

BUY
TP: Rs 290 | ▲ 17%
**HINDWARE HOME
INNOVATION**

| Building Materials

| 15 February 2026

Margin recovery gains traction; upgrade to BUY

- EBITDA 63.8% YoY as margin recovery offsets a modest top-line growth. Bathware sustains double-digit profitability
- Bathware margin expansion and calibrated growth across segments to drive ~24% EBITDA CAGR over FY26-28E
- Upgrade to BUY as medium-term margin expansion supports 23% EPS CAGR; TP revised to Rs 290 at 22x P/E Dec'27E

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Mixed Q3: HINDWARE reported a revenue of Rs 6.4bn in Q3FY26; up 7.7% YoY (in-line). EBITDA rose 63.8% YoY to Rs 482mn, with margin expanding 258bps YoY to 7.5% (vs 4.9% in Q3FY25). Sequentially, revenue declined 5% QoQ and margin moderated 82bps from a strong Q2 base. The company reported adjusted PAT of Rs 26mn (vs loss in Q3FY25).

Highlights: Performance was led by steady growth in the Bathware segment (+14.3% YoY) with EBITDA margin broadly sustained at 10.4%; reflecting continued traction from distribution expansion and premiumisation. Plastic Pipes revenue decreased 8.6% YoY amid softer volumes (-8.3% YoY) and lower capacity utilisation (62%), while EBITDA margin remained flat YoY at 6.9%. Consumer Appliances reported 21.6% YoY growth, albeit on a low base, with EBITDA margin still modest at 1.2%. During the quarter, the company monetised its water heater manufacturing asset (~Rs 115mn) and fully repaid the JV debt, transitioning to an asset-light trading model as part of the ongoing balance sheet rationalisation.

Outlook: Management indicated a continued focus on margin recovery and disciplined growth across segments. In Bathware, the company targets mid-teens growth with 3-4% EBITDA margin expansion over the next 18-24 months. The company has taken price hikes (15-17% in faucets; 5-6% in sanitaryware) to offset raw material inflation, particularly brass. In Plastic Pipes, management expects 12-15% volume growth going forward. The Consumer Appliances segment is guided to deliver 15-20% CAGR over the next 2-3 years.

Upgrade from HOLD to BUY; revise TP to Rs 290: We revise our FY26E-FY28E estimates to reflect a more calibrated demand outlook and gradual margin recovery, resulting in EPS cuts of ~6%/~9% for FY27E/FY28E. Despite the moderation in near-term earnings, we expect EBITDA to grow at a healthy 24.4% CAGR over FY26E-28E, supported by margin expansion from 8.6% in FY26E to 10.9% by FY28E, with EPS CAGR of 23.3% over the same period. We lower our target multiple to 22x Dec'27E earnings (earlier 25x), deriving a TP of Rs 290. We upgrade the rating from HOLD to BUY.

Key changes

	Target	Rating
	▼	▲

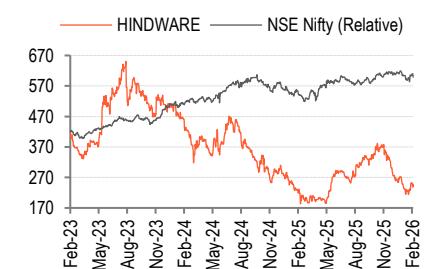
Ticker/Price	HINDWARE IN/Rs 248
Market cap	US\$ 197.6mn
Free float	47%
3M ADV	US\$ 0.4mn
52wk high/low	Rs 393/Rs 177
Promoter/FPI/DII	53%/3%/6%

Source: NSE | Price as of 13 Feb 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	25,230	26,632	29,695
EBITDA (Rs mn)	1,430	2,290	3,113
Adj. net profit (Rs mn)	(339)	500	900
Adj. EPS (Rs)	(4.1)	6.0	10.8
Consensus EPS (Rs)	(4.1)	6.6	12.2
Adj. ROAE (%)	(4.9)	6.2	10.3
Adj. P/E (x)	(61.2)	41.5	23.0
EV/EBITDA (x)	17.8	10.7	7.7
Adj. EPS growth (%)	(158.7)	(247.5)	80.0

Source: Company, Bloomberg, BOBCAPS Research

Stock performance


Source: NSE



Fig 1 – Quarterly financials - consolidated

Particulars (Rs mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)	BOBCAPS Q3FY26E	Variance (%)
Total operating income	6,401	5,942	7.7	6,763	(5.4)	18,476	18,240	1.3	6,392	0.1
Raw-Material expense	3,490	3,240	7.7	3,787	(7.9)	10,034	9,936	1.0		
Gross Profit	2,911	2,702	7.7	2,976	(2.2)	8,442	8,304	1.7		
Employee expense	1,056	1,084	(2.5)	1,053	0.3	3,092	3,240	(4.6)		
Energy costs	232	222	4.1	238	(2.7)	654	655	(0.2)		
Other expense	1,142	1,102	3.6	1,121	1.9	3,163	3,388	(6.7)		
EBITDA	482	294	63.8	564	(14.6)	1,533	1,021	13	486	(1.0)
D&A	288	306	(5.6)	290	(0.6)	881	922	(4.4)		
EBIT	193	(11)	(1,795.6)	274	(29.5)	652	100	555.1		
Interest cost	167	226	(25.9)	171	(2.5)	518	700	(26.1)		
Non-operating expense/(income)	(22)	(30)	(26.2)	(77)	(70.9)	412	(178)	(331.3)		
PBT	49	(207)	(123.5)	179	(73.0)	(277)	(423)	(34.5)		
Tax	12	(37)	(131.0)	64	(81.9)	(73)	(74)	(2.0)		
Reported PAT	37	(169)	(121.8)	115	(67.9)	(204)	(349)	(32)		
Adjusted PAT	26	(169)	(115.6)	47	(43.3)	110	(358)	(130.7)	17	54.9
As % of net revenues			chg (bps)		chg (bps)			chg (bps)		
Gross margin	45.5	45.5	0	44.0	148	45.7	45.5	16		
Employee cost	16.5	18.2	(173)	15.6	93	16.7	17.8	(103)		
Other cost	17.8	18.5	(71)	16.6	127	17.1	18.6	(146)		
EBITDA margin	7.5	4.9	258	8.3	(82)	8.3	5.6	270		
Tax rate	23.9	18.1	583	35.8	(1189)	26.2	17.5	869		
APAT margin	0.4	(2.9)	326	0.7	(28)	0.6	(2.0)	256		

Source: Company, BOBCAPS Research

Fig 2 – Segment financials

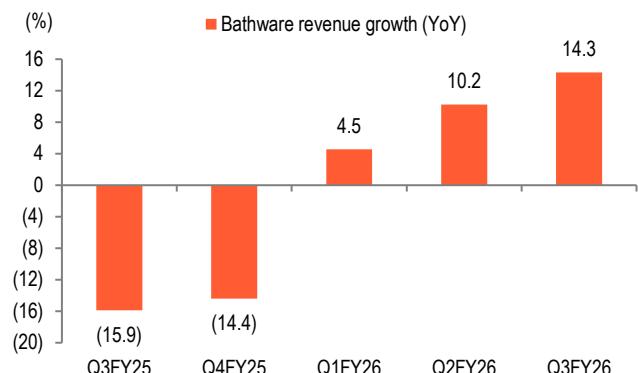
Particulars	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
Revenue (Rs mn)								
Bathware	3,860	3,377	14.3	3,970	(2.8)	11,240	10,241	9.8
Plastic Pipe	1,730	1,892	(8.6)	1,960	(11.7)	4,880	5,395	(9.5)
Consumer Products	815	670	21.6	844	(3.5)	2,378	2,586	(8.0)
EBITDA margin (%)								
Bathware	10.4	10.2	15	10.8	(47)	11.2	10.8	45
Plastic Pipe	6.9	6.9	1	6.1	81	6.4	6.8	(45)
Consumer Products	1.2	(14.5)	1571	8.3	(707)	5.0	(5.4)	1042

Source: Company, BOBCAPS Research

Earnings Call Highlights

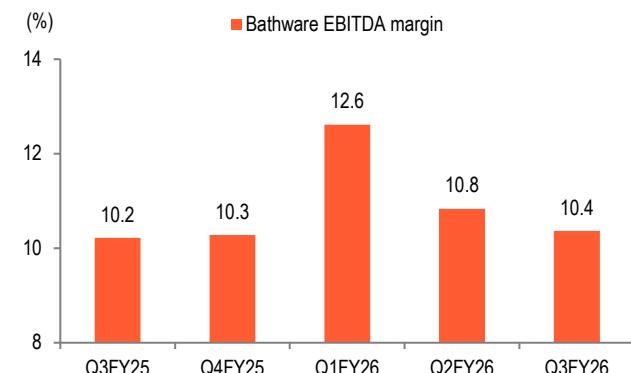
- **Bathware:** Bathware delivered 14.3% YoY growth in Q3FY26, with EBITDA margin marginally improved by 15bps YoY to 10.4%. Management attributed the improvement to premiumisation, better product mix and disciplined cost control; including zero-based budgeting initiatives. Premium products now account for ~40% of Q3 revenue. Retail channel contributes 76% of sales, with institutional at 24%. Capacity utilisation stood at >80% in sanitaryware and >90% in faucets. Recent price hikes (15-17% in faucets; 5-6% in sanitaryware) were taken to offset raw material inflation, particularly brass. Management indicated these to be adequate at the current cost levels. Growth is being driven by product launches at higher ASPs, a focus on brand stores (~500), and the targeted expansion in underpenetrated markets. Management guides for mid-tear growth and EBITDA margin improvement of 3-4% over the next 18-24 months.
- **Plastic Pipes:** Revenue de-grew by 8.6%, on account of weak volume (-8.3%) in Q3FY26. Pipe EBITDA margin was flat YoY to 6.9%. Performance was impacted by a sharp correction in resin prices through the year, which affected realisations and channel sentiment. However, resin prices have stabilised in Q4 after bottoming from Rs 94/kg (Jul'24) to Rs 68/kg and recently rising ~Rs 7.5/kg. Management noted early signs of restocking, alongside improving the secondary demand and project activity. Jan'26 saw ~23% value growth and ~30% volume growth, indicating channel normalisation. Roorkee plant commenced commercial production in late Jan'26, enhancing North India competitiveness and expected to add Rs 200mn annual revenue once ramped up. Inventory loss was Rs 40 mn for the year and Rs 12 mn for Q3. Volume growth guidance is 12-15% going forward, with no near-term capex beyond Roorkee. Working capital is expected to improve as channel inventory rebuilds.
- **Consumer Appliances:** Segment revenue spiked by 21.6% YoY in Q3FY26 over a weak base (-40.4% YoY in Q3FY25), with EBITDA margins at 1.2% in Q3FY26 (vs -14.5% in Q3FY25). The company has transitioned to an asset-light outsourcing model and exited high-loss categories, focusing primarily on kitchen appliances and water heaters. Management expects 15-20% CAGR over the next 2-3 years in this segment, targeting revenue milestone of Rs 650-700mn by FY31. As the scale improves, operating leverage is expected to drive transition to double-digit margins over time. Q4 run-rate is guided at ~Rs 90mn+, with Rs 100mn quarterly run-rate expected by early next year.
- **Water Heater:** Share of loss from the water heater JV business stood at Rs 11.2mn in Q3FY26 vs Rs 50.6mn loss in Q3FY25. HINDWARE completed the sale of its Telangana water heater manufacturing facility to Ariston for ~Rs 115mn in Dec'25; citing lower-than-expected ramp-up in capacity. Proceeds were used to fully repay the JV's debt. The segment will now operate under a trading model with sourcing flexibility, as part of its ongoing balance sheet rationalisation and profitability-focused initiatives undertaken over the past 12-18 months.
- **Debt:** Total bank debt as of Dec'25 stood at ~Rs 740mn. Of this, ~Rs 265mn pertains to Bathware and ~Rs 450mn to Pipes, with the balance linked to other segments. Management reiterated focus on a gradual strengthening of balance-sheet, alongside operating recovery.

Fig 3 – HINDWARE's Bathware revenue grew by 14.3% YoY in Q3FY26 over a weak base



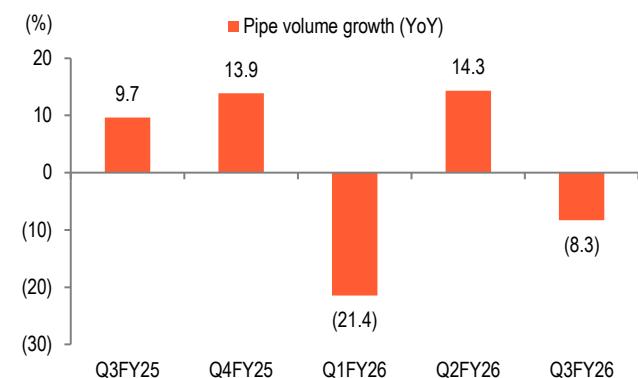
Source: Company, BOBCAPS Research

Fig 4 – Bathware EBITDA margin improved by 15bps YoY to 10.3% in Q3FY26



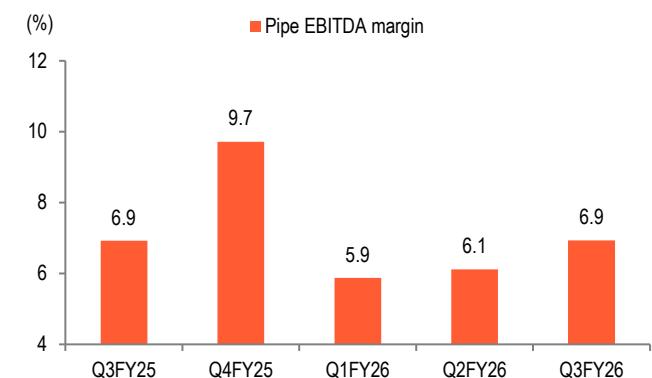
Source: Company, BOBCAPS Research

Fig 5 – Pipe volume de-grew by 8.3% YoY in Q3FY26



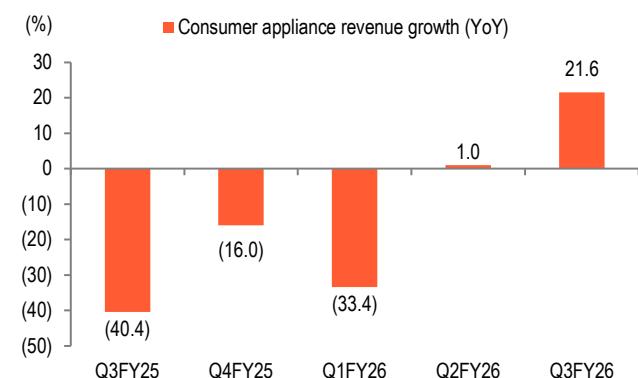
Source: Company, BOBCAPS Research

Fig 6 – Pipe EBITDA margin was flat YoY to 6.9% in Q3FY26



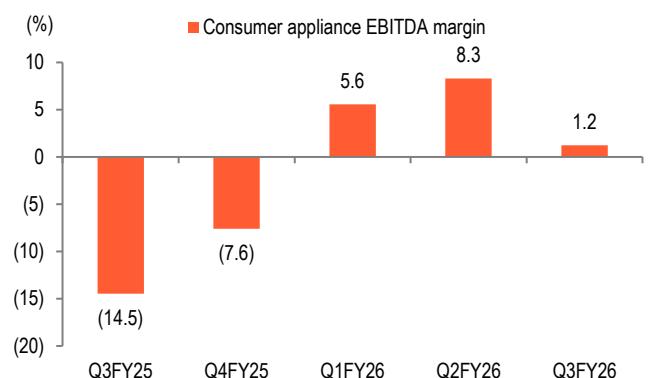
Source: Company, BOBCAPS Research

Fig 7 – Consumer Appliances revenue grew by 21.6% YoY in Q3FY26 on low base



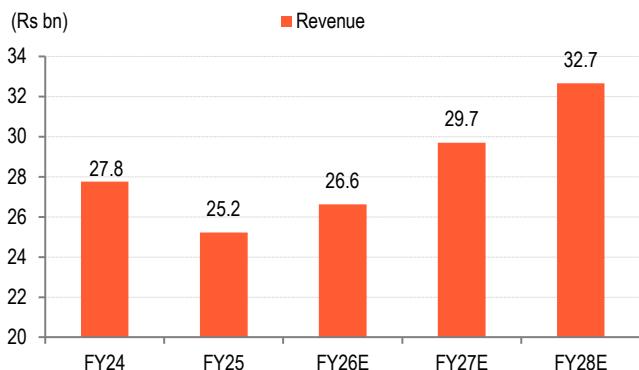
Source: Company, BOBCAPS Research

Fig 8 – Consumer appliances posted a weak margin of 1.2% in Q3FY26



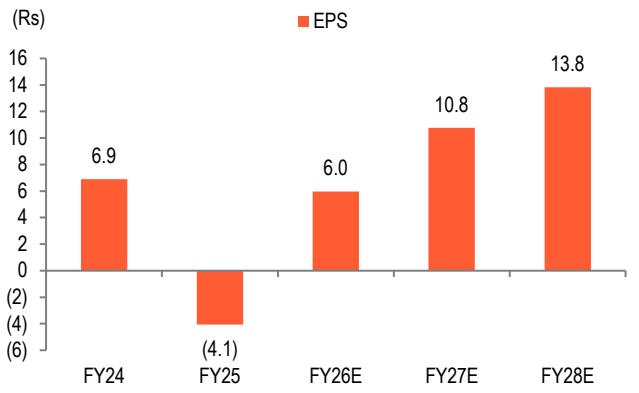
Source: Company, BOBCAPS Research

Fig 9 – HINDWARE's revenue is projected to grow at 9.0% CAGR over FY25-FY28E



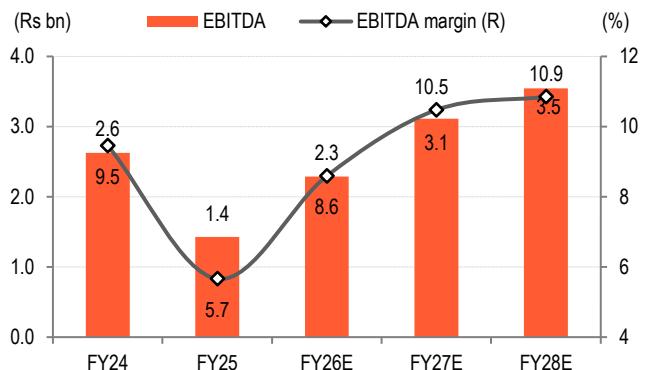
Source: Company, BOBCAPS Research

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



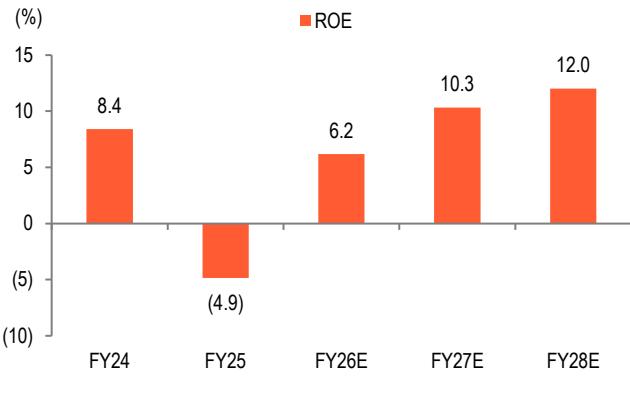
Source: Company, BOBCAPS Research

Fig 10 – HINDWARE EBITDA margin to gradually improve from 7.5% in Q3FY26 to 10.9% in FY28E



Source: Company, BOBCAPS Research

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



Source: Company, BOBCAPS Research

Valuation Methodology

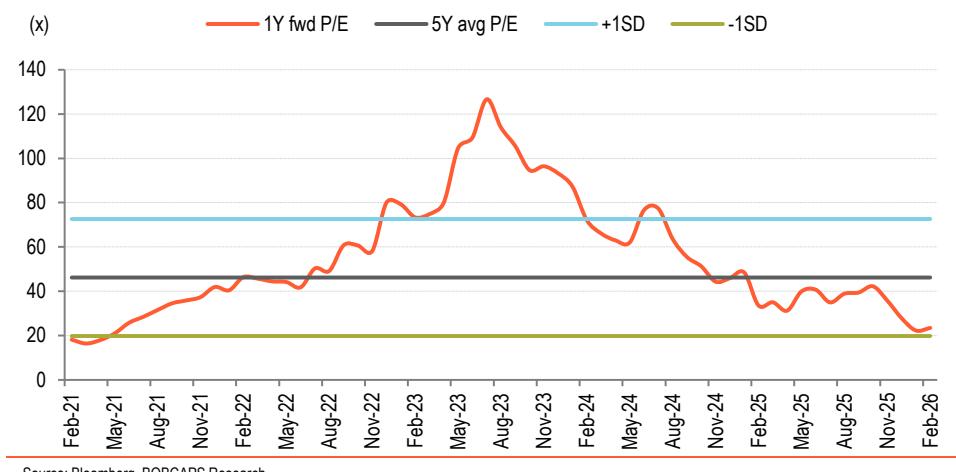
We revise our FY26E-FY28E estimates to reflect a more calibrated demand outlook and gradual margin recovery, resulting in EPS cuts of ~5%/~9% for FY27E/FY28E. Despite the moderation in near-term earnings, we expect EBITDA to grow at a healthy 24.4% CAGR over FY26E-28E, supported by margin expansion from 8.6% in FY26E to 10.9% by FY28E, with EPS CAGR of 23.3% over the same period. We lower our target multiple to 22x Dec'27E earnings (earlier 25x), deriving a TP of Rs 290. We upgrade the rating from HOLD to BUY.

Fig 13 – Revised estimates

Consolidated (Rs bn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Total operating income	26.6	29.7	32.7	26.8	29.9	32.9	(0.8)	(0.6)	(0.6)
EBITDA	2.3	3.1	3.5	2.5	3.2	3.7	(8.3)	(2.9)	(4.5)
EBITDA Margin (%)	8.6	10.5	10.9	9.3	10.7	11.3	(70)	(25)	(44)
Adjusted PAT	0.5	0.9	1.2	0.6	1.0	1.3	(20.9)	(5.7)	(8.6)
EPS (Rs)	6.0	10.8	13.8	7.5	11.4	15.1	(20.9)	(5.7)	(8.6)

Source: Company, BOBCAPS Research

Fig 14 – Trading at 23.5x on 1YF P/E vs 5Y average of 46.2x



Source: Bloomberg, BOBCAPS Research

Fig 15 – Key assumptions

Key Assumptions	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue-Mix (%)					
Bathware	56.9	54.9	57.8	57.0	57.0
Plastic Pipe	27.9	31.2	29.6	30.4	30.4
Consumer Product	15.1	13.9	12.7	12.6	12.6
Segment Revenue Growth (%)					
Bathware	3.2	(12.4)	11.1	10.0	10.0
Plastic Pipe	(1.3)	1.5	0.2	14.7	10.0
Consumer Product	(15.5)	(17.2)	(3.3)	10.2	10.0
EBITDA margin (%)					
Bathware	15.4	10.6	11.7	13.4	13.5
Plastic Pipe Segment	9.3	7.7	7.0	8.5	8.9
Consumer Products Segment	(3.8)	(6.0)	3.9	6.3	7.3

Source: Company, BOBCAPS Research

Key Risks

- Sharp slowdown in real estate activity
- Market share loss in Bathware and Plastic Pipes

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	27,763	25,230	26,632	29,695	32,664
EBITDA	2,628	1,430	2,290	3,113	3,546
Depreciation	1,188	1,225	1,173	1,224	1,314
EBIT	1,440	205	1,117	1,889	2,232
Net interest inc./exp.)	(926)	(891)	(685)	(668)	(668)
Other inc./exp.)	364	405	196	160	160
Exceptional items	5	0	0	0	0
EBT	872	(281)	629	1,380	1,724
Income taxes	295	(68)	0	303	389
Extraordinary items	0	296	0	0	0
Min. int./Inc. from assoc.	(110)	(182)	(129)	(178)	(178)
Reported net profit	467	(691)	500	900	1,157
Adjustments	32	352	0	0	0
Adjusted net profit	499	(339)	500	900	1,157

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	3,120	4,066	4,292	4,785	5,264
Other current liabilities	4,026	3,919	3,919	3,919	3,919
Provisions	44	50	52	58	64
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	8,053	8,863	9,904
Shareholders' fund	6,067	7,861	8,311	9,121	10,161
Total liab. and equities	24,203	25,277	26,706	28,515	30,540
Cash and cash eq.	293	253	1,734	2,599	3,556
Accounts receivables	4,533	5,078	4,403	4,910	5,401
Inventories	5,894	6,007	6,227	6,726	7,459
Other current assets	1,404	1,343	1,418	1,581	1,739
Investments	1,035	731	731	731	731
Net fixed assets	7,012	6,983	7,310	7,086	6,772
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	26,706	28,515	30,540

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	1,541	1,032	2,770	1,964	2,081
Capital expenditures	(1,831)	(1,901)	(1,500)	(1,000)	(1,000)
Change in investments	(156)	304	0	0	0
Other investing cash flows	359	109	196	160	160
Cash flow from investing	(1,628)	(1,487)	(1,304)	(840)	(840)
Equities issued/Others	0	23	0	0	0
Debt raised/repaid	1,250	(1,168)	750	500	500
Interest expenses	(926)	(891)	(685)	(668)	(668)
Dividends paid	(29)	0	(50)	(90)	(116)
Other financing cash flows	(7)	2,452	0	0	0
Cash flow from financing	288	415	15	(258)	(284)
Chg in cash & cash eq.	201	(41)	1,481	865	957
Closing cash & cash eq.	293	253	1,734	2,599	3,556

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	6.5	(8.3)	6.0	10.8	13.8
Adjusted EPS	6.9	(4.1)	6.0	10.8	13.8
Dividend per share	0.4	0.0	0.6	1.1	1.4
Book value per share	82.7	92.9	98.3	108.0	120.4

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	0.9	1.0	0.9	0.8	0.7
EV/EBITDA	9.7	17.8	10.7	7.7	6.6
Adjusted P/E	35.9	(61.2)	41.5	23.0	17.9
P/BV	3.0	2.7	2.5	2.3	2.1

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	57.3	120.5	79.5	65.2	67.1
Interest burden (PBT/EBIT)	60.6	(137.2)	56.3	73.1	77.2
EBIT margin (EBIT/Revenue)	5.2	0.8	4.2	6.4	6.8
Asset turnover (Rev./Avg TA)	114.7	99.8	99.7	104.1	107.0
Leverage (Avg TA/Avg Equity)	4.1	3.6	3.3	3.3	3.2
Adjusted ROAE	8.4	(4.9)	6.2	10.3	12.0

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	(3.3)	(9.1)	5.6	11.5	10.0
EBITDA	6.9	(45.6)	60.1	35.9	13.9
Adjusted EPS	(13.0)	(158.7)	(247.5)	80.0	28.5
Profitability & Return ratios (%)					
EBITDA margin	9.5	5.7	8.6	10.5	10.9
EBIT margin	5.2	0.8	4.2	6.4	6.8
Adjusted profit margin	1.8	(1.3)	1.9	3.0	3.5
Adjusted ROAE	8.4	(4.9)	6.2	10.3	12.0
ROCE	12.5	4.1	8.1	11.7	12.5
Working capital days (days)					
Receivables	60	73	60	60	60
Inventory	77	87	85	83	83
Payables	41	59	59	59	59
Ratios (x)					
Gross asset turnover	2.6	2.3	2.2	2.2	2.2
Current ratio	1.0	1.1	1.2	1.3	1.4
Net interest coverage ratio	1.6	0.2	1.6	2.8	3.3
Adjusted debt/equity	1.3	0.9	0.7	0.6	0.5

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

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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

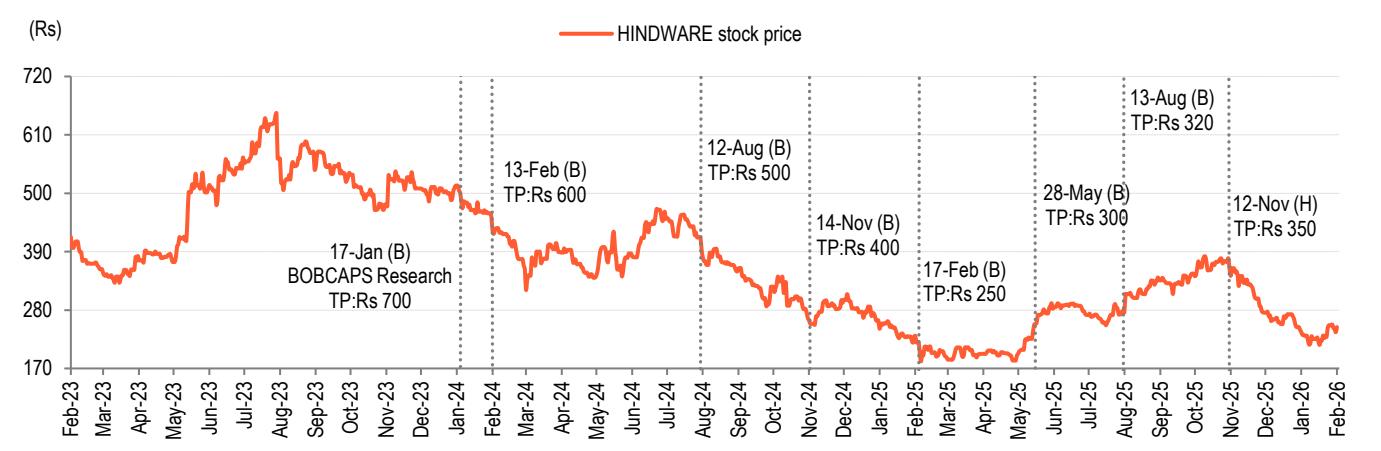
HOLD – Expected return from -6% to +15%

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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