

Reliance Retail: focus moves away from expansion

27 April 2025

Reliance Retail Ventures ended FY25 on a strong note as Q4 sales surged to 16.3% YoY after a sluggish 9MFY25, up 3.4% YoY, despite weak net store addition. Growth was driven by traction in grocery and consumer electronics; FY25 sales grew by a mere 6.6% YoY vs 25% CAGR during FY21-24. Elevated store churn (81% closure rate vs 57% in FY24) reflects core portfolio rationalization and may cushion profitability. Key notables were hyperlocal deliveries, up 2.4x QoQ, across 4,000 pin codes and launch of Shein. Monitor the steady digital revenue contribution (17-18% over the last eight quarters) and execution in digital segment vs MNCs/domestic platforms. Budget-led tax reliefs may offer near-term support.

Q4 headline ends on a robust note: FY25 revenue growth was up 6.6% YoY; implied same store sales growth (SSSG) of 4.4%YoY, and was a drag on sluggish 9MFY25 show, reflecting broader consumer slowdown along with store rationalization. However, Q4FY25 saw revenue growth of 16.3% YoY to INR 786bn and implied double-digit SSSG in Q4. The comeback was primed by offline grocery (traction in general merchandise & premium products) and consumer electronics (growth in conversion and average order value, up 26% YoY). While Reliance Retail remains the elephant-in-the-house, sustainability of growth hinges on: 1) scale of competition from online grocery platforms (qCommerce), 2) expansion of modern trade firms, 3) rising dominance of eCommerce in consumer electronics, and 4) execution on JioMart's 30-minute delivery & *Shein* launch.

Store churn remains elevated in Q4 and throughout FY25: The company expanded store network at a 15.3% CAGR during FY20- 23 despite higher scale. However, FY24 and FY25 seem to stem from expansion, marred by a broader consumer slowdown and store closure (likely peaked in FY25 after kicking in H2FY24). Sharp moderation in net store addition continues, fell to 504 net openings in FY25 vs 2,485 in FY22, 2,844 in FY23 and 796 in FY24; this is due to elevated closure rate of 81% in FY25 (calculated closed/gross opened), surging from a mere 3% in FY22. This is a potential portfolio rationalization measure on 1) diverse business segments, such as FMCG, grocery, beauty & personal care (BPC), fast fashion shifting to online, 2) increased competition, and 3) closure of loss-making & lower profitable stores. Going by quarterly trends, the Q4 closure rate is still material at 78% after peaking in Q2 at 94%. While early expansion may have prioritized scale over sustainability, we believe two years into rationalization could strengthen the core portfolio. Demand recovery followed by recent tax reliefs in the union budget is key to watch in the near term.

Segment-wise growth with key notables: While the performance was system-wide. Some notables during the quarter were: 1) 2.4x QoQ surge in hyperlocal deliveries, 2) early Summer driven by 21% YoY growth in AC, c) relaunch *Shein* in India with 12,000 live options on platform, and d) live same day & next day in 26 cities for *AJIO* (competition to *Myntra*). Its consumer brands continue to scale, crossing 114bn in sales, and brands like *Campa Cola* gaining share in the entry-level soft beverage space.

Hyperlocal deliveries surge 2.4x QoQ; expands to 4,000 pin codes: qCommerce under *JioMart* grew on healthy orders growth. Hyperlocal deliveries are available in 4,000 pin codes. *JioMart's* online model leverages existing reliance retail stores and are available across 2,100 stores (~25-30% of grocery stores). The model avails delivery under 30 minutes and scheduled deliveries with a wider assortment. Seller base and selection were up by 22%/10% YoY, respectively. App visits grew 37% YoY. *JioMart* may face competition from incumbents (*Blinkit*, *Instamart* & *Zepto*) and new entrants in qCommerce space.

Watch on sustainability of growth: Q4 comeback was noteworthy, given sales growth, although EBITDA margin was largely flat QoQ and YoY. Healthy store expansion, margin trajectory and moderation in competitive intensity are key watch for earnings growth; we continue to monitor digital revenues contribution, which is steady at 17-18% over the last eight quarters, execution in digital business may aid in market share vs larger MNCs and homegrown platforms.

Karan Taurani
Internet, Media & Entertainment
+91 22 6164 0000
karan.taurani@elaracapital.com

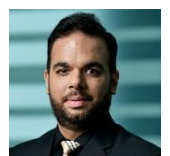


Exhibit 1: Reliance Retail Ventures - Financial performance

Particulars (INR bn)	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	FY25	FY24	YoY (%)
Gross revenue	886.2	766.3	15.7	903.3	(1.9)	3,308.7	3,067.9	7.9
Revenue from operations	786.2	676.1	16.3	796.0	(1.2)	2,909.8	2,730.8	6.6
EBITDA from operations	65.1	56.8	14.6	66.3	(1.8)	242.7	222.2	9.2
EBITDA margin (%)	8.3	8.4		8.3		8.3	8.1	
Investment income	2.1	1.9	5.2	1.9	2.6	7.8	8.4	(6.6)
Depreciation	14.0	14.5	(3.4)	15.1	(7.0)	60.0	55.7	7.7
Finance costs	6.8	6.8	(0.4)	6.7	2.1	24.6	25.7	(4.1)
Profit before tax	46	37	23.9	47	(0.6)	166	149	11.2
Tax Expenses	10.8	9.9	9.5	12.0	(9.4)	42.0	38.0	10.6
Tax rate	23.4	26.5		25.7		25.3	25.5	
Profit After Tax	35	27	29.1	35	2.5	124	111	11.3
Share of Associates & JV	(0.3)	(0.5)	(45.8)	0.27	(196.3)	0.0	(0.3)	(115.4)
Profit After Tax after Associates & JV	35	27	30.4	35	1.0	124	111	11.6

Source: Company, Elara Securities Research

Exhibit 2: Operational metric highlights

Particulars	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	FY25	FY24	YoY (%)
Stores (#)	19,340	18,836	2.7	19,102	1.2	19,340	18,836	2.7
Area operated (mn sqft)	77.4	79.1	(2.1)	77.4	0.0	77.4	79.1	(2.1)
Registered customer base (mn)	349	304	14.8	338	3.3	349	304	14.8
Number of transactions (mn)	361	311	16.1	355	1.7	1393	1260	10.6

Source: Company, Elara Securities Research

Exhibit 3: Closure rate surges to 81% in FY25

(No.)	FY22	FY23	FY24	FY25
Stores	15,196	18,040	18,836	19,340
YoY (%)	19.5%	18.7%	4.4%	2.7%
Gross opened	2,566	3,342	1,840	2,659
Closed	81	498	1,044	2,155
Net opened	2,485	2,844	796	504
Closure rate (%)	3%	15%	57%	81%

Source: Company, Elara Securities Research

Disclosures & Confidentiality for non U.S. Investors

The Note is based on our estimates and is being provided to you (herein referred to as the "Recipient") only for information purposes. The sole purpose of this Note is to provide preliminary information on the business activities of the company and the projected financial statements in order to assist the recipient in understanding / evaluating the Proposal. Nothing in this document should be construed as an advice to buy or sell or solicitation to buy or sell the securities of companies referred to in this document. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved) and should consult its own advisors to determine the merits and risks of such an investment. Nevertheless, Elara Securities (India) Private Limited or any of its affiliates is committed to provide independent and transparent recommendation to its client and would be happy to provide any information in response to specific client queries. Elara Securities (India) Private Limited or any of its affiliates have not independently verified all the information given in this Note and expressly disclaim all liability for any errors and/or omissions, representations or warranties, expressed or implied as contained in this Note. The user assumes the entire risk of any use made of this information. Elara Securities (India) Private Limited or any of its affiliates, their directors and the employees may from time to time, effect or have effected an own account transaction in or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for or solicit investment banking or other business from any company referred to in this Note. Each of these entities functions as a separate, distinct and independent of each other. This Note is strictly confidential and is being furnished to you solely for your information. This Note should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. This Note is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Elara Securities (India) Private Limited or any of its affiliates to any registration or licensing requirements within such jurisdiction. The distribution of this document in certain jurisdictions may be restricted by law, and persons in whose possession this document comes, should inform themselves about and observe, any such restrictions. Upon request, the Recipient will promptly return all material received from the company and/or the Advisors without retaining any copies thereof. The Information given in this document is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This Information is subject to change without any prior notice. Elara Securities (India) Private Limited or any of its affiliates reserves the right to make modifications and alterations to this statement as may be required from time to time. However, Elara Securities (India) Private Limited is under no obligation to update or keep the information current. Neither Elara Securities (India) Private Limited nor any of its affiliates, group companies, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. This Note should not be deemed an indication of the state of affairs of the company nor shall it constitute an indication that there has been no change in the business or state of affairs of the company since the date of publication of this Note. The disclosures of interest statements incorporated in this document are provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. Elara Securities (India) Private Limited generally prohibits its analysts, persons reporting to analysts and their family members from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Any clarifications / queries on the proposal as well as any future communication regarding the proposal should be addressed to Elara Securities (India) Private Limited. It is important to note that any dispute with respect to this research report, would not have access to stock exchange investor redressal forum or arbitration mechanism.

Elara Securities (India) Private Limited was incorporated in July 2007 as a subsidiary of Elara Capital (India) Private Limited.

Elara Securities (India) Private Limited is a SEBI registered Stock Broker in the Capital Market and Futures & Options Segments of National Stock Exchange of India Limited [NSE], in the Capital Market Segment of BSE Limited [BSE] and a Depository Participant registered with Central Depository Services (India) Limited [CDSL].

Elara Securities (India) Private Limited's business, amongst other things, is to undertake all associated activities relating to its broking business.

The activities of Elara Securities (India) Private Limited were neither suspended nor has it defaulted with any stock exchange authority with whom it is registered in last five years. However, during the routine course of inspection and based on observations, the exchanges have issued advise letters or levied minor penalties on Elara Securities (India) Private Limited for minor operational deviations in certain cases. Elara Securities (India) Private Limited has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has the certificate of registration been cancelled by SEBI at any point of time.

Elara Securities (India) Private Limited offers research services primarily to institutional investors and their employees, directors, fund managers, advisors who are registered or proposed to be registered.

Details of Associates of Elara Securities (India) Private Limited are available on group company website www.elaracapital.com

Elara Securities (India) Private Limited is maintaining arms-length relationship with its associate entities.

Research Analyst or his/her relative(s) may have financial interest in the subject company. Elara Securities (India) Private Limited does not have any financial interest in the subject company, whereas its associate entities may have financial interest. Research Analyst or his/her relative does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. Elara Securities (India) Private Limited does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. Associate entities of Elara Securities (India) Private Limited may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. Research Analyst or his/her relative or Elara Securities (India) Private Limited or its associate entities does not have any other material conflict of interest at the time of publication of the Research Report.

Artificial Intelligence (AI) tools may have been used only for compilation or collating publicly available research data or internally generated research data during the information gathering and/or summarizing the final report.

Research Analyst or his/her relative(s) has not served as an officer, director or employee of the subject company.

Research analyst or Elara Securities (India) Private Limited have not received any compensation from the subject company in the past twelve months. Associate entities of Elara Securities (India) Private Limited may have received compensation from the subject company in the past twelve months. Research analyst or Elara Securities (India) Private Limited or its associate entities have not managed or co-managed public offering of securities for the subject company in the past twelve months. Research analyst or Elara Securities (India) Private Limited or its associates have not received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months. Research analyst or Elara Securities (India) Private Limited or its associate entities may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company or third party in connection with the Research Report in the past twelve months.

Disclaimer & Standard warning

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Disclaimer for non U.S. Investors

The information contained in this note is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

Disclaimer for U.S. Investors

This material is based upon information that we consider to be reliable, but Elara Capital Inc. does not warrant its completeness, accuracy or adequacy and it should not be relied upon as such.

This material is not intended as an offer or solicitation for the purchase or sale of any security or other financial instrument. Securities, financial instruments or strategies mentioned herein may not be suitable for all investors. Any opinions expressed herein are given in good faith, are subject to change without notice, and are only correct as of the stated date of their issue. Prices, values or income from any securities or investments mentioned in this report may fall against the interests of the investor and the investor may get back less than the amount invested. Where an investment is described as being likely to yield income, please note that the amount of income that the investor will receive from such an investment may fluctuate. Where an investment or security is denominated in a different currency to the investor's currency of reference, changes in rates of exchange may have an adverse effect on the value, price or income of or from that investment to the investor. The information contained in this report does not constitute advice on the tax consequences of making any particular investment decision. This material does not take into account your particular investment objectives, financial situations or needs and is not intended as a recommendation of particular securities, financial instruments or strategies to you. Before acting on any recommendation in this material, you should consider whether it is suitable for your particular circumstances and, if necessary, seek professional advice.

Certain statements in this report, including any financial projections, may constitute "forward-looking statements." These "forward-looking statements" are not guarantees of future performance and are based on numerous current assumptions that are subject to significant uncertainties and contingencies. Actual future performance could differ materially from these "forward-looking statements" and financial information.

India

Elara Securities (India) Private Limited
One International Center, Tower 3,
21st Floor, Senapati Bapat Marg,
Elphinstone Road (West)
Mumbai – 400 013, India
Tel : +91 22 6164 8500

Europe

Elara Capital Plc.
6th Floor, The Grove,
248A Marylebone Road,
London, NW1 6JZ,
United Kingdom
Tel : +44 20 7486 9733

USA

Elara Securities Inc.
230 Park Avenue, Suite 2415,
New York, NY 10169, USA
Tel: +1 212 430 5870
Fax: +1 212 208 2501

Asia / Pacific

Elara Capital (Asia) Pte.Ltd.
One Marina Boulevard,
Level 20,
Singapore 018989
Tel : +65 6978 4047



Managing Director

Harendra Kumar | harendra.kumar@elaracapital.com | +91 22 6164 8571



Head of Research

Dr Bino Pathiparampil | bino.pathiparampil@elaracapital.com | +91 22 6164 8572

Sales Team



India

Hitesh Danak - hitesh.danak@elaracapital.com - +91 22 6164 8543
Ashok Agarwal - ashok.agarwal@elaracapital.com - +91 22 6164 8558



India, APAC & Australia

Sudhanshu Rajpal - sudhanshu.rajpal@elaracapital.com - +91 22 6164 8508
Joshua Saldanha - joshua.saldanha@elaracapital.com - +91 22 6164 8541
Shraddha Shrikhande - shraddha.shrikhande@elaracapital.com - +91 22 6164 8567



India & UK

Prashin Lalvani - prashin.lalvani@elaracapital.com - +91 22 6164 8544



India & US

Karan Rathod - karan.rathod@elaracapital.com - +91 22 6164 8570



Corporate Access, Conference & Events

Anita Nazareth - anita.nazareth@elaracapital.com - +91 22 6164 8520
Tina D'souza - tina.dsouza@elaracapital.com - +91 22 6164 8595

By clicking this link, you acknowledge and agree to the [Terms and Conditions of Research Services](#)

Access our reports on Bloomberg: Type **RESP ESEC <GO>**

Also available on **Thomson & Reuters**

Elara Securities (India) Private Limited

Registered Office Address: One International Center, Tower 3, 21st Floor, Senapati Bapat Marg, Elphinstone Road (West) Mumbai – 400 013, India Tel : +91 22 6164 8500
CIN: U74992MH2007PTC172297 | SEBI Research Analyst Registration No.: INH000000933
Member of BSE Limited and National Stock Exchange of India Limited | SEBI REGN. NO.: INZ000238236
Member of Central Depository Services (India) Limited | SEBI REGN. NO.: IN-DP-370-2018
Investor Grievance Email ID: investor.grievances@elaracapital.com - Tel. +91 22 6164 8509
Compliance Officer: Mr. Anand Rao - Email ID: anand.rao@elaracapital.com - Tel. +91 22 6164 8509