HD FIRE PROTECT LIMITED

Fire protection equipment | IPO Note | 12 October 2026

Issue 13–15 October 2026 · band ₹258–271 · lot 55 shares · ₹712.31 crore · anchor 12 October · allotment 16 October · listing 21 October, BSE and NSE

The band is ₹258 to ₹271. At the ₹271 cap the company is valued at ₹4,748.7 crore, 40.7 times FY26 earnings and 30.7 times FY26 operating EBITDA after netting off ₹134.3 crore of cash and investments. The five listed engineering peers the company cites averaged 63.0 times on 30 September 2026, or 42.3 times without Azad Engineering; the closest comparable on financial shape, Ingersoll-Rand (India), trades at 51.4 times, so the cap sits about 21% below it. Not a rupee of the ₹712 crore reaches the company — it is a 100% offer for sale by two promoters, after ₹278 crore had already gone to the family in dividends and a buyback since FY24. Our call is **SUBSCRIBE — FOR LISTING GAINS; HOLD 50% FOR LONG-TERM GAINS** (section 8).

1. The offer at a glance

Item	Detail
Total offer	Up to ₹712.31 crore at the cap, 100% book-built; 2,62,84,500 shares
Fresh issue / offer for sale	Nil fresh + 100% offer for sale — 0% of the money reaches the company
Who is selling	Harish Dharamshi, promoter — 89,83,700 shares (≈ ₹243.5 cr); Kusum Dharamshi, promoter — 1,73,00,800 shares (≈ ₹468.9 cr); weighted average cost ₹0.05 and ₹0.09 per share respectively
Price band · face value	₹258 to ₹271 · ₹5
Lot · minimum application	55 shares · ₹14,190 at the floor, ₹14,905 at the cap; retail maximum 13 lots (715 shares), ₹1,93,765 at the cap
Shares · market cap at the cap	17,52,30,000 shares before and after (no fresh issue) · ₹4,748.7 crore (17,52,30,000 × ₹271)
P/E at the cap	40.7× on FY26 diluted EPS of ₹6.66 (₹4,748.7 cr ÷ ₹116.79 cr PAT); EPS is unchanged post-issue
EV / EBITDA at the cap	30.7× FY26 operating EBITDA (₹4,748.7 cr − ₹134.3 cr cash and investments = ₹4,614.4 cr ÷ ₹150.46 cr)
Price / book · market cap / revenue	11.9× June 2026 net asset value of ₹22.82 per share · 9.7× FY26 revenue of ₹489.28 cr
Return on equity, FY26	30.2% (FY24 28.4%, FY25 29.6%); no borrowings in any period
Allocation of the offer	QIB ≤ 50% (≈ ₹355.3 cr, of which anchor up to 60%) · NII ≥ 15% · Retail ≥ 35% (≈ ₹248.7 cr); employee reservation up to ₹1.75 crore
Listed peer P/E cited by the company	Five peers averaged 63.0× on 30 September 2026; 42.3× without Azad Engineering (145.7×); Ingersoll-Rand (India) 51.4×
Promoter holding before / after	100% including promoter group → 85.0% at the cap; free float 15.0%; no promoter shares pledged; no private equity or institutional holder pre-issue
Timetable	Anchor 12 October · opens 13 October · closes 15 October (UPI mandate 5 pm) · allotment 16 October · refunds 19 October · listing 21 October 2026, BSE (designated) and NSE
Book-running lead managers · registrar	Ambit · Anand Rathi Advisors · IIFL Capital Services · MUFG Intime India
Statutory auditor	KKC & Associates LLP — no qualifications FY24–Q1 FY27
Credit rating · monitoring agency	None disclosed; the company has no borrowings · not required, because the issue is a pure offer for sale

Source: RHP cover, pp. 1, 76, 79–81, 92, 102, 105, 119, 121, 123, 322. Price band, lot and offer dates from the company's announcement of 7 October 2026; allotment, refund and listing dates are tentative. Market cap = 17,52,30,000 shares × ₹271. EV deducts cash, bank deposits and investments of ₹134.3 crore at 31 March 2026 (pp. 79, 301). Post-issue holding and allocation are indicative pending the basis of allotment. All multiples are our calculations, derivations shown in brackets.

2. What the business actually does

The one-paragraph answer

HD Fire Protect makes the plumbing of fire safety — the parts that sit between a building's water tank and the fire itself. Think of a fire-sprinkler system as a home's water supply with the taps turned around: instead of a person opening a tap, heat opens it. HD Fire makes those automatic taps, the master valves that release water into the pipes, the nozzles that shape the spray, the cannons that throw water at burning fuel tanks and the foam systems that smother oil fires. It sold to 2,066 customers in FY26, about 65% of revenue was earned in India and 35% abroad, led by the Middle East, and it has shipped to more than 90 countries.

Harish Dharamshi started the business as a partnership in 1990; it was incorporated in 1997 and absorbed the firm in 2005 (p. 210). It has two factories in Maharashtra — the main, vertically integrated plant at Jalgaon (1998; its own bronze foundry, machine shop, pressure-vessel fabrication shop and a water-flow test rig of up to 18,000 litres a minute) and a nozzle plant at Thane (2015) — on a combined 8.5 acres, with 532 people including contract workers (pp. 211, 218, 235–236). A 70%-owned Saudi subsidiary was incorporated in July 2026 to bid for localised Saudi projects (p. 255).

The single most important fact is the certificate wall. A fire valve is bought on paper before it is bought on price: the specifying engineer, the insurer and, for Saudi Aramco, a supplier code ("9COM number") must already list the product. HD Fire was the first Indian maker to get a UL listing for a deluge valve (1996) and now holds 21 UL and 87 FM product certifications — the most among Indian fire-focused peers (pp. 210, 214, 216). Each new certification takes 6–24 months, and getting onto a large buyer's approved-vendor list takes another 3–12 months (pp. 213–214). That is why its margins look like a specialist's, not a fabricator's.

"Manufacturer" means about 63% made in-house. The other 37% of FY26 revenue came from products HD Fire buys finished from contract makers — mainly sprinkler heads and standard valves — and sells under its own brand (pp. 28, 237). The certified valves and foam systems are its own.

The products, one at a time

Line	What it is, in one line	Where it ends up	FY26	% of revenue	vs FY25
Sprinklers, alarm valves & accessories	Heat-triggered water heads plus the master valve that rings the alarm	Offices, malls, hospitals, warehouses, apartment towers	₹164.8 cr	34.0%	+14.5%
Deluge valves, skids & pre-action systems	Big valves that flood a whole zone at once on a detector signal	Transformers, refinery units, hangars, offshore platforms; server rooms	₹106.1 cr	21.9%	+23.6%
Foam equipment & suppression systems	Tanks and nozzles that mix foam into water to smother oil fires	Tank farms, jetties, airports, petrochemical plants	₹90.8 cr	18.7%	+22.5%
Water spray nozzles	Shaped spray heads that cool transformers and storage tanks	Transformers and storage tanks	₹33.1 cr	6.8%	+11.4%
Monitors & monitor nozzles	Swivel-mounted water cannons	Refineries and jetties	₹26.8 cr	5.5%	+16.3%
System valves & accessories	Gate, butterfly and check valves, gauges and strainers	Contractors' whole-project packages	₹26.5 cr	5.5%	+2.0%
Custom engineered systems	Factory-built skids designed for one project	One-off projects	₹3.5 cr	0.7%	−58.9%
Gas suppression systems	Inert-gas and CO_2 systems for server and control rooms	Server and control rooms; idle since FY26	nil	0.0%	−100%
Others (trims, spares, services)	Replacement parts and site services	Installed base	₹33.8 cr	7.0%	+4.4%
Total			**₹485.4 cr**	**100%**	**+13.3%**

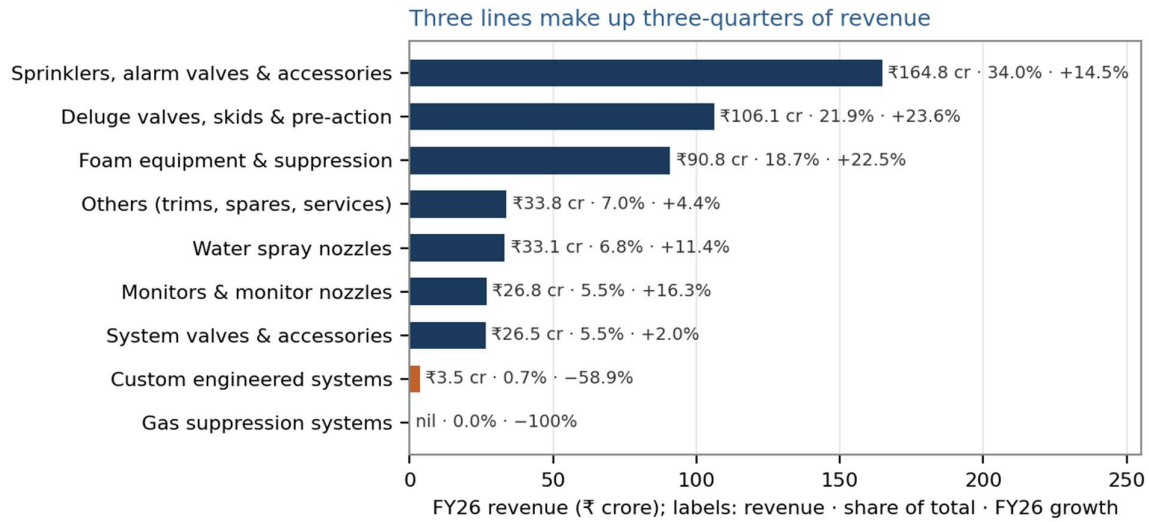
Source: RHP p. 215. Excludes other operating revenue (export incentives, scrap) of ₹3.87 crore. Where-it-ends-up column drawn from the RHP's product descriptions; percentage figures as shown in the RHP.

Sprinklers, alarm valves and accessories (34%). A sprinkler is a brass nozzle the size of a thumb, plugged by a tiny glass bulb of coloured liquid. When the air around it gets hot enough the liquid expands, the bulb bursts and water sprays — only over the fire, like a fuse that blows only in the room that overheats. The alarm valve is the gatekeeper at the bottom of the pipe network: a one-way valve that sounds an alarm the moment water starts moving. If it fails, a fire burns unannounced and the fire brigade is called late. Here honesty matters: the sprinkler head itself is close to a commodity — CRISIL prices standard heads at ₹150–300 (p. 194) — and HD Fire buys its closed-bulb sprinklers from contract makers in China and Taiwan (p. 237). The alarm valve, made at Jalgaon and certified, is the protected part. Revenue grew 14.5% to ₹164.8 crore even as in-house production of this category fell 8.5% (p. 238) — the growth came from bought-in heads.

Deluge valves, deluge skids and pre-action systems (22%). A deluge valve is a heavy cast-iron, steel or bronze valve that holds back water from a network of open nozzles. When a detector signals fire, it swings fully open and floods the entire zone at once — opening the floodgates rather than one tap. It protects transformers, refinery units, aircraft hangars and offshore platforms, where fire spreads too fast for heads to open one at a time. A pre-action system is its careful cousin for server rooms: pipes stay dry until two separate detectors agree, like a bank locker that needs two keys. If a deluge valve fails to open, a refinery fire spreads across a process unit; if it opens by mistake, a data hall is flooded. That double risk is why buyers pay ₹30,000–1,00,000 for a valve and ₹5–25 lakh for a pre-assembled pre-action unit (p. 194), and why HD Fire's patented diaphragm valve and UL-listed pre-action cabinet — the only one made in India — matter (pp. 199, 220). Revenue rose 23.6% to ₹106.1 crore.

Foam equipment and suppression systems (19%). Water cannot put out burning petrol: the fuel floats on top and keeps burning. Foam spreads a blanket over it, like putting a lid on a burning pan. HD Fire's core foam product is the bladder tank — a steel pressure vessel of up to 20,000 litres with a rubber bag inside holding foam concentrate; water pressure squeezes the bag like a toothpaste tube and meters foam into the water stream at a fixed ratio (p. 226). If the ratio is wrong, the blanket breaks and a fuel-tank fire re-ignites. Tanks cost ₹2–25 lakh each (p. 194), are built in the company's ASME-certified pressure-vessel shop, and go to tank farms, jetties, airports and petrochemical plants. HD Fire was the first Indian maker with FM approval across a low-expansion foam system (p. 202) and has launched fluorine-free foam as the world moves away from "forever chemical" PFAS foams (p. 220). Revenue rose 22.5% to ₹90.8 crore — although foam production units fell 25% in the same year (p. 238), a gap that points to larger tanks or more bought-in concentrate.

The smaller lines. Water spray nozzles (7%), monitors (6%) and system valves (5%) round out the package a contractor needs, so HD Fire can supply a whole project rather than one component. Two lines have faded: gas suppression earned ₹8.75 crore in FY24 and nothing in FY26 or Q1 FY27, and custom-engineered skids fell 59% in FY26 despite 14% more units produced (pp. 215, 238).



FY26 revenue by product line, with share of total and growth over FY25. Source: RHP p. 215.

How the money is actually made

Orders come from fire-protection contractors and EPC firms (Sterling and Wilson, Techno Electric), developers (Godrej Properties), 22 overseas distributors and three domestic stockists (pp. 215–216). Purchase orders are short-term with no volume commitment, and credit runs up to 150 days (p. 34). Customers stay: 85% of FY26 revenue came from repeat buyers and 54% from customers of more than five years (p. 217). Abroad, HD Fire also white-labels certified products for Middle Eastern brands. The RHP does not split revenue between new-building projects and replacement; spares and services, the nearest proxy

for replacement, are only 7%, so this is mainly a project-driven business. The order book was ₹158.6 crore in June 2026, about four months of FY26 revenue, up from ₹70.3 crore in March 2025 (p. 212).

Concentration is low: the top three customers were 11.4% of FY26 revenue and the top ten 23.7%, though the top ten rose to 27.6% in Q1 FY27. Exports were 34.7% of revenue and the Middle East 15.0%. Two numbers have slipped: repeat customers fell from 88.1% of revenue in FY24 to 85.2% in FY26 and 79.8% in Q1 FY27, and the customer count went from 2,114 to 2,179 and back to 2,066 (pp. 28, 216–217). Credit is the cost of the model: receivables ran 57 days in FY26 against 45 a year earlier.

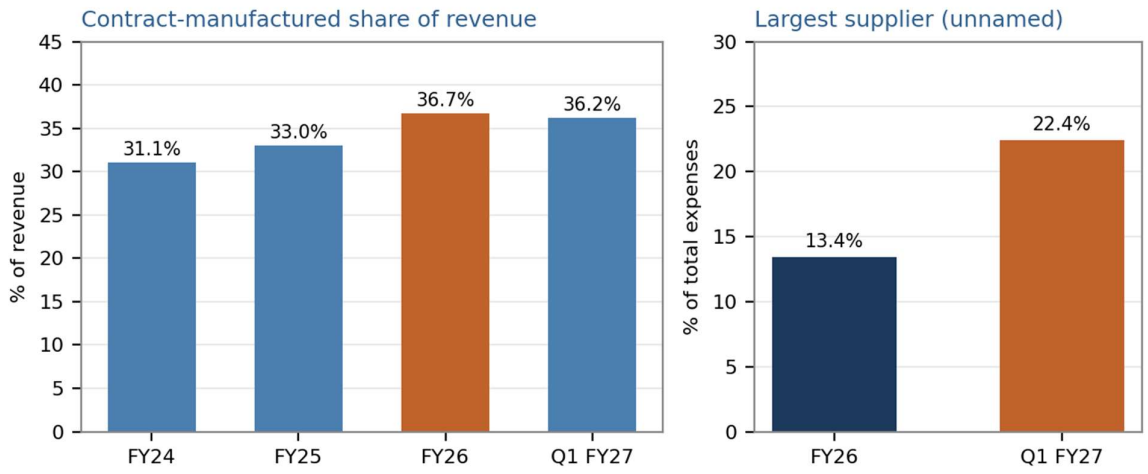
This is a family-run company. Harish Narshi Dharamshi, 72, founded the business and is Chairman and Managing Director; his son-in-law Miheer Ghotikar, 44, his daughter Parika Ghotikar, 43, and Anik Dharamshi, 42, are whole-time directors, while Kusum Dharamshi, 70, is a promoter but not on the board (pp. 257–260). The founder and Mr Ghotikar sit on UL standards committees, which helps explain the certification lead. The chief financial officer, Hitesh Dedhia, has held the post since May 2025 and was until March 2025 a joint statutory auditor of the company. The board has eight directors — four executive and four independent, the latter all appointed on 19 June 2025 and including a former managing director of KEC International and a former State Bank of India executive — and the RHP flags that some directors have never sat on a listed board (pp. 50, 273, 280). Fixed pay for the four whole-time directors is ₹18.75 crore a year from FY27, plus up to 40% variable — up to ₹26.25 crore before perquisites, or 22% of FY26 profit (pp. 261–263). The family's other interests are four small firms, four HUFs and two trusts; there are no group companies under SEBI's definition (p. 365).

The physical shape of the company

Jalgaon is the heart: 27,531 square metres and 379 people, making alarm and deluge valves, foam equipment, monitors, system valves and custom skids, with the bronze foundry in-house. Thane holds the water spray nozzle line in 450 square metres with 153 people. FY26 utilisation was 63–81% by line at Jalgaon and 94% at Thane (pp. 220, 235–236, 238). Two builds are pending. A 2.5-acre Jalgaon expansion — manufacturing, fire-test lab, warehouse and R&D — was built in March 2026 but is not operating: consent to operate from the pollution board was applied for on 27 August 2026. A 0.5-acre production and warehouse unit at Wagle Estate, Thane, is under construction and due in November 2026 (pp. 245, 363). Capital work in progress was ₹22.7 crore at June 2026, funded internally.

About 63% of FY26 revenue was made in-house; the remaining 37% came from contract-manufactured products — sprinkler heads, gate and butterfly valves, strainers and gauges, mostly from China, Taiwan, South Korea and Vietnam (pp. 28, 237). Revenue per person is ₹0.92 crore. Utilisation fell on every working line in Q1 FY27 on the company's own annualised figures, and the gas suppression capacity of 1,550 units has sat idle since FY26 (p. 238).

The bought-in share is the number that governs everything else. It rose from 31.1% of revenue in FY24 to 36.7% in FY26, and the top-ten suppliers rose from 35.6% to 59.3% of total expenses (p. 24). The largest supplier — 13.4% of FY26 expenses and 22.4% in Q1 FY27 — is not named because it did not consent (p. 240). Imports of these goods were ₹109.1 crore in FY26, mostly from China (pp. 237, 239).



Contract-manufactured share of revenue by period, and the unnamed largest supplier's share of total expenses. Source: RHP pp. 24, 28, 240.

How it got here

Revenue rose 16.0% in FY25 and 13.1% in FY26 to ₹489.28 crore, from ₹372.95 crore in FY24 — 14.5% a year over two years, all organic, with no acquisitions (p. 132). Operating EBITDA rose from ₹106.63 crore to ₹150.46 crore, and the margin from

28.6% to 30.8%, peaking at 31.9% in FY25. That peak came from gross margin (51.2%); FY26 gave back 230 basis points as bought-in products rose to 37% of revenue and traded goods earn less than own-made valves. Profit after tax grew only 6.4% in FY26, to ₹116.79 crore, because EBITDA rose 9% and other income fell to ₹15.83 crore, net of a ₹6.79 crore unrealised fair-value loss on investments (p. 81). The June 2026 quarter brought revenue of ₹109.05 crore — about 11% below the FY26 quarterly average of ₹122 crore — and an operating margin of 27.3%, the weakest of the four reported periods; the company states its business is not seasonal (p. 355).

The balance sheet has no debt in any period. Net worth went from ₹343.4 crore to ₹397.2 crore and then fell to ₹377.2 crore in FY26 because dividends exceeded profit, standing at ₹401.0 crore in June 2026. Cash, deposits and investments shrank from ₹205.9 crore to ₹134.3 crore by March 2026 — ₹188.9 crore at June 2026, before a ₹52.6 crore dividend paid after the quarter. Inventory nearly doubled in nine quarters, from ₹55.1 crore to ₹105.4 crore, led by stock-in-trade rising from ₹10.1 crore to ₹28.7 crore (p. 301); receivables jumped 62% to ₹93.7 crore in FY26 on 13% revenue growth, then were collected down to ₹55.3 crore in June. Returns are high because the business needs little plant: every rupee of fixed assets produces about ₹5 of sales, and return on capital employed was 40.3% in FY26. The cash conversion cycle, however, has lengthened from 83 days in FY25 to 112 days in June 2026 (receivable days 61, inventory days 109, payable days 58) (p. 125).

3. What makes it different — and where it doesn't

The company and the case for the issue advance five claims. They do not all survive equally.

The certificate wall is real, for the valves, foam systems and pre-action units. HD Fire holds the most UL and FM product approvals among Indian fire-focused makers — 21 UL and 87 FM — and is the only one holding UL, FM, CE, VdS, ASME-U and Lloyd's Register across its range (p. 202). A rival needs 6–24 months per product line for certification and 3–12 months per large buyer for empanelment (pp. 213–214), and must pass on-site audits for buyers such as Saudi Aramco. The evidence supports it: 85% of FY26 revenue came from repeat buyers and 54% from customers of more than five years. Verdict: a real barrier for valves, foam systems and pre-action units; a head start, not a moat, for sprinkler heads, which are bought in.

Specialist margins are real, but drifting. The FY26 operating margin of 30.8% compares with 21.3% for Safex, the largest fire-focused rival, in FY25, and with 13–23% for four of the five listed engineering peers (pp. 129–132, 204). Return on equity of 30.2% was earned with zero debt and ₹134 crore of surplus cash. The margin is explicable by certification — but it has slipped from 31.9% in FY25 to 27.3% in the June 2026 quarter. Verdict: real, and not yet shown to hold.

The largest exporter in India is a head start. Exports of ₹168.4 crore in FY26 went to 90-plus countries, with a Saudi subsidiary now formed to qualify for localised contracts (pp. 211, 255). Imports of contract-manufactured goods of ₹109.1 crore (p. 239) partly hedge the currency, leaving a net export surplus of about ₹59 crore. A rival would need the certifications first and then years of distributor-building; HD Fire's network took three decades. Verdict: a head start — defensible but not unassailable.

A rising order book is supportive, not decisive. The order book more than doubled from ₹70.3 crore in March 2025 to ₹158.6 crore in June 2026 (p. 212), giving roughly four months of revenue visibility at the FY26 run-rate. But purchase orders are short-term with no volume commitment, so it is a short-cycle number. Verdict: supportive near-term evidence; it does not guarantee the year.

Scarcity at a discount is the core of the listing case. There is no listed fire-protection company in India (p. 123), and at 40.7 times FY26 earnings HD Fire asks less than four of the five listed peers and about 21% less than its closest financial comparable. Verdict: scarcity value usually earns a premium in the first weeks of trading — section 5 tests how large the discount really is.

Sprinkler heads and standard valves are not differentiated at all. Over a third of revenue is bought-in product sold under the company's brand, at a lower margin, from the same Chinese and Taiwanese factories that can supply anyone else. No barrier, no technology, no lock-in.

The competitor's view

A well-briefed rival would say this: HD Fire's valves and foam systems carry certificates I cannot match for two years or more, so I will not take those buyers on price. But over a third of what it sells is the same bought-in product I can source myself, its own sprinkler-category production fell 8.5% last year, and its June quarter ran about 11% below the FY26 pace at a 27.3% margin. The largest fire-focused rival, Safex, is already bigger at ₹555 crore and growing faster, India imports twice what it exports in this equipment with China first, and HD Fire's domestic revenue is under 5% of the market — so share is there to be taken at the commodity end, even if not at the certified end.

The honest summary

Roughly 63% of revenue — made in-house, led by certified valves, foam systems and pre-action units — sits behind a genuine barrier and would be hard for a newcomer to take. About 37% — bought-in sprinkler heads, gate and butterfly valves, strainers and gauges — is ordinary trading at a lower margin with no barrier at all. The strategic question is not whether the certificate wall is real. It is whether the protected part can keep growing as fast as the traded part, given that in-house sprinkler-category production fell 8.5% and foam units fell 25% in a year when revenue rose 13%.

4. The industry

CRISIL, in the industry study commissioned for this offer, sizes India's fire protection equipment market at ₹10,900 crore in FY26, growing 12% a year since FY20 and projected at ₹17,500–19,500 crore by FY31. Suppression equipment — HD Fire's whole field — is ₹8,200 crore, or 75%, up from ₹3,800 crore in FY20, and is projected to grow 11–13% a year to ₹13,500–15,500 crore (pp. 166–167, 192). Within it, sprinkler systems are ₹2,200 crore and foam systems ₹1,000 crore (p. 193); industrial and infrastructure end-use is ₹4,100 crore, projected at ₹6,500–7,500 crore. Of the 12–13% value growth, CRISIL attributes 7–8 points to volume and 3–5 to price (p. 194) — volume growth close to India's 7.4% real GDP growth over FY23–26 (p. 147).

The market is fragmented: multinationals and branded Indian players hold about 70%, unbranded makers 30% (p. 196). HD Fire's ₹317 crore of domestic revenue is under 5% of the ₹6,400 crore non-extinguisher suppression market (p. 192), so growth depends more on taking share, and on the market expanding, than on any single contract. Its ranking — second by revenue, first in exports — holds for the fire-focused peer set; Safex Fire Services is larger, at ₹555 crore in FY25, and growing faster (p. 203). India's exports of fire protection equipment were US$107 million in FY26, up from US$67 million in FY20.

Demand is written into law, not chosen. The National Building Code 2016 (Part 4, Fire and Life Safety) is adopted by state fire acts, and Maharashtra's amended rules of 12 June 2025 added two-stage fire NOCs, compulsory periodic audits and continuous monitoring for high-risk buildings (p. 156). The Union government's ₹5,000 crore Scheme for Expansion and Modernisation of Fire Services, launched in July 2023, funds state capability (Ministry of Home Affairs, Lok Sabha reply, 10 February 2026); the same reply, citing NCRB data, recorded 7,054 fire accidents and 6,891 deaths in 2023 — the kind of statistic that keeps enforcement tightening after each major incident.

What physically creates demand is a new building. Warehouses and data centres are the most sprinkler- and pre-action-intensive buildings in India. JLL recorded 18.3 million sq ft of industrial and warehousing leasing in January–March 2026, up 13% year on year, with Mumbai and Pune — HD Fire's home market — taking 43% (JLL, April 2026). Savills India reported 258 MW of data-centre capacity added in H1 2026, up 59%, taking the operational base to 1.8 GW (Savills India, July 2026). Each new warehouse or data hall is a fresh order for alarm valves, deluge valves and pre-action cabinets — this is the leading indicator to track.

One independent datapoint sits awkwardly against the growth story. India imported US$210 million of fire protection equipment in FY26 — twice what it exported — with China first among the source countries (p. 170). The same Chinese factories that supply HD Fire's sprinkler heads can supply its competitors, which keeps the commoditised half of the market under steady price pressure.

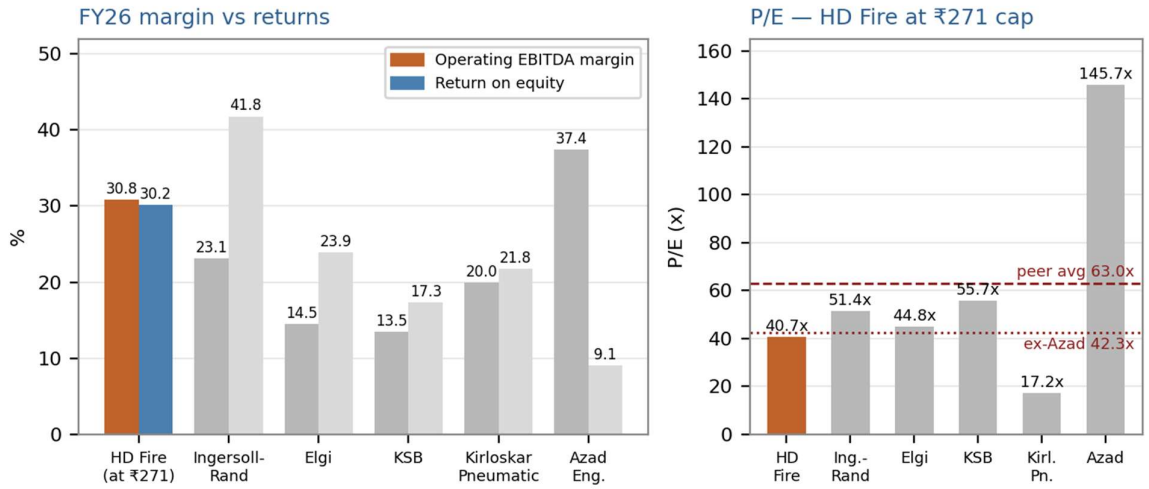
Verdict: tailwind. Growth is regulation-led and visible, but HD Fire's above-market growth must come from share gains against well-funded rivals.

5. Peer comparison

FY26	Revenue (₹ cr)	Op. EBITDA margin	PAT margin	Return on equity	P/E (30 Sep 26)	Comparable on…
HD Fire Protect (at ₹271)	**489**	**30.8%**	**23.1%**	**30.2%**	**40.7×**	—
Ingersoll-Rand (India)	1,392	23.1%	18.9%	41.8%	51.4×	debt-free, high-return flow equipment / 3× larger, MNC parent
Elgi Equipments	3,951	14.5%	10.6%	23.9%	44.8×	exporting compressor maker / 8× larger, lower margin

FY26	Revenue (₹ cr)	Op. EBITDA margin	PAT margin	Return on equity	P/E (30 Sep 26)	Comparable on…
KSB	2,696	13.5%	9.8%	17.3%	55.7×	pumps and valves into the same projects / MNC, much larger
Kirloskar Pneumatic	1,787	20.0%	14.0%	21.8%	17.2×	industrial equipment, project-linked / no fire exposure
Azad Engineering	603	37.4%	20.6%	9.1%	145.7×	similar size and margin, certification-led / aerospace and turbines
Peer average		**21.7%**	**14.8%**	**22.8%**	**63.0×**	42.3× excluding Azad Engineering

Source: RHP pp. 123–124, 129–132 (company-defined KPIs, FY26; KSB on CY25). Peer P/E on closing prices of 30 September 2026. HD Fire P/E is our calculation at the ₹271 cap. The RHP's Kirloskar Pneumatic comparison table (p. 130) has misaligned rows; figures shown are those in its FY26 column.



FY26 operating margin, return on equity and P/E against the company's named listed peers. Source: RHP pp. 122–124, 129–132; HD Fire P/E at the ₹271 cap is our calculation.

The peer set is generous in one respect and unhelpful in another. None of the five makes fire equipment; the true competitors — Safex, Johnson Controls, Honeywell — are unlisted or listed abroad. The five are compressors, pumps, flow equipment, project-linked industrial machinery and precision components, so the comparison is directional rather than like for like. The closest match on financial shape is Ingersoll-Rand (India): debt-free, high-return, but three times larger and backed by a multinational parent.

The multiples, with workings. Market cap of ₹4,748.7 crore (17.52 crore shares × ₹271) over FY26 PAT of ₹116.79 crore gives 40.7× — matching ₹271 ÷ EPS of ₹6.66 in the RHP's basis of offer price (p. 122). Deducting ₹134.3 crore of cash and investments gives an enterprise value of ₹4,614.4 crore, or 30.7× FY26 operating EBITDA of ₹150.46 crore. Strip out other income and the core business is priced at about 44× its operating earnings after depreciation and tax (₹4,614.4 cr ÷ roughly ₹105 cr). Price to June 2026 book is 11.9×. There is no pro-forma adjustment: no fresh capital, no debt to repay, so the P/E a buyer sees on the page is the P/E they pay.

Why the margin gap is explicable. HD Fire's margin beats every peer except Azad because it sells certified safety components in small, high-value batches rather than large machines on competitive bids. Its return on equity trails only Ingersoll-Rand, and would be higher still without the idle cash. This is not leverage flattering the return: HD Fire earns 30.2% on no debt at all, which is the best feature of the numbers.

Where the discount is real and where it is not. At 40.7× the issue prices 21% below Ingersoll-Rand at 51.4× and 35% below the 63.0× peer average, but that average is lifted by Azad Engineering at 145.7×. Against the average without Azad, 42.3×, HD Fire is in line. Against KSB at 55.7× and Elgi at 44.8× it is cheaper; only Kirloskar Pneumatic, at 17.2× and with no fire exposure, is clearly cheaper. For a debt-free company earning 30% on equity, with no listed fire-protection alternative, that leaves room for a listing premium — but not a bargain, because earnings grew only 6.4% in FY26 and the June quarter ran below the FY26 pace.

For the long-term half. If PAT compounds at the FY24–26 rate of 15.3%, FY29 PAT would be about ₹179 crore and today's cap price about 26.6 times that — illustrative arithmetic, not an estimate. It is the growth that has to be earned, not the multiple that has to be defended, which is why only half is held.

6. Issue size and use of funds

Object	₹ crore	% of offer	Deployment
Offer for sale — Harish Dharamshi (89,83,700 shares)	≈ 243.5	34.2%	To selling shareholder
Offer for sale — Kusum Dharamshi (1,73,00,800 shares)	≈ 468.9	65.8%	To selling shareholder
Fresh issue to the company	Nil	0%	—
Total	**712.31**	**100%**	

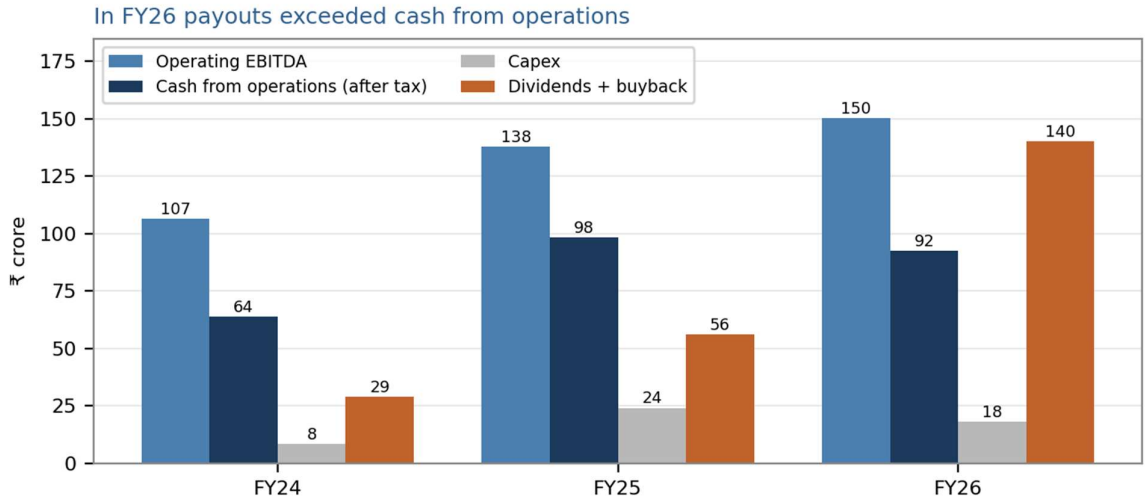
Source: RHP pp. 1, 119. Amounts at the cap price. Offer expenses are borne by the selling shareholders (pp. 119–120).

Of the ₹712 crore headline, none is fresh capital; every rupee investors pay goes to Harish and Kusum Dharamshi, whose weighted average cost is ₹0.05 and ₹0.09 a share respectively — their holdings were built through bonus issues (pp. 1, 133–135). Kusum Dharamshi sells 55% of her stake and Harish Dharamshi 9%. As offers for sale go this is a full one, but the family is not exiting: holding including the promoter group falls from 100% to 85.0%, leaving a free float of 15.0%. The stated purpose is listing benefits and visibility (p. 119). No monitoring agency is needed because no proceeds are deployed (p. 121).

What the issue does for the company is therefore nothing financially — it does not repay debt, because there is none, and it adds no capacity. The company's own expansion — ₹22.7 crore spent and ₹5 crore more planned — is funded from internal cash (p. 221), and the Jalgaon unit is brownfield, which lowers execution risk. With only 15% public float, the promoters must sell further shares in the coming years to reach the 25% minimum public shareholding under SCRR Rule 19A, so this is the first sale, not the last.

The family converted a private cash machine into a listed one in steps. A buyback in FY24 was followed by bonus issues of 2-for-1 (twice) and 10-for-1 in March 2025, then ₹248.9 crore of dividends across FY25–FY27 — including a ₹3 per share dividend paid after June 2026 — before the sale of ₹712 crore of stock (pp. 97–98, 281, 305). Dividends and the buyback totalled ₹278 crore from FY24 to date against profit after tax of ₹338 crore. FY26 payouts of ₹140.2 crore exceeded free cash flow of ₹74.6 crore by ₹65.6 crore, funded by selling investments, which is why cash and investments fell from ₹205.9 crore in FY24 to ₹134.3 crore by March 2026 despite ₹314 crore of profit over the three years (pp. 81, 305).

Cash generation is good but noisy. After tax, cash from operations was 64% of operating EBITDA over FY24–26; before tax it was 92%, so tax explains three-quarters of the gap and working capital the rest — ₹45 crore over three years, half of it in FY26 alone, when receivables rose 62% on 13% revenue growth. One line needs explaining: “other receivables” swung from a ₹37.7 crore outflow in FY24 to a ₹26.2 crore inflow in FY26, large against annual operating cash flow and unexplained in the RHP, while bank deposits held as other financial assets moved by comparable amounts in FY25 and FY26 (pp. 81, 301). Year-to-year operating cash flow is therefore noisy; the three-year total is the better guide.



Operating EBITDA, cash from operations, capital expenditure and dividends plus buyback, FY24–FY26. Source: RHP pp. 80–81, 125, 281, 305.

7. What we would want answered

#	The question	What the documents show
1	Why did the statutory auditor become the CFO within five weeks of resigning?	Hitesh Dedhia & Co, a joint statutory auditor that was not peer-reviewed, resigned on 27 March 2025 citing discontinuation of practice; Mr Dedhia became Chief Financial Officer on 2 May 2025 (pp. 31–32, 273). The FY24 accounts he co-audited are part of the restated history. The co-auditor, KKC & Associates, continues, and recorded no qualifications through Q1 FY27 (p. 322). Why it matters: the person who signed the books until March 2025 now owns the numbers he once audited, and the FY24 base of every growth rate rests partly on that sign-off. What would settle it: the audit committee's record of the appointment, and what the continuing co-auditor independently verified for FY24.
2	Why did foam units fall 25% while foam revenue rose 22%?	Foam production units fell 25% in FY26 while foam revenue rose 22.5%; custom-engineered units rose 14% while that revenue fell 58.9%; in-house production of the sprinkler category fell 8.5% while its revenue rose 14.5%; and gas suppression capacity of 1,550 units sat idle (pp. 215, 238). The RHP does not reconcile these. Why it matters: either price and mix are doing the work, or a rising share of what is sold was not made in the plant — the difference decides whether growth is earned by the factory or by trading. What would settle it: units, average realisation and in-house versus bought-in volumes for each line.
3	Who is the largest supplier, and is there a second source?	The largest supplier was 13.4% of FY26 expenses and 22.4% of Q1 FY27 expenses, and is not named because it did not consent (p. 240). The top-ten suppliers rose from 35.6% to 59.3% of total expenses (p. 24); imports of contract-manufactured goods were ₹109.1 crore in FY26, mostly from China (pp. 237, 239). Why it matters: one unnamed counterparty supplies more than a fifth of the latest quarter's spending, on a range that now makes up over a third of revenue. What would settle it: the supplier's identity or at least its country and product, the contract tenor, and the qualification status of an alternative source.
4	Why do two disclosures differ on dividends paid after June 2026?	The dividend table reports nil dividend from July 2026 to the RHP date (p. 281), while the financial notes record a ₹52.6 crore outflow in FY27 (p. 305) — which matches ₹3 a share on 17,52,30,000 shares. Payouts of ₹278 crore since FY24 sit against profit after tax of ₹338 crore, and FY26's ₹140.2 crore exceeded free cash flow of ₹74.6 crore (p. 81). Why it matters: cash extraction ahead of a 100% offer for sale is the headline governance point, and the record on it should be unambiguous. What would settle it: the dates of declaration and payment of every dividend since March 2026.
5	Why is the Jalgaon expansion built but not licensed?	The 2.5-acre Jalgaon expansion was completed in March 2026 but is not operational; consent to operate from the Maharashtra Pollution Control Board was applied for only on 27 August 2026 (pp. 220, 363). Wagle Estate, Thane, is under construction and due in November 2026 (p. 245). Why it matters: Jalgaon was already running at 63–81% by line and Thane at 94% in FY26, so new capacity is where growth beyond the current plant has to come from. What would settle it: the status of the consent, the expected start date and the capacity the expansion adds.
6	Why do the company's filings and the RHP's own figures not reconcile?	Errors in annual returns for FY20–FY24 cannot be rectified on the MCA portal, and the RoC has warned they may attract action (pp. 38–39). FY26 return on capital employed is 40.33% on p. 125 and 41.98% on p. 219, and the Kirloskar Pneumatic comparison table on p. 130 has misaligned rows. Why it matters: none moves the valuation, but together they suggest the statutory housekeeping and the offer document were not held to one standard, at a company where some directors have never sat on a listed board (pp. 50, 280, 365). What would settle it: a corrigendum for the figures and the RoC's position on the returns.

None of these is an allegation. Each is a gap between two disclosures that the company is in a position to close in a sentence. One historical item sits outside the table: two promoter-group members' former sub-broking firms were barred or suspended by SEBI in 2003–04 for aiding price manipulation in an unrelated listed share; both firms have since ceased to exist (p. 33). Set against these, several things that often go wrong in a first-time issue are clean here: the company has no borrowings in any period, no promoter shares are pledged, the statutory auditor KKC & Associates recorded no qualification from FY24 to Q1 FY27, and there are no group companies under SEBI's definition.

The three that matter most

- **Production against revenue.** In-house versus bought-in volumes and realisation for each line would show whether the 13% growth of FY26 was made in Jalgaon or bought in.
- **The unnamed largest supplier.** An identity, a contract tenor and a qualified second source would size the one counterparty that went from 13.4% of FY26 expenses to 22.4% in Q1 FY27.
- **Jalgaon consent to operate.** A grant, with a start date and the capacity added, would show whether there is room to grow beyond the 63–81% already used.

8. Bottom line

Two things have to go right. The June-quarter slowdown has to prove temporary: Q1 FY27 revenue of ₹109.05 crore ran about 11% below the FY26 quarterly average of ₹122 crore at a 27.3% margin against 30.8% for the year, so two quarters back above that run-rate at 30%-plus operating margin would show the FY26 base is a floor, with a ₹158.6 crore order book already behind it. And the make-versus-buy mix has to stop moving: gross margin fell 230 basis points in FY26 as bought-in products rose to 36.7% of revenue, so a contract-manufactured share back below 35% would show the certified lines growing as fast as the traded ones.

Two things would break it. A second year of slow earnings growth at 40.7 times would compress the multiple quickly: profit grew 6.4% in FY26 while payouts exceeded free cash flow by ₹65.6 crore. And the governance questions — an auditor turned CFO, ₹278 crore of pre-IPO payouts, an unnamed supplier at 22.4% of quarterly spending, filing lapses — need a few listed quarters to answer, while a 15% public float means the promoters must sell more shares to reach 25%, so supply overhang is built in.

Three things to watch after listing, with the number that settles each:

- **Growth and margin recovery.** Q2 and Q3 FY27 revenue each above ₹122 crore, against Q1's ₹109 crore, and operating EBITDA margin back at or above 30% by Q3 FY27, against 27.3% in Q1.
- **Cash conversion.** H1 FY27 cash generated before tax at least 90% of operating EBITDA (FY26: 88%), with receivable days back below 50 (FY26: 57) and the cash conversion cycle falling from 112 days.
- **Make versus buy, and Jalgaon.** Contract-manufactured share of revenue below 35% in the FY27 annual report (FY26: 36.7%), and the Jalgaon consent to operate received with capacity utilisation disclosed above FY26 levels.

On price, ₹258–271 is full, not cheap. At the cap the company is 40.7 times FY26 earnings and 30.7 times operating EBITDA — about 21% below Ingersoll-Rand (India), 35% below the 63.0 times peer average and in line with the 42.3 times average without Azad Engineering, against peers none of which makes fire equipment. Two things support the price: it is debt-free, earns about 30% on equity and will be India's only listed pure fire-protection company. Against it: earnings grew 6.4%, not a rupee reaches the company, and the June quarter was weak. Scarcity value usually earns a premium in the first weeks of trading, which is why we would subscribe for listing gains; the evidence for compounding is incomplete, which is why we would keep only half.

Who this suits. Investors who want a debt-free, high-return niche manufacturer at a discount to listed engineering peers, and who are comfortable booking part of the gain at listing. **Who it does not.** Anyone looking for a fresh-capital growth story — the company raises nothing here — or anyone who will not tolerate a promoter family that still owns 85% and must sell more shares over the coming years.

RECOMMENDATION: SUBSCRIBE — FOR LISTING GAINS; HOLD 50% FOR LONG-TERM GAINS. Investors who miss the allotment should not chase the stock on listing day; the better entry for long-term money comes after the first two quarterly results confirm growth and cash conversion. Allottees holding the long-term half should review it against the three numbers above. Before adding beyond a starter position we would ask management what share of FY26 revenue came from new-building projects versus replacement, who the unnamed largest supplier is and whether there is a second source, and why foam production fell while foam revenue rose.

Prepared from the Red Herring Prospectus dated 5 October 2026, CRISIL Intelligence's industry report (September 2026, as reproduced in the RHP), JLL (April 2026), Savills India (July 2026), the Ministry of Home Affairs (Lok Sabha reply, 10 February 2026), the company's price band announcement of 7 October 2026 and other publicly available information, as attributed. Not investment advice. No target price appears in this note; the rating is a subscription call only. Grey-market premia are unofficial, unregulated and excluded from this note.

Annexure — Disclosures

Disclaimer — About the Research Analyst

Krijuna Research and Analytics (hereinafter referred to as the "Research Analyst" or "RA") is a registered SEBI Research Analyst under the SEBI (Research Analysts) Regulations, 2014, having Registration No. INH000014881. Below are the brief details:

Research Analyst Name	Krijuna Research and Analytics
Proprietor Name	Mr. Hemant Bajaj
SEBI Registration Number	INH000014881
BSE Enlistment Number	6019
Address	8001 8th Floor World Trade Center, Near Udhna Darwaja Ring Road Surat, Surat, Gujarat, 395002
Email ID	krijuna01@gmail.com
Contact No.	9723693911

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