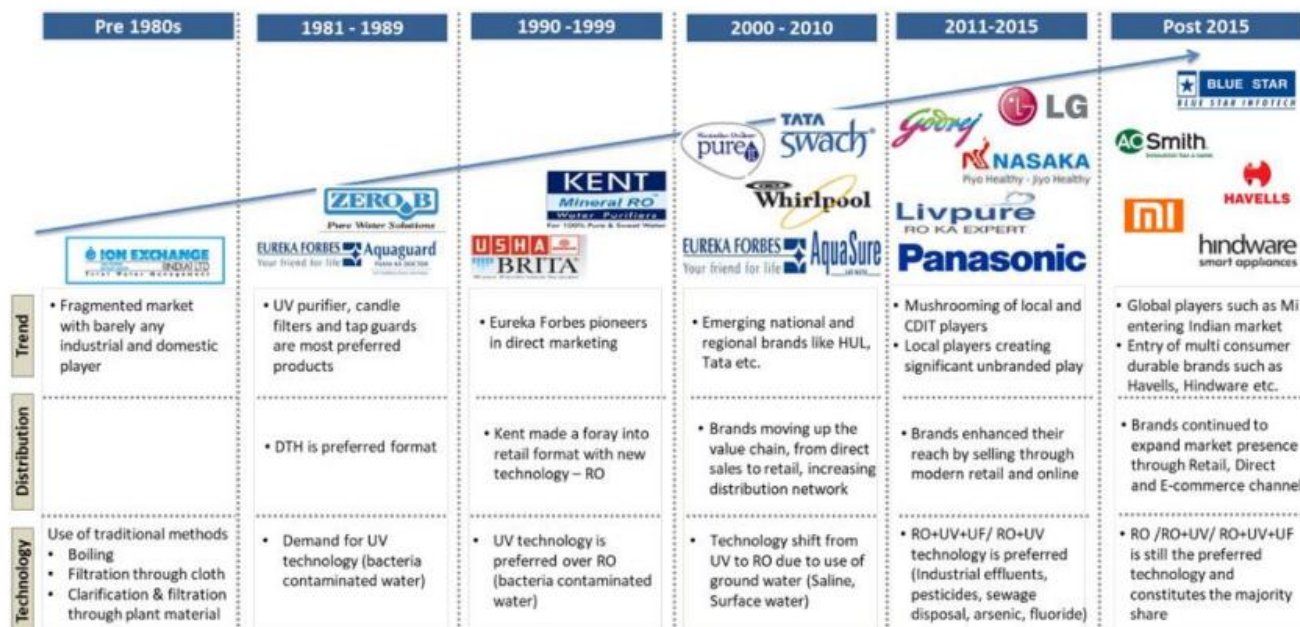
### Branded play in motion

- Distribution channel dynamics shifted from direct sales to retail sales, and brands entered the e-commerce segment during 2011-15. After 2015, channel dynamics continued to shift toward retail, which contributes over 60% of the market share.
- Multi-consumer durable brands like Blue Star, Havells, Hindware, and global players like Mi, Cuckoo, and AO Smith entered the water purifier segment.
- The water purifier product market in India has steadily transitioned toward branded play, with branded players commanding a substantial ~83% market share in FY24 (vs ~78% in FY19).
- Within this branded market, the top 5 to 7 players hold ~90% market share.
- On the demand side, increasing health awareness among consumers and increase in availability and access to piped water are key drivers of this shift.
- On the supply side, technological interventions, brand-building initiatives by major players, implementation of GST, and the robust distribution network servicing extensive retail footprint contribute to the transformation.
- Branded play is estimated to capture ~87% (~Rs62bn) of the market share by FY28E.



**Exhibit 79: Branded play is estimated to capture ~87% (~Rs62bn) of the water purifier market share by FY28E**

Source: Kent DRHP, Emkay Research

**Exhibit 80: Distribution channel dynamics shifted from direct sales to retail sales, and brands entered the e-commerce segment during 2011-15. After 2015, channel dynamics continued to shift toward retail (contributes +60% of the market share)**

Source: Kent DRHP, Emkay Research

## Choosing the right one – which water purifier works best for what purpose

- According to the Bureau of Indian Standards (BIS), the permissible limit for total dissolved solids (TDS) in drinking water is 500mg/L; however, TDS exceeds this limit in many regions across India.
- To choose the right fit, TDS levels need to be checked first basis parts per million (ppm) – if it's >250–300ppm, choose RO; if <200ppm, UV or UF should suffice.
  - **RO (reverse osmosis):** Best for high TDS >300ppm or for water with heavy salts, fluoride or chemical contaminants (common in borewell/tanker supply). RO removes dissolved solids, although wastes water and strips minerals. Hence, it is best used with a mineralizer/TDS controller.
  - **UV (ultraviolet):** Ideal for low-TDS (<200ppm) municipal water that is microbiologically unsafe. It disinfects water without altering taste or mineral content; however, it cannot remove dissolved salts or turbidity.
  - **UF (ultrafiltration):** Suited for low to moderate TDS water with visible particles; works without electricity, retains minerals; however, it is ineffective against dissolved chemicals.
  - **Carbon filters:** Essential for water with chlorine, pesticides or odour issues; often paired with UV or RO for taste and safety enhancement.
  - **Combination purifiers (RO + UV + UF):** Recommended for mixed or uncertain water sources where chemical, microbial, and particulate contamination risks coexist, offering full-spectrum protection.

**Exhibit 81: TDS range decides the type of water purifier one needs**

TDS range (ppm- parts per mn)	Water source examples	Water quality notes	Best purifier type	Price range
<200ppm (Low)	Municipal supply, clean river water	Safe for drinking; minimal dissolved salts; microbes possible from storage tanks	UV + UF + Carbon	~Rs6,000–15,000
200–500ppm (Moderate)	Borewell (shallow), mixed sources, some tanker water	Slight hardness; mild scaling; taste can be slightly salty	RO + UV + Carbon (set TDS – total dissolved solids to 70–150ppm)	~Rs12,000–18,000
>500ppm (High)	Deep borewell, coastal areas, untreated tanker water	Hard, brackish water; heavy salts, scale, and chemicals possible	RO (high recovery) + UV + Carbon + Mineralizer	Rs15,000–25,000
>1,500ppm (Very high, not ideal)	Industrial, deep borewell, brackish regions	Unsafe without heavy treatment; home RO may struggle	Commercial RO or alternative water source	Rs40,000+

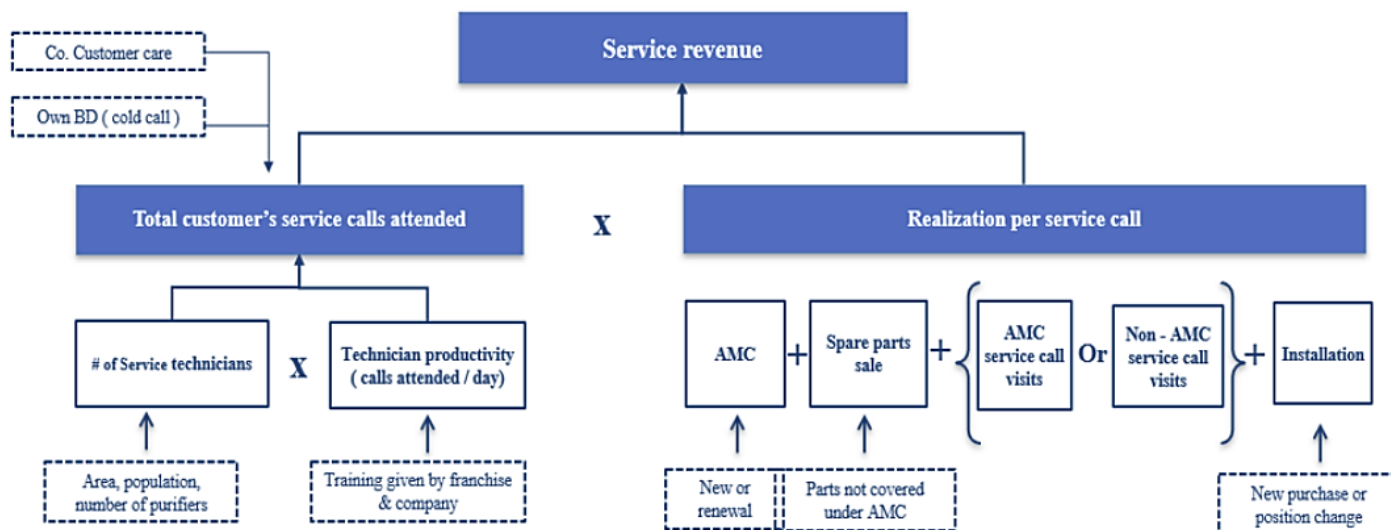
Source: Company, Emkay Research

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## Service market – a structural profit lever in the water purifier industry

- The water purifier industry stands out among home appliances for its highly serviceable nature which creates a large and recurring post-sales revenue stream. Unlike other appliances, water purifiers require regular maintenance due to functional contaminants like bacteria, viruses, and dissolved salts. Under normal usage, an electric water purifier typically requires 2–4 service visits annually and yearly filter replacements, making aftersales service a structural component of the product's lifecycle.
- **Market structure: Branded vs unbranded play**
  - As of FY24, the Indian water purifier service market was estimated at ~Rs40bn, with a nearly even split between branded (49%) and unbranded (51%) players. Within the branded segment:
    - **Branded water purifier companies** (eg: Eureka Forbes, Kent, and LG) account for ~Rs17bn (~43%).
    - **Branded third-party service providers** (eg: Urban Company, Jeeves) account for ~Rs2.6bn (6%).
- **Market leadership and competitive dynamics**
  - Among branded players, EFL led the service market with a dominant ~49% share in FY24, followed by Kent at 19%. The next five brands collectively control ~17%, while challenger brands make up the remaining ~15%. Eureka Forbes's leadership is attributed to its AMC-driven revenue model, strong in-house service network, and app-based digitization (~50% of service revenue now comes in via the app). In contrast, Kent relies more on consumables-based service revenue through its franchisee network.

Exhibit 82: Services Business Model



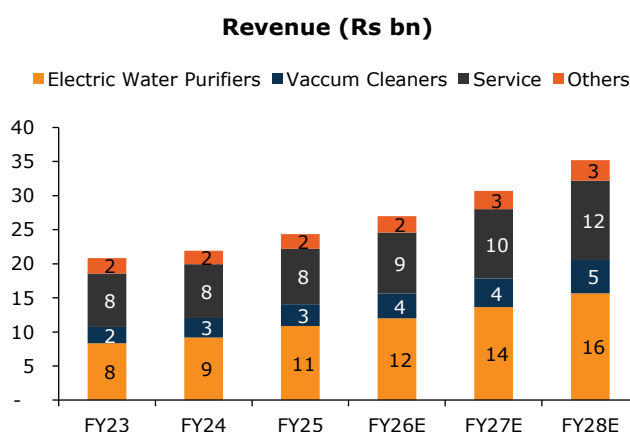
Source: Technopak Analysis

Source: Kent DRHP, Emkay Research

## Annexure 2 - Company background

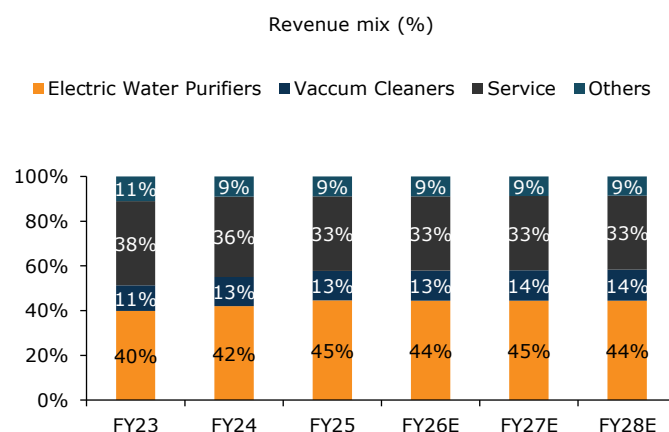
Eureka Forbes (EFL), India's leading health and hygiene solutions provider, dominates the water purifier segment with over 40% market share and vacuum cleaners with ~60% share. The company was incorporated in 1982, with a majority stake now owned by Advent International (62.6%). EFL offers a wide product portfolio under brands like Aquaguard, AquaSure, and Euroclean, catering to diverse consumer needs across water, air, and home cleaning solutions. It is present in 2,400+ towns, having 20,000 retail outlets, with one of the largest direct sales and service networks covering ~19,500 PIN codes; EFL services over 14mn customer relationships through 8,000+ technicians. We believe EFL is well placed to capitalize on India's low penetration in water and air purifiers and expand into the high-growth health and hygiene categories.

**Exhibit 83: Revenue growth is expected to sustain from core categories like water purifiers (product + service)...**



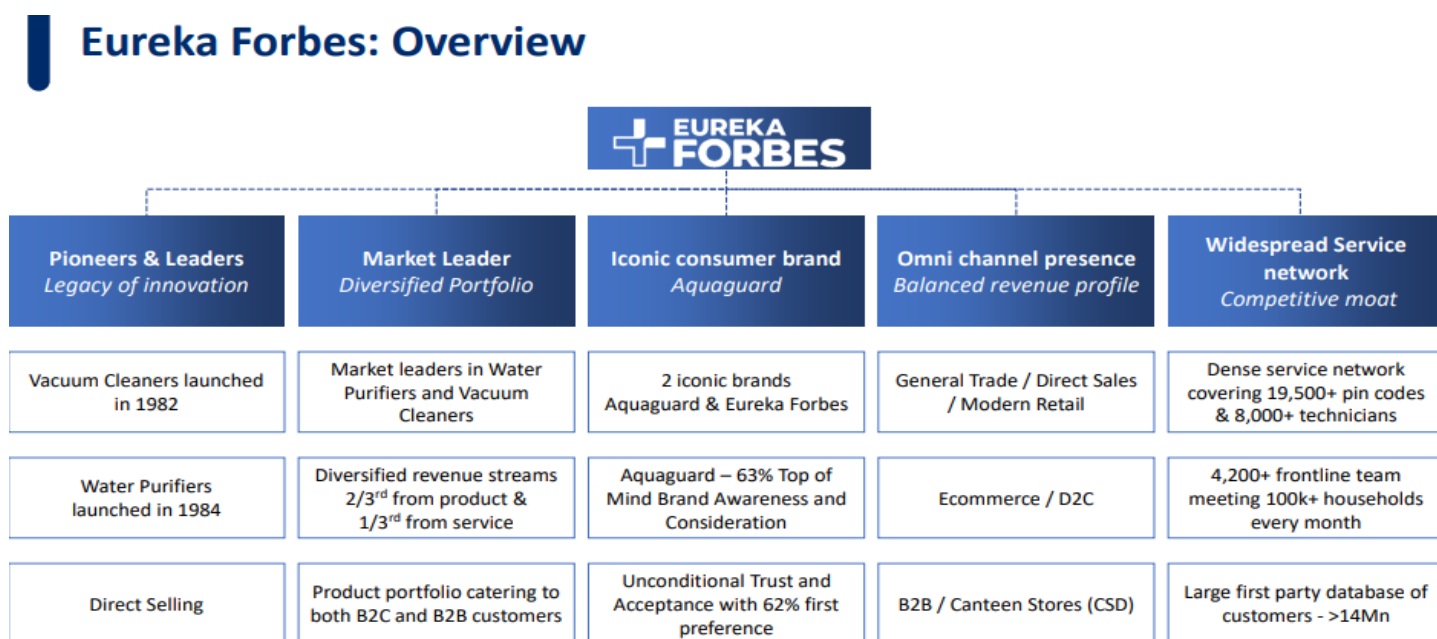
Source: Company, Emkay Research

**Exhibit 84: ....with new adjacencies seeing a gradual build-up once the market for the product matures in India**



Source: Company, Emkay Research

**Exhibit 85: EFL – An overview**



Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions.com)

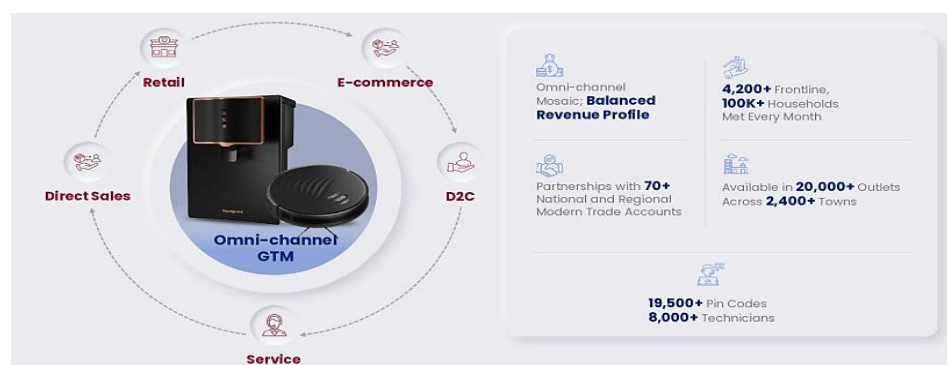
Exhibit 86: Key management team at EFL

## EFL Management Team



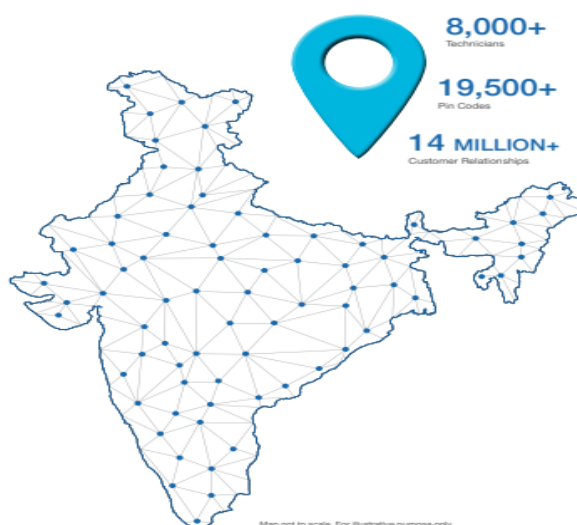
Source: Company, Emkay Research

Exhibit 87: EFL has an omni-channel presence with an extensive reach and distribution network spanning the country



Source: Company, Emkay Research

Exhibit 88: EFL has a strong technician network of ~8000+ across 19,500+ picodes



This report is intended for Team White Marquee Solutions (team.emkay@whitemarquesolutions.com)

Source: Company, Emkay Research



Eureka Forbes: Consolidated Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	21,893	24,369	26,988	30,696	35,225
Revenue growth (%)	5.0	11.3	10.7	13.7	14.8
EBITDA	1,986	2,656	2,968	3,652	4,596
EBITDA growth (%)	37.0	33.7	11.8	23.0	25.8
Depreciation & Amortization	540	580	674	746	725
EBIT	1,446	2,076	2,294	2,906	3,871
EBIT growth (%)	63.3	43.5	10.5	26.6	33.2
Other operating income	-	-	-	-	-
Other income	88	146	218	284	398
Financial expense	98	56	44	50	54
PBT	1,436	2,165	2,469	3,140	4,215
Extraordinary items	(151)	42	0	0	0
Taxes	248	535	636	808	1,085
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
Reported PAT	957	1,644	1,834	2,332	3,130
PAT growth (%)	262.5	71.9	11.5	27.2	34.2
Adjusted PAT	1,108	1,602	1,834	2,332	3,130
Diluted EPS (Rs)	5.7	8.3	9.5	12.1	16.2
Diluted EPS growth (%)	66.9	44.6	14.4	27.2	34.2
DPS (Rs)	0	0	0	1.2	3.2
Dividend payout (%)	0	0	0	10.0	20.0
EBITDA margin (%)	9.1	10.9	11.0	11.9	13.0
EBIT margin (%)	6.6	8.5	8.5	9.5	11.0
Effective tax rate (%)	22.9	26.0	25.7	25.7	25.7
NOPLAT (pre-IndAS)	1,116	1,536	1,704	2,158	2,874
Shares outstanding (mn)	193	193	193	193	193

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	1,935	1,935	1,935	1,935	1,935
Reserves & Surplus	40,322	42,152	43,986	46,084	48,588
Net worth	42,256	44,087	45,920	48,019	50,523
Minority interests	12	12	12	12	11
Non-current liab. & prov.	8,114	8,085	8,085	8,085	8,085
Total debt	387	256	234	222	208
Total liabilities & equity	52,085	53,949	55,923	58,238	61,008
Net tangible fixed assets	2,736	2,852	3,230	3,625	3,988
Net intangible assets	31,146	31,007	30,734	30,461	30,251
Net ROU assets	159	266	306	355	394
Capital WIP	12	19	17	18	18
Goodwill	20,588	20,588	20,588	20,588	20,588
Investments [JV/Associates]	550	590	590	590	590
Cash & equivalents	1,525	3,106	4,617	6,831	9,462
Current assets (ex-cash)	4,675	5,031	5,794	6,674	7,755
Current Liab. & Prov.	9,209	9,430	9,926	10,953	12,183
NWC (ex-cash)	(4,534)	(4,399)	(4,133)	(4,280)	(4,429)
Total assets	52,085	53,949	55,923	58,238	61,008
Net debt	(1,138)	(2,851)	(4,383)	(6,609)	(9,255)
Capital employed	52,085	53,949	55,923	58,238	61,008
Invested capital	50,095	50,314	50,725	50,748	50,792
BVPS (Rs)	218.4	227.9	237.3	248.2	261.1
Net Debt/Equity (x)	-	(0.1)	(0.1)	(0.1)	(0.2)
Net Debt/EBITDA (x)	(0.6)	(1.1)	(1.5)	(1.8)	(2.0)
Interest coverage (x)	15.7	39.5	57.0	63.6	79.5
RoCE (%)	3.0	4.3	4.7	5.8	7.4

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
PBT (ex-other income)	1,285	2,207	2,469	3,140	4,215
Others (non-cash items)	493	275	0	0	0
Taxes paid	(14)	52	(636)	(808)	(1,085)
Change in NWC	(418)	(607)	(159)	299	335
Operating cash flow	1,945	2,460	2,392	3,427	4,243
Capital expenditure	(250)	(556)	(816)	(918)	(918)
Acquisition of business	-	-	-	-	-
Interest & dividend income	-	-	-	-	-
Investing cash flow	(316)	(1,684)	(816)	(918)	(918)
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	(1,105)	(409)	(21)	(12)	(14)
Payment of lease liabilities	-	-	-	-	-
Interest paid	(95)	(25)	(44)	(50)	(54)
Dividend paid (incl tax)	-	-	-	(233)	(626)
Others	-	-	-	-	-
Financing cash flow	(1,201)	(434)	(65)	(296)	(694)
Net chg in Cash	428	342	1,511	2,214	2,632
OCF	1,945	2,460	2,392	3,427	4,243
Adj. OCF (w/o NWC chg.)	2,362	3,067	2,551	3,128	3,909
FCFF	1,695	1,904	1,576	2,509	3,325
FCFE	1,597	1,848	1,532	2,459	3,272
OCF/EBITDA (%)	97.9	92.6	80.6	93.8	92.3
FCFE/PAT (%)	166.9	112.4	83.6	105.5	104.5
FCFF/NOPLAT (%)	151.9	124.0	92.5	116.3	115.7

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	118.8	69.1	62.0	48.7	36.3
EV/CE(x)	2.2	2.1	2.1	2.0	1.9
P/B (x)	2.7	2.6	2.5	2.4	2.2
EV/Sales (x)	5.1	4.6	4.2	3.7	3.2
EV/EBITDA (x)	56.6	42.4	37.9	30.8	24.5
EV/EBIT(x)	77.8	54.2	49.0	38.7	29.1
EV/IC (x)	2.2	2.2	2.2	2.2	2.2
FCFF yield (%)	1.5	1.7	1.4	2.2	3.0
FCFE yield (%)	1.4	1.6	1.3	2.2	2.9
Dividend yield (%)	0	0	0	0.2	0.6
DuPont-RoE split					
Net profit margin (%)	5.1	6.6	6.8	7.6	8.9
Total asset turnover (x)	0.4	0.5	0.5	0.5	0.6
Assets/Equity (x)	1.2	1.2	1.2	1.2	1.2
RoE (%)	2.7	3.7	4.1	5.0	6.4
DuPont-RoIC					
NOPLAT margin (%)	5.1	6.3	6.3	7.0	8.2
IC turnover (x)	0.4	0.5	0.5	0.6	0.7
RoIC (%)	2.2	3.1	3.4	4.3	5.7
Operating metrics					
Core NWC days	29.6	34.1	39.3	41.1	42.9
Total NWC days	(73.1)	(54.6)	(44.6)	(39.6)	(34.6)
Fixed asset turnover	0.4	0.4	0.5	0.5	0.6
Opex-to-revenue (%)	50.3	47.8	48.0	47.3	46.3

Source: Company, Emkay Research



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<b>SELL</b>	>15% downside

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