

**BUY**

TP: Rs 300 | ▲ 19%

**HINDWARE HOME  
INNOVATION**

| Building Materials

| 28 May 2025

## Muted Q4; market share loss in bathware but recovery in sight

- Dismal Q4 on continued market share loss in bathware and muted performance of the consumer appliance business
- Bathware revenue to grow at double-digit rate with improved margin in FY26 on recovery of market share loss and operating efficiencies
- Maintain BUY; TP raise by 20% to Rs 300 per share

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**Dismal quarter:** HINDWARE top line came broadly in-line with our estimate (-1.0%) for Q4FY25 but missed EBITDA estimate by 13.7% due to lower-than-expected bathware division's EBITDA margin (-505bps YoY to 10.3% vs 12.0% estimated). It reported impairment loss of Rs 296mn in Q4FY25 for the water heater JV business. The company's revenue/EBITDA de-grew by 10%/45% YoY in Q4FY25.

**Highlights:** HINDWARE has lost market share (MS) in its core bathware category as its revenue de-grew by 12.4% YoY vs mid-single-digit growth for industry in FY25. The company has reported strong performance for plastic pipes as it posted strong volume growth (+13.9% YoY) and relatively better EBITDA margin (+9.7%) vs its major listed peers. Consumer appliances posted sharp operating loss yet again, on lower revenue (-16% YoY even on a weak base). Net debt has gone up from Rs 6.7bn in Dec'24 to Rs 6.95bn in Mar'25.

**Outlook:** Management expects bathware revenue to grow at a double-digit rate along with improved margin in FY26, given the rationalisation of low-margin products, benefits from internal restructuring exercise and operating leverage benefits. The company has already witnessed green-shoot signs for its bathware business in Apr-May 2025 and is confident of delivering better-than-industry growth over the next 2-3 quarter period. Plastic pipes segment is expected to deliver healthy volume growth in FY26, due to the start of the Roorkee plant from Jul'25. Net debt is targeted to reduce by Rs 2.0-2.5bn over the next two years. Capex is estimated to be Rs 1.0-1.25bn for FY26.

**Maintain BUY; TP raise by 20% to Rs 300:** We maintain BUY rating on the stock as we expect EBITDA to grow at a healthy 44% CAGR over FY25-FY27E over a weak base, in anticipation of sharp margin improvement for bathware and plastic pipes businesses. We have broadly maintained our earnings estimates but raised TP to Rs 300 (Rs 250 earlier), given rise in target P/E (from 20x to 25x) on Mar'27E, as we positively view the decision to demerge the loss-making consumer appliance & water heater JV business into a separate listed entity. At CMP, the stock trades at a P/E of 63.6x/21.1x on FY26E/FY27E.

## Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	HINDWARE IN/Rs 253
Market cap	US\$ 214.3mn
Free float	47%
3M ADV	US\$ 0.7mn
52wk high/low	Rs 477/Rs 177
Promoter/FPI/DII	53%/4%/7%

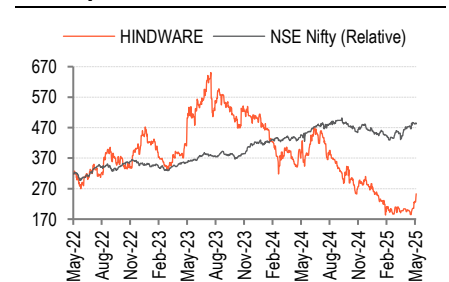
Source: NSE | Price as of 27 May 2025

## Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	25,230	27,346	30,757
EBITDA (Rs mn)	1,430	2,212	2,946
Adj. net profit (Rs mn)	(339)	333	1,003
Adj. EPS (Rs)	(4.1)	4.0	12.0
Consensus EPS (Rs)	(8.3)	3.4	10.1
Adj. ROAE (%)	(4.9)	4.2	11.6
Adj. P/E (x)	(62.4)	63.6	21.1
EV/EBITDA (x)	7.5	4.9	4.0
Adj. EPS growth (%)	(158.7)	(198.2)	201.2

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance



Source: NSE



**Fig 1 – Quarterly financials**

Particulars (Rs mn)	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	FY25	FY24	YoY (%)	BOBCAPS Q2FY25E	Variance (%)
Total operating income	6,990	7,724	(9.5)	5,942	17.6	25,230	27,763	(9.1)	7,062	(1.0)
Raw-Material expense	4,165	4,350	(4.3)	3,240	28.5	14,101	15,117	(6.7)		
Gross Profit	2,825	3,374	(16.3)	2,702	4.6	11,129	12,646	(12.0)		
Employee expense	1,025	1,112	(7.8)	1,084	(5.4)	4,265	4,262	0.1		
Energy costs	197	264	(25.7)	222	(11.6)	851	921	(7.6)		
Other expense	1,195	1,249	(4.4)	1,102	8.4	4,583	4,822	(5.0)		
EBITDA	409	748	(45.4)	294	39.0	1,430	2,642	0	474	(13.7)
D&A	304	307	(1.1)	306	(0.6)	1,225	1,188	3.1		
EBIT	105	442	(76.2)	(11)	NM	205	1,453	(85.9)		
Interest cost	191	243	(21.4)	226	(15.3)	891	926	(3.8)		
Non-operating expense/ (income)	248	(43)	NM	(131)	NM	70	(263)	NM		
PBT	(333)	242	NM	(106)	215.6	(756)	790	NM		
Tax	6	77	(92.4)	(37)	NM	(68)	299	NM		
Reported PAT	(339)	165	NM	(68)	397.2	(688)	491	NM		
Adjusted PAT	(28)	17	NM	(169)	(83.5)	(386)	281	NM	(9)	227.2
<b>As % of net revenues</b>			<b>(bps)</b>		<b>(bps)</b>			<b>(bps)</b>		
Gross margin	40.4	43.7	(326)	45.5	(506)	44.1	45.6	(144)		
Employee cost	14.7	14.4	27	18.2	(357)	16.9	15.4	155		
Other cost	17.1	16.2	92	18.5	(145)	18.2	17.4	80		
EBITDA margin	5.8	9.7	(384)	4.9	90	5.7	9.5	(385)		
Tax rate	(1.7)	31.7	(3349)	35.4	(3716)	9.0	37.8	(2875)		
APAT margin	(0.4)	0.2	(61)	(2.9)	245	(1.5)	1.0	(254)		

Source: Company, BOBCAPS Research

**Fig 2 – Segment financials**

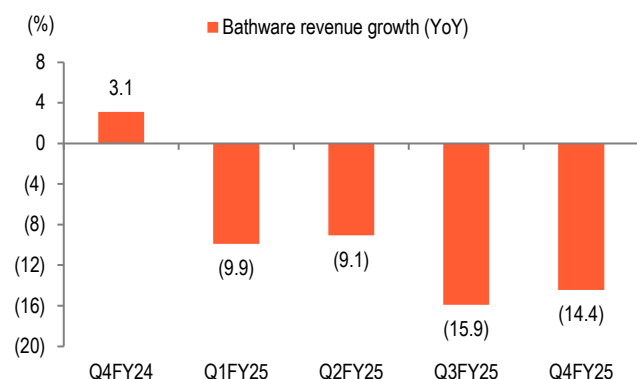
Particulars	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	FY25	FY24	YoY (%)
<b>Revenue (Rs mn)</b>								
Bathware	3,600	4,207	(14.4)	3,377	6.6	13,841	15,804	(12.4)
Plastic Pipe	2,470	2,435	1.4	1,892	30.5	7,865	7,746	1.5
Consumer Products	920	1,095	(16.0)	670	37.3	3,495	4,232	(17.4)
<b>EBITDA margin (%)</b>								
Bathware	10.3	15.3	(505bps)	10.2	6bps	10.6	15.4	(477bps)
Plastic Pipe	9.7	10.8	(113bps)	6.9	279bps	7.7	9.3	(156bps)
Consumer Products	(7.6)	(9.1)	153bps	(14.5)	687bps	(6.0)	(3.8)	(222bps)

Source: Company, BOBCAPS Research

## Earnings Call Highlights

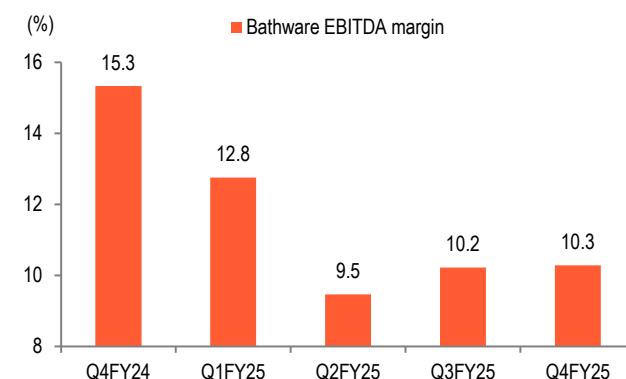
- **Bathware:** Revenue de-grew by 14.4% YoY in Q4FY25 due to market share loss. Segment EBITDA margin fell sharply by 505bps YoY to 10.3% in Q4FY25. Going ahead, management expects bathware revenue to grow at double-digit rate along with improved margin in FY26, due to rationalisation of low margin products, benefits from internal restructuring exercise and operating leverage benefits. The company has already witnessed green-shoot signs for bathware business in Apr-May 2025 and is confident of delivering better-than-industry growth over the next 2-3 quarter period.
- **Plastic pipes:** Volumes grew at a healthy pace of 13.9% YoY in Q4FY25, but segment EBITDA margin fell by 113bps YoY to 9.7% in Q4FY25, due to weak resin prices. CPVC accounted for 39% of the total sales in FY25. Plastic pipes likely to deliver healthy volume growth in FY26, due to the start of Roorkee plant in Q1FY26.
- **Consumer appliances:** Segment revenue fell sharply by 16.0% YoY in Q4FY25 even on a weak base (-14.2% YoY in Q4FY24). Segment posted operating loss of Rs 70mn in Q4FY25 vs loss of Rs 100mn in Q4FY24. Going ahead, the company is doubling its kitchen appliance offerings by enhancing product quality and innovation, targets to expand retail presence via 50–60 new brand stores in FY26 in addition to the existing 130+ stores and building e-commerce and institutional sales channels.
- **Product mix:** In the bathware segment, product mix is 50:30:20 mass:mass premium:premium. Management plans to significantly increase share of mass premium and premium products over the next two years, focusing on high-growth categories like wall-mounted sanitaryware and over-the-counter basins. In the pipes segment, new products are adding value to the portfolio. Consumer appliances segment is focused on kitchen appliances with rationalisation of low-margin seasonal products.
- **Demerger:** The proposed demerger currently underway involves separating HINDWARE's consumer appliances and building products businesses into two separate listed entities. The demerger has already been approved by the board and is awaiting regulatory clearance. Management said this restructuring is aimed to increase shareholder value and allow the consumer appliances business to focus on growth, with its own leadership and capital allocation. Management sees this demerger as the final step in earlier restructuring efforts and believes it will help the segment become more profitable and grow faster.
- **Water heater:** Share of profit from water heater JV business stood at Rs 55mn in Q4FY25 vs Rs 42mn in Q4FY24.
- **Capex:** The company has planned a capex of Rs 1.0-1.25bn for FY26, covering Roorkee plant, brand store expansions and manufacturing investments. The Roorkee plant will add 12,500 MT to the pipes segment capacity and is expected to be operational by July 2025.

**Fig 3 – HINDWARE's bathware revenue fell by 14.4% in Q4FY25 YoY due to market share loss**



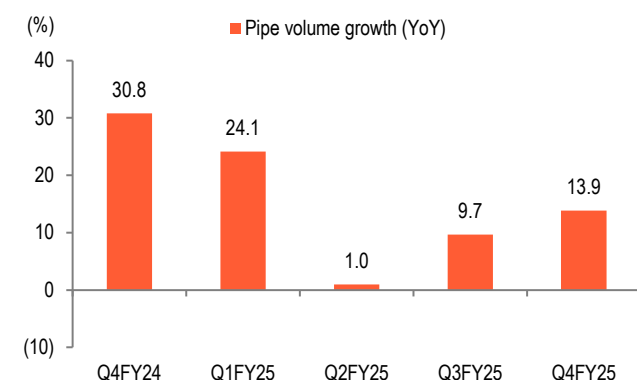
Source: Company, BOBCAPS Research

**Fig 4 – Bathware EBITDA margin was down 505bps YoY to 10.3% in Q4FY25 due to negative operating leverage**



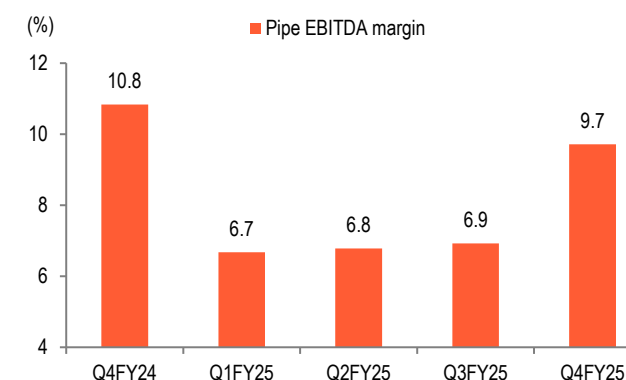
Source: Company, BOBCAPS Research

**Fig 5 – Pipe volume grew at a healthy rate of 13.9% YoY in Q4FY25**



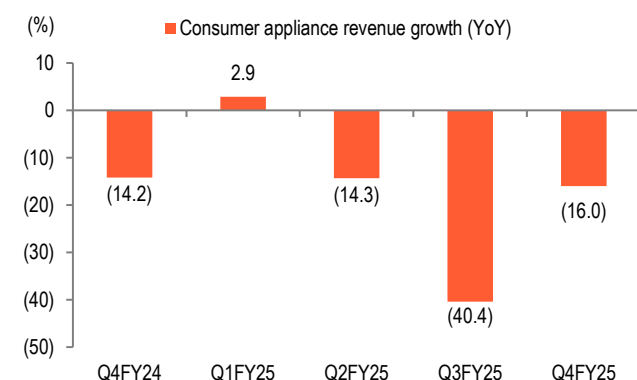
Source: Company, BOBCAPS Research

**Fig 6 – Pipe EBITDA margin was down 113bps YoY to 9.7% in Q4FY25 due to lower resin prices**



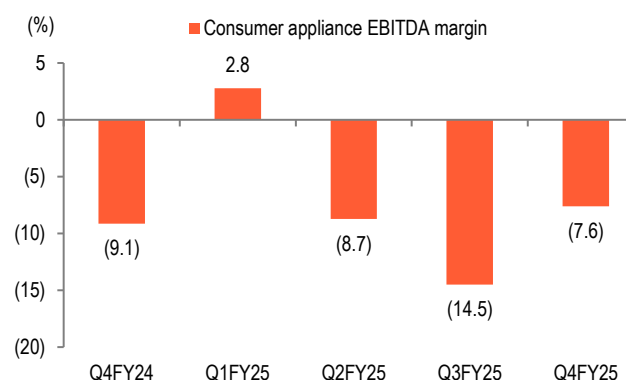
Source: Company, BOBCAPS Research

**Fig 7 – Consumer appliance segment revenue fell sharply by 16.0% YoY in Q4FY25 over a weak base**



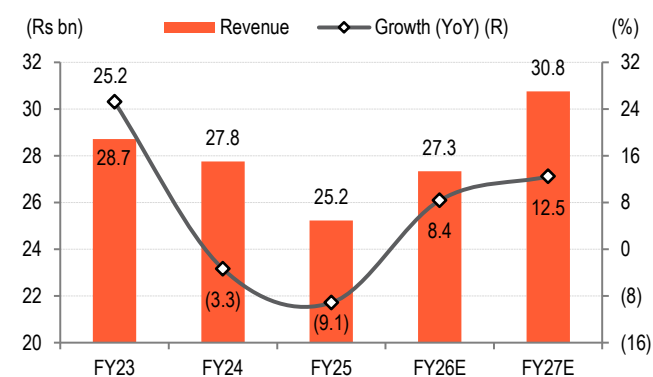
Source: Company, BOBCAPS Research

**Fig 8 – Consumer appliance segment again posted operating loss in Q4FY25**



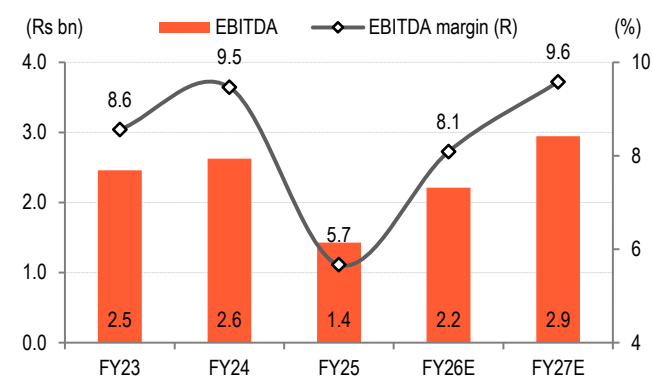
Source: Company, BOBCAPS Research

**Fig 9 – HINDWARE’s revenue is projected to grow at a modest 10.4% CAGR over FY25-FY27E on a low base**



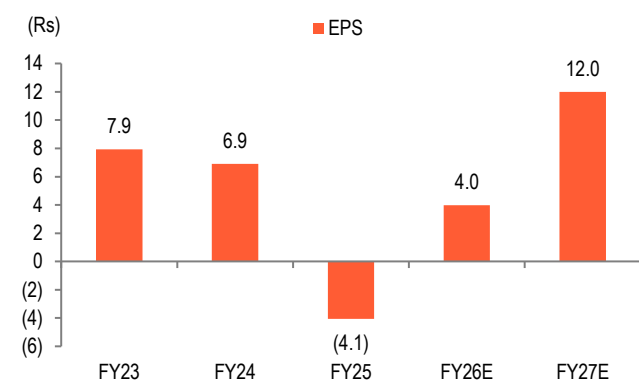
Source: Company, BOBCAPS Research

**Fig 10 – HINDWARE EBITDA margin to gradually improve from 5.7% in FY25 to 9.6% in FY27E on a weak base**



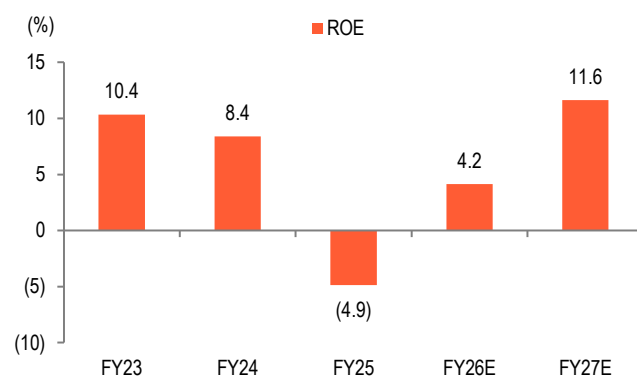
Source: Company, BOBCAPS Research

**Fig 11 – HINDWARE’s EPS forecast to grow sharply over FY25-FY27E owing to a weak base**



Source: Company, BOBCAPS Research

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



Source: Company, BOBCAPS Research

## Valuation Methodology

We maintain BUY as we expect EBITDA to grow at a healthy 44% CAGR over FY25-FY27E over a weak base, in anticipation of sharp improvement in margin for both bathware and plastic pipes businesses.

We have broadly maintained our earnings estimates, but have raised TP to Rs 300 (Rs 250 earlier), due to an increase in target P/E (from 20x to 25x) on Mar'27E as we positively view the decision to demerge the loss-making consumer appliance & water heater JV business into a separate listed entity. At CMP, the stock trades at a P/E of 63.6x/21.1x on FY26E/FY27E

**Fig 13 – Revised estimates**

Consolidated (Rs bn)	New		Old		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Total operating income	27.3	30.8	27.8	30.8	(1.5)	(0.2)
EBITDA	2.2	2.9	2.3	3.2	(4.7)	(8.1)
EBITDA Margin (%)	8.1	9.6	8.4	10.4	(28bps)	(82bps)
Adjusted PAT	0.3	1.0	0.3	1.0	0.1	0.1
EPS (Rs)	4.0	12.0	4.0	12.0	0.1	0.1

Source: BOBCAPS Research

**Fig 14 – Key assumptions**

Key Assumptions	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Revenue-Mix (%)</b>						
Bathware	51.9	53.3	56.9	54.9	55.7	55.2
Plastic Pipe	26.4	27.3	27.9	31.2	30.9	31.8
Consumer Product	18.8	17.4	15.1	13.9	13.3	13.1
Retail (discontinued)	2.9	2.0	0.8	0.0	-	-
<b>Revenue Growth (%)</b>						
Bathware	38.6	28.8	3.2	(12.4)	10.1	11.4
Plastic Pipe	50.1	29.4	(1.3)	1.5	7.6	15.5
Consumer Product	(5.2)	16.2	(15.5)	(17.4)	4.4	10.0
<b>EBITDA margin (%)</b>						
Bathware	11.4	13.9	15.4	10.6	13.0	14.6
Plastic Pipe	7.6	5.6	9.3	7.7	9.3	10.2
Consumer Products	2.2	2.5	(3.8)	(6.0)	(4.0)	(3.0)

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)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Total revenue</b>	<b>28,723</b>	<b>27,763</b>	<b>25,230</b>	<b>27,346</b>	<b>30,757</b>
EBITDA	2,459	2,628	1,430	2,212	2,946
Depreciation	1,010	1,188	1,225	1,270	1,310
EBIT	1,449	1,440	205	941	1,636
Net interest inc./(exp.)	(771)	(926)	(891)	(764)	(644)
Other inc./(exp.)	356	364	405	412	412
Exceptional items	4	5	0	0	0
EBT	1,030	872	(281)	589	1,404
Income taxes	365	295	(68)	112	337
Extraordinary items	0	0	296	0	0
Min. int./Inc. from assoc.	(94)	(110)	(182)	(144)	(64)
<b>Reported net profit</b>	<b>571</b>	<b>467</b>	<b>(691)</b>	<b>333</b>	<b>1,003</b>
Adjustments	3	32	352	0	0
<b>Adjusted net profit</b>	<b>574</b>	<b>499</b>	<b>(339)</b>	<b>333</b>	<b>1,003</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
Accounts payables	2,972	3,120	4,066	4,407	4,956
Other current liabilities	4,234	4,026	3,919	3,919	3,919
Provisions	61	44	50	54	60
Debt funds	7,117	8,367	7,199	7,949	8,449
Other liabilities	2,812	2,580	2,183	2,183	2,183
Equity capital	145	145	167	167	167
Reserves & surplus	5,613	5,834	7,603	7,903	8,806
Shareholders' fund	5,830	6,067	7,861	8,161	9,063
<b>Total liab. and equities</b>	<b>23,027</b>	<b>24,203</b>	<b>25,277</b>	<b>26,672</b>	<b>28,631</b>
Cash and cash eq.	93	293	253	1,874	2,571
Accounts receivables	3,776	4,533	5,078	4,521	5,085
Inventories	6,838	5,894	6,007	6,495	7,321
Other current assets	1,268	1,404	1,343	1,456	1,638
Investments	880	1,035	731	731	731
Net fixed assets	9,078	7,012	6,983	6,713	6,403
CWIP	358	539	2,085	2,085	2,085
Intangible assets	46	2,178	1,774	1,774	1,774
Deferred tax assets, net	390	598	727	727	727
Other assets	301	718	296	296	296
<b>Total assets</b>	<b>23,027</b>	<b>24,203</b>	<b>25,277</b>	<b>26,672</b>	<b>28,631</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Cash flow from operations</b>	<b>(3,203)</b>	<b>1,541</b>	<b>1,032</b>	<b>2,257</b>	<b>1,530</b>
Capital expenditures	(2,491)	(1,831)	(1,901)	(1,000)	(1,000)
Change in investments	(6)	(156)	304	0	0
Other investing cash flows	352	359	109	412	412
<b>Cash flow from investing</b>	<b>(2,145)</b>	<b>(1,628)</b>	<b>(1,487)</b>	<b>(588)</b>	<b>(588)</b>
Equities issued/Others	0	0	23	0	0
Debt raised/repaid	5,685	1,250	(1,168)	750	500
Interest expenses	(771)	(926)	(891)	(764)	(644)
Dividends paid	(36)	(29)	0	(33)	(100)
Other financing cash flows	27	(7)	2,452	0	0
<b>Cash flow from financing</b>	<b>4,905</b>	<b>288</b>	<b>415</b>	<b>(47)</b>	<b>(244)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>(444)</b>	<b>201</b>	<b>(41)</b>	<b>1,621</b>	<b>697</b>
<b>Closing cash &amp; cash eq.</b>	<b>93</b>	<b>293</b>	<b>253</b>	<b>1,874</b>	<b>2,571</b>

### Per Share

Y/E 31 Mar (Rs)	FY23A	FY24A	FY25A	FY26E	FY27E
Reported EPS	7.9	6.5	(8.3)	4.0	12.0
Adjusted EPS	7.9	6.9	(4.1)	4.0	12.0
Dividend per share	0.5	0.4	0.0	0.4	1.2
Book value per share	79.6	82.7	92.9	96.5	107.3

### Valuations Ratios

Y/E 31 Mar (x)	FY23A	FY24A	FY25A	FY26E	FY27E
EV/Sales	0.6	0.5	0.4	0.4	0.4
EV/EBITDA	6.9	5.5	7.5	4.9	4.0
Adjusted P/E	31.9	36.6	(62.4)	63.6	21.1
P/BV	3.2	3.1	2.7	2.6	2.4

### DuPont Analysis

Y/E 31 Mar (%)	FY23A	FY24A	FY25A	FY26E	FY27E
Tax burden (Net profit/PBT)	55.7	57.3	120.5	56.5	71.4
Interest burden (PBT/EBIT)	71.1	60.6	(137.2)	62.6	85.8
EBIT margin (EBIT/Revenue)	5.0	5.2	0.8	3.4	5.3
Asset turnover (Rev./Avg TA)	124.7	114.7	99.8	102.5	107.4
Leverage (Avg TA/Avg Equity)	4.2	4.1	3.6	3.3	3.3
Adjusted ROAE	10.4	8.4	(4.9)	4.2	11.6

### Ratio Analysis

Y/E 31 Mar	FY23A	FY24A	FY25A	FY26E	FY27E
<b>YoY growth (%)</b>					
Revenue	25.2	(3.3)	(9.1)	8.4	12.5
EBITDA	39.7	6.9	(45.6)	54.6	33.2
Adjusted EPS	(51.8)	(13.0)	(158.7)	(198.2)	201.2

### Profitability & Return ratios (%)

EBITDA margin	8.6	9.5	5.7	8.1	9.6
EBIT margin	5.0	5.2	0.8	3.4	5.3
Adjusted profit margin	2.0	1.8	(1.3)	1.2	3.3
Adjusted ROAE	10.4	8.4	(4.9)	4.2	11.6
ROCE	13.9	12.5	4.1	8.4	11.7

### Working capital days (days)

Receivables	48	60	73	60	60
Inventory	87	77	87	87	87
Payables	38	41	59	59	59

### Ratios (x)

Gross asset turnover	2.9	2.6	2.3	2.3	2.3
Current ratio	1.1	1.0	1.1	1.2	1.3
Net interest coverage ratio	1.9	1.6	0.2	1.2	2.5
Adjusted debt/equity	1.2	1.3	0.9	0.7	0.6

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%

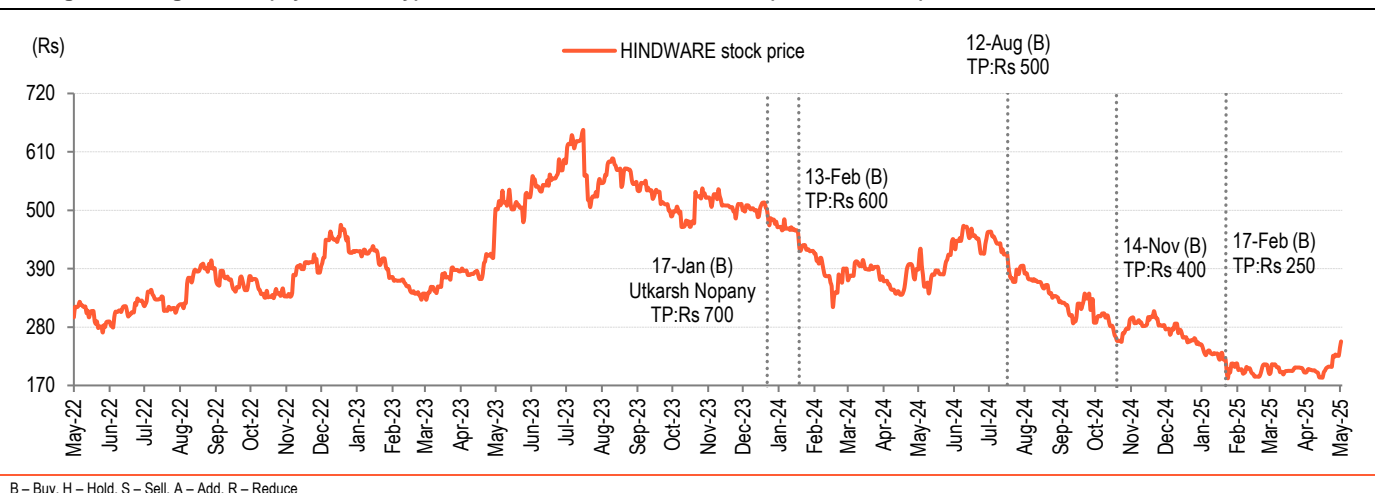
**HOLD** – Expected return from -6% to +15%

**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)



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