

HD Fire Protect Ltd – IPO Investment Note

Issue Open	Issue Close	Price Band (₹)	Rating
13 October 2026	15 October 2026	₹258-271	Subscribe

Investment Summary

HD Fire Protect Limited is an established **manufacturer of specialized fire protection equipment and suppression systems** catering to industrial, commercial, and infrastructure sectors globally. The company operates a hybrid manufacturing model combining vertically integrated in-house production across two facilities in Maharashtra with contract manufacturing for standardized equipment. Financial performance has grown steadily, with Revenue from Operations increasing from ₹372.95 Cr in FY24 to ₹489.28 Cr in FY26, alongside strong Operating EBITDA margins of 30.75% and an expansion in Restated PAT to ₹116.79 Cr. The IPO comprises an **Offer for Sale of 2,62,84,500 shares**, aggregating up to **₹712.31 Cr** at the upper price band of ₹271 per share, with **no fresh issue component**. As the issue is a 100% Offer for Sale, the company will receive no proceeds, with all net funds flowing directly to the promoter selling shareholders. Backed by significant customer stickiness (85.20% repeat customer revenue in FY26), an international footprint spanning over 90 countries with exports contributing 34.69% of revenue, a confirmed order book of ₹158.60 Cr, and an unmatched suite of global approvals including UL Listing and FM Approval, the company maintains a formidable regulatory moat. Despite inherent risks regarding high raw material import dependency, lack of long-term customer contracts, and geographic concentration of manufacturing in Maharashtra, its market leadership, virtually debt-free balance sheet, and robust profitability provide solid operational and financial foundations.

Company Overview

HD Fire Protect Limited (formerly known as HD Fire Protect Private Limited and DH. Fire Protect Private Limited), incorporated in 1997, is an established manufacturer and provider of specialized fire protection equipment and suppression systems. Operating through vertically integrated manufacturing facilities in Thane and Jalgaon, Maharashtra, supported by dedicated testing and research laboratories, the company delivers engineering solutions for industrial, commercial, and infrastructure applications. Its product portfolio covers water-based suppression systems, deluge valves, deluge skids, pre-action systems, sprinklers, foam equipment, monitor nozzles, system valves, and custom-engineered gas suppression systems. The company functions on an integrated manufacturing model, managing product lifecycle operations spanning design, fabrication, precision machining, assembly, and rigorous testing. HD Fire Protect serves a diverse clientele across India and international markets spanning over ninety countries, supported by an established distribution network and global quality certifications including UL Listing, FM Approval, CE Marking, and ASME U-Stamp. Promoted by Harish Narshi Dharamshi, Kusum Harish Dharamshi, Miheer Sadanand Ghotikar, Parika Miheer Ghotikar, and Anik Narendra Dharamshi, the company is launching an initial public offering comprising an offer for sale of equity shares by the promoter selling shareholders.

Business Model

HD Fire Protect Limited operates a specialized, globally certified manufacturing model within the fire safety equipment industry. The company employs a hybrid production strategy combining vertically integrated in-house manufacturing for highly engineered systems (contributing 61.02% to Q1 FY27 operational revenue) with a contract manufacturing model for standardized, high-volume off-the-shelf products (accounting for 36.90% of Q1 FY27 revenue). Its operations are centralized across two facilities in Maharashtra, ensuring rigorous quality control and compliance with stringent international safety certifications, including UL Listing, FM Approval, CE Marking, and the ASME U-Stamp. The company generates revenue across three primary verticals: water-based suppression systems (its largest segment, including sprinklers and deluge valves), foam-based equipment, and custom-engineered gas suppression systems. HD Fire Protect operates on a B2B project-driven model catering to industrial, commercial, and infrastructure clients. While domestic sales are managed directly, the company leverages a multi-tiered network of 22 active distributors to penetrate international markets spanning over 90 countries, with exports contributing 34.69% of its operational revenue in FY26. This diversified approach across manufacturing channels and global geographies ensures sustained order visibility, driving a robust repeat customer rate of 85.20%.

Investment Rationale

Market Leadership and Established Global Footprint: HD Fire Protect is the second-largest manufacturer of fire protection equipment in India by operating revenue and the largest Indian exporter by value in FY25. Supplying systems across more than 90 countries with international exports contributing 34.69% of FY26 operational revenue, this diverse geographical reach insulates the company from localized economic downturns and ensures resilient, multi-currency revenue streams.

Formidable Moat via Stringent Global Certifications: The company is the only Indian player among its peers to hold a complete suite of international certifications including UL Listing, FM Approval, CE Marking, ASME U-Stamp, VdS, and Lloyd's Register establishing high technical barriers to entry. Securing these credentials typically demands 6 to 24 months of rigorous testing, effectively deterring new entrants and unorganized regional competitors from matching this compliance threshold.

Strong Financial Scale and Robust Margin Profile: The company has delivered steady top-line growth with Revenue from Operations expanding from ₹372.95 Cr in FY24 to ₹489.28 Cr in FY26, alongside exceptional profitability with Restated PAT rising to ₹116.79 Cr and Operating EBITDA margins sustaining at a strong 30.75% in FY26. This robust margin profile is further underpinned by a virtually debt-free balance sheet and superior capital efficiency, including a 31.07% Return on Net Worth (RoNW) in FY26.

High Customer Stickiness and Solid Order Book Visibility: Benefiting from mission-critical product positioning, the business demonstrates strong customer loyalty with repeat customers generating 85.20% of FY26 operational revenue. This is backed by a confirmed order book of ₹158.60 Cr as of June 30, 2026, which has more than doubled from ₹70.35 Cr in March 2025, offering enhanced short-term revenue visibility and operational predictability.

Strategic Capacity Augmentation and Advanced In-House Testing: Operating 8.50 acres of specialized manufacturing across Thane and Jalgaon, the company is expanding capacity with a new facility in Thane (targeted completion by November 2026) alongside an advanced in-house fire test laboratory and R&D center in Jalgaon. These infrastructure investments are poised to accelerate product innovation cycles, particularly in developing environmentally compliant, fluorine-free foam suppression technologies to meet evolving global mandates.

Key Risk Factors

100% Offer for Sale with Zero Issue Proceeds: The entire IPO comprises an Offer for Sale of up to 26,284,500 equity shares by the promoter selling shareholders, resulting in zero fresh capital inflow to the company. Consequently, all ongoing capital expenditure programs including operationalizing the new Thane facility and scaling R&D laboratories must be funded entirely through internal accruals or debt rather than public offer proceeds.

Substantial Dependency on Imports and Key Suppliers: Imported raw materials and contract-manufactured goods accounted for approximately 45% of total procurement in FY26, with imports from China alone representing 30.96% of total purchases. In the absence of long-term supply contracts and with the top 10 suppliers accounting for 47.76% of FY26 total expenses, the company remains exposed to cross-border shipping delays, foreign exchange volatility, and geopolitical trade tariffs.

Geographic Concentration of Manufacturing Infrastructure: All manufacturing operations are centralized across two facilities in Thane and Jalgaon, Maharashtra, which collectively accounted for 63.49% of FY26 revenue from operations. Any localized operational bottlenecks, regional transport disruptions, labor unrest, or adverse state regulatory shifts could severely impair production output without alternative domestic facilities to absorb the capacity.

Prolonged Certification Cycles and Environmental Transitions: The company's competitive positioning relies heavily on international approvals (UL Listing, FM Approval, CE Marking, and ASME U-Stamp), which typically require 6 to 24 months of extensive testing and recurring maintenance outlays.

Absence of Long-Term Customer Contracts and Project Cyclicity: Business is conducted almost entirely via short-term purchase orders without committed volume agreements, relying heavily on repeat orders (which contributed 85.20% of FY26 operational revenue). In addition, demand remains inherently tied to capital expenditure cycles within the industrial, real estate, and infrastructure sectors, leaving order inflows sensitive to macro project deferrals or cancellations.

Financial Snapshot

Metric	FY24	FY25	In Cr FY26
Revenue from Operations	372.95	432.80	489.28
EBITDA	106.63	138.01	150.46
EBITDA Margin	28.59%	31.89%	30.75%
Profit After Tax (PAT)	87.92	109.72	116.79
PAT Margin	22.43%	24.35%	23.12%
Basic EPS (₹)	5.02	6.26	6.67

IPO Details and Use of Proceeds

Parameter	Details
Issuer	HD Fire Protect Limited
IPO Issue Size	2,62,84,500 shares (agg. up to ₹712.31 Cr) Offer for Sale 2,62,84,500 shares (agg. up to ₹712.31 Cr)
Price Band	₹258 - ₹271 per share
Face Value	₹5 per share
IPO Opening Date	13 September 2026
IPO Closing Date	15 September 2026
Listing	NSE / BSE
Promoter Holding (Pre/Post)	Pre-IPO: 100.00% → Post-IPO: ~85.00%
Book Running Lead Managers	Ambit Private Limited, Anand Rathi Advisors Limited, IIFL Capital Services Limited
Use of Proceeds	- The company will not receive any proceeds from the Offer as it is a 100% Offer for Sale - All proceeds (up to ₹712.31 Cr) will be paid to the Promoter Selling Shareholders (Harish Narshi Dharamshi and Kusum Harish Dharamshi) in proportion to the Equity Shares offered by them.

Valuation and Outlook

At the upper price band of **₹271**, HD Fire Protect Limited commands a FY26 P/E of **40.66x**, implying a **~₹4,748.73 Cr** post-issue market capitalization. This premium valuation is justified by exceptional financials, highlighted by FY26 operational revenue of ₹489.28 Cr, an impressive 30.75% Operating EBITDA margin, and a PAT of ₹116.79 Cr (23.12% margin). As India's second-largest fire protection equipment manufacturer by operating revenue, it benefits from exports to over 90 countries, an 85.20% repeat customer rate, and a formidable regulatory moat underpinned by global certifications like UL Listing and FM Approval. Despite risks from a 100% Offer for Sale structure (zero fresh capital) and reliance on imported raw materials, rigorous fire safety compliance trends provide strong tailwinds. Given its industry leadership and profitability, we recommend a **Subscribe stance** for medium- to long-term investors. Key monitorables include the commissioning of its Thane facility, renewal of international certifications, and supply chain stabilization.

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