

Speciality Retail

Industry Code (as per CMIE Prowess): 0101040405000000'

June 2022

Overall Industry Risk Score: **12/20 | Marginally Favourable**

Sample Size: 45 Companies

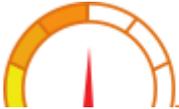
Median Rating Value of sample size: BBB+

Individual Parameters Contributing to the Score

Demand & Supply Balance  **8/20**

Moderate Over Supply

Both demand and supply were severely disrupted in FY21 due to the prolonged Covid pandemic. As per Retailers Association of India (RAI) report, the unlocking of the economy has led to a pickup in retail sales, it is expected to grow at 9-10% and reach approximately USD 2Tn by 2032. The consumption reached pre-covid levels to USD 680 Bn in 2021 as against USD 620 Bn in 2020. Increasing dependence on online channels and ecommerce firms expected to continue.

Extent of Competition  **12/20**

Neutral

The Unorganised sector continues to be major segment; presence of organised retail and ecommerce channels is increasing.

Regulatory Risk 12/20

Predictable Regulatory environment

There are restrictions of FDI into multibrand retail; 100% FDI is allowed in single brand retail. Regulations also govern e-commerce websites. The regulatory framework has been fairly balanced & supportive to domestic trade.

Input Related Risk 16/20

No supply disruptions / very narrow price band or fluctuations

Although inventory management has been a problem during the pandemic period, the input related risks are not that significant for the retail sector. Availability of the retail space at competitive pricing is critical for the long term survival/growth of the players operating in the physical segment.