Kokuyo Workplace India Limited (erstwhile HNI Office India Limited)

March 06, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	17.00 (Enhanced from 8.00)	CARE BBB; Stable	Upgraded from CARE BBB-; Stable
Short Term Bank Facilities	13.00	CARE A3+	Upgraded from CARE A3

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings upgrade considers the sustained improvement in financial performance of Kokuyo Workplace India Limited (KWIL, erstwhile HNI Office India Limited) as indicated by growing scale of operations and profitability translating into positive cash flows from operations over the last three years, supported by favourable industry demand. CARE Ratings Limited (CareEdge Ratings) also notes the change in the company's parentage w.e.f. April 2025 with Kokuyo Co. Limited (KCL), a Japanese multinational corporation engaged in furniture and stationery, buying out the entire promoter stake of 99.83% from HNI Corporation Inc. With substantial representation of KCL on KWIL's board and strong business linkages with the parent, the company is expected to benefit from access to new clientele and expansion of product portfolio over the coming years, which remains monitorable. KWIL's operating income grew by ~9% YoY to ₹210.97 crore in FY25 with the profit before interest, lease rentals, depreciation and taxation (PBILDT) margin of 7.55% in FY25 (PY: 7.66%), driven by better absorption of fixed costs. CareEdge Ratings expects KWIL's revenue to continue to grow by 10-15% p.a. over the medium term with PBILDT margin sustaining around 8% translating into adequate cash accruals.

The ratings continue to derive comfort from the company's comfortable capital structure with limited reliance on external borrowings and adequate debt coverage metrics. KWIL's strong parentage and favourable industry demand prospects also support the ratings. Ratings, however, remain constrained by the company's moderate scale of operations and its limited track record of profitability. The company also has an elongated working capital cycle and faces intense competition from industry peers. Further, the ratings factor in the refinancing risk associated with the sizeable repayment obligations for the outstanding external commercial borrowings (ECBs) from the parent falling due in FY28 and FY30.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained growth in scale of operations and PBILDT margin above 8% while maintaining healthy working capital cycle
- Increase in product portfolio and cliental base due to benefits of association with Kokuyo Group

Negative factors

- Significant decline in revenue and/or profitability translating into pressure on liquidity profile
- PBILDT interest cover below 3x and TOL/TNW above 2.5x on a sustained basis
- Deterioration in financial risk profile or linkages with parent entity

Analytical approach: Standalone while factoring in linkages with parent

CareEdge Ratings has considered the standalone performance of KWIL while factoring in linkages with its parent, Kokuyo Company Limited (KCL), owing to strong business, financial and managerial linkages. KCL has extended financial support to the company worth ~₹24 crore as on December 31, 2025 in the form of ECBs with favourable payment terms.

Outlook: Stable

The stable outlook reflects CareEdge Ratings' expectations that the company will continue to maintain an adequate financial risk profile while benefitting from its experienced promoters.

Detailed description of key rating drivers:

Key strengths

Experienced and resourceful promoter

The company benefits from the strong parent entity, Kokuyo Co., Ltd. (KCL) is a leading Japanese company engaged in the manufacture and sale of office furniture, stationery, and business solutions, with operations spanning Japan, Asia, and other

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

international markets. Established in 1905, KCL has a long operating track record and a well-established brand presence in the office solutions segment. The Group has identified India as a key market for expansion as per their medium-term strategy document. KWIL is expected to benefit from operational and managerial synergies with the Kokuyo Group in terms of access to marquee clientele, new product development, efficient sourcing and corporate governance practices. Moreover, KCL has taken over the external commercial borrowings of ~Rs. 24 crore extended to the company by its earlier parent, HNI Corporation Inc., on similar terms. With its redemption due in FY27 and FY29, KCL is expected to roll over the loan in case of any shortfall at KWIL. Moreover, CareEdge Ratings believes KCL will be willing to extend further need-based financial support to KWIL in the future owing to shared brand name and stated importance for the market in the medium-term growth plan.

Continued improvement in revenue and profitability, likely to sustain
The total operating income (TOI) for KWIL improved by 9% on year-on-year bases in FY25 to ₹210.97 crore form ₹193.58 crore in FY24 on account of increased pricing coupled with improved sales volume aided by favourable product mix. The TOI is further expected to sustain its growth considering the increasing demand for office spaces boosted by resumption of mobility post COVID. Additionally, PBILDT margin remains healthy at 7.55% in FY25 from 7.66% in FY24, on account of fixed cost absorption and stable raw material cost. The company's ability to ramp up the revenue aided by improvement in scale while maintaining the profitability is a key monitorable.

Reputed client base consisting of MNCs and leading corporates in India
The customer base of the company continues to comprise of well reputed domestic companies as well as MNCs. The concentration risk also continues to be low given that top ten customers contributed ~42% towards the total revenue with contribution from individual customers below 20% in FY25. KWIL has maintained long term relationship with its clients providing repeated orders from large domestic banks and IT companies. The customer list includes companies such as Cowrks India Ltd., Jones Lang Lasalle Property Consultants, Nvidia Graphics Systems Pvt Ltd and many more.

Comfortable capital structure
Overall gearing stood at 0.67x as on March 31, 2025 (PY: 0.96x) on account of improving net worth base aided by improved profitability in FY25. The debt profile of the company continues to majorly comprise of external commercial borrowings extended by its parent company (KCL) and bank facilities. Due to operating profit booked by the company during FY25, the interest coverage stood positive at 4.51x for the period (FY23: 5.74x). Based on adequate operating margin and absence of any debt led capex, CareEdge Ratings expects the overall gearing to be remain comfortable over the medium term.

Key weaknesses

Elongated working capital cycle
The working capital cycle of the company continues to remain elongated at 134 days as on March 31, 2025 (FY23: 126 days). The increase in working capital cycle is on account of elongated in collection period in FY24, majorly on account of higher sales in H2 FY25 and retention money for some of the large clients. The collection was largely stretched during FY21 & FY22 due to extended credit offered to clients during a phase of weak demand due to the pandemic.

High competition in the industry, with low barrier entry
The industry is marked by intense competition due to the presence of numerous players, which leads to limited pricing power for companies. Additionally, the market is significantly influenced by the presence of unorganized player, which holds a substantial share in the office furniture market. This combination of high competition and low barriers to entry further intensifies the competitive landscape.

Exposure to refinancing risk and forex risk on USD-denominated borrowing from parent
KWIL has outstanding external commercial borrowings of USD 2.8 million as on March 31, 2025 from its erstwhile parent, HNI Corporation Inc. Owing to the change in promoters, the said ECB has been taken over by KCL on same terms. The ECBs are due for repayment in September 2027 and May 2029 and could put sizeable liquidity pressure on the company, thereby exposing the company to refinancing risk. Moreover, the debt is USD-denominated whereas the company derives most of its revenue from the Indian market, thereby exposing it to forex risk on such debt in the absence of hedging. The risk is, however, mitigated to a large extent by the ECB being from parent, which is expected to roll over the liability in case of any stress on liquidity.

Liquidity: Adequate

Liquidity remains adequate with projected gross cash accruals of Rs. 15-20 crore per annum over the next 2-3 years against negligible scheduled debt repayments and maintenance capex of ~₹5 crore per annum. The average utilisation of fund-based limits remained comfortable at ~25% in the 12 months ending January 31, 2026 indicating liquidity buffer. CareEdge Ratings notes that the company has been receiving need-based financial support from its parent in the past and the same is expected to continue, if required. The company has sizeable ECB repayments of ~Rs. 15 crore and ~Rs. 9 crore due in September 2027 and May 2029 which exposes it to refinancing risk. The risk is partly mitigated as the ECBs are from the parent.

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments
Factoring Linkages Parent Sub JV group

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Durables	Consumer Durables	Furniture, Home Furnishing

Kokuyo Workplace India Limited (KWIL; erstwhile HNI Office (India) Limited) is a manufacturer of branded modular office furniture in India. KWIP erstwhile HNI office India Limited, was led by the HNI Corporation Ltd. which owned 99.83% equity stake in the company. This stake was acquired by Kokuyo Co. Ltd., from HNI Singapore Private Limited a wholly owned subsidiary of HNI Corporation (HNI Corp.), US in FY26. As on December 31, 2025, Kokuyo Co. Ltd. Owns 99.83% stake in KWIL.

About Kokuyo Co. Ltd. (KCL)
Kokuyo Co. Ltd. (Japan) is a leading Japanese company engaged in the manufacture and sale of office furniture, stationery, and business solutions, with operations spanning Japan, Asia, and other international markets. Established in 1905, Kokuyo has a long operating track record and a well-established brand presence in the office solutions segment.

Brief Financials (₹ crore) KWIL	March 31, 2024 (A)	March 31, 2025 (A)	9M FY26 (UA)
Total operating income	193.58	210.97	165.98
PBILDT*	14.82	15.94	11.70
Profit after tax (PAT)	7.86	8.40	5.85
Overall gearing (x)	0.96	0.67	NA
Interest coverage (x)	5.74	4.51	7.09

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

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	-	-	-	-	17.00	CARE BBB; Stable
Non-fund-based-Short Term	-	-	-	-	13.00	CARE A3+

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-Cash Credit	LT	17.00	CARE BBB; Stable	-	1)CARE BBB-; Stable (20-Dec-24)	1)CARE BBB-; Stable (12-Mar-24)	1)CARE BBB-; Stable (24-Feb-23)
2	Non-fund-based-Short Term	ST	13.00	CARE A3+	-	1)CARE A3 (20-Dec-24)	1)CARE A3 (12-Mar-24)	1)CARE A3 (24-Feb-23)

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	Non-fund-based-Short Term	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: CareEdge 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

Media Contact	**Analytical Contacts**
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Akhil Goyal Director **CARE Ratings Limited** Phone: +91-22-6754 3590 E-mail: akhil.goyal@careedge.in
Relationship Contact Ankur Sachdeva Senior Director **CARE Ratings Limited** Phone: +91-22-6754 3444 E-mail: ankur.sachdeva@careedge.in	Raunak Modi Assistant Director **CARE Ratings Limited** Phone: +91-22-6754 3537 E-mail: raunak.modi@careedge.in Lavish Mittal Rating Analyst **CARE Ratings Limited** E-mail: lavish.mittal@careedge.in

About us:

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