

December 31, 2025

Caratlane Trading Pvt Ltd: Rating reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Commercial Paper Programme	500.00	500.00	[ICRA]A1+; reaffirmed
Total	500.00	500.00	

*Instrument details are provided in Annexure-I

Rationale

The rating reaffirmation continues to factor in Caratlane Trading Pvt Ltd's (CTPL) strong parentage for being a wholly-owned subsidiary of Titan Company Limited (Titan, rated [ICRA]AAA (Stable)/[ICRA]A1+), its strategic importance to Titan, high reputation sensitivity along with significant operational and managerial synergies between them. The rating reflects ICRA's expectations that CTPL's operating performance will continue to remain healthy, going forward, on the back of its established brand and increasing market presence in the affordable and fashionable jewellery segment through expanding network of brick-and-mortar stores and dominance in the online segment. Besides, increasing formalisation of the jewellery industry is likely to support the revenue growth of the organised jewellers, including Caratlane.

CTPL recorded a robust revenue growth in recent years on the back of rising gold prices and aggressive store expansion, as reflected by a compounded annual growth rate (CAGR) of 56% in its operating income during FY2021 to FY2025. In H1 FY2026, the company's operating income grew by 42% on a YoY basis following a 36% growth in FY2025. The company added 51 stores in FY2025 and plans to add 42-43 stores in FY2026. Continuing store expansion is likely to result in an above-average revenue growth. CTPL's operating margin remained stable at 8.4% in FY2025 despite a moderation in the gross margin due to competitive pricing of products as a significant revenue growth translated into better absorption of fixed costs. The company would continue to benefit from such operating leverage, providing flexibility to adopt competitive pricing for business expansion. ICRA also notes that the company's policy to hedge the entire gold inventory would shield its profitability from any adverse movement in gold prices.

The rating continues to factor in CTPL's highly leveraged capital structure, as reflected by a gearing of 7.1 times and TOL/TNW of 9.0 times as on March 31, 2025 (considering lease liabilities as debt). The leverage indicators improved in FY2025, however, remained constrained owing to a significant increase in working capital borrowing on the back of store addition and rising gold prices. Besides, the company's net worth remained moderate owing to sizeable accumulated losses in the past and significant cash settlement of Rs. 200 crore towards employee stock options in FY2024, despite healthy accretion to reserves at present. Nevertheless, ICRA expects CTPL's leverage and debt protection metrics to witness a gradual improvement over the coming years, driven by improving earnings. The rating also considers regulatory risks and intense competition in the jewellery retail industry, which limit pricing flexibility and margins to an extent.

Key rating drivers and their description

Credit strengths

Strength derived from being a Titan Group company and association with the Tanishq brand – CTPL enjoys strong financial flexibility owing to its parentage and strategic importance to Titan and expectations of continued operational and managerial synergies between CTPL and Titan. The association with Titan, which operates the Tanishq brand, provides marketing and branding benefits to CTPL. Caratlane is branded as 'A Tata product'. The Caratlane brand complements Tanishq's business, which focuses on the higher-ticket-size gold and diamond jewellery, whereas CTPL operates in the lower-ticket-size segment

of studded jewellery, aimed to appeal to the fashion-oriented young consumers. CTPL also benefits from managerial linkages with Titan, with the latter holding a 100% equity stake in CTPL and having full representation on CTPL's board along with a common treasury team.

Established brand in affordable and fashionable jewellery segment with expanding store network to support growth – The company maintains a healthy market position in the online jewellery retail segment, complemented by a wide and expanding network of physical stores. Caratlane is the leading brand in the affordable and fashionable gold jewellery segment. CTPL had 342 stores (including one store in the US) as on September 30, 2025. It added 185 stores over the last three fiscals and plans to add 42-43 stores in FY2026. The company plans to expand its presence in the tier-II and tier-III cities mainly through the franchisee model, which is likely to drive healthy revenue growth, as witnessed in the recent years. CTPL's net cash accrual grew steadily to Rs. 255 crore in FY2025 from Rs. 23 crore in FY2021, aided by robust revenue increase. Its earnings growth momentum is expected to remain healthy in the medium term.

Favourable long-term growth prospects for organised jewellery retailers – Increasing regulations in the jewellery retail industry, aimed at improving transparency and standardisation, over the recent years have accelerated the shift in the market share to organised players from the unorganised sector. The industry tailwinds are expected to benefit the organised jewellery retailers like CTPL, supported by their expanding retail presence. The customs duty cut by 9% in July 2024 also disincentivised illegal import, benefitting organised players.

Credit challenges

Highly leveraged capital structure; significant stocking requirement leads to sizeable working capital borrowing – CTPL's leverage indicators remain constrained by significant increase in working capital borrowing due to store addition and rising gold prices. The company needs to maintain adequate inventory in its retail showrooms to attract customers. Moreover, rise in gold prices led to a significant increase in the stocking requirement, in turn resulting in high working capital borrowing. Besides, the company's net worth remains moderate owing to sizeable accumulated losses in the past and significant cash settlement of Rs. 200 crore towards employee stock options in FY2024, despite healthy accretion to reserves at present. Its gearing and TOL/TNW declined to 7.1 times and 9.0 times, respectively, as on March 31, 2025 from 13.7 times and 17.7 times, respectively, as on March 31, 2024, however, continues to remain high. The company plans to increase the share of stores wherein the inventory is held by the franchisee partners, which would keep CTPL's inventory under control. In addition to high inventory level, the company had sizeable GST receivables of more than Rs. 200 crore as on March 31, 2025, increasing the working capital intensity to some extent. However, partial refund received for the same would support cash flows and reduce borrowing requirements. The company's interest coverage improved to 3.7 times in FY2025 from 3.2 times in FY2024. With expectations of sustained momentum in business growth and earnings, the company's leverage and debt protection metrics are likely to improve gradually over the medium term.

Intense competition and exposure to regulatory risks – The domestic jewellery retail industry remains exposed to the risks arising from the evolving regulatory landscape, which could have an adverse impact on CTPL's business. Restrictions on bullion imports and metal loan funding, mandatory PAN disclosure on transactions above a threshold limit, imposition of GST and demonetisation are some regulatory developments that have impacted demand and supply in the past. Further, the jewellery retail industry is highly fragmented and is exposed to intense competition from other organised and unorganised players, which limits the pricing power to an extent. Nonetheless, CTPL has demonstrated its ability to maintain its leading market position over the last few years, which coupled with its close linkages with Titan, provide comfort.

Liquidity position: Adequate

CTPL's liquidity position remains adequate. The company's fund flow from operations (FFO) remained healthy above Rs. 200 crore in FY2025 and is likely to improve further in the current fiscal. Its cash flow from operations, however, is likely to be negatively impacted by a significant increase in the working capital requirement on the back of a robust revenue growth. Nevertheless, healthy FFO and undrawn sanctioned working capital limits worth Rs. 220 crore (with respect to the drawing power) as on September 30, 2025 are likely to provide liquidity buffer to meet the business growth requirements. The company

has availed term loans to fund brand building expenses, giving rise to long-term debt repayment obligation of Rs. 40-50 crore per annum till FY2029. CTPL's capex for store expansion would remain limited as it is mainly expanding through franchisee stores. However, expansion of in-house manufacturing capacity, budgeted at around Rs. 22 crore, and renovation of old stores will entail moderate capex. CTPL had free liquid investments of around Rs. 100 crore as of November 2025. ICRA derives comfort from the strong financial flexibility of CTPL owing to its close linkages with its holding company, Titan, which is likely to support CTPL's ability to borrow from the market at favourable rates. The company is currently availing commercial papers, which are outside the drawing power of the sanctioned bank limits, supporting its liquidity position.

Rating sensitivities

Positive factors – Not applicable.

Negative factors – Pressure on the rating could arise in case of sustained pressure on CTPL's operating performance or a significant deterioration in its working capital cycle, adversely impacting its coverage metrics and liquidity position on a sustained basis. The rating may also be downgraded if there is weakening of CTPL's linkages with its parent, Titan Company Limited, or upon deterioration in the credit profile of the parent entity.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Jewellery - Retail
Parent/Group support	Parent: Titan Company Limited (rated [ICRA]AAA (Stable))/[ICRA]A1+ The rating assigned to CTPL factors in the implicit support from its parent, Titan Company Limited, given CTPL's strategic importance to Titan, strong business linkages and managerial synergies between them and Titan's reputation sensitivity to its wholly-owned subsidiary, CTPL.
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of CTPL, including its subsidiary, as detailed in Annexure II.

About the company

Caratlane Trading Pvt Ltd (CTPL), incorporated in 2007, is a jewellery retail company that operates the Caratlane brand with the major portion of its business coming from studded jewellery. The company mainly deals in fashion jewellery for the mid-market segment. CTPL operates through online as well as offline retail channels. It had 342 stores across 149 cities as on September 30, 2025, including one store in the US. Titan Company Limited acquired a majority equity stake (66.4%) in CTPL in 2016 and holds a 100% stake at present.

CTPL has a wholly-owned subsidiary, StudioC Inc., incorporated in 2021 in the US, which was involved in selling jewellery in the US under the brand name, Caratlane. However, in January 2025, CTPL appointed TCL North America Inc. (a subsidiary of Titan) as its sole franchisee for the US market and has been routing its entire jewellery sales in the US through the said entity since then.

Key financial indicators (audited)

CTPL (Consolidated)	FY2024	FY2025	H1 FY2025*	H1 FY2026*
Operating income	3,085.9	4,197.1	1,853.1	2,636.3
PAT	78.6	167.4	36.0	90.3
OPBDIT/OI	8.4%	8.4%	7.0%	7.4%
PAT/OI	2.5%	4.0%	1.9%	3.4%
Total outside liabilities/Tangible net worth (times)	17.7	9.0	16.5	8.3
Total debt/OPBDIT (times)	5.2	5.3	6.8	5.7

Interest coverage (times)	3.2	3.7	2.9	3.5
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Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; *Provisional

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs Crore)	December 31, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Commercial paper*	Short Term	500.00	[ICRA]A1+	December 18, 2024	[ICRA]A1+	Dec 05, 2023	[ICRA]A1+	Jun 06, 2022	[ICRA]A1+
	-	-	-	-	-	Aug 29, 2023	[ICRA]A1+	-	-
	-	-	-	-	-	-	Jun 05, 2023	[ICRA]A1+	-

*The commercial paper limit is outside the drawing power for bank facilities

Complexity level of the rated instruments

Instrument	Complexity Indicator
Commercial Paper Programme	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
INE015Y14641	Commercial Paper	Dec 01, 2025	6.05%	Feb 27, 2026	150.00	[ICRA]A1+
N.A.*	Commercial Paper	-	-	-	350.00	[ICRA]A1+

Source: Company, *Yet to be placed

Note: The commercial paper limit is outside the drawing power for bank facilities

Annexure II: List of entities considered for consolidated analysis

Company Name	CTPL's Ownership	Consolidation Approach
StudioC Inc.	100.00%	Full Consolidation

Source: CTPL

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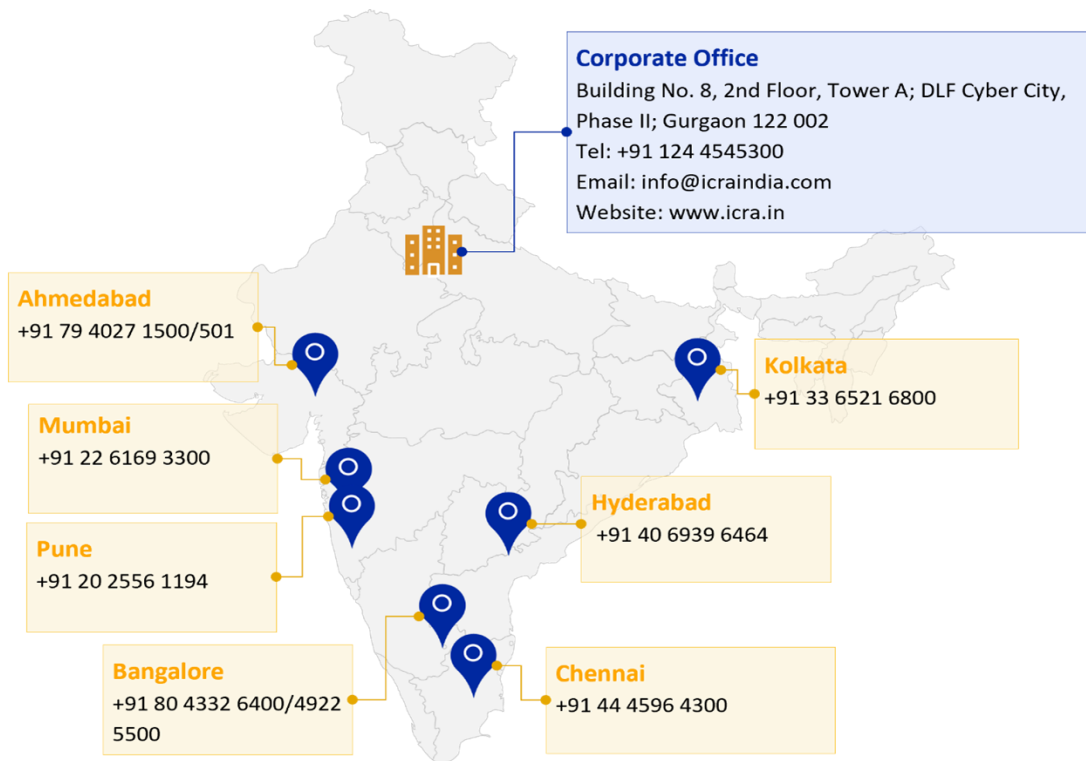
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