HINDWARE HOME INNOVATION LTD

INITIATING COVERAGE REPORT

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ArihantCapital
Generating Wealth

Initiating Coverage
17th February 2026

Hindware Home Innovation Ltd

CMP: INR 238

Rating: BUY

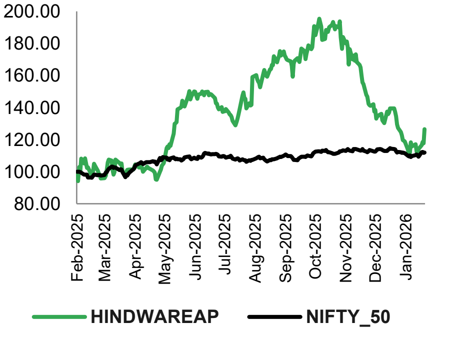
Target Price: INR 433

Stock Info	
BSE	542905
NSE	HINDWAREAP
Bloomberg	HINDWARE IN.
Reuters	HIIL.NS
Sector	Sanitary ware
Face Value (INR)	2
Mkt Cap (INR Bn)	19.87
52w H/L (INR)	393/177
Avg Yearly Vol (in 000')	230.45

Shareholding Pattern % *(As on Sept, 2025)*	
Promoters	52.74%
Public & Others	47.26%

Stock Performance (%)	1m	6m	12m
HINDWAREAP	+7.4	-23.8	+22.2
Nifty 50	+0.6	+3.5	+12.1

HINDWAREAP Vs Nifty 50



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Hindware Home Innovation Limited is a prominent player in India's Building Products and Consumer Appliances sectors, operating through two distinct business verticals. The Building Products segment encompasses a comprehensive Bathware portfolio (sanitaryware, faucets, premium tiles) and Plastic Pipes & Fittings under the "Truflo" brand, while the Consumer Appliances division offers kitchen appliances, water heaters, and air coolers (E-commerce) under the "Hindware Smart Appliances" brand. The company operates five manufacturing facilities, comprising two sanitaryware plants with a combined capacity of 3.85 million pieces per annum, one faucet manufacturing unit with an annual capacity of 3.7 million units, and two automated pipes and fittings facilities with a total capacity of 78,500 TPA (including an incremental 12,500 tonnes). In addition, the new Roorkee plant commenced commercial operations in Q4 FY26. Operating in India's dynamic home improvement and infrastructure sectors, HHIL competes with established players across its segments while distinguishing itself through premium offerings like the Hindware Italian Collection and Queo brands, backed by an extensive distribution network of 600+ brand stores, 500+ exclusive distributors, and over 35,000 retail outlets for Bathware alone.

Confluence of PVC Price Recovery, Demand Normalisation and Capacity Commercialisation Sets the Stage for Margin-Led Growth:
PVC resin prices have bottomed and shown an initial recovery (INR 8/kg uptick since January), creating a natural gross-margin tailwind as low-cost inventory and gradual price pass-through boost blended margins for Hindware Home Innovation Limited. Dealer destocking has largely reversed since Dec–Jan, with visible channel restocking converting improving sentiment into immediate primary sales and volume recovery. Early signs of private construction normalisation are adding incremental enquiries and secondary sales, complementing the institutional backdrop. The successful commercialisation of the Roorkee plant (adding capacity and regional supply reach) immediately strengthens Hindware's ability to monetise the demand upswing. Together PVC stabilisation, demand revival and new capacity should drive higher utilisation, operating leverage, product-mix improvement and a sustained earnings recovery for the company.

Strategic Reset of Consumer Appliances - From Margin Dilution to Focused Value Creation through portfolio rationalization :
The Company has reset its Consumer Appliances strategy from volume-led growth to a profitability-first model by exiting structurally loss-making categories and rationalising its product portfolio. Focus is now on higher-margin, core segments such as kitchen appliances, water heaters, and selective e-commerce air coolers, improving

execution efficiency and working-capital discipline. This sharper mix is expected to arrest margin dilution while enabling stronger brand leverage and cross-selling within the home-improvement ecosystem. The planned demerger further strengthens this shift by creating a dedicated consumer platform with focused leadership and clearer accountability. Overall, these actions aim to clean up the P&L, enhance return ratios, and unlock long-term value through improved investor transparency.

Steady as well as Healthy Growth in High profitable segment:
Hindware's bathware segment - spanning sanitaryware and faucets stands as a high-margin growth engine, contributing the bulk of profitability with steady mid-double-digit revenue growth outpacing industry mid-single digits via premiumisation (50%+ mid-premium/premium mix rising), 3-4% ASP uplifts, pricing power (e.g., 3-3.5% hikes in Nov 2025 offsetting brass inflation), and 1.25-1.5x market share gains. Management drives margin expansion to 15% EBITDA by FY29E through richer product mix, zero-based budgeting, productivity gains, operating leverage from capacity ramps, and channel shifts away from lower-margin institutional sales (20-25% mix). Demand is fueled by "Designed for Sukoon" branding, influencer engagement (plumbers, architects), and retail focus, while exiting loss-making categories boosts ROIC. Near-term guidance targets 13-14% bathware margins, with 100-200 bps uplift by FY27; risks like raw material volatility and marketing spends are mitigated by pricing flexibility and strong brand equity.

Outlook: Hindware Home Innovation Limited is entering a margin-led recovery phase driven by stabilising PVC prices, channel restocking, and rising utilisation from the newly commercialised Roorkee facility, which together should translate into improving gross margins and operating leverage. The strategic reset of the Consumer Appliances business toward a profitability-first approach, supported by portfolio rationalisation and the upcoming demerger, is expected to materially reduce earnings volatility and enhance return ratios. Concurrently, the high-margin bathware franchise continues to scale faster than the industry on the back of premiumisation, pricing power and deeper retail penetration, providing a structurally strong earnings backbone. With demand normalising across institutional and retail channels and product mix steadily improving, we expect sustained EBITDA expansion over the medium term. Collectively, these levers position Hindware for healthier revenue growth, margin convergence toward mid-teens, and improved quality of earnings, underpinning a constructive outlook on the stock.**We have a buy rating on the stock with target price of INR 433 seeing a potential upside of ~82%.**

Valuation Summary

Y/E Mar, INR Mn	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E
Net Sales	28,733	27,763	25,230	25,628	29,714	34,520	40,012
EBITDA	2,464	2,627	1,430	2,182	2,671	3,522	4,610
EBITDA Margin (%)	8.6%	9.5%	5.7%	8.5%	9.0%	10.2%	11.5%
PAT	576	490	-688	-79	728	1,355	2,196
EPS (INR)	7.9	6.3	-8.9	-0.9	8.7	16.2	26.3
EV/EBITDA	11.9	11.5	20.0	12.9	10.1	7.3	5.1
P/E (x)	29.9	36.3	-26.9	-253.4	27.4	14.7	9.1

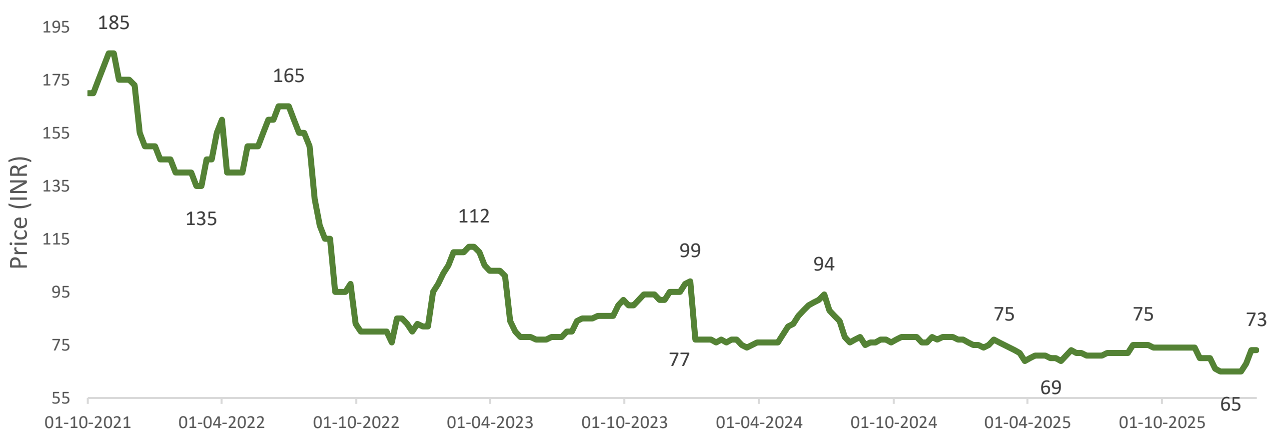
Table of Contents

Confluence of PVC Price Recovery, Demand Normalisation and Capacity Commercialisation Sets the Stage for Margin-Led Growth:

The PVC pipe segment is entering a materially improved phase after a prolonged raw-material downcycle, and this inflection is strategically important for Hindware Home Innovation Limited. During CY2025, PVC resin prices corrected sharply, compressing industry gross margins as selling prices lagged the pace of input cost volatility. Commodity commentary and polymer market data now indicate that this downtrend has largely played out, with prices stabilising since late-2025 and showing the first signs of recovery in early-2026. Global PVC assessments marked a cyclical low driven by oversupply and weak construction demand, while early-2026 market bulletins point to improving sentiment as supply rationalisation and demand normalisation begin to rebalance the market.

After falling meaningfully through 2025, PVC resin prices have stopped declining over the past few months and have begun inching up. Industry price circulars and distributor bulletins show sequential increases since January 2026. Importantly, market participants report an approximate INR 8/kg hike in PVC prices since January a small absolute move, but highly significant operationally (INR 8/kg equates to ~INR 8,000/tonne), especially when applied across large pipe volumes. This confirms that the resin cycle has likely troughed and that pricing power is gradually returning to producers.

Exhibit: PVC Resin Prices Over the past few years



Source: Arihant Capital Research, Bloomberg

From an earnings perspective, this matters because margin pressure was most acute when PVC prices were falling rapidly. Once prices stabilise or rise, manufacturers are able to reprice finished goods with a lag, while benefiting from lower-cost inventory purchased during the trough creating a natural gross-margin tailwind.

On the demand side, Company's PVC pipe and plumbing portfolio are showing clear signs of revival after several months of subdued activity, driven by a combination of improving construction momentum, government-led infrastructure execution and visible channel restocking. The prolonged dealer destocking phase seen through most of CY2025 has largely played out, with distributors beginning to rebuild inventories from December–January as PVC prices stabilised and replacement costs started moving up. This restocking behaviour is critical, as it converts improving sentiment into immediate primary sales and typically marks the first leg of a volume recovery cycle.

At the same time, early signs of private construction normalisation are emerging after a weak patch. Q3 commentary from both pipe manufacturers and large construction players indicates that, although parts of the EPC sector are still seeing approval-related delays, ground-level activity in housing and urban infrastructure has begun to improve gradually. For pipe companies, this is reflected in better enquiry levels, higher secondary sales and improving distributor confidence from late Q3 into Q4. Importantly, managements across the pipe industry have highlighted that dealer inventories had been cut to unusually low levels during the downturn; the current phase of replenishment is therefore not just demand recovery, but also balance-sheet driven restocking providing an incremental volume tailwind over and above end-user consumption.

At the same time, the successful commercialisation of the Roorkee greenfield facility, which has increased pipe capacity from ~66,000 tonnes to ~78,500 tonnes, materially strengthens Hindware's ability to capitalise on this improving demand environment. The incremental capacity enhances supply responsiveness, improves geographic reach in North India, reduces logistics intensity and enables faster conversion of dealer restocking and institutional orders into revenues. With demand momentum building and capacity constraints largely addressed, Hindware is now positioned to drive higher utilisation levels, unlock operating leverage and improve product mix through greater penetration of value-added plumbing solutions.

Taken together, these factors mark a clear inflection point in the pipes and fittings business: recovering volumes supported by infrastructure execution and private construction, margin tailwinds from PVC price stabilisation, and capacity-led scalability from Roorkee collectively create a strong earnings visibility framework. This integrated upcycle spanning demand, cost structure and manufacturing readiness meaningfully de-risks Hindware's growth trajectory and supports a sustained improvement in revenue, margins and return metrics as the cycle progresses.

Strategic Reset of Consumer Appliances - From Margin Dilution to Focused Value Creation through portfolio rationalization:

The Company has undertaken a decisive strategic reset of its Consumer Appliances business, pivoting from a volume-led expansion approach to a profitability-first model. Historically, the segment operated with a broad and fragmented product portfolio, several categories of which consistently generated operating losses due to weak realizations, elevated channel incentives, and poor asset turns. This diluted consolidated margins and diverted management bandwidth from scalable opportunities.

Over the past few quarters, management has executed a structured portfolio rationalisation by exiting structurally loss-making categories, including fans, air purifiers, water purifiers, furniture fittings, and air coolers in general trade. These segments were characterised by intense competition, limited pricing power, and unfavourable cost-to-serve dynamics, making sustainable profitability difficult. The exit from these categories represents a conscious decision to stop margin leakage and reduce operational complexity.

Simultaneously, the Company has restructured its product mix to focus only on profitable and strategically aligned categories. The retained core portfolio now comprises:

- Kitchen appliances: chimneys, cooktops, hobs, and sinks
- Water heaters
- Air coolers exclusively via e-commerce (as opposed to general trade, which was loss-making)

Exhibit: Few of the new launches in FY 2024-25

BLDC Chimney

Built-in Hobs

Cook Top

Water Heater

Built-in Microwave

Source: Arihant Capital Research, Company Reports

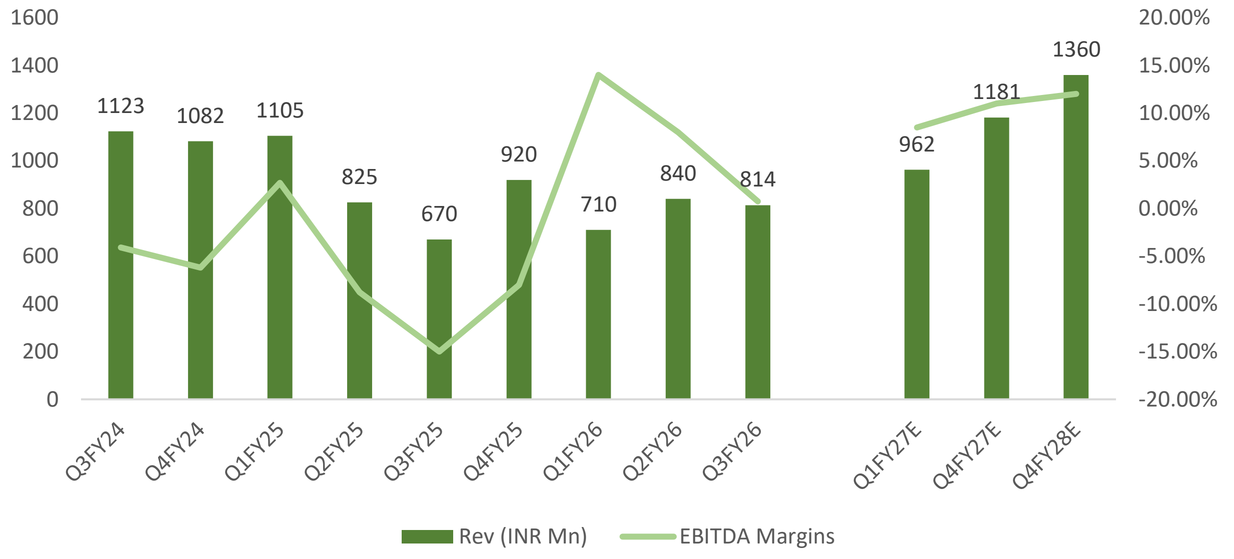
This refined focus reflects a clear shift toward segments where Hindware enjoys better brand recall, stronger distribution economics, and higher gross-margin potential. Concentrating on kitchen solutions also creates adjacency benefits with the Company's broader home-improvement ecosystem, supporting cross-selling and deeper dealer engagement.

From an operational standpoint, SKU pruning materially improves execution efficiency. A narrower product base lowers inventory carry, reduces obsolescence risk, simplifies after-sales infrastructure, and allows marketing spends to be channelled toward fewer, higher-impact categories. This should translate into improved gross margins and better working-capital discipline over time, as inventory turns accelerate and discounting intensity moderates.

Importantly, this portfolio reset is being reinforced through the planned demerger of the Consumer Appliances business into a standalone listed entity. Strategically, this separation addresses a structural mismatch: consumer appliances demand rapid innovation cycles, focused brand investments, and agile channel strategies markedly different from the capital and execution profile of building products. As a standalone entity, the consumer business will benefit from dedicated leadership, independent capital allocation, and sharper accountability on product-level profitability.

From a financial lens, the Consumer Appliances segment has been operating at EBITDA losses, making this restructuring imperative rather than optional. The combination of category exits and focused reinvestment directly targets the root causes of underperformance. While near-term separation and restructuring costs may create earnings noise, these are transitional and should be weighed against the longer-term benefits of a cleaner P&L and structurally higher return ratios.

Exhibit: Kitchen Segment (Consumer Appliances) Rev and EBITDA Margins historically and Forecasted



Source: Arihant Capital Research, Company Reports

The Product Exits as well as demerger will enhances investor transparency by creating two focused platforms, allowing markets to independently assess the consumer appliances business (HHIL) on consumer-durable metrics while valuing the building-products business (Hindware Limited) on construction-material multiples. This reduces valuation opacity and improves capital-market relevance for both entities.

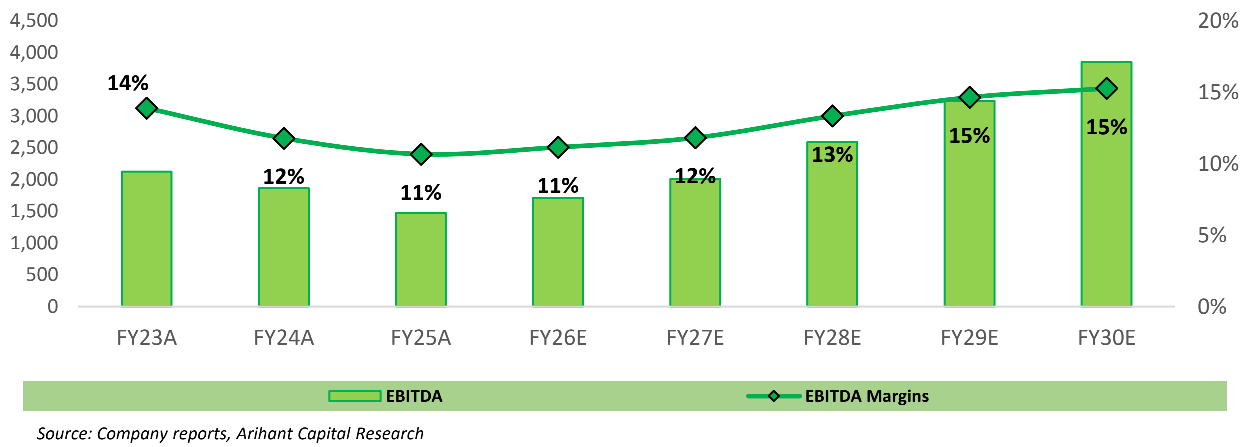
Steady as well as Healthy Growth in High profitable segment:

HHIL structurally profitable bathware segment, where sanitaryware and faucets together form a high-value, high-margin growth engine. Hindware is one of the leading organised players in this segment, with strong brand recall and an expanding premium portfolio, positioning it well to deliver steady revenue growth alongside meaningful margin expansion over the next three to four years.

Bathware today contributes the bulk of the company's operating profitability, and management has been increasingly focused on extracting higher value from this segment through premiumisation, pricing discipline and sharper go-to-market execution. Roughly half of bathware sales already come from mid-premium and premium categories, and this share is expected to rise steadily, supported by the launch of higher-ASP faucets and upgraded sanitaryware ranges. Faucets in particular are seeing marginally faster growth, aided by new premium introductions that carry structurally stronger margins. This deliberate shift in product mix is central to the margin story, as higher realised ASPs directly improve gross profit per unit even before operating leverage benefits flow through.

The company has also demonstrated pricing power, having implemented a price increase of ~3–3.5% across sanitaryware and faucets effective November 2025 to offset input cost inflation, especially brass in faucets. Company is also willing to take further calibrated price hikes if raw material prices move higher, which provides an important safeguard to protect gross margins. Alongside pricing, Hindware is executing zero-based budgeting and productivity initiatives to tighten cost control across the organisation, aiming to remove non-essential spends and improve operating efficiency. These measures, combined with a richer product mix, form the core levers behind the targeted EBITDA margin expansion from the current 10–12% band toward ~15% by FY29E.

Exhibit: Bathware/Sanitaryware EBITDA and EBITDA Margins Growth YoY



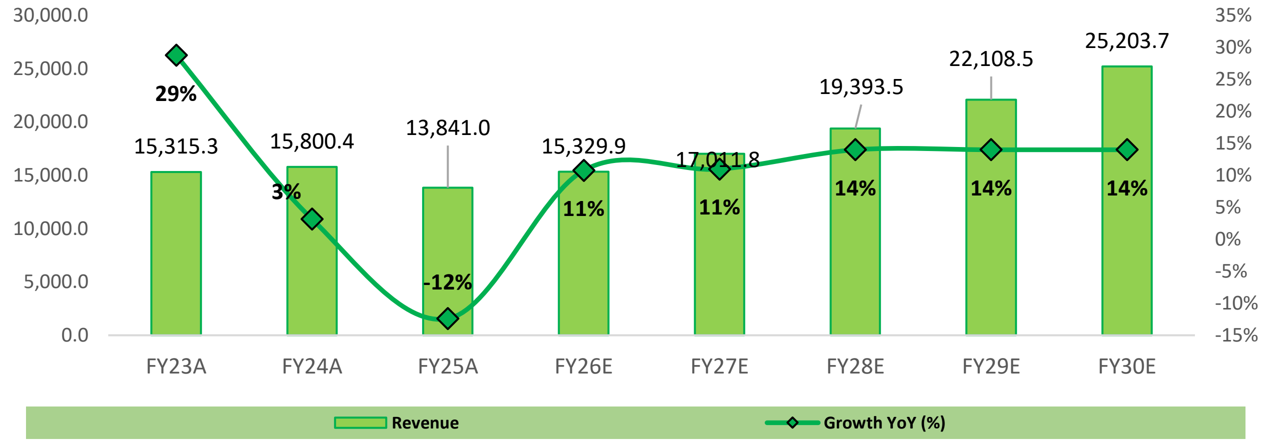
Source: Company reports, Arihant Capital Research

On the demand side, growth is being driven by a combination of brand strengthening and deeper channel engagement. The nationwide "Designed for Sukoon" campaign marks a strategic repositioning of the brand toward aspirational, experience-led bathrooms, supported by higher marketing investments across digital, connected TV and on-ground touchpoints. While marketing spend timing has created short-term quarterly volatility in margins, it is largely seasonal, and the underlying intent is to build long-term brand equity and premium consideration. In parallel, the company is strengthening relationships with plumbers, architects and interior designers, recognising their influence on product selection at the consumer level. These influencer and channel programs are improving advocacy for Hindware's premium ranges and helping expand reach in both new and replacement demand.

From a channel mix perspective, institutional and B2B sales account for roughly 20-25% of bathware revenue and carry around 400 bps lower gross margins versus general trade. Management remains focused on improving overall channel economics through better pricing discipline and a gradual tilt toward higher-margin retail and premium projects. Even modest reductions in institutional mix, or improvements in institutional pricing, can provide incremental uplift to consolidated margins over time.

Revenue growth is expected to remain in the mid-double-digit range on a value basis, driven by a combination of modest volume growth, consistent ASP uplift of ~3–4% from premiumisation, and targeted market share gains. While the broader industry is likely to grow at mid-single digits, the company is targeting 1.25x–1.5x market growth, supported by its expanding product portfolio, stronger retail presence and improving brand pull. This implies that even in a moderate demand environment, Hindware should be able to compound bathware revenues faster than the industry through mix and share gains rather than relying purely on cyclical volume recovery.

Exhibit: Bathware Business Revenue and Growth YoY



Source: Arihant Capital Research, Company Reports

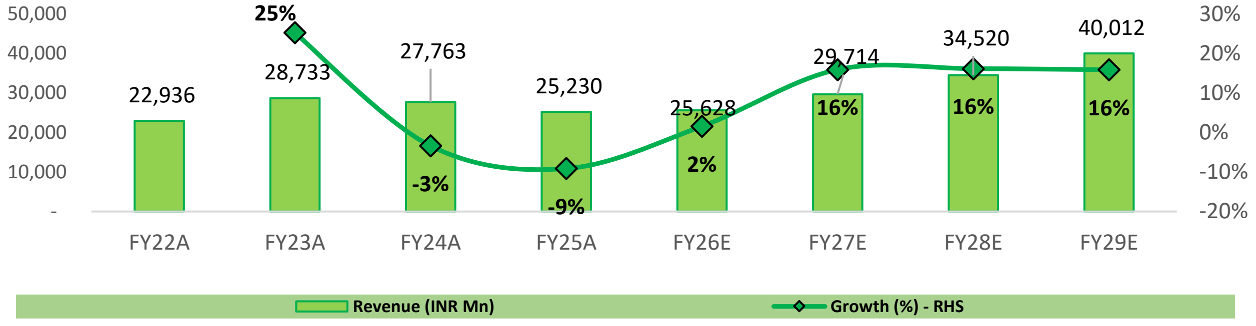
Operationally, the company is also sharpened its focus by exiting and scaling down structurally loss-making categories and reallocating capital toward kitchen and bath, which improves return on invested capital and removes drag on consolidated profitability. Capacity additions and productivity improvements, including the ramp-up of newer facilities, are expected to support growth without a disproportionate increase in fixed costs, enabling operating leverage as volumes and ASPs rise.

Putting these elements together, the path to ~15% EBITDA margins by FY29E appears credible: gross margin expansion from premium mix and price hikes, incremental operating leverage from revenue growth, and structural opex savings from zero-based budgeting and tighter execution. Management has already guided to near-term improvement in bathware EBITDA margins to ~13–14%, with expectations of a further 100–200 bps uplift into FY27, setting the foundation for mid-teens margins over the medium term.

Key risks remain around raw material volatility (especially brass), execution of the premiumisation strategy, and short-term margin noise from marketing investments or channel mix shifts. However, these are partly mitigated by pricing flexibility, a strengthening brand franchise, and increasing engagement with influencers and premium retail partners. Importantly, the company's scale and top-tier market position provide resilience in navigating these challenges.

Financial Analysis:

Exhibit: Consolidated Revenue and Growth YoY



Source: Arihant Capital Research, Company Reports

The company hit a peak growth phase driven by a confluence of positive factors: a post-pandemic renovation wave in its core bathware business, rapid scaling of the plastic pipes franchise, and aggressive expansion of the consumer appliances portfolio into multiple new categories. All three growth engines contributed simultaneously, producing the company's strongest revenue performance in the period.

Next came a broad-based decline that erased much of that momentum. Performance weakened across segments: bathware was disrupted by an internal sales-force reorganization that materially affected field coverage and the premium-to-economy product mix shifted unfavorably; the pipes business saw realizations compress as raw-material prices corrected sharply; and the consumer appliances arm suffered from unviable, loss-making categories that pulled the segment down. The revenue slide persisted through consecutive quarters and marked the first annual revenue contraction since listing.Finally, the most recent period shows an inflection.

The company recorded a return to year-on-year growth in the middle of the latest fiscal year, with a subsequent quarter confirming that the recovery is gaining traction. Nine-month performance is marginally ahead of the prior year, providing a constructive base for the remainder of the year. Going forward, growth is expected to be supported by several strategic initiatives undertaken across key segments.

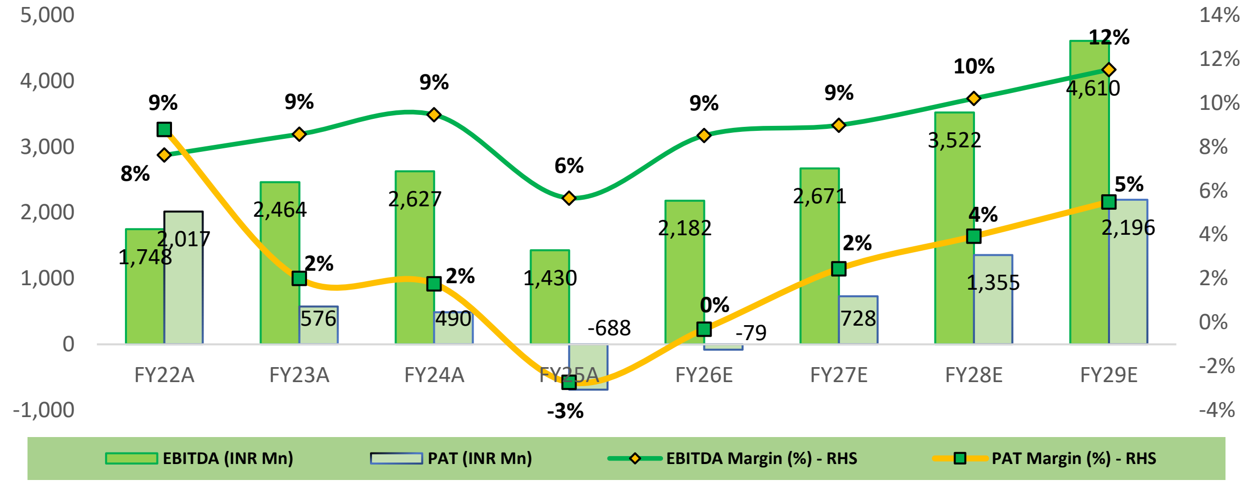
In the Bathware segment, the company is steadily shifting toward higher-value products while expanding its network of brand stores and strengthening dealer penetration in Tier-2 and Tier-3 markets. This, combined with selective price actions and early signs of market-share gains in under-penetrated regions, positions bathware to grow sustainably ahead of the broader industry, with premiumization providing an additional uplift to revenue quality.

The Pipes segment is poised for meaningful acceleration following the commissioning of the Roorkee plant, which materially improves HHIL's competitiveness in North India and removes earlier freight-related constraints. With regional supply now in place, volume growth is expected to normalize, supported by stabilizing PVC prices and channel restocking. This positions pipes as the fastest-growing vertical in the portfolio over the near to medium term, with incremental capacity driving scale without additional capital intensity.

Meanwhile, Consumer Appliances has completed its strategic reset and now operates on a focused, asset-light model centered on kitchen appliances and water heaters. The exit from loss-making categories, strong margins in core products, and leverage of HHIL's distribution network provide a clear pathway for profitable growth. The divestment of manufacturing assets and associated debt reduction further strengthen the balance sheet, enabling this segment to scale steadily as a brand-led, capital-efficient business.

Overall, supported by structural improvements across bathware, incremental capacity-led scale-up in pipes, and a streamlined, asset-light consumer appliances model, the company is well positioned to deliver a revenue CAGR of approximately mid-teens over the medium term. On this trajectory, revenues are estimated to scale to around INR ~40 Bn, reflecting a healthy and broad-based expansion driven by premiumization, distribution deepening, and improved operating execution across segments.

Exhibit: Consolidated EBITDA, EBITDA Margins, PAT, PAT Margins and Growth YoY



Source: Arihant Capital Research, Company Reports

The company's margin journey over the past few years can be viewed in two distinct phases. In the initial period, EBITDA margins remained broadly stable despite emerging top-line pressure. This resilience was largely driven by strong performance in the Building Products division, where operating margins improved meaningfully, offsetting rising losses in consumer appliances and early pressure in the pipes business.

This stability broke in the subsequent year, when profitability deteriorated sharply. EBITDA declined materially and margins compressed as multiple challenges emerged simultaneously. In bathware, softer volumes led to weaker fixed-cost absorption across manufacturing facilities, compounded by temporary disruption from sales-force restructuring. Consumer appliances swung into losses as several non-core categories proved structurally unviable, while the pipes segment faced sharp realization pressure from falling PVC prices alongside inventory-related losses. Overall, the margin collapse reflected concurrent stress across all three segments rather than any single factor.

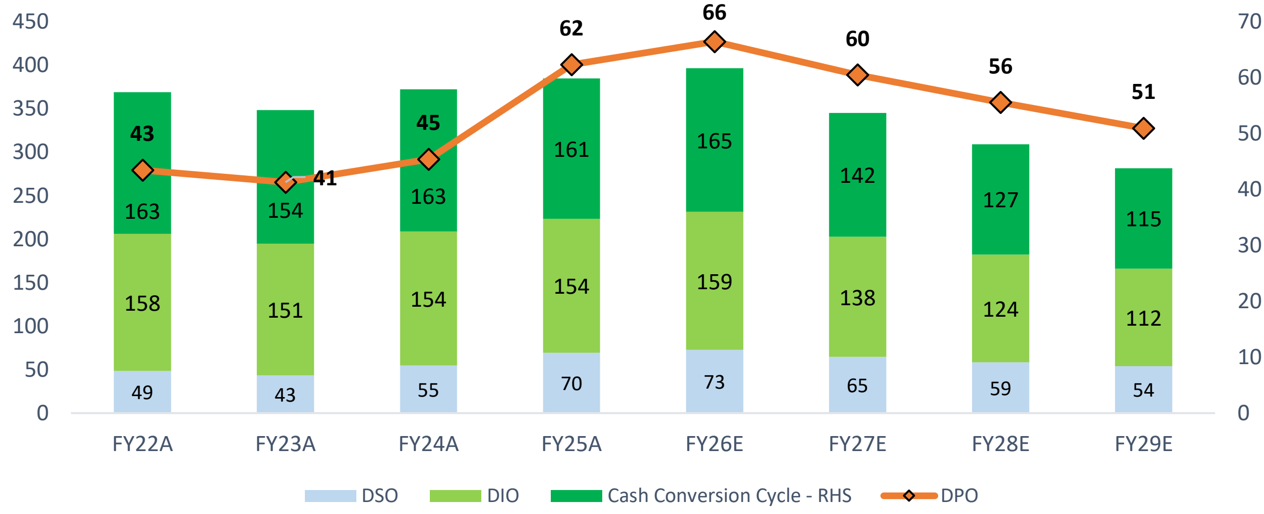
With restructuring actions now largely behind the company and operational levers being reset, the focus has shifted toward restoring utilization, exiting loss-making categories, and normalizing realizations, a key prerequisites for a gradual margin recovery. Currently, margin improvement is being driven by a combination of operational enhancements across core segments and balance-sheet repair. In bathware, profitability is expected to improve structurally through premiumization, higher realizations, and better plant productivity, supported by increasing in-house manufacturing and tighter cost controls. With utilization levels rising and recent price actions largely offsetting raw-material inflation, bathware margins are expected to trend back toward mid-teens over the medium term, broadly in line with industry benchmarks.

Consumer appliances represents the largest swing factor in consolidated margins. Following the exit from loss-making categories, the business has transitioned to a focused, asset-light model centered on high–gross-margin kitchen appliances and water heaters. The segment has already returned to operating profitability, and as scale builds, operating leverage is expected to drive a meaningful uplift in EBITDA contribution, with incremental revenues flowing through at attractive margins.

Meanwhile, the pipes business is positioned for recovery following the commissioning of the Roorkee plant, which improves regional competitiveness, lowers freight costs, and enhances service levels in North India. Alongside stabilization in PVC prices and disciplined inventory management, segment margins are expected to normalize toward historical levels. At the group level, improving EBITDA and moderating capex should accelerate deleveraging, reducing interest costs and directly supporting PAT expansion. With depreciation stabilizing post recent capacity additions, incremental operating gains are likely to translate disproportionately into bottom-line growth over the next few years.

As the company's strategic initiatives continue to fall into place and execution remains on track, consolidated profitability is expected to improve meaningfully over the medium term. We estimate overall EBITDA margins to gradually expand toward ~12%, supported by bathware margin recovery toward mid-teens levels, operating leverage in consumer appliances, and normalization in pipes profitability following capacity ramp-up and PVC stabilization. At the bottom-line level, PAT margins are projected to scale toward ~5.5%, driven not only by operating margin expansion but also by lower interest costs as deleveraging gathers pace and capex moderates. With depreciation stabilizing post recent capacity additions, incremental EBITDA gains are likely to flow through more efficiently to PBT and PAT, resulting in a structurally stronger earnings profile over the coming years.

Exhibit: Consolidated EBITDA, EBITDA Margins, PAT, PAT Margins and Growth YoY



Source: Arihant Capital Research, Company Reports

Hindware Home Innovation Ltd's working-capital profile remains its single largest operational weakness, amplifying leverage and compressing return ratios. Elevated trade receivables, high inventory levels, and extended supplier credit have combined to create an elongated cash-conversion cycle that materially strains liquidity and raises financing costs, constraining the benefits of operating recovery until this cycle is structurally repaired.

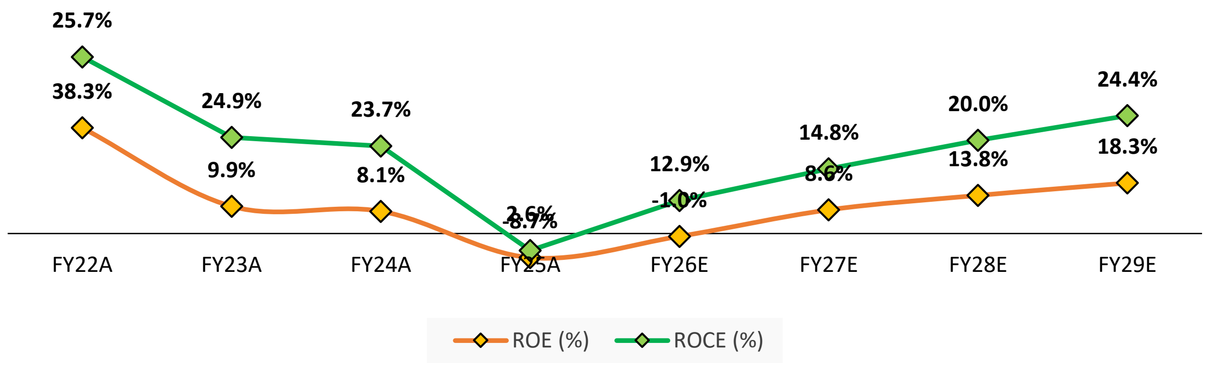
The underlying dynamics are clear. Receivables have widened sharply, rising from the low-forties to around seventy days over the period, largely driven by extended credit to institutional and project customers accounting for roughly a quarter of bathware sales, with government projects contributing a meaningful share along with distributor and channel stocking dynamics in a soft demand environment. Inventory intensity remains structurally high, reflecting a large SKU footprint across sanitaryware, faucets, tiles, multiple pipe diameters, and consumer appliances, with inventory days entrenched in the mid-hundreds. Discontinued consumer categories have further added to dead stock. On the payables side, supplier terms have been stretched into the mid-sixties to partially offset pressures from receivables and inventories, leaving the gross working-capital burden elevated even where the payables buffer masks underlying stress.

Encouragingly, the long-awaited working-capital correction has begun to materialize. The company has already delivered an initial improvement in overall working-capital days, driven by tighter receivables management, inventory rationalization, and supply-chain efficiencies, marking a clear inflection after several years of deterioration

The recovery is being led by three operational levers. First, receivables are improving as the revenue mix shifts toward faster-paying retail channels and pipes distributors resume restocking, helping normalize payment behavior. Second, inventory intensity is declining following the exit from loss-making consumer categories, sharply lower pipe inventories, and the commissioning of the Roorkee plant, which reduces finished-goods buffer requirements for North India. In parallel, reduced dependence on Chinese sourcing is shortening replenishment cycles and lowering safety-stock needs. On the payables side, supplier terms—previously stretched to offset elevated receivables and inventories—are expected to normalize as profitability and cash generation improve.

Importantly, the cumulative reduction in the cash-conversion cycle over the next few years is expected to unlock meaningful cash on a growing revenue base, providing a non-dilutive source of funding for debt reduction. This working-capital reset is a critical catalyst, as it directly supports deleveraging, lowers interest costs, and accelerates the translation of EBITDA recovery into sustainable bottom-line growth.

Exhibit: ROE and ROCE over the years



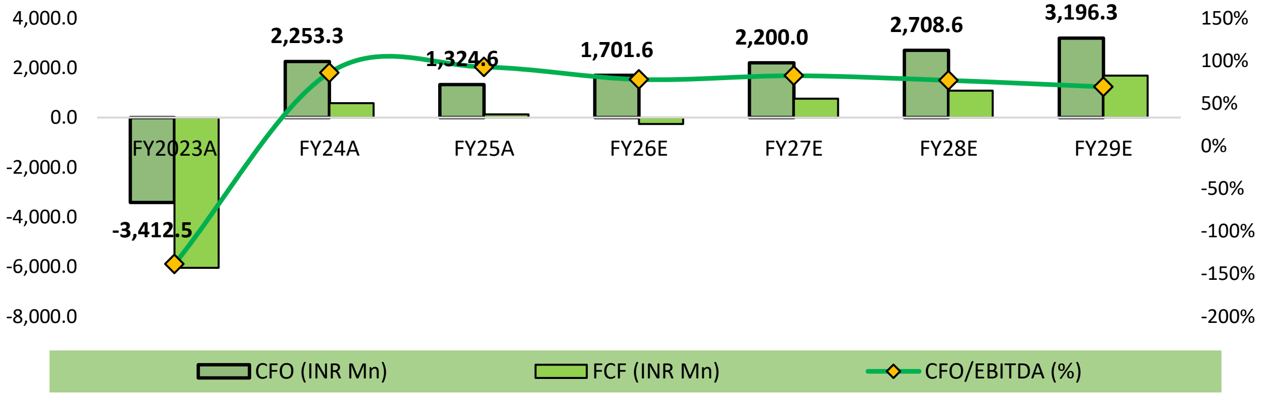
Source: Arihant Capital Research, Company Reports

Hindware Home Innovation Ltd's return profile tells a sharp boom–bust–recovery story. The company delivered exceptional returns at its peak, supported by post-COVID demand, an asset-light bathware model, early pipes scale-up, and high leverage on a small equity base. However, returns collapsed over the following three years as profitability deteriorated sharply while the balance sheet expanded equity rose following a rights issue and debt increased materially to fund the Roorkee capex cycle. The combination of falling earnings and rising capital employed drove ROCE to low-single digits and ROE into negative territory.

The recovery in returns is now primarily an earnings-led story. With EBITDA expected to rise materially over the medium term and depreciation remaining broadly stable due to limited forward capex, EBIT is set to expand sharply on a largely stable capital base. This operating leverage alone is sufficient to drive a substantial rebound in ROCE. Importantly, the heavy investment phase is now behind the company, with maintenance capex replacing expansionary spend, ensuring that future capital employed growth remains modest relative to earnings growth.

Further support comes from balance-sheet repair. Ongoing deleveraging is expected to lower interest costs and improve PAT flow-through, while a strengthened equity base provides financial stability. As profitability normalizes and retained earnings accumulate, ROE is projected to recover meaningfully despite a larger equity base. Overall, with higher margins, a broader revenue mix, contribution from Roorkee, and the exit from loss-making consumer categories, company is positioned for a structural reversion in return ratios toward historical levels anchored by EBIT expansion, moderated capital intensity, and improving financial leverage.

Exhibit: Cashflows over the years



Source: Arihant Capital Research, Company Reports

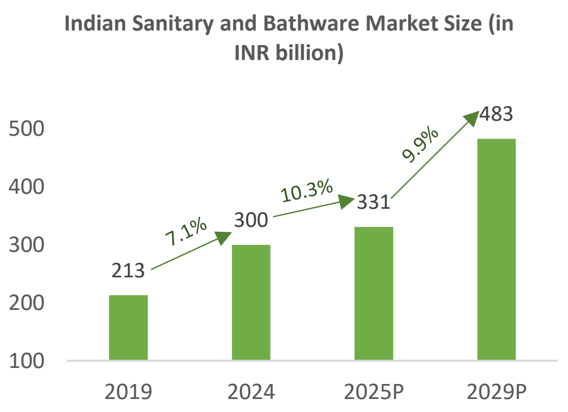
Industry Overview:

Bathware & Sanitaryware :

The Indian bathware and sanitaryware sector has undergone a fundamental structural transformation over the past five years, transitioning from a fragmented, commodity-driven business concentrated in Morbi's ceramic heartland to an increasingly branded, premium-focused category where bathroom environments serve as deliberate design focal points. This evolution has been catalyzed by two concurrent structural forces: the formalization wave following GST implementation, which systematically advantaged scale-capable and compliance-driven manufacturers, and sustained tail of consumer premiumization driven by expanding floor areas, rising disposal incomes, and aspirational design expectations. The outcome has been the concentration of commercial and aspirational residential demand across faucets, sanitaryware, and wellness products among organized, branded players a shift that has structurally improved gross margins and channel economics for the market leaders while pressuring unorganized, price-driven regional competitors.

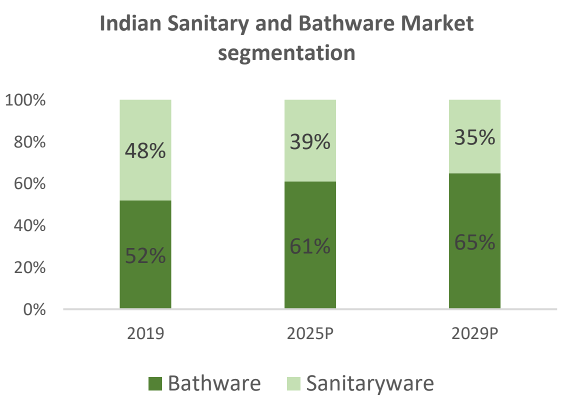
The combined Indian sanitary and bathware market has experienced steady growth over the past five years, increasing from INR 213 billion in Fiscal 2019 to INR 300 billion in Fiscal 2024, at a CAGR of approximately 7.1%. In Fiscal 2025, the market expanded by 10.3% year-on-year (YoY) to INR 331 billion and is projected to reach INR 483 billion by Fiscal 2029, at CAGR of about 9.9%. This growth is driven by rising urbanization, a growing emphasis on aesthetics and functionality, increased demand for home improvement products, and more frequent home renovations.

Exhibit: Indian Bathware Market Size Expansion (Combined Sanitaryware & Faucets)



Source: Arihant Capital Research, Industry Reports

Exhibit: Indian Sanitary and Bathware Market segmentation



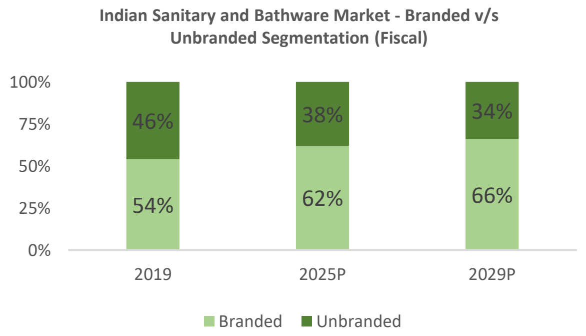
Source: Arihant Capital Research, Industry Reports

The sanitary and bathware market is divided into two main categories: sanitaryware (toilets, basins, etc.) and bathware (faucets, showers, bathtubs, etc.). In Fiscal 25, the sanitaryware segment accounted for ~39.0% of the market while the bathware segments accounted for ~61.0% of market share. The share of bathware is projected to grow faster due to low penetration and increasing renovation frequency as compared to sanitaryware market which is a more penetrated market. Sanitaryware market is expected to grow at rate of 7.0% from Fiscal 2025 to Fiscal 2029, while the Indian bathware market valued at INR 201.9 billion in Fiscal 2025 is projected to grow at a CAGR of ~11.7% between Fiscal 2025 to Fiscal 2029 to reach INR 314 billion by Fiscal 2029.

Branded v/s Unbranded Segmentation

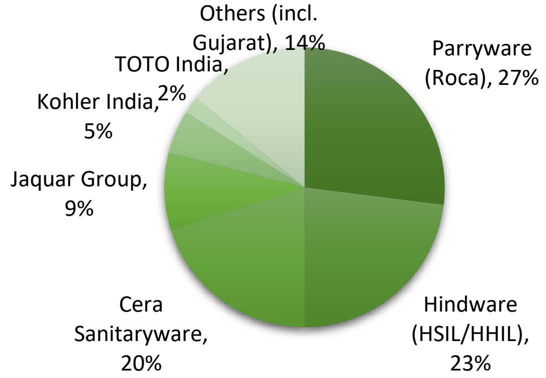
Branded players account for a higher share in the sanitary and bathware market with ~62.0% of the market share in Fiscal 2025 and is expected to grow at a faster rate of ~11.6% as compared to the unbranded market expected to grow at ~6.9% from Fiscal 2025 to Fiscal 2029 in terms of value. Branded players with sanitary and bathware as primary segment like Cera, Hindware, Roca (Parryware), and Jaquar, offer a wide range of products in this segment and have a pan-India presence. Whereas unbranded players have a significant presence in regional catchments, especially in the Tier 2 & Tier 3 cities.

Exhibit: Indian Bathware Market Size Expansion (Combined Sanitaryware & Faucets)



Source: Arihant Capital Research, Industry Reports

Exihibit: Organized Bathware Market Share - Key Competitor Positioning (FY25)



Source: Arihant Capital Research, Industry Reports

Competitive Architecture & Market Concentration:
The Indian bath fittings market is led by established players like Jaquar, Hindware, CERA Sanitaryware, Kohler India, and TOTO India, who have demonstrated a strong market presence through extensive distribution networks and manufacturing capabilities. Companies are increasingly focusing on product innovation, particularly in areas of water conservation technology, smart bathroom solutions, and sensor-based touchless products to meet evolving consumer preferences. Operational agility is being enhanced through investments in automated manufacturing processes, including robotic glazing systems and advanced quality control measures. Strategic moves in the industry are centered around expanding production capacities, upgrading manufacturing facilities, and strengthening research and development capabilities. Market leaders are also pursuing expansion through multi-brand retail strategies, exclusive showrooms, and enhanced digital presence while simultaneously developing products across different price segments to cater to various consumer segments.

Key Trends Shaping the Market:

Premiumisation

Premiumization is transforming India's sanitary and bathware market as consumers increasingly value design, comfort, and personalization. Bathrooms are evolving into lifestyle spaces, driving demand for premium, tech-enabled, and design-focused products. Brands are responding with refined aesthetics and experiential buying, raising overall industry standards.

Decision-Making Through Display/ Experience Centres

In India's sanitary and bathware market, display centres have become key decision-making hubs, especially for high-value purchases. They allow customers to assess quality, design, and functionality firsthand, compare options, and visualize products in their homes. This reduces purchase uncertainty while helping brands build trust and loyalty through transparent, experience-led engagement.

Sustainability and Eco-friendly Products

Rising environmental awareness is increasing demand for eco-friendly sanitary and bathware products. Consumers are preferring water-efficient solutions such as low-flow faucets and dual-flush toilets. In response, brands are adopting sustainable materials and designs to position themselves as environmentally responsible.

Technology Integration in Smart Homes

The rise of smart homes is shaping the sanitary and bathware market, with growing adoption of touchless faucets, sensor-based showers, and smart toilets. Brands like Kohler and Jaquar are investing in technology-driven products to deliver more seamless and premium bathroom experiences. These innovations are aligning with evolving consumer preferences and redefining modern bathrooms.

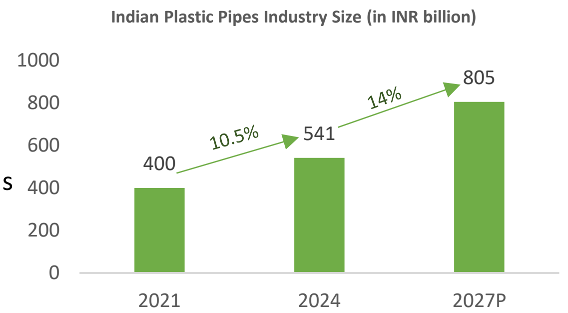
Brands Co-investing with Exclusive Dealers

To meet rising demand for experiential shopping, sanitary and bathware brands are partnering with exclusive dealers to deepen consumer engagement. For high-involvement purchases, hands-on experience around design and functionality is critical. These partnerships also give brands greater control over product presentation and brand positioning.

PVC Pipe and Fittings:

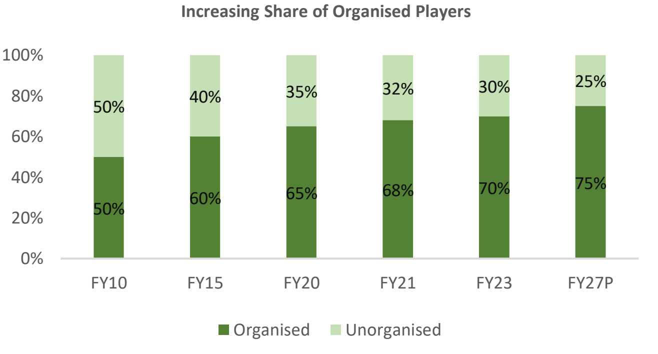
The Indian plastic pipes industry clocked a ~10% CAGR over FY14-24, reaching INR 541 Bn, driven by plumbing and irrigation, which accounted for 84% of total applications. CPVC, HDPE, UPVC, and PPR pipes reported strong growth, with PVC maintaining the largest market share. The industry is set to accelerate at ~14% CAGR to reach INR 805 Bn by FY27, supported by real estate expansion, irrigation needs, and long-term government initiatives such as JJM, Housing for All, and Smart City Mission.

Exhibit: Industry Market Size (FY21–FY27E)



Source: Arihant Capital Research, Industry Reports

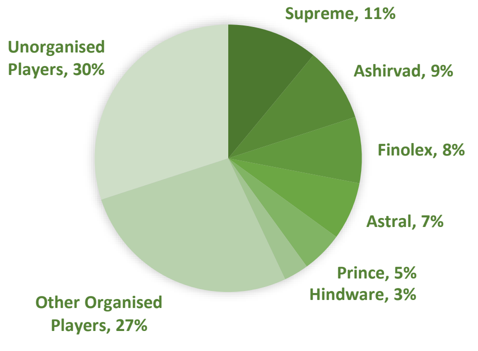
Exhibit: Organized vs Unorganized Market Share Trend



Source: Arihant Capital Research, Industry Reports

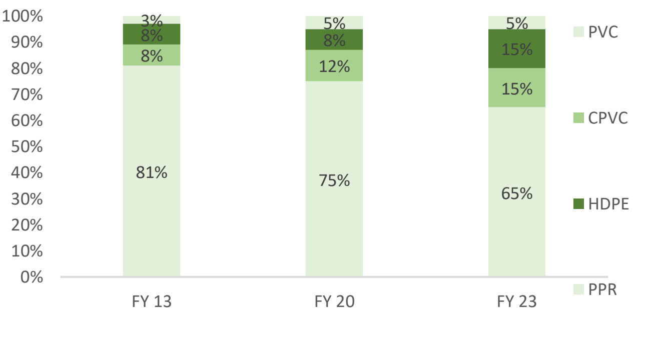
Industry structure has meaningfully improved over the past decade. Organized players now control ~65–70% of the market, up from ~50% earlier, Which is expected to increase upto ~75-80% by FY27 driven by GST implementation, stricter quality norms and increasing preference for branded products among institutional buyers. Organized players dominate 70% of the market, with major firms such as Supreme Industries (~11%), Ashirvad (~9%), Finolex Industries (~8%), Astral (~7%), Prince Pipes (~5%), Hindware (~3%) and many more. Unorganized manufacturers face pressure from compliance costs and limited scale, enabling sustained market-share gains for organized companies with strong brands, pan-India distribution and product breadth a trend that directly benefits emerging branded players like Hindware.

Exhibit: Market Share Mix of Industry (Estimated) Market Share



Source: Arihant Capital Research, Industry Reports

Exhibit: Segment Wise bifurcation of Industry



Source: Arihant Capital Research, Industry Reports

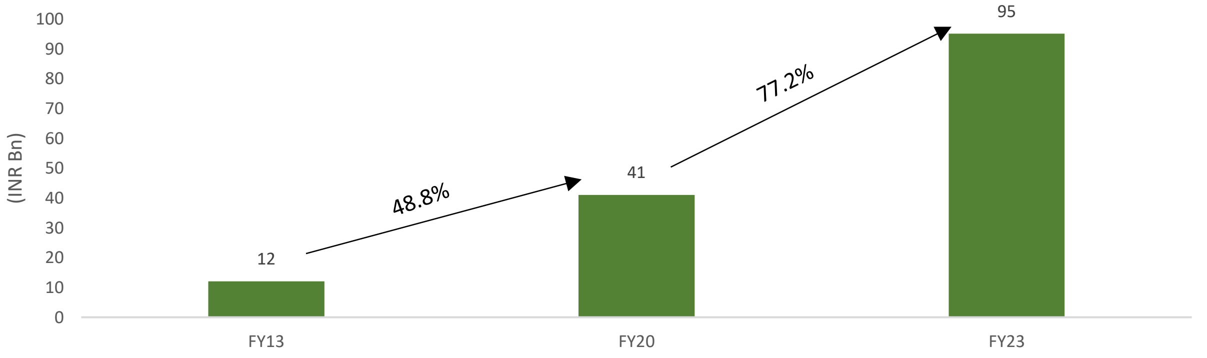
PVC/uPVC continues to dominate the product mix, accounting for ~60–65% of volumes, primarily driven by agriculture irrigation and water supply networks. CPVC contributes ~15%, largely from plumbing applications in residential and commercial construction, while HDPE (~15%) is increasingly used in sewage, gas distribution and large-diameter infrastructure projects. Importantly, incremental growth is shifting toward CPVC and HDPE, which command higher realizations and margins, indicating gradual premiumization of the industry.

From an application standpoint, agriculture remains the largest end-use (~35–40%), followed by plumbing (~30%), infrastructure (~20%) and industrial applications (~10%). Importantly, plumbing and infrastructure are growing faster than agriculture and offer superior margins, driving a favorable mix shift for organized manufacturers. This transition supports structurally higher profitability as companies deepen presence in urban housing and government infrastructure projects.

Key Growth Drivers:

A key secular driver is the ongoing substitution of metal piping systems (GI/steel) with plastic alternatives. Plastic pipes offer superior corrosion resistance, lower maintenance costs and longer service life, making them increasingly preferred in both new construction and replacement demand. CPVC, in particular, is gaining rapid acceptance in urban plumbing due to its ability to handle hot water and higher pressure, supporting sustained double-digit growth in this subsegment. Within plumbing, CPVC is the fastest-growing segment, delivering ~18–20% CAGR, fueled by urbanization, redevelopment of old buildings and replacement of GI pipelines. Tier 2/3 cities are emerging as incremental growth markets as awareness and affordability improve. Hindware's CPVC-heavy strategy aligns well with this trend, positioning it to benefit from premiumization as plumbing standards upgrade nationwide.

Exhibit: CPVC Growing Faster than any other Segment



Source: Arihant Capital Research, Industry Reports

The housing sector remains a long-term, sustainable growth engine for the piping industry, supported by steady urbanization, nuclear family formation and rising homeownership aspirations across Tier 2/3 cities. Recovery in residential launches, coupled with redevelopment of aging housing stock in metros, is driving incremental demand for plumbing and drainage solutions, particularly CPVC and HDPE. Additionally, increasing preference for branded plumbing systems in new constructions is accelerating organized market penetration. Over the medium term, affordable housing, premiumization of interiors and replacement demand together provide multi-year volume visibility for pipe manufacturers.

Hindware's pipes business is still relatively small compared to established incumbents but is scaling rapidly through capacity additions, wider SKU offerings and deeper channel penetration. The company is targeting sustained double-digit volume growth, supported by CPVC focus, new manufacturing facilities and participation in infrastructure projects. As operating leverage kicks in, margin normalization is expected over the medium term.

Overall, the Indian plastic pipes industry offers a compelling combination of structural demand visibility, accelerating formalization and premium product mix shift. While near-term earnings may remain sensitive to resin price movements, the medium-to-long-term outlook remains robust, driven by housing recovery, rural water connectivity and infrastructure capex creating a favorable environment for emerging organized players to compound earnings through sustained volume growth and market-share gains.

Indian Kitchen Appliance:

The Indian kitchen appliance market has undergone a structural transformation over the past decade, driven by rapid urbanisation, rising disposable incomes, a shift toward modular kitchens, and the penetration of organised retail and e-commerce channels. The overall kitchen appliances market in India was valued at approximately USD 6.1 Billion in 2024 and is projected to reach USD 12.4 Billion by 2033, growing at a CAGR of 7.4%. Within this broader market, the segments most relevant to Hindware Home Innovation Limited - chimneys, cooktops/hobs, water heaters, and air coolers collectively represent a fast-growing addressable market of approximately USD 2+ Billion.

The organised sector has been gaining ground steadily, driven by brand-building, product innovation (auto-clean chimneys, IoT-enabled water heaters, BLDC-powered coolers), expansion of exclusive brand outlets and kitchen galleries, and aggressive online distribution through Amazon, Flipkart, and direct-to-consumer (D2C) channels. Organised penetration in kitchen appliances has risen to ~54% of all home appliance sales (2024E) and is expected to exceed 70% by 2027. The Government's Production Linked Incentive scheme for white goods and the BEE star-rating initiative are also catalysing the formalisation of the market.

HHIL positions itself as the one of the top player in kitchen chimneys, hoods and hobs in the organised market, among the top five in water heaters and air coolers, and the dominant player on e-commerce platforms with ~40% market share in kitchen chimneys online. Under the brand "Hindware Smart Appliances," the company offers 167+ SKUs in chimneys (INR 5,000–55,000), 55+ SKUs in hobs (INR 12,500–35,000), and a growing portfolio of induction cooktops, water heaters (via the Hindware Atlantic JV with Groupe Atlantic), and air coolers (Hindware Snowcrest).

Product Segment	India Mkt Size (2024E)	Growth (CAGR)	Org. Share
Chimneys & Hoods	USD 1.87 Bn	11-13%	~35-40%
Built-in Hobs / Cooktops	USD 1.91 Bn	6-9%	~30-35%
Induction Cooktops	USD 737 Mn	8.30%	~40-45%
Water Heaters	USD 1.16 Bn	6-7%	~50-55%
Air Coolers	INR 117.7 Bn	7-11%	~25-30%

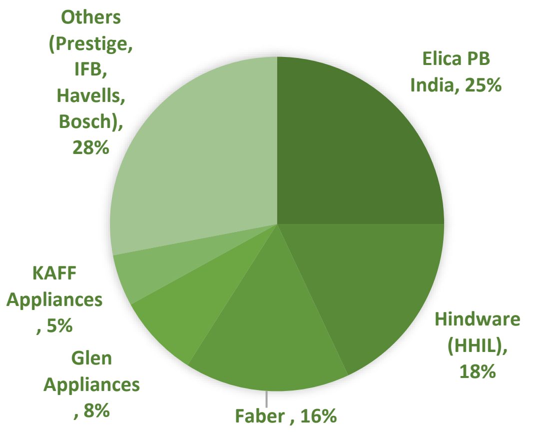
Segment-Specific Market Dynamics:

Kitchen Chimneys Market:

The India chimneys and built-in hobs market was valued at approximately USD 1.87 Billion (INR 25.1 Billion for chimneys alone) in 2024 and is expected to grow at a CAGR of 11.6-13.3% to reach USD 6.5 Billion by 2034. This is among the fastest-growing sub-segments in the Indian kitchen appliances ecosystem, propelled by the modular kitchen revolution, urban real estate expansion, and growing health consciousness around indoor air quality. Between January and March 2024, 88,274 residential units were sold across eight major Indian cities (2% YoY increase), with Pune and Chennai leading with 20% and 10% YoY growth respectively. The ultra-luxury housing segment (homes above INR 100 crore) recorded INR 7,500 crore in sales over three years in Mumbai and Delhi NCR alone these high-end residences almost universally feature modular kitchens with built-in chimneys and hobs. Kitchen chimney penetration in Indian households, currently estimated at less than 5%, presents an enormous growth runway versus 60-70% penetration in developed markets.

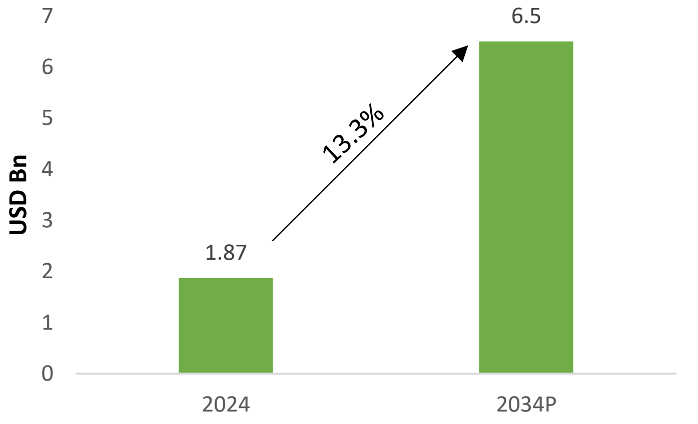
The organised segment accounts for an estimated 35-40% of the chimney and hob market by value. The unorganised segment comprising local fabricators, regional players, and imported Chinese products sold through trading channels still commands 60-65% share by volume but is steadily losing ground as consumers prioritise after-sales service, auto-clean technology, energy efficiency, and brand trust. The transition is being accelerated by e-commerce, which offers price transparency and genuine product access even in Tier-2/3 cities.

Exhibit: Market share of Organised Players



Source: Arihant Capital Research, Industry Reports

Exhibit: Market Size Current and projected with CAGR

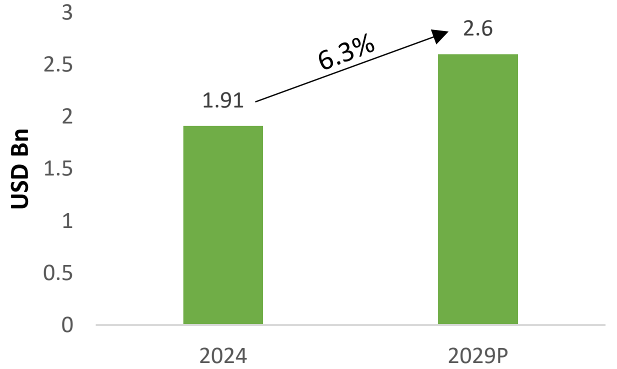


Source: Arihant Capital Research, Industry Reports

Cooktops & Induction Cooktops:

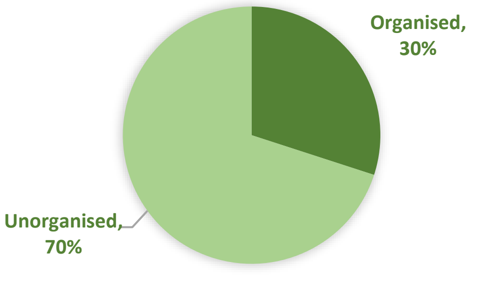
The Indian residential kitchen hobs/cooktops market was estimated at USD 1.91 Billion in 2024 and is expected to reach USD 2.60 Billion by 2029, growing at a CAGR of 6.3%. Within this, the induction cooktop segment alone was valued at USD 737 Million in 2024 and is projected to reach USD 1.51 Billion by 2033 at a CAGR of 8.3%. Built-in gas hobs remain the dominant format, but induction cooktops are gaining rapid traction in urban households driven by safety concerns, energy efficiency (up to 90% thermal efficiency vs. 40% for gas stoves), and government initiatives around clean cooking.

Exhibit: Market Size Current and projected with CAGR



Source: Arihant Capital Research, Industry Reports

Exhibit: Market share of Organised & Unorganised Players



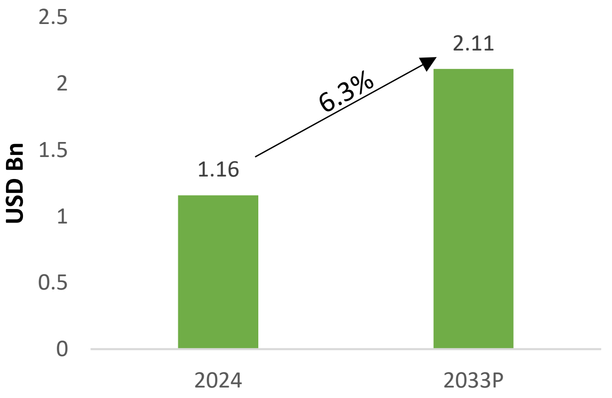
Source: Arihant Capital Research, Industry Reports

The organised segment accounts for approximately 30-35% of the cooktop/hob market by value. Traditional gas stove manufacturers and local fabricators still dominate the unorganised segment (~65-70%), particularly in Tier-3/4 cities and rural India. However, built-in hobs are almost entirely an organised market product given their integration with modular kitchen systems. Key organised players include Elica, Faber, Hindware, Glen, KAFF, Bosch, Whirlpool, Prestige (TTK), and Pigeon. In the induction cooktop segment, Prestige, Philips, Bajaj, Pigeon, Havells, and Hindware are the prominent players.

Water Heaters:

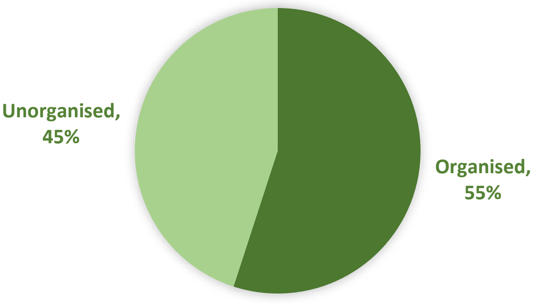
The India water heater market was valued at approximately USD 1.16 Billion in 2024 and is projected to reach USD 2.11 Billion by 2033, at a CAGR of 6.4%. The electric water heater sub-segment, which constitutes approximately 65% of the market, was valued at USD 308 Million in 2024 and is expected to reach USD 575 Million by 2033 at a 7.2% CAGR. North India accounts for 31.2% of the market, driven by severe winter seasonality in Delhi, Punjab, Haryana, Uttar Pradesh, and Jammu & Kashmir. The market exhibits strong seasonal demand patterns, with October-February accounting for 65-70% of annual sales.

Exhibit: Market Size Current and projected with CAGR



Source: Arihant Capital Research, Industry Reports

Exhibit: Market share of Organised & Unorganised Players



Source: Arihant Capital Research, Industry Reports

The organised segment commands approximately 50-55% of the water heater market by value. Established brands dominate with superior technology (IoT connectivity, heat pump, titanium-coated tanks, BEE star ratings) and comprehensive after-sales networks. Key players in the organised segment include Racold (Ariston Group), A.O. Smith, Bajaj Electricals, Havells, V-Guard, Crompton, Venus, Usha, and Hindware Atlantic. The unorganised segment (45-50%) is characterised by local manufacturers offering low-priced storage heaters, predominantly in semi-urban and rural markets.

Air Coolers :

The India air cooler market was valued at INR 117.70 Billion (~USD 550 Million) in 2024 and is projected to reach INR 229.47 Billion by 2033, growing at a CAGR of 7.1%. The market is highly seasonal, driven by summer heat waves (temperatures reaching 45-50°C in North/Central India), and exhibits a strong split between organised and unorganised segments.

The organised air cooler market has crossed INR 20,000 Mn, yet the unorganised segment still constitutes approximately 70-75% of total volumes. Local manufacturers and regional brands (Ram Coolers, McCoy, Vego, Marc) dominate the mass/value segment, particularly in Tier-3/4 cities and rural markets. However, the organised share has been expanding as national brands enter the category and e-commerce improves accessibility.

Competitive Analysis:

Bathware/Sanitaryware Business:

Company	Hindware (HHIL)	Cera Sanitaryware	Kajaria Ceramics
Product Portfolio	Sanitaryware (WC, Basins, Urinals, Bidets), Faucets / Faucetware (Bathroom, Kitchen, Sensor Faucets, Showers), Wellness Products (Bathtubs, Shower Enclosures, Steam Gen.), Tiles (GVT, Ceramic, Vitrified under Hindware)	Sanitaryware (WC, Basins, Urinals, Cisterns, Seat Covers), Faucets / Faucetware (Full range incl. Sensor Faucets), Wellness Products (Bathtubs, Shower Panels, Steam, Whirlpools), Tiles (Traded, not manufactured)	Sanitaryware Via Kerovit brand (WC, Basins), Faucets / Faucetware Via Kerovit (Full range), Wellness Products , Tiles (Core Business)
Capacity & Capex	Sanitaryware Capacity: ~3.85 mn pieces Faucetware Capacity: ~3.7 mn pcs/annum	Sanitaryware Capacity: ~3.3 mn pieces (33,750 MTPA) Faucetware Capacity: ~48 Lakh pcs/annum (4.0L/month post expansion)	Sanitaryware Capacity: ~1.35 mn pieces (7.5L + 4.5L new) Faucetware Capacity: ~1.0 mn pcs/annum (expanding to 1.6mn)
Distribution	500+ distributors (Patnership); 35,000+ retailers, 600+ Hindware Brand Stores, Pan-India; Strong in North & South	6,200+ dealers; 19,000+ retailers, 38 CERA Hubs + 1,297 Style Centres (FY25), Pan-India; Strong in South (35%) & North (33%)	1,500+ tiles dealers (bathware leveraged through same), Kerovit displays within Kajaria Experience Centres, Pan-India via Kajaria tiles network
CMP	238	5,112	940
Market Cap (INR Mn)	19,780	65,930	149,710
Rev (FY25)(INR Mn)	~13,840 (Bathware division FY25)	~19,510 (Entire revenue is bathware)	~5,000-5,500 (est. bathware sub; loss-making in FY25)
EBITDA Margins	~11-12%	~18%	Bathware EBITDA-negative in FY25
Market Share* (Revenue)	~23% (#2 in organized sanitaryware), ~6% (#2 after Jaquar in Faucetware),	~20-21% (#3 in organized sanitaryware), ~8-9% (Growing fast; #2-3 in Faucetware)	<5% (still building scale in Sanitaryware), <2% (early stage in Faucet)

Hindware Home Innovation (HHIL) is steadily strengthening its market position across the organised bathware and faucets space, supported by rising brand recall and deeper dealer penetration, particularly in Tier II/III markets. Compared with Cera Sanitaryware, which remains more premium-urban skewed, and Kajaria Ceramics, whose dominance is largely limited to tiles, Hindware benefits from broader geographic reach and improving share in mid-premium categories. Its expanding distribution network and aggressive channel expansion are translating into incremental market share gains in key product lines. As industry consolidation accelerates, Hindware appears better placed to capture volume-led growth and gradually close the gap with established leaders, reinforcing its position as a strong challenger brand.

Competitive Analysis:

Pipes Business:

Company	Hindware (Truflo)	Supreme Industries Ltd.	Astral Ltd	Finolex Industries
Product Portfolio	CPVC, UPVC, PVC, DWC Pipes, SWR, Column Pipes, Water Storage Tanks & Bath Fittings	PVC/CPVC Pipes, HDPE Pipes, DWC Pipes, SWR, Column Pipes, Fire Sprinkler Systems, Water Tanks & Fittings	PVC/CPVC Pipes, HDPE Pipes, DWC Pipes, SWR, Column Pipes, Fire Sprinkler Systems, Water Tanks & Fittings	PVC Pipes, SWR, Column Pipes & Fittings
Capacity & Capex	~78500 TPA (including Rorkee Plant)	~10,91,752 MTPA	~3,81,957 MTPA	~4,95,000 MTPA
Distribution	Pan-india; 320+ distributors and 30,000+ dealers	Nationwide; category-leading dealer network & (~5,658+ Distributors)	Strong in West & South: ~1,200+ Channel Partners and ~38,000+ dealers across India	Pan-India; ~1,400+ Channel Partners and ~13,000+ dealers across India
Brand	TRUFLO by Hindware	Supreme / Wavin	Astral	Finolex
No. of Manufacturing Plant	2 (Telangana + Roorkee)	30+ Pan-India	26 (India + 3 Overseas)	4(Maharashtra + Gujarat)
CMP	238	3,775	1,596	189
Market Cap (INR Mn)	19,780	479,510	428,900	117,100
Rev (FY25)(INR Mn)	7,860	1,04,460	58,324	41,420
EBITDA Margins	~8%	~13.7%	~16.9%	~11.5%
Market Share* (Revenue)	~2%	~14%	~8%	~8%

Compared with industry leaders like Supreme Industries Ltd., Astral Ltd. and Finolex Industries which benefit from large-scale operations, entrenched CPVC/PVC plumbing leadership and strong operating leverage Hindware (Truflo) is currently in a build-out phase, resulting in relatively lower margins. The margin gap primarily stems from higher brand investments, expanding distribution reach, initial inefficiencies from new capacities, and a comparatively lower scale in pipes & fittings versus peers, while leaders enjoy superior pricing power, deeper contractor connect and a higher contribution from value-added products. That said, Hindware's strategy is structurally different, with a sharper focus on premium bathware and fittings alongside plumbing, which carries better long-term margin potential. As volumes ramp up, channel productivity improves and fixed costs get absorbed, EBITDA margins are expected to steadily improve, positioning Hindware for margin convergence with industry averages over the medium term, supported by premiumisation and operating leverage.

Competitive Analysis:

Consumer Business:

Company	Hindware Home	TTK Prestige Ltd.	STOVE KRAFT (Pigeon/Gilma)
Product Portfolio	kitchen appliances (Chimneys, Built-in Hobs, Cooktops), Water Heaters (JV - Groupe Atlantic), Air Coolers (E-commerce)	Pressure Cookers, Cookware, Gas Stoves, Induction, Chimneys, Mixers, OTGs, Air Fryers, Cleaning Solutions (Judge), Modular Kitchens (Ultrafresh)	Pressure Cookers, Non-Stick Cookware, Gas Cooktops, Hobs, Chimneys, Mixers, Air Fryers, LED Bulbs, Water Bottles, Personal Care (new Jan'25)
Brands	Hindware Smart Appliances (Mid-Premium) Hindware Atlantic (Water Heaters)	Prestige (Mass-to-Premium) Judge, Ultrafresh	Pigeon (Value ~90% rev) Gilma (Semi-premium) BLACK+DECKER (Licensed)
Capacity & Capex	No owned kitchen plant Contract mfg + imports	5 Plants: Hosur, Coimbatore, Karjan, Roorkee, Khardi with ~2 mn units/month (all plants combined)	3 Plants: Bengaluru (46 acres), Baddi, Harohalli (new-IKEA) with ~41 mn units/yr (Bengaluru 38.4mn + Baddi 2.8mn)
Distribution	~700+ distributors ~9,250+ retailers ~800+ modern trade, 470+ Hindware Brand Stores (Bath + Kitchen combined)	~10,000+ retail outlets Pan-India GT network, 667+ Prestige Xclusive stores	~651+ distributors ~65,000+ retail outlets, ~262+ Pigeon EBOs (91 cities, 20 states)
CMP	238	564	512
Market Cap (INR Mn)	19,780	77,220	16,930
Rev (FY25)(INR Mn)	3,560	25,300	49,770
EBITDA Margins	~-5% (Majorly due to hit of Discountinued Operations)	~13.4%	~6.5%
Market Share	~#2 in chimneys (~18% organised share), Top 5 (built-in hobs)	Small & growing in Kitchen chimney, Strong in gas stoves #1 induction solution	Niche (Gilma brand) in Kitchen Segment, #1 Free-Standing Hobs (~25%)

Hindware Smart Appliances is the second-largest player in the organised chimney market with approximately 18% overall share and a commanding ~40% share in the e-commerce channel. The brand offers 167 chimney SKUs spanning wall-mounted, island, auto-clean, designer, decorative, straight-line, and IoT-enabled hoods, priced from INR 5,000 to INR 55,000. Key differentiators include BLDC energy-efficient motors, 2D suction technology, PDCA aluminium motor housing for quieter operations, motion-sensor controls, and filterless technology. The company recently introduced the Raylene, Marcella, and Catalina chimney ranges with 9-speed selection and digital display panels. In the hob segment, the Ivana (brass burners, gold-finish knobs) and Hazel (sleek black, full-brass burners) series cover 55 SKUs priced INR 12,500–35,000. The company has filed 33 patents since inception, three of which have been commercialised.

Business Overview:

Hindware Home Innovation Limited, a flagship entity of the Somany Impresa Group, is among India's foremost integrated home solutions companies with a heritage spanning over six decades in the sanitaryware industry. Originally incorporated in 2017 as Somany Home Innovation Limited (a wholly-owned subsidiary of HSIL Limited), the company was renamed Hindware Home Innovation Limited in May 2022.

HHIL today operates across two broad reportable segments - Building Products Division and Consumer Products Division. The Building Products portfolio encompasses Bathware (sanitaryware, faucets & wellness products), Premium Tiles, and Plastic Pipes & Fittings under the brand 'Truflo by Hindware.' The Consumer Appliances arm markets kitchen appliances, water heaters (via a 50:50 JV with Groupe Atlantic, France), air coolers under the 'Hindware Smart Appliances' brand. Across these verticals, HHIL commands a diversified addressable market of ~INR 500-650 Bn, leveraging its iconic brand equity, extensive multi-channel distribution network of 1,400+ distributors, 20,000+ retail touchpoints, 470+ brand stores, and a pan-India service network of 650+ technicians across 700+ districts. Recently Company has announced the Composite Scheme of Arrangement, which provides for the merger of the Building Products Division into Hindware Limited and the transfer of the Consumer Products Division into a newly incorporated entity, HHIL Limited, resulting in the creation of two separately listed companies.

HHIL has built a multi-brand, multi-price-point architecture that enables it to capture demand across the value chain from the mass/value segment to the luxury end. The brand portfolio is strategically positioned to address distinct consumer cohorts across both retail (B2C, ~65–70% of revenue) and institutional/project (B2B, ~30–35%) channels. Below is a detailed overview of each brand and its positioning:

Brand	Positioning	Key Products / Categories
Queo	Luxury / Ultra-Premium	Sanitaryware, faucets, showers, bathtubs, vanities
Hindware Italian Collection	Premium / Legacy	Sanitaryware, faucets, showers, premium tiles, quartz surfaces – Italian design sensibility with Hindware's manufacturing backbone.
Hindware	Premium / Mid-Premium	Full-range sanitaryware, faucets, water closets, wash basins, pedestals, cisterns, bidets – the flagship brand with highest recall.
Truflo by Hindware	Pipes & Fittings	CPVC, UPVC, SWR, PVC pipes and fittings, overhead water storage tanks, column pipes, multilayer composite pipes.
Hindware Italian Tiles	Premium Tiles	GVT tiles, quartz surfaces, floor & wall tiles, adhesives, grouts over 400+ SKUs across 10+ categories.
Hindware Smart Appliances	Consumer Appliances	Chimneys, hobs, cooktops, ovens, dishwashers, sinks, water purifiers, air coolers (E-commerce).
Hindware Atlantic	Water Heaters (JV)	Storage and instant water heaters, and room heaters (currently operated under a trading model following the sale of the manufacturing plant).

Hindware Home Innovation has a well-established and strategically diversified manufacturing footprint comprising five plants located at Bahadurgarh (Haryana), Bibinagar and Sangareddy (Telangana), Kaharani (Rajasthan), and Roorkee (Uttarakhand). The company has a total pipe manufacturing capacity of 78,500 MTPA, along with sanitaryware capacities of up to 2.1 million pieces per annum at Bibinagar (Telangana) and 1.75 million pieces per annum at Bahadurgarh (Haryana). Additionally, it operates a faucets manufacturing facility at Kaharani (Rajasthan) with a capacity of up to 3.7 million pieces per annum, supporting scale efficiencies and pan-India demand fulfillment across its bathware portfolio.

Segment Wise Overview:

Bathware (Sanitaryware, Faucets & Wellness Products):

The Bathware division is the cornerstone of HHIL’s business and the primary earnings driver for the group. With a legacy spanning over six decades, Hindware is the one of the market leader in organised sanitaryware in India with a commanding ~23% market share, and ranks as the second-largest player in the organised faucets market with ~6% share. The division offers an extensive product portfolio encompassing water closets (including tankless models), wash basins, pedestals, squatting pans, urinals, cisterns, bidets, kitchen & bathroom faucets, bathtubs, shower panels, shower enclosures, whirlpools, steam generators, concealed cisterns, seat covers, and PVC cisterns.

Exhibit: Few of the Products Offered by the company

Cascade Wash Basin

Mariana Edge Wall-Mount Toilet

5-Way Thermostatic Diverter

Radiant Aqua Bathtub

Pebble Series

Steam Generator

Source: Arihant Capital Research, Company Reports

The company has strategically diversified its brand portfolio within bathware to capture the complete value chain. At the top end, Queo (acquired via the Barwood Products UK purchase in 2010) targets the luxury segment with European design heritage. The Hindware Italian Collection and the flagship Hindware brand address the premium and mid-premium segments respectively. The company’s in-house manufacturing ratio currently stands at ~70% for sanitaryware and ~50% for faucets, with management focusing on increasing outsourcing in sanitaryware (to ~30–35%) to improve asset flexibility and maintaining room to boost in-house faucet production.

Plastic Pipes & Fittings (Truflo by Hindware):

Launched in FY2019, Truflo by Hindware represents HHIL's strategic extension from 'front-of-the-wall' bathroom products to 'back-of-the-wall' plumbing solutions, thereby positioning the company as a comprehensive bathroom and plumbing solutions provider. Truflo has rapidly emerged as one of the fastest-growing brands in India's plastic pipes and fittings market, where organised players command approximately ~65-70% market share.

The product portfolio under Truflo spans a comprehensive range of plumbing solutions: CPVC pipes and fittings (contributing over 50% of segment revenue a high-margin category) for hot and cold water applications, UPVC plumbing systems, SWR piping, PVC pressure pipes, UPVC column pipes, Foamcore pipes, Double Wall Corrugated (DWC) pipes, Multilayer Composite Pipes, PPR (Polypropylene Random) pipes, fire sprinkler systems, PTMT faucets & accessories, and overhead water storage tanks. The CPVC compound is sourced through a technology agreement with Japan's Sekisui Chemical Co., ensuring best-in-class product quality. Truflo products are NSF/ANSI 14 certified and the Sangareddy plant holds India's first Platinum-rated GreenCo sustainable manufacturing certification and IGBC Green Factory Building certification in the PVC industry.

Exhibit: Few of the Products Offered by the company

Pipes

Overhead Water Storage Tanks

Bath Fittings

Source: Arihant Capital Research, Company Reports

The manufacturing footprint underwent a significant step-up in January 2026 with the inauguration of the third plant at Roorkee, Uttarakhand, backed by an investment of ~INR 1,700 Mn. The facility is designed to cater to the growing demand in North and West India and is expected to deliver meaningful freight cost savings versus earlier sourcing. The Roorkee plant will manufacture only pipes, while fittings will continue to be supplied exclusively from the Sangareddy facility. The plant has an initial capacity of 12,500 TPA, taking total group pipe manufacturing capacity from 66,000 TPA at Sangareddy (Telangana) to a combined 78,500 TPA. The Sangareddy plant was earlier expanded from 30,000 TPA to 48,000 TPA through an INR 1,600 Mn investment. In addition, the Isnapur plant near Hyderabad houses PTMT manufacturing machinery commissioned in FY2025, along with further small capacity additions, which together increased the overall Sangareddy facility capacity to 66,000 TPA as of December 2025.

Strategically, the Roorkee facility addresses the underpenetrated North and West India markets, improves distribution efficiency, and creates ~200 direct and indirect jobs. The Truflo distribution network comprises 320+ distributors and 30,000+ dealers, supported by engagement with a nationwide database of over 100,000 plumbers. The company has also partnered with Reliance Worldwide Corporation to exclusively distribute SharkBite composite pipes and fittings in India, adding a premium multilayer piping offering to its portfolio. Management is targeting a 16–18% volume CAGR with double-digit EBITDA margins as the segment scales.

Premium Tiles & Surfaces (Hindware Italian Collection Tiles):

Launched in FY2019–20 under the brand ‘Hindware Italian Tiles,’ this segment represents HHIL’s foray into the aspirational premium tiles market. Unlike the mass-market tile players, Hindware has carved a niche in the premium and super-premium categories, offering designer surfaces that cater to discerning architects, interior designers, and end-consumers. The tiles business currently constitutes a relatively small share of overall revenue but is positioned as a strategic growth lever, leveraging the Hindware brand’s cross-selling potential within its existing bathware distribution network.

The product portfolio includes Glass Vitrified Tiles which account for over 70% of the tile business along with Novo Slabs, Novo Mini Slabs, Novo Expanse, Novo Solids, Novo Super Slim (industry-first 5mm thickness super-slim tiles), Novo Ceramic, Novo Planks, Novo Squares, Novo Cladding, and Novo Parking tiles. The portfolio features ‘always-in-vogue’ marble and stone patterns such as Onyx, Carrara, Calacatta, and Statuario, available in large-format slabs for grand spaces. Hindware was notably the first Indian brand to introduce super-slim glass vitrified tiles of merely 5mm thickness. In FY2025, the company further expanded the portfolio by launching Hindware Italian Collection Quartz surfaces for both commercial and residential countertops, along with trending design series including Super High Gloss and Mural series. In October 2024, over 400 new premium designs were launched, complemented by the introduction of high-performance adhesives and grouts to provide a complete tiling solution. The tiles are marketed through 500+ dealers across 200+ cities and a network of 85 brand stores.

Consumer Appliances (Hindware Smart Appliances):

The Consumer Appliances division, operating under the brand ‘Hindware Smart Appliances,’ was launched in 2015 as part of HHIL’s diversification strategy beyond bathware. Over the past decade, it has grown to become a meaningful revenue contributor, though profitability has remained elusive as the company invested heavily in brand building, distribution expansion, and product development. Management has initiated a strategic pivot towards profitable growth by rationalising its product portfolio notably exiting the low-margin, seasonal fans segment and refocusing on core kitchen appliances where margins are significantly healthier.

The Kitchen Appliances range, which forms the strategic backbone of this division, includes kitchen chimneys, built-in hobs, cooktops, cooking ranges, induction cooktops, built-in ovens, built-in microwave ovens, dishwashers, food waste disposers, and kitchen sinks. In July 2025, the company significantly expanded its chimney portfolio with 12 new BLDC motor-equipped models featuring motion sensor control, filterless thermal auto-cleaning, turbo suction modes, and carrying a 3-year comprehensive + 12-year motor warranty. New hob SKUs (Ivana Pro, Ilaria, Ivana Neo) with spill-proof brass burners and flame failure safety were also launched, alongside premium built-in ovens.

Water Heaters (Hindware Atlantic): This category is managed through Hintastica Private Limited, a 50:50 joint venture established in March 2021 between HHIL and Groupe Atlantic. The JV had set up a state-of-the-art manufacturing facility at Jadcherla, Telangana, with an annual production capacity of ~6 lakh units of water heaters and heating appliances. However, due to low capacity utilisation and higher-than-expected operating costs, the company decided to sell the manufacturing plant for ~INR 1,150 Mn. The proceeds from the sale will be utilised primarily for debt repayment. Currently, the company and the JV operate on a trading model for these products. The portfolio includes storage water heaters (Alivio, Ezro Neo), portable water heaters (Kweik), and room heaters under the Hindware Atlantic brand. The JV also exports products to Bangladesh, Bhutan, Nepal, and Sri Lanka across the SAARC region.

Beyond the core categories, the division also offers Hindware Snowcrest Air Coolers, water purifiers, and a comprehensive IoT-connected appliance ecosystem the largest range of connected IoT appliances in India backed by 32 patents. The company also has a strategic marketing tie-up with Italian firm Formenti & Giovenzana for kitchen fittings, offering hinges, drawer channels, and liftup systems.

Q3FY26 Concall Highlights:

Bathware Segment:

• Q3 FY26 revenue increased 14% YoY to INR 3,861 Mn with EBITDA of INR 395 Mn (~10.2% margin); premium products contributed ~40% of Q3 revenues, supporting mix-led margin expansion
• Retail channel accounted for 76% of sales, institutional/projects 24%
• Capacity utilisation stood above 80% in sanitaryware plants and over 90% in faucet plant; sanitaryware is ~70% in-house manufactured, faucets ~50% in-house
• Targeting mid-teens growth in bathware going forward and aims for 3-4% EBITDA margin improvement over the next 18-24 months, driven by premiumisation, higher ASP launches, and productivity gains
• Price hikes of ~15–17% in faucets and ~5–6% in sanitaryware were taken to offset raw material inflation, which management believes is adequate at current input levels
• Working capital days improved by ~5 days to ~95 days through tighter receivables and inventory control
• China sourcing has been reduced to very low single digits, aiding supply-chain flexibility and contributing to inventory reduction and working-capital improvement
• Growth is being driven not just by pricing but also focused expansion in low-share geographies and higher ASP new product introductions, supporting sustainable topline momentum

Pipes Segment:

• Q3 FY26 revenue stood at INR 1,726 Mn with EBITDA of INR ~115 Mn, impacted by resin volatility and cautious channel behaviour
• Q3 volumes were impacted due to delayed North India presence earlier; Roorkee commissioning now removes this bottleneck and is expected to revive agricultural and SWR pipe sales in the region
• PVC resin prices appear to have bottomed, with a recent ~INR 7.5/kg increase in a short period, supporting improved sentiment; January saw ~23% value growth and ~30% volume growth, indicating channel restocking
• Channel destocking has reversed, with improvement in both restocking and end-market demand, including renewed project inquiries and BOQs from builders
• Roorkee plant commenced commercial production end-Jan FY26; once stabilised, it is expected to add ~INR 2000 Mn of incremental annual revenue and improve North India service levels and freight economics
• Installed capacity at Roorkee is ~12,500 MT, with expected ramp-up over next three quarters and no incremental capacity plans beyond this in the near term
• Targeting ~12–15% volume growth going forward, with focus on CPVC/value-added products, tighter working capital, and dealer expansion; no further major capex planned in next 2–3 years
• Focus remains on increasing share of CPVC and specialised fittings to enhance margin stability, alongside disciplined working-capital management as inventories normalize

Consumer Appliances:

• Q3 FY26 revenue grew 21% YoY to INR 814 Mn with EBITDA of INR 6 Mn, aided by portfolio rationalisation and focus on higher-margin kitchen categories
• Expecting kitchen appliances to deliver 15-20% CAGR over the next 2–3 years; business is asset-light and fully outsourced, leveraging distribution and brand strength
• Gross margins in kitchen appliances are in the 40s; operating leverage is expected to drive transition to double-digit profitability over the next few years
• Target revenue milestone of INR 6,500-7,000 Mn by FY31, with quarterly run-rate expected to approach INR 1000 Mn by Q1 next year
• Business remains deliberately asset-light, relying on outsourced manufacturing while leveraging HHIL's distribution and marketing to scale profitably
• EBITDA margin for the segment is expected to move into double digits over time, aided by mix improvement and scale benefits

Leadership Team:

Personnel	Designation	Description
Mr. Sandip Somany 	Chairman and Managing Director	Sandip Somany is a veteran industrialist with over 40 years of experience in the ceramics and glass sectors, currently serving as the Chairman and Managing Director of the company. A prominent figure in Indian industry, he served as the President of FICCI (2018-19) and currently leads the Indian Council of Sanitaryware Manufacturers (INCOSAMA) as its Chairman. His strategic leadership is backed by a solid academic pedigree, holding a degree from the University of California, USA, alongside a bachelor's degree from Delhi University, enabling him to drive innovation and excellence across the organization's diverse portfolio.
Mr. Shashvat Somany 	Group Strategy Head	Shashvat Somany serves as the Group Strategy Head, where he is responsible for driving the organization's long-term vision with a dedicated focus on innovation and strategic growth. He initiated his professional career at Deloitte Consulting, bringing a wealth of analytical expertise to his current leadership role. An active contributor to industry development, he also serves as the Chairman of the Economic Affairs Committee at the PHD Chamber, leading vital community and economic initiatives. His professional background is supported by an elite academic foundation, including an MBA from London Business School and a Bachelor of Arts from the University of California, Los Angeles (UCLA).
Mr. Sandeep Sikka 	Group Chief Financial Officer	Sandeep Sikka is the Group Chief Financial Officer, a seasoned finance professional with over 30 years of experience spanning project finance, business strategy, and structured finance. Throughout his distinguished career, he has held pivotal leadership roles, notably serving as the Group CFO at Usha International and as Vice President and Head of Corporate Finance at Jindal Stainless. His extensive background in navigating complex financial landscapes and driving strategic fiscal initiatives remains a cornerstone of the Group's corporate financial strength.
Mr. Nirupam Sahay 	Chief Executive Officer, Bathware Business	Nirupam Sahay serves as the Chief Executive Officer of the Bathware Business, leveraging over 30 years of experience in high-level leadership roles. He possesses a distinguished track record of driving significant growth and profitability across a variety of industrial sectors. Prior to his current appointment, he held key positions at globally recognized organizations, including Dixon Technologies, Philips Lighting, GE Capital, and Whirlpool. His deep expertise in operational excellence and market expansion is central to advancing the Group's leadership within the bathware industry.
Mr. Rajesh Pajnoo 	Chief Executive Officer, Pipes Business	Rajesh Pajnoo serves as the Chief Executive Officer of the Pipes Business, bringing over 28 years of specialized experience in the plastic and PVC industry. A seasoned veteran of the sector, he previously served as the Chief Operating Officer (COO) at Kisan Mouldings. His extensive technical knowledge and operational expertise have been instrumental in driving the growth and manufacturing excellence of the Group's piping division.
Mr. Naveen Malik 	Chief Financial Officer	Naveen Malik, CFO of the company, brings over 30 years of experience across banking, corporate strategy, project finance & implementation, and investor relations. He has held senior leadership roles at Godrej & Boyce and GMR Group – Delhi International Airport Limited, gaining deep exposure to large-scale infrastructure and industrial projects. He is known for strengthening financial frameworks, driving capital efficiency, and supporting strategic growth initiatives. His expertise spans stakeholder management, funding structures, and investor communications.

Income statement (INR Mn)

Income statement (INR Mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E
Gross Sales	28,733	27,763	25,230	25,628	29,714	34,520	40,012
Net Sales	**28,733**	27,763	25,230	25,628	29,714	34,520	40,012
YoY (%)	25.27%	-3.37%	-9.12%	1.58%	15.95%	16.17%	15.91%
Adjusted COGS	**16374.1**	**15,117**	**14,101**	**13,982**	**16,452**	**19,106**	**22,107**
YoY (%)	4.66%	-7.68%	-6.72%	-0.84%	17.67%	16.13%	15.70%
Personnel/ Employee benefit expenses	**4,023**	4,262	4,265	4,211	4,690	5,291	5,840
YoY (%)	74.15%	5.93%	0.07%	-1.26%	11.37%	12.82%	10.37%
Manufacturing & Other Expenses	***5,871***	5,758	5,434	5,253	5,901	6,601	7,456
YoY (%)	81.63%	-1.93%	-5.62%	-3.34%	12.35%	11.86%	12.94%
Total Expenditure	**26,268**	**25,137**	**23,800**	**23,446**	**27,044**	**30,999**	**35,402**
YoY (%)	23.98%	-4.31%	-5.32%	-1.49%	15.34%	14.62%	14.21%
EBITDA	**2,464**	**2,627**	**1,430**	**2,182**	**2,671**	**3,522**	**4,610**
YoY (%)	40.96%	6.58%	-45.55%	52.55%	22.41%	31.87%	30.90%
EBITDA Margin (%)	***8.58%***	9.46%	5.67%	8.51%	8.99%	10.20%	11.52%
Depreciation	1,010	1,188	1,225	1,177	1,414	1,562	1,686
% of Gross Block	8.86%	9.50%	9.57%	8.14%	8.97%	9.05%	9.05%
EBIT	**1,455**	**1,438**	**205**	**1,005**	**1,257**	**1,959**	**2,924**
EBIT Margin (%)	5.06%	5.18%	0.81%	3.92%	4.23%	5.68%	7.31%
Interest Expenses	771	926	891	730	637	503	346
Non-operating/ Other income	346	364	405	199	350	350	350
PBT	**941**	**785**	**-756**	**-109**	**970**	**1,807**	**2,928**
Tax-Total	365	295	-68	-31	243	452	732
Adj. Net Profit	**576**	**490**	**-688**	**-79**	**728**	**1,355**	**2,196**
Reported Profit	**576**	**490**	**-688**	**-79**	**728**	**1,355**	**2,196**
PAT Margin	2.00%	1.76%	-2.73%	-0.31%	2.45%	3.93%	5.49%
Shares o/s/ paid up equity sh capital	72.30	74.73	77.76	83.65	83.65	83.65	83.65
Adj EPS	7.90	6.30	-8.88	-0.94	8.70	16.20	26.25
Dividend payment	-	0.52	0.38	0.25	0.25	0.25	0.25
Dividend payout (%)	-	7.94%	-4.27%	-26.10%	2.82%	1.51%	0.93%
Retained earnings	**576**	**451**	**-717**	**-99**	**707**	**1,335**	**2,176**

Source: Arihant Capital Research, Company Reports

Balance Sheet (INR Mn)

Balance sheet (INR Mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E
Sources of Funds							
Equity Share Capital	145	145	167	167	167	167	167
Reserves & Surplus/ Other Equity	5,686	5,922	7,694	7,595	8,302	9,637	11,812
Networth	**5,830**	**6,067**	**7,861**	**7,762**	**8,470**	**9,804**	**11,980**
Unsecured Loans/ Borrowings/ Lease Liabilities	9,575	10,462	8,891	8,391	7,278	5,704	3,871
Other Liabilities	7,621	7,674	8,525	9,075	9,574	10,173	10,850
Total Liabilities	**17,196**	**18,136**	**17,416**	**17,466**	**16,852**	**15,877**	**14,721**
Total Funds Employed	**23,027**	**24,203**	**25,277**	**25,228**	**25,321**	**25,681**	**26,700**
Application of Funds							
Net Fixed Assets	**9,101**	**9,156**	**8,735**	**9,211**	**9,103**	**9,045**	**8,715**
Capital WIP	362	553	2,088	1,340	940	540	490
Investments/ Notes/ Fair value measurement	879	1,035	731	694	711	729	748
Current assets	**11,974**	**12,124**	**12,646**	**12,991**	**13,653**	**14,463**	**15,836**
Inventory	6,838	5,894	6,007	6,157	6,311	6,627	6,958
Days							
Debtors	3,776	4,533	5,078	5,128	5,385	5,654	6,220
Days							
Other Current Assets	1,124	1,272	1,151	1,381	1,657	1,988	2,386
Cash and Cash equivalent	93	293	253	167	142	35	114
Current Liabilities/Provisions	**11,103**	**12,164**	**11,685**	**12,435**	**12,190**	**11,949**	**11,643**
Creditors / Trade Payables	2,972	3,120	4,066	4,269	4,483	4,707	4,942
Days							
Net Current Assets	**871**	**-40**	**961**	**556**	**1,463**	**2,514**	**4,193**
Total Asset	**23,027**	**24,203**	**25,277**	**25,228**	**25,321**	**25,681**	**26,700**
Total Capital Employed	**22,155**	**24,244**	**24,316**	**24,672**	**23,858**	**23,167**	**22,508**

Source: Arihant Capital Research, Company Reports

Cash Flow

Cash Flow Statement (INR Mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E
Profit After tax	**576**	**490**	**-688**	**-79**	**728**	**1,355**	**2,196**
Adjustments: Add							
Depreciation and amortisation	1,010	1,188	1,225	1,177	1,414	1,562	1,686
Interest adjustment	425	562	486	531	287	153	-4
Profit before Working Capital Change	**2,010**	**2,201**	**994**	**1,609**	**2,408**	**3,050**	**3,857**
Inventories	-85	944	-114	-150	-154	-316	-331
Trade receivables	-717	-757	-544	-51	-256	-269	-565
Trade payables	448	147	946	203	213	224	235
Other Liabilities and provisions	-5,284	-97	-127	315	251	337	398
Other Assets	234	-148	87	-225	-261	-317	-398
Taxes	-19	-38	82	-0	-0	-0	-0
Net cash from operating activities	**-3,413**	**2,253**	**1,325**	**1,702**	**2,200**	**2,709**	**3,196**
Net Sale/(Purchase) of tangible and intangible assets, Capital work in progress	-2,477	-1,435	-2,339	-905	-905	-1,105	-1,305
Net Sale/(Purchase) of investments	265	-156	304	37	-17	-18	-18
Others	355	-200	660	288	421	354	351
Net cash (used) in investing activities	**-1,856**	**-1,790**	**-1,375**	**-581**	**-501**	**-768**	**-972**
Interest expense	5,178	-33	-2,500	-1,207	-1,724	-2,046	-2,146
Dividend paid	-	39	29	21	21	21	21
Other financing activities	-82	-269	2,480	-21	-20	-20	-20
Net cash (used) in financing activities	**5,096**	**-262**	**10**	**-1,207**	**-1,724**	**-2,046**	**-2,146**
Closing Balance	**93**	**293**	**253**	**167**	**142**	**35**	**114**
FCF	**-6,047**	**580**	**127**	**-259**	**756**	**1,083**	**1,690**
Capex (% of sales)	8.40%	6.68%	10.87%	4.73%	3.51%	3.55%	3.64%

Source: Arihant Capital Research, Company Reports

Key Ratios

Key Ratios	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E
Solvency Ratios							
Debt / Equity	1.64	1.72	1.13	1.08	0.86	0.58	0.32
Net Debt / Equity	1.63	1.68	1.10	1.06	0.84	0.58	0.31
Debt / EBITDA	3.89	3.98	6.22	3.85	2.73	1.62	0.84
Current Ratio	0.52	0.50	0.50	0.51	0.54	0.56	0.59
DuPont Analysis							
Sales/Assets	1.25	1.15	1.00	1.02	1.17	1.34	1.50
Assets/Equity	3.95	3.99	3.22	3.25	2.99	2.62	2.23
RoE	9.87%	8.07%	-8.75%	-1.01%	8.59%	13.82%	18.33%
Per share ratios							
Reported EPS	7.96	6.55	-8.84	-0.94	8.70	16.20	26.25
Dividend per share	0.00	0.52	0.38	0.25	0.25	0.25	0.25
BV per share	80.64	81.18	101.10	92.79	101.25	117.20	143.21
Cash per Share	1.27	3.91	3.20	1.95	1.65	0.38	1.32
Revenue per Share	397.43	371.50	324.46	306.37	355.22	412.68	478.33
Profitability ratios							
Net Profit Margin (PAT/Net sales)	2.00%	1.76%	-2.73%	-0.31%	2.45%	3.93%	5.49%
Gross Profit / Net Sales	43.01%	45.55%	44.11%	45.44%	44.63%	44.65%	44.75%
EBITDA / Net Sales	8.58%	9.46%	5.67%	8.51%	8.99%	10.20%	11.52%
EBIT / Net Sales	5.06%	5.18%	0.81%	3.92%	4.23%	5.68%	7.31%
ROCE (%)	24.95%	23.70%	2.61%	12.94%	14.84%	19.99%	24.41%
Activity ratios							
Inventory Days	151	154	154	159	138	124	112
Creditor Days	41	45	62	66	60	55	51
Leverage ratios							
Interest coverage	1.89	1.55	0.23	1.38	1.97	3.90	8.45
Debt / Asset	0.42	0.43	0.35	0.33	0.29	0.22	0.14
Valuation ratios							
EV / EBITDA	11.93	11.45	19.96	12.89	10.13	7.26	5.13
PE (x)	29.90	36.33	-26.91	-253.44	27.36	14.69	9.07

Source: Arihant Capital Research, Company Reports

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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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