



IPO Note

Patel Retail Limited

Recommendation: **NEUTRAL!**

Business – Patel Retail Limited is primarily engaged as a retail supermarket chain operating in tier-III cities and nearby suburban areas, with focus on “value retail”, offering food, non-food (FMCG), general merchandise and apparel catering to the needs of the entire family.

Objects of the Issue –

Particulars	Amount
Repayment of Borrowings	Rs. 59.00 Cr.
Working Capital Requirements	Rs. 115.00 Cr.
General Corporate Purposes	

Promoters Name – Dhanji Raghavji Patel, Bechar Raghavji Patel, Hiren Bechar Patel and Rahul Dhanji Patel

Promoter Share Holding Pattern	
Pre Issue 97.99%	Post Issue 70.00%

Rationale for recommendation –

Patel Retail Limited, incorporated on Jun-13, 2007, has a significant operating history. The retail food segment contributed 19.27%, 26.27% and 32.83% of total revenue in FY23–FY25, respectively. Branded sales formed 17.81%, 29.79% and 17.46%, while unbranded sales were 6.73%, 4.85% and 8.26% over FY23–FY25. Its distribution centre spans 70,000 sq ft within a 60-km radius of the store network. The company has under-utilisation across most manufacturing units. Customer concentration is low with top 10 customers at 32.21%, 24.07% and 15.67% of revenue in FY23–FY25; the company has no long-term raw-material supply agreements despite long-standing relationships. Unsecured loans outstanding were Rs. 14.31 Cr as on May-31, 2025 and company has litigations outstanding. Revenue fell 20.06% in FY24 (sugar export restrictions) and rose 0.80% in FY25; EBITDA margin improved from 4.12% to 6.96% and PAT margin from 1.61% to 3.08% (FY23–FY25), RoCE ranged 28%–35% and RoE 18%–24%. Operating cash flow was negative in FY23 and positive since FY24; D/E is reducing, liquidity ratios are stable and the cash-conversion cycle is rising, signifying higher working-capital needs. The overall financial performance requires improved stability for long-term sustainability. Management is satisfactory, with observations on limited CEO experience and lack of formal education among some key personnel. The post-issue P/E is 33.69, appearing fairly priced versus peers. The company operates in a growing industry with long-term tailwinds, rising store count, product and geographic diversification and backward integration support growth. However, current financial instability, management observations, under-utilised capacity and other risks warrant caution. We recommend a **NEUTRAL** view on the IPO, advising investors to monitor whether these concerns are addressed to build long-term investment confidence.

IPO Details

Opening Date	Aug 19, 2025
Closing Date	Aug 21, 2025
Allotment Date	Aug 22, 2025
Listing Date	Aug 26, 2025
Stock Exchange	BSE, NSE
Lot Size	58 Shares
Issue Price Per Share	₹237 - ₹255
Issue Size	₹242.76 Cr.
Fresh Issue	₹217.21 Cr.
Offer for Sale	₹25.55 Cr.
Application Amt	₹14,790 - ₹1,92,270 (58 – 754 shares)

KPIs (In Crores)

KPI's	FY 23	FY 24	FY 25
Revenue	1,018.55	814.19	820.69
EBITDA	41.98	52.32	57.14
Net Profit	16.38	22.53	25.28
RoCE	29.81%	34.49%	28.99%
ROE	22.79%	23.87%	18.78%
P/E	37.95	27.60	24.76

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	10.30	7.57
BVPS	54.08	105.32
P/E	24.76	33.69
P/BV	4.71	2.42
Mkt Cap (In Cr)	634.50	851.71

*Annualized

Lead Managers –

Fedex Securities Private Limited

Registrar –

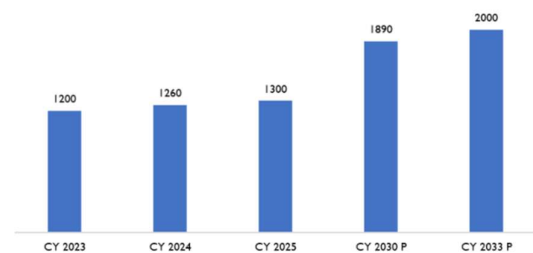
Bigshare Services Private Limited

Industry Overview –

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. The retail industry comprises of various segments like - Food & Grocery, Jewellery, Apparel, Furniture, Pharmacy, Consumer Electronics and Durables, Beauty & Personal care, Footwear and others. Amongst all, the Food & Grocery is the largest segment of retail sector comprising of 63% share in the total retail industry followed by apparel and footwear and consumer electronics segments those accounts for 9%, and 7% share respectively.

Market Size – The Indian retail sector, valued at USD 1,260 billion in 2024, is expected to grow steadily, reaching USD 1,300 billion by 2025 and further expanding to USD 1,890 billion by 2030 and USD 2,000 billion by 2033. This translates to a robust CAGR of approximately 7% during the 2024-2030 period, driven by rising consumer demand, urbanization and increasing penetration of organized retail formats. Post 2030, the growth is projected to moderate, with the sector anticipated to reach USD 2,000 billion by 2033, marking a CAGR of around 2% over 2030-2033. India's food retail market has undergone a significant transformation over the past decade and is projected to reach approximately USD 850 billion by 2026F. The Indian e-grocery market valued at USD 9.68 billion in 2024, is projected to grow to USD 50.3 billion by 2030, recording an impressive ~31.6% CAGR.

Market Size of Indian Retail Sector in USD Bn



(source : RHP)

Outlook - India's retail industry is poised to grow at a CAGR of 5.22% from 2024–2033, reaching USD 2 trillion by 2033. Rising disposable incomes, a young consumer base (65% under 35) and growing discretionary spending are key drivers, with household spending projected to touch USD 3.6 trillion by 2025. Structural shifts towards organized and omnichannel retail, supported by government initiatives, will further fuel long-term growth.

Business Overview -

Patel Retail Limited is primarily engaged as a retail supermarket chain operating in tier-III cities and nearby suburban areas, with focus on “value retail”, offering food, non-food (FMCG), general merchandise and apparel catering to the needs of the entire family. The company launched their own private label goods comprising of Pulses ('Patel Fresh') and spices ('Indian Chaska') which they buy in bulk quantities and package and brand after quality checks and inspections, mens wear ('Blue Nation'), home improving products ('Patel Essentials'), ready-to-cook/instant mix ('Patel Fresh'), ghee and papad ('Indian Chaska') which they buy from third party vendors under their own brands. The company was originally incorporated as 'Patel Retail Private Limited' at Ambarnath, Maharashtra on Jun-13, 2007.

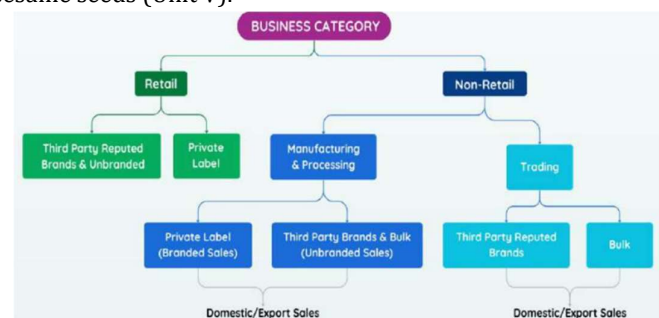
As part of company's backward integration strategy, they process peanuts and whole spices, such as coriander seed and cumin seeds. The company has ventured into export of staples, groceries, pulses, spices and pulps. The company has total of 45 stores.

Company's Business Categories –

- Retail Business – The company is positioned as a dependable neighbourhood supermarket that offers value for money.
- Non-Retail Business – Processing, Packaging, Testing, Cleaning, Drying, Grading, Branding and other processes of products.

The company's state of art manufacturing units within the Agri-cluster comprises of manufacturing of whole spices and oilseeds (Unit I), manufacturing of pulverised and blended spices (Unit II), manufacturing of chakki atta, maida, sooji and atta roller (Unit III), processing and blanching of peanut (Unit IV) and processing of sesame seeds (Unit V).

- The company's majority of revenue is contributed by retail sales of food segment, contributing 19.27%, 26.27% and 32.83% of total revenue in FY23, FY24 and FY25 respectively.
- The company's branded-sales contribute 17.81%, 29.79% and 17.46% and unbranded-sales contribute 6.73%, 4.85% and 8.26% of total revenue in FY23, FY24 and FY25 respectively.
- The company's trading segment contributes 42.34%, 17.34% and 10.13% of total revenue in FY23, FY24 and FY25 respectively.
- The company's distribution centre is spread over 70,000 sq. fts. which is within a radius of 60 kms from stores network.
- The company has capacity utilization of around 60% in Facility 1 and Facility 3 – Unit III and less than 20% in other units.
- The company has low customer concentration, top 10 customers contributing 32.21%, 24.07% and 15.67% of total revenue in FY23, FY24 and FY25 respectively.



Business Strategies -

- The company plans to expand store network in existing clusters as well as new clusters.
- The company aims to prioritise customer satisfaction through optimal product assortment and offering value for money using EDLC/EDLP strategy.

FINANCIAL SNAPSHOT							
Key Performance Indicators (Amt in Crores)				Key Ratios			
Particulars	FY23	FY24	FY25	Particulars	FY23	FY24	FY25
P&L Statement				Per Share Data			
Total Income	1,019.80	817.71	825.99	Diluted EPS	6.72	9.24	10.30
Total Expenses	997.56	787.10	791.66	BV per share	188.64	38.71	54.08
EBITDA	41.98	52.32	57.14	Operating Ratios			
EBIT	32.13	42.28	45.41	EBITDA Margins	4.12%	6.43%	6.96%
PBT	22.25	30.61	34.33	PAT Margins	1.61%	2.77%	3.08%
Tax Expenses	5.87	8.08	9.05	Inventory days	27.55	57.09	64.09
Net Profit	16.38	22.53	25.28	Debtor days	37.23	43.40	55.59
Balance Sheet				Creditor days	17.76	24.50	32.60
Total Equity	71.87	94.40	134.57	Return Ratios			
Liabilities				RoCE	29.81%	34.49%	28.99%
Non-Current Liabilities	35.91	28.17	22.08	RoE	22.79%	23.87%	18.78%
Current Liabilities	195.34	210.44	226.21	Valuation Ratios (x)			
Total Liabilities	231.25	238.61	248.29	EV/EBITDA	5.99	5.29	5.30
Assets				Market Cap/Sales	0.10	0.76	0.77
Non-Current Assets	83.17	88.31	86.84	P/E	37.95	27.60	24.76
Current Assets	219.95	244.71	296.02	Price to Book Value	1.35	6.59	4.71
Total Assets	303.12	333.02	382.86	Solvency Ratios			
Cashflow Statement				Debt/Equity	2.54	1.97	1.34
Operating Cashflow	-5.56	24.82	27.72	Current Ratio	1.13	1.16	1.31
Investing Cashflow	-4.88	-11.67	-10.56	Quick Ratio	0.73	0.56	0.67
Financing Cashflow	-0.04	-12.83	-8.40	Asset Turnover	3.36	2.44	2.14
				Interest Coverage Ratio	2.89	2.78	2.77

Financial Analysis -

- **Revenue from Operations** – The company's top line decreased by 20.06% in FY24 and increased by 0.80% in FY25. The decrease in FY24 is due to decrease in Export Trading on account of restriction levied by the Government of India on the export of Sugar which was partially offset by increase in retail sales.
- **EBITDA and PAT Margins** – The company's EBITDA margin improved from 4.12% to 6.96% from FY23 to FY25 and PAT margin increased from 1.61% to 3.08% over the same period, primarily due to trade-off between increase in employee benefit expenses and decrease in material COGS and other expenses.
- **RoCE and RoE** – The company's RoCE has been in range of 28% - 35% and RoE in range of 18% - 24% from FY23 to FY25, indicating effective utilization of capital.
- **Operating cashflow** – The company's operating cashflow has been negative in FY23 and has turned positive since FY24 indicating improvement in working capital management.
- **D/E ratio** - The company's debt-to-equity ratio has been reducing indicating improving financial leverage.
- The company's current ratio and quick ratio have remained stable.
- The company's cash conversion cycle has been increasing indicating requirement of high working capital in the future.

Financial Outlook – The company's overall financial performance requires improved stability to be sustainable in the long run.

Lead Manager -

The IPO is handled by Fedex Securities Limited. The lead manager has managed 24 IPOs in last 3 years, among them 20 IPOs have opened in premium, 1 IPO has opened at par and 3 IPOs have opened in discount to their issue price on their respective listing dates.

Risk Factors -

- The company do not have long term agreements with suppliers for raw materials even though it has long-standing relationships.
- The company has under-utilization of capacity in most of its manufacturing units.
- The company's has unsecured loan amounting to Rs. 14.31 Cr. outstanding as on May-31, 2025.
- The company has 5 criminal proceedings and 14 tax proceedings, together amounting to Rs. 14.64 Cr.
- The company's promoters have 10 criminal proceedings, 18 tax proceedings and 1 material civil litigation, together amounting to Rs. 8.69 Cr.
- The company has contingent liabilities outstanding amounting to Rs. 0.68 Cr.

Key Management

- Dhanji Raghavji Patel is the Chairman and Managing Director of the company. He has 25 years of experience in the industry but lack formal education. There is an evidence of dual chairmanship in the company.
- Bechar Raghavji Patel is the Whole-Time Director of the company. He has around 25 years of experience in the industry but lack formal education.
- The company's Non-Executive and Independent Directors have significant experience in their respective fields but some of them lack formal education.
- The company's Chief Executive Officer has limited experience, Chief Financial Officer and Company Secretary have 10 years of experience.
- The company's other key personnel have considerable experience in their respective fields.

Outlook – The overall management of the company is considered **satisfactory** with observation over limited experience of CEO and lack of formal education of some key personnel.

Peer Analysis

Particulars	Patel Retail Limited			Vishal Mega Mart Limited			Avenue Supermarts Limited		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
NP Margin	1.61%	2.77%	3.08%	4.22%	5.16%	5.87%	5.54%	4.98%	4.55%
EBITDA Margin	4.12%	6.43%	6.96%	14.13%	14.62%	14.74%	8.77%	8.34%	7.75%
RoCE	29.81%	34.49%	28.99%	10.00%	11.84%	13.03%	18.80%	18.34%	16.93%
ROE	22.79%	23.87%	18.78%	6.23%	8.22%	9.87%	14.79%	13.56%	12.64%
EPS (INR)	6.72	9.24	10.30	0.71	1.02	1.40	36.70	39.05	41.61
P/E	37.95	27.60	24.76	-	-	75.56	92.67	115.89	97.09

Particulars	Spencers Retail Limited			Osia Hyper Retail Limited			Aditya Consumer Marketing Limited		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
NP Margin	-8.37%	-11.11%	-11.74%	1.28%	1.59%	1.36%	1.26%	-3.29%	-3.93%
EBITDA Margin	1.44%	0.58%	2.87%	5.87%	6.33%	5.42%	3.89%	-0.79%	-2.44%
RoCE	-12.40%	-16.45%	-24.73%	14.01%	18.97%	10.75%	5.12%	-12.00%	-18.70%
ROE	139.83%	64.00%	37.24%	8.42%	9.18%	4.97%	4.42%	-12.52%	-18.51%
EPS (INR)	-23.34	-29.53	-27.33	0.01	1.55	1.46	0.84	-2.10	-2.62
P/E	-	-	-	3555.00	18.13	16.53	60.87	-	-

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