

Reliance Retail Limited

September 12, 2025

Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Fixed deposit	500	CARE AAA; Stable	Reaffirmed
Commercial paper	5,000	CARE A1+	Reaffirmed
Commercial paper	5,000	CARE A1+	Reaffirmed

Details of instruments in Annexure-1

Rationale and key rating drivers

Ratings assigned to debt instruments of Reliance Retail Limited (RRL) continue to derive strength from its strong market position being the largest retailer in the industry by reach, revenue, scale and profitability. Ratings also draw strength from its strong and resourceful ultimate parent company, Reliance Industries Limited (RIL; rated 'CARE AAA; Stable/CARE A1+'), where RRL is strategically important to RIL. Continuous growth in its scale of operations and strong financial risk profile further underpin its ratings. Ratings also factor in significant financial support extended by RRL's immediate parent company, Reliance Retail Ventures Limited (RRVL; rated CARE AAA; Stable/CARE A1+), which is expected to continue going forward.

Rating strengths mostly offset risk associated with competitive retail industry scenario and RRL's large-size expansion plans.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Not applicable

Negative factors

- Weakening of strategic importance of RRL to RIL group
- Sizeable decline in operating profitability viz. PBILDT margin below 6% on a sustained basis, leading to moderation in its debt coverage indicators.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes that RRL shall continue to maintain its dominant position in the Indian retail sector, which shall lead to sustenance of its strong credit profile.

Detailed description of key rating drivers:

Key strengths

Leadership position with operations across diversified segments of the retail sector

RRL is the flagship subsidiary of RRVL and is engaged in retailing products and services across key consumption baskets - fashion and lifestyle, electronics, grocery, and connectivity. The company has a diversified omni-channel presence through integrated store concepts, digital and new commerce platforms. On June 30, 2025, RRL had a presence across over 7,000 cities and towns, with 17,351 stores and 71.6 million square feet of retail space across its diverse consumption baskets. Rapid store expansion, particularly in tier-III and tier-IV cities, launch and expansion of digital and new commerce business, and catchment-focused assortment have been key drivers for the robust growth of its retail business, where its stores are well-distributed across north, south, east, and west of India with direct home delivery capabilities to reach maximum Indian households. The company benefits through strong supply chain infrastructure built by RRVL. RRVL have built back-end and front-end retail infrastructure, including warehousing facilities, logistics, retail store network, and IT infrastructure which supports RRL's business operations.

The company operates a bouquet of digital commerce platforms led by JioMart, a cross-category horizontal platform with a wide catalogue selection and seller base while leveraging the wide network of its stores and well-established supply chain. JioMart's quick hyper local deliveries, i.e., delivery within 30 minutes, continues to grow rapidly as it expanded its operations to over 4,000 pin codes. JioMart also offers scheduled deliveries and subscription services through Milkbasket. The company, under its new commerce initiative, has expanded its reach with rapid onboarding of over four million merchant partners.

RRL continued to attract numerous customers across the country, with its registered customer base growing to 358 million as on June 30, 2025, up by 13% y-o-y. In FY25, RRL's total operating income (TOI) grew y-o-y by 5%. Sustained growth in revenue, improving operating leverage, and initiatives to consolidate operations, supported expansion of PBILDT margin by 41 bps y-o-y

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

in FY25. CareEdge Ratings believes that operating performance of RRL shall remain healthy supported by store network expansion and scaling up of digital and new commerce businesses.

Strategic importance of the retail arm to the RIL group

RIL has been making large investments in consumer-focusing businesses - telecom and retail, which are treated as key business growth segments for the group. The group has also extended the common corporate brand 'Reliance' to 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. Contribution of the retail arm to RIL's consolidated revenue has consistently improved, with the retail segment contributing to around 28% of RIL's consolidated revenue and 14% of its PBILDT in FY25. RIL's expansion plans for growing its consolidated sales, operations, and market presence are expected to translate into significant growth for RRVL and RRL.

Strong financial risk profile

RRL has a strong financial risk profile with a robust net worth base of ₹95,049 crore as on March 31, 2025, post conversion of unsecured loans from RRVL of ₹40,000 crore to zero coupon long tenure optionally convertible debentures. Post this, RRL's total debt of ₹56,564 crore as on March 31, 2025, primarily comprises external debt of ₹35,432 crore and unsecured loans from RRVL of ₹21,132 crore. Overall gearing stood comfortable at 0.60x as on March 31, 2025 (1.81x as on March 31, 2024). CareEdge Ratings expects loans from RRVL, to remain in the company, as they have been infused by RRVL largely from its capitalisation, for funding RRL's capex plan and working capital requirements. RRL's overall gearing for net external debt (net debt excluding loans from RRVL) stood strong at 0.21x as on March 31, 2025 (0.37x as on March 31, 2024). Also, RRVL's consolidated net gearing stood strong at 0.23x as on March 31, 2025, supported by its equity raise of ₹58,915 crore and ₹17,814 crore in FY21 and FY24, respectively.

RRL's net external debt/PBILDT stood very comfortable at 0.89x in FY25 (0.83x in FY24). CareEdge Ratings expects RRL's gearing and debt coverage indicators to witness further improvement going forward, considering gradual monetization of large size capex incurred in past few years.

Liquidity: Superior

RRL's liquidity is marked by healthy cash accruals, almost 40% unutilized fund-based working capital limits of ₹19,894 crore and cash and cash equivalents of ₹15,589 crore as on March 31, 2025. RRL's financial flexibility derives significant comfort from cash flow fungibility between RRVL and its subsidiaries amidst cash and cash equivalents of ₹26,630 crore, at RRVL consolidated level, as on March 31, 2025. Moreover, being a part of Reliance group, also ensures superior financial flexibility for RRL.

Key weaknesses

Exposure to competitive industry scenario

Indian retail industry has emerged as one of the most dynamic and fast-paced industries due to the entry of new players. Although RRL has a significant presence in retail industry, it faces competition from organised and unorganised players, through physical stores, apart from deep penetration of e-commerce/quick-commerce platforms. However, RRL's large and established presence in over 7,000 cities and towns, with 17,351 stores, 71.6 million square feet of retail space, and 358 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

RRL undertook aggressive expansion of its retail footprint and development of digital and new commerce platforms. Consequently, it has incurred a large capex of around ₹90,000 crore, for expansion and acquisitions, in the last three years ended FY25. Going forward, although RRL's capex/investments are expected to moderate in the medium term, its ability to generate a healthy return on capital employed (ROCE) remains key monitorable.

Applicable criteria:

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Retail](#)

[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

RRL is a part of the Reliance (Mukesh D Ambani) group's retail venture. RIL owns 83.56% equity stake in RRVL, and RRVL owns 100% equity stake in RRL as on March 31, 2025. Over the years, RIL group has built an end-to-end retail value chain, which includes retail store network, warehousing facilities, digital and new commerce platforms and IT infrastructure, making RRL India's largest retailer by reach, scale, and profitability.

Brief Financials – Standalone (₹ crore)	FY24 (A)	FY25 (A)
Total operating income	258,388	271,012
PBILDT	20,256	22,367
PAT	8,875	9,973
Overall gearing (times)	1.81	0.60
Interest coverage (times)	4.54	4.73

A: Audited; Note: The above results are the latest financial results available.

Financials are classified per CARE Ratings' standards.

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 along with Rating Outlook
Commercial Paper- Commercial Paper (Standalone) - Proposed	-	-	-	7-364 days	5,000	CARE A1+
Commercial Paper- Commercial Paper (Standalone) - Proposed	-	-	-	7-364 days	5,000	CARE A1+
Fixed Deposit	-	-	-	-	500	CARE AAA; Stable

No commercial paper outstanding as on September 3, 2025

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	Commercial Paper-Commercial Paper (Standalone)	ST	5,000	CARE A1+	-	1)CARE A1+ (03-Sep-24)	1)CARE A1+ (05-Sep-23)	1)CARE A1+ (05-Sep-22)
2	Fixed Deposit	LT	500	CARE AAA; Stable	-	1)CARE AAA; Stable (03-Sep-24)	1)CARE AAA; Stable (05-Sep-23)	1)CARE AAA; Stable (05-Sep-22)
3	Commercial Paper-Commercial Paper (Standalone)	ST	5,000	CARE A1+	-	1)CARE A1+ (03-Sep-24)	1)CARE A1+ (05-Sep-23)	1)CARE A1+ (05-Sep-22)

LT: Long term; ST: 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	Commercial Paper-Commercial Paper (Standalone)	Simple
2	Fixed Deposit	Simple

Annexure-5: Lender details: Not applicable

Note on complexity levels of rated instruments: CareEdge 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 clarifications.

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