

July 26, 2021

Rent a Device Trust: Rating withdrawn for PTCs issued under lease rental receivables securitisation transaction

Summary of rating action

Trust Name	Instrument*	Rated Amount (Rs. crore)	Amount O/s during previous surv exercise (Rs. crore)	Current outstanding Amount (Rs. crore)	Rating Action
Rent a Device Trust	PTCs	5,500.00 ¹	400.80	0.00	[ICRA]AAA(SO); Withdrawn

*Instrument details are provided in Annexure-1

Rationale

ICRA has withdrawn the rating for PTCs issued under rental lease receivables securitisation transaction originated by OPC Asset Solutions Private Limited, as tabulated above. All the payouts to the investors in the above-mentioned instrument has been made and no further payment are due to the investors.

The key rating drivers, liquidity position, rating sensitivities have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Policy on Withdrawal of Credit Rating
Parent/Group Support	Not Applicable
Consolidation/Standalone	Not Applicable

About the renter

Reliance Retail Limited (RRL) derives strength from being a step-down subsidiary of Reliance Industries Limited (RIL), which has a stake of about 83.5% (as of March 31, 2021) in the Renter through Reliance Retail Ventures Limited (RRVL). RIL is India's largest private sector enterprise with interests in upstream oil and gas, downstream oil refining, and petrochemicals (including plastics, polyester, fibre intermediates). Through its subsidiaries, RIL is also involved in diversified businesses spanning retail, oil marketing and digital services.

RIL forayed into the retail business in 2006 and has supported the growth of this business over the past decade through significant funding, making RRL the largest retailer in the country. RIL's Chairman, Mr. Mukesh Ambani, is also the Chairman of the board of directors of RRL. Going forward, the Renter will continue to be of strategic importance to RIL and hence will enjoy high financial flexibility, given the commitment and focus on consumer-facing businesses, the shared name, and the operational synergies with the digital services initiatives viz. Reliance Jio Infocomm Limited.

¹ Initial rated amount was Rs. 6,000 crore of which Rs. 500 crore was not issued and was hence withdrawn

Key financial indicators (audited)

Reliance Retail Limited	FY2019	FY2020
Operating Income (Rs. crore)	1,01,947	1,30,367
PAT (Rs. crore)	3,138	5,540
OPBDITA/OI (%)	6.8%	7.1%
RoCE (%)	32.6%	41.02%
Total Outside Liabilities/Tangible Net Worth (times)	1.7	1.0
Total Debt/OPBDITA (times)	1.8	0.5
Interest Coverage (times)	11.3	10.7
DSCR	8.2	9.7

Source: Company & ICRA research

OPBDITA: Operating Profit before Depreciation, Interest, Taxes and Amortisation; ROCE: Return on Capital Employed; DSCR: Debt Service Coverage Ratio

RRL is India's largest retail company by revenues. It reported a healthy YoY revenue growth of 25% in FY2020, largely driven by the growing sales in the grocery segment and the digital format as RIL's footprint in retail stores and digital services expands. In FY2021, the company's operations were impacted by the Covid-19 related lockdown, resulting in the temporary closure of stores, particularly in malls. Its grocery operations continued with limitations due to logistical challenges while electronics, fashion and e-commerce sales were affected by the complete lockdown and the shutdown of stores. This resulted in YoY decline in revenues by 5.6% in FY2021. The uncertainty due to the second wave of Covid-19 pandemic remains a monitorable.

About the seller

OPC Asset Solutions Private Limited (OPC) was founded in 2005 and effective March 2008, it became a wholly-owned subsidiary of Winvest Holdings (India) Private Limited. The company offers asset renting solutions for various movable assets such as furniture/fixtures, IT hardware such as computers/servers, etc., ATMs, point of sale terminals, construction equipment, machinery, mobile handsets, etc., through renting model. OPC's decade-long experience in the business helps it to benefit from the refurbishing, remarketing and leasing out of these assets in the secondary markets to derive its profits after the completion of the primary lease period. OPC has experience in creating watertight, complex, tailor-made operating lease financing structures for corporates, non-banking financial companies (NBFCs) and banks. Its customers include large-and-mid-sized companies in the retail space, BFSI, IT/IT enabled services, FMCG, system integration, software development, healthcare, etc. OPC has a pan-India presence, servicing customers in 30 states and 3 Union Territories.

In FY2020, the company reported a profit after tax (PAT) of Rs. 6.81 crore on an operating income (OI) of Rs. 50.69 crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Trust Name	Current Rating (FY2022)				Chronology of Rating History for the Past 3 Years					
		Instrument	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2022	Date & Rating in FY2022	Date & Rating in FY2021	Date & Rating in FY2020	Date & Rating in FY2019		
					July 26, 2021	May 25, 2021	May 22, 2020	April 10, 2019	Aug 02, 2018	Jul 23,2018	
1	Rent a Device Trust	PTCs	5,500.00 ²	0.00	[ICRA]AAA(SO); Withdrawn	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)

Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
Rent a Device	PTCs	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: www.icra.in

² Initial rated amount was Rs. 6,000 crore out of which Rs. 500 crore was not issued and was hence withdrawn

Annexure-1: Instrument details

Trust Name	Instrument	ISIN	Date of Issuance / Sanction	Coupon Rate	Scheduled Maturity Date	Amount Rated (Rs. Crore)	Current Rating
Rent a Device Trust*	PTCs	INE01A115125	July 2018	9.25%^	June 2021	0.00	[ICRA]AAA(SO) Withdrawn

* PTCs with following ISINs issued by this trust have been fully repaid earlier:

INE01A115018, INE01A115026, INE01A115034, INE01A115042, INE01A115059, INE01A115067, INE01A115075, INE01A115083, INE01A115091, INE01A115109, INE01A115117

^ Weighted average XIRR of all the Series under the PTC issuance

Annexure-2: List of entities considered for consolidated analysis

Not Applicable

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