

NEAPS/BSE ONLINE

18th November, 2025

**The Corporate Relationship Department
BSE Limited**

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1st Floor, New Trading Ring,
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Mumbai – 400001
(BSE Scrip Code: 542905)

Listing Department

National Stock Exchange of India Limited

Plot No. C-1, Block-G,
Exchange Plaza, 5th Floor,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400051
(NSE Symbol: HINDWAREAP)

Dear Sir/Madam,

Sub: Transcript of the Earnings Conference Call held on 12th November, 2025

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of the Earnings Conference Call held on Wednesday, 12th November, 2025 for discussion of the financial results of the Company for the second quarter and half year ended 30th September, 2025

The transcript will also be available on the website of the Company i.e. www.hindwarehomes.com.

You are requested to take the above information on your record.

For Hindware Home Innovation Limited

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(Company Secretary and Sr. V. P. Group General Counsel)

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hindware
smart appliances





Q2 & H1 FY26 Earnings Conference Call

November 12, 2025



MANAGEMENT: **MR. NIRUPAM SAHAY** – CEO, BATH AND CONSUMER APPLIANCES BUSINESS

MR. RAJESH PAJNOO – CEO, PIPES BUSINESS

MR. SANDEEP SIKKA – GROUP CFO

MR. NAVEEN MALIK – CEO & CFO, HINDWARE HOME INNOVATION LIMITED

MODERATOR: **MR. RONAK OTHWAL** – ARIHANT CAPITAL MARKETS LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Hindware Home Innovation Q2 & H1 FY26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Please note that this conference is being recorded. I now hand the conference over to Mr. Ronak Ostwal. Thank you, and over to you, sir.

Ronak Ostwal: Good evening and welcome everyone. On behalf of Arihant Capital, we invite you to Hindware Home Innovation Limited Q2 & H1FY26 Earnings Conference.

From the management side, we have Mr. Nirupam Sahay, CEO of Bath and Consumer Appliances business; Mr. Rajesh Pajnoo, CEO of Pipe Business; Mr. Sandeep Sikka, the Group CFO; and Mr. Naveen Malik, CEO and CFO of Hindware Home Innovation Limited.

Kindly note that some of the remarks or observations made during today's call might be forward-looking such as financial projections or statements regarding company's plans, objectives, expectations or intentions. The company does not have any obligation to revise these forward-looking statements to reflect any future events or developments. For a comprehensive disclaimer, please refer Slide 2 of results presentation.

With that, I would like to hand over the call to the management for their opening remarks, post which we will open for question-answer session. Thank you, and over to you, Mr. Naveen.

Naveen Malik: Good evening, everyone, and welcome to Hindware Home Innovation Limited's Q2 FY26 Earnings Call.

Kindly note that some remarks and observations made during today's call might be forward-looking. These may include but are not limited to financial projections and statements regarding the company's plans, objectives, expectations, or intentions. The company does not have any obligation to revise these forward-looking statements to reflect any future events or developments. For a comprehensive disclaimer, please refer to Slide No. 2 of the Result Presentation.

I will start with a brief summary of our performance for Q2 FY26. Our business CEOs will then share updates on their respective segments.

For H1 FY26, the company reported consolidated revenue of ₹1,207 crore, with an EBITDA of ₹118 crore and a PBT of ₹24 crore before exceptional items.

For Q2 FY26, the company reported consolidated revenue of ₹676 crore, with an EBITDA of ₹60 crore and a PBT of ₹ 14 crore before exceptional items.

As communicated last quarter, in a strategic move to sharpen our focus on the kitchen appliances segment — including chimneys, hobs, and cooktops, the Board has approved the discontinuation of high loss-making product categories such as air coolers (other than through the e-commerce channel), ceiling and other fans, air purifiers, water purifiers, and furniture fittings. Please refer to note no. 3 of published financials for further details.

I would now like to hand it over to Mr. Nirupam Sahay to take you through the Bathware and Consumer Appliances business. Over to you, Nirupam.

Nirupam Sahay:

Thank you, Naveen, and good evening to everyone.

For H1 FY26, the Bathware business reported revenue of ₹737 crore, EBITDA of ₹86 crore, and PBT of ₹31 crore, while in Q2 FY26, it recorded revenue of ₹397 crore, EBITDA of ₹43 crore and PBT of ₹16 crore. Even though the market remained somewhat soft this quarter as well, we continue to be well-positioned, backed by our strong fundamentals. Hindware's leadership in the market, along with high brand awareness and deep consumer trust, continues to drive our growth ambitions.

As mentioned in our previous call, we've undertaken a series of focused strategic initiatives in the Bathware segment — refining our go-to-market strategy, driving premiumisation across sanitaryware and faucets, and implementing a zero-based budgeting approach to further strengthen margins. We also launched our new brand campaign, 'Designed for Sukoon', which has received an excellent response from both consumers and the trade. Together, these initiatives are expected to drive stronger performance and momentum in the second half of the year.

We continue to deepen engagement with the influencer community through on-ground programs for our plumber network, and building stronger collaborations with architects and interior designers. All these actions are helping us widen our market reach and strengthen brand advocacy, and we'll continue to invest in building our brand and engaging meaningfully with customers and influencers alike.

In line with our premiumisation focus, we've introduced a new range of premium faucets with higher average selling prices and stronger margins — this will further enhance our premium positioning and support long-term profitability.

Coming to the Hindware Home Innovation Limited business, H1 revenue stood at ₹155 crore with EBITDA of ₹17 crore and PBT of ₹8 crore before exceptional items. While Q2 revenue was ₹84 crore with EBITDA of ₹7 crore and PBT of ₹3 crore before exceptional items. Our ongoing portfolio rationalisation — focusing on high-demand categories like kitchen appliances and water heaters — is expected to drive both growth and profitability in the coming quarters.

With that, I will now hand over to Mr. Rajesh Pajnoo to take you through the Pipes and Fittings business. Over to you, Rajesh.

Rajesh Pajnoo:

Thank you, Nirupam. Good evening, everyone, and welcome to our investor call. It's a pleasure to be speaking with you today.

For the first half of FY26, the company reported revenue of ₹315 crore, EBITDA of ₹20 crore, and negative PBT of ₹ 15 crore. For Q2 FY26, the company reported revenue of ₹196 crore, EBITDA of ₹12 crore and negative PBT of ₹5 crore.

While the overall market environment remained challenging — mainly due to resin price fluctuations and subdued demand — we are taking focused measures to navigate these headwinds effectively.

Looking ahead, our focus remains on strengthening performance in the second half of FY26 through strategic actions, portfolio optimisation, and operational improvements.

On the manufacturing front, trial production has commenced at our new Roorkee facility in Uttarakhand, with commercial operations expected to begin in H2 FY26. This expansion will enhance capacity and enable us to serve customers across Northern India more efficiently.

We are also continuing to expand our product portfolio to meet evolving market needs. Over the past few quarters, we've introduced solutions such as foam core pipes for underground drainage, double-wall corrugated (DWC) pipes, and polypropylene random (PPR) pipes and fittings, further broadening our product range to address diverse application needs

At the same time, we are enhancing efficiency across the business — leveraging technology, optimising resource allocation, and strengthening cost management. Alongside this, we are continuing to expand our brand and distribution footprint to deepen market presence and customer engagement.

Overall, with capacity expansion, a diversified portfolio, and ongoing strategic initiatives, we are well-positioned to deliver stronger growth and improved profitability in the second half of FY26.

With that, we are happy to take your questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question comes from the line of Aditya Gada from Sarthak Securities.

Aditya Gada: I have 2 questions, the first one is, that the company has demonstrated strong revenue recovery but we are noticing a concerning trend in subsequent EBITDA margin compression across some segments, despite volume growth in Bathware. I'd like to know, what is the management strategy and what is the underlying drivers of it? And how are you trying to sustain margins going forward?

Nirupam Sahay: So as you would have seen, we've delivered a growth in this quarter about 10.1% in Bathware. So the objective that we had of getting back to double-digit growth has been delivered in this quarter. While there's been a marginal decline versus the previous quarter, at an overall level, we are at an 11.6% EBITDA in the business. Going forward, we've taken a price increase across both sanitaryware and faucets effective 1st November, 2025. So we expect that to have a positive impact on gross margin. As shared earlier as well, we are also focused on products in the mid-premium and premium segment in terms of new product introductions, which are all going to be at higher gross margins than the existing products that we have. So through the premiumization strategy that we have, we expect a positive impact and the price increase, of course, will have a positive impact. And we are continuing to drive productivity and efficiency in the plants as well

to ensure that from a cost perspective as well, we are well in control. So we do expect in the H2 of this year 1% to 2% increase in the EBITDA percentage based on all the actions that we've already taken.

Aditya Gada: My next question is, like you mentioned earlier, Hindware is the leading player in the sanitaryware and faucets. So what is our current market share in the sanitaryware and faucets segment? And you recently launched the 'Automate Smart Toilet' systems and all, so what is the ASP realization trend?

Nirupam Sahay: So unfortunately, there's no syndicated data available for the Bathware segment. So unfortunately, accurate data on market share is not available. Having said that, very clearly, in the sanitaryware space, we are a top 3 player and in the faucet space, again, we are a top 3 player. So I think that's the closest I can get to giving any data because unfortunately, data is not available. However, like I said, we focused extensively on the premium segment over this last few quarters. And I think overall, we are gaining share because the market has been relatively soft. As you've seen, we've grown at 10%. But in the premium segment, with the new product introduction that we've done across sanitaryware and faucets, we've also seen a very good growth at the premium end. So we've definitely gained market share in the premium segment as well.

Aditya Gada: And what percentage of Bathware revenue comes from institutional B2B versus retail channels? Like what is the margin differential?

Nirupam Sahay: So the institutional business is roughly about 23% of our sales. It remains between 20% and 25% pretty much in the quarter. Obviously, by the nature of the business, there is a lower gross margin in the institutional business because we are targeting obviously large architects, large builders, large projects, etc. So differential is roughly about 400 basis points between general trade and the B2B business.

Aditya Gada: Okay. Sir, one last question. On seeing the balance sheet, Bathware business balance sheet excludes an intercompany loan of INR 98 crore extended by HHIL or Hindware Limited. So what is the rationale of this loan? And what are the terms of interest repayment and so on? Is this loan expected to be cancelled or transferred post demerger? Like how does it impact the net debt calculations?

Sandeep Sikka: If you recall, there was a rights issue in the month of December 2024 in the company. And one of the end use, which we had stated that the parent company will give a loan of INR 98 crore to Hindware Limited. This is the same loan. This is an interest-bearing loan. And post demerger, this loan will remain as a loan post implementation, HHIL Limited to Hindware Limited. And on the due dates, it will get repaid.

Moderator: The next question comes from the line of Resha Mehta from GreenEdge Wealth Services.

Resha Mehta: So I'm fairly new to the company. So just looking at the consumer products division, so if you could just call out apart from chimneys and hobs, are there any other major appliances as a part of this segment? And also what would be our market share in each of the products in this particular category? And also, if I see since FY23, in the last 3 years, our revenues of this

particular segment has come down from INR 500 crore to close to INR 356 crore. So what are the reasons behind this? And how are we trying to fix this?

Nirupam Sahay:

So we've taken a conscious call where we did our planning for this year. We've taken a conscious call to focus on a few categories. The first is kitchen appliances. The other is water heaters through our joint venture with Group Atlantic called Hintastica Private Limited and coolers only through the e-commerce channel. We took a conscious call to discontinue certain categories that we've been in the past few years. So coolers through the general trade or distribution channel, fans, air purifiers, water purifiers, kitchen fixtures and fittings. So all of those categories, there was a Board resolution, and we basically discontinued those businesses. The idea was to focus very clearly on a few categories and win in them. So let me take kitchen appliances first. So chimneys is by far the largest subcategory within the kitchen appliances category. There, we are a significant player. We are a top 3 player in chimneys with very, very good brand recall, very good customer satisfaction scores, very innovative products, whether it's on low sound or using artificial intelligence. We've got a great portfolio and doing extremely well in chimneys. We are now focusing a lot on cooktops and hobs because we see that as another big opportunity. Then we have kitchen sinks, which again is a big opportunity, both in B2B and B2C. And then we have in-built microwaves and in-built ovens. So there are several categories within kitchen appliances that we plan to focus on and really grow them out. The second is water heaters, where we have an excellent portfolio of products. Group Atlantic is one of the largest in the water heater space globally. We've been partnering with them. So great innovative products across the price ladder. We've got them at different price points, great aesthetics, great design, great technology. So we believe that there's a huge opportunity there for us there as well. And the third is coolers through e-commerce, where it is still a profitable business. Coolers through general trade was not a profitable business. So we decided to continue with that. So these are the 3 things that we will remain focused on. And we believe that by focusing on these categories, we can grow this business to INR 470 crore to INR 500 crore company in the next 2 years. The reason that it came down over the last 2 years is because we got out of a few categories. So some of the categories which are loss-making, we took a conscious call to get out of them. So now in the categories that we're focused on kitchen appliances, water heaters and coolers through e-commerce, that is where we will now grow.

Resha Mehta:

So would it be fair to assume that the journey from INR 500 crore to, say, INR 350 crore – The three categories we are currently focusing on — kitchen appliances, water heaters, and coolers through e-commerce — would not have degrown? So basically, the degrowth is only coming from the discontinued segments. Would that understanding be right?

Nirupam Sahay:

Correct. The primary degrowth is from the discontinued categories.

Resha Mehta:

And in sinks, what kind of things are we getting into? Like is it steel sinks, quartz sinks, what kind of sinks?

Nirupam Sahay:

So they are both handmade as well as machine-made and designer sinks. So basically, any sink that goes into a kitchen, that is basically what we are focused on because in our Bathware

business, we have sinks which go into homes. So in the consumer appliances space, it is largely kitchen sink.

Resha Mehta: No, no. So my question was in terms of the material that is used, is it a steel sink or is it a quartz sink or what material is that?

Nirupam Sahay: Largely stainless steel. So there's some which are made with slightly different material, but most of the category is stainless steel.

Resha Mehta: And out of the INR 350 crore revenue last year that we did, bulk of this would be chimneys and hobs. Would that understanding be right?

Nirupam Sahay: So in the last year, we also had coolers through the general trade. So that was a fairly large chunk. So this year, despite that base because of the fact that we are growing in kitchen appliances, we are making up for the fact that base that we had a cooler in the general trade. We know because we've discontinued the business to general trade, that base is lying there in the last financial year, and we are not selling through that channel in this year. So all the figures that you see for this year are basically for the categories that I talked about.

Resha Mehta: And what would be the path to profitability?

Nirupam Sahay: Yes. So I think it's fairly clear. Chimneys, for example, is a high gross margin business. So that is the primary driver in kitchen appliances. That is the largest segment in the market, where we are doing extremely well. So that is one thing which is going to ensure that our gross margin remains healthy. Water heaters, again, basically, we've taken a conscious call in terms of our sourcing to make sure that we have products which give us a good gross margin. And because we've got out of loss-making businesses, that itself has a major positive impact. So we remain in all the profitable businesses, and we've got out of all the unprofitable businesses. So I think that was a good strategic call, and that should really help us to move forward. And as we build scale, then clearly, there is operating leverage that we get as well.

Resha Mehta: So the segment margins for consumer products last year was negative 10%, so what is it for H1 FY26? And where do we see that moving ahead?

Nirupam Sahay: So in H1 FY26, we delivered an EBITDA margin of 11%. In HHIL, we delivered an EBITDA of INR 17 crore, that is 11%.

Resha Mehta: On the consumer products division, right?

Sandeep Sikka: Yes. Hindware Home Innovation is right now our consumer products division. So it has no other business.

Nirupam Sahay: Yes. So when I say HHIL I'm talking about the consumer products business only.

Sandeep Sikka: Mr. Nirupam is talking of Hindware Home Innovation Limited as a standalone company. The reported EBITDA for the first 6 months is INR 17 crore, which we see last year was negative.

- Resha Mehta:** Right. And then this basically gets demerged, right? The consumer products division only with these 3 categories, kitchen appliances, water heaters and coolers that get demerged, right?
- Sandeep Sikka:** Yes, correct.
- Resha Mehta:** And then how does the leadership change in terms of people, etc, if you could comment on that? And do we lose out on any synergies in terms of sourcing or let's say, few of our other segments?
- Sandeep Sikka:** The teams are already distinct within the 2 divisions. But the overall arching strategy remains the same because ultimately, we are touching the same market. There may be some sort of an advisory coming from Hindware in terms of the key management heads, which are there because of the synergies like we share the warehousing space, we share the aftersales service. That is already being built. When you see the standalone results for the first half, that element already exists. It should not have an impact on the standalone operations when you see Hindware per se or the standalone operations when you see Hindware Home Innovation Limited.
- Moderator:** The next question comes from the line of Harshit Mundra from BOB Capital Markets.
- Harshit Mundra:** So the pipe segment volume declined by 21% in June quarter. And in this quarter, volume has been good then why are margins not there?
- Rajesh Pajnoo:** See, the volumes actually, if you see we had a very bad first quarter, which was not good for the whole industry, and we also didn't perform. We have come back in the next quarter, that is quarter 2, and we have a volume growth there. But the margins, there is a lot of impact of selling prices in the market because of the lower prices prevailing in the market because of low raw material prices, we have to fight it out in the market. So there have been stress on the price at which we have been selling. That is why we are seeing only a marginal increase, and not a significant one, due to the tough competition in the market.
- Harshit Mundra:** So sir, are we providing any incentive schemes.
- Rajesh Pajnoo:** Yes. When the market demand is not there, you still have to sell, so you end up giving up a bit of your margins, and even then you may not see any net volume growth.
- Harshit Mundra:** Okay. So sir, what is the volume growth and margin guidance for H2?
- Rajesh Pajnoo:** H2, it would be at the same prices that are prevailing now, it will be approximately 15%.
- Harshit Mundra:** Okay. So this is volume, right?
- Rajesh Pajnoo:** Yes.
- Harshit Mundra:** And sir, margin guidance?
- Rajesh Pajnoo:** Margin guidance would be around 9%.
- Harshit Mundra:** And sir, what would be the steady state EBITDA and revenue guidance for the pipe segment?

- Rajesh Pajnoo:** Revenue, as I said, since we are operating at a price, which is below 6% than the last year's price, so it looks like the revenue would be flattish, unless and until there is an increase in the raw material price.
- Harshit Mundra:** Got it. Sir, my next question is on the sale of asset related to the water heater, JV business. So the provision of INR 116 crore would come to Hindware or the demerged entity?
- Sandeep Sikka:** No. This sale of the asset is not being done by Hindware Home Innovation Limited. It is a sale of an asset in the joint venture company. And the end use of this INR 116 crore will go towards repayment of debt in the joint venture company. And the related corporate guarantee, which Hindware Home has given that will get extinguished. This will take off the debt part at the group level, which is there in the form of guarantee. But ultimately, the cash which we generate out of the sale of the assets will be in Hintastica Private Limited and the loans which has been taken in Hintastica, will be paid off.
- Harshit Mundra:** Okay. So our debt has increased from INR 692 crore to INR 746 crore in the last 6 months. So is the debt likely to come down? Or how are you looking at the debt for March 2026?
- Sandeep Sikka:** When we internally do analysis, why it has increased is primarily on account of increase in number of days of the working capital in the first 6 months, which we feel that we should be able to take off to a level of around 5% to 7%. Right now, we are on average, in different businesses around almost 95 days net. And we feel we should be able to bring it down by 5 to 6 days by the end of the year. So part of the debt will get paid off there. Part of the debt we contracted because our new plant in Roorkee is getting commissioned by end of December. And ultimately, the old loans, we are paying off, we have already paid off INR 60 crore in the first half and balance also we will pay another INR 60 crore. Whatever cash we are generating in the system ultimately goes majority towards the repayment of debt.
- Harshit Mundra:** Okay. Sir, last 2 questions. So would you please share revenue growth and margin guidance for Bathware for the second half?
- Nirupam Sahay:** Yes. So in the second half, we are expecting early to mid-teen growth in sales and an EBITDA of about 13% to 14%.
- Harshit Mundra:** Okay. And sir, what would be the steady state EBITDA margin for the Bathware segment for like FY27, FY28?
- Nirupam Sahay:** So we expect in the next year, so FY27 to add 1% to 2% on the EBITDA percentage that we deliver in FY26.
- Moderator:** The next question comes from the line of Viral Sanklecha from VS Investments.
- Viral Sanklecha:** Can you just provide 3- to 5-year revenue growth guidance for institutional business? And are there specific large projects in the pipeline that will drive FY26 and FY27 growth?

- Nirupam Sahay:** So the institutional business has been growing well last year as well as this year. I look at the Bathware part of the business, that's primarily where we play. The growth will be between 15% and 20% for institutional sales this year, and we expect that momentum to continue for the next couple of years. So 15% to 20% is the kind of growth that we are targeting in institutional sales. And that's driven by the fact that we have a very healthy order book. As you know, in the B2B business, the order book is critical. So it's not the sales that you get, but it's the order book that you create for the future. We have an extremely healthy order book, which is a mix of basically large builders, level builders, through architects, etc. So that is what gives us the confidence that we can continue the momentum of the last 1.5 years, 2 years into the next couple of years as well.
- Viral Sanklecha:** Okay. My second question is the Roorkee plant is under trial production to capture Northern India market. So when is this plant expected to achieve commercial production? And what is the expected ramp-up trajectory for FY26, FY27?
- Rajesh Pajnoo:** See, since we have already discussed that we will be commercializing it by the end of this quarter and then we get full quarter for the current financial year. For the next year, since you know this plant will only make pipes, which is a trade sensitive market. So it will take us some time to ramp it up. I think by the end of the next financial year, we will be achieving its peak sales that's around INR 20 crore per month.
- Viral Sanklecha:** Okay. And also the management launched foam core pipes, DWC plumbing pipes and fire sprinkler system. What are the incremental revenue contributions expected from each category in 2026, 2027? Also what are the gross margins on the new products versus the traditional CPVC pipes? Are these products helping you move up the value chain and reduce the pricing pressure?
- Rajesh Pajnoo:** See, as far as foam core is concerned, we have already launched it in the market. DWC will be launching this month or maybe by within 1 month. And then the fire sprinkler system is a very big project. It will come up in the month of March. So they are all value-added products basically. And once we ramp them up, we are seeing a gross margin of around 30% to 32% in these items. But when the revenue comes, then it will add value to the bottom line.
- Viral Sanklecha:** Okay. Also the presentation emphasizes premiumization and design-led products. So what percentage of Bathware revenue comes from premium versus the midrange versus the related products? And how has ASP trended over the past 2 to 3 years?
- Nirupam Sahay:** So our focus on mid-premium and premium, like I said, has accelerated over the last few quarters. So between mid-premium and premium, we have roughly about 50% of our sales. Going forward, we expect that ratio to increase because the focus in terms of new product introductions from a point of view of capturing the way the market is moving and from the point of view of improving gross margins, we'll continue to focus on premium products. So we expect that ratio to go up in the coming years. If I look at the ASP trend, there's been a marginal increase over the last couple of years, nothing very significant. We do expect that in the coming years with the focus on premium products to go up in the next 2 years.

- Viral Sanklecha:** So will the premium products drive the volume growth or just the margin expansion as well?
- Nirupam Sahay:** So they'll drive both value and margin growth.
- Moderator:** The next question comes from the line of Praneeth Bommiseti, an individual investor.
- Praneeth Bommiseti:** Just trying to understand the management focus on the pipe segment because I understand it's a very competitive market and we are not able to have pricing power in the market. So why does the management want to invest so much and want to compete in this market and scale this business instead of all the other possibilities company has with it?
- Rajesh Pajnoo:** See, what you are saying is it has become a competitive market last 1.5 years only because of the lower price of the raw materials, which has come down rock bottom, which has never happened in the past. This pipes market has been growing with a healthy CAGR rate throughout in the last 20 years. So now we are not investing, but this Roorkee plant, which we are investing, we have taken a call 2 years back because when we started 7.5 years back, we were the fastest growing company in terms of percentage in this category. So we thought of going to the North because eventually in this business, if you want to grow in this business, it consists of 2 components. One is the pipe and one is the fittings. Pipe is a very trade-sensitive product so you'll have to have your manufacturing facility across the country. So that is why we decided to go to the North because since we are based in South, we are not able to send our pipes from south to north, the PVC pipes because it is very high freight. And that is why we invested here. Now we are not investing anywhere and we are just waiting. We are doing well in the market, we're just waiting for the time, because there has to be a price correction ultimately and this will market will grow because the selling prices are directly proportionate to the raw material prices.
- Praneeth Bommiseti:** Understood. So when do you expect to start realizing a profitable business? Let's say, the price continue to stay at this level in the next few years, when does the company expect to turn profitable?
- Rajesh Pajnoo:** So in that case, what we need to do is we have to cut down our costs, we'll have to take some strategic push, and also with the Roorkee plant coming up, we will have a better sales. Because we were not able to sell our pipes to the Northern market, which we are doing in Southern market. So with this capacity, once we consume this capacity, the revenues will go up. Once the revenue goes up, we will be profitable automatically. So we are hoping it will happen in the next two quarters.
- Praneeth Bommiseti:** Got it. So I was trying to understand when will the management make a decision on whether to cut down costs because there's new capacities that have been coming up in the PVC resin segment also in the country. And there has been commentary that the prices might stabilize at this level. So when can the management take a call in terms of reducing the cost?
- Rajesh Pajnoo:** Yes, we have already started this process. And as I said, it will take some time. We can't do it overnight. So we have taken this call, and we have started doing this. And at the same time that I am saying this, we are expanding in the north. With this, we will expand our base. We'll go to the corners where we are not there at the moment. That is one part. The second thing is that this

is not true that these prices are going to stay there for long because we already have an antidumping duty, which will come, maybe it is expected any time now, which comes into place and then the prices will go up. So we are optimistic about it.

Praneeth Bommiseti: Got it, understood. So in terms of capacity utilization at this point of time, without Roorkee, what type of utilization are we having right now?

Rajesh Pajnoo: We are at the moment at 65% of capacity utilization.

Praneeth Bommiseti: Got it, understood. And regarding the rest of the business, I understand that we have been cutting the long tail at this point of time and trying to improve the margins. So I was trying to understand, let's say, your competitors are at 15% EBITDA margin. So what could be the path for our company in terms of reaching that kind of margins? And what could be the tentative horizon of reaching that? Because I understand the company is making all the efforts, but when does it think, it can start improving from here on? My question is at the consolidated level — regarding the overall business of Hindware Home Innovation Limited.

Sandeep Sikka: If you see a number of steps have been taken if you track us for the last 3, 4 quarters, which involve consolidation of our businesses into profitable segment. Second is consolidation and optimization of the cost. There is a growth, which is coming back. We will use the operating leverage. I think it should take 3, 4 to 5 quarters wherein we start punching in the right numbers. And we also feel that the market will support us. As Rajesh was saying, we are driving volume growth, but that is not visible on the revenue growth because of the continued changes in the input raw material resin prices. We are looking at cost optimization again at every stage. The directionality of the entire organization today is purely focused on improving the return ratios, given the fact that now 4 core businesses have been set for us, sanitaryware, faucets, pipes and kitchen chimneys & hobs. These are the 4 segments where we are driving growth. And once a little bit of support comes in the market and also we are also trying to push a lot of it internally, the operating leverage will come into place, I think by end of FY27, you can see the margins what we are talking of.

Praneeth Bommiseti: Understood. And one more thing regarding, let's say, the premiumization of products. The company has mentioned that it will start introducing products in the more mid- to higher premium end categories. So I was trying to understand going forward, what type of growth could we expect because of the higher unit prices of our, let's say, products? Because I understand that it can be a substantial role as the premium products is going to be substantially priced higher. So what kind of price plus, let's say, higher-priced products is going to drive the growth in the revenue?

Nirupam Sahay: So through a combination of all the steps that we are taking, focus on weighted dealers, premiumization, improving the product portfolio, driving productivity and efficiency in the plants, etc, through a combination of all those steps and a strong focus on our go-to-market and investing in the brand. Through a combination of all that, we are clearly targeting that we grow 1.25 to 1.5x at least of the market growth rate. So whatever is the market growth rate in

Bathware, we will grow 1.25 to 1.5x of that. In consumer appliances, the growth rates are different in different categories, but we continue to drive strong double digit growth.

Praneeth Bommiseti: I understand that. But I'm just trying to understand in terms of, let's say, the premium product growth category because that can have a substantial impact in terms of gross margin, right? So I was trying to understand in terms of price increases on which categories and what kind of growth could that contribute to the overall revenue growth? Let's say, if the revenue were to go up 15%, what percentage of that 15% would be the price increases the company is taking due to introduction of premium products?

Nirupam Sahay: Yes. So the ASP growth would contribute roughly about 3% to 4% of that growth rate.

Praneeth Bommiseti: Got it, understood. And one last question regarding our market share. You mentioned that we have been growing in our market share despite the slow market, mainly because we have been able to push higher volumes even in these conditions. But what were the factors that enabled the company to grow market share in this market? Would it be, let's say, giving more margins to the distributors? Or what is the strategy the company employed to grow this market share?

Nirupam Sahay: Yes. So I think there are multiple steps that have led to this. One is the strong focus on winning share in weighted dealers. So making sure that in the large dealers across the country, we're actually gaining counter share. So I think there's been a very concerted effort there, and that is really paying off. So that's one. The second is in terms of strengthening the product portfolio. I talked a lot about the premium end, but basically, we've launched products at mid-premium and premium, and that's really helped in terms of new products contributing to volumes and value. And we've invested a lot in the brand. And on the brand, it is not only a traditional media. We've done a lot of digital marketing, particularly this year, and we are finding that, that really pays off in terms of consumer engagement. We plan to continue that very aggressively. So I think a combination of all of these things is leading to growth which is higher than the market and therefore, basically in premium share. In consumer appliances, as I said, because we have a very, very strong portfolio in chimneys, and we've strengthened that portfolio this year and have a slew of new products lined up for the next 3 quarters already. We are very confident that we can continue the growth momentum that we already have. And we see a big opportunity. So our market share in cooktops & hobs is relatively lower than it is in chimneys. So we see a huge headway in terms of gaining share in those categories. So there are several categories that we play in already where we see an opportunity for high growth. And of course, we continue momentum in our largest category of chimneys.

Moderator: The next question comes from the line of Vatsal Shah from Knightstone Capital Management.

Vatsal Shah: Firstly on the Bathware segment, so sequentially, there has been around 200 basis point decline in EBITDA margin. So what exactly was the reason for that? So is it higher institutional sales? Or is it a seasonal effect or something else? So what was exactly the reason?

Sandeep Sikka: Yes. There's a seasonal effect. Diwali was earlier this year. So marketing spends started in September, we started the new campaign that I talked about Designed for Sukoon. We started in

September itself because Diwali was in the third week of October. There's just a timing issue there. Our investment behind the brand was higher than in the previous quarter, for example. That's the only factor. Nothing else. Nothing else changed majorly in terms of gross margin, etc. It was investment in the brand and the brand campaign.

Vatsal Shah: Got it. That's helpful. And secondly, on the industry part, so like what kind of industry growth are you seeing even directionally will help. So like you are saying that you will grow around mid-teen level in the second half of the year. So what kind of industry growth rate are you looking at?

Sandeep Sikka: In Bathware, we are expecting growth in the second half of this year and probably going into next year to be in the single digits, probably about mid-single digits. In Consumer Appliances, the growth rate will be slightly higher. It will be in the late-single digits or even early-double digits. We're seeing slightly different growth rates in these 2 segments. But in Bathware, we expect it to remain a little muted, slightly better in second half versus the first half, but then the first half was pretty soft. So still in the mid-single digits.

Moderator: The next question is a follow-up from the line of Aditya Gada from Sarthak Securities.

Aditya Gada: What percentage of COGS is raw materials? And how much of the revenue impact is due to the spike in raw material costs? Also, do we have long-term contracts with suppliers, or is there any pricing flexibility in the market?

Rajesh Pajnoo: See, in this business, there are 2 types of raw materials. One is the PVC and the other one is CPVC. In CPVC, you have a contractual business with the suppliers, but in PVC it's not a contractual business because most of it is indigenous. 68% of the total content contributes to the raw material part of it. And since you have daily price fluctuations, so that's not a contractual business with them.

Aditya Gada: And one last question, what is the annual capex and ROI expectations on the new capex? Further, is this capex expected to decline as the company reaches maturity capacity, thereby freeing up cash for dividends? Can we expect that as well?

Rajesh Pajnoo: See, it's basically, if you have done the capex now after you start commercial operation in this what happens is with the new capex and the new plant, you can't calculate all this only on the basis of that plant because this is a pool some product. The fittings will be transported from one plant to the mother plant. The sale will happen once it is a combination of pipes and fittings. So you have to see holistically on a total sales business. In the PVC industry, you cannot talk about a single plant and its capacity utilization and its ROI. Definitely, once it ramps up, it will give a sales, once it adds up to the base sale, then only you can find the ROI.

Moderator: The next question comes from the line of Parikshit Gupta from Fair Value Capital.

Parikshit Gupta: I wanted to know the split between the faucetware and sanitaryware for the quarter. And if you could help me with the respective growth rates as well?

- Nirupam Sahay:** Yes. So the split is about 55% to 45% sanitaryware to faucets. So sanitaryware is 55% of sales and faucets is 45%. And the growth rate for both is quite similar, so overall growth rate is 10.1%. There isn't too much of a differential between sanitaryware and faucets. Faucets growing marginally faster.
- Parikshit Gupta:** Understood. Now another question about the raw material, I believe that the PVC ADD was expected to be at least decided by this week. Has any decision been taken already?
- Rajesh Pajnoo:** Yes, it's happening right now. The calls are going on there, and we'll come to know something around maybe in the next 1 hour. So it has to happen today, it's happening with the ministry, I think at 6:00 pm, we'll receive information about ADD.
- Parikshit Gupta:** Understood. Now on brass, so in faucetware, I believe a large share of the raw material is brass and brass prices have also gone up in the past couple of months. How do you see them in the next few quarters, if you can make that kind of an outlook because that will directly affect the gross margins and eventually lead to the profitability on an operational level?
- Nirupam Sahay:** So we've already taken a price increase in faucets of about 3%, 3.5% starting 1st November. So this was based partly on the fact that brass as the key input prices were going up. We've also taken it in sanitaryware. So across the portfolio, we've taken 3% to 3.5%. We'll keep tracking the brass price very carefully. And if we feel the need in the next couple of months, we may take another price increase, but dependent on how it moves. The expectation is that it's likely to move higher in the coming months. If it does, we'll take another price increase.
- Parikshit Gupta:** Understood. Just final question on the Bathware segment only. I heard your guidance of a mid-single digit growth for the financial year 2026. But directionally, how do you see the demand scenario in the retail segment?
- Nirupam Sahay:** Yes. So just to clarify that mid-single digits was what we said for the market, market growth rate. So our growth rate will be in mid-teens, as in this quarter itself it was 10.1%, and we expect that to accelerate in H2 of this year.
- Parikshit Gupta:** And on an industry-wide level, you see now directionally the worst to be over and we are moving in a positive demand scenario sort of a situation for the next couple of quarters at least?
- Nirupam Sahay:** So what I shared earlier was basically, we are expecting the second half of the year to be better than the first half from a market movement perspective, but it will still remain in single digits. Going forward, next year, that mid-single digits may change to high-single digits, but it's unlikely to become double-digit market growth.
- Moderator:** The next question is a follow up from the line of Vatsal Shah from Knightstone Capital Management.
- Vatsal Shah:** I was asking about the consumer business part. So what kind of exit revenue run rate we are looking at for the current year?

- Nirupam Sahay:** So quarter 4 of this year, we expect to end at a run rate of INR 100 crore. And then going forward next year, accelerate further.
- Vatsal Shah:** Got it. And just on the margin front, so having removed the loss-making part, so what kind of steady-state margins are we looking at in the consumer part?
- Nirupam Sahay:** So we're looking at moving to an EBITDA of 10% to 12% in the next financial year.
- Vatsal Shah:** Okay. Got it. And just a last question. What was the book value of the assets being sold in the JV?
- Sandeep Sikka:** It's more nearing to the transaction value only. I can't share the value right now, but it's more towards the transaction value.
- Moderator:** Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to the management for closing comments.
- Sandeep Sikka:** On behalf of Hindware Home Innovations Limited, I would like to thank everybody who joined the call. I hope we answered all your questions. We have taken a number of steps over the last 4, 5 quarters in terms of improving the returns, bringing back the growth. I think next few quarters are also important for us in order to demonstrate that how we have come back. So we will be in touch with you. Thanks again for joining the call.

Notes:

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