

Hindustan Associates Private Limited

March 24, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	102.78	CARE BB+; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BBB-; Stable and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Hindustan Associates Private Limited (HAPL) to monitor the rating vide e-mail communications/letters dated December 02, 2024; March 07, 2025 among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The rating on HAPL's bank facilities will now be denoted as **CARE BB+; Stable; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings have been revised on account of non-availability of requisite information due to non-cooperation by HAPL. CARE Ratings views information availability risk as a key factor in its assessment of credit risk. Further, the rating takes into account the constraints relating to company's low and range bound profitability margins on account of trading nature of business, working capital intensive operations. Furthermore, the ratings are constrained by presence in a highly fragmented Gems & Jewellery (G&J) industry and susceptibility of income and margins to volatility in gold prices. However, ratings derive comfort from steady scale of operations during last 2 fiscal ending FY24 (refers to period April 01, 2023 to March 31, 2024) coupled with moderate financial risk profile, company's long track record of operations and extensive experience of the promoters in the jewellery business, and association with established brand name of 'Tanishq' with diversified product offerings.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on March 19, 2024 the following were the rating strengths and weaknesses (updated for the information available from Registrar of Companies).

Key weaknesses

Low and range bound profitability margin

Being a franchise dealer of Titan, the profitability of the company remains range bound on account of pricing structure being decided by the franchise agreement and the profit earned by the company is the difference between buying and selling price, plus making charges on jewellery (both decided by Tanishq). This is evident by PBILDT margin (Profit Before Interest, Lease Rental, Depreciation and Taxation) and PAT margin (profit after tax) of 6.02% and 3.15%, respectively, during FY24 as against 5.99% and 3.01%, respectively, in FY23.

Working capital intensive nature of operations

The retail gems and jewellery industry inherently require significant working capital due to its nature. The operating cycle of the company remains elongated at 82 days in FY24 (PY: 83 days) primarily on account of higher inventory position required to meet the day-to-day demand and high working capital investment to maintain the considerable amount of inventory. Further, being into retail business, HAPL receives instant payment from the customers resulting in the average collection period of 1 day during FY24 (PY: 2 days).

High competition from organized and unorganized players

The retail jewellery sector in India is characterized by fragmentation and intense competition, attributed to the presence of numerous organized and unorganized players in the market. Jewellery retail is largely dominated by region specific closely held

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

family managed entities. Despite Tanishq being an established and dominant brand, it is exposed to intense competition from some of the other regional players and local jewellers which has a bearing on business volumes and margins.

Gold price fluctuation risk

HAPL operates in the retail jewellery sector, where prices are closely linked to international gold prices and exchange rates. Any adverse changes in gold prices can directly impact HAPL's revenues and profit margins. To mitigate the risk of gold price fluctuations, the company employs an inventory replenishment strategy, consistently purchasing a matching quantity of gold jewellery to align with its daily sales. Nonetheless, it remains exposed to movement in value of underlying inventory maintained in the store.

Key strengths

Growing scale of operations during last 2 fiscals

There was a notable improvement in scale of operations during last 2 fiscals ending FY24 as marked by improvement in TOI (total operating income) to Rs.431.60 crore in FY24 from Rs.272.15 crore in FY22, registering a compounded annual growth rate (CAGR) of approximately 25.93%. This growth is primarily attributable to heightened demand in the jewellery.

Moderate financial risk profile

The company's financial risk profile though slightly improved yet remains moderate as marked by overall gearing ratio of 1.17x as on March 31, 2024 (PY: 1.19x), primarily due to the accretion of profit to net worth. Further, the increase in finance cost has led to a moderation in the company's debt coverage indicators as evident by interest coverage ratio of 2.92x in FY24 (PY: 3.50x).

Long track record of operations and extensive promoters experience in jewellery retail business

HAPL began its operations in Prayagraj with a single store, covering 1800 sq. ft. on a rental basis and staffed by just 9 employees. Currently the company is operating two stores on rental basis with 9000 sq. ft. area in Prayagraj and 3000 sq. ft. area in Moradabad City in Western U.P. The store in Prayagraj store is recognized as one of the largest Tanishq stores (amongst Franchisee) in the Northern region and it is expected to be the major growth driver for HAPL in the ensuing years.

Further, HAPL is a closely held business by the Siddiqui family. With over two decades of experience, Mr. Azmat Siddiqui serves as the managing director, overseeing the company's overall management. He is ably supported by Mr. Atif Siddiqui (younger brother of Mr. Azmat Siddiqui) in managing the operations of the company and Mrs. Ayesha Musheer Fareed (wife of Mr. Azmat Siddiqui) looks after the HR operations.

Well established brand of 'Tanishq'

Tanishq, a renowned brand in India and has been in the jewellery business since 1994 with a well-established network in PAN India over 400 stores in more than 240 cities. HAPL is leveraging on the brand name of 'Tanishq'. The stores are managed by HAPL, while, Titan does the majority of marketing for its products, HAPL also undertakes marketing activities to advertise their store locations for a better reach and to increase footfall. The company can purchase stock only from Titan and sell at the stipulated margins decided by them.

Diversified range of product offerings

HAPL operates as a franchisee of Tanishq, a brand renowned for its diverse range of products including gold, diamond, platinum, solitaire, coloured stones etc. Tanishq also has diversified its product range to cater to all customer bases.

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

Applicable criteria

[Policy in respect of non-cooperation by issuers](#)

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Retail](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Services	Retailing	Distributors

Hindustan Associates Private Limited (HAPL) was incorporated in the year 2005 as a franchisee of Tanishq. Tanishq is a brand of the Titan Company which is promoted by the Tata Group in collaboration with the Tamil Nadu Industrial Development Corporation. Tanishq is headquartered in Bengaluru, Karnataka. Tanishq has a pan Indian presence with over 400 stores in 240 cities. HAPL is operating two stores each in Prayagraj and Moradabad on rental basis. The company is solely dealing in Tanishq jewellery which is being supplied by Titan itself under their pricing structure as per the franchise agreement.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	272.15	366.60	431.60
PBILDT	19.62	21.97	25.99
PAT	10.88	11.04	13.60
Overall gearing (times)	1.00	1.19	1.17
Interest coverage (times)	5.44	3.50	2.92

A: Audited; 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-Proposed fund based limits		-	-	-	25.00	CARE BB+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	sept 2029	12.78	CARE BB+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Working Capital Limits		-	-	-	65.00	CARE BB+; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Working Capital Limits	LT	65.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BBB-; Stable (19-Mar-24)	1)CARE BBB-; Stable (22-Mar-23)	1)CARE BBB-; Stable (04-Mar-22)
2	Fund-based - LT-Term Loan	LT	12.78	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BBB-; Stable (19-Mar-24)	1)CARE BBB-; Stable (22-Mar-23)	1)CARE BBB-; Stable (04-Mar-22)
3	Fund-based - LT-Proposed fund based limits	LT	25.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BBB-; Stable (19-Mar-24)	1)CARE BBB-; Stable (22-Mar-23)	1)CARE BBB-; Stable (04-Mar-22)

*Issuer did not cooperate; based on best available information.

LT: Long 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-Proposed fund based limits	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - LT-Working Capital Limits	Simple

Annexure-5: Lender details

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

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:

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