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hindware
home innovation limited

NEAPS/BSE ONLINE

19th August, 2025

The Corporate Relationship Department
BSE Limited
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1st Floor, New Trading Ring
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(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 13th August, 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, 13th August, 2025 for discussion of the financial results of the Company for the first quarter ended 30th June, 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**

PAYAL M PURI
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Encl: As Above

Q1 FY26 Earnings Conference Call

August 13, 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. HARSH PATHAK** – EMKAY GLOBAL

Moderator: Ladies and gentlemen, good day, and welcome to Hindware Home Innovation Limited Q1 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. Harsh Pathak from Emkay Global. Thank you, and over to you, sir.

Harsh Pathak: Good afternoon everyone. On behalf of Emkay Global, I welcome you all to the Q1 FY26 Earnings Call of Hindware Home Innovation Limited. From the management side, we have Mr. Nirupam Sahay, CEO of Bath and Consumer Appliances Business; Mr. Rajesh Pajnoo, CEO of Pipes Business; Mr. Sandeep Sikka, the Group CFO; and Mr. Naveen Malik, CEO and CFO of Hindware Home Innovation Limited.

I'll hand it over to the management for the opening remarks. Over to you, gentlemen.

Naveen Malik: Good evening, everyone, and welcome to Hindware Home Innovation Limited's Q1 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 number 2 of the results presentation.

I will start with a brief summary of our performance for the Q1 FY26. Our business CEOs will then share updates on their respective segments.

For Q1 FY26, the company reported consolidated revenue of INR 531 crores with an EBITDA of INR 58 crores.

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. 2 and 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. For Q1 FY26, the Bathware business reported INR 341 crores revenue and INR 43 crores EBITDA. Despite the challenges in the market, we remain well positioned to leverage our strong fundamentals. Hindware's market leadership, supported by higher brand awareness and deep customer trust continue to be key drivers of our growth ambitions.

Our Q1 results reflect the early signs of a business in transformation with meaningful initiatives undertaken to improve growth, profitability and margins in the Bathware segment. As shared in our previous call, over the past few months, we have undertaken a comprehensive review of our business model, refining our go-to-market strategy, driving premiumization in sanitaryware and faucets and adopting a zero-based budgeting approach to support margin expansion. These targeted interventions are beginning to yield results. And on the back of this progress, we expect the second half of the financial year to show improved momentum and stronger performance.

In Q1, we also deepened our engagement with the influencer community by rolling out on-ground activation programs for the plumber community, while continuing to work closely with architects and interior designers to strengthen our market reach and brand advocacy. Looking ahead, we plan to further invest in brand building to deliver comprehensive 360-degree engagement with both customers and influencers.

In line with our premiumization strategy, we will be introducing a range of premium faucets with higher average selling prices and stronger margins, reinforcing our premium portfolio. We are confident that this initiative will, not only strengthen our presence in the premium faucet segment, but also enhance the overall profitability of the business. As we move forward, we remain committed to making disciplined strategic investments in our brands to capture emerging growth opportunities.

In our Consumer Appliances business, Q1 revenues came in at INR 71 crores with an EBITDA of INR 10 crores. Over the past months, we have undertaken a rationalization of our portfolio, sharpening our focus on a select set of high-demand categories where we can lead and win. This includes kitchen appliances, which includes chimneys, cooktops, hobs, sinks and water heaters.

As part of this rationalization, we have exited low-margin segments such as ceiling and other fans, air purifiers, water purifiers, furniture fittings and air coolers in general trade, while continuing to sell air coolers through e-commerce. Alongside this, we are driving cost efficiencies, maintaining disciplined inventory management and enhancing our aftersales service experience. These initiatives have already started to drive growth in kitchen appliances and are contributing to improved profitability, a positive trend we expect to strengthen in the coming quarters.

With that, I 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 afternoon everyone, and welcome to our investor call. It's a pleasure to be speaking with you today.

In Q1 FY26, we reported revenue of INR 119 crores and an EBITDA of INR 7 crores. Our performance this quarter reflects the on-ground challenges faced during quarter 1. The softness was driven by difficult market conditions, volatility in raw material prices and the early onset of monsoons, which impacted both revenue growth and volumes.

In addition, our lower exposure to the agricultural sector, typically a key demand driver in Q1 also contributed to the muted performance. However, we are now seeing early signs of recovery in the current quarter and expect this momentum to translate into a stronger H2 of FY26 performance. We remain well positioned to capitalize on the recovery and build on these positive trends throughout the rest of the year.

In addition, we have commenced trial production of our new facility in Roorkee, Uttarakhand. Commercial production is scheduled to begin in H2 FY26, which will help us enhance our manufacturing capacity and establish a strong footprint in Northern India. We continue to broaden our product portfolio to tap into emerging market opportunities and deliver greater value.

This quarter, we introduced a new range of products from foam core pipes for underground drainage, double-wall corrugated pipes, polypropylene, PPR random plumbing pipes and fittings, strengthening our position across multiple segments. At the same time, we are advancing initiatives across all business functions to optimize resource allocation, leverage technology and improve productivity and cost efficiency.

We have also intensified investment in our brand and distribution network to further extend our market presence and deepen penetration. We are confident that these strategic initiatives, combined with capacity expansion and portfolio diversification will drive profitable growth as we move forward.

We are now ready to open the floor for your questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Utkarsh Nopany from BOB Capital.

Utkarsh Nopany: Sir, my first question is regarding your Bathware segment. So it is good to see we have posted positive revenue growth for the June quarter. But still our Bathware revenue came around INR 341 crores in this June compared to the quarterly run rate of around INR 400 crores in FY24. So first wanted to know by when we could reach around, say, INR 400 crores quarterly run rate number in your viewpoint?

Nirupam Sahay: We expect accelerated growth on the quarterly number from this quarter itself. So quarter 2 onwards, we'll see higher numbers. We've already seen a move to positive growth in quarter 1. We expect acceleration based on all the initiatives that we've taken on distribution, on product, on influencers and on brand building. So all of those have started kicking in. And with continued investment, we expect that to accelerate in the coming quarters itself.

Utkarsh Nopany: Okay. So, sir, can you just give some sense like maybe in certain fiscal year, can we reach, say, INR 1,600 crores top line in Bathware, which we did in FY24, maybe in FY27 or maybe in FY28? We must be having certain target in our mind to reach that number, what we were doing earlier?

Nirupam Sahay: Yes. So we will reach that INR 400 crores quarterly run rate by quarter 3 and quarter 4 this year itself.

Utkarsh Nopany: Okay. And sir, on the Bathware margin, if we see it was slightly down on a Y-o-Y basis in the June quarter. And as we have taken a lot of cost rationalization initiatives in the past few quarters, so when we are going to see the benefit from those initiatives? And what is the sustainable margin for this business in your viewpoint?

Nirupam Sahay: The EBITDA margin for the Bathware business is pretty much the same in Q1 last year, 12.8% last year and 12.7% this year. At the PBT level, there's an increase from 3.2% to 4.6% in the business. So all the measures that we've taken to drive top line growth, improve margin and control costs, all of them again have started kicking in, in this quarter, and we expect acceleration again going forward. So from the profitability point of view, whether it's the EBITDA or it's the PBT, we expect this to improve in the coming quarters based on all the actions taken on top line as well as bottom line.

Utkarsh Nopany: And sir, what should be the sustainable margin in your viewpoint for Bathware?

Nirupam Sahay: We expect it to be in the mid-teens.

Utkarsh Nopany: Okay. Now sir, coming to the Pipe segment. So there has been a steep decline in our pipe volume. So it has degrown by 21% in this June quarter versus low single-digit kind of a volume growth reported by the major listed pipe companies despite we having a very small base. So I wanted to know why there has been such a steep decline for us compared to the competition? And what would be the volume growth and margin guidance for FY26 for the Pipe segment?

Rajesh Pajnoo: Yes, this is a valid question and one that would naturally come to everyone's mind. Let me put it this way: if you compare Q4 of the same year with all our competitors, we have performed much better than the rest. The reason is that February and March were peak months for us, and we were able to supply a significant amount of material in March. What happened afterward was a steep decline in raw material prices starting in April. There were two main reasons for the impact: first, the drop in raw material prices, and second, the early onset of the monsoons. Additionally, Q1 is more aligned with the agricultural segment, where we are not present. This led to heavy destocking at the distributors' end. As a result, in April and up until mid-May, we could not push much material into the market. However, from June onwards, we saw a positive correction. In the current month, we are performing exceptionally well, with a volume growth of around 34%. We have bounced back strongly. As for the guidance, we expect the full year to close with a volume growth in the high single digits, somewhere around 9% to 10%.

Utkarsh Nopany: Okay. And sir, the next question is regarding your Consumer Appliance division. So we have taken a pretty large exceptional loss in this quarter. So I wanted to know, is it mainly pertaining to the inventory write-off for the discontinued products? And how much inventory we were carrying at the end of June 2025?

Sandeep Sikka: If you have gone through the notes of the results, these are write-offs relating to the businesses. And many of these businesses are seasonal in nature. But over a period of time, we had made investments in certain product categories, we had our own specific moulds linked to our designs like air purifier or water purifier and even air coolers. It's a mix of when we have done all this provisioning. We have reviewed line-by-line items, elements of fixed assets, elements of inventory. And when you discontinue certain business categories, definitely, the chances of money getting stuck in the trade is also very high. Considering all these things, this provision has been estimated. We are trying to get the best value out of it. The Board has mandated that we should try to get the best out of it. If anything is there as we move forward, it will be a part of the P&L.

Utkarsh Nopany: Okay. So sir, for the Consumer Appliance division, the EBITDA margin has improved sharply. Maybe this might be related to this discontinuation of loss-making product category. So do you expect to maintain such high margin going forward? Or is there any one-off in the June quarter number for consumer appliance margin?

Sandeep Sikka: If you see the note number 2, there is a one-off item because when we closed all these categories, we have also downscaled our warehousing space. And if you read the notes of the accounts, INR 6 crores in other income is a one-time income, this is as per Ind AS 116, which is relating to the difference between the value of lease assets and the lease liabilities. Other than this, we feel the momentum on the margin, given the fact that we have cut costs in this business is also in the past. Now these product categories we have looked at. The focus now going forward will be on kitchen chimneys and other products. I'll request if Mr. Nirupam can carry this forward.

Nirupam Sahay: Yes. So the conscious decision to stay in certain categories and focus and win in them. So in the case of kitchen appliances, primarily chimneys, cooktops, hobs, sinks, the reason for doubling down on that is the fact that we see profitability in that business today. And with all the steps we are taking on the portfolio and our cost, we believe that the gross margins and the profitability overall will keep going up in these businesses. The reason that we've stayed with air coolers in e-commerce, again, is because we believe there is profitability in that part of the business. Coolers in general trade was not profitable. So these are very conscious calls for us to focus on certain categories, win in them in the market while driving profitability as well. So with this mix change and focus on a few categories, we are confident of growing both in the top line and bottom line in the coming quarters.

Utkarsh Nopany: Okay. Lastly, sir, if you can just guide what would be our capex guidance for FY26? And where do we see our net debt at the end of March 2026?

Nirupam Sahay: So on capex, in the Bathware business, it will be roughly between INR 70 crores and INR 80 crores. On the Consumer Appliances business, it will be only about INR 7 to INR 8 crores. So that's the capex situation.

Utkarsh Nopany: Okay. And for Pipes business?

Sandeep Sikka: For Pipes, it should be somewhere around in the range of INR 15 crores to INR 16 crores, INR 17 crores based on the approvals.

Utkarsh Nopany: Okay. And where do you see our net debt at the end of March 2026?

Sandeep Sikka: Given the fact that we don't have a substantial capex, the capex which got added in last 1 year was primarily for the pipes plant, which is a new pipe plant, which we have set up in Roorkee. So given the fact that not much capex is there, a little bit from the money which we are generating from our internal accruals that will go towards that. And debt should remain in the range from whatever it is right now with the repayment of about INR 60-70 crores happening in the financial year.

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

Parikshit Gupta: I have a couple of questions. First, on the Bathware segment. Can you please split the top line between sanitaryware and faucetware and share about the industry situations, respectively?

Nirupam Sahay: Yes. So our split is roughly about 62% sanitaryware and 38% faucets. We have a strong focus on growing both sanitaryware and faucets with faucets possibly growing a little faster, and therefore, over a period of time, the share of faucets in the overall sales will go up by the end of this financial year. As I mentioned, there are a whole lot of new product introductions that we're planning in both sanitaryware and faucets, largely aimed at the mass premium and premium segments, so with higher average selling prices and higher margins.

Parikshit Gupta: Okay. Can you give a rough estimate of the margin profile across different brands, I mean, Hindware Italian and Queo?

Nirupam Sahay: So we don't normally share the gross margins across the different brands. Obviously, we are targeting improvement in gross margin across Hindware, Hindware Italian Collection and Queo. Like I said, the focus is on launching more products in Hindware Italian Collection and Queo because of the reason of higher average selling price and higher margins.

Parikshit Gupta: Understood. Second part of the question on Consumer Appliances, please. You mentioned earlier in the previous concall that there might be some new complementary product launches expected. I understand that Inflame was also considering dishwashers some time ago. So, I mean, is there any announcement that you would like to make about any new complementary products here?

Nirupam Sahay: Not at this point of time. We'll make the announcement at the time that we are planning to launch a new complementary category. At this point of time, as I mentioned earlier, we are doubling down on chimneys, cooktops, hobs, sinks. We also have in-built microwaves and ovens. Those are the categories that we'll remain focused on for this financial year at least. And then we'll add on as we see opportunities. But we believe there's a huge opportunity in these categories themselves.

Parikshit Gupta: Understood. Now on the Pipes division, please. I think another participant already asked the question about drop in volume and value. Was the drop in value primarily on the account of the agricultural-focused quarter and raw materials price softness? Or were there any increased competition from the unorganized sector as well, maybe more capacities being added? We understand about the situation with the larger players. So those numbers are handy. However, any other information, if you could please share?

Rajesh Pajnoo: See, it's not about competition because when it comes to our category of selling in the market, our average selling price is almost equivalent to all the large players, more or less the same. As I mentioned earlier, we had a fantastic March. Following that, there was destocking taking place at the customers' end. Additionally, we are not heavily present in the agricultural segment. To effectively sell agricultural pipes, one needs to have manufacturing facilities spread across the country, as our larger peers do. Since we are currently based only in the South, we were not able to capture that market. That said, we will be commercializing our Roorkee plant in H2, which will allow us to tap into that opportunity and capitalize on it. This was the primary reason for the gap. But as I mentioned, things have now picked up, and we are performing exceptionally well this quarter. We are confident of sustaining comfortable growth in the upcoming quarter.

Parikshit Gupta: Understood. What was the CPVC share for this quarter? And any plans on doubling down on this particular product segment?

Rajesh Pajnoo: Yes. As you know, over the last 1.5 years, the plumbing market has not been very strong. For the past 2–3 years, our CPVC share was around 40%. However, last year, every major player experienced a degrowth in CPVC, and the share dropped to around 30%–35%. This year, we are seeing a positive trend. July was fantastic for CPVC, where our share reached about 40.5%. The same trend is continuing into August as well .

Parikshit Gupta: This is helpful. Just my last question before I rejoin the queue. About the new products that you mentioned, the foam core pipe, DWC, would the margin profile for these products be at the same levels of our current pipes and pipe segment blended margin?

Rajesh Pajnoo: All these new products, they are niche products. So they are at a comfortable margin compared to CPVC only, not as PVC because everybody is not into these products.

Moderator: The next question is from the line of Udit Gajiwala from Yes Securities.

Udit Gajiwala: Just one question, a peer is now focusing more on the B2B segment, the project segment. So what is our sanitaryware, faucets share into the projects, firstly? And what has been the traction for Hindware on those terms?

Nirupam Sahay: Yes. So we've had a strong focus on institutional business over the last few quarters. We've grown at 15% in the institutional business in quarter 1. And I think the focus here is on growing in both sanitaryware and faucets. There's a larger opportunity in sanitaryware, but there's also an opportunity in faucets. So we're showing good growth in both sanitaryware and faucets institutional. We'd also set up a team 3 quarters ago, focusing on government, and that is starting to pay off. So basically, we are targeting the government segment as a big potential opportunity. So we're growing every quarter in the government segment. And we continue to build strong relationships with builders and architects across the country. We see a strong growth momentum in institutional in quarter 1, and we see that momentum continuing through the year.

Udit Gajiwala: All right, sir. And in the Pipe segment, our volume decline has been much steeper than the peers. Is it that we are losing some market share into CPVC or we are not able to have that volume share? And secondly, is there any element of inventory loss for the quarter?

Rajesh Pajnoo: See, this question I have answered twice. The volume declined more sharply than peers, but I repeat, we had strong sales in March, better than our peers, if you look at the Q4 results. Because of that, destocking happened in April and May. From June onwards, we have started performing well. As I mentioned, in the current month, we are at around 34% volume growth. So, there is no way we have lost any share to competitors—it is not possible at this moment. And the inventory loss is also not significant, at most around INR 1 crore, nothing more than that. In fact, we are currently working with lower inventories.

Moderator: The next question is from the line of Nikhil Gada from Abakkus AMC.

Nikhil Gada: Firstly, sir, on the plastic pipe business, you sort of mentioned that we are expecting a volume growth of 9% to 10%, but I'm assuming that our Roorkee plant will also start from second half. So don't you think that will also aid volumes?

Rajesh Pajnoo: Yes, Nikhil, definitely, it's going to boost our production capacity there also. What we are talking of presently is, we are also anticipating a price correction. You have a right point. If there is a price correction by the end of Q2, then definitely this volume guideline will go up. But we are being very conservative at this stage because what has happened is, last financial year, quarter 1, we were working at an average price of at INR 85. Now it is INR 74. So we are talking of a volume guideline at these prices. Because once the prices of the raw material are lesser, you'll produce this type of quantity. If the price goes up, then definitely the volume guidelines will change.

Nikhil Gada: Sir, in that case, what kind of revenue guidance can you give?

Rajesh Pajnoo: It all depends. At the current price levels, the revenue guidance would be around 3% to 4%, which is in line with the industry. However, if prices return to the levels we saw about 1.5 years ago, then we could definitely reach close to double-digit growth. So, the caveat here is that it really depends on how raw material prices behave in the market.

Nikhil Gada: Understood, sir. And sir, just in terms of the competitive intensity in pipes, I think which has increased significantly in the last 1.5, 2 years. What's your view on that? Are we still facing some heat because of that? Or we are able to navigate and it's not going to be difficult for us to deliver some double-digit growth even in the future?

Rajesh Pajnoo: Yes. Nikhil, As you mentioned, there has been a lot of competition with new players entering the business. However, given the range of SKUs we are working with and the new product lines we have launched over the last 1–1.5 months, we are positioned alongside the right set of competitors—essentially the top 3–4 players. We don't really see competition from the new entrants because their business segment is entirely different. They also don't have the kind of capacity we have today, nor the product lines we are offering. For example, we already have products like DWC and foam core, and in the next 3–4 months, we will be delivering fire sprinklers to the market. These are niche products, and the new players are not present in this segment.

Nikhil Gada: Understood, sir. And on the margin front in Pipes, so how do we see the margins for FY26, EBITDA margin?

Rajesh Pajnoo: FY26 would be somewhere around 9% and 9.5%.

Nikhil Gada: You think that is doable even after 6% margin that you have seen in 1Q, you still feel that we'll be able to achieved it?

Rajesh Pajnoo: Yes, yes, because Q1 is always the lowest in terms of volume, sales value, and EBITDA for the Pipes business, particularly on the plumbing side. Q1 is typically the weakest quarter, while almost 65% of the business happens in H2.

Nikhil Gada: No. I understand that, sir, but then you already mentioned that we are seeing the CPVC share going down for us. And I know that we have done 8%, 9% EBITDA margin. But at that point of time, our CPVC mix was much higher, right?

Rajesh Pajnoo: In Q1, it was down. But presently, the strike rate is up, we have bounced back to 40% of the market share for CPVC, last year it had gone down to 34%.

Nikhil Gada: Understood. Got it, sir. And just lastly on the Pipes front, do we see any improvement in working capital cycle? Since we are already introducing new products, do you think that it can go up further from these levels? Or you think we can see some improvement?

Rajesh Pajnoo: No, we have maintained our working capital. If you see Q1, it touched almost around 85 days. So, for the last 3–4 quarters we have been at this level, and we don't see working capital going up. We are maintaining it consistently at around 80–85 days over the last 3 quarters. Since our recoveries are fast, we don't expect working capital to increase. And if you look at the Pipes business, we have been maintaining this for the last 4–5 years.

Nikhil Gada: Got it. On the Bathware front, you mentioned that we have done good business in the institutional and the government side. Can you help us what is the share of institutional plus government of overall revenue?

Nirupam Sahay: The total institutional sales is 25% of overall revenue in quarter 1.

Nikhil Gada: And how much would be government?

Nirupam Sahay: So government right now is roughly about 8% to 9% of the overall institutional sales. We expect that over the next 3 quarters to go up to about 15% to 16%.

Nikhil Gada: So safe to say that 40% revenue will come from institutional plus government and our assumption is that, the margins are a bit lower on this side of the business. So do you think that there could be some impact on margins?

Nirupam Sahay: No. Government is a subset of overall institutional. So I was talking about the share of government within institutional sales. So the overall margins in institutional have remained fairly steady over the last 5 quarters. So with the mix change, even with government coming in, it's not that the margins have gone down dramatically. So we continue to maintain the same margin level in institutional sales despite growth in government.

Nikhil Gada: And how would be the working capital cycle over here vis-a-vis the retail?

Nirupam Sahay: For the Bathware business overall?

Nikhil Gada: Yes.

Nirupam Sahay: Yes. So we've shown a reduction of 6 days versus quarter 1 last year. So it's gone down from 101 days to 95 days.

Nikhil Gada: Sir, I get that. What I'm trying to understand is that, institutional plus government business, what kind of a working capital cycle is over there vis-a-vis our retail business?

Nirupam Sahay: Yes, there's no significant impact on the overall working capital by increasing the institutional business. No significant impact.

Nikhil Gada: Understood. And sir, similarly, in Bathware, we have seen new brands coming in the business and now most of those brands are also 1 to 2 years old. And we have also seen some impact in terms of our market share loss, etc. So do you feel that to regain that market share and also to grow from this levels, is there going to be a lot of challenge that we are going to encounter or you think that, that is something which is more or less we should be in a good position to achieve that?

Nirupam Sahay: Yes. So I think we are well on the path to regaining some of the market share that we had lost last year. All the actions that we're taking in terms of distribution, in terms of new products, in terms of work with influencers on brand building, all of that is going to lead to growth improvement in terms of the growth percentage and in the profit. Like I said, we are targeting mid-teens for the year. So both on growth and profitability, we'll show significant improvement versus last year and therefore, a gain in market share as well.

Nikhil Gada: Understood. But sir, in terms of demand, we have seen that the demand has not been great in the market and with new competition coming in. Also, we have not delivered growth that we were envisaging for the last 1 to 2 years. So when we say that we are trying to or we are rather seeing any improvement, can you give some sort of understanding, what are the things that are working for us, which is helping us think about the growth that we are looking at?

Nirupam Sahay: Yes. So we have a strategy that we've rolled out over the last quarter, which is basically targeting weighted dealers. So large dealers across the country, the weighted dealers. Our focus is on establishing a very strong engagement with them, rolling out programs for these large dealers and regaining counter share or increasing counter share which was already high. In quarter 1 itself, we've seen high double-digit growth in these weighted dealers. So we are targeting about 700-odd dealers across the country, weighted dealers, and we're seeing a high double-digit growth already there. The second is in terms of new product introductions. So roughly about 33% of our sales in quarter 1 was from NPDs, so launched over the last couple of quarters. And we expect that to accelerate as we launch more and more new products in the coming 3 quarters. So that, again, the strategy is working well in terms of helping us to increase the top line. The third is in terms of basically getting more out of the influencers. So really the engagement with plumbers, plumber meets, we've relaunched the Plumber app that we had to make it far more intuitive and user-friendly. All of those actions are leading to far more traction with plumbers as well. Our interaction with architects because that is going to be a key segment for us going forward, particularly in institutional, but also for smaller projects in general trade. So we have specific teams which are working with architects and designers. So that, again, is showing traction already, and we expect that to accelerate. We're also going to be investing in major brand building campaigns in the coming quarters, which includes both ATL and BTL, above the line, below the line and a lot of digital. And we believe that's a good way to build the brand, both for Bathware and for Consumer Appliances. So with a combination of all these activities, I think we are confident that the market growth rate is looking like low single digits at this point of time for the year. It may change in the coming quarters, but at this point of time, that's what it looks like. And we expect to grow significantly higher than that, and that's why we are confident of gaining market share this year.

Nikhil Gada: Got it. Well understood. Sir, just lastly on the Consumer Appliances business, all the product corrections that you have made, how do we see this business in terms of numbers – What kind of numbers are we targeting for FY26? And also, if you can give some understanding on margins as well?

Nirupam Sahay: Yes. So in the Appliances business, we are targeting roughly about INR 430 crores to INR 450 crores in this year. And this obviously is with the base of coolers in general trade, which was there, we've chosen to get out of that category. So the overall growth rate will be impacted by that base. But if I look at the categories that we are focusing on going forward, which is kitchen appliances, air coolers in e-commerce and water heaters, there will be very high growth. So I think that's a conscious decision that we believe that this is the right step to take at this point of time so that we can focus on the key businesses, which will help us to drive high double-digit growth this year and going forward for several years. We're already a very significant player in chimneys. We have high market share in the chimneys space. We want to grow the market share in cooktops, hobs and sinks in this year itself. So all the actions are around, basically, making sure that we continue to leverage the strength that we have in chimneys, but also ensure cross-selling of cooktops, hobs and other kitchen appliances to leverage on the strength that we've built over the last couple of years in chimneys. In terms of margins, again, I think hitting double-digit margins is really the objective that we have for this year and then building on that going forward.

Nikhil Gada: Sir, we have seen a 35% degrowth in 1Q. And then when we target INR 430 crores, don't you think the base is very, very high for us to achieve this kind of number?

Nirupam Sahay: Yes. So the degrowth is primarily because of the air coolers in general trade. So that was a high base in quarter 1. We took a conscious call to get out of that business. So that is the base which has led to the degrowth in quarter 1. Now going forward, obviously, that impact will not be there. And with high growth in kitchen appliances and coolers in e-commerce, then over the next few quarters, that number will keep increasing.

Nikhil Gada: Got it. Fair enough. And the working capital cycle in consumer, you expect that to remain similar as currently trending or we are working on improving that as well?

Nirupam Sahay: So we are working on improving that as well. So there is an inventory reduction of about INR 20-odd crores, which has happened in this quarter. We'll continue to focus on improvement in working capital. So we've already seen an improvement in working capital in quarter 1, and we have targeted actions, which will ensure that improves in the coming quarters as well.

Nikhil Gada: Got it, sir. One last question to Sikkaji. Sir, you mentioned on the last concall that you are targeting close to INR 250 crores debt reduction in 2 years. Now when we say that we are looking at INR 60 crores, INR 70 crores reduction in this particular year, are we to say that we are going to look at close to INR 180-odd crores of reduction in FY27?

Sandeep Sikka: Yes. This depends on the repayment schedule, which we have. So, the net reduction, which I have assumed is around INR 80-90 crores of repayment. And for any new capex, which we are planning, we may take another INR 20 crores overall, that's why approximately INR 60- 70 crores was there. So next year, we'll have a bigger repayment. That is somewhere around INR 120 crores. So that's how the plan is.

Nikhil Gada: And sir, in terms of the net debt number, where do we see this number to be 3 years down the line? Are we planning to become debt-free in 3, 4 years' time frame?

Sandeep Sikka: A number of initiatives have been worked on. And many of them, I think if you see the P&L, would be slightly visible right now. I know this will take another few quarters for us to prove. Once we are back in the momentum the way we were in 2024-2023, I think in 4-5 years, definitely, most with all the internal accruals, which we are generating, we should be able to pay off the debt.

Moderator: The next question is from the line of Rahul Kumar from Vaikarya.

Rahul Kumar: Sir, the first question is on Bathware actually. We have seen a pretty sharp improvement in the operating margins in this quarter. What has driven that?

Nirupam Sahay: Yes. So there is, obviously, work that has happened on gross margin. And then, as we had said in the last concall, we are looking at maintaining optimal costs to drive profitable growth. So I think a combination of the work on gross margin and on cost is basically what has led to that. We've also focused on increasing the in-house production, the capacity utilization at our plants. So that is also helping. We have consciously over the last few quarters really worked on making sure that we have the optimal manpower as well across the businesses, both in Bathware as well in Consumer Appliances. So we've taken all the steps that were required to make sure that we have a team that is in place, which is fit for purpose for driving the kind of profitable growth that we want in this year and in the coming years. So I think all those measures have paid off basically in quarter 1. And I think with continued focus, we believe that, that will just accelerate in the coming quarters as well.

Rahul Kumar: Okay. And what are the aspirational target for margins to go by, let's say, by the exit of this year or FY27?

Nirupam Sahay: So this year, as I mentioned earlier, we are targeting the mid-teens and then showing improvement on that in the next financial year. So if we are at mid-teens, then we go to high-teens by next year.

Rahul Kumar: Okay. Okay. And this number you are saying, is it for the entire year or for exit quarter?

Nirupam Sahay: No. So we're actually targeting that for this financial year, for the full year.

Rahul Kumar: Okay. Got it. On the Consumer Appliances part of the business, I may have missed that, but what is the working capital cycle over there? I don't think it was mentioned in the presentation. And what is the net debt which is there on that part of the business?

Nirupam Sahay: Yes. So, the working capital cycle is about 130-odd days, around 133 days at this point of time. We reduced inventory by about INR 30 crores and also reduced receivables. That momentum we expect to continue in both Q2 and Q3. So we should see a further reduction going forward.

Rahul Kumar: Okay. And what is the net borrowings figure for that business?

Sandeep Sikka: On a standalone basis, it's around INR 35 crores.

Rahul Kumar: Okay. And on the pipes part of the business, can we say that the worst is over in terms of pricing and volume? Or are there more headwinds?

Rajesh Pajnoo: No, no. The worst is almost over, as I said, we are doing very well. We have posted a growth of around 34% volume in July, and we are at the same strike level in August also. So, the worst you can say is almost over.

Moderator: The next question is a follow up from the line of Nikhil Gada from Abakkus AMC.

Nikhil Gada: What is the time line for the separate listing of both the companies?

Sandeep Sikka: We had made an application to the stock exchanges back in March. There were a few sets of queries, which we have been responding to quickly. We expect that within the next 30 to 35 days, we should have the SEBI approval in place. Our understanding is that the delay is currently with the exchanges. After that, we will immediately proceed to the NCLT, where we expect the process to take around 8 to 12 months, depending on how quickly the NCLT moves.

Moderator: The next question is from the line of Raman KV from Sequent Investments.

Raman KV: I just want to understand that with respect to the demerger, in the listed entities, it will be Bathware and plastic pipes and the demerger entity will be consumer products, right?

Nirupam Sahay: Yes.

Raman KV: And sir, in the presentation, our EBITDA is INR 58 crores. But when we calculate the EBITDA, I'm getting around INR 49 crores to INR 50 crores. So I just want to understand the adjustment?

Sandeep Sikka: I think you are looking at consolidated EBITDA. Around INR 50 crores EBITDA is there for Hindware Limited and balance is towards the Hindware Home Innovation Limited.

Moderator: Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Sandeep Sikka: I would just like to thank everyone who joined the call today. We have seen some green shoots this quarter in terms of the initiatives we are taking to improve the overall business and operations. I think investors will need to stay with us for another quarter or so as we get back fully into the momentum we had earlier. Thanks again for joining us today. Thank you.

Notes:

1. This transcript has been edited for readability and does not purport to be a verbatim record of the proceedings.
2. Figures have been rounded off for convenience and ease of reference.
3.