

MANAGEMENT DISCUSSION AND ANALYSIS



OVERVIEW OF THE GLOBAL ECONOMY

FY26 was marked by significant shifts in the global economic landscape, driven by evolving trade policies, rapid technological advancements, and heightened geopolitical uncertainty. Changes in tariff regimes reshaped global trade flows and supply chain strategies, while continued advancements in artificial intelligence accelerated investment activity and transformed business models across industries. At the same time, geopolitical tensions, including the conflict in West Asia, increased volatility in energy markets and weighed on investor sentiment. Against this backdrop, as per the World Economic Outlook published by the International Monetary Fund (IMF), global GDP growth is projected to grow at 3.0% for 2026 and 3.4% for 2027.

Emerging market and developing economies are expected to experience a moderation in growth to 3.8% in 2026, followed by a recovery to 4.5% in 2027. The outlook varies across regions, reflecting differences in commodity dependence, exposure to global trade dynamics, remittance and tourism inflows, sensitivity to financial conditions, and integration within global technology value chains. Amid this evolving economic landscape, India is expected to remain among the world's fastest-growing major economies, supported by resilient private consumption, strong services sector activity, and continued domestic demand.



THE INDIAN ECONOMIC LANDSCAPE

India's economic performance in FY26 reinforced its position as one of the fastest-growing major economies globally. According to the National Statistical Office's Provisional Estimates, real GDP growth accelerated to 7.7% in FY26 from 7.1% in FY25. Growth was broad-based, supported by strong momentum in manufacturing and services, alongside healthy expansion in private consumption and fixed capital formation, both of which grew by more than 7% during the year.

India's medium-term growth outlook remains favourable, supported by structural reforms, rising investments and resilient domestic demand. While growth is expected to moderate from the high base of FY26, IMF projects GDP growth of 6.5% in FY27.

High-frequency indicators further highlighted the underlying strength of economic activity. The Index of Industrial Production (IIP) grew 4.3% during FY26, led by growth of 5.0% in manufacturing (4.1% in FY25). Inflation remained largely contained through most of the year, supported by favourable monsoon conditions and indirect tax rationalisation. However, inflationary pressures strengthened toward the end of FY26 as higher crude oil prices and currency depreciation increased input and consumer costs. According to the ADB, inflation is expected to rise from 2.1% in FY25 to 4.5% in FY26 before moderating to 4.0% in FY27, reflecting elevated energy prices and a gradual normalisation of inflation dynamics.



INDUSTRY OVERVIEW

Key Trends Shaping the Industry

Eureka Forbes operates in categories that are closely aligned with some of India's strongest long-term consumption themes, including health, hygiene, wellness and convenience. Demand for its water purifiers, vacuum cleaners, water softeners, and air purifiers is being supported by rising incomes, rapid urbanisation, growing health awareness, and an expanding middle class. As consumers increasingly prioritise safe drinking water, cleaner indoor environments and better overall quality of life, the Company is well positioned to benefit from the secular growth in household spending on preventive health and hygiene solutions.

In addition, structural shifts such as higher female workforce participation, the rise of dual-income households, improved household infrastructure, and increasing preference for organised service providers are driving demand for both products and after-sales services. Greater focus on hygiene, cleanliness, and preventive maintenance, coupled with the need for reliable technology-enabled support, is creating recurring service opportunities across the Company's installed base. Supported by these favourable demographic and consumption trends, Eureka Forbes remains well placed to capture long-term growth across its core and emerging categories.



UNDER PENETRATED CATEGORIES WITH LONG RUNWAY FOR GROWTH

Category	FY23 (Rs. Cr)	FY30 (Rs. Cr)	CAGR	Penetration
Water Purifier – Product	4,350	10,200	13%	7%
Water Purifier – Service	3,660	9,000	14%	<25%
Water Softeners	1,000	3,000	17%	<1%
Vacuum Cleaners	509	3,000	29%	2%
Air Purifiers	230	1,100	25%	1%
TOTAL	9,749	26,300	15%	—



Strong growth opportunity across under penetrated categories with long runway ahead.



Market Size
FY23
₹9,749 Cr



Projected Market
Size FY30E
₹26,300 Cr



Overall
CAGR
15%



Largest FY30E
Opportunity
Water Purifier – Product
(₹10,200 Cr)

Source: Consumer Market Purification Devices in India – A Whitepaper by Technopak (reproduced with permission) & Management Estimates



THE WATER PURIFIER INDUSTRY IN INDIA

India's water purifier industry has evolved from a discretionary appliance category into an increasingly essential component of household health and wellness. Growing concerns over water quality, rising awareness of waterborne diseases, and a greater focus on hygiene and preventive healthcare are driving demand for water purification solutions across the country. Challenges relating to water contamination, infrastructure quality, and the presence of impurities in drinking water continue to reinforce the need for effective purification systems. As a result, water purifiers are increasingly being viewed as a necessity rather than an aspirational purchase, with adoption expanding beyond urban centres. Supported by growing consumer awareness and demand for advanced purification technologies, the category remains well positioned for sustained long-term growth within India's consumer health and wellness appliance market.

Market Size and Growth Potential

The Indian water purifier market which was valued at ₹ 4,350 Crore in FY23, is expected to grow at a 13% CAGR reaching ₹ 10,200 Crore by FY30. The category's growth is underpinned by multiple structural factors, including rising household incomes, increasing urbanisation, expanding access to electricity, growing concerns regarding water quality, and heightened health and hygiene awareness. Government-led initiatives to improve access to piped water are also expanding the addressable market, particularly in rural India, while increasing consumer preference for premium, technology-enabled products is supporting value growth.

The size of the opportunity remains significant, when compared to the current penetration levels in the Industry. As per industry estimates, the penetration of water purifiers in India is in single digits, as compared to other Asian countries, such as South Korea (95%), Japan (80-82%), and China (20-25%). As awareness of water quality issues continues to improve and affordability increases, adoption is expected to expand beyond metropolitan markets into Tier-2, Tier-3, and emerging urban centres, creating a significant runway for long-term growth.

Outlook

The long-term outlook for the Indian water purifier industry remains favourable. Structural concerns around water quality, expanding access to piped water, rising health awareness, increasing urbanisation, and growing household incomes are expected to sustain category growth over the coming years. With penetration levels still relatively low and large parts of the market remaining under-served, the industry is well positioned to deliver high-single-digit to low-double-digit growth in both volume and value through the remainder of the decade. As access to clean and safe drinking water becomes an increasingly important household priority, water purification is expected to remain one of the most attractive and resilient categories within India's consumer durables sector.



THE VACUUM CLEANER INDUSTRY

India's vacuum cleaner market remains at an early stage of development compared with global markets, yet it is emerging as one of the fastest-growing segments within the home-care appliance category. Growth is being driven by rising urbanisation, changing household structures, increasing disposable incomes, growing awareness of hygiene and cleanliness, and the adoption of smart-home technologies.

Consumer preferences are increasingly shifting toward convenient, technology-enabled cleaning solutions as busy urban lifestyles, the rise of dual-income households, and the increasing cost and scarcity of domestic help reshape household cleaning practices. This is accelerating the shift from traditional vacuum cleaners to robotic vacuum cleaners, which offer a clear functional benefit through hands-free, time-saving, and more convenient cleaning. As a result, the category is evolving from a discretionary premium purchase to an increasingly relevant household necessity for a broader base of consumers.

Market Size & Growth Potential

As per industry estimates, the Indian vacuum cleaner market, which stood at approximately ₹ 509 Crore in FY23 is expected to grow at a CAGR of 29% until FY30 to reach a market size of around ₹ 3,000 Crore. Despite this growth, household penetration levels remain low relative to certain developed markets, highlighting a significant long-term opportunity.

The vacuum cleaner market is being shaped by several key trends, including the rapid shift towards smart and robotic cleaning solutions as consumers increasingly seek convenience, time savings, and hands-free operation, with AI-enabled features, smart navigation, app controls, and heightened hygiene awareness accelerating adoption. At the same time, the market is witnessing strong premiumisation, with demand moving towards technology-driven, high-performance products that offer superior convenience, portability, and efficiency, leading to growth in robotic and upright vacuum cleaners while traditional canister and wet-and-dry models gradually lose share. Evolving consumer lifestyles, rising dual-income households, and increasing domestic help costs are further driving demand for automated home-cleaning solutions that reduce manual effort. Additionally, digital and e-commerce channels are gaining importance as consumers become more comfortable purchasing high-value appliances online, supported by product reviews, demonstrations, and flexible financing options. Beyond residential demand, growing adoption across commercial and institutional sectors such

as hospitality, healthcare, retail, and offices is creating new opportunities for higher-capacity and professional-grade vacuum cleaning solutions.

Outlook

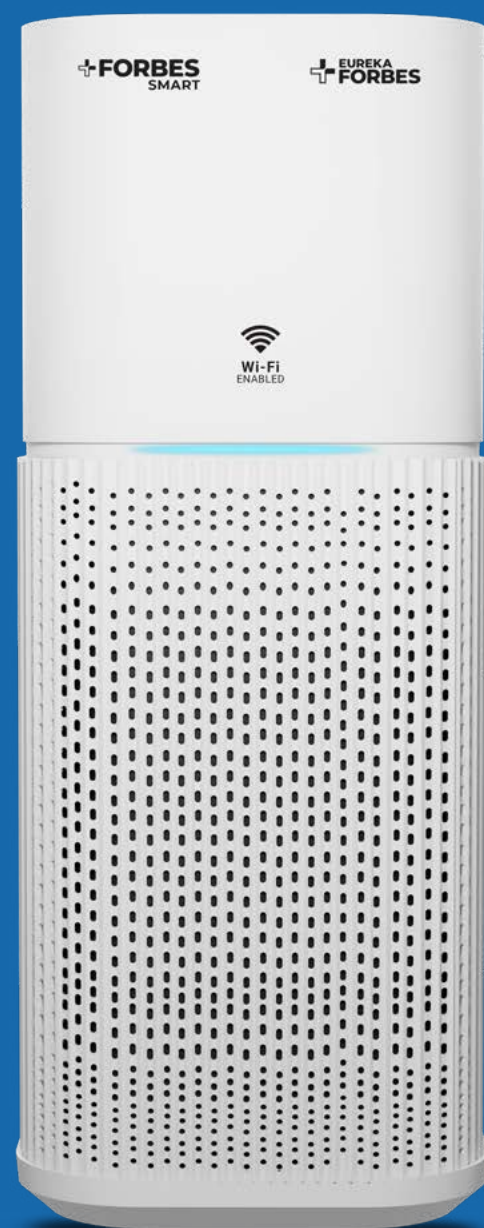
The long-term outlook for India's vacuum cleaner industry remains highly favourable. Continued urbanisation, rising disposable incomes, increasing health and hygiene awareness, growth in nuclear and dual-income households and the expansion of smart-home technologies are expected to sustain strong category growth over the coming years.

Although low penetration levels, consumer price sensitivity and limited awareness in certain markets continue to constrain adoption, these factors also underscore the scale of the opportunity ahead. As consumers increasingly prioritise convenience, automation and efficient home management, vacuum cleaners — particularly robotic and smart cleaning solutions — are expected to gain a larger share of household appliance spending.

With favourable demographic trends, accelerating technology adoption, and significant headroom for penetration growth, the vacuum cleaner category is well positioned to remain one of the fastest-growing segments within India's home-care appliance market and an increasingly important contributor to the broader consumer durables sector.

83/100

of the world's most polluted cities are in India



THE AIR PURIFIER INDUSTRY

The Indian air purifier industry has evolved from a niche, seasonally driven category concentrated primarily in select northern markets to an increasingly relevant segment within the broader health and wellness ecosystem. Rising concerns over air quality, heightened awareness of the adverse health effects of pollution, and a growing emphasis on preventive healthcare are supporting wider adoption across urban households, commercial establishments, healthcare facilities, and educational institutions.

Despite continued policy measures aimed at improving environmental conditions, several Indian cities continue to record particulate matter levels above recommended thresholds, reinforcing the need for effective indoor air quality solutions. Given the category's relatively low penetration levels and increasing consumer awareness, the market remains in the early stages of its growth trajectory, presenting a significant long-term opportunity for expansion.

According to industry estimates, the Indian air purifier market was valued at approximately ₹ 230 Crore in FY23 and is projected to grow at a CAGR of around 25% to reach nearly ₹ 1,100 Crore by FY30. Technological innovation remains a key catalyst for category development, with consumers increasingly gravitating towards advanced purification solutions incorporating HEPA filtration, activated carbon filters, UV-C sterilisation, ionisation technologies, real-time air quality monitoring, and smart connectivity features. Demand is also witnessing a gradual shift towards premium, feature-rich products that offer enhanced convenience, superior performance, and an improved user experience.

The long-term outlook for the industry remains favourable. While affordability considerations, recurring filter replacement costs, and the seasonal nature of demand continue to pose challenges, the underlying structural drivers remain robust. Increasing urbanisation, rising disposable incomes, growing health consciousness, and greater emphasis on indoor environmental quality are expected to support sustained category growth, positioning air purifiers as an increasingly important component of modern, wellness-oriented lifestyles.

ABOUT THE COMPANY

Eureka Forbes Limited is one of India's leading consumer health and hygiene companies, with a legacy spanning over four decades. Through its flagship brand, Aquaguard, the Company has established a strong market presence and built a trusted reputation among Indian consumers. As an early adopter of the direct-to-consumer (D2C) model in India, the Company has developed long-standing customer relationships through its extensive sales and service network.

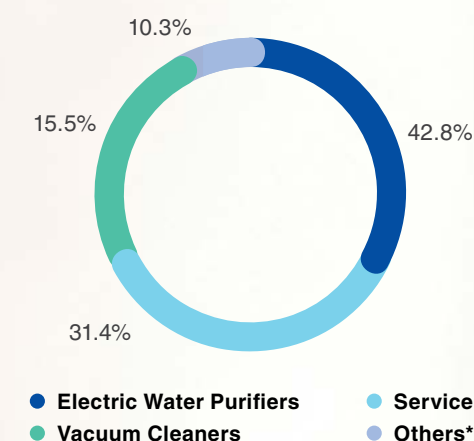
The Company operates one of the largest after-sales service networks in the Indian consumer durables industry. Its service infrastructure supports customer engagement across the product lifecycle and contributes to customer retention, recurring revenue generation, and brand loyalty.

Eureka Forbes Limited is listed on the BSE and the National Stock Exchange of India (Scrip Code: 543482 | Symbol: EUREKAFORB) and is headquartered in Mumbai, Maharashtra. While the Company has historically been a market leader in the water purifier category, it has, over the last few years, undertaken a strategic transformation to evolve into a broader health and hygiene solutions provider.

The Company's portfolio comprises a range of products and services across health and hygiene categories, including water purifiers, vacuum cleaners (including robotic vacuum cleaners), air purifiers, water softeners, and services (including aftermarket filters). This diversified portfolio enables participation in multiple growth categories that are supported by increasing consumer awareness of health and hygiene, rising urbanisation, improving household incomes, and growing adoption of technology-enabled home solutions.

The Company follows an integrated multi-channel distribution approach encompassing direct sales, retail (including modern trade and general trade), and e-commerce enabling wider market coverage and enhanced consumer accessibility. This distribution network, supported by a robust service infrastructure, facilitates sustained customer engagement, and service delivery across geographies.

FY26 Revenue Contribution



*Others Includes Air Purifiers, Softeners, and B2B

Supported by strong brand equity, trusted customer relationships, extensive service footprint, and diversified health and hygiene portfolio, the Company is well positioned to capitalise on the significant long-term growth opportunities emerging across India's consumer health and wellness ecosystem.

With category-leading brands, one of the largest service networks in the country and exposure to multiple structurally growing health and hygiene categories, Eureka Forbes is uniquely positioned to deliver sustainable growth and create long-term value for its shareholders.



Transformation Journey

Over the last three years, Eureka Forbes has undertaken a comprehensive transformation journey to build a stronger, more agile, and future-ready organisation. Guided by a clear strategic vision, the Company has evolved from being predominantly a single-category water purifier company into a diversified health and hygiene company with multiple growth engines.

The Company's transformation strategy is focused on evolving into a leading D2C health-tech company by combining customer-centric innovation, operational excellence, and digital capabilities. It aims to drive sustainable growth by strengthening its core portfolio, enhancing service delivery, and expanding digital commerce, all underpinned by a culture of agility, ownership, collaboration, and accountability.

Grow Water	Expand Portfolio	Excel in Service	Build D2C Platform
Increase penetration and premiumisation to strengthen the core water business and expand market reach.	Diversify offerings through convenient and innovative solutions, such as robotic vacuum cleaning, water softeners, and air purifiers.	Deliver superior customer experience and maximise customer lifetime value through service excellence and productivity.	Accelerate convenience commerce and digital channels to enhance customer engagement and drive future growth.

Significant investments in innovation, premiumisation, affordability, digital capabilities, operational excellence, and talent have strengthened the Company's competitive position while fostering a culture of customer centricity, agility, collaboration, ownership, and accountability.

Key outcomes of the transformation

Consistent double-digit revenue growth + 11.3% revenue growth for two consecutive years (FY25 and FY26)	Sustainable margin expansion + Adjusted EBITDA margin expanded three years in a row, from 6.3% in FY23 to 12.2% in FY26	Robust cash generation + From net debt of ₹ 32 Crore in FY23 to lifetime high net cash surplus at ₹ 443 Crore in FY26
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Particulars (Standalone)	H1 FY24	H2 FY24	H1 FY25	H2 FY25	H1 FY26	H2 FY26
Revenue Growth (%)	-0.2%	11.4%	11.7%	10.9%	12.7%	9.8%
Gross Margin (%)	58.7%	58.9%	58.2%	58.5%	57.9%	59.7%
Adjusted EBITDA Margin (%)	10.2%	10.5%	11.5%	11.9%	12.2%	12.3%
Net Surplus / (Debt) (₹ Crore)	9	122	148	284	228	443

Adjusted (Adj.) Earnings Before Interest, Tax, Depreciation, and Amortisation (EBITDA) is defined as PBT (before exceptional items) + Finance Cost + Depreciation + Amortisation + ESOP charge less other non-operating income

Business Performance

FY26 marked the Company's second consecutive year of double-digit revenue growth and third consecutive year of Adjusted EBITDA margin expansion, underscoring the strength of its transformation journey, despite a demand environment characterised by mixed consumption trends and ongoing macroeconomic uncertainty.

Revenue for FY26 grew 11.3% year-on-year to ₹ 2,710 Crore, driven by sustained momentum across the Company's product portfolio. Adjusted EBITDA increased 16.4% to ₹ 332 Crore, while the Adjusted EBITDA margin expanded by 55 basis points to 12.2%. Notably, the Company has delivered consistent margin improvement over the last three years, with Adjusted EBITDA margins increasing from 6.3% in FY23 to 12.2% in FY26. This expansion was achieved while continuing to invest in future growth initiatives. Advertising and sales promotion expenditure increased by 13.2% during the year, reflecting the Company's commitment to strengthening brand equity, supporting category development, and driving long-term market share gains.

The products business continued to be the primary growth engine, supported by continued progress in building a diversified health and hygiene portfolio with multiple growth drivers. Water purifiers remained the Company's largest category and the cornerstone of its business, delivering healthy growth during the year while maintaining its leadership position in the market. At the same time, newer product categories continued to scale and contribute an increasing share of overall growth.

Within vacuum cleaners, robotic vacuum cleaners maintained strong momentum and accounted for nearly two-thirds of the

vacuum cleaner category revenue in FY26, compared with a negligible contribution just three years ago. This shift reflects growing consumer adoption of smart, technology-enabled home solutions and validates the Company's strategy of driving premiumisation within the category.

Air purifiers business delivered particularly strong growth, expanding approximately 2.7x during the year, albeit on a relatively small base. The growth was supported by rising consumer awareness of indoor air quality, increasing health consciousness, and the Company's focused investments in category development. The Company's water softener business also recorded strong double-digit growth, reflecting improving consumer awareness and sustained market development efforts.

The Company also continued to strengthen its recurring revenue streams through its services, AMC and filters business. AMC bookings grew at a double-digit rate in every quarter of FY26, supported by initiatives aimed at improving filter replacement penetration, enhancing customer engagement, and increasing the lifetime value of its installed customer base.

As the emerging categories continue to scale up, they are broadening the Company's overall growth base, improving portfolio diversification, and reducing dependence on any single category. This evolution is creating a more balanced, resilient and profitable business model, positioning Eureka Forbes well to capitalise on the long-term growth opportunities across India's health and hygiene ecosystem.

Category Growth*	FY24	FY25	FY26	FY24–26 CAGR
Electric Water Purifiers	10.6%	18.1%	7.1%	12.5%
Vacuum Cleaners	18.9%	12.8%	25.4%	18.9%
Others	13.8%	18.3%	30.2%	24.1%
Total Product	12.7%	17.0%	13.9%	15.4%
Service	0.4%	3.0%	6.2%	4.6%
Overall Revenue Growth**	5.2%	11.3%	11.3%	11.3%

*Category Growth is reported on continuing basis

**Overall Revenue Growth is based on reported revenue; Overall Revenue Growth on continuing basis is 7.9% and 12.0% for FY24 and FY25 respectively

Risk Management

At Eureka Forbes, risk management is an integral part of strategic planning, governance and business operations, supporting the Company’s long-term value creation and resilience. Through a structured Enterprise Risk Management (ERM) framework, the Company proactively identifies, assesses, and mitigates risks across strategic, operational, financial, regulatory, and reputational dimensions. Embedded across all levels of the Company, the framework enables timely response to emerging risks arising from changes in the business environment, technology, regulation, and market dynamics, while fostering a strong risk-aware culture and enhancing decision-making.

The ERM framework, aligned with SEBI (LODR) requirements and leading governance practices, integrates risk considerations into core business processes and strategic initiatives. Risk ownership is clearly defined, with business and functional leaders responsible for managing risks within their domains, while the Risk Management Committee (RMC) provides

oversight of the Company’s risk profile, mitigation plans, and control effectiveness. Risks are evaluated based on impact, likelihood and control effectiveness, and are prioritised as High, Medium, or Low to ensure focused management attention and resource allocation.

The Company maintains a robust risk governance structure through active Board-level oversight. The Committee regularly reviews key enterprise and emerging risks, monitors mitigation progress and assesses the adequacy of controls to ensure risks remain within acceptable tolerance levels. Supported by active participation from senior management, the Company’s continuous risk assessment and monitoring process strengthens organisational resilience and positions Eureka Forbes to navigate uncertainties while pursuing sustainable growth opportunities.

For further details on risk management, please refer to the **Risk Management** section of this Integrated Annual Report.

Internal Control Systems & Adequacy

The Company has established a comprehensive Internal Financial Controls (IFC) framework in accordance with the requirements of Section 134(5)(e) of the Companies Act, 2013, commensurate with the scale, nature and complexity of its business operations. The framework is designed to ensure the maintenance of accurate and reliable financial and operational records, safeguard the Company’s assets, prevent and detect fraud and errors, enhance operational efficiency, and ensure compliance with applicable laws, regulations and internal policies.

The Company’s internal control environment supports effective governance and informed decision-making. Based on periodic evaluations, the management believes that the Company’s internal financial controls are adequate and operating effectively, providing confidence regarding the integrity of financial reporting, the effectiveness and efficiency of operations, and compliance with applicable statutory and regulatory requirements.

Human Resources

Employees continue to be a key driver of the Company’s transformation and long-term growth. The Company remains focused on fostering a collaborative, inclusive, and performance-oriented work environment that encourages accountability, innovation, and continuous learning. As at March 31, 2026, the Company had **2,661 permanent employees** on its rolls.

The Company continued to strengthen its capabilities by building dedicated teams for high-growth and emerging categories, ensuring focused execution and enhanced market responsiveness. Investments in learning and development remained a key priority, with over 9,000 service technicians trained during the year to strengthen technical capabilities, improve service quality, and enhance customer experience. The Company also continued to invest in leadership development, capability-building initiatives, and transparent communication practices to build a future-ready workforce.

The Company further reinforced its high-performance culture through a merit-based people philosophy that recognises performance, promotes ownership, and creates opportunities for employees to take on broader responsibilities. During the year, **over 25% of employees** were recognised and rewarded as high performers. In addition, the Company’s **broad-based ESOP plan, covering more than 400 managers**, continued to strengthen alignment between employee interests and long-term value creation.

Further details on the Company’s human capital initiatives are provided in the **Human Capital** section of this Annual Report.

Business Outlook

The Company enters FY27 from a position of greater strength, having established a robust foundation through its multi-year transformation journey. While the external environment remains dynamic, marked by geopolitical uncertainties, supply chain disruptions, input cost volatility, and evolving consumer spending patterns, the Company remains focused on executing its long-term strategy with agility and financial discipline. The Company is well positioned to enter the next phase of growth, supported by favourable category dynamics, increasing premiumisation trends, and a scaled-up digital service platform.

Looking ahead, Eureka Forbes remains focused on accelerating growth while further strengthening the capabilities, operating model, and organisational foundations required to drive sustained value creation. The progress achieved over the past few years has enhanced the Company’s competitiveness, diversified its growth drivers, and positioned it to pursue the next stage of its growth journey with greater confidence and momentum.

The Company remains encouraged by the significant long-term opportunity across the health and hygiene categories in which it operates. These markets are expected to continue expanding,

supported by rising health and wellness awareness, favourable demographic trends, and relatively low levels of household penetration. With its trusted brands, extensive service network, omnichannel reach, and innovation-led portfolio, Eureka Forbes is well placed to capitalise on these opportunities while further strengthening its leadership position.

Looking ahead, the Company will continue to focus on delivering profitable growth through deeper market penetration, sustained product innovation, expansion of emerging categories, and stronger omnichannel execution. The Company remains committed to enhancing customer experience, strengthening digital capabilities, improving service productivity, and driving operational efficiencies across the value chain. Combined with continued operating leverage and disciplined execution, these initiatives provide a strong foundation for accelerated growth and margin expansion over the medium term, enabling the Company to create sustainable long-term value for all stakeholders.

Awards & Accolades

The Company’s commitment to innovation, product quality, and consumer-centric design was recognised through independent third-party industry awards during the year. Forbes Smartclean with Auto Bin S2 received the “Best Vacuum Cleaner 2026” award at the Times of India Gadgets Now Awards, while Aquaguard Ritz Pro was honoured with ‘Best Home Improvement Device of the Year 2025’ by Gadget Bridge. These third-party recognitions reflect the strength of the Company’s innovation capabilities and reinforce the relevance of its technology-led product portfolio in addressing evolving consumer needs.



Cautionary Statement

Statements forming part of the Management Discussion and Analysis Report covered in this Report may be forward-looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company’s operations include demand and supply conditions, changes in government regulations, exchange rates, tax laws, monsoons, natural hazards, national and global economic developments and other factors.