



Home Improvement Segment in the Spotlight

Supported by self-funded growth, multi-category reach, and healthy balance sheets

“The Home Improvements segment which has lagged in the recent years is now positioned for recovery.”

-Nimesh Chandan

Source: Economic Times, 23rd November 2025.

Healthy Fundamentals

Profitability Resilience

- Operating margins across the segment remained in the mid- to high-teens, even after normalisation from peak levels.
- Strong brand recognition, premium product mixes and efficient cost structures enabled healthy FCF (Free Cash Flow) generation, underscoring a resilient value chain with durable economics.

Balance Sheet Strength

- The segment is characterised by negligible leverage, with the majority operating effectively net-cash.
- This capital discipline positions the sector as financially low-risk, providing ample headroom for reinvestment without reliance on external borrowing.

Return Profile (Return on Capital Employed and Return on Capital)

- Return ratios remained comfortably above the cost of capital, even in a year of earnings moderation.
- Sustained high ROCE reflects capital-efficient business models that compound value through pricing power, distribution strength and operating leverage.

Funded Expansion Cycle

- Capacity additions are underway across categories — tiles, panels, sanitaryware, pipes and decorative solutions.
- Most expansion is funded through internal accruals, signalling long-term demand visibility and reinforcing the segment’s ability to self-finance growth.

Segment Tailwinds

Demand Momentum	- Segment revenues grew across most categories in FY25, despite a muted macro backdrop. - Growth was supported by relatively steady renovation activity, rising urbanisation and lifestyle upgrades.
Premiumization and Value Chain Upgrade	- The profit pool is steadily shifting from unorganised, low-value products toward branded, premium, design-led solutions. - This enables a varied product mix, improved pricing ability and continued consumer engagement.
Multi-Category Ecosystem Expansion	- Businesses are increasingly capturing multiple nodes of home-improvement spend across surfaces, plumbing, bath solutions, panels, décor and adhesives, within the same dealer/installer network. - This creates cross-selling leverage, higher wallet share per home and a more integrated, ecosystem-driven potential growth model.

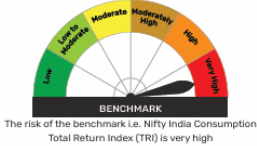
% allocation towards the segment across our select equity schemes

Name of the scheme	Bajaj Finserv Flexi Cap Fund	Bajaj Finserv Consumption Fund	Bajaj Finserv Multi Cap Fund
% to NAV	3.24%	7.81%	7.86%

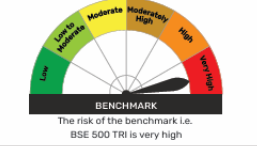
Source: Annual reports of Asian Paints Limited, Astral Limited, Kajaria Ceramics Limited, Cera Sanitaryware Limited, Century Plyboard India Limited of FY25.

Please note that the reference to any industry/sector/stock is provided for illustrative purposes only. This should not be construed as a research report or a recommendation to buy or sell any security or sector.

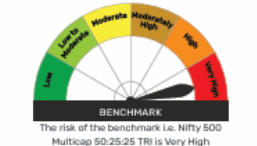
Bajaj Finserv Consumption Fund
An open ended equity scheme following consumption theme

	SCHEME RISK-O-METER	BENCHMARK RISK-O-METER
This product is suitable for investors who are seeking*: ● wealth creation over long term ● to invest predominantly in equity and equity related instruments of companies that are likely to benefit directly or indirectly from the domestic consumption led demand. *Investors should consult their financial advisers if in doubt about whether the product is suitable for them		

Bajaj Finserv Flexi Cap Fund
An open ended equity scheme investing across large cap, mid cap, small cap stocks.

	SCHEME RISK-O-METER	BENCHMARK RISK-O-METER
This product is suitable for investors who are seeking*: ● Wealth creation/capital appreciation over long term ● Investment in equity and equity related instruments across large cap, mid cap and small cap stocks *Investors should consult their financial advisers if in doubt about whether the product is suitable for them		

Bajaj Finserv Multi Cap Fund
An open ended equity scheme investing across large cap, mid cap, small cap stocks

	SCHEME RISK-O-METER	BENCHMARK RISK-O-METER
This product is suitable for investors who are seeking*: ● wealth creation over long term ● to invest predominantly in equity and equity related instruments of large cap, mid cap, small cap companies. *Investors should consult their financial advisers if in doubt about whether the product is suitable for them		

**Mutual Fund investments are subject to market risks,
read all scheme related documents carefully.**