

Report Date: June 8, 2021
Report Number: Annual/2021/01

ISIN: INE742O01010
Status: Unlisted EQ
Face Value: ₹10 per share
Market Capitalisation:
₹9,73,128.88 Crores

Reliance Retail is India's largest and most successful retailer. In just 14 years of launch, Reliance Retail has accomplished a feat that no other retailer has achieved. Reliance Retail touches every aspect of its consumers' life from morning to evening, food to fashion, items of necessities to luxuries of life, cities to towns, online to offline and much more, enabling the ease of living for every Indian. Reliance Retail is not only India's foremost retailer, but it has emerged as the fastest-growing retailer in the world and features among the top 100 retailers globally.

















Reliance Retail has established its business across five key consumption baskets of:

- Consumer Electronics
- Fashion & Lifestyle
- Grocer
- Petro Retail
- Connectivity with deep business moats.

Reliance Retail Limited achieves its robust growth due to its three core initiatives:

1. Integrating Value Chain – Connecting suppliers, small and large, to B2B and B2C customers through pan-India ecosystem.
2. Digitization – Connecting physical and digital spaces, with endless kiosks and multiple payment modes with real-time analytical support.
3. Bridging Urban-Rural divide – Bringing quality products at affordable prices to smaller tier cities, meeting demand gap and offering employment.

RELIANCE RETAIL BRANDS

 India's largest chain of neighbourhood store	 Supermarket offering everything under one roof at superior value	 Neighbourhood Convenience Store	 Online grocery store
 India's largest consumer electronics retail chain	 India's largest mobility & communication retail chain	 India's largest fashion destination	 Women focused apparel store chain
 Men focused apparel store chain	 Kids focused apparel store chain	 India's largest family footwear retail chain	 A premium experiential retail chain exclusively for women
 India's leading jewellery speciality retail chain	 Curated online fashion store	 The finest toy shop in the world	 Exponents of good living since 2007

Shareholding Pattern

Reliance Retail is the retail business wing of Reliance Industries Ltd. Reliance Retail Ventures Limited, a subsidiary of Reliance Industries Limited is the holding Company of Reliance Retail Limited (99.95% shares) which operates the retail business.



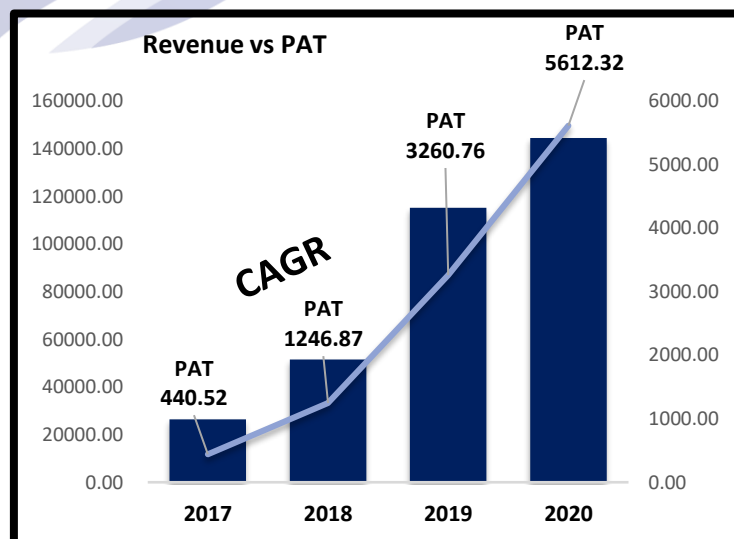
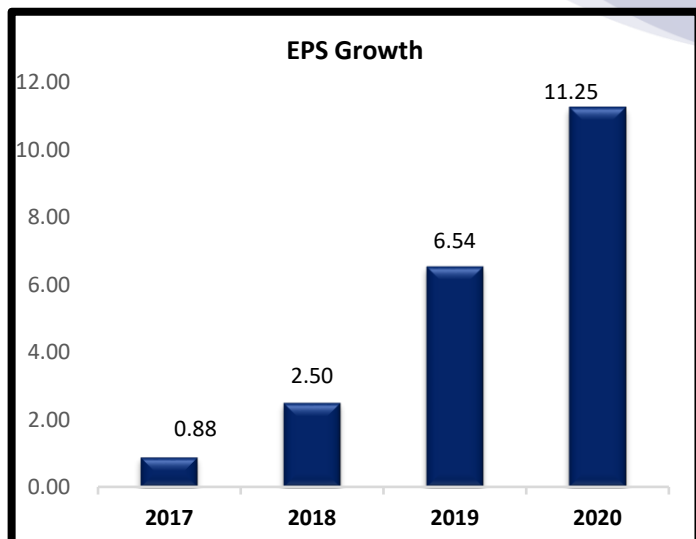
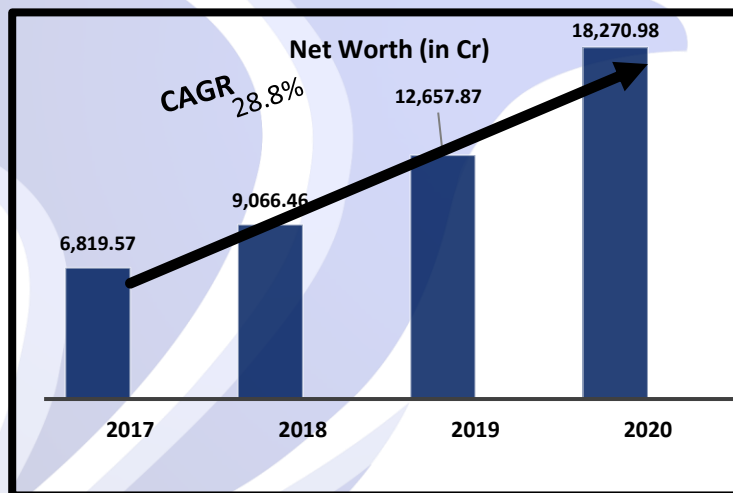
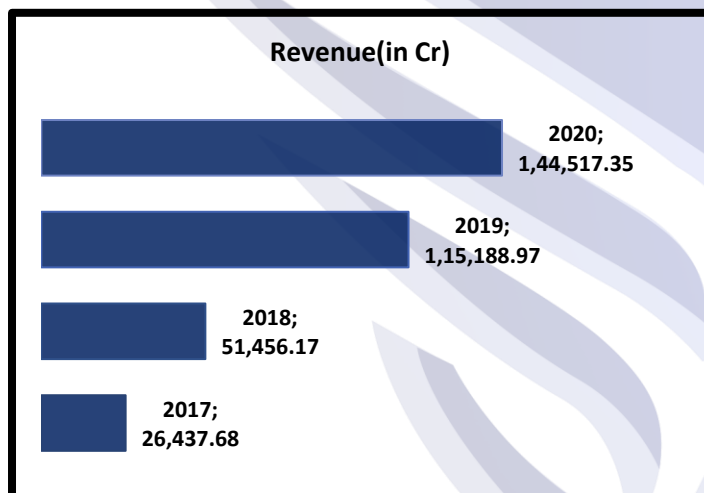
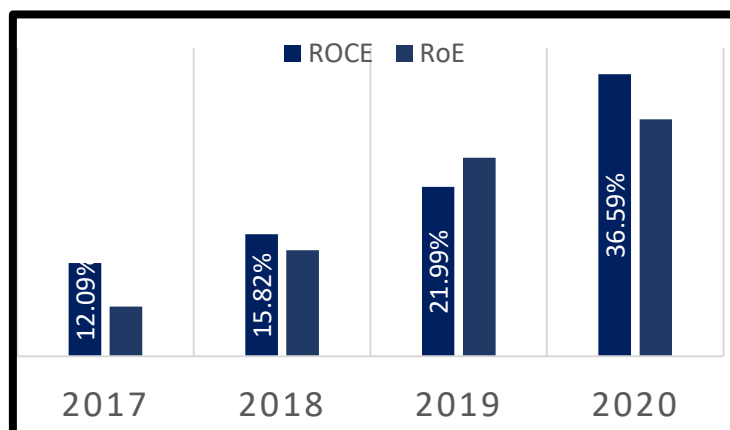
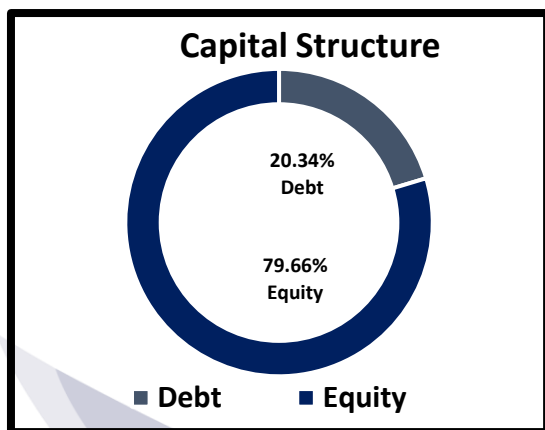
Recent Acquisitions

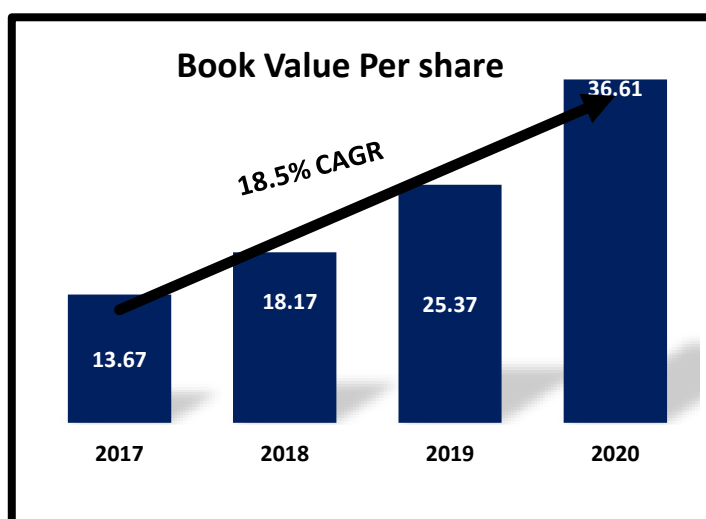
- ◆ Urban Ladder: On 15 November 2020 acquired majority ownership of the furniture and decorating Company.
- ◆ Future Retail: On 29th August 2020, RIL bought Future Retail for ₹ 24,713 Crore which operates famous retail stores in India such as Big Bazaar, Lifestyle fashions, Foodhall etc
- ◆ Netmeds: As of 18th August 2020, RIL bought a majority stake in online pharmacy Company Netmeds for ₹ 620 Crores to expand JIO Mart into Pharmacy products sales and delivery.
- ◆ Hamleys: In 2019, Reliance Brands acquired Hamleys, the global leader in premium kids toys store and has a presence in 18 countries.
- ◆ Zivame: Reliance Brands, in July 2020 acquired 15% stake in Zivame, the women lingerie brand with a sizeable market share in its category.
- ◆ JIO Mart: In May 2020, Reliance Retail in partnership with JIO platforms and Whatsapp launched JIO Mart in 200 cities to enter into e-commerce and online grocery delivery business.

Key Business and Finance Matrices:

- ◆ A strong network of 11,784 physical stores across 7000+ towns and cities
- ◆ Approximately 28.7 Million sqft of retail space and is growing rapidly
- ◆ Over 125 Million registered customers who patronize all its diverse store concepts
- ◆ International presence in 18 countries
- ◆ 46 International partner brands
- ◆ The 2nd fastest-growing retail Company in the world as per Deloitte's Global Powers of Retailing 2021.
- ◆ Continued expansion – rapid scaling up in digital platforms & new commerce; 1500 stores launched in FY2019-20 demonstrating Reliance Retail's superior execution skills.

Financial Dashboard





Key Numbers (Consolidated)

(in Crores)

METRICS	FY2020	FY2019	FY2018	Y-O-Y Growth
Market Capitalisation	9,73,128.88	-	-	-
Enterprise Value	9,77,645.93	-	-	-
Net worth	18,270.98	12,657.87	9,066.46	101.52%
Revenue (in ₹)	1,44,517.35	1,15,188.97	51,456.17	180.85%
EBITDA	9,515.80	6,209.77	2,413.59	194.25%
Net profit margin (in %)	3.88%	2.83%	2.42%	60.33%
PAT (in ₹)	5,612.32	3,260.76	1,246.87	350.11%
EPS	11.25	6.54	2.50	350%
RoA (in %)	15.46%	9.27%	5.18%	198.45%
ROCE	36.59%	21.99%	15.82%	131.29%
Sales per sqft	50,354.48	40,135.53	17,928.98	180.85%
Face Value per share	10	10	10	-

Peer Comparison

(in Billion)

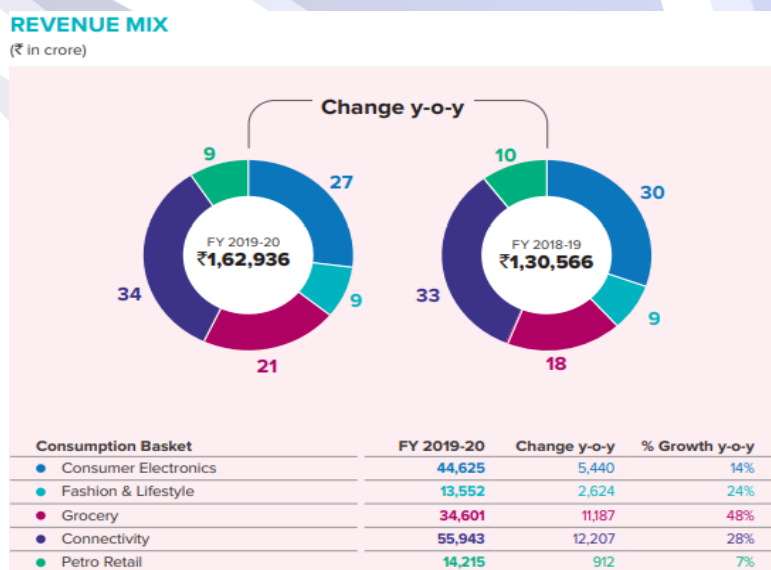
METRICS	Reliance Retail	Avenue Supermarts' D'Mart	Walmart	Tesco
Retail sqft	0.0287	0.0082	0.783	0.141
Revenue for FY20	\$21.7	\$0.342	\$524	\$73.2
Total number of stores	11,784	221	11,500	10780
Market Capitalisation	\$4-\$5.3	\$2.83	\$381.49	\$22.25
Price/Sales (X)	6.73	8.27	0.73	0.30

- ◆ In August, Reliance bought most of Future Group's business for around \$3.4 billion. This deal will take Reliance Retail to about 14,000 stores. This made Reliance Retail seven times bigger than Avenue Supermarts' D'Mart retail chain, their closest rival. This deal gives Reliance Retail access to over 1,800 Future Group stores, bringing in business worth \$5.5 billion in grocery only.

Key Investment Considerations

EBITDA	Gross Revenue	2020-21 Financial results
₹9,789Cr in FY21 (Rose 17% QoQ)	₹47,064Cr in Q4 (Rose 24% QoQ)	
PAT	Cash Profit	
₹5,481 Cr in FY21 (Rose 0.6%)	₹7,457 Cr in FY21 (De-grew 3.1%)	

- ◆ In FY19 Reliance Grocery stores reached a total of 612 after it opened 81 new stores in the year. Its revenues grew by 4.2% YoY to ₹38,211 crores for the fourth quarter in FY20. In a challenging year like 2020, its revenues grew by 24.8% YoY to ₹62,936 crores. EBITDA grew by 56% YoY to ₹9,654 crores.
- ◆ Company's operating leverage is resulting in the release of strong operating cash flows to continue making requisite investments to secure future-readiness and delivering profitable growth alongside.
- ◆ Business model is witnessing the benefits of operational efficiencies with margin growth outpacing the exponential revenue growth. The margins continue to improve across all consumption baskets backed by improving store productivity, favourable product portfolio mix, sourcing benefits and operational efficiencies.



Impact of Covid 19:

- ◆ As much as COVID-19 was a disruption, the business also viewed it as an opportunity to strengthen its partnership with kirana ecosystem. During the lockdown, JioMart provided uninterrupted services to kiranas across Navi Mumbai, Thane and Kalyan and witnessed an order flow increase of 4x times of pre-lockdown period. JioMart also commenced WhatsApp ordering for consumers through its partnership with Facebook.
- ◆ Taking a 360° view of the customers, the business is strengthening digital commerce and omnichannel capabilities, bolstering its supply chain/fulfilment capacity to handle 10x home delivery. The lockdown has provided valuable learnings for JioMart's business model and yielded encouraging progress.



Future Outlook

- ◆ Reliance Retail is now embarking on a journey to transform traditional retail through its JioMart Digital Commerce Platform. The roadmap to this journey requires Reliance Retail to establish a complex yet robust physical and digital pan-India infrastructure and neatly weave this network into a smooth, sound and responsive operating system, which will enable Reliance Retail to serve consumers in partnership with traditional retailers.
- ◆ Shift of focus towards Retail: Reliance's core business since its inception has traditionally been in oil refining and petrochemicals. However, in the past half-decade, it has diversified into two key areas as RIL looks to dominate the country's booming digital market through the launch of Jio, and capturing the trend of a global move to ecommerce through the launch of Reliance Retail.
- ◆ India's retail market is estimated at US\$822 billion in FY 2019-20 and is expected to grow at a CAGR of 10% over the next 5 years to reach US\$1,315 billion by FY 2024-25. The penetration of the organised retail market is estimated at 11% in FY 2018-19 and is expected to grow to 17% by FY 2024-25E.
The organised retail market is estimated at US\$89 billion in FY 2018-19 and is expected to grow at a CAGR of 21% over the next 5 years to reach US\$230 billion by FY2024-25E.
(Source:RIL Integrated Annual Report)

Our Analysis

- ◆ Despite the uncertainty that plagues the world surrounding the future post-COVID-19, we concur that the transition away from the traditional Energy business and focusing on Reliance Retail could not come at a better moment. Reliance Retail's margins are expected to remain strong, there are no signs to point towards RR falling from its position of the leading industry player in its respective fields anytime soon. With its recent acquisition of retail giant Future Group having recently been approved and being a traditionally dominant Company that is not afraid to venture beyond familiar fields, RIL looks set for strong future expansion.



Copyright

This report is prepared, owned, and distributed by Quantmac Capital Solutions Private Limited (QCSPL). The report is meant for the sole and exclusive use of the recipient to whom it is addressed by Quantmac Capital Solutions Private Limited (QCSPL). This report either in full or in part, cannot be redistributed and/or reproduced in any form either electronic or physical, without the written consent of the Quantmac Capital Solutions Private Limited (QCSPL).

Risk Disclosure

There is no assurance that any of the companies about which we share information about will go public soon, if ever, nor are there any assurances that the securities of those companies will become publicly traded or unrestricted. Private investments are not appropriate for all investors. This is an illiquid asset class involving wide bid-ask spread and may not be suitable for all investors compared with traditional asset classes. Investors should have the financial ability and willingness to accept such risks (including, among other things, the risk of loss of their entire investment and the lack of liquidity). Investors should consider private investments as a supplement, comprising a modest portion of an overall investment strategy and discretionary asset allocation. Investors are solely responsible for making such investment decisions. Any information provided by Quantmac Capital Solutions Private Limited (QCSPL) should not form the primary basis of the investment decision. This material is based upon information Quantmac Capital Solutions Private Limited (QCSPL) believes is reliable and factual. However, Quantmac Capital Solutions Private Limited (QCSPL) does not represent or warrant that it is accurate, complete, and/or up-to-date. Past performance of Quantmac Capital Solutions Private Limited (QCSPL), its principals, partners, or employees, or any of the securities referred to herein is not indicative of future returns. Here, investor's investment strategy involves investments for which no public market exists. Little public information exists about many of these investments, and the investor will be required to rely on his/her diligence efforts to obtain adequate information to evaluate the potential risks and returns involved in such investments. Therefore, the greater risk that the investor may invest based on incomplete or inaccurate information may adversely affect the investor's investment performance, this could subject investor's to greater risk than investments in established publicly-traded companies or businesses and negatively affect the investor's investment returns. There is no assurance that Quantmac Capital Solutions Private Limited (QCSPL)'s diligence efforts will result in an investment being successful. An investment in unlisted/pre-IPO shares contains risks, including the risk of complete loss. Any performance reflected herein is estimated, is based on incomplete information and is subject to change. Actual results, when available, may differ. Given the nature and number of companies underlying these securities, such investments should be considered a more volatile and riskier. Any trademarks or business names in this report or website are included solely for informational purposes and any such trademarks and business names are owned by their respective trademark owners. Price and value of the investments referred to in this material are indicative only. Past performance is not a guide for future performance.