Arihant Capital
Generating Wealth

Q1FY27 - Result Update
14th August 2026

Hindware Home Innovation Ltd

Focused Growth, Margin Expansion

CMP: INR 196

Rating: BUY

Target Price: INR 338

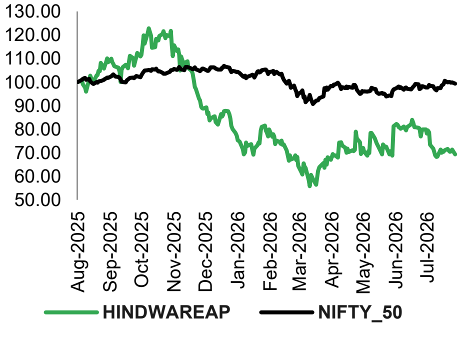
Stock Info	
BSE	542905
NSE	HINDWAREAP
Bloomberg	HINDWARE IN.
Reuters	HIIL.NS
Sector	Sanitary ware
Face Value (INR)	2
Mkt Cap (INR Bn)	16.40
52w H/L (INR)	393/170
Avg yearly Vol (in 000')	258.08

Shareholding Pattern %
(As on June, 2026)

Promoters	52.74%
Public & Others	47.26%

Stock Performance (%)	1m	6m	12m
HINDWAREAP	-18.9	-17.4	-36.6
Nifty 50	+1.2	-5.2	-1.2

HINDWAREAP Vs Nifty 50



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Hindware Home Innovation Ltd reported mixed Q1FY27 consolidated results. Revenue came in at INR 6.25 Bn, down 5.7% QoQ but up 17.7% YoY, broadly in line with our estimates (-0.1%). Gross margin stood at 47.5%, compared with 44.4% QoQ and 48.1% YoY, marginally below our estimate of 48.0%. EBITDA stood at INR 501 Mn, up 13.4% QoQ and 2.7% YoY, but 7.7% below our estimates. EBITDA margin improved to 8.02% from 7.87% QoQ, but declined from 9.18% YoY and was below our estimate of 9.07%. PAT came in at INR 43.5 Mn, while adjusted PAT stood at INR 46.2 Mn, declining 57.5% QoQ and 23.2% YoY, and was 26.7% below our estimates. Adjusted PAT margin stood at 0.73%, compared with 1.59% QoQ and 1.11% YoY, versus our estimate of 1.0%.

Strong Bathware Growth & Premiumisation: Bathware remains the key earnings driver, with management targeting mid-teen revenue growth in FY27. Premium products already contribute ~40% of the mix, with further scope for premiumisation over the next 18–24 months. Higher premium mix, weighted-dealer expansion and new product launches should support sustained growth and improve profitability.The company's strong presence in Tier-2/3 markets and continued investment in brand stores should further strengthen distribution and consumer pull. The premiumisation strategy also provides a favourable mix-led growth opportunity over the medium term.

Pipes Earnings Recovery: Pipes volumes grew ~28% YoY in Q1FY27, while management targets ~15% volume growth for FY27. The Roorkee plant is expected to ramp up over the next 2–3 quarters, improving capacity utilisation and fixed-cost absorption.Higher CPVC/UPVC mix, DWC, Fire Sprinkler, PTMT and Foam Core products should gradually improve the product mix. Stabilisation in PVC resin prices and currency could also reduce channel discounting and help restore pricing discipline.

Consumer Appliances Turnaround: The company has sharpened its focus on core kitchen appliances while exiting high-loss categories, creating a more focused business profile. Management expects 15–20% CAGR over the next 2–3 years, supported by dealer expansion, brand stores and e-commerce.With legacy costs expected to be eliminated by FY27, the business is positioned for a positive EBITDA swing as scale improves. The asset-light model and leaner SKU portfolio should allow growth without significant incremental capital intensity.

Outlook: We remain Positive on the medium-term earnings trajectory, led by bathware growth, premiumisation and operating leverage. Pipes should see a gradual recovery as Roorkee utilisation improves, volumes scale up and the product mix shifts towards higher-margin categories. Consumer Appliances provides an additional earnings kicker if the planned turnaround and margin expansion materialise. Overall, margin expansion, deleveraging and potential value unlocking from the demerger remain the key catalysts, while input-cost volatility and competitive intensity remain key risks. **We maintain our BUY rating and revise our target price to INR 338.**

Valuation Summary

Y/E Mar, INR Mn	FY24	FY25	FY26	FY27E	FY28E	FY29E
Net Sales	27,763	25,230	25,103	27,746	32,111	36,784
EBITDA	2,627	1,430	1,976	2,311	3,272	4,235
EBITDA Margin (%)	9.5%	5.7%	7.9%	8.3%	10.2%	11.5%
PAT	490	-688	-393	302	1,103	1,850
EPS (INR)	6.3	-8.9	-4.7	3.6	13.2	22.1
EV/EBITDA	10.1	17.5	12.5	10.3	6.9	4.9
P/E (x)	29.9	-22.2	-41.7	54.3	14.9	8.9

Hindware Home Innovation Ltd Q1FY27 Result & Presenatation Highlights

Bathware

• Company targets mid-teen revenue growth in FY27, with faucets expected to grow at high-teens and sanitaryware at double-digit rates.
• Premium products contributed ~40% of the mix in Q1FY27, with management targeting another ~5% increase over the next 18–24 months.
• Premium products carry ~2-3% higher gross margins than mass/mass-premium products, supporting structural margin expansion.
• Tier-2/3 markets contribute ~70% of sales, while the company continues to strengthen weighted dealers and brand-store presence.
• Bathware EBITDA margin stood at ~12% in Q1FY27, with management targeting another 2-4% improvement over the next 18-24 months.
• Faucet and sanitaryware insourcing reached ~50% and ~70%, respectively, supporting better product economics and manufacturing efficiency.
• Sanitaryware and faucet capacity utilisation stood at ~90% and ~85%, respectively, with focus on high-volume and high-margin products.
• Brass prices increased ~40% YoY, while faucet prices were raised ~20% over the past year, highlighting the importance of continued price pass-through.

Pipes & Fittings

• Pipes sales volume increased ~28% YoY to 10,221 MT in Q1FY27, while management targets ~15% volume growth for FY27.
• The 12,500 MT Roorkee plant commenced production in January 2026, with utilisation expected to improve over the next 2-3 quarters.
• Aggressive competition and pricing pressure in North India are likely to constrain near-term profitability during the Roorkee ramp-up phase.
• DWC, Fire Sprinkler, PTMT and Foam Core pipes are expected to contribute to growth and diversify the product portfolio.
• CPVC accounted for ~32% of value mix in Q1FY27, with scope to increase the mix given its higher-margin profile.
• Pipes EBITDA margin stood at ~3% in Q1FY27, impacted by PVC resin/currency volatility, Roorkee ramp-up and aggressive pricing.
• Company targets 4-5% EBITDA margin in FY27 through cost optimisation, higher CPVC/UPVC mix and improved capacity utilisation.
• Stability in PVC resin prices and currency should improve channel confidence, reduce discounting and help restore pricing discipline.

Consumer Appliances

• The business is focusing on core kitchen categories such as chimneys, hobs, cooktops and sinks while exiting high-loss categories.
• Expecting 15-20% CAGR over the next 2-3 years, targeting INR 5+ Bn revenue in two years and INR 7-7.5 Bn by FY30.
• Legacy costs are expected to be eliminated by FY27, paving the way for a positive EBITDA swing and eventual double-digit margins.
• Growth will be driven through dealers, exclusive brand stores and e-commerce, while HPL has become wholly owned and is now a leaner, nearly debt-free entity.

Outlook

Bathware should remain the key earnings driver, supported by mid-teen growth, premiumisation, distribution expansion and operating leverage. Pipes offer a volume-led recovery opportunity as Roorkee utilisation improves, CPVC mix increases and PVC pricing stabilises. Consumer Appliances remains a turnaround opportunity, with category pruning and an asset-light model expected to improve profitability. Overall, bathware margin expansion, pipes profitability recovery and the consumer-appliance turnaround remain the key catalysts, while input-cost volatility and competition are key risks. **We have a buy Rating on the stock with target price of INR 338.**

Exhibit: Income Statement (Consol)

Income statement (INR Mn)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Gross Sales	27,763	25,230	25,103	27,746	32,111	36,784
Net Sales	27,763	25,230	25,103	27,746	32,111	36,784
YoY (%)	-3.37%	-9.12%	-0.50%	10.53%	15.73%	14.55%
Adjusted COGS	**15,117**	**14,101**	**13,721**	**15,177**	**17,773**	**20,323**
YoY (%)	-7.68%	-6.72%	-2.70%	10.62%	17.10%	14.35%
Personnel/ Employee benefit expenses	4,262	4,265	4,062	4,614	4,924	5,369
YoY (%)	5.93%	0.07%	-4.76%	13.59%	6.73%	9.04%
Manufacturing & Other Expenses	5,758	5,434	5,345	5,644	6,142	6,856
YoY (%)	-1.93%	-5.62%	-1.65%	5.60%	8.82%	11.64%
Total Expenditure	**25,137**	**23,800**	**23,127**	**25,435**	**28,839**	**32,549**
YoY (%)	-4.31%	-5.32%	-2.83%	9.98%	13.38%	12.86%
EBITDA	**2,627**	**1,430**	**1,976**	**2,311**	**3,272**	**4,235**
YoY (%)	6.58%	-45.55%	38.14%	16.95%	41.62%	29.42%
EBITDA Margin (%)	9.46%	5.67%	7.87%	8.33%	10.19%	11.51%
Depreciation	1,188	1,225	1,175	1,404	1,632	1,755
% of Gross Block	9.50%	9.57%	7.72%	8.50%	9.05%	9.06%
EBIT	**1,438**	**205**	**800**	**906**	**1,640**	**2,480**
EBIT Margin (%)	5.18%	0.81%	3.19%	3.27%	5.11%	6.74%
Interest Expenses	926	891	704	667	520	364
Non-operating/ Other income	364	405	350	170	350	350
PBT	**785**	**-756**	**-435**	**409**	**1,470**	**2,466**
Tax-Total	295	-68	-42	107	368	617
Adj. Net Profit	**490**	**-688**	**-393**	**302**	**1,103**	**1,850**
Reported Profit	**490**	**-688**	**-393**	**302**	**1,103**	**1,850**
PAT Margin	1.76%	-2.73%	-1.57%	1.09%	3.43%	5.03%
Shares o/s/ paid up equity sh capital	74.73	77.76	83.65	83.65	83.65	83.65
Adj EPS	6.30	-8.88	-4.70	3.61	13.18	22.11
Dividend payment	0.52	0.38	0.25	0.25	0.25	0.25
Dividend payout (%)	7.94%	-4.27%	-5.21%	6.79%	1.86%	1.11%
Retained earnings	**451**	**-717**	**-414**	**281**	**1,082**	**1,829**

Exhibit: Balance Sheet (Consol)

Balance sheet (INR Mn)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Sources of Funds						
Equity Share Capital	145	167	167	167	167	167
Reserves & Surplus/ Other Equity	5922	7694	7296	7578	8660	10489
Networth	**6067**	**7861**	**7464**	**7745**	**8827**	**10656**
Unsecured Loans/ Borrowings/ Lease Liabilities	10462	8891	8563	7456	5888	4060
Other Liabilities	7674	8525	8491	8937	9479	10094
Total Liabilities	**18136**	**17416**	**17054**	**16393**	**15367**	**14154**
Total Funds Employed	**24203**	**25277**	**24518**	**24138**	**24194**	**24810**
Application of Funds						
Net Fixed Assets	**9156**	**8735**	**9969**	**9870**	**9743**	**9343**
Capital WIP	553	2088	935	535	135	85
Investments/ Notes/ Fair value measurement	1035	731	388	396	405	414
Current assets	**12124**	**12646**	**12149**	**12391**	**13002**	**14077**
Inventory	5894	6007	6140	6293	6608	6938
Days						
Debtors	4533	5078	4195	4405	4625	5088
Days						
Other Current Assets	1272	1151	1373	1647	1977	2372
Cash and Cash equivalent	293	253	334	-62	-314	-428
Current Liabilities/Provisions	**12164**	**11685**	**12563**	**11961**	**11688**	**11348**
Creditors / Trade Payables	3120	4066	4360	4578	4807	5048
Days						
Net Current Assets	**-40**	**961**	**-414**	**431**	**1315**	**2729**
Total Asset	**24203**	**25277**	**24518**	**24138**	**24194**	**24810**
Total Capital Employed	**24244**	**24316**	**24932**	**23707**	**22880**	**22081**

Exhibit: Cash Flow (Consol)

Cash Flow Statement (INR Mn)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Profit After tax	**490**	**-688**	**-393**	**302**	**1103**	**1850**
Adjustments: Add						
Depreciation and amortisation	1188	1225	1175	1404	1632	1755
Interest adjustment	562	486	354	497	170	14
Profit before Working Capital Change	2201	994	1116	2182	2884	3598
Inventories	944	-114	-132	-153	-315	-330
Trade receivables	-757	-544	882	-210	-220	-463
Trade payables	147	946	295	218	229	240
Other Liabilities and provisions	-97	-127	-269	201	283	340
Other Assets	-148	87	-219	-258	-313	-395
Taxes	-38	82	-41	-2	-3	-3
Net cash from operating activities	**2253**	**1325**	**1631**	**1978**	**2545**	**2987**
Net Sale/(Purchase) of tangible and intangible assets, Capital work in progress	-1435	-2339	-1257	-905	-1105	-1305
Net Sale/(Purchase) of investments	-156	304	343	-8	-9	-9
Others	-200	660	303	294	380	377
Net cash (used) in investing activities	**-1790**	**-1375**	**-611**	**-620**	**-734**	**-937**
Interest expense	-33	-2500	-951	-1754	-2065	-2164
Dividend paid	39	29	21	21	21	21
Other financing activities	-269	2480	-8	-20	-21	-20
Net cash (used) in financing activities	**-262**	**10**	**-939**	**-1754**	**-2065**	**-2164**
Closing Balance	**293**	**253**	**334**	**-62**	**-314**	**-428**
FCF	**580**	**127**	**-953**	**552**	**901**	**1462**
Capex (% of sales)	6.7%	10.9%	5.7%	3.7%	3.9%	4.0%

Exhibit: Ratios (Consol)

Key Ratios	FY24	FY25	FY26	FY27E	FY28E	FY29E
Solvency Ratios						
Debt / Equity	1.72	1.13	1.15	0.96	0.67	0.38
Net Debt / Equity	1.68	1.10	1.10	0.97	0.70	0.42
Debt / EBITDA	3.98	6.22	4.33	3.23	1.80	0.96
Current Ratio	0.50	0.50	0.50	0.51	0.54	0.57
DuPont Analysis						
Sales/Assets	1.15	1.00	1.02	1.15	1.33	1.48
Assets/Equity	3.99	3.22	3.28	3.12	2.74	2.33
RoE	8.07%	-8.75%	-5.27%	3.90%	12.49%	17.36%
Per share ratios						
Reported EPS	6.55	-8.84	-4.70	3.61	13.18	22.11
Dividend per share	0.52	0.38	0.25	0.25	0.25	0.25
BV per share	81.18	101.10	89.23	92.59	105.53	127.39
Cash per Share	3.91	3.20	3.98	-0.75	-3.77	-5.13
Revenue per Share	371.50	324.46	300.09	331.69	383.88	439.73
Profitability ratios						
Net Profit Margin (PAT/Net sales)	1.76%	-2.73%	-1.57%	1.09%	3.43%	5.03%
Gross Profit / Net Sales	45.55%	44.11%	45.34%	45.30%	44.65%	44.75%
EBITDA / Net Sales	9.46%	5.67%	7.87%	8.33%	10.19%	11.51%
EBIT / Net Sales	5.18%	0.81%	3.19%	3.27%	5.11%	6.74%
ROCE (%)	23.70%	2.61%	10.72%	11.70%	18.58%	23.27%
Activity ratios						
Inventory Days	154	154	162	149	132	122
Creditor Days	45	62	69	66	61	57
Leverage ratios						
Interest coverage	1.55	0.23	1.14	1.36	3.15	6.82
Debt / Asset	0.43	0.35	0.35	0.31	0.24	0.16
Valuation ratios						
EV / EBITDA	10.11	17.50	12.46	10.35	6.91	4.93
PE (x)	29.92	-22.16	-41.67	54.33	14.87	8.86

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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