MARUTI NANDAN TELECOMM LLP

March 31, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term / Short Term Bank Facilities	90.00	CARE BB; Stable / CARE A4	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Maruti Nandan Telecomm LLP (MNTL) factor in low profitability margins, leveraged capital structure and weak debt coverage indicators. The ratings are also constrained by demand linked to fortunes of principal, Apple Inc., highly competitive and fragmented industry and constitution of the entity being a limited liability partnership firm. The ratings, however, derive strength from experienced partners, growing scale of operations, and comfortable operating cycle.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in scale of operations, as marked by total operating income (TOI) above Rs.500 crore, along with improvement in profit before interest, lease rentals, depreciation and taxation (PBILDT) margin above 4% on a sustained basis.
- Improvement in capital structure, as marked by overall gearing below 1.50x on a sustained basis.

Negative factors

- Decline in TOI by more than 20% and/or PBILDT margin falling below 1.25% on a sustained basis.
- Elongation of operating cycle beyond 60 days on a sustained basis.
- Significant debt-funded capital expenditure (capex) or withdrawal of funds by partners, leading to deterioration in liquidity position or capital structure as marked by overall gearing above 3.00x on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CARE Ratings Limited's (CARE Ratings') opinion that MNTL shall maintain its growth momentum and shall continue to benefit from experienced partners.

Detailed description of the key rating drivers

Key weaknesses

Growing scale of operations, though profitability margins are low

The firm's scale of operations is on growing trajectory marking a compounded annual growth rate (CAGR) of ~35% in past five fiscal years ended FY24 (refers to the period from April 01, 2023 to March 31, 2024). The total operating income (TOI) grew by three-fourth to Rs.374.31 crore in FY24 (PY: Rs.213.88 crore). In 8MFY25 (refers to period from April 01, 2024, to November 30, 2024), the firm achieved a TOI of Rs.372.26 crore and is expecting to achieve a TOI of above Rs.500 crore in FY25. The growth in scale is underpinned by increase in sales volume of premium smartphones (iPhone) and other electronic items (such as MacBook, iPad, watches, etc.). However, since MNTL derives majority revenues from sale of Apple products (~80% in FY24), sales of MNTL are directly linked to the acceptability of products, new product launches and penetration of the principal (Apple Inc.)'s products in India. Further, the profitability margins are low due to trading nature of business, where the value addition is inherently low coupled with highly competitive nature of industry. In FY24, the PBILDT and PAT margin of the firm stood low at 2.88% (PY: 1.83%) and 1.40% (PY: 0.70%) respectively. Further, in 8MFY25, PBILDT and PAT margin remain largely sustained at 2.46% and 1.60% respectively.

Leveraged capital structure and weak debt coverage indicators

MNTL has leveraged capital structure, as marked by high overall gearing of 2.59x as on November 30, 2024 (March 31, 2024: 1.83x), largely on account of increasing working capital borrowings, in commensurate with its growing scale of operations. Debt coverage indicators stood weak, marked by interest coverage and total debt to gross cash accrual (TDGCA) as on November 30, 2024, of 2.78x (March 31, 2024: 1.97x) and 9.80x (March 31, 2024: 8.13x), owing to the low profitability margins.

Highly competitive and fragmented nature of industry

MNTL operates in a highly fragmented and competitive nature of industry, marked by presence of numerous players in India as well as overseas with a considerable volume share enjoyed by many small unorganised players, and continuous expansion undertaken by a few large regional players. Low entry barriers, presence of large number of unorganised players and low pricing power available to distributors makes the industry highly lucrative and competitive. Further, new age of e-commerce in India is also transforming the way of business operations with most of the players supplying mobile phones and electronic products of

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

various established brands in the same category through e-commerce platform only. Furthermore, there is competition from local exclusive players as well as multi brand outlets operating through offline channels.

Constitution of the entity being a limited liability partnership firm
MNTL's constitution being a limited liability partnership firm has the inherent risk of possibility of withdrawal of partners' capital at the time of personal contingency and the firm being dissolved upon death/ retirement/ insolvency of partner(s). Moreover, partnership firms have restricted access to external borrowing as credit worthiness of the partners would be the key factors affecting credit decision for lender.

Key strengths

Experienced partners with long standing relationship with principal, Apple Inc.
Established in year 2017, MNTL is managed by partners, Ms. Anu Agarwal, Mr. Mayank Agarwal, Mr. Mudit Agarwal. They are post graduates, having more than a decade of experience in consumer electronics industry through their association with this firm and other group entities engaged in similar line of business. They are in turn well supported by team of experienced professionals, managing day-to-day operations of the firm. The firm is in this business for nearly a decade and thus has a long-standing association with its principal i.e., Apple Inc. It is an Apple's premium reseller in Tier-I or metro cities and an authorized reseller in Tier-II and Tier-III cities, having a strong presence in Northern India. It operates 16 Apple's retail stores located in Uttar Pradesh, Delhi-NCR, Uttarakhand, Kashmir, Kolkata (West Bengal), Bangalore (Karnataka) and Vadodara (Gujarat).

Moderate operating cycle
MNTL's operating cycle of the firm stood moderately low at 39 days for FY24 (PY: 32 days). The firm is required to maintain an adequate inventory of traded goods of wide product portfolio to cater the immediate demand of the customers, resulting in an average inventory holding period of around 47 days in FY24 (PY: 47 days). Since the firm operates retail stores, sales are made to customers on "Cash and Carry" basis. Further, there is supplier concentration risk, as it procures Apple products largely from the two approved vendors, who normally provides a credit period of up to 30 days. Hence, the average creditors period stood at 10 days in FY24 (PY: 16 days). As such, average utilization of working capital borrowings stood high at ~90-100% in the trailing 12 months ended November 30, 2024.

Liquidity: Stretched
MNTL's liquidity position is marked as stretched, due to high utilization of working capital limits at ~90-100% for the trailing 12 months ended February 28, 2025. However, the firm does not have any significant term debt outstanding as on date. Also, it does not have any plan to avail a term debt in near-to-medium term. Further, as on November 30, 2024, MNTL had free cash and bank balance of ~Rs.3 crores and investment in mutual funds of ~Rs.5.50 crore.

Applicable criteria

Definition of Default
Financial Ratios – Non financial Sector
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Short Term Instruments
Retail

About the company and industry
Industry classification

Macro-Economic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Consumer Services	Retailing	Diversified Retail

Established in year 2017, MNTL trades in the Apple's products (such as iPhone, MacBook, iPad, watches, accessories, etc.). It is an Apple's premium reseller in Tier-I/ metro cities and an authorized reseller in Tier-II and Tier-III cities.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	8MFY25 (UA) *
Total operating income	213.88	374.31	372.26
PBILDT	3.91	10.78	9.15
PAT	1.51	5.25	5.95
Overall gearing (times)	2.20	1.83	2.59
Interest coverage (times)	1.55	1.97	2.78

A: Audited, UA: Unaudited, Note: these are latest available financial results, *refers to the period from April 01, 2024, to November 30, 2024.

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
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG		-	-	-	90.00	CARE BB; Stable / CARE A4

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	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	90.00	CARE BB; Stable / CARE A4				

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	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	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

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Puneet Kansal Director **CARE Ratings Limited** Phone: 91-120-4452018 E-mail: puneet.kansal@careedge.in
Relationship Contact Ankur Sachdeva Senior Director **CARE Ratings Limited** Phone: +91-22-6754 3444 E-mail: Ankur.sachdeva@careedge.in	Dhruv Mittal Assistant Director **CARE Ratings Limited** Phone: 91-120-4452050 E-mail: dhruv.mittal@careedge.in Shubham Kumar Lead Analyst **CARE Ratings Limited** E-mail: Shubham.Kumar@careedge.in

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

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