Eureka Forbes Limited

November 27, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	338.75 (Enhanced from 288.75)	CARE AA; Stable	Upgraded from CARE AA-; Stable
Long-term bank facilities	-	-	Withdrawn
Issuer rating	0.00	CARE AA; Stable	Upgraded from CARE AA-; Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Upgrade in the rating assigned to long-term bank facilities and issuer rating of Eureka Forbes Limited (EFL) factors in significant and sustained improvement in scale of operations and profitability driven by cost rationalisation, product portfolio innovation, and productivity improvement initiatives undertaken over the last three years, thereby improving the financial performance consistently, with revenue registering a double-digit growth in FY25 (~11%) and H1FY26 (~12.5%). Profit before interest, lease rentals, depreciation, and taxation (PBILDT) before exceptional items margins expanded from ~7% in FY23 to 9.07% in FY24 and 10.91% in FY25 on a consolidated basis. In H1FY26, PBILDT improved to 11.53% compared to 10.55% for H1FY25. With a strong market position and rising marketing investments, EFL is expected to grow at strong double digit in FY26–FY28. Margins are likely to improve further, supported by higher volumes and an increasing share of service revenue.

The rating continues to derive strength from established brand presence and leadership position in water purifiers and vacuum cleaners' market in India with its well-established nationwide distribution network. EFL is the market leader in water purifier and vacuum cleaner segments with dominant market share. The industry outlook for water purifier and vacuum cleaner segments continues to be robust with increasing urbanisation and rising emphasis on health and hygiene. Driven by strong industry outlook, EFL is expected to sustain its growth momentum in scale and profitability.

The rating also factors in robust financial profile with a net debt-negative position as on March 31, 2025, and comfortable liquidity position. CARE Ratings Limited (CareEdge Ratings) expects debt reliance to remain low in the medium term. With a lean operating cycle and no major capex plans, the total debt to PBILDT (TD/PBILDT) is expected to stay below unity in the medium term.

However, the rating strengths are tempered by susceptibility to raw material price volatility, moderate return indicators and presence in a highly competitive market with changing market dynamics and customer preferences.

CareEdge Ratings has withdrawn the rating assigned to long-term bank facilities (term loan) of EFL, as it has repaid this loan.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Double-digit revenue growth and expansion of market share.
- Sustained strong financial risk profile and debt protection metrics with total debt to PBILDT at 0.5x.

Negative factors

- Any large debt-funded acquisition or investment weakening liquidity or adversely impacting overall financial position.
- Decline in scale of operations and PBILDT margin below 10% on a sustained basis.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Analytical approach:

Consolidated, as there exists business, financial and management linkages with the subsidiaries. Companies consolidated are listed under Annexure-6.

Outlook: Stable

The stable outlook reflects expectation of continued leadership position in water purifiers and vacuum cleaners markets in India, growing scale of business with improved profitability, and adequate liquidity position.

Detailed description of key rating drivers:

Key strengths

Improved financial performance

EFL has been reporting consistent improvement in financial performance led by cost rationalisation and investment in innovation, marketing, digitalisation, and research and development (R&D). Cost efficiencies and new product launches and improved services resulted in revenue growth and margin expansion. In FY25, EFL achieved 11.32% revenue growth (from ₹2,189 crore in FY24 to ₹2,437 crore in FY25) and PBILDT margin expansion from ~7% in FY23 to 9.07% in FY24 and 10.91% in FY25.
The trend continued in H1FY26, with revenue rising by 12.5% (to ₹1,380 crore from ₹1,227 crore in H1FY25) and PBILDT margin at 11.53%. CareEdge Ratings expects margins to strengthen further in the medium term, driven by continued focus on productivity enhancement and higher scale of operations. In FY25, water purifiers contributed 44% of revenue, followed by services at 33%, vacuum cleaners at 14%, and other products such as air purifiers, softeners and other B2B water products at 9%.

Market leadership in domestic health and hygiene segments

EFL enjoys a leadership position in India's water purification systems and vacuum cleaner segments, with dominant market shares in respective categories. Its strong brand recall is supported by flagship brands such as Aquaguard and Forbes.
As on March 31, 2025, EFL operates through 21,000+ outlets across 2,700+ towns. The company's direct sales network provides unique household access and remains a key differentiator. EFL also has a robust service network with 9,000+ service technicians covering 19,500+ postal codes across India. This extensive distribution and service network is expected to support sustained market leadership and revenue growth in the medium term.

Robust financial position

EFL maintains a strong financial position with an overall gearing of 0.01x as of March 31, 2025. Consolidated net debt improved from surplus of ₹114 crore on March 31, 2024, to a surplus of ₹219 crore on September 30, 2025. Reduction in debt and improved profitability led to an improvement in TD/PBILDT from 0.97x in FY23 to 0.20x in FY24 and 0.10x in FY25. CareEdge Ratings expects TD/PBILDT to remain below unity in the medium term, supported by absence of large debt-funded expansion. With adequate capacity and no major capex plans, the company does not anticipate significant debt addition, which will help maintain a strong capital structure and healthy coverage metrics.

Lean operating cycle

EFL's operating cycle remains lean, with a collection period of 24 days and no significant inventory stocking requirement. The company maintains raw material inventory of ~1.5–2 months, resulting in a working capital cycle of ~1.5 months and minimal working capital requirement. This is reflected in low utilisation of fund-based limits at 10% in the 12 months ended June 30, 2025.

Strong sponsor with experienced board members and management team

EFL is majority-owned by Lunolux Limited, an Advent entity, holding 62.56% stake as on September 30, 2025. Advent is a global private equity fund managing over US$100 billion in assets as on September 30, 2025, with a diversified sector presence. EFL is governed by a professional board led by Arvind Uppal as Chairman, with over three decades of experience in the consumer durables industry. Pratik Pota, Managing Director (MD) and Chief Executive Officer (CEO), brings over three decades of leadership experience across national and multinational companies. Strong promoter backing and experienced leadership are expected to support strategic initiatives, operational efficiency, and sustained growth in the medium term.

Favourable industry outlook

EFL primarily operates in water purifier, vacuum cleaner, and air purifier segments. Increasing urbanisation, rising income levels, greater female workforce participation, and heightened focus on health and hygiene are expected to drive higher usage of consumer appliances. In India, market penetration of vacuum cleaners and water purifiers remains very low at less than 2%–6%, compared to 60%–80% in developed countries. Consequently, underlying growth potential in water purifiers, vacuum cleaners, and air purifiers is expected to remain robust in the medium term.

Key weaknesses

Susceptibility to raw material price volatility

Raw material costs accounted for ~42% of total cost of sales over the last two years. Prices of key raw materials such as plastic, copper, and steel have increased in this period, exerting pressure on operating margins. Although margins and return on capital employed (ROCE) have improved, the company has low ROCE base. The company's ability to sustain margin expansion and ROCE while scaling operations will remain a critical growth driver in the medium term.

Presence in highly competitive market with changing market dynamics

EFL faces stiff competition from new entrants in water purifier and vacuum cleaner categories, challenging its dominant market share. The consumer durables industry remains vulnerable to new entrants and low-cost alternatives. Despite competitive pressures in the Indian health and hygiene segment, EFL benefits from first-mover advantage, a strong distribution network, and a unique direct sales force, enabling it to maintain leadership in water purification and vacuum cleaner segments.

Liquidity: Strong

EFL's liquidity profile is strong, generating sufficient accruals (₹220 crore in FY25) against nil term debt obligation. Utilisation of EFL's (standalone) working capital bank limits has also been low with average utilisation being ~10% in 12-months ended June 2025. EFL had cash balance and liquid investments of ₹310 crore at consolidated level as on September 30, 2025.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks:

Environment

EFL is complying with emission norms, filling timely returns, and periodic reports are submitted to Central Pollution Control Board and State Pollution Control Board per statutory requirements. EFL also installed Effluent and Sewage Treatment Plants at both facilities to recycle and reuse of treated water.

Social

EFL is exposed to social risks such as compliance with health, safety standards, and evolving consumer lifestyle changes. However, the company has a well-defined set of processes to address work-related hazards effectively. The company is EMS compliant with ISO 45001 certification for mitigating the health risks and to address the safety issues.

Governance

Board comprises adequate mix of executive and non-executive/independent directors (four of seven directors are Non-Executive - Independent Director), reflecting prudent corporate governance practice.

Applicable criteria

Definition of Default
Consolidation
Issuer Ratings
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Withdrawal Policy

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Consumer durables	Consumer durables	Household appliances

EFL is a publicly listed company operating in the health and hygiene segment, with product portfolio comprising water purifiers, vacuum cleaners and air purifiers. It markets water purifiers under the brands 'Aquaguard', and 'Forbes' catering to affluent and sub-affluent segments. In addition to water purifiers, EFL offers vacuum cleaners and air purifiers. Lunolux Limited, an Advent entity and global private equity investor, acquired 72.56% stake in EFL from Shapoorji Pallonji and Company Private Limited (SPCPL - holding cum-operating company of Shapoorji Pallonji Group) on July 31, 2022. As on September 30, 2025, Advent holds 62.56% stake in EFL.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (U/A)
Total operating income	2,189.26	2,437.18	1,379.95
PBILDT	198.66	265.85	159.15
PAT	95.65	164.41	101.62
Overall gearing (times)	0.01	0.01	0.02
Interest coverage (times)	20.32	47.23	49.03

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	30/06/2025	0.00	Withdrawn
Fund-based/Non-fund-based-Long Term		-	-	-	338.75	CARE AA; Stable
Issuer Rating-Issuer Ratings		-	-	-	0.00	CARE AA; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based/Non-fund-based-Long Term	LT	338.75	CARE AA; Stable	-	1)CARE AA-; Stable (26-Dec-24)	1)CARE A+; Stable (02-Jan-24)	1)CARE A; Stable (03-Oct-22)
2	Issuer Rating-Issuer Ratings	LT	0.00	CARE AA; Stable	-	1)CARE AA-; Stable (26-Dec-24)	1)CARE A+; Stable (02-Jan-24)	1)CARE A; Stable (26-Dec-22) 2)CARE A (Is); Stable (03-Oct-22)
3	Fund-based - LT-Term Loan	LT	-	-	-	1)CARE AA-; Stable (26-Dec-24)	1)CARE A+; Stable (02-Jan-24)	1)CARE A; Stable (03-Oct-22)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based/Non-fund-based-Long Term	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1.	Infinite Water Solutions Private Limited	Full	There exists business, financial and management linkage with the subsidiaries.
2.	Forbes Aquatech Limited	Full	
3.	Euro Forbes Limited	Full	
	- Forbes Lux FZE	Full	

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:
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