

Retail Research – IPO Note	IPO Note
Sector: Retail (Consumption)	Price Band (Rs): 237 – 255
12 th August 2025	Recommendation: Neutral

Patel Retail Ltd.

Company Overview:

Patel Retail Ltd. is a value-focused retail supermarket chain operating in tier-III cities and suburban areas of Maharashtra, primarily in Thane and Raigad districts. Since its inception in 2008 with the first store in Ambernath, the company has grown to 43 stores with a retail area of ~1.79 lakh sq. ft. as of May 31, 2025. It offers over 10,000 SKUs across 38 product categories, including food, FMCG, apparel, and general merchandise. To boost margins and brand visibility, it has launched private labels like Patel Fresh (pulses, instant mixes), Indian Chaska (spices, ghee, papad), Blue Nation (menswear), and Patel Essentials (home products), processed and packed at its Ambernath facility. In FY25, the company's retail and non-retail segments contributed 45.0% and 54.1% of total revenue, respectively. The non-retail segment includes manufacturing and processing under brands like Indian Chaska and Patel Fresh, mainly in Gujarat and Maharashtra, with exports to 35 countries. It also involves bulk trading of agri-products like rice, sugar, pulses, and edible oil in both domestic and export markets.

Key Highlights:

1. Strategic Cluster-Based Expansion: Since FY08, the company has grown from a single store to 42 (as of Mar'25) across 16 locations in Thane and Raigad districts, with retail space increasing from 1.23 lakh sq. ft. in FY23 to 1.75 lakh sq. ft. in FY25. Expansion follows a cluster-based model opening stores near existing ones to deepen market understanding, enhance supply chain efficiency, and boost brand visibility in underserved areas.

2. Robust Distribution & Sales Network: The company operates a central distribution hub in Ambernath, supported by 18 trucks and third-party logistics for efficient store replenishment and cost control. It sells branded and private label products (Patel Fresh, Indian Chaska, Blue Nation) across 500+ stores in Maharashtra and Gujarat, and exports to 35+ countries. A dedicated sales team drives rural market reach and maintains strong ties with trade partners.

3. Diversified Retail & Trading Model: The company retails everyday products from reputed brands and offers private labels—Indian Chaska, Patel Fresh, and Patel Essentials—in domestic and export markets. Its flexible model spans branded and bulk goods, driven by market trends and customer needs. Agro trading enables quick shifts in commodities based on seasonal demand and pricing, supported by ongoing research.

Industry Outlook: The market size of the Indian retail sector reached USD 1,300 bn in the year CY25 and it is expected to reach USD 1,890 bn by CY30 and USD 2,000 bn by CY33 growing at 5.5% CAGR between CY25-CY33.

Key Risks: The company faces regional concentration risk with most retail stores located in the MMRDA region. In the non-retail segment, 16% of total revenue is dependent on a few key customers (Top 10). Additionally, high working capital requirements and intense competition from both organised and unorganised players pose operational challenges.

Valuation: Patel Retail Ltd, incorporated in FY08, is a value-retail focused supermarket chain operating in tier-III cities and nearby suburban areas within the Thane and Raigad districts of Maharashtra. The company is looking to expand its presence across the western suburbs of MMR and municipal region of Pune and increase the share of private labels from 17% of FY25 retail sales. At the upper price band of Rs 255, the company is valued at post-issue capital FY25 PE of 33.7x. We assign NEUTRAL rating to the stock with likely marginal listing gains basis its cheaper valuation relative to the peers.

Issue Details	
Date of Opening	19 th August 2025
Date of Closing	21 st August 2025
Price Band (Rs)	237 – 255
Issue Size (Rs cr)	243 (@ upper price band)
Fresh Issue (Rs cr)	217 (@ upper price band)
Offer for Sales (Rs cr)	26 (@ upper price band)
Issue Size (No. of shares)	95,20,000 (@ upper price band)
Face Value (Rs)	10
Post Issue Market Cap (Rs cr)	792 – 852
BRLMs	Fedex Securities Private Ltd.
Registrar	Bigshare Services Pvt Ltd.
Bid Lot	58 shares and in multiples thereof
QIB shares	30%
Retail shares	45%
NIB shares	25%
Employee Discount (Rs/Share)	20

Objects of Issue	
	Estimated utilization from net proceeds (Rs cr)
Repayment/prepayment, in full or part, of certain borrowings availed by the company	59.0
Funding of working capital requirements of the company	109.0
General corporate purposes	_*
Total proceeds from fresh issue	217.0

**To be finalised upon determination of Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilized for general corporate purposes shall not exceed 25% of the gross proceeds.*

Shareholding Pattern		
Pre-Issue	No. of Shares	%
Promoter & Promoter Group	2,43,82,528	98.0
Public & Others	5,00,000	2.0
Total	2,48,82,528	100.0

Post Issue @ Upper Price Band	No. of Shares	%
Promoter & Promoter Group	2,33,80,528	70.0
Public & Others	1,00,20,000	30.0
Total	3,34,00,528	100.0

Source: RHP, SSL Research

Revenue Mix

Particulars	FY23		FY24		FY25	
	Rs cr	% of Total Revenue	Rs cr	% of Total Revenue	Rs cr	% of Total Revenue
Retail						
Food	196.3	19.3%	213.8	26.3%	269.4	32.8%
FMCG (Non-Foods)	50.4	5.0%	55.5	6.8%	72.2	8.8%
Good Merchandising & Apparels	19.8	2.0%	20.3	2.5%	27.2	3.3%
(A) Total - Retail	266.6	26.2%	289.7	35.6%	368.9	45.0%
Non-Retail						
Manufacturing & Processing	317.3	31.2%	384.8	47.3%	361.2	44.0%
Trading	431.2	42.3%	141.2	17.3%	83.2	10.1%
(B) Total - Non-Retail	748.5	73.5%	526.0	64.6%	444.3	54.1%

Source: RHP, SSL Research

Financial Overview

Particulars (Rs cr)	FY23	FY24	FY25	FY23-FY25 CAGR (%)
Revenue	1,018.5	814.2	820.7	-10.2
YoY (%)		-20.1	0.8	-
EBITDA	42.0	52.3	57.1	16.7
YoY (%)		24.6	9.2	-
PAT	16.4	22.5	25.3	24.2
YoY (%)		37.6	12.2	-
EBITDA Margin (%)	4.1	6.4	7.0	-
PAT Margin (%)	1.6	2.8	3.1	-
ROE (%)	22.8	23.9	18.8	-
ROCE (%)	13.1	16.3	16.1	-
D/E (x)	2.5	2.0	1.3	-
P/E (x)	38.7	28.2	25.1	-
EV/EBITDA	19.4	15.6	14.0	-
CFO	(5.6)	24.8	27.7	-
CFI	(4.9)	(11.7)	(10.6)	-
CFF	(0.0)	(12.8)	(8.4)	-
FCF	(16.9)	12.6	16.0	-

*Note: P/E (x) and EV/EBITDA (x) are based on pre-issue share capital @ upper price band.

Source: RHP, SSL Research

Peer Comparison – FY25

Peer Comparison				
Particulars (Rs cr)	Patel Retail	Vishal Mega Mart	Avenue Supermarts	KN Agri Resources
CMP (Rs @ UB)	255	140	4,248	240
Mkt Cap (@ UB)	852	64,358	2,76,545	600
Revenue	821	10,716	59,358	1,725
EBITDA	57	1,530	4,495	61
PAT	25	632	2,707	37
EBITDA Margin (%)	7.0	14.3	7.6	3.5
PAT Margin (%)	3.1	5.9	4.6	2.1
RoE (%)	7.2	9.9	12.6	10.5
RoCE (x)	9.5	15.6	13.0	15.2
P/E (x)	33.7	101.8	102.2	16.2
EV/EBITDA (x)	14.0	41.8	61.4	10.5
D/E (x)	0.5	0.0	0.0	0.1

For Patel Retail Ltd Market Cap, EV/EBITDA (x), P/E (x) & D/E (x) are calculated on post-issue equity capital at the upper price band.

CMP of peer companies is as of 11th August, 2025.

Source: RHP, SSL Research.

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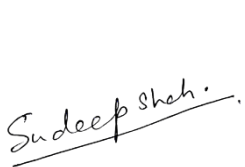
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