

Chandana Brothers Textiles and Jewellers Private Limited

January 05, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	293.58 (Reduced from 300.00)	CARE BBB+ (RWD)	Continues to be on Rating Watch with Developing Implications

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) continue to place the ratings assigned to the bank facilities of Chandana Brothers Textiles Private Limited (CBTJ) on credit watch with developing implications following an update from the management regarding the proposed demerger of CBTJ's two divisions into a separate family group company. As per the filing, the promoter and family have internally proposed an arrangement for demerging two business divisions Ameerpet and Nellore, covering four branches operating currently under CBTJ, into two existing family-owned entity M/s Chandana Brothers Silks and Jewellers Private Limited and M/s Chandana Brothers Retail India Private Limited. CBTJ currently operates across three divisions: Secunderabad, Ameerpet, and Nellore. The demerger is subject to required statutory and regulatory approvals, from authorities including the National Company Law Tribunal. The process is still underway. CARE Ratings will keep monitoring developments and assess impact of the demerger, with a view to taking suitable rating action once the process is complete. Reaffirmation in ratings assigned to bank facilities of CBTJ continue to derive strength from its company's established presence in the organised jewellery and textile retail segment in Telangana, Secunderabad division (Demerged entity) recently commenced operations in Andhra Pradesh also. While Nellore division has had its presence in Andhra Pradesh since ever backed by a long operational track record of over four decades, strong brand recall, and extensive store network. The ratings also derive comfort from the company's healthy scale of operations, diversified product mix between jewellery and textiles, and improvement in operating profitability in FY25, supported by favourable gold price trends and increasing contribution from textile operations. The ratings further take into account the company's satisfactory financial risk profile marked by healthy net worth of ₹267.02 crore as on March 31, 2025

However, rating strengths are partially offset by moderation in revenue during FY25, arising from the exit of high-revenue exclusive jewellery stores and change in store format towards textile-dominant and combo stores, which has impacted revenue. The ratings are also constrained by high working capital intensity inherent to jewellery retailing, exposure to volatility in gold prices, and execution and regulatory risks associated with delayed merger approvals under NCLT, presence in a highly competitive and fragmented industry, geographical concentration risk with majority revenue from Hyderabad city.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Growth in TOI above ₹2000 crore, while improving profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin to 5% or above, on a sustained basis.
- Improvement in overall gearing to below unity on a sustained basis.

Negative factors

- Significant deterioration in the capital structure, overall gearing going beyond 1.30x, in future.
- Sharp decline in TOI or PBILDT margin falling below 2.5%.

Analytical approach: Standalone

Outlook: Not applicable

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

Detailed description of key rating drivers:

Key strengths

Established brand presence and long operational track record

CBTJPL has been operating in the organised jewellery and textile retail segment for over four decades and enjoys strong brand recall across Andhra Pradesh and Telangana. The Secunderabad division (Demerged entity) recently commenced operations in Andhra Pradesh also. The company's long-standing relationships with suppliers, lenders, and customers support steady footfall and repeat business.

Improvement in operating profitability

Operating profitability improved steadily, with PBILDT margins increasing to 6.56% in FY25 from 4.35% in FY24. The improvement was driven by higher gold prices, disciplined procurement practices, better inventory turnover, and increasing contribution from textile operations, which earn higher gross margins of around 23–25% compared to jewellery margins of 10–11%. CARE Ratings notes that while gold price appreciation supported margins in FY25, amidst continued higher prices of gold impacting the volume of gold sold, sustainability of margins remains a key monitorable.

Satisfactory capital structure and debt coverage indicators

The company's capital structure remains satisfactory, with overall gearing improving to 1.01x as on March 31, 2025 from 1.19x in FY24, supported by profit accretion to net worth. Debt coverage indicators improved, with PBILDT interest coverage rising to 3.59x in FY25 (FY24: 3.00x), led by improved profitability. Total debt to PBILDT improved to 2.85x in FY25 from 3.64x in FY24, indicating improving repayment comfort. Improving liquidity supported by healthy cash accruals. Liquidity improved during FY25, marked by gross cash accruals of ₹56.64 crore in FY25 against moderate debt repayments and no major debt-funded capex. Cash and bank balances of ₹5.73 crore as on March 31, 2025 are unencumbered and freely available. Working capital requirements continue to be met through internal accruals and bank limits, although operations remain inventory-intensive.

Key weaknesses

Moderation in revenue owing to exit of high-revenue stores

Despite maintaining a similar store count, the company's total operating income moderated by around 15% to ₹1,519.33 crore in FY25 from ₹1,781.75 crore in FY24. The decline was primarily attributable to the exit of four stores during FY25, including two long-established exclusive jewellery stores that had been operational for over two decades and together contributed approximately ₹250–300 crore of annual revenue. These stores were replaced with new outlets that are largely textile-focused or combo-format stores, where jewellery occupies a relatively smaller area. As a result, although the number of stores remained broadly stable, the revenue density per store declined materially due to the reduced revenue-generating capacity of the new formats compared to the exited jewellery-only outlets.

While the company achieved approximately ₹1,000 crore revenue during the first five months of FY26, CARE Ratings notes that sustainability of scale recovery remains dependent on stabilisation of new store formats, improvement in revenue per square foot, and continued traction during the festive and wedding season.

Working capital intensive nature of operations inherent to jewellery retailing

The company's operations remain inherently working capital intensive, primarily due to high inventory requirements associated with jewellery retailing. Inventory holding period increased sharply to 146 days in FY25 from 107 days in FY24, reflecting both higher inventory levels and cautious replenishment strategy amid gold price volatility. Consequently, the operating cycle elongated to 127 days in FY25 compared to 88 days in FY24.

While the average collection period remained comfortable at 8 days in FY25 (FY24: 4 days), creditor period increased marginally to 27 days from 23 days in FY24, providing only limited offset to the elongation in inventory days. The increase in working capital intensity is also reflected in net cash flow from operations, which stood at ₹30.17 crore in FY25 compared to negative ₹6.70 crore in FY24, indicating improvement but continued sensitivity to inventory movement and gold price trends. Given the scale of operations and high absolute inventory levels, efficient inventory turnover and disciplined procurement remain critical monitorables.

Exposure to gold price volatility and its impact on demand and liquidity

The company remains exposed to volatility in gold prices, which directly affects consumer demand, inventory levels, and liquidity requirements. During FY25, margins improved partly due to higher gold prices; however, rising prices have also constrained consumer purchasing power, with customers increasingly adhering to fixed budgets.

Further, suppliers have tightened settlement timelines amid volatile market conditions, in certain cases requiring faster payments, which could exert pressure on liquidity during periods of sharp price movement. CARE Ratings notes that while the company has demonstrated prudent inventory management, sustained volatility in gold prices could continue to impact working capital intensity and operating cash flows.

Merger-related execution risk and potential impact on net worth

The merger process continues to face delays due to regulatory and procedural issues under the NCLT framework, including rescheduling of hearings following administrative changes. Although approval has been received from one bench, approval from

the second bench remains pending. Post-merger net worth is expected to reduce by approximately ₹57 crore due to redistribution of shareholding among family members.

Until the merger is completed, uncertainties persist regarding consolidated financial positioning, treatment of inter-company balances, and capital structure. Any further delay in completion of the merger could continue to impact financial transparency and constrain strategic flexibility.

Liquidity: Adequate

The company operates on a cash-and-carry business, which provides regular cash flows. CBTJ's liquidity remains adequate with healthy gross cash accruals (GCA) projections of over Rs. ₹50 to 60 crore in against nominal repayments of ₹4.31 crore in FY26. Liquidity is further supported by a current ratio above unity at 1.34x as of March 31, 2025. The company had cash and bank balances of ₹5.73 crore as of March 31, 2025. The company's working capital utilisation for the 12 months ended September 2025 remained high at ~97.25%. Going forward, liquidity will remain sensitive to inventory management efficiency, gold price movements, and timely completion of the merger process. Sustained improvement in operating cash flows and moderation in inventory holding period will be key to maintaining adequate liquidity.

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks:

Parameters	Risk factors
Environmental	No major impact due to mainly services nature of operations.
Social	The company adheres to all social security norms directed by the government for its employees.
Governance	No such risk has been identified

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Retail](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Durables	Consumer Durables	Gems, Jewellery And Watches

CBTJ was incorporated in 2004 and is promoted by Allaka Satyanarayana (son-in-law of Chandana Mohan Rao, founder of Chandana Brothers group) and Allaka Suneetha Kumari. The company is into retailing jewellery, textiles apparels and readymade garments for men, women, children and bridal wear. It mainly caters to the ethnic segment, which goes with jewellery, and sales are high in festive season than in rest of year. The company operates in Telangana, where it has its majority retail stores in Hyderabad. It operates stores, showrooms and malls under the brand name of 'Chandana Brothers', 'CMR legacy' and 'CMR family mall' with a total of 23 stores. CBTJ retails jewellery and textile, whereas CMR legacy is exclusively for jewellery business and CMR family for textile business. The company earns majority revenue from jewellery segment followed by textile.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	1,776.10	1,514.17
PBILDT*	71.83	94.51
Profit after tax (PAT)	36.11	47.27
Overall gearing (x)	1.19	1.01
Interest coverage (x)	2.78	3.40

A: Audited UA: Unaudited; 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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	279.50	CARE BBB+ (RWD)
Fund-based - LT-Term Loan		-	-	February 2029	14.08	CARE BBB+ (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-Cash Credit	LT	279.50	CARE BBB+ (RWD)	-	1)CARE BBB+ (RWD) (13-Dec-24)	1)CARE BBB+; Stable (15-Sep-23)	-
2	Fund-based - LT-Term Loan	LT	14.08	CARE BBB+ (RWD)	-	1)CARE BBB+ (RWD) (13-Dec-24)	1)CARE BBB+; Stable (15-Sep-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	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

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

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

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