Hindware Home Innovation Ltd — 08 Apr 2026 Credit Rating Summary

Section	Details
Agency	CARE Ratings Ltd.
Rating Change	**CARE A-** → **CARE BBB+** (Long Term) and **CARE A2+** → **CARE A2** (Short Term); 1-notch downgrade.
Outlook	Continues on **Rating Watch with Developing Implications (RWD)** due to the ongoing demerger.
Key Drivers of Change	1. **Profitability Slump:** PBILDT margins contracted from 8.38% (FY24) to **6.20% (FY25)** due to demand contraction and fixed cost pressure. 2. **Revenue De-growth:** Total Operating Income (TOI) fell ~9% to **₹2,537 Cr** in FY25. 3. **Deteriorating Leverage:** Net Debt/PBILDT spiked to **6.33x** (FY25) from 5.02x (FY24), significantly exceeding rating thresholds. 4. **Execution Delays:** Delay in Roorkee pipes plant commencement and statutory approvals pressured cash flows. 5. **Weak Net Performance:** Shifted from ₹27.6 Cr profit (FY24) to a **Net Loss of ₹68.8 Cr (FY25)**.
Rated Instruments	• **Fund-based LT (Cash Credit):** ₹159 Cr
Key Observations	**Strengths:** • Strong Promoter support: **₹250 Cr rights issue** in Dec 2024 (₹150 Cr from promoters) improved gearing to 1.22x. • Strategic cleanup: Exiting loss-making JV (Hintastica) and low-margin categories (Fans, Air Coolers). • Market Leadership: Top 2 position in Sanitaryware/Faucets; "Truflo" is a fast-growing pipes brand. **Risks:** • **High Debt Service:** Scheduled repayments of **~₹170 Cr in FY27** relative to modest cash accruals. • **Working Capital Intensity:** Cycle remains high at **105 days**; heavy reliance on bank borrowings. • **Input Volatility:** Margins vulnerable to Brass, Chrome, and Natural Gas price spikes (Raw materials = 55-60% of revenue).
Investor Impact	• **Leverage Risk:** Extremely high Net Debt/EBITDA (6.33x) signals high financial risk despite the equity infusion. • **Growth:** Stagnant 9MFY26 revenues (**₹1,848 Cr**) suggest demand recovery is yet to materialize. • **Demerger Complexity:** 1:1 share swap will split the company into two listed entities; uncertainty remains on the standalone credit profile of the "Consumer" vs. "Building Products" units.
Agency / Cross Analysis	**Same Agency:** Significant deterioration. Rating has slid from **A+ (Jan 2023)** → **A (Apr 2024)** → **BBB+ (Apr 2026)**. The agency noted that while cost-saving measures are visible in 9MFY26 (PBILDT margin recovered to ~8.3%), the absolute performance is still "lower than envisaged levels." **Conclusion: Deterioration.** The downgrade reflects a failure to maintain the financial profile required for the "A" category despite promoter equity support.
Final Inference	A **risk signal.** The downgrade confirms that the business is struggling with high debt and poor asset turnover. While the demerger and rights issue provide some structural relief, the equity is currently burdened by high interest costs and cyclical headwinds.