Press Release

Hindustan Associates Private Limited

May 29, 2025

Ratings

Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	34.25	IVR BBB/Stable (IVR Triple B with Stable Outlook)	--	Assigned	Simple
Short Term Bank Facilities	84.50	IVR A3+ (IVR A Three Plus)	--	Assigned	Simple
Proposed Long Term Bank Facilities	20.00	IVR BBB/Stable (IVR Triple B with Stable Outlook)	--	Assigned	Simple
Total	**Rs. 138.75 crore (Rupees One Hundred Thirty-Eight Crore and Seventy-Five Lakhs Only)**				

Details of Facilities are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings assigned rating of IVR BBB/Stable; IVR A3+ to the bank facilities of Hindustan Associates Private Limited (HAPL) based on the company's improved scale of operations in FY24 and FY25 (refers to the period from 1st April to 31st March), a comfortable financial risk profile, a low-risk business model, the well-established brand of 'Tanishq' and the the promoters' extensive experience in the jewellery business,. However, the ratings are constrained by susceptibility to price volatility and regulatory changes in India, geographical concentration risk, presence in a highly competitive and fragmented industry, and working capital-intensive nature of operations.

The Stable outlook reflects Infomerics belief that the company will continue to benefit from the company's strong position as a dealer for Tanishq brand in India and its long-standing relationships with reputable customers. These factors contribute to the company's ability to maintain consistent business operations and growth.

Key Rating Sensitivities:

Upward Factors

- Significant growth in scale of operation with improvement in profitability metrics thereby leading to improved cash accruals and liquidity.
- Improvement in the capital structure with further improvement in debt protection metrics.

Downward Factors

- Moderation in scale of operations and/or moderation in profitability impacting cash accruals on a sustained basis.
- Elongation in operating cycle leading to moderation in liquidity position
- Moderation in the capital structure with deterioration in overall gearing and/or moderation in interest coverage ratio.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Improved scale of operations in FY24 and FY25

HAPL experienced notable growth in revenue during FY24 (Audited), driven by both rising gold prices and an increase in retail segment volumes. The total operating income (TOI) rose by ~18%, from ₹366.60 crore in FY23 to ₹433.29 crore in FY24. For FY25 the company achieved revenues of ~ Rs.500 crores. The uptick in gold prices also led to a corresponding increase in making charges, as these are typically calculated as a percentage of the gold value of an ornament. This contributed to a rise in the company's EBITDA, which increased by ~26% from ₹21.99 crore in FY23 to ₹27.69 crore in FY24. The growth in profitability was primarily due to higher making charges rather than improved operational efficiencies. EBITDA margin saw a slight improvement, increasing from 6.00% in FY23 to 6.39% in FY24. Similarly, the PAT margin edged up from 3.01% in FY23 to 3.13% in FY24. The company reported Gross Cash Accruals (GCA) of ₹14.86 crore for FY24, reflecting stable internal accruals. The company’s PAT level profits are supported by EDFS facility availed from its lender on which its avails a slightly lower rate of interest based on confirmation from Titan Company Ltd to the bank, regarding the dealer status of HAPL. Although this is a channel financing facility it is not product specific.

Comfortable financial risk profile

The adjusted tangible net-worth as at end FY24 was Rs. 69.35 crore compared to Rs. 56.15 crore at end FY23 and Rs. 49.49 crore at end FY22. The adjusted tangible net worth is adjusted for the investment done in foreign subsidiary. The capital structure of the company continues to remain moderate with long term debt equity ratio and overall gearing ratio at 0.18x and 1.25x respectively as on March 31, 2024 (Audited) improving from 0.27x and 1.28x respectively as on March 31, 2023. The improvement in capital structure is mainly driven by accretion of profit to reserves. Further, total indebtedness of the company as reflected by TOL/ATNW was maintained at similar levels 1.42x as on March 31, 2023, and 1.40x as on March 31, 2024. DSCR declined slightly from 2.43x in FY23 to 2.35x in FY24 on account of increase in interest costs due to higher working capital debt availed by the company to support its higher scale of operations. ISCR declined but remained comfortable from 3.37x in FY23 to 3.10x in FY24 due to increase in finance cost.

Low risk business model

HAPL is not exposed to gold price volatility as the profit margins are derived from making charges which are calculated as a % of the gold value of an ornament. The making charges are split between the principal – Titan Company Ltd and HAPL. The latter has to make advance payment to Titan for jewellery purchased and the selling prices which include making charges are also decided by Titan. While for company owned and company operated stores, the designs to be stocked are decided by the principal, in case of franchisee operated stores, the latter has the freedom to decide the products to be stocked. Since Titan has a wide design portfolio of over 1,50,000 designs, HAPL has the freedom to choose the designs best suited to the micro markets served by its stores. Moreover, Titan has a policy of accepting upto 5% of the stock from the franchisees in case it remains unsold beyond a specified period. The company has also availed a comprehensive insurance policy from New India Assurance covering inventory at its stores, building, cash at stores, cash in transit as well as carriers of cash. The sum assured for inventory is 15% higher than the inventory value normally held at its stores.

Well established brand of 'Tanishq'

HAPL operates as a franchisee of Tanishq, one of India's most trusted and recognized jewellery brands. Tanishq, known for its commitment to quality, design innovation, and ethical sourcing, has a strong reputation in the jewellery industry. Partnering with Tanishq provides HAPL with a significant competitive advantage, leveraging the brand's established credibility, widespread consumer recognition, and loyal customer base. This association allows HAPL to offer a wide range of high-quality jewellery products that cater to diverse customer preferences, further strengthening its position in the competitive market.

Extensive experience of the promoters in the Jewellery Business

HAPL established in 2012, is a leading Tanishq franchisee with two prominent stores in Prayagraj and Moradabad. The company is led by Mr. Azmat Siddiqui, Managing Director, who brings over 20 years of extensive experience in the jewellery industry. His strategic leadership has played a vital role in driving HAPL's growth and establishing a strong market presence in the Prayagraj and Moradabad markets. He is supported by Mr. Atif Siddiqui, who assists in daily operations, and Mrs. Ayesha Musheer Fareed, who looks after HR functions.

Key Rating Weaknesses

Susceptible to regulatory changes in India

The jewellery industry, particularly the gold segment, is subject to a high degree of regulatory oversight, both at the domestic and international levels. Since gold is a globally traded commodity and a significant part of India's import basket, its trade is closely monitored and influenced by various government policies and regulations. Changes in import duties, restrictions on gold imports, hallmarking mandates, Goods and Services Tax (GST) regulations, and anti-money laundering guidelines can have a direct impact on the cost structure, pricing, and overall demand for gold jewellery.

Geographical concentration risk

The operations of HAPL is concentrated in Allahabad and Moradabad which exposes it to geographical concentration risk. Due to heavy reliance on a single geographical area, there is increase vulnerabilities on business operations due to regional economic downturns, natural disasters, or other localized disruptions. A heavy reliance on a single geographic cluster can adversely impact business continuity and revenue generation in the event of any adverse regional developments.

Presence in a highly competitive and fragmented industry

The gold jewellery industry in India remains highly competitive and fragmented, characterized by the presence of numerous regional players, established national brands, and unorganized sector participants. Some of the largest peers of Titan Company Ltd include Kalyan Jewellers, Manappuram, Reliance Jewels, Malabar gold and diamonds, PC Jewellers, Tribhovandas Bhimji Zaveri and Joyalukkas. HAPL operates in this intensely competitive landscape, which puts pressure on pricing, customer retention, and margins. HAPL at times undertakes advertisement campaigns, discount schemes and localised offers at its stores to boost sales which have a tempering effect on its margins. It is also forced to abide by any discount offers launched by its principal. The company’s ability to compete and constantly innovate and evolve with precise marketing strategies will remain crucial to mitigate the stiff competition in both online and offline marketing channels.

Working capital intensive nature of operations

Being a jewellery retailer, HAPL maintains significant inventory at its showroom so as to provide a wide range of design offerings to its customers, which results in higher inventory holding and elongated working capital cycle. HAPL’s operating cycle remained constant in FY24 (Audited) at 83 days primarily due to high inventory period as on balance sheet date. However, the cash-and carry business model of jewellery retail helps in managing the high working intensity to an extent. The average Cash Credit utilisation remained moderate at 77.39% during the past 12 months ended in March 2025.

Analytical Approach: Standalone Approach

Applicable Criteria:

- Rating Methodology for Trading Companies
- Financial Ratios & Interpretation (Non- Financial Sector)
- Criteria of assigning Rating Outlook.
- Policy on Default Recognition
- Complexity Level of Rated Instruments/Facilities

Liquidity –Adequate

The liquidity remains adequate marked by gross cash accruals of Rs. 14.86 crore in FY24. Further, the average working capital utilization of company was 77.39% during the 12 months ended March 2025 indicating limited liquidity buffer. The current ratio stood at 1.34x as on March 31, 2024, as against 1.41x as on March 31, 2023. The company has a cash & bank balance of Rs. 2.53 crore as on March 31,2024. For the projected period (FY25-FY27), the company is expected to generate gross cash accruals in excess of Rs.18 crore annually against which it has scheduled repayments of Rs.10.23 crore, 4.67 crore and 4.02 crore respectively.

About the Company

Hindustan Associates Private Limited (HAPL) is a private company established in 2012, based in Varanasi, Uttar Pradesh. The company operates as a franchisee of Tanishq, a leading jewellery brand under the Titan Company. HAPL's journey in the jewellery retail sector began earlier, with its first Tanishq franchise opening in Allahabad. Initially operating from a 1,800 sq. ft. store, the company has expanded over the years, including a new 9,000 sq. ft. standalone store in Allahabad and a 3,000 sq. ft. store in Moradabad, Uttar Pradesh strictly adhering to Tanishq's brand guidelines and pricing structure. The company benefits from its association with Tanishq, leveraging the brand's strong presence in India's jewellery market to meet growing demand for premium products. Under the leadership of Mr. Azmat Siddiqui, HAPL has established itself as a significant player in the Tanishq retail network. The company also operates a saree shop in Prayagraj since August 24 where it sells sarees of the 'Taneira' brand.

Financials Standalone

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	366.60	433.29
EBITDA	21.99	27.69
PAT	11.04	13.60
Total Debt	71.85	86.66
Tangible Net Worth	56.15	69.35
EBITDA Margin (%)	6.00	6.39
PAT Margin (%)	3.01	3.13
Overall Gearing Ratio (x)	1.28	1.25
Interest Coverage (x)	3.37	3.10

** As per Infomerics Standard*

Status of non-cooperation with previous CRA:

CARE Ratings has moved the ratings to Issuer Not Cooperating category via press release dated March 24, 2025, due to unavailability of information for monitoring the rating.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in in 2022-23
Press Release			May 29, 2025				
1	Long term Bank Facilities	--	34.25	IVR BBB/ Stable	--	--	--
2	Short term Bank Facilities	--	84.50	IVR A3+	--	--	--
3	Proposed Long Term Bank Facilities	--	20.00	IVR BBB/ Stable	--	--	--

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About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term loan	--	--	April 15, 2027	3.00	IVR BBB/ Stable
GECL	--	--	December 30, 2026	6.00	IVR BBB/ Stable
Vehicle Loan	--	--	June 12, 2029	0.25	IVR BBB/ Stable
Cash Credit	--	--	--	25.00	IVR BBB/ Stable
Proposed Term Loan	--	--	--	20.00	IVR BBB/ Stable
E-DFS	--	--	--	84.50	IVR A3+

Annexure 2: Facility wise lender details:
https://www.infomerics.com/admin/prfiles/len-HAPL-may25.pdf

Annexure 3: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.