

## Press Release

### MARRI RETAIL PRIVATE LIMITED (ERSTWHILE J C BROTHERS RETAIL PRIVATE LIMITED)

May 27, 2024



Product	Rating Upgraded and Withdrawn Quantum (Cr)	Long Term Rating	Share
Bank Loan Ratings	359.52	ACUITE A   Upgraded & Withdrawn	-
Bank Loan Ratings	9.48	Not Applicable   Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	369.00	-	-

## Rating Rationale

Acuite has upgraded and withdrawn its long-term rating to 'ACUITE A' (read as ACUITE A) from ACUITE BB+' (read as ACUITE Double B plus) on the Rs. 359.52 Cr. bank facilities of MARRI RETAIL PRIVATE LIMITED (ERSTWHILE J C BROTHERS RETAIL PRIVATE LIMITED).

Acuite has also withdrawn the long-term rating on the Rs. 9.48 Cr. bank facilities of MARRI RETAIL PRIVATE LIMITED (ERSTWHILE J C BROTHERS RETAIL PRIVATE LIMITED). The same is withdrawn without assigning any rating as it is a proposed facility.

The withdrawal is on account of client's request and receipt of NOC from the lead banker. The withdrawal is in accordance with Acuite's policy on withdrawal of rating as applicable to the respective facility / instrument.

## Rationale for upgrade & withdrawal

The rating upgrade & withdrawal takes into account a closely held, experienced family lineage in business with an established track record of operations and a consistent improvement in MRPL's business risk profile marked by sustained growth in scale of operations and profitability. MRPL has reported revenue of Rs.1900.85 Cr. for FY2023, with a growth of 14.16 percent over FY2022 revenues of Rs.1665.10 Cr. Simultaneously, the operating profit margin improved to 7.90 percent in FY2023 from 5.85 percent in FY2022. Further, the company is estimated to achieve a revenue of Rs.2220.92 Cr. in FY2024, and margins are estimated to be in the range of 9.30 to 9.42 percent in FY2024. The financial risk profile improved in terms of interest coverage ratio (ICR) and debt service coverage ratio (DSCR), along with a better liquidity position in terms of higher net cash accruals vis-à-vis its debt obligations and efficient working capital management.

The rating is, however, constrained by its exposure to intense competition in the retail trading industry coupled with the volatility of commodity prices

## About the Company

MARRI RETAIL PRIVATE LIMITED (ERSTWHILE J C BROTHERS RETAIL PRIVATE LIMITED), was established as a partnership firm in 1998 by Mr. Marri Janardhan Reddy and his family members and later in 2008 converted to a 'private limited' company. It is engaged in the business of retail trade of textiles, ready-made garments, jewellery and silver items through several showrooms based all around the Telangana and Andhra state. It was initially started as a proprietary firm with a 1000 sq ft retailing ready-made garments in 1998 at Ameerpet, Hyderabad. Since then, the group has opened several outlets in prime locations of Hyderabad retailing into textile, ready-made garments and jewellery items. Further, the

group categorizes its showrooms and brands as per the textile and jewellery division.

## Unsupported Rating

Not applicable

## Analytical Approach

For arriving at the ratings, Acuité has considered standalone the business and financial risk profiles of Marri Retail Private Limited (Formerly known as J.C. Brothers Retail private Limited) (MRPL).

## Key Rating Drivers

### Strengths

- **Closely held experienced family lineage in business with an established track record of operations**

MRPL was established in 1998 as a proprietary firm by Mr. Marri Janardhan Reddy, Mr. Marri Venkat Reddy, Ms. Marri Jamuna Rani, Ms. Marri Madhumathi, Mr. B. Narasimha Reddy. The promoters have experience in the retail trading segment of more than two decades. Through the extensive experience of the promoters, the group has ably managed to set up over 23 showrooms spread widely across Telangana and the AP region, with store names branded under "Jeans Corner," "The Chennai Shopping Mall," "Kanchipuram J S Babu Silks," and "J C Brothers." Further, through their established track record of operations, the group has maintained healthy ties with its suppliers across India and has been able to create a wide range of products catering to different income categories through extensive promotions and advertisements spreading brand awareness, which resulted in a year-on-year sales growth of more than 20 percent through the last three years ending FY2024 (prov). To simplify the shareholder structure, Mr. Marri Venkat Reddy and his family now have complete control of MRPL. Under family arrangements, complete control was assumed by Marri Venkat Reddy, who was the key managerial personnel (KMP) for the last 10 years. Mr. Sashidhar Reddy, son of Marri Janardhan Reddy (founder of Marri Group), is inducted into the group as part of succession planning. Effective May 2022, MRPL has added the jewellery vertical to its business structure and is now actively engaged in the trading of jewellery and ornaments, thus increasing the efficiency of dual business lines under one company. A new CEO and experienced hires across departments have been inducted, resulting in an improved business risk profile.

- **Improved operating performance**

MRPL's revenue grew to Rs.1900.85 Cr. in FY2023 from Rs.1665.10 Cr. in FY2022. Further, MRPL has sustained the growth momentum and is estimated to achieve a revenue of Rs.2217.10 Cr in FY2024, with an improvement in operating profit margins to ~9.42 percent in FY2024E, from 7.90 percent in FY2023 and 5.85 percent in FY2022. This growth is attributed to continuous store addition, the quick revenue generation from the newly added stores due to their established presence and stable revenue generation from the existing stores.

- **Healthy financial risk profile**

The company's financial risk profile is healthy marked by a healthy net worth, moderate gearing and healthy debt protection metrics. The net worth of the company stood at Rs.225.94 Cr. and Rs.202.57 Cr. as on March 31, 2023, and 2022, respectively. Further, it is estimated that net worth will be ~Rs. 340.93 Cr. in FY2024. The improvement in net worth is due to accretion of reserves. The gearing of the company has slightly deteriorated in FY2023. It stood at 1.17 times as on March 31, 2023, against 1.04 times as on March 31, 2022. The deterioration is on account of increase in long-term debt. Further, it is estimated that gearing will be at ~0.96 times in FY2024. Debt protection metrics: interest

coverage ratio and debt service coverage ratio stood at 10.61 times and 4.38 times as on March 31, 2023, respectively, as against 8.49 times and 3.38 times as on March 31, 2022, respectively. TOL/TNW stood at 2.12 times and 2.41 times as on March 31, 2022, and 2021 respectively. The debt to EBITDA of the group stood at 1.48 times as on March 31, 2023, as against 2.16 times as on March 31, 2022. Further, it is estimated to be ~1.54 times in FY2024.

- **Efficient working capital management**

The working capital management of the company remained efficient, with GCA days at 81 days as on March 31, 2023, as against 103 days as on March 31, 2022. The improvement in GCA days is on account of decrease in other current assets. Inventory days stood at 80 days as on March 31, 2023, as against 90 days as on March 31, 2022. The debtor's days stood at 4 days as on March 31, 2023, as against 1 days as on March 31, 2022. Subsequently, the payable period stood at 38 days as on March 31, 2023, as against 39 days as on March 31, 2022, respectively. Further, the average bank limit utilization in the last ten months ended March 2024 remained at ~60 percent for fund based working capital facilities.

## **Weaknesses**

- **Exposure to intense competition in the retail trading industry coupled with volatility of commodity prices**

MRPL currently operates with 27 showrooms based out of Telangana and Andhra Pradesh. However, these places are also flooded with other small and large players in the same line of business. It faces intense competition in terms of product quality and pricing, which leads to continuous pricing pressure, affecting its margins from peers, namely R.S. Brothers Group and Kalamandir Group, among others. The entry of branded textile players in Telangana is expected to intensify the competitive landscape for existing players like Marri Group. The non-textile segment also faces stiff competition from local players, which would limit the company's ability to increase revenues significantly while maintaining margins. Over the medium term, the credit profile of the company will continue to be impacted by the geographical concentration of its stores in and around Telangana, coupled with increasing competition from other players. Marri Group, also dealing in jewellery items, shall additionally remain exposed to regulatory intervention such as compulsory hallmarking, the requirement of a permanent account number (PAN), etc.; a change in regulation of gold-related savings schemes coupled with changing consumer preferences, etc., which could impact the overall operating performance of the sector. Further, changes in metal prices would also impact the demand for gold, silver, etc. The sustainability or improvement in the margins shall remain susceptible to the improvement in realizations due to the rise in gold prices and the reduction in other operating overheads and expenses. Acuité believes that the group's sustainability or improvement in operations will remain exposed to stiff competition, changes in regulations, and changes in the commodity's prices over the near to medium term.

## **Rating Sensitivities**

Not applicable

## **Liquidity Position: Adequate**

The company's liquidity is adequate, marked by adequate net cash accruals of Rs.129.52 Cr. in FY2023 as against its maturing long-term debt obligations of Rs.15.84 Cr. for the same period. The current ratio stood at 1.37 times as on March 31, 2023, against 1.27 times in the previous year. Unencumbered cash and bank balances stood at Rs. 1.76 Cr. as on March 31, 2023. MRPL is estimated to generate NCA of Rs. 149.86 Cr. in FY2024, as against repayment obligations of Rs. 26.44 Cr. Further, the average bank limit utilization in the last ten months ended March 2024 remained at ~60 percent for fund based.

## **Outlook: Not applicable**

Other Factors affecting Rating  
None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	1900.85	1665.10
PAT	Rs. Cr.	108.86	48.81
PAT Margin	(%)	5.73	2.93
Total Debt/Tangible Net Worth	Times	1.17	1.04
PBDIT/Interest	Times	10.61	8.49

### Status of non-cooperation with previous CRA (if applicable)

Not applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
07 Feb 2024	Cash Credit	Long Term	150.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE A   Stable)
	Proposed Long Term Loan	Long Term	0.61	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE A   Stable)
	Term Loan	Long Term	25.86	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE A   Stable)
	Term Loan	Long Term	50.70	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE A   Stable)
	Term Loan	Long Term	13.10	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE A   Stable)
	Term Loan	Long Term	25.91	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE A   Stable)
	Term Loan	Long Term	30.68	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE A   Stable)
	Term Loan	Long Term	10.24	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE A   Stable)
	Term Loan	Long Term	13.77	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE A   Stable)
	Term Loan	Long Term	19.44	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE A   Stable)
	Term Loan	Long Term	3.84	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE A   Stable)
	Term Loan	Long Term	6.19	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE A   Stable)
	Term Loan	Long Term	9.70	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE A   Stable)
	Working Capital Term Loan	Long Term	8.96	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE A   Stable)
16 Dec 2022	Cash Credit	Long Term	52.00	ACUITE A   Stable (Reaffirmed)
	Cash Credit	Long Term	98.00	ACUITE A   Stable (Assigned)
	Proposed Long Term Loan	Long Term	0.61	ACUITE A   Stable (Reaffirmed)
	Term Loan	Long Term	50.70	ACUITE A   Stable (Assigned)
	Term Loan	Long Term	13.10	ACUITE A   Stable (Assigned)
	Term Loan	Long Term	25.91	ACUITE A   Stable (Assigned)
	Term Loan	Long Term	30.68	ACUITE A   Stable (Reaffirmed)
	Term Loan	Long Term	10.24	ACUITE A   Stable (Reaffirmed)
	Term Loan	Long Term	13.77	ACUITE A   Stable (Reaffirmed)
	Term Loan	Long Term	19.44	ACUITE A   Stable (Reaffirmed)
	Term Loan	Long Term	6.57	ACUITE A   Stable (Reaffirmed)
	Term Loan	Long Term	19.29	ACUITE A   Stable (Assigned)
		Long		

	Term Loan	Term	3.84	ACUITE A   Stable (Reaffirmed)
	Term Loan	Long Term	6.19	ACUITE A   Stable (Reaffirmed)
	Term Loan	Long Term	9.70	ACUITE A   Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	8.96	ACUITE A   Stable (Reaffirmed)
30 Nov 2022	Cash Credit	Long Term	52.00	ACUITE A   Stable (Upgraded from ACUITE A-   Stable)
	Term Loan	Long Term	3.94	ACUITE A   Stable (Upgraded from ACUITE A-   Stable)
	Term Loan	Long Term	6.33	ACUITE A   Stable (Upgraded from ACUITE A-   Stable)
	Term Loan	Long Term	9.92	ACUITE A   Stable (Upgraded from ACUITE A-   Stable)
	Term Loan	Long Term	31.06	ACUITE A   Stable (Upgraded from ACUITE A-   Stable)
	Term Loan	Long Term	10.22	ACUITE A   Stable (Upgraded from ACUITE A-   Stable)
	Term Loan	Long Term	13.74	ACUITE A   Stable (Upgraded from ACUITE A-   Stable)
	Term Loan	Long Term	19.04	ACUITE A   Stable (Upgraded from ACUITE A-   Stable)
	Term Loan	Long Term	6.57	ACUITE A   Stable (Upgraded from ACUITE A-   Stable)
	Working Capital Term Loan	Long Term	9.18	ACUITE A   Stable (Upgraded from ACUITE A-   Stable)
01 Sep 2021	Cash Credit	Long Term	52.00	ACUITE A-   Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	15.65	ACUITE A-   Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	42.00	ACUITE A-   Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	5.00	ACUITE A-   Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	1.50	ACUITE A-   Stable (Assigned)
	Secured Overdraft	Long Term	5.20	ACUITE A-   Stable (Assigned)
	Term Loan	Long Term	12.81	ACUITE A-   Stable (Assigned)
	Term Loan	Long Term	7.91	ACUITE A-   Stable (Assigned)
	Term Loan	Long Term	5.37	ACUITE A-   Stable (Assigned)
	Working Capital Term Loan	Long Term	14.56	ACUITE A-   Stable (Assigned)



## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	200.00	ACUITE A   Upgraded & Withdrawn ( from ACUITE BB+ )
Not Applicable	Not avl. / Not appl.	Proposed Long Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	9.48	Not Applicable   Withdrawn
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	07 Sep 2027	Simple	23.18	ACUITE A   Upgraded & Withdrawn ( from ACUITE BB+ )
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	07 Oct 2028	Simple	19.00	ACUITE A   Upgraded & Withdrawn ( from ACUITE BB+ )
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	07 Nov 2027	Simple	12.61	ACUITE A   Upgraded & Withdrawn ( from ACUITE BB+ )
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	07 Feb 2028	Simple	23.69	ACUITE A   Upgraded & Withdrawn ( from ACUITE BB+ )
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	07 Aug 2025	Simple	2.09	ACUITE A   Upgraded & Withdrawn ( from ACUITE BB+ )
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	07 Feb 2026	Simple	3.79	ACUITE A   Upgraded & Withdrawn ( from ACUITE BB+ )
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	07 Sep 2025	Simple	4.99	ACUITE A   Upgraded & Withdrawn ( from ACUITE BB+ )
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	07 Feb 2028	Simple	24.06	ACUITE A   Upgraded & Withdrawn ( from ACUITE BB+ )
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	07 Sep 2027	Simple	9.17	ACUITE A   Upgraded & Withdrawn ( from ACUITE BB+ )
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	07 Oct 2028	Simple	13.77	ACUITE A   Upgraded & Withdrawn ( from ACUITE BB+ )
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	07 Nov 2027	Simple	17.47	ACUITE A   Upgraded & Withdrawn ( from ACUITE BB+ )



HDFC Bank Ltd	Not avl. / Not appl.	Working Capital Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	07 Nov 2025	Simple	5.70	ACUITE A   Upgraded & Withdrawn ( from ACUITE BB+ )
---------------	----------------------	---------------------------	----------------------	----------------------	-------------	--------	------	---

## Contacts

Analytical	Rating Desk
Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294017 <a href="mailto:mohit.jain@acuite.in">mohit.jain@acuite.in</a>	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a>
Moparthy Anuradha Devi Analyst-Rating Operations Tel: 022-49294065 <a href="mailto:moparthy.anuradha@acuite.in">moparthy.anuradha@acuite.in</a>	

### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

**Disclaimer:** An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.acuite.in](http://www.acuite.in)) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.