RESULT REVIEW

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

BUY
TP: Rs 320 | ▲ 16%

HINDWARE HOME INNOVATION

| Building Materials | 13 August 2025

Mixed Q1; gears up for accelerated growth H2FY26 onwards

- **Sharp improvement in operating performance of bathware for the first time in the past 5 quarters**
- **Bathware revenue growth to accelerate from Q2FY26 onwards; pipe volume targeted to grow at 9-10% in FY26**
- **Maintain BUY; TP raise by 7% to Rs 320 per share**

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Mixed Q1: HINDWARE topline came below our estimate (-13.7%), due to lower-than-expected pipe sales volume (-21% YoY vs +7% estimated) and discontinuation of the trading of low-margin non-core consumer appliances. However, the company managed to sharply beat our EBITDA estimate by 50.6% on sharp margin improvement in its core business-bathware (+233bps QoQ to 12.6% vs 10.0% estimated), as well as consumer appliance (+1317bps QoQ to 5.6%). The company has reported an exceptional loss of Rs 495mn in Q1FY26, related to discontinuation of the trading of non-core consumer appliances products. HINDWARE's revenue de-grew by 11.5% YoY in Q1FY26, but EBITDA was up 13.3% YoY in Q1FY26.

Highlights: HINDWARE has reported positive revenue growth for bathware division with a slight improvement in EBITDA margin for the first time in the past 5 quarters. Plastic pipe volume was down sharply (-21.4% YoY) vs low-single-digit volume growth reported by major peers in Q1FY26 in Q1FY26. Consumer appliance division reported positive operating profit for the first time in the past 4 quarters due to benefit of discontinuation of trading of low margin non-core products. Net debt has remained stable on QoQ basis at Rs 6.9bn in Jun'25.

Outlook: Management has shared a positive outlook for each of its segments. Bathware revenue is expected to grow at an accelerated pace from Q2FY26 and targets to clock quarterly revenue rate of Rs 4bn from H2FY26 (vs Rs 3.4bn in Q1FY26) with mid-teens EBITDA margin. The company has witnessed healthy pipe volume growth of 35% YoY in Jul'25 and targets to grow at 9-10% YoY with EBITDA margin of 8.0-9.0% in FY26. Capex is estimated to be around Rs 1.0bn for FY26.

Maintain BUY; TP raise by 7% to Rs 320: We maintain our BUY rating as we expect EBITDA to grow at a healthy 32% CAGR over FY25-FY28E in anticipation of a sharp improvement in margin (from 5.7% in FY25 to 10.6% in FY28E). We have slightly tweaked our EBITDA estimates, based on Q1. We have raised our TP to Rs 320 (Rs 300 earlier) due to roll forward of our valuation to Jun'27E (Mar'27 earlier). Our target P/E multiple remains unchanged at 25x. At CMP, the stock trades at a P/E of 48.4x/26.9x/21.4x on FY26E/FY27E/FY28E.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	HINDWARE IN/Rs 276
Market cap	US$ 228.2mn
Free float	47%
3M ADV	US$ 0.5mn
52wk high/low	Rs 405/Rs 177
Promoter/FPI/DII	53%/4%/7%

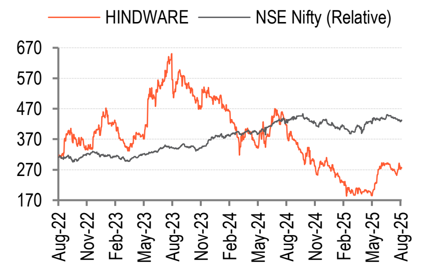
Source: NSE | Price as of 13 Aug 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	25,230	24,702	27,652
EBITDA (Rs mn)	1,430	2,214	2,907
Adj. net profit (Rs mn)	(339)	475	854
Adj. EPS (Rs)	(4.1)	5.7	10.2
Consensus EPS (Rs)	(8.3)	3.4	10.1
Adj. ROAE (%)	(4.9)	5.9	9.9
Adj. P/E (x)	(68.1)	48.6	27.0
EV/EBITDA (x)	8.7	5.6	4.8
Adj. EPS growth (%)	(158.7)	(240.3)	79.8

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Quarterly financials - consolidated

Particulars (Rs mn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	BOBCAPS Q1FY26E	Variance (%)
Total operating income	5,312	5,999	(11.5)	6,990	(24.0)	6,156	(13.7)
Raw-Material expense	2,757	3,178	(13.3)	4,165	(33.8)		
Gross Profit	2,555	2,821	(9.4)	2,825	(9.6)		
Employee expense	982	1,079	(8.9)	1,025	(4.2)		
Energy costs	184	209	(11.6)	197	(6.2)		
Other expense	900	1,103	(18.4)	1,195	(24.7)		
EBITDA	488	430	13.3	409	19.2	324	50.6
D&A	302	307	(1.6)	304	(0.4)		
EBIT	185	123	50.7	105	75.8		
Interest cost	179	239	(25.1)	191	(6.1)		
Non-operating expense/(income)	446	(85)	NM	139	222.0		
PBT	(441)	(32)	1,285.2	(224)	96.4		
Tax	(149)	2	NM	6	NM		
Reported PAT	(292)	(34)	761.4	(230)	26.9		
Adjusted PAT	37	(40)	NM	(28)	NM	(89)	NM
As % of net revenues			**(bps)**		**(bps)**		
Gross margin	48.1	47.0	107	40.4	767		
Employee cost	18.5	18.0	51	14.7	383		
Other cost	16.9	18.4	(144)	17.1	(15)		
EBITDA margin	9.2	7.2	201	5.8	333		
Tax rate	33.7	(6.6)	4032	(2.6)	3630		
APAT margin	0.7	(0.7)	136	(0.4)	109		

Source: Company, BOBCAPS Research

Fig 2 – Segment financials

Particulars	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
Revenue (Rs mn)					
Bathware	3,410	3,262	4.5	3,600	(5.3)
Plastic Pipe	1,190	1,632	(27.1)	2,470	(51.8)
Consumer Products	720	1,080	(33.4)	920	(21.8)
EBITDA margin (%)			**(bps)**		**(bps)**
Bathware	12.6	12.8	(14)	10.3	233
Plastic Pipe	5.9	6.7	(80)	9.7	(383)
Consumer Products	5.6	2.8	278	(7.6)	1317

Source: Company, BOBCAPS Research

Earnings Call Highlights

- **Bathware:** Revenue grew by 4.5% YoY in Q1FY26 over a weak base (-5.5% YoY in Q1FY25). Segment EBITDA margin was slightly down 14bps YoY to 12.6% in Q1FY26. Faucetware revenue share stood at 38% in Q1FY26, but it is expected to increase in the coming quarters. New products accounted for 33% of the bathware revenue in Q1FY26. Project sales (account for 25% revenue share) grew at 15% YoY in Q1FY26 and the share is expected to go up due to relatively better demand vs retail market. Government revenue share is likely to go up from 8-9% to 15-16% by the end of FY26, as the company has recently hired a new marketing team for government orders. Going ahead, HINDWARE targets its bathware quarterly revenue rate to go up to Rs 4 bn by Q3FY26 or Q4FY26. EBITDA margin on a sustainable basis is expected to be in the mid-teens.

- **Plastic pipes:** Revenue was down sharply by 27.1% YoY in Q1FY26, due to a steep decline in volume (-21% YoY) given the weak demand and channel destocking. Segment EBITDA margin also contracted by 80bps YoY to 5.9% in Q1FY26, due to negative operating leverage. However, the company has witnessed strong volume growth of 35% YoY in Jul'25. CPVC share stood at 30% in Q1FY26 and rose to 40.5% in July'25. The company has recently launched foam core pipes, double-wall corrugated pipes and PPR plumbing pipes. Trial production has commenced at Roorkee plant and commercial production is expected to begin in H2FY26. Management targets pipe volume to grow at 9-10% YoY with EBITDA margins of 8-9.0% for FY26.

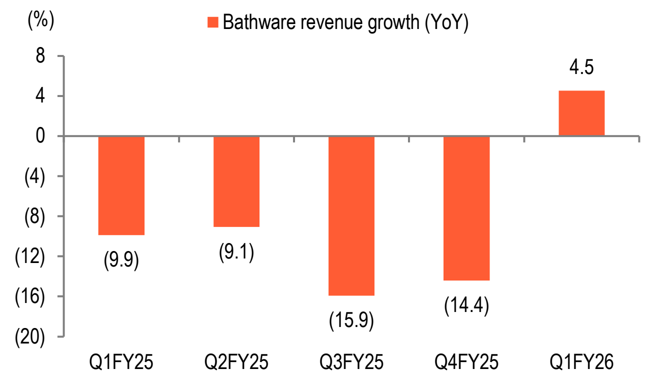
- **Consumer appliances:** Revenue de-grew sharply by 33.4% YoY in Q1FY26 due to discontinuation of the trading of low-margin non-core products. Segment EBITDA margin improved by 278bps YoY to 5.6% in Q1FY26 due to discontinuation of trading of loss-making non-core product categories. Going ahead, the company targets the division revenue to grow at 23-29% YoY with double-digit EBITDA margin for FY26.

- **Demerger:** HINDWARE proposes to demerge its consumer appliances division (including water heater JV business) into a separate listed entity. The scheme has already been approved by the board and is awaiting regulatory clearance. An application was filed with stock exchanges in Mar'25 and SEBI approval is expected within 30-35 days; and then it should take another 8-12 months' time to obtain NCLT approval.

- **Water heater:** Share of loss from the water heater JV business stood at Rs 41 mn in Q1FY26 vs Rs 39 mn in Q1FY25.

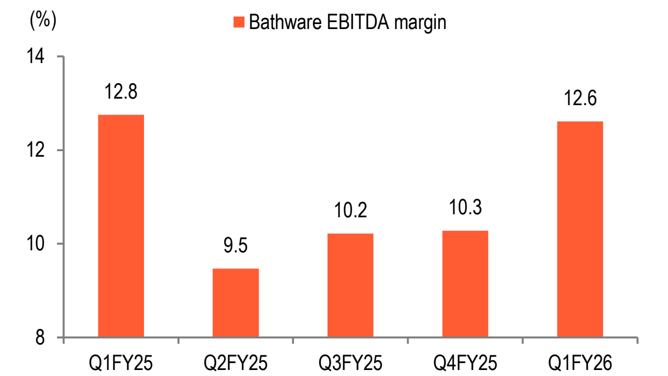
- **Capex:** Capex guidance for FY26 includes Rs 700-800 mn for bathware, Rs 70-80 mn for consumer appliances, and Rs 150-170 mn for pipes, primarily for maintenance with limited new expansions planned (excl Roorkee plant).

Fig 3 – HINDWARE's bathware revenue grew by 4.5% YoY in Q1FY26 over a weak base



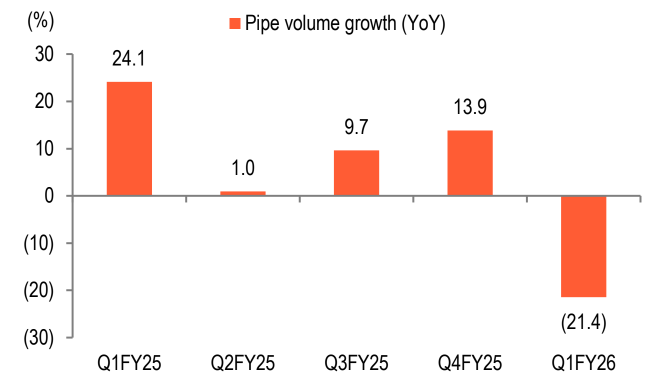
Source: Company, BOBCAPS Research

Fig 4 – Bathware EBITDA margin was down slightly 14bps YoY to 12.6% in Q1FY26



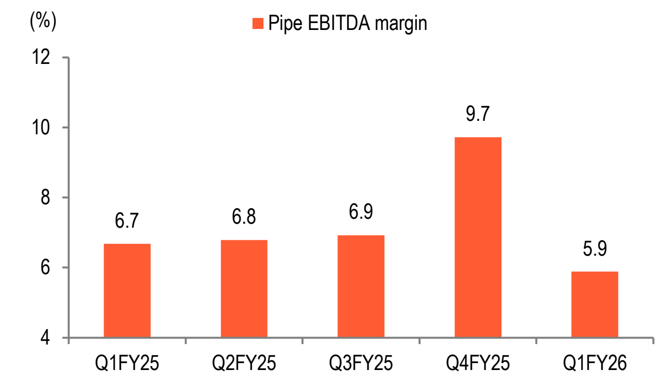
Source: Company, BOBCAPS Research

Fig 5 – Pipe volume sharply de-grew by 21.4% YoY in Q1FY26 on weak demand and channel destocking



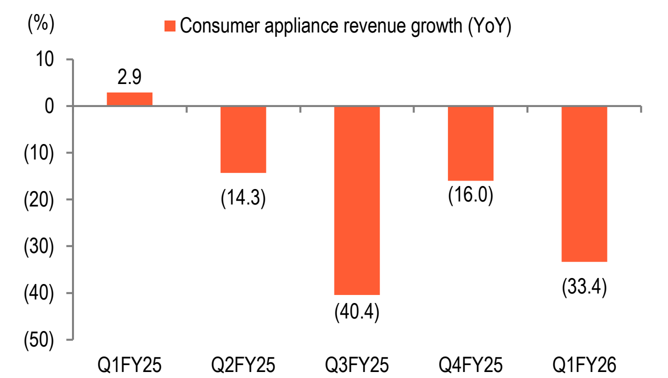
Source: Company, BOBCAPS Research

Fig 6 – Pipe EBITDA margin was down 80bps YoY to 5.9% in Q1FY26 due to negative operating leverage



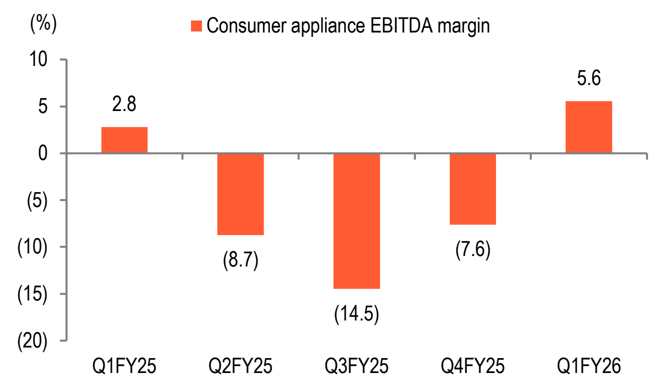
Source: Company, BOBCAPS Research

Fig 7 – Consumer appliance revenue fell sharply by 33.4% YoY in Q1FY26 on discontinuation of non-core products



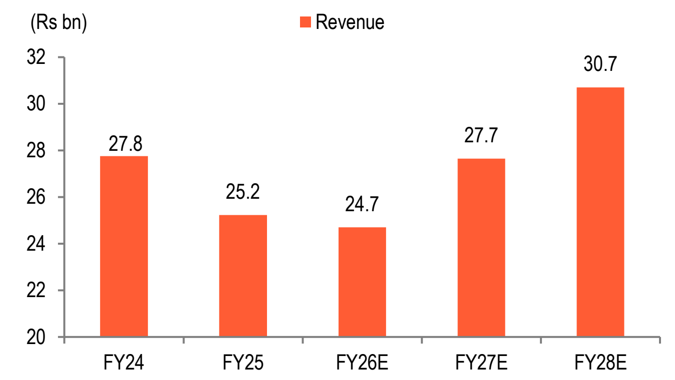
Source: Company, BOBCAPS Research

Fig 8 – Consumer appliances posted a sharp margin improvement in Q1FY26



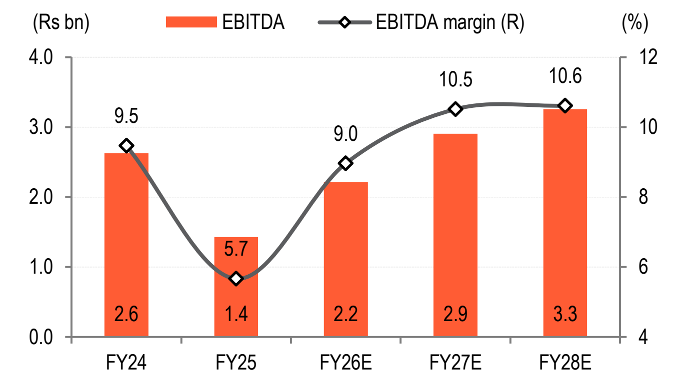
Source: Company, BOBCAPS Research

Fig 9 – HINDWARE's revenue is projected to grow at a modest 6.8% CAGR over FY25-FY28E



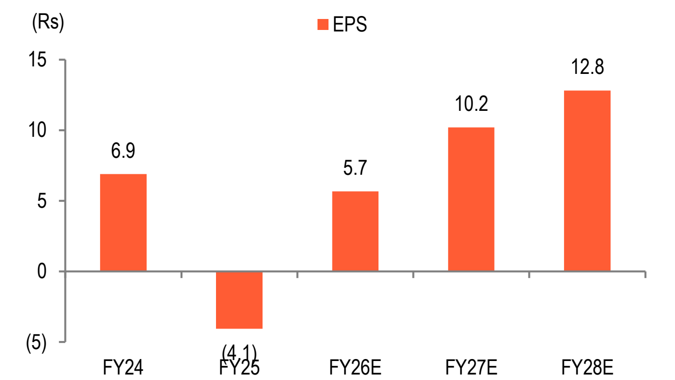
Source: Company, BOBCAPS Research

Fig 10 – HINDWARE EBITDA margin to gradually improve from 9.2% in Q1FY26 to 10.6% in FY28E



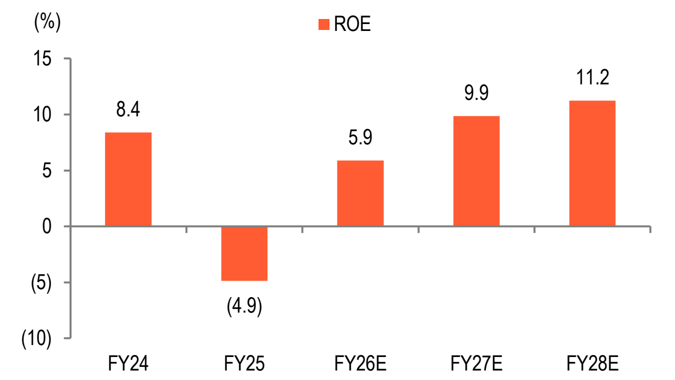
Source: Company, BOBCAPS Research

Fig 11 – HINDWARE's EPS forecast to grow sharply over FY25-FY28E over a weak base



Source: Company, BOBCAPS Research

Fig 12 – ROE is also projected to improve gradually over the next 3 years



Source: Company, BOBCAPS Research

Valuation Methodology

We maintain our BUY rating as we expect EBITDA to grow at a healthy 32% CAGR over FY25-FY28E, in anticipation of a sharp improvement in margin (from 5.7% in FY25 to 10.6% in FY28E).

We have slightly tweaked our EBITDA estimates based on Q1. We have raised our TP to Rs 320 (Rs 300 earlier) due to roll forward of our valuation to Jun'27E (Mar'27 earlier). Our target P/E multiple remains unchanged at 25x. At CMP, the stock trades at a P/E of 48.4x/26.9x/21.4x on FY26E/FY27E/FY28E.

Fig 13 – Revised estimates

Consolidated	New		Old		Change (%)	
(Rs bn)	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Total operating income	24.7	27.7	27.3	30.8	(9.7)	(10.1)
EBITDA	2.2	2.9	2.2	2.9	0.1	(1.3)
EBITDA Margin (%)	9.0	10.5	8.1	9.6	88bps	93bps
Adjusted PAT	0.5	0.9	0.3	1.0	42.8	(14.8)
EPS (Rs)	5.7	10.2	4.0	12.0	42.8	(14.8)

Source: BOBCAPS Research

Fig 14 – Key assumptions

Key Assumptions	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue-Mix (%)					
Bathware	56.9	54.9	59.8	58.7	58.2
Plastic Pipe	27.9	31.2	30.5	31.7	32.3
Consumer Product	15.1	13.9	9.8	9.6	9.5
Segment Revenue Growth (%)					
Bathware	3.2	(12.4)	6.7	10.0	10.0
Plastic Pipe	(1.3)	1.5	(4.2)	16.2	13.3
Consumer Product	(15.5)	(17.4)	(31.0)	10.0	10.0
EBITDA margin (%)					
Bathware	15.4	10.6	12.6	14.6	14.6
Plastic Pipe Segment	9.3	7.7	7.3	8.8	8.8
Consumer Products Segment	(3.8)	(6.0)	5.2	5.0	5.0

Source: Company, BOBCAPS Research

Key risks

- Sharp slowdown in real estate activity
- Market share loss in bathware and plastic pipes would be a key downside risk to our estimates

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	**27,763**	**25,230**	**24,702**	**27,652**	**30,706**
EBITDA	2,628	1,430	2,214	2,907	3,259
Depreciation	1,188	1,225	1,270	1,310	1,410
EBIT	1,440	205	944	1,597	1,849
Net interest inc./(exp.)	(926)	(891)	(717)	(637)	(597)
Other inc./(exp.)	364	405	360	360	360
Exceptional items	5	0	0	0	0
EBT	872	(281)	586	1,320	1,612
Income taxes	295	(68)	(57)	287	361
Extraordinary items	0	296	0	0	0
Min. int./Inc. from assoc.	(110)	(182)	(168)	(178)	(178)
Reported net profit	**467**	**(691)**	**475**	**854**	**1,073**
Adjustments	32	352	0	0	0
Adjusted net profit	**499**	**(339)**	**475**	**854**	**1,073**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	3,120	4,066	3,981	4,456	4,948
Other current liabilities	4,026	3,919	3,919	3,919	3,919
Provisions	44	50	48	54	60
Debt funds	8,367	7,199	7,949	8,449	8,949
Other liabilities	2,580	2,183	2,183	2,183	2,183
Equity capital	145	167	167	167	167
Reserves & surplus	5,834	7,603	8,031	8,800	9,766
Shareholders' fund	6,067	7,861	8,289	9,058	10,024
Total liab. and equities	**24,203**	**25,277**	**26,369**	**28,119**	**30,083**
Cash and cash eq.	293	253	2,819	3,552	4,401
Accounts receivables	4,533	5,078	4,084	4,572	5,077
Inventories	5,894	6,007	5,825	6,507	7,364
Other current assets	1,404	1,343	1,315	1,472	1,635
Investments	1,035	731	731	731	731
Net fixed assets	7,012	6,983	6,713	6,403	5,993
CWIP	539	2,085	2,085	2,085	2,085
Intangible assets	2,178	1,774	1,774	1,774	1,774
Deferred tax assets, net	598	727	727	727	727
Other assets	718	296	296	296	296
Total assets	**24,203**	**25,277**	**26,369**	**28,119**	**30,083**

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	**1,541**	**1,032**	**3,221**	**1,596**	**1,694**
Capital expenditures	(1,831)	(1,901)	(1,000)	(1,000)	(1,000)
Change in investments	(156)	304	0	0	0
Other investing cash flows	359	109	360	360	360
Cash flow from investing	**(1,628)**	**(1,487)**	**(640)**	**(640)**	**(640)**
Equities issued/Others	0	23	0	0	0
Debt raised/repaid	1,250	(1,168)	750	500	500
Interest expenses	(926)	(891)	(717)	(637)	(597)
Dividends paid	(29)	0	(48)	(85)	(107)
Other financing cash flows	(7)	2,452	0	0	0
Cash flow from financing	**288**	**415**	**(15)**	**(223)**	**(205)**
Chg in cash & cash eq.	**201**	**(41)**	**2,566**	**734**	**849**
Closing cash & cash eq.	**293**	**253**	**2,819**	**3,552**	**4,401**

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	6.5	(8.3)	5.7	10.2	12.8
Adjusted EPS	6.9	(4.1)	5.7	10.2	12.8
Dividend per share	0.4	0.0	0.6	1.0	1.3
Book value per share	82.7	92.9	98.0	107.2	118.7

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	0.6	0.5	0.5	0.5	0.5
EV/EBITDA	6.1	8.7	5.6	4.8	4.6
Adjusted P/E	40.0	(68.1)	48.6	27.0	21.5
P/BV	3.3	3.0	2.8	2.6	2.3

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	57.3	120.5	81.1	64.7	66.6
Interest burden (PBT/EBIT)	60.6	(137.2)	62.1	82.6	87.2
EBIT margin (EBIT/Revenue)	5.2	0.8	3.8	5.8	6.0
Asset turnover (Rev./Avg TA)	114.7	99.8	93.7	98.3	102.1
Leverage (Avg TA/Avg Equity)	4.1	3.6	3.3	3.2	3.2
Adjusted ROAE	8.4	(4.9)	5.9	9.9	11.2

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	(3.3)	(9.1)	(2.1)	11.9	11.0
EBITDA	6.9	(45.6)	54.8	31.3	12.1
Adjusted EPS	(13.0)	(158.7)	(240.3)	79.8	25.6
Profitability & Return ratios (%)					
EBITDA margin	9.5	5.7	9.0	10.5	10.6
EBIT margin	5.2	0.8	3.8	5.8	6.0
Adjusted profit margin	1.8	(1.3)	1.9	3.1	3.5
Adjusted ROAE	8.4	(4.9)	5.9	9.9	11.2
ROCE	12.5	4.1	8.0	11.2	11.6
Working capital days (days)					
Receivables	60	73	60	60	60
Inventory	77	87	86	86	88
Payables	41	59	59	59	59
Ratios (x)					
Gross asset turnover	2.6	2.3	2.0	2.1	2.2
Current ratio	1.0	1.1	1.2	1.3	1.5
Net interest coverage ratio	1.6	0.2	1.3	2.5	3.1
Adjusted debt/equity	1.3	0.9	0.6	0.5	0.5

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**
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Trade Name: **www.barodaetrade.com**
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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

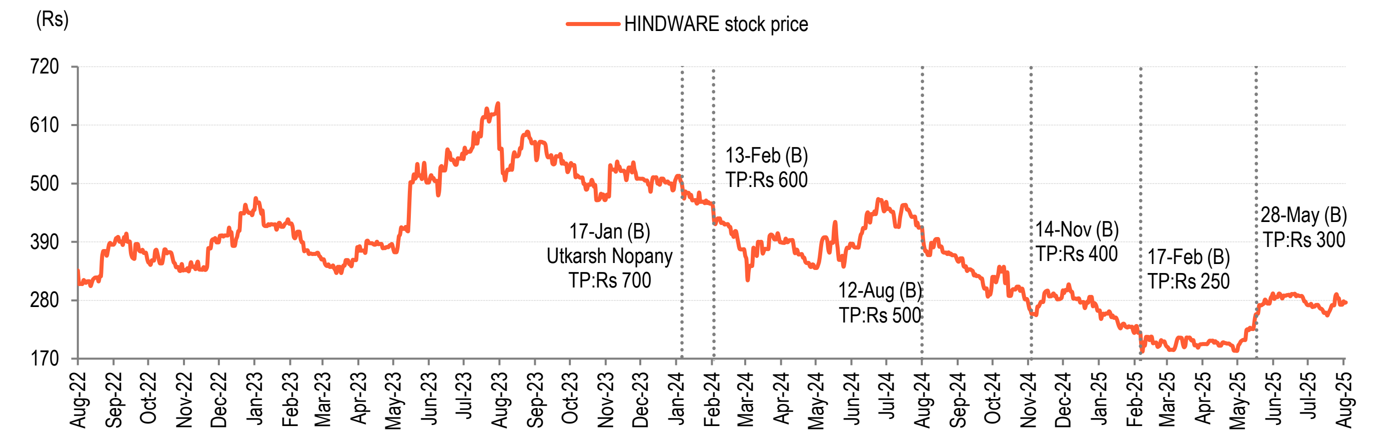
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): HINDWARE HOME INNOVATION (HINDWARE IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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