



Company Overview

Patel Retail Ltd., incorporated in 2008, operates as a retail supermarket chain primarily in tier-III cities and nearby suburban areas, with a strong focus on “value retailing”, offering food, non-food (FMCG), general merchandise, and apparel, catering to the needs of the entire family. The first store under the brand “Patel’s R Mart” was started at Ambarnath, Maharashtra, and since then, the company has expanded across suburban areas of Thane and Raigad districts in Maharashtra. As of May 31, 2025, Patel Retail manages 43 stores, with a retail business area of approximately 1,78,946 sq. ft. Additionally, the company operates two exclusive ready-made garment outlets under the brand “R Choice.” Apart from retail sales, the company also earns rental income from vendors through display and listing fees, and shop-in-shop arrangements such as vegetable, sandwich, chat, and ice cream stalls. Under the “Patel’s R Mart” brand, the company offers convenience by operating stores in residential areas and catering to both bulk buying and top-up purchases. Its value retail model primarily targets the expanding lower-middle class, middle class, and aspiring upper-middle-class population, based on customers’ socio-economic conditions, purchasing power, demographics, and evolving consumer trends. In the non-retail segment, the company has implemented backward integration to strengthen its supply chain. It processes peanuts and whole spices such as coriander and cumin seeds at its production facility. Moreover, Patel Retail has developed an agri-processing cluster comprising five production units to broaden its product offerings across the value chain. The company also exports products under the brands Patel Fresh & Indian Chaska, as well as under the brands of its customers, from its manufacturing facilities. During the disclosed financial period, it has exported to over 35 countries. Patel Retail’s focus on one-stop-shop convenience, competitive pricing, local market knowledge, and efficient supply chain management has helped it achieve growth and success.

Objects of the issue

The company proposes to utilize the net proceeds from the offer towards funding of the following objects:

- ⇒ Repayment/prepayment, in full or part, of certain borrowings availed by the company;
- ⇒ Funding of working capital requirements of the company; and
- ⇒ General corporate purposes.

Investment Rationale

Enhancing efficiency and product assortment through IT-enabled inventory management

Patel Retail sells a diverse range of goods and merchandise, with each retail store offering over 10,000 SKUs across its product categories. The company leverages its deep knowledge of the clusters and regions in which it operates to customize the product assortment at each store, aligning with local demand and preferences while enhancing its offerings. This approach, supported by advanced IT systems, enables Patel Retail to quickly respond to changing customer needs. Its IT systems play a critical role in procurement, sales, and inventory management, enabling the company to identify and adjust product availability, brands carried, stock levels, and pricing in each store. These systems also help the company monitor and manage the performance of each store effectively. By focusing on inventory management based on customer preferences, Patel Retail has successfully launched a wide range of products under its brand across multiple categories. The company’s IT systems, built with business-specific data management tools, support key functions such as procurement, sales, and daily inventory control. In addition, it supports cash management, in-store systems, logistics systems, human resources, and other administrative functions. Its IT systems run on ERP applications and are robust and scalable. Together with strong supply chain management and effective internal controls to minimize product shortage and the occurrence of out-of-stock situations and pilferage, these systems enable Patel Retail to operate efficiently and productively with minimal disruption. This integration of IT and internal controls has also helped the company significantly reduce losses from pilferage.

Robust logistics and distribution network support cost-efficient and scalable growth

Patel Retail’s distribution and logistics network comprises a Distribution Centre at Ambarnath, Maharashtra, which caters to its retail business. The company owns a fleet of 18 trucks, enabling cost and

Issue Details

Offer Period	19 th August 2025 - 21 st August 2025
Price Band	Rs. 237 to Rs. 255
Bid Lot	58
Listing	BSE & NSE
Issue Size (no. of shares in mn)	10
Issue Size (Rs. in bn)	2.4
Face Value (Rs.)	10

Issue Structure

QIB	30%
NIB	25%
Retail	45%

BRLM	Fedex Securities Pvt. Ltd.
Registrar	Bigshare Services Pvt. Ltd.

Particulars	Pre Issue %	Post Issue %
Promoters and promoter group	98.0	70.0
Public	2.0	30.0
Total	100.00	100.00

(Assuming issue subscribed at higher band)

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time-efficient transportation and delivery of products. For last-mile delivery, including doorstep delivery to customers, it also uses third-party transport service providers. The distribution and logistics system is well networked, allowing store requisitions within a short time period of generation and receipt of order. This has helped the company optimize in-store merchandise availability while reducing transportation costs. The Ambernath Distribution Centre forms the backbone of its supply chain, supporting the retail store network within a 60 km radius. This strong distribution framework enables the company minimize the need for dedicated storage space at every store, relying instead on periodic replenishment of depleted stock. Additionally, the adoption of an efficient racking system ensures optimal space utilization for display in stores, which contributes to lower working capital requirements and reduced carrying costs. Under its retail business, Patel Retail procures everyday-use products from reputed brands/manufacturers, making them available to end consumers through its supermarket network. Further, it also sells food and non-food items, including spices, pulses, ghee, papad, ready-to-cook instant mix, home-improving products, and apparel, through its private label brands such as Indian Chaska, Patel Fresh, Patel Essentials, and Blue Nation. The company markets and sells its manufactured and processed products both domestically and in over 35 export markets. Its customer base under the manufacturing division is divided into three categories, namely, institutional, wholesalers and retailers. Additionally, under its trading and export division, Patel Retail markets and sells products from reputed third-party brands/manufacturers, and also undertakes bulk exports.

Valuation

Patel Retail Ltd. operates as a retail supermarket chain in Maharashtra's MMR region, specifically in the Thane and Raigad districts, with a focus on "value retail", offering food, non-food (FMCG), general merchandise and apparel catering to the needs of the entire family. Over the year, India has evolved into a thriving consumer-driven economy, making it the 4th largest retail market globally and one of the most attractive markets for global retailer to expand their footprints in India. The share of organized retail in the total retail industry is currently estimated at 12-15% and is projected to grow from around \$186 billion in 2024 to \$267 billion by 2033. Patel Retail is strategically positioned to capitalize on this growth by leveraging advanced IT systems to optimize procurement, sales, and inventory, while customizing product assortments to local demand. Its robust technology and supply chain controls enhance efficiency, minimize stock-outs and reduce pilferage, thereby improving customer responsiveness and reducing losses. The company's backward integration and strong logistics network help in reducing working capital requirements and improving operational efficiency. The company's financial performance reflects strong growth, with EBITDA increasing at a CAGR of 16.7%, reaching Rs. 571 million in FY25 from Rs. 420 million in FY23, with consistent margins. Profit for FY25 stood at Rs. 253 million. **The current issue is priced at a P/E of 24.8x on the upper band, which is lower than most of its peers. Patel Retail's cost-efficient measures, consumer-centric approach, and growth strategy make it an attractive investment opportunity in India's rapidly evolving retail landscape. Therefore, we recommend a "SUBSCRIBE" rating for the issue, with a medium- to long-term investment horizon.**

Key Risks

- ⇒ All retail stores of the company are concentrated in the state of Maharashtra, particularly within the Thane and Raigad districts. Its revenue from operations for FY25 was almost 45% from retail sales. Any adverse developments affecting this region could materially impact its retail business, financial condition, results of operations, and cash flows.
- ⇒ The company's operations depend on the supply of large quantities of raw materials such as wheat, spices, and peanuts. It does not have long-term agreements with its suppliers, and any increase in costs or shortage in the availability of such raw materials could adversely affect its business and results of operations, and seasonal variations could also result in fluctuations in its results of operations.
- ⇒ The company does not manufacture certain products in its own facilities and instead procures them from third parties, limiting its control over their manufacturing processes and quality standards. Any increase in costs by such third-party manufacturers could reduce profit margins and adversely impact its business, results of operations, financial condition, and cash flows.

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Income Statement (Rs. in millions)

Particulars	FY23	FY24	FY25
Revenue			
Revenue from Operations	10,185	8,142	8,207
Total Revenue	10,185	8,142	8,207
Expenses			
Cost of materials consumed	3,241	3,842	3,524
Purchases of Stock-in-trade	5,545	3,042	3,295
Changes in inventories	-184	-294	-206
Employee Benefits Expenses	226	272	317
Other expenses	937	758	705
Total Operating Expenses	9,766	7,619	7,636
EBITDA	420	523	571
Depreciation & amortization	99	100	117
EBIT	321	423	454
Finance costs	111	152	164
Other Income	13	35	53
Exceptional Items	0	0	0
PBT	222	306	343
Total Tax	59	81	90
PAT	164	225	253
Diluted EPS	6.7	9.2	10.3

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in millions)

Particulars	FY23	FY24	FY25
Cash Flow from operating activities	-56	248	277
Cash flow from investing activities	-49	-117	-106
Cash flow from financing activities	0	-128	-84
Net increase/(decrease) in cash and cash equivalents	-105	3	88
Cash and cash equivalents at the beginning of the period	138	33	36
Cash and cash equivalents at the end of the period*	33	36	124

Note: * Cash and cash equivalents at the end of the period includes other bank balances

Source: RHP, BP Equities Research

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Balance Sheet (Rs. in millions)

Particulars	FY23	FY24	FY25
ASSETS			
Non-Current Assets			
Property, plant and equipment	575	582	629
Capital work-in-progress	17	45	0
Intangible Assets	1	1	1
Intangible assets under development	6	0	0
Right-to-use assets	10	19	19
Financial assets			
i. Non Current Investments	0	0	0
ii. Other Financial assets	47	61	61
Other Non - Current assets	143	142	126
Other Non - Current Tax assets (Net)	13	12	7
Deferred Tax Asset (Net)	19	22	25
Total Non Current assets (A)	832	883	868
Current assets			
Inventories	767	1,270	1,437
Financial assets			
i. Trade receivables	1,036	966	1,246
ii. Cash and cash equivalents	26	29	27
iii. Other Bank Balances	7	7	96
iv. Other financial assets	46	60	36
Other Current assets	318	115	117
Total Current Assets (B)	2,199	2,447	2,960
TOTAL ASSETS (A+B)	3,031	3,330	3,829
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	38	244	249
(b) Other Equity	681	700	1,097
TOTAL - EQUITY (C)	719	944	1,346
Liabilities			
Financial Liabilities			
i. Long Term Borrowings	353	269	202
ii. Lease Liabilities	4	10	9
iii. Other Financial liabilities	-	-	4
Long Term provisions	2	3	6
Total Non-Current Liabilities (D)	359	282	221
Current liabilities			
Financial Liabilities			
i. Short Term Borrowings	1,475	1,589	1,604
ii. Lease liabilities	6	9	11
iii. Trade payables	428	475	604
Short Term Provisions	0	0	0
Other Current liabilities	26	11	14
Current tax liabilities (Net)	18	21	29
Total Current Liabilities (E)	1,953	2,104	2,262
Total Equity and Liabilities (C+D+E)	3,031	3,330	3,829

Source: RHP, BP Equities Research

Disclaimer Appendix

Analyst (s) holding in the Stock : Nil**Analyst (s) Certification:**

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