Eureka Forbes Limited
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EUREKA FORBES
Friends For Life

August 19, 2026

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Scrip Code: 543482 Scrip ID: EUREKAFORB Ref.: EFL/BSE/2026-27/29	**National Stock Exchange of India Limited** Exchange Plaza, C-1, Block - G, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051 Symbol: EUREKAFORB Ref.: EFL/NSE/2026-27/29

Subject : Intimation of Transcript of Earnings Conference Call held on Thursday, August 13, 2026

Dear Sir/Madam,

Pursuant to Regulation 30(6) read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of the Earnings Call held with Analysts/Investors on Thursday, August 13, 2026. The transcript of the aforesaid Earnings Call is also available on the website of the Company at www.eurekaforbes.com.

Request you to kindly take the above information on record.

Thanking you,

For Eureka Forbes Limited

Shilpa Ketan Jain

Digitally signed by Shilpa Ketan Jain
Date: 2026.08.19 17:09:50 +05'30'

Shilpa Jain
Company Secretary & Compliance Officer

Encl: As above

"Eureka Forbes Limited

Q1 FY27 Earnings Conference Call"

August 13, 2026

MANAGEMENT: MR. PRATIK POTA – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER
MR. GAURAV KHANDELWAL – CHIEF FINANCIAL OFFICER

Moderator: Ladies and gentlemen, good day and welcome to the Eureka Forbes Limited Q1 FY27 Earnings Conference Call. We have Mr. Pratik Pota, Managing Director and CEO; and Mr. Gaurav Khandelwal, CFO, Eureka Forbes, with us.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

Before I hand it over to Mr. Pratik Pota, please note the disclaimer. Certain statements made by management in today's call may be forward-looking statements. These forward-looking statements reflect management's best judgment and analysis as of today. The actual results may differ materially from current expectations based on a number of factors affecting the business.

I now hand the conference over to Mr. Pratik Pota. Thank you, and over to you, sir.

Pratik Pota: Good afternoon, and I welcome you all to the Q1 FY27 earnings call of Eureka Forbes Limited. The operating landscape in Q1 continued to be impacted by inflationary pressures and currency volatility and the associated uncertainty. Against this backdrop, I'm pleased to share that we delivered a solid start to FY27.

Revenue for the quarter grew by 15.3% year-on-year to INR701 crores, supported by accelerated and broad-based growth across the product business, especially water. The water purifier category grew by high teens, on the back of a double-digit volume growth. Emerging categories also delivered strong growth, especially on robotics and softeners.

Overall, our product business grew by late teens, and this growth was also broad-based across channels, with retail, direct, and e-commerce all delivering strong double-digit growth. In water purifiers, our growth was driven by strong momentum in the economy range, by our expanded range of stainless-steel products, and also by our premium offering in Hot, UTC and IoT.

Our growth was well ahead of the category leading to healthy market share gains across the board. Our emerging categories continued to perform well during the quarter with strong growth across all emerging categories.

Within this, robotic vacuum cleaners delivered strong growth driven by increasing premiumization and a shift towards our fully automatic cleaning product. We recently launched a new campaign featuring Shraddha Kapoor for robotics, aimed at accelerating category adoption and strengthening our leadership in this fast-growing category.

Water softeners also reported strong double-digit growth reflecting the growing relevance and the potential of the category.

In service, revenue growth tracked at levels seen in the recent quarters. The price increases implemented in AMC led to some moderation in bookings growth. Our filter portfolio grew well in Q1. During the quarter, we further stepped up our awareness campaigns on the importance of installing genuine Aquaguard filters that in turn help drive growth in filters. We will stay focused and continue to invest in driving awareness and changing customer behavior.

Additionally, our service KPIs remained strong and we rolled out a series of digital interventions aimed at improving the customer experience.

On the profitability front, adjusted EBITDA margin came in at 10.5%, a decline of 46 basis points year-on-year, primarily due to a moderation in gross margins and our planned and deliberately higher growth investments. That said, the underlying drivers of profitability, namely healthy gross margins, operating leverage, and ongoing productivity initiatives remain absolutely intact and continue to provide a strong foundation for the business.

We will keep investing in driving growth, while simultaneously driving stronger execution, productivity, and cost efficiencies. As shared earlier, we expect full year EBITDA margins to be broadly in line with last year.

Looking ahead, given the strong start in Q1, we are confident of delivering a clear step-up in our FY27 full year growth. All our product categories are seeing healthy momentum and we have strong plans lined up for the future. We believe that the long-term opportunity across all our categories remains significant, supported by low penetration levels and increasing consumer preference and awareness of health and hygiene solutions.

We will continue to invest behind our brands, our innovations, and strengthening our distribution capabilities as we progress through the year.

With that, let me hand over to Gaurav for more details on our financial performance.

Gaurav Khandelwal: Thank you, Pratik, and good afternoon, everyone. I will begin by covering our financial performance for the quarter.

Revenue for the quarter stood at INR701 crores, registering a growth of 15.3% year-on-year. The growth was broad-based and supported by continuing momentum across our product portfolio with steady contribution from the emerging categories.

Our product business delivered growth in high teens, driven by strong performance in water purifiers. The growth was largely fueled by double-digit volume growth and calibrated price increases at the start of the quarter.

Emerging categories also sustained growth momentum led by a higher mix of premium products in robotics and volume-led growth in water softeners. Our service revenue growth was largely in line with past few quarters' trends.

Moving to profitability, our gross margins continue to demonstrate resilience despite a dynamic operating environment. Gross margins for the quarter stood at 58.4%, lower by 131 basis points year-on-year, reflecting the impact of higher commodity costs and adverse currency movements.

While the cost environment remains challenging, and we are yet to see any meaningful reduction in input costs, our focus will be on driving our cost savings program and product mix.

Moving on to operating expenses, employee costs stood at INR90 crores, an increase of 10.7% year-on-year. The year-on-year movement primarily reflects normal annual increments. We expect operating leverage and cost efficiencies to kick in over a period of time, supported by productivity gains.

ESOP charges increased by 16.2% year-on-year to INR6.6 crores, primarily attributable to fresh employee grants and expanded ESOP coverage as part of our talent attraction and retention strategy.

Service charges grew by 2.7% year-on-year to INR83 crores, reflecting the relatively softer growth in the underlying service bookings to some extent, and our ongoing initiatives to curb leakages.

Other expenses, which include A&SP spends, grew by 21.4% year-on-year to INR162 crores. This increase is primarily due to higher advertisement and sales promotion expenses with investments focused on strengthening in-store presence in modern retail.

As a result of the above, adjusted EBITDA for the quarter grew by 10.5% year-on-year to INR74 crores with adjusted EBITDA margins at 10.5%.

Adjusted PBT for Q1 came in at INR61 crores, while reported PAT grew by 44% to INR55 crores. During the quarter, the company recognized a one-time gain of INR19.5 crores on account of reversal of gratuity expense. Adjusting for this one-off reversal, pre-exceptional PAT grew by 6.1% year-on-year to INR41 crores.

Turning to balance sheet. We ended the quarter with a net cash surplus of INR425 crores. Our focus continues to be on maintaining a strong balance sheet while investing selectively in areas that can support long-term growth. We remain committed to generating healthy cash flows and sustaining strong capital efficiency metrics.

To summarize, quarter 1 reflects a strong start to FY27, a result of strong execution by the company. Looking ahead, in a continuing uncertain environment, our focus will be on stepping up growth for the full year FY27. We will continue to remain vigilant on cost and our focus will be on cost efficiencies and productivity improvements with the aim to maintain margins in line with last year.

With that, I hand it back to the moderator and open the floor for questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. Our first question comes from the line of Siddhartha Bera with Nomura. Please go ahead.

Siddhartha Bera: Yes, hi sir. Thanks for the opportunity. Sir, first question is on the service business. While we have seen a very strong momentum and probably improved momentum in the water purifier and other businesses, I think service growth may have been flattish to a very marginal growth in my assessment for the quarter. So when should we see some pick up here given the initiatives we did last year? If you can also highlight what was the amount of price increases which we took in the AMC and that should ideally reflect in a better growth also going ahead. So some thoughts there is the first question.

Management: Siddhartha, thank you for the question. I think like I said in my opening remarks, service revenue growth tracked in and came in at similar levels as earlier quarters. When it comes to service bookings, however, given the price increase that we took, we did see some deferral and some postponement of AMC renewals, which we expect to reduce and mitigate and normalize over time.

Our price increase that we took differ from the price increases for a single year AMC versus a multiyear AMC. The price increase, the band was roughly between 3% to 12%. We have, as you're aware, a number of initiatives going on driving our service revenue. We have a lot of targeted interventions aimed at customers who are due for AMC renewal. We also have a very focused work screen aimed customers who are out of warranty or out of AMC, but have a service request to a complaint. And when they land up to our website or when they call us, there is a very clear effort aimed at converting them into an AMC user.

In parallel, we also, as you're aware, have stepped up our efforts on driving our filter business. Towards the end of last year, we had launched a simplified assortment of filters. We had gone down from 65-odd filters to five universal filter which are there in the market. We also reached out to the open ecosystem of distributors of filters and spares and created a new distribution system targeted this market. And we are seeing some encouraging signs there as well and we expect this to pick up as we go forward.

Management: Siddhartha, also, hi, this is Gaurav. I think just to clarify, I think you made a point that in your assessment service revenue growth was flat, that is not the case. The growth that we've seen -- the revenue growth that we've seen in our service business is very similar to the growth that we saw in Q4 FY26. I think important to call out and that you may have noticed as well in the annual report, there is a deferred liability balance increase that is there. And that is an annuity stream which starts coming into FY27. So, from a revenue growth standpoint, the service business has indeed grown in Q1, but at levels which are similar to Q4.

Siddhartha Bera: Got it, sir. And second question is on the price hikes. So while you mentioned that costs have remained steady. In terms of price hikes, how are we planning to take any further price hikes? Or how are we planning to sort of manage the elevated costs which are there in the current quarter?

Management: See, our current view at this point in time is that there is a momentum that is there in the category and across all the categories in which we are operating. Hence, we are going to be very calibrated and measured about any price hikes. Yes, while we may not have fully covered for the cost increase in percentage terms, in absolute terms, we have indeed covered for it. We've been watching the costs very, very closely and there are ongoing initiatives to offset the impact of cost as we go ahead.

At this point in time, we are going to be more measured as far as consumer price increase is concerned because we see a very, very strong tailwind as far as growth is concerned and our bias will be towards not disturbing that. And how do we then kind of drive efficiencies for other parts of the business to keep margins. I think the best reference point is you look at Q1 gross margins, they are at 58.4%. So, a combination of business mix, portfolio straddling across different price points. I think all of it just helps in managing our gross margins.

Siddhartha Bera: Sir, last question is on the A&SP. I mean overall other expenditure is up 21% Y-o-Y. How much would have been the A&SP growth in the current quarter, if you can just highlight the numbers?

Management: So, Siddhartha, we don't give out the segregation for other expenses, but you can attribute almost the entire increase that has happened in other expenses to be mostly led by A&SP. I think within that, if I were to kind of make it even sharper, it's been driven largely by our investments within store. So, you will see a lot more of Eureka Forbes in retail outlets now. It's been a very focused investment in driving in-store investments and consequently the growth.

Siddhartha Bera: Got it, sir. Thanks a lot. I'll come back in the queue.

Moderator: Thank you. Our next question comes from the line of Keshav Lahoti with HDFC Securities. Please go ahead.

Keshav Lahoti: Hi. Thank you for the opportunity. Sir, happy to see that accelerated growth. Just want to get a sense on this growth, this time after a long we have seen a pricing action, out of this 15% growth, how much would be pricing that in your view?

Management: Keshav, thank you. We are happy with the pickup and acceleration in the growth. As I mentioned earlier, this growth has been broad-based across all our categories. What was most encouraging for us was to see the strong turnaround in water purifier growth.

We grew by high teens, like I said, and it was on the back of double-digit volume growth. So therefore, what we saw clearly was a volume-led growth in the case of water with some impact of price coming through. We were also happy to have grown ahead of the market and have gained some market share.

When it comes to our cleaning portfolio and about robotics specifically, the growth was more led by premiumization where our top end products, the fully automatic cleaning station that we launched last year did exceptionally well and that drove a shift in mix towards a premium segment.

In the case of softeners, the other emerging category, there was a strong volume tailwind that helped us drive growth. So, it was, for water and for softeners, it was much more volume led. In the case of robotics, it was a change in mix towards premium, which drove the growth.

Keshav Lahoti: Got it, sir. On service, you highlighted your growth is more in line with last quarter in spite of taking a price hike of 3% to 12%. Still the growth is not picking up. So, is it more like a deferral of service revenue or possibly the renewal that is deferred is more like a lost revenue? How should we read? Or possibly we'll get some sort of pent-up demand and when should we expect the service to hit the double-digit mark? And one last question on service side: earlier we used to talk double-digit growth on service revenue which we are not heard this time. Has a scenario changed?

Management: Keshav, on service specifically, like you mentioned in my earlier response, we had taken a price increase between 3% to 12% for our single year and a multi-year AMC. We saw that while in the case of products, our price increases went through reasonably smoothly, when it came to our AMCs, we found customers, some of our customers postponing their purchase of AMCs and waiting for a little bit more time before opting in for the AMC. And therefore, that led to the overall bookings growth being softer than what we would have expected, what we would have liked.

Keshav Lahoti: Are we seeing any revival in the service path in this quarter? Because ideally, if a growth continues at 6% kind of a number, what we delivered, and possibly your pricing could help 4%, 5% growth also. It would be easily hitting the double-digit mark.

Management: I think Keshav, I'll just make one call out. What you referring to is the bookings growth, the revenue growth comes in with a bit of a lag because typically the AMC tenure is of 18 months. So, there is a lag effect which comes into play as far as AMC bookings are concerned and translating into AMC revenue.

Also, I think just to draw attention that from our perspective, there are two drivers for service revenue. One is AMC, the other is driving the filter portfolio. That is an important part of a portfolio because that is helping us then capture the customer at a stage where maybe the customer has chosen not to opt for an AMC or at a stage where the customer maybe does not want to renew an AMC and is waiting out.

So that's the other pivot that we've done nearly seven, eight months back and that is where the focus is and that is an area where we are investing a lot in driving awareness and that is an area where we continue to see growth.

Keshav Lahoti: Got it. One last question from my side. What would be the ESOP expense expected for this year?

Management: We expect ESOP to be in the range of INR25 crores to INR26 crores. We should be in that range.

Keshav Lahoti: Okay. Okay. Thanks, sir. That's it.

Moderator: Thank you. Our next question is from the line of Umang Mehta with Kotak Securities. Please go ahead.

Umang Mehta: Hi. Thanks for the opportunity and congrats on a strong top line print. My first question was on products. It had two parts. First is the price hike that you have taken, how is it relative to what peers have taken in water purifiers? And the second part to it was the recently launched three-year filter life products of peers, any thoughts on that, any plans internally, anything you can share on that? Yeah, that's the first question.

Management: Umang, thank you for the questions and for your compliments. On your first question, the price increase that we took, our peers followed albeit with a lag with almost similar price increases. Though like I said, there was a lag and of roughly a 30-day period when we had pricing ahead of the others. But now as things stand today, there is again price equilibrium versus competitors.

On your second question, I think it's important to sort of take a step back and look at the water category and water purifier category. We know that in a country like ours, with the water quality that we have, this category has an extremely low penetration, just about 7%. And one of the barriers that we know to be a big one significant barrier is the perceived high cost of ownership.

Anything that addresses and tackles this barrier of the high TCO will help drive category growth and will help get new customers in. Knowing that, as Eureka Forbes, we have done a number of things to reduce the TCO and get new customers in. Going back to three years ago, we had launched a segmented AMC, a tiered AMC with AMCs starting as low as INR 699 to again reduce the perceived cost of ownership. Number one.

Number two, last year, we launched the largest range of water purifiers with a two-year filter life. And that helped us again reduce the cost of ownership and attract new customers. As we said earlier, about 70% of customers who entered into this portfolio are first-time category entrants. So that clearly helped us grow the category.

More recently, about 45 days ago, we were the first in the country to launch water purifiers with a four-year life. We launched two products in e-commerce, Glow 4X and Ritz Pro 4X with stainless steel, priced at roughly INR22,000 and INR25,000 respectively. And they've met with a very, very positive response. Just to underline the fact that we had this about 45 days back and our competitors followed more recently.

So, we were the first in the market, more generally, Umang, anything that helps unlock category barriers, that helps get new entrants in, and therefore helps grow the category, will always be to our advantage as the largest and the most trusted brand in this category. So, we are focused on growing the category and we'll do what it takes to reduce the barriers towards that.

Umang Mehta: Sure, Pratik. Very heartening to know. The second question was on service. So, you mentioned about the hikes, right? I just wanted to understand the rationale behind taking them, considering that we've accepted in the past that it's pricing was a barrier, right, in terms of AMCs. So, why now?

And the second question linked to it was on stand-alone spares and filters. If you can highlight if you've started to see some traction for the new kits, any growth numbers that you can highlight? Thanks. Yeah.

Management: Umang, I'm sorry. I didn't hear the second part of your question. Can you repeat that, please?

Umang Mehta: The stand-alone spares and filters, outside the AMC, any growth numbers that you can highlight, whether that new range has started to see some traction?

Management: Got it. Thanks, Umang. Let me answer your first question, on the rationale for price hikes. Look, as you can imagine, we have a full portfolio approach when it comes to pricing. Specifically, in service and in AMCs, we had not had a price increase for quite some time. In that intervening period, we had seen inflation across fuel, inflation in labor, and we had not passed it on to consumers.

And I think things reached a point more recently, after the war, etc., when we could not hold on to that any longer. Even within that, we did our price increases in a very calibrated way with a lot of analytics on what customer segments were price sensitive and which were not. And that led to the price increase.

And yes, unlike in products, in service, we did see some impact of the price increase in terms of fresh bookings. But that's more a deferral. People are waiting for some more time before they renew the AMCs. And we expect, like I said earlier, this impact to mitigate and to normalize over time.

On the second question that you had, which is about our non-AMC filters and spares. As I mentioned earlier and as you are aware, we've done a number of things. Including launch of a very simplified portfolio, driving a new distribution system, and most importantly, driving enhanced inputs for consumer awareness.

Our digital campaigns have been sustained, in fact increased in quarter one. We also launched a campaign which was targeting consumer, a digital campaign, which talked about the, the line was Stop, Check and Relax, about asking customers to stop the technician and check what filter was being installed before they let it go ahead.

So, I think those campaigns have helped us. We have seen some encouraging signs on filters. And as Gaurav said earlier, we have seen that part of the business grow well. And we have optimism and we believe strongly that this part of the portfolio will keep growing in the quarters to come.

Umang Mehta: Got it. Thank you so much and all the best. I'll fall back in the queue.

Management: Thanks, Umang.

Moderator: Thank you. Our next question comes from the line of Achal Lohade with Nuvama Institutional Equities. Please go ahead.

Achal Lohade: Yeah, good afternoon, team. Thank you for the opportunity. Sir, two questions. If you could call out what is the A&SP spend, absolute, for the current quarter and the last year same quarter? And what kind of spend we are looking at for the full year?

Management: Hi, Achal. Achal, so we don't give the breakup at a quarter level as far as A&SP spend is concerned. But I think I'll give some color on this. I think first, at an overall year level, we do expect our A&SP spends to be ahead of revenue growth. So that is something that we are planning for.

Bulk of these spends are going to be directed very, very specifically on two things. One is in-store presence, which is our availability and our visibility inside the stores, having more sales promoters, etc., and the second part is in driving more consumer finance adoption. And you will see that the common pattern in both of them is that it's about getting more and more consumers to convert into an Aquaguard purchase.

So it's going to be very, very focused investment that we will be doing. Over the past couple of years, we believe we've invested adequately behind the brand and we believe now is a stage where it's about converting the customer at the point of purchase. But big picture, you should expect our A&SP spends to increase ahead of revenue growth as far as FY27 is concerned, but in very, very targeted spaces.

Achal Lohade: Understood. The second question I have just on the services piece. So, there are two parts to this question. One, you mentioned about the liability part which will get recognized in FY27 given the deferral accounting. If you could clarify on that in terms of whether it will have a positive impact on the overall services growth for the year?

Number two, is that given the weaker bookings, right, did that help in terms of protecting the margins? Because in last year, given it was the initial year for the services piece, you had called out that upfront impact is actually more negative than positive at the EBITDA margins. So, if you could clarify on both these aspects, please.

Management: Yes, Achal. On the first question, yes, the service liability does help in, in getting revenue in FY27 and consequentially driving growth. At this point in time, the visibility that is there is that we do expect our growth to continue beyond quarter one as well.

Having said that, for a revenue growth to translate, it does require in-year bookings to come in as well. And given that there is a relative softness that we've seen and these are initial signs that we've seen as far as AMC bookings are concerned, that impact would play out towards the later part of the year.

Having said that, at the same time, we continue to see growth in our filter business. So, there is a compensating effect which is there. But big picture at this point in time, the visibility that we have is that from a service revenue growth perspective, we expect our Q2 level growth to be similar to what we've seen in Q1 and not very, very different. But beyond that, we'll have to see how bookings go and how the filter business scales up.

To your second question on softer bookings, whether it helps in service charge, yes, it does indeed help to some extent, and there is a translation of that in the service charge increase so there is an element which comes to play but is not a very, very large impact to drive overall profitability for the quarter.

Achal Lohade: Got it. And just a clarification on the filter business, does it come with the similar margins or it comes at a slightly lower margin?

Management: From a gross margin perspective, it is slightly lower than AMC, but not very off. A filter is also a relatively high gross margin business.

Achal Lohade: Got it. Thank you. I have more questions, but I'll fall back in the queue. Thank you.

Management: Sure. Thank you.

Moderator: Thank you. The next question is from the line of Sameer Gupta with IIFL Capital. Please go ahead.

Sameer Gupta: Hi, good afternoon everyone. Thanks for taking my question. Firstly, sir, you mentioned in the products business on the market share gains aspect. Just trying to understand, is there any angle here of other players who might be struggling due to some supply chain disruptions that happened in Q1 because of the West Asia crisis, which might have resulted in this quarter market share gain? Or is it more like organic your own initiatives and efforts which are leading to this gain?

Management: Sameer, thank you for the question. Our market share gains in Q1 in water came on the back of strong consumer propositions, enhanced investments in point of sale through greater promoters, more visibility and disciplined execution. There was no element of a supply constraint from anybody else, which led to this increase. It was very, very competitive field playing field in Q1, like it has been in the past. And it was in that context that we gained market share.

Sameer Gupta: Got it sir. that's very clear. Second question is in the initial remarks, you mentioned about EBITDA margin for this year, the aspiration to make it in line with last year. And you also mentioned that the price hikes taken, there is no real plan to take any more as long as the absolute is covered. A&SP also you plan to do more than revenue growth. So, just wondering how the margins would be maintained? Is it a year where you would like to squeeze the cost or there are some optimization programs in place specifically for this year? Just some color on that aspect.

Management: Yes, Sameer. No, it's a great question. And before I get into the full-year view, I think just for clarity, when you look at the quarter one margins, you see a drop of roughly 50 basis points. You would have noticed something similar even in last year. And the reason for that is we consciously upfront our growth investments. So, that's a very, very conscious choice so that we get the full impact during the course of the year. Hence, to that extent, quarter one for us is always a more than usual increase in A&SP spends that we do.

So, that's point number one. The reason why I'm calling it out is that it would not be a similar trajectory in every single quarter. So, that's one.

Having said that, I think two or three points. Definitely, we've got multiple work streams at play, covering both COGS and our operating expenses. So that's an ongoing exercise and our focus is on driving efficiencies to come into play. The second is higher growth definitely leads to operating leverage. So, even if you were to disaggregate this particular quarter, you see an adjusted EBITDA margin drop of 46 basis points. There is a 131 basis points of gross margin drop, which is there. And despite higher A&SP investments, you see operating leverage compensate everything else. So that's the math which is there.

So, on one hand, you've got a gross margin drop and higher A&SP investment, but growth is making sure that operating leverage is addressing most of it. So, we believe that with a combination of stepped-up growth that we are quite confident of and our ongoing cost initiatives covering both COGS and opex, we should be able to land margins in line with what we are aiming for. And as the best reference point is same time last year, where we started the year with quarter one margins being down 46 basis points year-on-year, but we ended the year with a margin expansion of nearly 55 basis points.

Sameer Gupta: That's very, very clear sir. One last question, if I may squeeze in with your permission.

Management: Go ahead.

Sameer Gupta: Thanks. I know it might be a far fetch scenario, but just in case the prices were to correct, what would be our approach? Do we take reversal of the price hikes that we have already taken? How does this work in this industry? Is like whatever price hikes are done and whenever the commodity cost corrects, that is your gain to be had in the P&L or you do pass it on in some ways, maybe not MRP, but in some other ways?

Management: Sameer, that's a great question, and I love your optimism. We are equally hopeful that some of the cost that we have seen start correcting. If and when it does, you can be sure that we will do whatever it takes to drive growth. As I said earlier in response to your earlier question, we operate in a competitive category. Therefore, if costs correct, we have to pass them on to consumers and make sure we stay competitive and drive growth and market share.

Sameer Gupta: Got it sir. And that's all from me. Thanks sir.

Moderator: Thank you. Our next question comes from the line of Vikram Kotak with Ace Lansdowne. Please go ahead.

Vikram Kotak: Yes, thank you so much team Eureka. I have two questions. One is our journey to 2030 on the EBITDA and sales, where are we right now at what juncture we are in terms of expanding product portfolio and also building the B2C platform? That's my question one.

Management: Vikram, thank you for the question. As you're aware and as you just mentioned, we talked about our ambition for FY30 both on growth and in profitability. With the performance that we delivered in quarter one and with the plans that we have lined up for the rest of the year and beyond, we are confident of delivering to that ambition through FY30, both when it comes to top line and it comes to profitability. So, our ambition of 2x revenue from FY25 to FY30 and 3x EBITDA in the same period remains the North Star for us, and we remain confident of delivering that.

When it comes to our B2C ambition, again, just to step back and remind ourselves why B2C becomes relevant in our context, even more so. We are in many ways, India's oldest B2C company, albeit in a very physical way when we have access to consumer zones. We had access for 40 years now, both in the direct sales context and also in the regular post-sales servicing context. We have the first-party data of 15 million customers.

And we know their needs, we know we have data and analyze their requirements, etcetera. These are happy customers. These are customers who trust us. So, by building a D2C engine, we also have, as you're aware, a strong digital platform, which we built in the last three years. We have nearly 2.5 million monthly active users, and that's organic traffic that's been very valuable. Our objective is to make sure we use these assets and the strengths that we've got to drive increased cross-selling.

Our multiple category ownership is less than 1% right now. So how do we make sure that we drive cross-category and cross-selling to our installed base of users, also to drive faster upgrades and replacements of Aquaguard itself. So that is the strategic logic behind driving D2C.

We're happy with the progress we made, both last year and indeed even in quarter one. We saw strong growth come to us from our D2C engine. And we have a specific set of initiatives in play for the balance of the year to scale this up even further.

As you can imagine, this asset and this base of customer data is not available to most other durable companies and certainly not to our competitors. And we therefore we find this very, very valuable and we intend to increase our D2C play in the quarters to come.

Vikram Kotak: Right, right. And certain question on the robo vacuum cleaners. A new market, not very old market and very preferred by the Gen X and the people who are working class. Where do you see three years later this market because right now I see a product ranging from 10,000 to 1,30,000 and there are imported, there are Eureka is the strongest player.

But how do you see a competitive landscape in three years? What is your going to be USP because I know you have great brand value, you have great customer service company. But where do you see the three-year landscape? Is pricing going to go down?

How do you envisage the three-year from now, the robo market? Looks like a great category. But I think how the pricing, how the competitive intensity, how the landscape will play out? Can you throw some light on that, its little long-term question? Thank you.

Management: No. Thanks Vikram, that's a really good question and a question very close to my heart. Robotics as a segment, as you mentioned, is a segment with momentum. It delivers a convenience and a solution which is analogous in many ways to washing machines, what washing machines delivered 25-30 years back.

Vikram Kotak: Yeah.

Management: It replaces manual labor. It gives a Plan B for the homemaker when the maid doesn't turn up. And we've seen this category grow consistently across the country, number one. Number two, this category, I think the greatest proof of its potential is the fact that this category is now moved from being a merely online category to now growing aggressively offline as well

We are seeing modern trade chains show significant growth, both a national chain as well as regional chains. We are seeing some of the top traditional trade outlets also show strong growth in traction for the category.

Yeah. So, I think this category is going to be momentous. As the market leader in this category, our right to win comes from three or four things. First one is ensuring we have a full portfolio play in this segment. Because there is a customer, imagine all categories, who's a value-conscious consumer looking for a very specific Plan B solution, which is convenient when needed, cleaning when needed.

To a customer who wants a fully automated, fully convenient cleaning solution, which will end up being their Plan A itself. They may not have domestic help to come to clean. And that will span a price point from between INR15,000 to INR75,000, INR80,000, 1 lakh rupees like you said.

We intend to have a portfolio that spans the entire continuum, much like we do in water right now. So, therefore, our right to win comes from having that full stack portfolio, number one. Number two, an understanding of the Indian consumer need and the Indian consumers' cleaning needs, and therefore curating functionalities and features which speak to that.

For example, corner cleaning, cleaning under sofas. Carpet cleaning is not such an important use case for India for obvious reasons, unlike in Europe or in the US. But some are the others dust cleaning, very superior dust cleaning efficacy becomes a very important feature for India, for instance.

Vikram Kotak: Right.

Management: So A, like I said, a full stack portfolio; B, having features curated for the Indian consumer's needs. Number three, ensuring that we leverage our vast service network because this is an expensive product, and therefore customers, when they enter the category are looking for reliable service and knowing that there is a service network close at hand.

So that's the third part which gives us a right to win. Our own service network that we have across the country 19,500 pin code, that will be strengthened, and that is being strengthened to service robotics as well. Fourth, our brand reputation, Eureka Forbes is as stronger a brand as Aquaguard and bringing that equity to bear will again give us the right to win.

Fifth, I think the entire point about D2C. The fact that we have a database of 15 million customers, many of them would be early adopters of new categories and innovations. I think this is a great chance for us to reach out to them and cross sell some of these categories.

Also, building on to that Vikram, the fact that we have feet on street as well. So, we have a fleet of direct sales employees and salespeople who can actually go to the customer's homes and do a physical demo. A large service network, who can do exactly the same thing.

So, put all these strengths together, I think it becomes a very compelling playbook. And last but not the least, our strong offline presence. Let's say, a newcomer who comes, let's say, a Chinese brand comes in, it's easy for them to play nearly online. If it's an Amazon, Flipkart, they can do that easily. Entry barriers are much lower.

When it comes to offline going to 3,000 outlets across the country, having point-of-sale visibility, having point-of-sale promoters, of course, service, I think that's a very, very hard strength to replicate quickly.

So all of these put together give us, we believe, a strong right to win in this category and which is exactly why we said that by FY30, this will be INR1,000 crores business for us going forward.

Vikram Kotak: Yeah. That sounds very passionate and an elaborative reply. Thank you, thank you Pratik for that. Thank you so much.

Management: Thank you, Vikram.

Moderator: Thank you. Our next question comes from the line of Mayur Parkeria with Wealth Managers (India) Private Limited. Please go ahead.

Mayur Parkeria: Good afternoon, sir. And thank you for taking my questions. I apologize for some noise at the background. I am traveling. So, if there are more disturbances, please let me know. I hope there is no problem right now. With that, actually I had two questions.

One is on the long-term plan. Just wanted to understand, given the fact that services business is taking a little bit more time to show up on the revenue growth side, and when we say 2X revenue growth from for FY30, from an indexation perspective, is it right to understand that compared to FY25, the product revenues will actually grow much faster than the services CAGR which is going to come?

And is it possible to give us some understanding from how will it play out let's say, will the product go 2.5x and this will go 1.5x or what our based on proportions which we have, what is the right way to look at this as we go ahead till the journey of FY30.

Management: Mayur, thank you for the question. I think like, like you reminded me and like you said, our FY30 ambition is to drive a 2x revenue scale up versus FY25 and a 3X in EBITDA. This will come through growth in our core category of water purifiers and through the growth that we see in our emerging categories, specifically robotics, air purifiers and softeners.

These categories, as I mentioned in my earlier remarks to Vikram as well, some of these categories are growing very, very strongly: robotics, for instance, or indeed, air purifiers, or softeners. So, these product segments are growing very, very strongly and we expect these categories to grow ahead of the average.

So, as we look to FY30, between all these categories put together and the service growth, we deliver the revenue that we spoke about, which is 2x. The service mix may change depending on how the service growth plays out. But just to remind all of us, service is not just AMCs. We have a big opportunity in filters, which will grow well ahead of our AMC growth.

And in many ways, our filter product is much like any other product. It's in a large TAM, large market with low penetration and where we have a low market share, but a large right to win. So, we expect filter growth to clock-in ahead of AMC growth, and therefore, between them, we expect the 2x revenue to be tuned up.

Mayur Parkeria: Okay. So, including the filters growth, we believe more or less, even our services part of the business that will continue to have 2x. Okay. Thanks Pratik.

Management: Mayur, sorry. Services grew at a healthy pace between AMC and filters, and that's our conviction to FY30. Sorry, go on please.

Mayur Parkeria: Yeah. So, I have a question on margins. But before that, I forgot to say that the commercial on the filters is quite good. And I think we have hit the right cords and hope that the cost of ownership challenges, which is there in the overall product water purifier as well as in the services AMC, we see that playing out a little bit.

Hope as far as the filters are concerned, we get the right pricing as we go ahead. And it's a very, very large as we understand. But hope you get the right pricing and the right cord and the commercials do the right thing. So wish you all the best with that.

And question on margins, specifically, for this year, in the past we have been mentioning that in our journey to 3x profitability growth, the way to look at is we just see a 50-basis points kind of margin expansion every year as we go ahead in that.

So now, for this year, specifically in that journey, will it be right to say that for this year that aspiration, Gaurav just mentioned in the last question that the way to look at just 50 basis points in first quarter but we ended with the 50 basis points highs by the year ended.

But for FY27, we said that we want to maintain the margins as we go ahead in line with the previous year. So, for this year, is it right to assume that the journey will be not there given the cost pressure, which we have been or continue to have aspiration to increase margin in line with just a clarification.

Management: Mayur, I think from our perspective, the key part has been that over the last three years, we've consistently improved margins. So that always is our going position that, how do we land with a sustainable profitable growth. I think you'll appreciate that this year has been extremely unusual. I think what's happened on the commodity side and the forex side and the ongoing geopolitical crisis, which has not shown any signs of coming to a closure. So, I think it's an extremely unusual year that one is dealing with.

And with that context, we believe that aiming to hold on to margins itself would be a very good outcome to achieve, because what it does is that with a bigger scale of business as you go into next year, you always get an opportunity then to kind of make up for it. So that's the way we are looking about it. Our goal position at this point in time, as I mentioned, is to aim for margins same as last year.

Management: And Mayur, thank you for the feedback on the advertising campaign. I'll convey your appreciation to the marketing team, and I'm sure they'll be very happy. Thank you.

Mayur Parkeria: Yes. Thank you.

Moderator: Thank you. Our next question comes from the line of Anjali Mohata with Melania Family Office. Please go ahead.

Anjali Mohata: Hi. Thanks for the opportunity. I have a one question. As a category is going, we can see a lot of new players coming in, so what will be Eureka Forbes strategy to defend the existing market share are factored in? And like, how has been the differentiate our products from peers? And just adding to this, now like you have increased the, first of all, AMC, so the total cost of ownership of only Eureka product also goes higher, so what is your outlook on this?

Management: Anjali, thank you for the question. On the first point, I think it's important to first appreciate and recognize and we believe very strongly that if there are more competitors in the category, it creates excitement, it drives innovation, it creates much greater consumer interest, and therefore helps grow the category. And in a category like water purifier, which has low penetration, anything that helps stimulate growth, I think is great for the category. So, we welcome all competitors who enter the category.

As India's largest and the most trusted water purifier brand, Aquaguard, I think, is at the forefront of driving innovation and driving category growth. We've got two strategic directions when it comes to water purifiers.

The first one is to grow penetration to drive affordability both in terms of cost of entry, and then the cost of ownership, which is why we have affordable Aquaguard or Aquaguard Sure, which is the most affordable Aquaguard and most affordable water purifier in the category, which is aimed at attracting non-users into the category.

Equally, we've launched a slew of products with two-year filter life. And more recently, like I said earlier on the call, 2 products in e-commerce with a 4-year filter life and a 4-year life and a 4-year unconditional warranty. We will again address the issue of cost of ownership, so that's on the driving penetration part of it and reducing the barriers to entry.

Equally, there are customers and consumers who are looking for premium solutions who are looking for differentiated solutions. For them, we have a range of premium and differentiated offers. Let me give you 2 examples. We launched a couple of years ago, India's first water purifier with instant water. Last year, we launched India's only water purifier that gives hot, cold and ambient water. We have India's largest range of smart connected IoT-based water purifiers.

We also have a very, very competitive and advantaged under-the-counter product for modular kitchen, so then both by driving penetration and while driving differentiation and premiumization, we intend to stay competitive and to stay at the forefront of driving growth. I think the last point I want to underline is that when we look at this category, we do not navigate and we do not look at competitors. As category leaders, our sites are focused maniacally on the consumer, looking at what the barriers are, looking what it takes to drive growth and drive behavior change. And that's where we will remain.

Notwithstanding the entry of other players, like I said earlier on the call, in quarter 1, we have grown market share, just telling you how competitive we are and how focused we are. We have to be agile. We have to be aggressive. We have to be customer and consumer obsessed and work back from there. We cannot be like an incumbent company. We have to be like an agile start-up. And that's exactly the way our entire team are working.

Anjali Mohata: I do get this. But the numbers for FY23 to FY26, showing the percentage of 11.3%, revenue growth per year, so is there any increase in the market share as you are seeing that we are being aggressive in our approach as well? So, the numbers don't show that.

Management: Yeah, go on please, Anjali. Go on. I thought you had finished. Please go on.

Anjali Mohata: No, no. You can please go on.

Management: Anajali, thanks for pointing that out. Let me also sort of give you the context, historical context in this category. This category of water purified that is in a very little growth in the year until FY23. FY24 onwards, when we started doing a number of initiatives, for example, launching India's most affordable Aquaguard, driving consumer awareness about the harmful effects of drinking unpurified water or water purified only by Aqua's filters that encourage seeing category growth. So, we have seen an acceleration in category growth over the last few years, not just in water, but also in the emerging categories.

Looking ahead to the future, you might have seen our presentation on the website that we made at the Investor Day where we've spoken about our ambition of reaching a 2x revenue scale by FY30, which over a 5-year period would have a CAGR of 17% to 18%. And as I mentioned earlier on the call, that would mean that the product would be even higher than this. So, I think it's important to recognize and remember the context on some of these numbers. But like I said, our focus is on growing and growing by navigating by the consumer and making sure we stay at the edge of innovation and drive growth and drive share.

Anjali Mohata: Just squeezing in a last question. So, like what is the plan -- how do we increase our operational efficiencies in the upcoming quarters since there's a hike in the AMC prices also? So, there's going to be less or moderate growth in terms of new customers entering in as an AMCs.

Management: No, Anjali, that's a really good question. And absolutely, as Gaurav mentioned on the call earlier, I think we have a very focused and a very deliberate planned intervention aimed at reducing wastage and driving greater efficiencies. So, in every part of the business, we are taking a totally clinical look at all costs and ensuring that we use technology, we use the power of data, processing is required, more recently also begin to use AI to find areas of efficiency. And that's a very, very focused work stream, which will help us drive reduce wastage and drive efficiencies. But thank you for that question.

Anjali Mohata: Thank you so much for patiently answering all my questions.

Moderator: Thank you. Ladies and gentlemen, we will take that as the last question for today. I would now like to hand the conference over to Mr. Pratik Pota for closing comments. Over to you, sir.

Pratik Pota: Thank you. Thank you, everyone, for your questions and for tuning into the call today. I hope we were able to answer the questions and give some of our insights. If you have any follow-up questions or if you need more information, please do circle back to us and to Nupur, and we'll be happy to revert to you. Thank you so much and have a good day.

Moderator: Thank you. On behalf of Eureka Forbes Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.

Note: This document has been edited to improve readability.

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