March 24, 2025

Haldiram Products Private Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based/ Cash Credit	42.50	25.00	[ICRA]A+ (Stable); reaffirmed
Long-term – Fund-based/ Term Loans	15.00	32.50	[ICRA]A+ (Stable); reaffirmed
Total	**57.50**	**57.50**	

**Instrument details are provided in Annexure I*

Rationale

For arriving at the ratings, ICRA has taken a consolidated view of the four entities – Haldiram Manufacturing Company Private Limited (HMCPL), Haldiram Marketing Pvt. Ltd. (HMPL), Haldiram Products Private Limited (HPPL) and Haldiram Ethnic Foods Private Limited (HEFPL) (together referred to as Group entities), given the strong operational and financial linkages among them.

The ratings reaffirmation factors in the expectation of a steady performance by the Group entities over the medium term, aided by strong recognition and customer acceptance of the Haldiram brand in the sweets, savoury snacks (*namkeens*) and restaurant businesses in North India. The Group's operating income (OI) witnessed a moderate growth of ~9% to Rs. 1,982 crore in FY2024 from Rs. 1,812 crore in FY2023, aided to an extent by the launch of new outlets. The Group entities plan to continue adding new outlets across locations, going forward, which is likely to aid them in reporting a moderate to healthy growth in revenues. Further, the inherently low working capital intensity of the business (given the cash-and-carry sales and the perishable nature of the inventory) and minimum reliance on external long-term debt obligations have helped maintain comfortable debt protection metrics, as reflected by an interest coverage of 4.9 times, DSCR of 4.2 times and total debt/OPBDITA of 2.0 times for the year ended on March 31, 2024.

The credit metrics are likely to remain at similar levels over the medium term, with timely price increases expected to help the Group entities report steady profitability margins, despite exposure to inflationary pressures. The ratings assigned continue to factor in favourably the operational and financial support enjoyed by the entities as part of the Haldiram Delhi Group (with flagship company Haldiram Snacks Private Limited, or HSPL). Over the years, the Group entities have enjoyed extended credit period as well as intermittent extension of loans from HSPL, which has supported their credit metrics. ICRA notes the recent media coverage indicating the acquisition of a stake by a global investment company in the combined entity following the ongoing merger of the Haldiram Delhi and Nagpur Groups (pending regulatory approvals); developments in this regard continue to remain a monitorable.

The ratings, however, are constrained by the intense competition in the restaurant business, especially the quick service restaurant (QSR) business that constrain pricing power, and quality-related risks prevalent in the food industry. Further, ICRA notes that given the relatively lower funding requirements of the business, the Group has a track record of using surplus funds to invest in other Group companies as well as make unrelated investments for inorganic growth. Even as investments remain discretionary in nature, the extent of such investments will remain a monitorable.

The Stable outlook on the long-term rating reflects ICRA's expectation that the credit metrics of the Group entities will remain strong, aided by steady profitability and limited reliance on external debt obligations. Any incremental investments in Group entities are expected to be made only from surplus cash flows, with no material impact likely on the company's liquidity and leverage indicators.

Key rating drivers and their description

Credit strengths

Strong recognition of the Haldiram brand in North India's packaged snacks, food and restaurant businesses – The Haldiram brand is well recognised in the packaged snacks and QSR industry. It enjoys good brand recognition and customer acceptance in northern India. Supported by its operational strength, the Group entities have been steadily increasing the number of outlets; this has expanded market reach and supported a healthy growth in the operating income. The Group entities' revenues grew by ~9% to Rs. 1,982 crore in FY2024 from Rs. 1,812 crore in FY2023 and is expected to continue to report a steady growth in its revenues over the medium term.

Access to operational and financial support from Haldiram Group – The Group entities enjoy operational and financial support as part of the Haldiram Delhi Group (with flagship company, HSPL). Over the years, the Group entities have enjoyed extended credit period as well as intermittent extension of loans from HSPL, which has supported their credit metrics. The Group has a demonstrated track record of extending regular and timely funding support across Group entities, depending on the requirements of various entities, which provides comfort.

Inherently low working capital intensity of operations – The working capital intensity of the business is inherently low. The entities maintain low inventory as food items are perishable in nature. Besides, restaurant sales are made on a cash basis, which reduces the receivable level as well.

Comfortable financial risk profile – The financial risk profile remains comfortable, as reflected by an interest coverage of 4.9 times, DSCR of 4.2 times and NCA/Total Debt of 63% in FY2024 on account of limited reliance on external long-term debt obligations. In addition, the ratings draw comfort from the adequate liquidity position.

Credit challenges

Exposure to competition from local manufacturers and established players – The entities face competition from other players in the market despite having an established brand. They remain exposed to intense competition from local manufacturers of sweets and namkeens, other restaurant operators, and established QSR chains such as McDonalds, Dominos, and KFC.

Exposed to quality and reputation risks – Given the operations of the entities in the food industry, risks related to quality and reputation remain high. In this regard, the established track record of the Group in the food industry and its strong brand positioning provide comfort.

Liquidity position: Adequate

The Group entities' liquidity position remains adequate, aided by the inherently low working capital intensity of the business. The fund-based limits remain largely unutilised, and the Group entities have working capital limits of Rs. 108 crore; however, the utlisation remained at levels of ~Rs. 20-30 crore as of December 2024. The entities are expected to continue to record healthy cash flows from operations, which is likely to limit any incremental dependence on external debt; the debt repayment obligations remain low at ~Rs. 28 crore in FY2026.

Rating sensitivities

Positive factor – The long-term rating may be upgraded if the entities demonstrate a healthy and sustained improvement in their scale and operating profitability, leading to an improvement in the leverage and debt coverage metrics.

Negative factor – Pressure on the ratings could arise if there is any weakening of linkages with HSPL, or any significant debt-funded capex/ investment that results in a sustained deterioration in its financial metrics and liquidity profile.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	The ratings factor in the high likelihood of Haldiram Snacks Private Limited extending financial support to the Group entities because of its strategic importance and close business linkages. ICRA also expects HSPL to be willing to extend financial support to the Group entities from the need to protect its reputation from the consequences of a group entity's distress.
Consolidation/Standalone	For arriving at the ratings, ICRA has consolidated the financials of HMCPL, HMPL, HPPL and HEFPL, given the strong operational and financial linkages among the entities.

About the company

HPPL is a part of the Haldiram Delhi Group promoted by Mr. Manohar Agarwal. The Group's first outlet was opened at Chandni Chowk, Central Delhi, in 1969, when it started selling traditional Indian sweets and namkeens. Over the years, the Group's operations have expanded and now include the sale of packaged namkeens and sweets throughout northern India. As of February 2025, the Group operated more than 150 outlets across Haryana, Delhi, Uttar Pradesh, Punjab and Himachal Pradesh.

Key financial indicators (audited)

Consolidated (ICRA Estimated)	FY2023	FY2024
Operating income	1,812.3	1982.3
PAT	60.8	142.0
OPBDIT/OI	8.5%	9.7%
PAT/OI	3.4%	7.2%
Total outside liabilities/Tangible net worth (times)	0.3	0.3
Total debt/OPBDIT (times)	1.7	2.0
Interest coverage (times)	7.9	4.9

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs. crore

HPPL's Standalone	FY2023	FY2024
Operating income	398.2	434.9
PAT	9.7	14.0
OPBDIT/OI	7.1%	7.9%
PAT/OI	2.4%	3.2%
Total outside liabilities/Tangible net worth (times)	1.4	2.1
Total debt/OPBDIT (times)	1.0	1.6
Interest coverage (times)	10.3	12.2

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current rating (FY2025)			Chronology of rating history for the past 3 years					
				FY2024		FY2023		FY2022	
Instrument	Type	Amount Rated (Rs Crore)	March 24,2025	Date	Rating	Date	Rating	Date	Rating
Cash Credit	Long Term	25.00	**[ICRA]A+ (Stable)**	18-Dec-23	[ICRA]A+ (Stable)	7-Apr-2022	[ICRA]A (Stable)	4-Oct-2021	[ICRA]A (Stable)
						26-Dec-2022	[ICRA]A+ (Stable)	-	-
Term loan	Long Term	32.50	**[ICRA]A+ (Stable)**	18-Dec-2023	[ICRA]A+ (Stable)	7-Apr-2022	[ICRA]A (Stable)	4-Oct-2021	[ICRA]A (Stable)
						26-Dec-2022	[ICRA]A+ (Stable)	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term-Fund Based/Cash Credit	Simple
Long Term-Fund Based/Term Loan	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Cash Credit**	-	-	-	25.00	[ICRA]A+ (Stable)
NA	**Term Loan**	FY2021	-	FY2028	32.50	[ICRA]A+ (Stable)

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Entity Name	Ownership	Consolidation Approach
Haldiram Manufacturing Company Private Limited	-	Full Consolidation
Haldiram Marketing Private Limited	-	Full Consolidation
Haldiram Products Private Limited	-	Full Consolidation
Haldiram Ethnic Foods Private Limited	-	Full Consolidation

ANALYST CONTACTS

Shamsher Dewan
+91 124 4545328
shamsherd@icraindia.com

Srikumar Krishnamurthy
+ 91 44 45964318
ksrikumar@icraindia.com

Rohan Kanwar Gupta
+91 124 4545808
rohan.kanwar@icraindia.com

Gaurav Singla
+91 124 4545366
gaurav.singla@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches