# Infiniti Retail Limited

July 08, 2025

| Facilities/Instruments | Amount (₹ crore) | Rating[1] | Rating Action |
|---|---|---|---|
| Long-Term Bank Facilities | 1,354.00<br>(Enhanced from 1,120.00) | CARE AA-; Stable | Reaffirmed |
| Short-Term Bank Facilities | 2,515.00<br>(Reduced from 2,610.00) | CARE A1+ | Reaffirmed |

Details of instruments/facilities in Annexure-1.

## Rationale and key rating drivers

The reaffirmation of ratings assigned to bank facilities of Infiniti Retail Limited (IRL) factors in financial flexibility derived from Tata Sons Private Limited (Tata Sons or TSPL), being the ultimate parent. This comfort is drawn from a strong track record of financial support being provided in the form of equity infusion and shared resources with TSPL's board members also serving on IRL's board.

Additionally, ratings draw strength from the company's dominant market position with diversified product mix and pan India presence. The company's total operating income (TOI) almost doubled in FY23 (FY refers to April 01 to March 31) to ₹15,943 crore, from ₹8,274 crore in FY22. Despite of higher base, TOI further recorded a growth of ~12% in FY24 and ~7% in FY25. Robust growth in TOI is attributable to net addition of ~319 new stores in the last three fiscals.

After two consecutive years of negative profit before interest, lease rentals, depreciation and taxation (PBILDT), the company's PBILDT turned positive in FY24. This positive momentum continued into FY25, and the trend is expected to sustain over the medium term. TOI in FY25 followed a seasonal trend, with peaks in Q1 and Q3 driven by summer and festive demand. Q2 marked the seasonal low, while Q4 reflected stable and moderate demand. The total number of stores increased to 564 in FY25 from 490 in FY24 with plans of opening 80-100 stores annually. Same stores sales (SSS) growth remained flat in FY25 after witnessing a slight decline in FY24.

With the addition of new stores, term loan has also almost doubled from ₹999 crore (as on March 2023) to ₹2039 crore in FY25 primarily for the capex and inventory build-up of the newly opened stores. Since the company has been posting weak PBILDT and cash losses, debt service coverage ratios (DSCR) continue to remain weak. However, need-based funding support from TATA Group provides comfort on debt servicing. In March 2025, the company received ₹1,000 crore from its parent, TATA Digital Private Limited (TDPL), in the form of optionally convertible redeemable preference shares (OCRPS). These funds were utilised for debt repayment and store expansion. Prior to this, in February 2023, the company had received an infusion of ₹1,000 crore from TDPL, also in the form of OCRPS with zero coupon and a 20-year redemption period. Over the years, the parent has infused significant funds with ₹1,790 crore of share capital as on March 31, 2025.

Ratings continue to be tempered by historically continued cash losses resulting in negative tangible net worth (TNW) (excludes goodwill and intangibles) and weak financial risk profile. However, these factors are partly mitigated by the strategic importance of IRL to TSPL having provided adequate financial support, as and when required.

## Rating sensitivities: Factors likely to lead to rating actions

**Positive factors:** Factors that could individually or collectively lead to positive rating action/upgrade:

- Sustenance of healthy revenue growth along with improvement in profitability margins leading to positive cash flows from operating activities.
- Sustained improvement in the capital structure and coverage ratios on the back of positive swing in net worth.

**Negative factors:** Factors that could individually or collectively lead to negative rating action/downgrade:

- Any weakening of linkages and/or deterioration in the credit profile of TSPL.
- Sustained decline in the overall revenue on a per store basis arising out of a sharp slowdown in the retail industry.

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

## Analytical approach:
Standalone, as the company does not have subsidiary or associate. However, CARE Ratings Limited (CARE Ratings) has factored in the support provided by its ultimate parent, TSPL, and accordingly applied its parent notch-up framework. IRL is wholly owned by TDPL, which in turn is a wholly owned subsidiary of TSPL, which is an investment holding company of the Tata group.

## Outlook: Stable
The stable outlook reflects the expectation that the entity will continue to maintain strong financial flexibility, supported by significant management control and a demonstrated track record of timely financial support from the ultimate parent, TSPL. Despite anticipated cash losses in the near-to-medium term, the outlook remains stable owing to IRL's dominant market position, its diversified product portfolio, pan-India presence, and the favourable demand environment for organised players in the consumer electronics sector.

## Detailed description of key rating drivers:

## Key strengths
**Strong promoter group and brand reputation**
IRL is wholly owned by TDPL, which in turn is wholly owned by TSPL, which is an investment holding company of Tata group. The board and key managerial personnel at IRL comprise of members, who also sit on the board of other Tata group companies. The parent infused total ₹1,790 crore in the form of share capital till March 31, 2025. Also, ₹1,000 crore was infused through OCRPS in FY23. Additionally, in FY25, the company received a further ₹1,000 crore OCRPS infusion from its parent entity, TDPL. TSPL has been well known for extending support to group companies, even in times of distress. Additionally, IRL is aligned with Tata's strategy for building the newly developed Tata Neu super-app integrating all forms of retail and payment offerings under a single umbrella. CROMA is a key part of this app, benefitting from online sales of consumer electronics.

**Established market position with rapidly improving scale of operations**
The company's TOI almost doubled in FY23 (FY refers to April 01 to March 31) to ₹15,943 crore, from ₹8,274 crore in FY22. Despite a higher base, TOI further recorded a growth of ~12% in FY24 and ~7% in FY25. Robust growth in TOI is attributable to addition of ~319 new stores in the last three fiscals. Although sales per square feet witnessed decline, same stores sales (SSS) growth remained flat in FY25 after witnessing a slight decline in FY24. TOI in FY25 followed a seasonal trend, with peaks in Q1 and Q3 driven by summer and festive demand. Q2 marked the seasonal low, while Q4 reflected stable and moderate demand. The company has expanded by adding net 74 new stores in FY25 and plans to open 80 -100 new stores annually.

**Diversification in product mix and pan India presence**
CROMA, alongside other national players, have geographical diversification due to pan India presence in over 200 cities. For retail industry of large appliances, there are quite a lot of regional players who compete directly with IRL. IRL's strength lies in maintaining the length and breadth of brands in its shop compared to other such multi-brand consumer electronics players. Of the sales for IRL, ~25-30% are from home and kitchen appliances, while communications segment, which is generally a market pull strategy for the company, contributes 40-50% of overall net sales. The company's product offerings cover home appliances (TV, fridge, W/M, AC), smartphones, computers/laptops, kitchen appliances (Microwave, water purifier, dishwashers, cooking appliances), audio/video (projectors, headphones/earphones, speakers), grooming devices, all cameras (CCTV, professional cameras), gaming and all kinds of accessories. Additionally, the company also sells service-based products such as extended warranty and servicing. However, major liability is on the third-party insurance for such extended warranty products.

**Efficient working capital management**
The company has strong supply-side relations due to direct sourcing from OEMs and logistical and distribution network in place. In 2013, the company acquired Woolworths Wholesale India, which helped the company gain grip over in-house efficient sourcing arrangements. Though 98% of inventory are outright purchases, instead of the sale-or-return basis, risk of fluctuation in working capital cycle is quite low due to adequate provisioning for the inventory and regular write-downs being done (₹49.25 crore for FY25, ~1.7% of total inventory). This claim is reaffirmed by the stable inventory days at 45-55 days for the company in the last five years.

### Key weaknesses

**Business risk constrained by losses at operating level and historically continued cash losses**

Apart from cost of traded goods, which account ~85-90% of sales, another fixed cost is the rental expense since the company opens stores in prime locations. Given that margins are thin in this business, fixed costs component (rental, employee costs) though low may weigh heavily wiping away the margins in downtimes. After two consecutive years of negative figures, the company's PBILDT turned positive in FY24. This positive momentum continued into FY25, and CareEdge Ratings expects positive operating margins in the medium term, with more than 50% of the stores opened in the last three years achieving the gestation period. However, PBILDT margins are likely to stay under pressure in the near term, hovering between 3.5-5.5% given the company's significant expansion mode.

**Financial risk profile supported by financial flexibility of parent (TSPL)**

With the addition of new stores, term loan has also almost doubled from ₹999 crore (as on March 2023) to ₹2039 crore in FY25 primarily for the capex and inventory build-up of the newly opened stores. Since the company has been posting weak PBILDT and cash losses, DSCR continue to remain weak. However, need-based funding support from TSPL provides comfort on debt servicing. In March 2025, the company received ₹1,000 crore from its parent, TDPL, in the form of OCRPS. These funds were utilised for debt repayment and store expansion. Prior to this, in February 2023, the company had received an infusion of ₹1,000 crore from TDPL, also in the form of OCRPS with zero coupon and a 20-year redemption period. The parent has over the years infused significant funds with ₹1,790 crore of share capital as on March 31, 2025.

**Liquidity**: Adequate

Cash and liquid balance stood at ₹41.69 crores as on March 31, 2025. The company has ₹5,832 crores of sanctioned fund-based limits which are fungible with non-fund-based limits. Combined Fund-based and non-Fund-based limit utilisation has been 87% utilised on trailing 12-month basis ending April 2025. Liquidity comfort is being drawn from the ultimate parent- Tata Sons, which provides need-based funding support to IRL.

**Assumptions/Covenants:** Not applicable

**Environment, social, and governance (ESG) risks:** Not applicable

### Applicable criteria

Definition of Default
Factoring Linkages Parent Sub JV Group
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios-Non financial Sector
Retail
Short Term Instruments

### About the company and industry

### Industry classification

| Macroeconomic indicator | Sector | Industry | Basic industry |
|---|---|---|---|
| Consumer Discretionary | Consumer Durables | Consumer Durables | Consumer Electronics |

IRL formed in 2006 is a wholly owned subsidiary of TDPL, which is wholly owned by TSPL. IRL operates a national chain of multi-brand electronics stores (white goods, kitchen appliances, smartphones, and gaming) under brand name CROMA. The company's product offerings cover home appliances (TV, fridge, W/M, AC), smartphones, computers/laptops, kitchen appliances (Microwave, water purifier, dishwashers, cooking appliances), audio/video (projectors, headphones/earphones, speakers), grooming devices, all cameras (CCTV, professional cameras), gaming, and all kinds of accessories. IRL retails through 564 retail CROMA outlets with retail area of over 5.2 million square feet (as on March 31, 2025), mostly run on lease basis across 200 cities as on March 31, 2025. The company operates about 80 stores under the franchised owned company operated (FOCO) model. The company also sells private label products (under CROMA brand name) which contributes ~7-8% of sales.

| Brief Financials (₹ crore) | March 31, 2024 (A) | March 31, 2025 (A) |
|---|---|---|
| Total operating income | 17,931.86 | 19,165.22 |
| PBILDT | 52.45 | 470.90 |
| PAT | -986.70 | -1,090.79 |
| Overall gearing (times) | -8.66 | -8.73 |
| Interest coverage (times) | 0.06 | 0.46 |

A: Audited; Note: these are latest available financial results

**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 |
|---|---|---|---|---|---|---|
| Fund-based - ST-Working Capital Limits | | - | - | - | 2515.00 | CARE A1+ |
| Fund-based-Long Term | | - | - | March-2028 | 1354.00 | CARE AA-; Stable |

**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-Long Term | LT | 1354.00 | CARE AA-; Stable | - | 1)CARE AA-; Stable (09-Jan-25)<br><br>2)CARE AA-; Stable (07-Oct-24)<br><br>3)CARE AA-; Stable (05-Jul-24) | 1)CARE AA-; Stable (01-Jun-23) | 1)CARE AA-; Stable (30-Mar-23) |
| 2 | Fund-based - ST-Working Capital Limits | ST | 2515.00 | CARE A1+ | - | 1)CARE A1+ (09-Jan-25)<br><br>2)CARE A1+ (07-Oct-24)<br><br>3)CARE A1+ (05-Jul-24) | 1)CARE A1+ (01-Jun-23) | 1)CARE A1+ (30-Mar-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 - ST-Working Capital Limits | Simple |
| 2 | Fund-based-Long Term | Simple |

**Annexure-5: Lender details**

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|---|
| To view the 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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**About us:**

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