

Hindware Limited

April 08, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	1,035.00	CARE A+ (RWD)	Placed on Rating Watch with Developing Implications
Short-term bank facilities	176.00	CARE A1+ (RWD)	Placed on Rating Watch with Developing Implications

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has reaffirmed ratings of bank facilities of Hindware Limited (HL) at 'CARE A+ / CARE A1+' while placing ratings on 'Rating Watch with Developing Implications' following the March 27, 2025, dated announcement of composite demerger and amalgamation scheme by Hindware Home Innovation Limited (HHIL, direct parent of HL). Per the scheme, HHIL will transfer its consumer products division (which currently lies at standalone HHIL level) to its newly incorporated subsidiary, HHIL Limited. The remaining assets and liabilities of HHIL, primarily the Building Products Division (BPD), will be merged into its wholly owned subsidiary, HL. As a result, two separate listed entities will be created, one focused on consumer business (HHIL Limited) and other on Building products segments (HL), while HHIL as a company will cease to exist. Post scheme the existing shareholders of HHIL will get the share of both the entities, HHIL Limited and HL, in the ratio of 1:1. Both the entities will be listed on stock exchanges with almost similar holding structure. The Scheme's Appointed Date is April 1, 2025, subject to approvals from shareholders, creditors, and the Hon'ble National Company Law Tribunal. CARE Ratings would continue to monitor the developments in this regard and will take a view on ratings after the scheme's consummation and a clearer view of its impact on the company's credit risk profile.

Reaffirmation of ratings assigned to bank facilities of HL continues to factor in Hindware's brand established market presence in sanitaryware and faucets diversified product portfolio, and an wide spread distribution network. Ratings also factor in its adequate financial risk profile, and CARE Ratings believes that the company is well-positioned to navigate the ongoing industry cycle, despite moderation in 9MFY25 operational performance driven by sluggish demand. The expected commencement of its Roorkee plant is likely to strengthen its pipes and fittings segment and contribute positively to overall profitability. Additionally, various cost-saving initiatives, product rationalisation (phasing out low-margin products), and a strategic shift in distribution strategies are expected to support profitability and strengthen the financial risk profile as demand recovers. However, the company's continued efforts and effective execution of these measures remain key rating monitorable. Ratings also derive comfort from the experienced management and resourceful promoters (Somany Imprensa Group [SIG]), as evidenced by the fund infusion in December 2024, routed through the right issue of ₹250 crore in the parent entity, HHIL, which reduced debt, eased reliance on working capital borrowings, and reaffirmed the promoters' commitment to support the business in challenging periods. The infusion, and expected inventory liquidation, is likely to support liquidity going forward.

However, these ratings strengths are constrained by its exposure to raw material price volatility, linkages to the cyclical real estate sector, and working capital intensive operations driven by high receivables and inventory levels, leading to significant reliance on working capital borrowings. Ratings also factor in the upstream support extended by the company to parent entity, HHIL, in the form of dividend and unsecured loans to fund losses at parent level, though the same will not hold post-implementation of the demerger and amalgamation scheme, which is expected to enhance the credit risk profile of HL and is the key rating monitorable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in the consolidated total operating income (TOI) in subsequent years and an improvement in its PBILDT margins from the current levels to over 15% on a sustained basis.
- Improvement in the overall leverage such that the net adjusted debt to PBILDT is below 2.5x on a sustained basis.

Negative factors

- Deterioration in its capital structure with the net adjusted debt to PBILDT above 3.7x beyond FY25 on a sustained basis.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

- Any significant increase in the debt position considering support extended to any group company in any form for organic or inorganic expansion, leading to a deterioration in the credit profile of HL.

Analytical approach: Standalone, factoring in operational and financial linkages with parent entity, HHIL.

However, going forward, with the implementation of composite demerger and amalgamation scheme, HL will no longer be HHIL's subsidiary and hence analytical approach will change accordingly.

Outlook: Not applicable

Detailed description of key rating drivers:

Key strengths

Experienced and resourceful promoter group with long-established track record in the sanitaryware and glass industries

HL, part of the Somany Impressa Group, benefits from a long-standing legacy of over six decades in the sanitaryware and glass industries, holding a significant market share across all product segments in the business. Founded by Dr. R.K. Somany and currently led by his son, Sandip Somany (Chairman and Promoter), HHIL (parent of HL) had a promoter group shareholding of 52.54% as on December 31, 2024. It operates alongside AGI Greenpac Ltd (rated 'CARE AA-; Stable/CARE A1+'), a group company under the same promoter group with a 60.24% shareholding as on December 31, 2024. AGI Greenpac is the second-largest player in India's organised container glass packaging industry. In December 2024, the promoters infused ~₹150 crore out of a total equity infusion of ~₹250 crore via a rights issue in HHIL (out of which ~₹158 crore flows in HL), reflecting their strong financial flexibility and continued commitment to support the business in a phase of weak performance.

The extensive experience of promoters has played a pivotal role in building the Hindware brand and maintaining strong relationships with customers and suppliers. HHIL has diversified and experienced board and has several independent professionals with vast industry experience in diverse backgrounds. Over the years, the company has expanded its segment profile to cater to a wide customer base—from value to premium segments—further supports its market positioning.

Established market presence with diversified product portfolio and robust distribution network

Hindware Group, with a long-established presence of over six decades, holds a leading position in India's sanitaryware market and is the second-largest faucet player. It is also among the top players in the kitchen chimney segment, and its plastic pipes and fittings brand "Truflo" is one of the fastest-growing in the country. The company offers a wide and diversified product portfolio, includes sanitaryware, faucets, plastic pipes and fittings, and wellness products.

Hindware has built a strong marketing and distribution network across India. It boasts the largest network among sanitaryware companies, with over 500 distributors and modern retail outlets, 600+ brand stores, 320+ active distributors, and 30,000+ dealer/retail outlets for its pipes and fittings segment. With ~10–13% of sales from e-commerce, ~22% from institutional sales, and ~65–70% through distributors, the company is now focusing on expanding its reach in Tier-3 and Tier-4 cities to tap into high-growth potential markets.

The company is currently undertaking strategic product management initiatives, including rationalising its product portfolio, phasing out low-margin products. In the Pipes and Fittings segment, capacity expansion through the upcoming Roorkee plant is expected to enhance operations with CoD likely in the next 1–2 months.

Moderate financial risk profile, despite moderation in the capital structure in FY25

In April 2022, term debt of close to ₹403 crore was availed for discharging the purchase consideration payable to AGI Greenpac Ltd for the acquisition of the BPD manufacturing division which along with its capex plans undertaken and increase in working capital considering subdued demand conditions led to increase in total debt outstanding of ₹921 crore as on March 31, 2024 (comprised ₹439 crore of term loan, ₹159 crore of lease liabilities, ₹298 crore of working capital borrowings, and ₹25 crore of LC acceptances). However, post recouping of ₹60 crore of loans given to HHIL and fresh loan of ₹98 crore availed from HHIL (out of infusion of ~₹250 crore from promoter group in HHIL), its working capital borrowings reduced to ₹164 crore and total debt to ₹909 crore (including ₹98 crore of term loan from HHIL) as on December 31, 2024. Overall gearing shows improvement to 1.92x as on March 31, 2024 from 2.10x as on March 31, 2023, owing to accretion of healthy profitability into net worth, despite increase

in debt levels. Overall gearing is expected to remain $\sim 1.85x$ (including loan of ₹98 crore from HHIL) in FY25-end, largely driven by reduction in working capital borrowings.

With better profitability, total adjusted debt to earnings before interest, taxation, depreciation, and amortisation (EBITDA) improved at 2.93x in FY24 from 3.34x as on March 31, 2023. However, at FY25-end, the same is likely to remain high at $\sim 4.5x$ with expected moderation in PBILDT owing to current subdued demand. Interest coverage also stood adequate at 4.00x in FY24 (4.33x in FY23) and expected to moderate to $\sim 2.4-2.5x$ in FY25. However, with revival of demand, positive contribution from capex done in Roorkee plant and ongoing cost-saving measures, the company is expected to witness a significant improvement, with total debt to PBILDT and interest coverage ratio are projected to improve to 3.5-4.2x and 2.2-2.6x, respectively, in FY26 which remains a key monitorable.

Key weaknesses

Weak consumer sentiments in BPD and continued losses in CPD, impacting operational performance in 9MFY25

After achieving growth of $\sim 30%$ in FY23, in FY24, the company reported flattish growth of $\sim 1.6%$ in total operating income (TOI) to ₹2,380 crore over ₹2,342 crore in FY23. The PBILDT margins also improved from 10.93% in FY23 to 13.21% in FY24 considering better operational efficiency with control over manufacturing processes. However, in 9MFY25, the company reported revenue de growth of 7.1% y-o-y considering lower sales across sanitaryware segment (by $\sim 11.7%$), while pipes and fittings segment reported growth of 1.6%. Overall PBILDT margins declined to 9.53% in 9MFY25 from 13.25% in 9MFY24 owing to lower realisations. Lower absorption of fixed costs had ultimately resulted in decline in operating profits. Consumer sentiment in the mid and entry category was muted as a high inflation, lower household savings, and interest burden affected buying capacities for households and demand for renovation.

The company is conducting a cost review to enhance margins through operational efficiencies. In sanitaryware, it targets an 8–10% reduction in manufacturing costs. While capacity in the pipes segment is being scaled up, topline and bottom-line impact remains limited due to volatile realisations.

Given its strong positioning in bathware and increasing presence in pipes and a comprehensive product portfolio, strong brand recall, a wide and expanding distribution reach, the company's cost optimisation initiatives, strategic product management efforts with rationalising of products (pruning low-margin products), CARE Ratings expects that the company will deliver growth in medium-to-long term as demand revives.

Support extended to parent entity HHIL

HL is a wholly owned subsidiary of HHIL and generates significant portion of revenue and profitability of the group on a consolidated level. HL extends upward support to HHIL in form of dividend distribution of ₹29.67 crore for FY24 (vs. ₹24.50 crore for FY22 and ₹29.40 crore for FY23), further envisaged at ₹5 crore for FY25, as HHIL at standalone level has raised funds through right issue of ₹249.14 crore (net proceeds) to support its operations and reducing the debt levels. In FY25, HHIL has transferred ₹158.00 crore (₹98 crore fresh loan and ₹60 crore repayment of earlier loan given by HL to HHIL) to HL, from proceeds of right issue of ₹249.70 crore. HHIL is required to support the operations of Hintastica Limited (50% joint venture of HHIL) and will be requiring ₹17 crore as 50% equity contribution, which in FY25 will be financed by HHIL internally, however, may depend upon cashflows from HL in the future. Going forward, with implementation of composite demerger and amalgamation scheme, the support from HL towards HHIL (standalone) is expected to diminish and the same is the credit positive for the company.

Margins susceptible to raw material price volatility, cyclical real estate sector, and competition

The key raw materials and fuels used by the company include brass, chrome plating, clay, and natural gas among others. However, the company does not have tie-ups or long-term arrangements for gas or energy procurement. Raw material cost constitutes $\sim 55-60%$ of the revenue while power and fuel constitutes 3-4%. Thus, any significant volatility in fuel prices (primarily natural gas) and key input materials (various types of clay, brass, and chrome plating) directly impacts the company's production cost, which may lead to moderation in operating margins.

The demand for the company's products is closely tied to the cyclical real estate sector. Post-COVID-19, the Indian residential market saw a strong recovery in FY22, with sales returning to FY20 levels and unsold inventory dropping to all time low of 18 months by FY23-end. However, rising interest rates, lower household savings, and higher construction costs have raised concerns about residential demand sustainability. Ceramic demand has recently surged, driven by initiatives such as Swachh Bharat Abhiyan (SBA), Pradhan Mantri Awas Yojana (PMAY), and increased replacement demand. Factors such as urbanisation, government plans for 100 smart cities, infrastructure growth, and heightened sanitation awareness support industry growth. The sanitaryware market has also shifted towards branded products, creating opportunities for established players such as Hindware.

While Hindware has a strong presence in the mass and mid-market segments, competition from unorganised players and established brands such as 'Cera,' 'Roca,' 'Jaquar,' and 'Kajaria' in the ceramic and faucet markets remains a challenge. However, Hindware's established presence and long-term ties with institutional clients mitigate these competitive risks to an extent.

Working capital-intensive operations

The company's operations are working capital intensive considering high inventory-holding requirements and elongated collection period. The company has to hold and maintain sufficient inventory of its large portfolio of products across its retail outlets, which results in high inventory held. The company's total inventory though reduced from ₹563 crore as on March 31, 2023 to ₹476 crore as on March 31, 2024, despite remains high. In bathware segments, working capital cycle is usually elongated in the range 100-150 days, while in pipe segment, working capital cycle is comparatively effective ~80-100 days. Average inventory holding period in FY24 was at 102 days, similar to 106 days in FY23. Historically, the company's trade receivables days remained on the higher side, and stood at 46 days in FY24 (PY: 32 days). Working capital cycle slightly increased from 105 days for FY23 to 108 days in FY24. This resulted in sufficient reliance towards working capital borrowings. The working capital borrowings of the company stood at ~₹298 crore as on March 31, 2024 (against ₹219 crore as on March 31, 2023), however, reduced to ₹164 crore as on December 31, 2024.

Going forward, company's ability to liquidate the inventory and effectively manage the working capital requirements shall be crucial from credit perspective and is the key rating monitorable.

Liquidity: Adequate

The liquidity profile of the company is adequate, with an average working capital utilisation of ~75% for the last 12 months ending January 2024, leaving sufficient buffer in the working capital limits. Company had utilised the funds inflow from HHIL amounting ₹158 crore (from equity infusion of ₹249.14 crore by promoter group) in December 2025 towards lowering the utilisation and debt repayments, which resulted in utilisation level of less than ~50% in December 2024 and January 2025. Liquidity position further draws comfort from the free cash of ~₹18 crore as on March 31, 2024 (~₹8 crore as on December 31, 2024), and ₹120 crore of unavailed but sanctioned term loans.

Liquidity is adequate with almost capex already incurred towards Roorkee plant and expected improvement in profitability and cash accruals of ~₹200 crore in FY26 with cost savings measures initiated by company, against repayment obligation (including lease repayments to group company amounting ₹22 crore) of ₹156 crore.

Assumptions/Covenants Not applicable

Environment, social, and governance (ESG) risks Not applicable

Applicable criteria

[Definition of Default](#)

[Factoring Linkages Parent Sub JV Group](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Consumer durables	Consumer durables	Sanitary ware

HL (formerly known as Brilloca Limited) is a part of SIG under the leadership of Sandip Somany (Chairman) and is a subsidiary of HHIL (formerly Somany Home Innovations Limited). HHIL and HL were created post demerger of AGI Greenpac Limited (erstwhile HSIL Ltd) in 2017. Pursuant to vesting of CPD distribution and marketing division of AGI Greenpac Limited, HL is handling the

BPD distribution and marketing segment and took over manufacturing of the BPD segment in FY22, through a slump sale transaction for a consideration of ~₹699.96 crore for comprehensive bathroom solutions. The BPD includes an extensive range of bathroom solutions such as sanitaryware, faucets, plastic pipes and fittings, wellness products, and other allied products. These cover water closets, wash basins, pedestals, squatting pans, urinals, cisterns, bidets, showers, kitchen and bathroom faucets, bathtubs, shower panels and enclosures, whirlpools, steam generators, concealed cisterns, seat covers, PVC cisterns, and types of pipes (CPVC, UPVC, PVC, SWR).

It has five manufacturing units (three of sanitaryware and faucets manufacturing and two of pipes and fittings), out of which one plant is at Haryana, one is at Rajasthan, one at Uttarakhand, and two at Telangana. The second pipes and fittings plant in Roorkee (Uttarakhand), is expected to become operational in April/May 2025, which is expected to contribute ~₹225-250 crore to the TOI expected to generate 11% operating margins.

On March 27, 2025, HHIL (parent of HL) announced a demerger and amalgamation scheme, effective April 1, 2025 (subject to approvals). Per the same, the Consumer Products Division will be transferred to a new entity, HHIL Limited, with shares issued to existing shareholders in a 1:1 ratio, while the Building Products Division will merge into HL. Post-restructuring, two separate listed entities will emerge—HHIL Limited (consumer) and HL (building products)—while HHIL as a company will cease to exist.

Brief Financials (₹ crore)	FY23 (A)	FY24 (A)	9MFY25 (UA)
Total operating income	2342	2380	1592
PBILDT	256	314	152
PAT	88	103	8
Overall gearing (times)	2.10	1.92	NM
Interest coverage (times)	4.33	4.00	2.49

A: Audited UA: Unaudited; NM: Not Meaningful; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	575.00	CARE A+ (RWD)
Fund-based - LT-Term Loan		-	-	01-04-2027	460.00	CARE A+ (RWD)
Non-fund-based - ST-BG/LC		-	-	-	176.00	CARE A1+ (RWD)

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	460.00	CARE A+ (RWD)	-	1)CARE A+; Stable (01-Apr-24)	-	1)CARE A+; Stable (03-Jan-23) 2)CARE A+; Stable (12-Aug-22)
2	Fund-based - LT-Cash Credit	LT	575.00	CARE A+ (RWD)	-	1)CARE A+; Stable (01-Apr-24)	-	1)CARE A+; Stable (03-Jan-23) 2)CARE A+; Stable (12-Aug-22)
3	Non-fund-based - ST-BG/LC	ST	176.00	CARE A1+ (RWD)	-	1)CARE A1+ (01-Apr-24)	-	1)CARE A1+ (03-Jan-23) 2)CARE A1+ (12-Aug-22)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated Not applicable

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

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