Reliance Retail Ventures Limited

May 30, 2024

Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Non-convertible debenture	15,000	CARE AAA; Stable	Reaffirmed
Commercial paper	30,000	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to the non-convertible debenture (NCD) and commercial paper (CP) issues of Reliance Retail Ventures Limited (RRVL) continue to derive significant strength from its major investment in its flagship subsidiary, Reliance Retail Limited (RRL; rated 'CARE AAA; Stable/CARE A1+'), which is India's largest retailer by reach, scale, and profitability. Ratings also derive comfort from RRVL's strong consolidated financial risk profile, marked by its comfortable capital structure and strong liquidity. Ratings consider its strong and resourceful parentage of Reliance Industries Limited (RIL; rated 'CARE AAA; Stable/CARE A1+').

The above-mentioned strengths mostly offset its exposure to the competitive retail industry and its large-size capex.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Not applicable

Negative factors:

- Weakening of strategic importance of RRVL to RIL group.
- Significant deterioration in the credit profile marked by sizeable decline in operating profitability.

Analytical approach: Consolidated

For arriving at the ratings of RRVL, CARE Ratings Limited (CARE Ratings) has considered a consolidated view of RRVL and its subsidiaries owing to their strong financial and operational linkages and their common management. The list of the entities consolidated with RRVL is placed at **Annexure-6**.

Outlook: Stable

CARE Ratings believes that RRL shall continue to maintain its dominant position in the Indian retail industry which in turn shall lead to RRVL's healthy business profile, marked by diversified product profile and comfortable capital structure and strong liquidity on a consolidated basis.

Detailed description of key rating drivers

Key strengths

Strong business risk profile of its retail operations

RRVL and its subsidiaries have built both back-end and front-end retail infrastructure, including warehousing facilities, logistics, retail store network, and IT infrastructure. RRVL provides supply chain infrastructure and operates as an investment arm for the retail business of its subsidiaries. RRL is the company's flagship subsidiary, majorly contributing to its consolidated revenue. RRL is engaged in retailing products and services across the key consumption baskets, fashion and lifestyle, electronics, grocery, and connectivity.

As on March 31, 2024, RRVL, on a consolidated basis, had a presence across over 7,000 cities and towns, with 18,836 stores and 79.1 million sq ft of retail space across its diverse consumption baskets. The rapid store expansion, particularly in Tier-III and Tier-IV cities, launch and expansion of Digital and New Commerce business, and the catchment-focused assortment have been the key drivers for the robust growth of its retail business, whereby its stores are well-distributed across the north, south, east, and west of India with direct home delivery capabilities to reach maximum Indian households.

In FY21, the company had launched the JioMart grocery consumer platform across over 250 cities, leveraging the wide network of RRL's grocery stores and well-established supply chain infrastructure to become India's largest hyperlocal retail solution. JioMart has since expanded beyond grocery into other categories such as electronics, fashion & lifestyle and is now a cross-category horizontal platform with a wide catalogue selection and seller base. The company, under its new commerce initiative, has expanded its reach with rapid onboarding of around 3 million merchant partners in the existing and new markets. The business continued to attract numerous customers across the country through its wide portfolio of stores and digital commerce platforms, with its registered customer base growing to 304 million as on March 31, 2024, up by 22% y-o-y. In FY24, there was a net addition of 796 stores with incremental retail area of 13.5 million sq. ft. RRVL's total operating income (TOI) witnessed healthy

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

y-o-y growth of 18% aided by store expansions, acquisitions, and sustained growth in Digital and New Commerce business. Healthy growth in revenue and thereby benefits of operating leverage supported the expansion of PBILDT margin by 46 bps y-o-y in FY24. CARE Ratings believes that operating performance is likely to remain healthy supported by the store expansions, established presence across the country and gradual penetration of organised retailing.

Comfortable capital structure

Until March 31, 2020, RIL held a 94.45% equity stake in RRVL. In FY21 and FY24, reputed global investors and RIL, infused equity of ₹58,915 crore and ₹17,814 crore in RRVL, respectively, leading to its substantial capitalisation. With dilution of RIL's equity stake in RRVL, RIL now holds 83.56% equity stake in RRVL as on March 31, 2024 (March 31, 2023 – 85.06%).

Sizable capitalisation has resulted in RRVL maintaining a comfortable capital structure, marked by overall gearing of 0.37x as on March 31, 2024, despite an increase in the debt towards the funding of its capex and growing working capital requirements in last three years.

RRVL had augmented its supply chain capabilities with continuous expansion of its warehouse space to more than 35 million sq. ft. by end-FY23. However, in FY24, RRVL transferred large portion of its warehouse infrastructure to Intelligent Supply Chain Infrastructure Trust and Reliance Logistics and Warehouse Holdings Limited, resulting in reduction in asset intensity of its operations. Consequently, post completion of large capex in last three years and with a relatively asset light business model, RRVL's capex intensity is expected to moderate which in turn should ensure sustained comfortable capital structure in the medium term.

Strategic importance of retail arm for RIL

RIL has been making large investments in the consumer-focusing businesses, viz, telecom and retail, which are treated as the key business growth segments for the group. The group has also extended the common corporate brand 'Reliance' to both RRVL and RRL. RRL is also the master distributor for Reliance Jio Infocomm Limited's (RJIL, rated 'CARE AAA; Stable/CARE A1+') telecom services and devices. The contribution of the retail arm to RIL's consolidated revenue has consistently improved, with the retail segment contributing to around 28% and 13% of RIL's consolidated revenue and PBILDT in FY24. RIL's expansion plans for growing its consolidated sales, operations, and market presence are expected to translate into significant growth for RRVL.

Strong and resourceful promoter group

RIL, which held an 83.56% equity stake in RRVL as on March 31, 2024, is India's largest private-sector enterprise with businesses across the energy and materials value chain, and a market leading presence in the consumer-facing retail and telecom sectors. RIL is the flagship company of the Reliance group (Mukesh D Ambani). Its promoters are resourceful and the management is represented by a board of directors comprising eminent personalities with vast experience in their respective fields.

Liquidity: Superior

RRVL's superior liquidity is reflected from the available cash and cash equivalents of ₹20,243 crore as on March 31, 2024. Its strong cash accruals and comfortable gearing provide significant headroom to avail additional debt for capex/working capital requirements, if any. Being part of the Reliance group, it has superior financial flexibility and demonstrated ability to raise funds.

Key weaknesses

Exposure to competitive industry scenario

The Indian retail industry has emerged as one of the most dynamic and fast-paced industries due to the entry of new players. Although RRVL has a significant presence in this industry, it faces competition from both organised and unorganised players, through physical stores, apart from the deep penetration of the e-commerce platforms. However, RRVL's large and established presence in over 7,000 cities and towns, with 18,836 stores, 79.1 million sq ft of retail space, and 304 million registered customer base across its diverse consumption baskets and growing presence in digital business, provides it a significant competitive advantage.

Exposure to large-size expansion plans

RRVL acquired controlling stake in several companies for gaining access to leading brands. It also undertook aggressive expansion of its retail footprint and development of digital and new commerce platforms. Consequently, it has incurred a large capex of over ₹1 lakh crore, for expansion and acquisitions, in last three years ended FY24. Going forward, in its pursuit to further expand and strengthen its position in the retail sector, RRVL's investments could remain elevated in the medium term. Accordingly, its ability to generate a healthy return on capital employed (ROCE) will be critical.

Applicable criteria

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

About the company and industry

Industry classification

Macro-economic Indicator	Sector	Industry	Basic Industry
Consumer discretionary	Consumer services	Retailing	Diversified retail

Incorporated in 2006, RRVL is a closely-held investment arm of RIL for the group's retail business. RIL owns 83.56% equity stake in RRVL as on March 31, 2024. RRVL is also engaged in providing supply chain services for the Reliance group's retail businesses. As on March 31, 2024, RRVL had 78 subsidiaries, 16 joint ventures, and 10 associates. RRVL's flagship subsidiary is RRL, which is India's largest retailer by reach, scale, and profitability. The other companies in which RRVL has major investments include Reliance Brands Limited, Purple Panda Fashions Limited, Addverb Technologies Limited, V-Retail Private Limited, Shri Kannan Departmental Stores, the Genesis group, Urban Ladder Home Décor Solutions Limited, Just Dial Limited, and Metro Cash & Carry among others.

Brief Financials of RRVL – Consolidated (₹ crore)	FY23 (A)	FY24 (Abridged)
Total operating income	230,931	273,079
PBILDT	17,430	21,885
PAT	9,181	11,101
Overall gearing (times)	0.51	0.37
Interest coverage (times)	9.51	8.52

A: Audited; Financials classified per CARE Ratings' standards.

Note: the above results are latest financial results available.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Covenants of rated instruments/facilities: Annexure-3

Complexity level of various 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 along with Rating Outlook
Debentures-Non-convertible debentures	-	Not yet placed			15,000	CARE AAA; Stable
Commercial paper-Commercial paper (Standalone)	INE929O14BM9	01-Mar-24	7.80%	31-May-24	1550	CARE A1+
	INE929O14BN7	04-Mar-24	7.76%	03-Jun-24	1000	
	INE929O14BN7	04-Mar-24	7.76%	03-Jun-24	800	
	INE929O14BN7	04-Mar-24	7.76%	03-Jun-24	300	
	INE929O14BN7	04-Mar-24	7.76%	03-Jun-24	250	
	INE929O14BN7	04-Mar-24	7.76%	03-Jun-24	225	
	INE929O14BN7	04-Mar-24	7.76%	03-Jun-24	200	
	INE929O14BN7	04-Mar-24	7.76%	03-Jun-24	150	
	INE929O14BN7	04-Mar-24	7.76%	03-Jun-24	150	
	INE929O14BN7	04-Mar-24	7.76%	03-Jun-24	150	
	INE929O14BN7	04-Mar-24	7.76%	03-Jun-24	50	
	INE929O14BN7	04-Mar-24	7.76%	03-Jun-24	25	
	INE929O14BN7	04-Mar-24	7.76%	03-Jun-24	25	
	INE929O14BN7	04-Mar-24	7.76%	03-Jun-24	25	
	INE929O14BO5	20-Mar-24	7.68%	19-Jun-24	1000	
	INE929O14BO5	20-Mar-24	7.68%	19-Jun-24	200	
	INE929O14BP2	22-Mar-24	7.68%	20-Jun-24	1000	
	INE929O14BP2	22-Mar-24	7.68%	20-Jun-24	25	
	INE929O14BR8	15-May-24	7.33%	14-Aug-24	500	
	INE929O14BR8	15-May-24	7.33%	14-Aug-24	500	
	INE929O14BR8	15-May-24	7.33%	14-Aug-24	1000	
	INE929O14BS6	17-May-24	7.33%	16-Aug-24	500	
	INE929O14BS6	17-May-24	7.33%	16-Aug-24	200	
	INE929O14BS6	17-May-24	7.33%	16-Aug-24	1000	
	INE929O14BS6	17-May-24	7.33%	16-Aug-24	150	
	INE929O14BS6	17-May-24	7.33%	16-Aug-24	100	
	INE929O14BS6	17-May-24	7.33%	16-Aug-24	50	
	INE929O14BT4	24-May-24	7.33%	23-Aug-24	100	
	INE929O14BT4	24-May-24	7.33%	23-Aug-24	500	
	INE929O14BT4	24-May-24	7.33%	23-Aug-24	500	
	INE929O14BT4	24-May-24	7.33%	23-Aug-24	300	
	INE929O14BT4	24-May-24	7.33%	23-Aug-24	25	
	INE929O14BT4	24-May-24	7.33%	23-Aug-24	75	
	INE929O14BU2	29-May-24	7.18%	28-Aug-24	350	
	Proposed				17,025	

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	Commercial paper-Commercial paper (Standalone)	ST*	30000.00	CARE A1+	-	1)CARE A1+ (02-Jun-23)	1)CARE A1+ (03-Jun-22)	1)CARE A1+ (31-Jan-22) 2)CARE A1+ (07-Sep-21)
2	Debentures-Non-convertible debentures	LT#	15000.00	CARE AAA; Stable	-	1)CARE AAA; Stable (02-Jun-23)	1)CARE AAA; Stable (03-Jun-22)	-

#Long term, *Short term.

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of various instruments rated:

Sr. No.	Name of the Instrument	Complexity Level
1	Commercial paper-Commercial paper (Standalone)	Simple
2	Debentures-Non-convertible debentures	Simple

Annexure-5: Lender details: Not applicable

Annexure-6: List of entities consolidated in RRVL as on March 31, 2024

Sr. No.	Name of the entity	Extent of consolidation	Rationale for consolidation
1	7-India Convenience Retail Limited	Full	Subsidiary
2	Aaidea Solutions Limited	Full	Subsidiary
3	Actoserba Active Wholesale Limited	Full	Subsidiary
4	Addverb Technologies BV	Full	Subsidiary
5	Addverb Technologies Limited	Full	Subsidiary
6	Addverb Technologies Pte Limited	Full	Subsidiary
7	Addverb Technologies Pty Limited	Full	Subsidiary
8	Addverb Technologies USA Inc.	Full	Subsidiary
9	Amante (Exports) Private Limited	Full	Subsidiary
10	Amante India Limited	Full	Subsidiary
11	Amante Lanka (Private) Limited	Full	Subsidiary
12	Bismi Connect Limited	Full	Subsidiary
13	Bismi Hypermart Limited	Full	Subsidiary
14	Catwalk Worldwide Limited	Full	Subsidiary
15	Cover Story Clothing Limited	Full	Subsidiary
16	Cover Story Clothing UK Limited	Full	Subsidiary
17	C-Square Info-Solutions Limited	Full	Subsidiary
18	Dadha Pharma Distribution Limited	Full	Subsidiary
19	Eternalia Media Private Limited	Full	Subsidiary
20	Foodhall Franchises Limited	Full	Subsidiary
21	Future Lifestyles Franchisee Limited	Full	Subsidiary
22	Genesis Colors Limited	Full	Subsidiary
23	Genesis La Mode Private Limited	Full	Subsidiary
24	GLB Body Care Private Limited	Full	Subsidiary
25	GLF Lifestyle Brands Private Limited	Full	Subsidiary
26	GML India Fashion Private Limited	Full	Subsidiary
27	Grab A Grub Services Limited	Full	Subsidiary
28	Hamleys (Franchising) Limited	Full	Subsidiary
29	Hamleys Asia Limited	Full	Subsidiary
30	Hamleys of London Limited	Full	Subsidiary
31	Hamleys Toys (Ireland) Limited	Full	Subsidiary
32	Intelligent Supply Chain Infrastructure Management Private Limited #	Full	Subsidiary
33	Intimi India Limited	Full	Subsidiary
34	IPCO Holdings LLP	Full	Subsidiary
35	Jaisuryas Retail Ventures Limited	Full	Subsidiary
36	Just Dial Limited	Full	Subsidiary
37	Kalanikethan Fashions Limited	Full	Subsidiary
38	Kalanikethan Silks Limited	Full	Subsidiary
39	KIKO Cosmetics Retail Private Limited	Full	Subsidiary
40	Lotus Chocolate Company Limited	Full	Subsidiary
41	Mayuri Kumkum Limited	Full	Subsidiary
42	Mesindus Ventures Limited	Full	Subsidiary
43	Metro Cash & Carry India Private Limited	Full	Subsidiary
44	MYJD Private Limited	Full	Subsidiary
45	Netmeds Healthcare Limited	Full	Subsidiary
46	NextGen Fast Fashion Limited	Full	Subsidiary
47	Nilgiris Stores Limited	Full	Subsidiary
48	NowFloats Technologies Limited	Full	Subsidiary

Sr. No.	Name of the entity	Extent of consolidation	Rationale for consolidation
49	Purple Panda Fashions Limited	Full	Subsidiary
50	Reliance Rahul Mishra Fashion Private Limited	Full	Subsidiary
51	Reliance A&T Fashions Private Limited	Full	Subsidiary
52	Reliance Abu Sandeep Private Limited	Full	Subsidiary
53	Reliance Ak-Ok Fashions Limited	Full	Subsidiary
54	Reliance Beauty & Personal Care Limited	Full	Subsidiary
55	Reliance Brands Eyewear Private Limited	Full	Subsidiary
56	Reliance Brands Holding UK Limited	Full	Subsidiary
57	Reliance Brands Limited	Full	Subsidiary
58	Reliance Brands Luxury Fashion Private Limited	Full	Subsidiary
59	Reliance Clothing India Limited	Full	Subsidiary
60	Reliance Consumer Products Limited	Full	Subsidiary
61	Reliance GAS Lifestyle India Private Limited	Full	Subsidiary
62	Reliance Lifestyle Products Private Limited	Full	Subsidiary
63	Reliance Luxe Beauty Limited	Full	Subsidiary
64	Reliance Mappedu Multi Modal Logistics Park Limited	Full	Subsidiary
65	Reliance Retail and Fashion Lifestyle Limited	Full	Subsidiary
66	Reliance Retail Limited	Full	Subsidiary
67	Reliance Ritu Kumar Private Limited	Full	Subsidiary
68	Reliance-Grand Optical Private Limited	Full	Subsidiary
69	Ritu Kumar ME (FZE)	Full	Subsidiary
70	Shopsense Retail Technologies Limited	Full	Subsidiary
71	Shri Kannan Departmental Store Limited	Full	Subsidiary
72	Soubhagya Confectionery Private Limited	Full	Subsidiary
73	Thodupuzha Retail Private Limited	Full	Subsidiary
74	Tira Beauty Limited	Full	Subsidiary
75	Tresara Health Limited	Full	Subsidiary
76	Urban Ladder Home Decor Solutions Limited	Full	Subsidiary
77	Vengara Retail Private Limited	Full	Subsidiary
78	Vitalic Health Limited	Full	Subsidiary
79	V-Retail Limited	Full	Subsidiary
80	Brooks Brothers India Private Limited	Proportionate	Joint Venture
81	Burberry India Private Limited	Proportionate	Joint Venture
82	CAA Brands Reliance Private Limited	Proportionate	Joint Venture
83	Canali India Private Limited	Proportionate	Joint Venture
84	Clarks Footwear Private Limited	Proportionate	Joint Venture
85	Diesel Fashion India Reliance Private Limited	Proportionate	Joint Venture
86	Iconix Lifestyle India Private Limited	Proportionate	Joint Venture
87	Marks and Spencer Reliance India Private Limited	Proportionate	Joint Venture
88	Reliance Bally India Private Limited	Proportionate	Joint Venture
89	Reliance Paul & Shark Fashions Private Limited	Proportionate	Joint Venture
90	Reliance Sideways Private Limited	Proportionate	Joint Venture
91	Reliance-GrandVision India Supply Private Limited *	Proportionate	Joint Venture
92	Reliance-Vision Express Private Limited	Proportionate	Joint Venture
93	Ryohin-Keikaku Reliance India Private Limited	Proportionate	Joint Venture
94	Sosyo Hajoori Beverages Private Limited	Proportionate	Joint Venture
95	TCO Reliance India Private Limited	Proportionate	Joint Venture
96	Zegna South Asia Private Limited	Proportionate	Joint Venture
97	Circle E Retail Private Limited	Proportionate	Associate
98	Dunzo Digital Private Limited	Proportionate	Associate
99	Dunzo Merchant Services Private Limited	Proportionate	Associate
100	Dunzo Wholesale Private Limited	Proportionate	Associate
101	Future101 Design Private Limited	Proportionate	Associate
102	MM Styles Private Limited	Proportionate	Associate
103	MM Styles Trading LLC (UAE)	Proportionate	Associate
104	Omnia Toys India Private Limited	Proportionate	Associate
105	Ritu Kumar Fashion (LLC)	Proportionate	Associate
106	Reliance Logistics and Warehouse Holdings Limited @	Proportionate	Associate

ceased to be a subsidiary on October 24, 2023

@ ceased to be a subsidiary and became associate on March 27, 2024

* merged with Reliance-Vision Express Private Limited on November 27, 2023

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:

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