Rating	Issue Opens on	Issue Closes on	Listing Date	Price Band	Issue Size (INR Mn)
Subscribe for listing gains	October 13, 2026	October 15, 2026	October 21, 2026	258 - 271	7,121

The Hidden Firepower of Infrastructure

HD Fire Protect Limited, incorporated in 1997, is part of the Dharamshi family and manufactures fire protection equipment and suppression systems, including sprinklers, valves, foam systems, monitors and gas-based suppression systems. The company is India's second-largest fire protection equipment and systems manufacturer by revenue and the largest exporter by value in FY25. Its key competitive advantage lies in its certifications, with 21 UL-listed and 87 FM-approved products, the highest among Indian peers. UL (Underwriters Laboratories) is a global safety certification organisation, while FM (Factory Mutual) provides product approvals based on stringent fire safety and performance standards. These approvals are important because industrial customers, infrastructure developers and insurers often require certified equipment, making it difficult for new suppliers to qualify and replace established players. However, the IPO is entirely an Offer for Sale (OFS), meaning the proceeds go to selling shareholders rather than the company. We therefore recommend SUBSCRIBE FOR LISTING GAINS.

- **Certification moat drives sticky, margin-rich revenue :** HD Fire has 21 UL-listed and 87 FM-approved product certifications, alongside other international approvals. These certifications can take years to obtain and help the company qualify for projects where safety and insurance requirements are stringent. Repeat customers contributed 85.2% of FY26 revenue, despite the absence of long-term contracts. The company reported an EBITDA margin of 30.75% and RoCE of 40.33% in FY26, supported by in-house manufacturing and quarterly price adjustments linked to purchase orders.

- **Saudi Arabia subsidiary and data center exposure provide growth optionality:** In July 2026, HD Fire established a Saudi Arabian subsidiary, in which it holds a 70% stake, to develop local manufacturing and trading operations. Saudi Arabia's fire safety equipment market is projected to grow from USD 670 million in 2025 to USD 1,293 million by 2032, driven by infrastructure investments and Vision 2030 projects. In India, rising data centre capacity also creates an opportunity for the company's pre-action sprinkler and gas suppression systems. Exports contributed 34.6% of FY26 revenue.

- **Vertically integrated, debt-free platform with ecosystem lock-in across eight product categories :** HD Fire's Jalgaon facility includes an in-house copper foundry, specialised fabrication capabilities, 17 CNC/VMC machining centres and flow-testing infrastructure. Raw materials accounted for 25.1% of FY26 revenue, while quarterly price indexation helps manage changes in metal costs. The company was debt-free as of FY26. Its foam equipment is certified for use with its own foam concentrates, creating an opportunity to sell related consumables to customers. Its portfolio spans eight product categories across water, foam and gas-based fire protection.

Outlook: Revenue grew at a 14.5% CAGR between FY24 and FY26, while the company reported an EBITDA margin of 30.75% and a PAT margin of 23.12% in FY26. The order book stood at INR 159 crore as of Q1FY27. However, utilisation remains moderate in certain product lines, including foam equipment at 46.8% and sprinklers at 49.6% in Q1FY27. The cash conversion cycle has also increased from 96 days in FY24 to 112 days in Q1FY27. Improving capacity utilisation and working capital management will be important to sustaining growth and cash generation.

Valuation: At INR 271 per share, the IPO implies a market capitalisation of INR 4,748 crore and a FY26 P/E of 40.7x. There are no direct listed Indian peers, and the company benchmarks itself against capital goods players such as Azad Engineering, Elgi Equipments, Ingersoll-Rand India, etc While HD Fire's strong certifications, healthy profitability and export presence are attractive ,The IPO is entirely an Offer for Sale (OFS), with proceeds going to selling shareholders and no fresh capital accruing to the company. While the issue does not directly fund expansion, the company's debt-free balance sheet provides financial flexibility to support future growth.

Offer Details

Particulars	IPO Details
No. of Shares under IPO (Mn)	26.3
Fresh issue # Shares (Mn)	0
OFS # Shares (Mn)	26.3
Price Band (INR)	258 - 271
Post Issue M.Cap (INR Mn)	47,487

Issue	%
QIB	Not more than 50%
NIB	Not More than 15%
Retail	Not More than 35%

Shareholding Pattern	Pre-Issue (%)	Post-Issue (%)
Promoters & Promoter Group	100	85
Public / Others	0	15
Total	100	100

Lead Manager(s)	Registrar
Ambit Pvt. Ltd	MUFG Intime India Pvt. Ltd.
Anand Rathi Advisors Ltd.	
IIFL Capital Services Limited	

Objectives of the offer	INR Mn
Offer for Sale	7,121

Indicative Timetable	Date
Offer Closing Date	15th Oct, 2026
Finalization of Basis of Allotment with Stock Exchange	16th Oct, 2026
Initiation of Refunds	19th Oct, 2026
Credit of Equity Shares to Demat accounts	19th Oct, 2026
Commencement of Trading of Eq. shares	21st Oct, 2026

Source: IPO Prospectus, Deven Choksey Research

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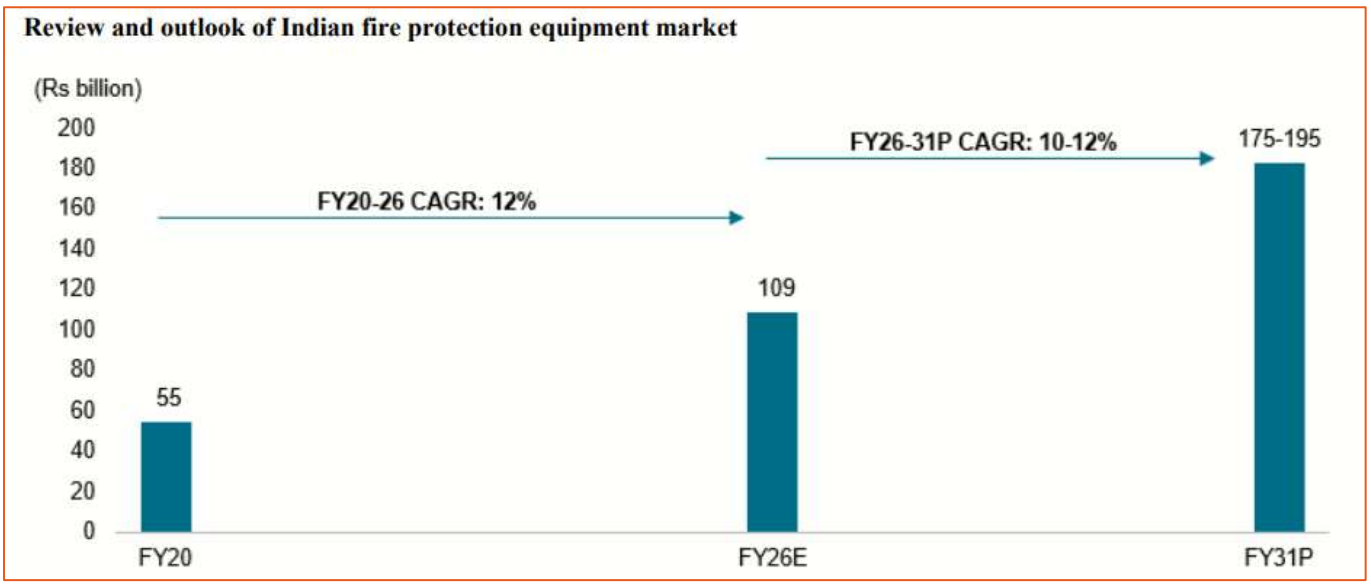
The Macro backdrop

India's fire protection equipment demand is driven by construction and industrial capex. Real GDP growth is projected at approximately 6.5% in FY27, but the relevant macro transmission for fire protection is narrower: it runs through industrial capex (refineries, power plants, petrochemical complexes), commercial construction (data centers, warehousing, airports, hospitals) and government infrastructure (metro, highways, public buildings). India's fire protection equipment market was estimated at approximately INR 10,200 Cr in FY25 and is projected to reach INR 16,500-17,500 Cr by FY30, implying a 10-12% CAGR (CRISIL Report).

Three structural drivers support medium-term demand. First, India's per-capita fire protection spending is approximately USD 1, versus USD 57 in North America and USD 52 in Europe. Even a gradual convergence from USD 1 to USD 5-10 represents a 5-10x expansion of the addressable market, driven by rising infrastructure complexity, tighter building codes and insurance-mandated compliance. Second, the regulatory environment is tightening measurably. The revised National Building Code Part 4 (fire and life safety) was released in 2025, state-level fire safety acts are strengthening enforcement (MP Fire Safety Act 2026), and fire NOC compliance is now digitally tracked with mandatory logs for commercial and industrial buildings. Third, fire and engineering insurance premiums in India are hardening sharply - GIC introduced a rule to decline premium ceding below prescribed IIB rates - pushing businesses to upgrade fire protection systems as insurers routinely reject claims where fire NOC compliance was absent.

The export opportunity adds a separate demand channel. India is the lowest-cost producer of UL Listed and FM Approved fire protection equipment globally, positioning domestic manufacturers for import substitution in markets such as the Middle East, Southeast Asia and Africa. Saudi Arabia's fire safety equipment market alone is projected to expand from USD 670 Mn (2025) to USD 1,293 Mn (2032) at 9.85% CAGR, driven by Vision 2030 giga-projects and stricter fire codes aligned with NFPA and EN standards.

However, macro growth does not translate linearly into equipment demand. Fire protection is typically 6-7% of total project capex (excluding land), making it a small but mandatory fraction of overall construction spending. Demand is therefore highly correlated to the construction and industrial capex cycle, and in a downturn, fire protection equipment - unlike safety consumables - has no floor of recurring replacement demand to cushion the fall.



Source: RHP/ Deven Choksey Research

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Industry Analysis

Insurance compliance is becoming a non-discretionary demand driver

Fire and engineering insurance premiums in India are rising sharply as GIC declined premium ceding below prescribed IIB rates. Insurers routinely reject fire damage claims where facilities lacked valid Fire NOC or FM/UL compliant equipment. Industrial underwriters assess fire protection adequacy against TAC standards before issuing coverage. This converts fire protection equipment from discretionary capex to mandatory compliance spending, directly benefiting manufacturers with certified product portfolios.

Data centers are creating a new, high-value end-market

India's data center capacity expanded from 375MW (2020) to 1,500MW (2025), a 4x increase. Mumbai alone accounted for 44% of the 859MW added. The global data center fire protection market is projected to reach USD 4.85Bn by 2032 at 8.5% CAGR. Data centers require clean-agent gas suppression and pre-action systems - not water-based sprinklers - commanding premium pricing per installation. AI infrastructure is amplifying this further, with higher power densities increasing thermal and fire risk.

Regulatory tightening is broadening compliance requirements

NBC 2025 Part 4 introduced updated fire and life safety provisions, including periodic renewal certificates for occupied buildings. The MP Fire Safety Act 2026 mandates fire audits, trained personnel, and ongoing maintenance. Commercial and industrial buildings now require digital logs of fire safety systems. Fire NOC compliance is being enforced with penalties, occupancy restrictions, and insurance claim rejections for non-compliance.

The replacement cycle is structurally weak but the greenfield pipeline is deep

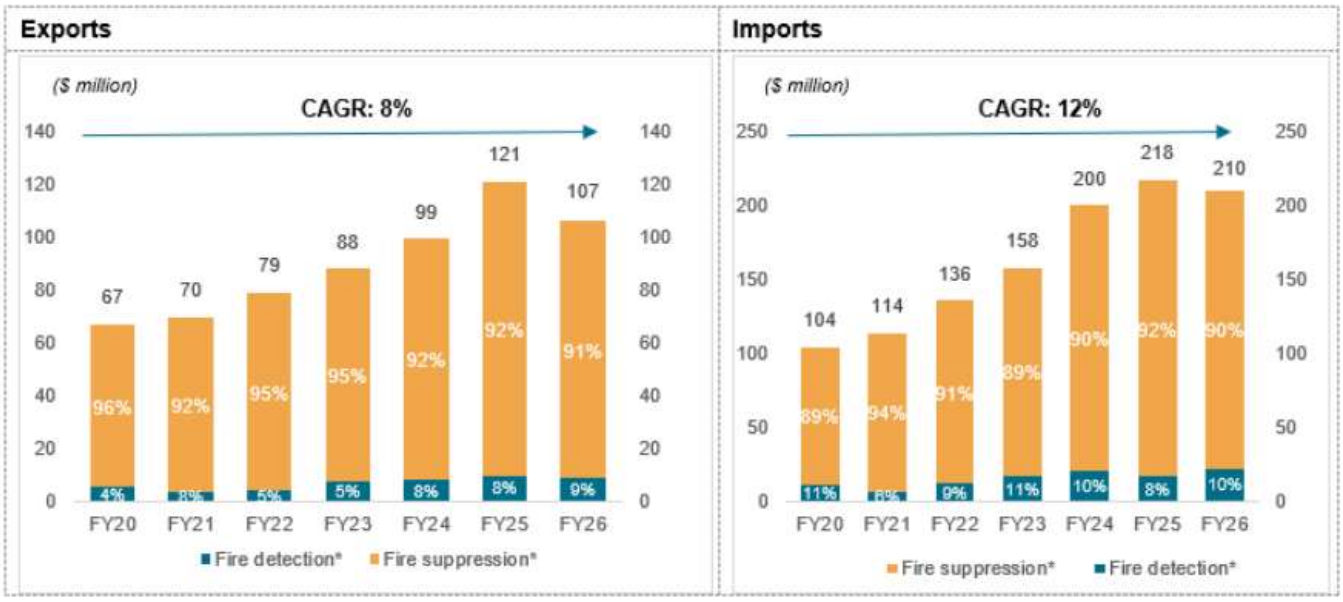
Per NFPA 25 and the company's own disclosures, fire protection equipment has 15–20 year service life. Sprinklers are replaced only when activated during a fire event (fusible-link mechanism). Deluge valves survive fire events intact and have 15–50+ year life. Foam concentrates are the primary consumable, with 10–20 year shelf life. This means the installed base generates minimal replacement demand, and growth is structurally tied to new construction - a critical distinction from industries with aftermarket economics.

Saudi Arabia and the Middle East are the largest export opportunity

The GCC fire safety equipment market is projected to reach USD 3.2Bn by 2034. Saudi Arabia commands 42% of the regional market share, driven by Vision 2030 giga-projects (NEOM, Red Sea Project, Qiddiya) and alignment with NFPA standards that mandate UL/FM approved equipment - exactly the certifications that Indian manufacturers like HD Fire hold. Saudi Civil Defense conducted over 15,000 fire protection inspections last year.

Source: RHP, CRISIL Report, Deven Choksey Research

Fire protection equipment import-export trend* (Including products from allied engineering industries which has similar HS codes for trade)



Source: RHP, CRISIL Report, Deven Choksey Research

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Competitive structure of the industry

No listed peers ,a fragmented, opaque market

There are no direct publicly listed fire protection equipment companies in India. The RHP benchmarks against capital goods players (Azad Engineering, Elgi Equipment, Ingersoll-Rand India, Kirloskar Pneumatic, KSB Ltd), none of which operate in fire protection. Unlisted Indian competitors include Safex Fire, Newage Fire Fighting, Ceasefire, De's Technico, Vimal Fire Controls and Firetech Equipment. Global MNCs with Indian presence include Johnson Controls, Honeywell and Tyco/JCI - these hold superior global certification portfolios but are not low-cost Indian manufacturers.

Certification creates a high but asymmetric barrier

UL and FM product certifications require 6–24 months of testing per product line, followed by ongoing factory audits and surveillance. HD Fire holds 21 UL Listed and 87 FM Approved certifications , the highest among Indian peers (CRISIL). Customer empanelment adds 3–12 months of further qualification. This protects HD Fire's existing business but also limits its ability to win new accounts, since the same barriers apply symmetrically. Growth must come from increasing value per approved account rather than gaining new slots.

Specification-led procurement locks in suppliers

Fire protection systems are designed by consulting engineers or EPC contractors who specify equipment by certification, approval and performance parameters. The system design (pipe sizing, hydraulic calculations, foam proportioning) is built around a specific product's certified specifications. Switching to another vendor mid-project or post-installation would require re-engineering and recertification, creating natural switching costs. FM Approved products are often mandatory for FM Global-insured properties, and insurance companies deny claims where non-certified equipment is installed

The contract manufacturing layer is significant

Contract-manufactured products contributed 36.16% of FY26 revenue, with key components sourced from China (25–31% of purchases), Taiwan, South Korea and Vietnam. This includes closed-bulb sprinklers, check valves and flexible sprinkler drops. While this exposes the company to geopolitical and supply-chain risk, it also allows HD Fire to sell a broader product range under its own certifications without the capital investment of manufacturing every component in-house.

Two-way certification advantage against Chinese manufacturers

HD Fire holds CCCF (China Compulsory Certification for Fire Products) from the China National Quality Testing Centre (Guangdong), making it among the few Indian fire protection companies that can legally export into the Chinese market. Conversely, Chinese manufacturers overwhelmingly lack UL and FM certifications beyond basic sprinklers , a handful (notably CA-FIRE) hold FM Approval on sprinklers only, with UL applications still pending. For the full product range (deluge valves, pre-action systems, foam equipment, monitors, custom-engineered systems), Chinese manufacturers hold neither UL nor FM. Global EPCs and asset owners mandate verified UL+FM across all fire protection components for refinery and LNG projects, meaning Chinese manufacturers cannot bid on complete fire protection packages in these specification-driven markets. UL itself has issued warnings about counterfeit UL marks on Chinese-manufactured sprinklers, reinforcing why verified listings from established manufacturers carry a structural premium. Net effect: HD Fire competes in China's market; Chinese manufacturers cannot effectively compete in HD Fire's core global markets on a full-system basis. However, Chinese FM-approved sprinkler manufacturers are a leading indicator - if UL certifications follow, the barrier will narrow on HD Fire's highest-volume product category first.

Global MNCs are the real long-term competitive threat

Honeywell, Johnson Controls and Tyco already hold equivalent or superior certification portfolios globally. If the Indian fire protection market matures to the point where it justifies dedicated local manufacturing by these MNCs, HD Fire's cost advantage could narrow. Johnson Controls Arabia has already established local manufacturing in Saudi Arabia and signed partnerships for local content directly competing in HD Fire's target export market.

Source: RHP, Deven Choksey Research

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About the business

HD Fire Protect Limited, incorporated in April 1997, traces its origins to M/s HD Fire Protect Co. established by Harish Dharamshi in 1990. The company is an Indian manufacturer and supplier of fire protection equipment and systems offering water, foam and gas-based fire suppression products for industrial, commercial and residential applications. It is India's second-largest fire protection equipment manufacturer by revenue and the largest exporter by value with products supplied to over 90 countries.

The company operates two manufacturing facilities in Maharashtra , Jalgaon (27,531 sq.m., commissioned 1998, 379 headcount) and Thane (450 sq.m., commissioned 2015, 153 headcount) across a combined 8.50 acres. The Jalgaon facility is vertically integrated with an in-house non-ferrous foundry (bronze, nickel aluminium bronze castings), ASME-certified fabrication shop, CNC and VMC machining centres (17 machines including 5-axis), electric furnace, hydro test machines and flow testing infrastructure capable of handling up to 18,000 litres per minute. Ferrous castings (ductile iron, SS Grade M) are outsourced from approved foundries.



Sprinklers and Alarm Valves



Deluge Valves , Pre-Pack Systems



Foam Bladder Tanks and Foam Concentrate

The product portfolio spans eight categories:

Sprinklers and Alarm Valves (31% of revenue): Automatic and open sprinklers in brass construction, alarm valves (flanged and grooved), test and drain valves, check valves. All automatic sprinklers are UL Listed and FM Approved. Installed capacity: 59,800 EPU at 49.60% utilisation in Q1FY27.

Deluge Valves, Skids and Pre-Action Systems (22% of revenue): VIRAT V3, V5 and V6 deluge valves, deluge skids (DPack and DSK models), pre-action systems. Designed for high-risk industrial environments. Installed capacity: 16,800 EPU at 71.20% utilisation in Q1FY27.

Foam Equipment and Suppression Systems: Foam bladder tanks, proportioners, foam chambers, rim seal foam pourers, foam makers, foam-water sprinklers, foam concentrates (AFFF, AR-AFFF, Fluoroprotein, AR-SFFF F3 fluorine-free). Complete foam hardware is UL Listed when used with HD foam concentrates, creating ecosystem lock-in. Installed capacity: 48,420 EPU at 46.80% utilisation in Q1FY27.

Monitors and Monitor Nozzles: VARUN 443 and 643 foam monitors (stainless steel), mobile foam units. Installed capacity: 4,128 EPU at 70.00% utilisation in Q1FY27.

Water Spray Nozzles (Thane facility): Medium and reverse-action medium velocity spray nozzles. The most consistently utilised product line at 94.10% in FY26. Installed capacity: 800,000 EPU.

Gas Suppression Systems: HD-INERTSYS inert gas system (IG55, IG541, IG100, IG01) for data centers and server rooms. VdS Approved. Installed capacity of 1,550 EPU sits entirely idle.

Custom Engineered Systems: Design-to-order fire suppression skids for complex industrial applications. 1.79% of revenue (INR 35 Mn in FY26). Installed capacity: 240 EPU at 71.30% utilisation.

Three manufacturing streams operate with distinct processes: standard products (casting/forging-based, ~2 day cycle), fabricated products (steel plate cutting, welding, NDT), and custom-engineered products (design-to-order with client inspection).



CO2 in-cabinet fire suppression system Brand: HD - Rakshak

Unique design uses CO_2 from the same cylinder to pressurize detection tube, eliminating the need for a separate nitrogen cylinder • Delivers a space-saving, efficient, and lowmaintenance solution for localized fire protection

And Inert Gas Fire Suppression System Brand: HD-Inertsys

Ideal where electrically non-conductive and residue-free suppression is required, avoiding cleanup issues of other agents , VdS Approved system ensures certified safety, reliability, and performance in critical environments , Suited for high-value, sensitive applications such as data centres, control rooms, archives, and laboratories

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Capacity Utilisation by Product Line

Product Category	Installed Capacity (EPU)	Q1FY27	FY26	FY25	FY24
Deluge Valves/Skids/Pre-Action	16,800	71.20%	80.90%	78.02%	66.48%
Foam Equipment & Suppression	48,420	46.80%	63.40%	84.94%	60.98%
Gas Suppression	1,550	0.00%	0.00%	54.65%	72.00%
Monitors & Nozzles	4,128	70.00%	78.90%	71.92%	81.98%
Sprinklers/Alarm Valves	59,800	49.60%	70.40%	76.90%	63.19%
Custom Engineered	240	25.20%	71.30%	62.50%	31.67%
Water Spray Nozzles (Thane)	800,000	65.60%	94.10%	91.08%	81.62%

Source: RHP, Deven Choksey Research

The Moat: Certification, Vertical Integration and Specification Lock-In

HD Fire's competitive advantage is layered across three reinforcing mechanisms, which together create qualification and switching costs that protect incumbency.

- **The Certification Moat:** 21 UL Listings and 87 FM Approvals across all eight product categories (sprinklers, alarm valves, deluge valves, skids, pre-action systems, foam equipment, monitors, system valves, water spray nozzles, custom-engineered systems) make HD Fire the only Indian company with pan-category certified coverage. The ASME U Stamp (first Indian fire protection company to receive it) enables pressure vessel fabrication. Saudi Aramco 9COM numbers (6000002872 for valves, 6000001325 for sprinkler systems) qualify HD Fire for RFQs on the world's most demanding petrochemical specification environment. These certifications take 6–24 months per product line and require ongoing annual audits - a genuine time-to-market barrier.

- **Backward-integrated foundry protects quality and margins:** The Jalgaon facility houses an in-house non-ferrous foundry producing bronze and nickel aluminium bronze castings. In fire protection, casting quality directly determines certification outcomes - a UL or FM test failure on a single casting defect can jeopardise the entire product's approval status. By controlling the foundry, HD Fire maintains the certified manufacturing chain unbroken, avoiding recertification triggers that arise when a company changes casting suppliers. Raw material costs are only 25.1% of revenue, with quarterly PO indexation to pass metal cost changes through.

- **Ecosystem lock-in through foam concentrate compatibility:** HD Fire's foam hardware (bladder tanks, foam chambers, foam-water sprinklers) is UL Listed specifically when used with HD's own foam concentrates (AR-SFFF F3, AFFF, AR-AFFF). Using a competitor's foam concentrate would void the UL listing and potentially invalidate insurance compliance. This creates a natural consumable repurchase cycle tied to the installed hardware base - the closest thing to recurring revenue in the business model.

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Customers , Orderbook And Geographic Footprint

Repeat customers at 85%, but without contracts

Revenue from repeat customers was 85.20% in FY26, declining to 79.76% in Q1FY27. More than 54% of FY25 revenue came from clients associated for over five years. The company served 2,066 customers in FY26, with the top 10 contributing only 23.69% of revenue - low concentration relative to capital goods peers. However, the company does not enter into long-term or committed volume agreements with customers, making revenue entirely dependent on rolling short-term purchase orders. The 85% repeat rate is encouraging but is not the same as contracted revenue

Order book

Order book stood at INR 158.6 Cr as of Q1FY27 (June 30, 2026), up from INR 75.3 Cr in FY24. The order book to trailing revenue ratio is 0.32x, providing roughly 3.9 months of revenue visibility. For a company operating entirely on short-term purchase orders with no take-or-pay commitments, this means revenue visibility extends only one quarter ahead

Flagship reference installations And Geographic Revenue Split

Includes master stream nozzles at ISRO Sriharikota, fire protection equipment at Jamnagar Refinery (India's largest), drain valves for the new Indian Parliament, deluge valves for Saudi Aramco's Ras Tanura Sea Island project, equipment for Oman's Integrated Power & Water Plant, and nickel aluminium bronze deluge valves for the Jazan IGCC plant in Saudi Arabia

Middle East contributes 13.47% of revenue, Rest of Asia 10.53%, South America 3.18%, Africa 3.03%, Europe 2.32%, Oceania 0.18% and North America just 0.08%. The negligible North American presence despite holding UL and FM certifications is a conspicuous underperformance in the world's largest fire protection market.

Order Book Trend

Period	Order Book (INR Cr)
Q1FY27 (Jun 30, 2026)	158.6
FY26 (Mar 31, 2026)	134.4
FY25 (Mar 31, 2025)	70.3
FY24 (Mar 31, 2024)	75.3

Revenue by Geography

Segment	FY26 (INR Mn)	FY26 (%)	FY25 (%)	FY24 (%)
India (Domestic)	3,170	65.4%	63.8%	66.7%
Others (Export)	1,684	34.6%	36.2%	33.3%
Total	4,854	100%	100%	100%

Strategic Sourcing & Suppliers

HD Fire uses copper, bronze ingots, brass bars, ductile iron castings, stainless steel tubing, rubber diaphragms, O-rings and seals. Raw material costs are 25.2% of revenue. Non-ferrous castings (bronze, nickel aluminium bronze) are produced in-house at the Jalgaon foundry. Ferrous castings (ductile iron, SS Grade M) are outsourced from approved foundries.

Import and supplier concentration remain material risks: The top 10 suppliers accounted for 59.28% of total expenses in Q1FY27 (up from 35.59% in FY24). China accounts for 25–31% of total purchases, covering contract-manufactured products (closed-bulb sprinklers, check valves, flexible sprinkler drops). Foam concentrates are contract-manufactured in India, but the manufacturer is disclosed as a "sister concern" by management .

Quotation validity is 60 days (RHP: 45–90 days for supplier quotations). Post-expiry, raw material cost increases can be passed to customers. Credit terms extend up to 150 days. Trade receivable days have been rising: 48 (FY24) to 57 (FY26) to 61 (Q1FY27).

Source: RHP, Deven Choksey Research

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SCOT Analysis

Strengths	Challenges
• Certification leadership: 21 UL Listed, 87 FM Approved - highest among Indian peers, spanning all 8 product categories. First Indian fire protection company with ASME U Stamp.	• No replacement revenue: 15–20 year product life, 0.01% replacement rate, zero identifiable AMC/maintenance revenue in P&L. Revenue entirely greenfield-dependent.
• Sticky customer base: 85.20% repeat revenue in FY26, with 54% of FY25 revenue from 5+ year clients. Top 10 at just 23.69% of revenue - low concentration.	• Declining utilisation: Foam equipment dropped from 84.94% (FY25) to 46.80% (Q1FY27). Sprinklers from 76.90% to 49.60%. Gas suppression at 0% - technology obsolescence confirmed.
• Vertically integrated: In-house non-ferrous foundry, ASME fabrication shop, CNC/VMC machining, flow testing. Raw material cost at 25.2% of revenue.	• Working capital expanding: Cash conversion cycle from 96 (FY24) to 102 days (FY26). Inventory days rising from 85 to 109. Trade receivable days from 48 to 57.
• Strong financials: EBITDA margin 30.75%, PAT margin 23.12%, RoCE 40.33%, zero debt in FY26.	• Thin order book: INR 159 Cr order book covers only 3.9 months of revenue. No long-term contracts.
Opportunities	**Threats**
• Saudi Arabia subsidiary: USD 670Mn growing to USD 1,293Mn market. 70% owned entity in Dammam. Saudi Aramco 9COM qualification already in place.	• Construction cycle dependence: Revenue is a pure-play capex cycle bet with no revenue floor in downturns.
• Data center buildout: India's DC capacity expanded 4x in 5 years. Clean-agent suppression and pre-action systems are required.	• Global MNC entry: Honeywell, Johnson Controls, Tyco hold superior global certifications and could ramp Indian manufacturing.
• Insurance-driven compliance: Rising premiums, mandatory Fire NOC, digital compliance logs and TAC standards are converting equipment from discretionary to mandatory spend.	• China import risk: 25–31% of purchases from China. Tariff, geopolitical and quality control risk on contract-manufactured products.
• Fluorine-free foam transition: Global PFAS ban accelerates shift to HD's AR-SFFF F3 fluorine-free concentrate range.	• Promoter monetisation: 100% OFS, 120% FY26 dividend payout, zero fresh issue. Promoters are cashing out, not raising growth capital.

Three Insights we gained from this analysis:

1. **Certification moat is real but symmetrically constraining:** HD Fire's 21 UL and 87 FM certifications give it a strong competitive advantage in India's fire protection market. However, the same approvals that protect its existing business also make it difficult to win new customers quickly. Growth is therefore more likely to come from selling higher-value products to existing customers, expanding exports and entering adjacent systems than from simply increasing volumes.
2. **The revenue model has no installed-base cushion:** Unlike capital goods companies that generate steady income from maintenance and after-sales services, HD Fire's OEM-focused model offers limited protection during construction downturns. India's fire protection spending of around USD 1 per capita leaves significant room for long-term growth, but the business remains exposed to construction cycles rather than benefiting from a steady, recurring revenue base.
3. **Growth opportunities are attractive, but capacity utilisation raises execution concerns:** Expansion into Saudi Arabia, rising data centre investments and the shift towards fluorine-free firefighting foam could open up new growth avenues. However, current capacity utilisation raises questions about how effectively HD Fire is using its existing assets. Foam utilisation stands at 46.8%, sprinkler utilisation at 49.6%, while gas suppression utilisation is zero. These figures point to substantial spare capacity and raise questions about whether demand is keeping pace with the company's investments, particularly in gas suppression

Source: RHP, Deven Choksey Research

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Valuation

Peer Comparison

There are no direct listed fire protection equipment companies in India. The RHP benchmarks against engineering and industrial equipment peers. HD Fire's return profile (RoCE 40.33%, RoNW 30.17%) and margins (EBITDA 30.75%) are materially superior to most capital goods peers, reflecting the certification moat and low raw material intensity. However, these peers are not operationally comparable - they manufacture pumps, compressors, aerospace parts and industrial equipment and hence can't be considered for peer comparison

Reading the multiple

At INR 271, HD Fire trades at approximately 40.7x FY26 diluted EPS. The P/E is elevated relative to the peer set median, but the comparison is imperfect - HD Fire operates in a niche segment with certification barriers, zero debt, 30%+ EBITDA margins and 40% RoCE. The premium is partially defensible on return quality, but the growth rate supporting it needs scrutiny. Revenue grew at 14.5% CAGR over two years, but the order book provides only 3.9 months of visibility, several product lines show declining utilisation, and there is no replacement revenue to underpin earnings stability.

What the multiple requires

To deliver a 15% annual return over three years at an exit multiple of 30x, FY29 EPS would need to grow at roughly 20%+ CAGR from FY26 levels. Given that revenue growth has been 14.5% CAGR and EBITDA margin is already at 30.75% (limited further expansion), this return requires either a meaningful acceleration in export revenue, successful ramp-up of the Saudi subsidiary, or a step-change in data center and infrastructure demand.

Risk monitorables

Capacity utilisation declining further in Q2FY27. Gas suppression remaining at zero production. Cash conversion cycle expanding beyond 120 days. Any significant customer loss given the rolling purchase order model. Delay in Saudi Energy factory audit or Saudi subsidiary operationalisation.

Peer Comparison

Metric	HD Fire at INR 271	RHP Peer Set (Range)
FY26 Revenue (INR Mn)	4,893	Varies widely
FY26 Revenue Growth	~14.5% CAGR (FY24–26)	Mixed
FY26 EBITDA Margin	30.75%	13–28% (peers)
FY26 PAT Margin	23.12%	9–19% (peers)
Market Cap (INR Mn)	47,487	13,746–35,681
FY26 P/E	~40.7x (upper band)	17.2–145.7x
RoCE, FY26	40.33%	11–85%
RoNW, FY26	31.07%	12–43%
Net Debt	Zero	Varies

Source: RHP, Deven Choksey Research

View

SUBSCRIBE FOR LISTING GAINS. The listing opportunity is supported by the absence of a listed Indian fire protection pure-play, strong profitability, healthy return ratios and a certification-led competitive advantage. The company also offers exposure to structural growth opportunities in data centres, industrial infrastructure and Saudi Arabia's expanding project pipeline. However, the longer-term investment case will depend on the scale-up of its Saudi subsidiary, growth in export orders, improved utilisation across foam and sprinkler product lines, and the sustainability of margins as the business expands. These factors will be important in assessing the company's ability to sustain growth and justify its valuation beyond listing.

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Key Risks

Construction cycle dependence	Revenue is entirely driven by new construction and greenfield capex. Fire protection equipment has 15–20 year service life with 0.01% replacement rates. There is no identifiable maintenance, AMC or installed-base revenue in the P&L. In a construction downturn, there is no revenue floor , this is a pure-play capex cycle bet.
Technology Obsolescence poses a long term risk	Changes in fire safety regulations, customer requirements and suppression technologies could make existing products less relevant. The industry's shift towards fluorine-free firefighting foam is one example, it requires product reformulation, changes to production lines and fresh certifications. If HD Fire fails to adapt quickly, it could face higher compliance costs, underutilised manufacturing capacity and a loss of competitiveness. This risk is particularly relevant in a certification-driven industry, where developing and approving replacement products can take considerable time.
Declining utilisation across multiple	Foam equipment dropped from 84.94% (FY25) to 46.80% (Q1FY27). Sprinklers/alarm valves fell from 76.90% to 49.60%. Custom engineered from 62.50% to 25.20%. The broad-based utilisation decline, combined with the thin order book, requires close monitoring.
100% OFS with aggressive pre-IPO extraction	The IPO is entirely an offer for sale - the company receives zero proceeds. In FY25, promoters paid dividends of INR 150.6 Cr (685% interim + 120% final) on PAT of INR 109.7 Cr, a 137% payout ratio that dipped into accumulated reserves. Combined with the 100% OFS structure, this signals promoter monetisation rather than growth capital raising.
Supplier and import concentration	The top 10 suppliers accounted for 59.28% of Q1FY27 expenses (rising from 35.59% in FY24). China accounts for 25–31% of total purchases. A 10% increase in import costs or INR depreciation on the imported base would compress EBITDA margins by approximately 200–250 bps if not passed through.
Rising working capital intensity	Cash conversion cycle expanded from 83 days (FY25) to 102 days (FY26) to 112 days (Q1FY27). Inventory days rose sharply from 85 to 109 days.
Senior management attrition	28.57% attrition among senior management in FY26. In a niche technical industry requiring deep domain expertise across certification, metallurgy and fire protection engineering, this is a concerning level of churn.

Source: RHP, Deven Choksey Research

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About Management



Harish Narshi Dharamshi
(Managing Director & Promoter)

- Founder of M/s HD Fire Protect Co. (1990) and the current company (1997). Over 36 years of experience in fire protection equipment design, development and manufacturing. He holds a diploma in mechanical engineering. He is the primary promoter and selling shareholder in the OFS. Along with his spouse Kusum Dharamshi, the promoter group holds 100% of pre-issue equity.



Miheer Sadanand Ghotikar
(Executive Director and Promoter)

- Over 16 years of experience in international business operations, manufacturing, product development and corporate strategy. Previously worked at Pilgrim Software and Baxter Healthcare in the USA. Holds a bachelor's degree in mechanical engineering from Lokmanya Tilak College of Engineering (University of Mumbai) and a master's degree in manufacturing engineering and management from the University of Birmingham, UK. He is an individual promoter of MPISL.



Mr Anik Dharamshi
(Executive Director)

- He holds a Bachelor's degree in Mechanical Engineering from the University of Mumbai, and a Master's degree in Manufacturing Engineering and Management from the University of Birmingham, UK.
- He has been associated with the Company for over 15 years.
- Effective November 2025, he serves as the President of the Fire Protection Association of India, contributing to the advancement of fire protection practices across the country.

Source: RHP, Deven Choksey Research

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Profit & Loss Statement (Mn)

Particulars	Q1FY27	FY26	FY25	FY24
Revenue from operations	1,090.52	4,892.81	4,327.99	3,729.53
Other income	50.16	158.34	178.76	190.66
Total Income	**1,140.68**	**5,051.15**	**4,506.75**	**3,920.19**
Cost of materials consumed	343.73	1,230.80	1,193.65	1,118.95
Purchase of stock-in-trade	402.44	1,321.95	1,003.00	808.41
Changes in inventories	(190.39)	(53.90)	(85.07)	39.49
Employee benefits expense	112.31	456.77	420.03	354.17
Depreciation and amortisation	22.07	101.42	91.43	93.38
Finance costs	0.24	1.72	0.26	0.07
Other expenses	125.18	432.60	416.31	342.19
Total Expenses	**815.58**	**3,491.36**	**3,039.61**	**2,756.66**
Profit before tax	**325.10**	**1,559.79**	**1,467.14**	**1,163.53**
Tax expense	86.45	391.92	369.96	284.33
Profit after tax (PAT)	**238.65**	**1,167.87**	**1,097.18**	**879.20**
EBITDA	**297.25**	**1,504.59**	**1,380.07**	**1,066.32**
EBITDA Margin (%)	27.26%	30.75%	31.89%	28.59%
PAT Margin (%)	20.92%	23.12%	24.35%	22.43%
Basic EPS (INR)	1.36	6.66	6.26	5.01
Diluted EPS (INR)	1.36	6.66	6.26	5.01

Source: RHP, Deven Choksey Research

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Balance sheet(INR Mn)

Particulars	FY26	FY25	FY24
ASSETS			
Property, plant & equipment	809.05	868.19	751.39
Capital work-in-progress	176.35	40.65	9.86
Other non-current assets	938.50	1,544.12	1,050.69
Total non-current assets	**1,923.90**	**2,452.96**	**1,811.94**
Inventories	873.56	698.75	551.39
Trade receivables	937.13	577.79	479.56
Cash and cash equivalents	148.7	174.66	209.1
Other current assets	391.23	535.82	749.70
Total current assets	**2,396.36**	**2,047.86**	**2,114.38**
Total Assets	**4,320.26**	**4,500.82**	**3,926.32**
EQUITY & LIABILITIES			
Equity share capital	876.15	876.15	26.55
Other equity	2,895.32	3,096.17	3,407.58
Total equity	**3,771.47**	**3,972.32**	**3,434.13**
Borrowings	Nil	Nil	Nil
Lease liabilities	-	-	-
Trade payables	297.84	247.78	208.96
Other current liabilities	217.19	232.73	239.07
Provisions	33.76	47.99	44.16
Total liabilities	**548.79**	**528.50**	**492.19**
Total Equity & Liabilities	**4,320.26**	**4,500.82**	**3,926.32**

Source: RHP, Deven Choksey Research

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Cash flow statement (INR Mn)

Particulars	FY26	FY25	FY24
Profit before tax	1,559.79	1,467.14	1,163.53
Depreciation & amortisation	101.42	91.43	93.38
Finance costs	1.72	0.26	0.07
Interest income	(42.98)	(69.76)	(61.08)
Working capital adjustments	(695.03)	(505.92)	(558.19)
Net cash from operating activities	**924.92**	**983.15**	**637.71**
Acquisition of PPE & intangibles	(178.93)	(240.44)	(81.93)
Sale of investments / other investing	588.67	(285.15)	(247.88)
Net cash used in investing activities	**409.74**	**(525.59)**	**(329.81)**
Dividend paid	(1,401.84)	(561.53)	(1.90)
Net cash used in financing activities	**(1,360.58)**	**(492.03)**	**(228.95)**
Net increase / (decrease) in cash	**(25.92)**	**(34.47)**	**78.95**
Cash at beginning of year	174.66	209.13	130.18
Cash at end of year	148.74	174.66	209.13

Source: RHP, Deven Choksey Research

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