PATEL RETAIL LIMITED

August 18, 2025

SMC Ranking

★½☆☆☆ (1.5/5)

Issue Highlights

Industry	RETAIL
Offer for sale (Shares)	1,002,000
Fresh Issue (Shares)	8,518,000
Net Offer to the Public	**9,520,000**
Issue Size (Rs. Cr.)	225-243
Price Band (Rs.)	237-255
Employee Discount	Rs 20
Offer Date	19-Aug-25
Close Date	21-Aug-25
Face Value	10
Lot Size	58

Issue Composition

	In shares
Total Issue for Sale	9,520,000
QIB	4,760,000
NIB	1,428,000
Retail	3,332,000

Shareholding Pattern (%)

Particulars	Pre-issue	Post -issue
Promoters & promoters group	97.99%	70.00%
QIB	0.00%	14.25%
NIB	0.00%	4.28%
Retail	2.01%	11.47%
Total	**100.00%**	**100.00%**

*calculated on the upper price band

Objects of the Issue

The Company Patel Retail IPO proposes to utilise the Net Proceeds from the Issue towards the following objects:

1. Repayment/prepayment, in full or part, of certain borrowings availed of by the Company.
2. Funding of working capital requirements of the Company.
3. General Corporate Purposes.

Book Running Lead Manager

- Fedex Securities Private Limited

Name of the registrar

- Bigshare Services Private Limited

About the company

Incorporated in 2008, Patel Retail Limited is a retail supermarket chain primarily serving tier-III cities and suburban areas. Operating under the brand name “Patel’s R Mart,” the company opened its first store in Ambernath, Maharashtra, and as of May 31, 2025, manages 43 stores across Thane and Raigad districts with a total retail area of about 1,78,946 sq. ft. The company offers a wide assortment of food, FMCG, general merchandise, and apparel while strengthening margins through private labels such as “Patel Fresh” (pulses and ready-to-cook items), “Indian Chaska” (spices, ghee, papad), “Blue Nation” (men’s wear), and “Patel Essentials” (home improvement). Its operations are supported by three main facilities, including a processing and packaging unit in Ambernath, a production facility in Dudhai (Kutch, Gujarat) for agri-products, and a large integrated agri-processing cluster in Dudhai spread over 15.925 acres with production, warehousing, cold storage, and testing facilities. Collectively known as the Manufacturing Facilities, the Gujarat-based units form the Kutch Facilities, playing a key role in backward integration. Positioned as neighbourhood supermarkets catering to daily needs and bulk shopping, Patel Retail also earns rental income through vendor arrangements. As of May 2025, it offers 38 product categories across 10,000 SKUs, with sales largely concentrated in Maharashtra and Gujarat.

Strength

Deep knowledge and understanding of optimal product assortment and inventory management using IT systems: Patel Retail Ltd.’s retail business sells a wide variety of goods, including food, FMCG, general merchandise, and apparel, with each store offering over 10,000 SKUs. The company customizes its product assortment based on local preferences using advanced IT systems for procurement, sales, and inventory management. This approach has supported the successful launch of private label products, which contributed 17.05%, 19.57%, and 18.47% of retail sales revenue in Fiscals 2025, 2024, and 2023, respectively. The IT systems also streamline other operations and help minimize pilferage. The company’s inventory turnover ratio stood at 5.18, 6.30, and 7.39 in Fiscals 2025, 2024, and 2023, respectively.

Steady footprint expansion using a distinct store acquisition strategy and ownership model: From a single store in Fiscal 2008, Patel Retail Ltd. expanded to 42 stores by March 31, 2025, concentrated in Thane and Raigad districts of Maharashtra. The growth follows a cluster-based model, with new stores added near existing ones to strengthen cost efficiency and local market insights. Between Fiscal 2023 and 2025, the number of stores grew from 30 to 42, while total retail area rose to 1,74,996 sq. ft. During this period, bill cuts increased significantly from 33.73 lakh to 52.15 lakh, although retail sales per square foot saw a marginal decline.

Its Presence: Operating as a “value retail” supermarket chain in tier-III cities and suburban areas, Patel Retail Ltd. has achieved consistent revenue growth across all store age groups (0–5 years, 5–10 years, and 10+ years). By Fiscal 2025, it operated 42 stores with total revenue of Rs. 3,688.70 crore. Its store expansion strategy considers factors such as population density, traffic flow, and consumer spending power, with consistent layouts across outlets. This has contributed to a sharp rise in bill cuts from 33.73 lakh in Fiscal 2023 to 52.15 lakh in Fiscal 2025. By securing high-street store locations with relatively low

rentals, the company has managed to maintain operational efficiency while keeping lease expenses as a stable share of retail sales.

Logistics and distribution network: Patel Retail Ltd.'s logistics network includes a Distribution Centre in Ambernath, Maharashtra, supported by a fleet of 18 trucks, with third-party providers assisting last-mile delivery. This ensures efficient replenishment, reducing the need for additional storage at store level and lowering working capital requirements. Beyond retail, the company operates a non-retail business in manufacturing and trading, selling products both domestically and to over 35 export markets. Its sales team works with wholesalers, retailers, and traders to ensure availability and gather feedback. Revenue from non-retail operations declined to Rs. 4,572.75 crore in Fiscal 2025 from Rs. 7,484.88 crore in Fiscal 2023, largely due to a sharp fall in export sales.

Diversified product portfolio: Patel Retail Ltd.'s core business involves retailing everyday essentials and home improvement products, supported by its private labels such as Indian Chaska, Patel Fresh, and Patel Essentials. The company also trades in bulk food and non-food items, offering products in diverse packaging sizes to cater to different customer segments. Its portfolio includes items like cumin, coriander, and chili powder, along with wholesale agro commodities such as wheat, sugar, and rice. Revenue from agro-commodity trading, however, dropped substantially from Rs. 3,940.60 crore in Fiscal 2023 to Rs. 513.32 crore in Fiscal 2025, reflecting market volatility and demand shifts.

Strategically located manufacturing facilities: Patel Retail Ltd.'s primary processing facility in Ambernath, Maharashtra, is strategically positioned near its retail stores and port facilities, reducing logistics costs. This unit handles cleaning, grading, sorting, and packaging for domestic and export supply. Export revenue from this facility fell from Rs. 5,340.71 crore in Fiscal 2023 to Rs. 1,674.76 crore in Fiscal 2025. Additionally, the company operates two facilities in Kutch, Gujarat, within an integrated "Agri-cluster," equipped for processing spices, flour, and fruit pulp. Their location near key agricultural belts reduces procurement costs and ensures product quality, traceability, and economies of scale.

Large scale procurement and storage capabilities: Patel Retail Ltd. procures agricultural produce directly from farmers, aggregators, and vendors, with top 10 suppliers contributing a declining share of revenue over the last three years. To support fruit pulp operations, the company has set up ripening chambers in its facilities. The Agri-cluster offers 3,040 MT of dry storage and 3,000 MT of cold storage, while Facility 1 and Facility 2 provide 8,500 MT and 11,000 MT of storage capacity, respectively. The company has also secured additional land in Gujarat for future warehousing and logistics expansion.

Long-standing relationship with customers: With a legacy in manufacturing, wholesale trading, and exports of wheat flour, spices, peanuts, and fruit pulp, Patel Retail Ltd. has built strong customer networks through its in-house team and brokers. These relationships have supported a base of over 500 wholesalers and retailers. The contribution of the top 10 customers in its non-retail business has steadily declined, from 32.21% of revenue in Fiscal 2023 to 15.67% in Fiscal 2025, reflecting a broadening customer base.

Strong promoter background and experienced management team: Patel Retail Ltd. benefits from the leadership of promoters Dhanji Raghavji Patel and Bechar Raghavji Patel, who bring vision and strategic direction. The management team has deep expertise in retail and export markets, enabling a strong customer-centric culture. With 229 employees as of May 31, 2025, the company emphasizes skill development and employee ownership, leading to enhanced loyalty and productivity.

Strong track record of growth and profitability: The company's retail footprint expanded from 30 stores in Fiscal 2023 to 42 by March 31, 2025, reaching 43 by May 2025. Bill cuts rose from 33.73 lakh in Fiscal 2023 to 52.15 lakh in Fiscal 2025, reflecting higher customer engagement. Despite a revenue decline from Rs. 10,198.04 crore in Fiscal 2023 to Rs. 8,259.90 crore in Fiscal 2025, mainly

due to lower trading income, profitability improved. EBITDA grew from Rs. 432.40 crore to Rs. 624.33 crore, while PAT rose from Rs. 163.80 crore to Rs. 252.78 crore, reflecting CAGR growth of 20.16% and 24.23%, respectively. The company also holds a long-term credit rating of Acuite BBB.

STRATEGY

Further strengthen the market position by expanding the store network in existing clusters as well as new clusters: Patel Retail Ltd. plans to expand its retail business in Maharashtra by increasing its store network in western suburban areas of the MMR and in Pune. The company will continue to follow its cluster-based expansion strategy, which involves opening new stores within a 60–100 km radius of existing ones. This approach is intended to enhance brand visibility, better understand customer preferences, improve cost-efficient logistics and supply chain management, and optimize human resources and marketing efforts. The number of stores has already grown from 30 in Fiscal 2023 to 43 by May 31, 2025, and the retail business area has increased from 1.22 lakh sq. ft. to 1.79 lakh sq. ft. The company's expansion strategy is guided by factors such as local population density, accessibility, and real estate costs, and it will continue to use a flexible approach of owning or leasing premises.

Enhancing sales volumes by continuing to prioritise customer satisfaction through optimal product assortment and offering value for money using EDLC/EDLP strategy: Patel Retail Ltd.'s strategy is to provide a wide range of products at low prices while maintaining high customer service standards. The company focuses on offering a pleasant in-store experience with air-conditioned stores, computerized billing, and flexible payment options. They use data on customer spending patterns to continuously review and update their product assortment to cater to local preferences, ensuring a one-stop-shopping experience. The company also plans to improve checkout time and undertake periodic store renovations to enhance the overall customer experience.

Continue to launch new products and enhance the customer base: Patel Retail Ltd. plans to launch new products, such as blended spices, ready-to-cook, and ready-to-eat items, to capture consumer trends and increase market share. They launched over 20 varieties of blended spices under the "Indian Chaska" brand in October of Fiscal 2025, which generated about Rs. 1.71 crore in revenue. These new products will be sold through their stores, as well as through a network of wholesalers, retailers, distributors, and online platforms. The company's strategy involves evaluating new products based on factors like competitive intensity, profitability, and their ability to create a differentiated offering.

Focus on increasing brand awareness: Patel Retail Ltd. is increasing its brand awareness through a mix of traditional and digital advertising. In Fiscal 2025, the company's advertising and sales promotion expenses were around Rs. 1.55 crore, or 0.19% of its revenue from operations. The company plans to move beyond traditional methods like print media and banners to include celebrity endorsements and digital advertising. Their marketing strategy will focus on product brand advertising to differentiate their offerings by quality and taste, range advertising to highlight their full product line, and digital engagement with influencers and bloggers to connect with a younger demographic and drive e-commerce sales. The company believes its cluster approach to store network expansion helps maximize the value of its advertising and branding efforts.

Expand market presence to other states of India and increase the distribution reach: Patel Retail Ltd. currently derives most of its sales from Gujarat and Maharashtra but plans to expand its business to other states in India, including Tamil Nadu, Telangana, and Uttar Pradesh. The company will use both modern trade channels (supermarkets and hyper-markets) and general trade channels (smaller retail stores) to reach end consumers. By geographically diversifying its operations and appointing distributors across the country, the company aims to mitigate business risks and optimize its supply chain. This expansion strategy is designed to reduce transportation time, manage inventory, and enhance the overall growth of the business.

Risk Factor

- Heavy dependence on Maharashtra, especially Thane and Raigad, makes revenue vulnerable to regional disruptions.
- Many stores are over 5–10 years old, leading to revenue saturation and marginal sales decline.
- Revenue has fallen over the last three fiscals, with no assurance of reversal.
- Operations depend on multiple approvals; delays or non-renewals could impact business.
- High borrowings and weak cash flows may strain liquidity and debt servicing.
- Reliance on key agri-products without long-term contracts exposes margins to volatility.

Peer Comparison

Co_Name	Total Income	PAT	EPS	P/E	P/BV	BV	FV	Price	Mcap
Avenue Super.	59358.05	2708.02	41.60	104.66	13.22	329.29	10	4353.90	283322.67
Aditya Consumer	97.41	-3.83	0.00	0.00	3.00	14.14	10	42.46	62.14
Spencer's Retail	1995.20	-246.36	0.00	0.00	-0.76	-73.40	5	55.65	501.58
Vishal Mega Mart	10716.35	631.97	1.48	98.99	10.56	13.87	10	146.50	68289.08
Osia Hyper Reta.	1427.13	19.52	1.19	9.50	0.47	23.85	1	11.31	186.13
PATEL RETAIL LIMITED	820.69	25.28	7.57	33.69	2.42	105.32	10	255.00	851.71

***Peer companies financials are TTM based**
****PATEL RETAIL LIMITED based on Actual FY25**

Valuation

Considering the P/E valuation, on the upper end of the price band of Rs. 255, the stock is priced at pre issue P/E of 25.10 x on FY25 EPS of Rs 10.16. Post issue, the stock is priced at a P/E of 33.69x on its EPS of Rs. 7.57. Looking at the P/B ratio at Rs.255 pre issue, book value of Rs.54.08 of P/Bvx 4.71x. Post issue, book value of Rs.105.32 of P/Bvx 2.42x.

Considering the P/E valuation, on the lower end of the price band of Rs.237, the stock is priced at pre issue P/E of 23.33x on FY25 EPS of Rs.10.16. Post issue, the stock is priced at a P/E of 31.32x on its EPS of Rs.7.57. Looking at the P/B ratio at Rs. 237 pre issue, book value of Rs. 54.08 of P/Bvx 4.38x. Post issue, book value of Rs.105.32 of P/Bvx 2.25x.

Industry Outlook

The Indian retail sector is experiencing a significant transformation owing to a range of shifting socio-economic factors, increasing digital and new age technology influence along with a rapidly transforming consumer landscape. Over the year, India has evolved as a thriving consumer-driven economy, making it the 4th largest retail market globally after US, China, and Japan and has thus become one of the most attractive markets for global retailer to expand their footprints in India. At present the retail sector in India accounts for over 10% of the country's GDP. Food & Grocery, Apparel & footwear, and consumer electronics are the largest retail segments, constituting 63%, 9% and 7% respectively of the retail market. The share of organized retail in the total retail industry is currently estimated 12%-15%. The organised retailing segment is estimated to be valued at USD 186 Bn in 2024 and is projected to grow to USD 267 Bn by 2033. Major retail chains are expanding their presence beyond metros and Tier-1 cities to tier-2, tier-3 cities and even in tier-4 cities owing to lower rental rates and operating costs. Today, the branded & packaged spice segment is estimated to account for 30 - 40% of the total spice market in India. According to World Spice Organization (WSO), the branded spice market in India is estimated to be worth INR 35,000 Crore. India remains the largest exporter of spices globally, with exports valued at INR 369.6 billion in FY 2024. Between 2017 and 2023, the branded wheat flour market in India witnessed a CAGR of 4.9%, with its market size expanding from roughly INR 15,000 crores to INR 20,000 crores within the given time period.

Outlook

Patel Retail Ltd. offers a resilient retail model with strong private label growth, cluster-based expansion, and improving profitability, making it well-positioned for long-term growth. Its efficient supply chain, diversified product portfolio, and experienced management further strengthen fundamentals. However, risks remain with revenue decline, geographic concentration in Maharashtra, high debt, and negative cash flows. The IPO appears attractive for long-term investors seeking exposure to India's value-driven retail market, though cautious evaluation of pricing and financial stability is essential before investing.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
BID/ISSUE OPENS ON	19-August-25
BID/ISSUE CLOSES ON	21-August-25
Finalisation of Basis of Allotment with the Designated Stock Exchange	22-August-25
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	25-August-25
Credit of Equity Shares to Demat Accounts of Allottees	25-August-25
Commencement of trading of the Equity Shares on the Stock Exchanges	26-August-25

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 31-Mar-25 (12 Months)	Period ended 31-Mar-24 (12 Months)	Period ended 31-Mar-23 (12 Months)
Revenue from operations	820.69	814.19	1018.55
Total expenditure	763.56	761.87	976.56
Operating Profit	**57.14**	**52.32**	**41.98**
OPM%	6.96	6.43	4.12
Other Income	5.30	3.52	1.26
Total Net Income	**62.43**	**55.84**	**43.24**
Interest	16.38	15.19	11.13
PBDT	**46.05**	**40.65**	**32.11**
Depreciation	11.73	10.04	9.86
PBT	**34.33**	**30.61**	**22.25**
Tax	9.05	8.08	5.87
PAT	**25.28**	**22.53**	**16.38**

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 31-Mar-25	As on 31-Mar-24	As on 31-Mar-23
Non-current assets			
Property, Plant and Equipment	62.92	58.25	57.50
Capital work in progress	0.00	4.47	1.75
Intangible assets	0.12	0.14	0.12
Intangible assets under development	0.00	0.00	0.59
Right-of-use assets	1.92	1.85	0.99
Financial Assets			
Non-current Investments	0.00	0.00	0.02
Other Financial Asset	6.13	6.09	4.73
Other Non Current assets	12.60	14.17	14.32
Other Non Current Tax assets(Net)	0.68	1.18	1.30
Deferred tax Asset (net)	2.47	2.16	1.86
Total non-current assets	**86.84**	**88.31**	**83.17**
Current asset			
Inventories	143.72	127.00	76.68
Financial Assets			
Trade receivables	124.64	96.56	103.60
Cash and cash equivalents	2.75	2.93	2.65
Other Bank balances	9.64	0.69	0.66
Other financial assets	3.58	6.01	4.59
Other current assets	11.70	11.51	31.77
Total current assets	**296.02**	**244.71**	**219.95**
Total Assets	**382.86**	**333.02**	**303.12**
Non-current liabilities			
Financial Liabilities			
Long time Borrowings	20.16	26.86	35.27
Lease liabilities	0.92	1.02	0.44
Other financial liabilities	0.41	0.00	0.00
Long Term Provisions	0.60	0.30	0.20
Total Non- Current liabilities	**22.08**	**28.17**	**35.91**
Current liabilities			
Financial Liabilities			
Short term Borrowings	160.38	158.89	147.54
Lease liabilities	1.09	0.89	0.60
Trades Payable - total outstanding dues of micro enterprises and small enterprises	13.20	6.81	0.00
Trades Payable - total outstanding dues of creditors other than micro enterprises and small enterprises	47.20	40.67	42.82
Short Term Provisions	0.03	0.00	0.00
Other current liabilities	1.42	1.06	2.62
Current Tax Liability (Net)	2.89	2.12	1.76
Total Current liabilities	**226.21**	**210.44**	**195.34**
Total	**248.29**	**238.61**	**231.25**
Net worth represented by:			
Equity Share Capital	24.88	24.38	3.81
Other equity	109.69	70.02	68.06
Net Worth	**134.57**	**94.40**	**71.87**

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★★
FAIR	★★★
GOOD	★★★★
EXCELLENT	★★★★★

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