



## IPO Report

18<sup>th</sup> Aug '25

### Snapshot

Company 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. Incorporated in Fiscal 2008, Company started its first store under the brand “Patel’s R Mart” at Ambarnath, Maharashtra and since, its operations are spread across the suburban area of Thane and Raigad district in Maharashtra. As on May 31, 2025 company operate and manage forty three (43) stores, with a Retail Business Area of approx. 1,78,946 sq.ft.s.

### VALUATION

Company is bringing the issue at price band of Rs 237-255 per share at p/e multiple of approx. 26x on post issue FY25 basis. Company has deep knowledge and understanding of optimal product assortment and stringent inventory management & has steady footprint expansion using a distinct store acquisition strategy and ownership model. Company has large scale procurement and storage capabilities. Company has strong promoter background and an experienced and entrepreneurial management team with a proven track record and a high degree of employee ownership. Also, company has strong track record of growth and profitability. Hence, we recommend “Subscribe” to the issue.

<b>Price Band (Rs./Share)</b>	<b>237-255</b>
<b>Opening date of the issue</b>	<b>19<sup>th</sup> Aug '2025</b>
<b>Closing Date of the issue</b>	<b>21<sup>st</sup> Aug '2025</b>
<b>No of shares pre issue</b>	2,48,82,528 Eq Shares
<b>Issue Size</b>	Rs 226-243 Cr
<b>Fresh issue</b>	85,18,000 Eq Shares
<b>Offer For Sale</b>	10,02,000 Eq Shares
<b>Face Value (Rs/ share)</b>	Rs 10/share
<b>Employee Discount</b>	Rs 20/share
<b>Bid Lot</b>	58

### BIDDING DETAILS

<b>QIBs (Including Anchor)</b>	30% of the offer (Approx 28,40,700 Eq Shares)
<b>Non-Institutional</b>	25% of the offer (Approx 23,67,250 Eq Shares)
<b>Retail</b>	45% of the offer (Approx 42,61,050 Eq Shares)
<b>Lead managers</b>	Fedex Securities Pvt. Ltd
<b>Employee Reservation</b>	Upto 51,000 Eq Shares
<b>Registrar to the issue</b>	Bigshare Services Pvt. Ltd

## WHAT WE LIKE

### *Steady footprint expansion using a distinct store acquisition strategy and ownership model*

Company’s business has grown steadily in recent years, primarily through expansion of its store network from one store in Fiscal 2008 to 42 stores as of March 31, 2025 across 16 cities/ suburban areas within the Thane and Raigad District in the state of Maharashtra.

### *Long Standing Relationship with its customers*

Owing to company’s strong customer relationships company have developed a network of more than 500 wholesalers and retailers as on March 31, 2025. Company believe that its existing relationship with company’s customers represents a competitive advantage in gaining new customers and increasing its business. For instance, top 10 customer from company’s non-retail business represented 15.67%, 24.07% and 32.21% of company’s revenue from operations for Fiscal 2025, Fiscal 2024 and Fiscal 2023, respectively.

### *Strong track record of growth and profitability*

Company’s total store count has grown from 30 in Fiscal 2023 to 42 as on March 31, 2025 and is at 43 as of May 31, 2025. As company have expanded its store network from one store in 2007 to 42 stores as of March 31, 2025, company have grown steadily in the recent years by opening 3 new stores in Fiscal 2024, 9 new stores in Fiscal 2025 and 1 new store the first two months of Fiscal 2026. Company’s total bill cuts from its retail stores, increased from ₹33.73 Lakhs in Fiscal 2023, to ₹39.73 Lakhs in Fiscal 2024 and to ₹52.15 Lakhs in Fiscal 2025. While, company’s total revenue has reduced from ₹1,01,980.36 Lakhs in Fiscal 2023 to ₹82,599.01 Lakhs in Fiscal 2025, primarily on account of reduction in trading sales company have witnessed an increase in its EBITDA from ₹4,323.96 Lakhs in Fiscal 2023 to ₹6,243.27 Lakhs in Fiscal 2025, growing at a Compounded Annual Growth Rate (CAGR) of 20.16%. Further, company’s net profit after tax, as restated has grown at a CAGR of 24.23% from ₹1,637.97 Lakhs in Fiscal 2023 to ₹2,527.81 Lakhs in Fiscal 2025.



## COMPANY BACKGROUND

With objective to increase margin and to promote its brand “Patel’s R Mart”, company launched its private label goods comprising of Pulses ( “**Patel Fresh**” ) and spices ( “**Indian Chaska**” ), which company buy in bulk quantities and package and brand after company’s quality checks and inspections at company’s processing and packing facility at Ambarnath, Maharashtra ( “**Facility 1**” ), and mens wear ( “**Blue Nation**” ), home improving products ( “**Patel Essentials**” ), ready-to-cook / instant mix ( “**Patel Fresh**” ), ghee and papad ( “**Indian Chaska**” ) which company buy from third party vendors under its brands. Since incorporation in Fiscal 2008, company have increased its store offerings and as on May 31, 2025 company offer around 38 product categories with over 10,000 product SKUs in its stores.

As its backward integration strategy and to control its supply chain, company started its production facility at Survey No. 145/1, Bhuj Bachau Highway, Village Dudhai, Taluka Anjar, District Kutch, Gujarat - 370115 ( “**Facility 2**” ), where company process peanuts and whole spices, such as coriander seed and cumin seeds. Further as a part of its strategy to broaden its product offering across the value chain, company built an agri processing cluster spread over 15.925 Acres of land area at Survey No. 170/2, Bhuj Bachau Highway, Village Dudhai, Taluka Anjar, District Kutch, Gujarat - 370115, comprising of 5 (five) production units collectively ( “**Facility 3**” ), 1 (one) fruit pulp processing unit ( “**F&V Unit**” ), dry warehouse of 2546.29 sq. mtr. with storage capacity of 3040 MT, cold storage with capacity of 3000 MT and also company’s inhouse testing & research laboratory (collectively referred to as “**Agri-cluster**” ). Company’s Facility 1, Facility 2 and Facility 3 will be hereinafter collectively referred to as “**Facilities**”, company’s Facility 1, Facility 2 and Agri-cluster will be hereinafter collectively referred to as “**Manufacturing Facilities**”, and Facility 2 and Agri-cluster will be collectively referred to as “**Kutch Facilities**”

Further, by capitalizing its sourcing strength company ventured into export of staples, groceries, pulses, spices and pulps. Company export these products under its brand Patel Fresh & Indian Chaska and also that of the brand of its customers from company’s Manufacturing Facilities. Furthermore, company also undertake domestic and export trading of assorted/ mix container of food and non-food products, such as FMCG goods, household items, kitchen appliances, etc. from reputed third-party brands and also into bulk trading of agri commodities such as, rice, sugar, pulses, edible oil etc. Company have exported to over thirty-five (35) countries during the disclosed financial period.

Company’s retail stores sells third party reputed brand products, unbranded products and also its private label products. Company’s revenue from sales of private label products constitutes ₹ 6,287.44 Lakhs, ₹ 5,671.13 Lakhs and ₹ 4,924.49 Lakhs representing 17.05%, 19.57% and 18.47% of company’s retail sales and 7.66%, 6.97% and 4.83% of its revenue from operations, during the Fiscal 2025, Fiscal 2024 and Fiscal 2023, respectively. As on May 31, 2025 company offer around 38 product categories with over 10,000 product SKUs in its supermarkets.

Company have established its stores in the central suburban area of the MMR i.e. in Thane district and Raigad district of Maharashtra, thus focusing on the growing tier-III cities and the suburban area.

As company’s backward integration strategy to control its supply chain, company started its processing and packaging facility and its product testing laboratory, to undertake essential quality check of company’s raw materials and finished goods at Facility 1 where it process whole spices, such as coriander seed, cumin seeds, pulses, staples and groceries. Company undertake the process of cleaning, drying, grading, sorting and packaging under its own brand or that of its customers, as per their specification. Company’s Facility 1, including testing lab is spread over an area of 7,678 sq. ft. (excluding Distribution Centre area) and is equipped with modern semi-automated machines and manual machines.



## INVESTMENT RATIONALE

<i><b>Strong promoter background and an experienced and entrepreneurial management team with a proven track record and a high degree of employee ownership</b></i>	Company's Promoters, Dhanji Raghavji Patel and Bechar Raghavji Patel, brings to Company their vision and leadership which company believe has been instrumental in its success. Company's Promoter, Chairman and Managing Director Dhanji Raghavji Patel is the guiding force behind the operational and financial decision of Company. Company's Promoters and senior management have a proven track record and an in-depth understanding of the retail business in India and in the export market
<i><b>Large scale procurement and storage capabilities</b></i>	Company have an extensive procurement network of over 1500 farmers. Company's procurement model and relationships with farmers, aggregators and other vendors, through its continued engagement, enables company to procure adequate supplies of quality agricultural produce at competitive prices. Moreover, the size and geographical coverage of company's procurement model enables it to negotiate better terms including bulk discounts, avoid reliance on any limited set of vendors, and implement economies of scale, as well as to stabilize procurement costs in fluctuating demand and supply conditions. Company's top 10 suppliers contribute to ₹12,619.56 lakhs, ₹16,479.99 lakhs and ₹24,948.97 lakhs, representing 15.38%, 20.24% and 24.49% for the Fiscal 2025, Fiscal 2024 and Fiscal 2023, respectively of company's revenue from operations. Company's top 5 suppliers contributes to 10.53%, 13.14% and 14.45% for the Fiscal 2025, Fiscal 2024 and Fiscal 2023, respectively of its revenue from operations
<i><b>Strategically located manufacturing facilities</b></i>	Company's Facility 1, which is situated at Ambernath, in the Thane District of the state of Maharashtra, is strategically located within a radius of 60 kms from its network of retail stores and is also close to the port of export, thus reducing the cost of transportation. Company's Facility 1 is capable of undertaking a varied processing steps including, cleaning, grading, sorting and packaging of powder spices, pulses, staples & groceries. From company's Facility 1 company primarily cater to its retail stores and also to its export customers. Company's export revenue, including export trading sales from Facility 1 for the Fiscal 2025, Fiscal 2024 and Fiscal 2023 is ₹ 16,747.62 Lakhs, ₹20,726.18 Lakhs and ₹53,407.08 Lakhs, respectively.

## OBJECTS OF OFFER

The Offer comprises of the Fresh Issue of upto 85,18,000 Equity Shares by Company and an Offer for Sale of upto 10,02,000 Equity Shares by the Promoter Selling Shareholders.

### Objects of the Offer

Company proposes to utilize the Net Proceeds from the Offer towards funding the following objects:

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

## RISKS

All company's retail stores are concentrated in the state of Maharashtra, more particularly within the Thane and Raigad district. In the Financial Years 2024-25, 2023-24 and 2022-23, its revenue from Retail sales accounted for ₹ 36,886.98 Lakhs, ₹ 28,972.19 Lakhs and ₹ 26,655.66 Lakhs, representing 44.95%, 35.58% and 26.17% of company's revenue from operations, respectively. Any adverse developments affecting Company's operations in such region, could have an adverse impact on company's retail business, financial condition, results of operations and cash flows.

Source:RHP


**Consolidated Financials**

(Rs in lakhs)

Financials	FY23	FY24	FY25
Total Revenue (A)	101854.78	81418.83	82069.29
Total Expenditure (B)	97656.40	76187.3	76355.74
EBIDTA	4198.38	5231.53	5713.55
EBIDTA Margin	4.12	6.43	6.96
Other Income	125.58	352.42	529.72
Depreciation	985.78	1003.95	1172.50
EBIT	3338.18	4580.00	5070.77
Interest	1113.45	1518.82	1637.97
PBT	2224.73	3061.18	3432.80
Share of profit in Asso	0.00	0.00	0.00
PBIT	2224.73	3061.18	3432.80
Exceptional	0.00	0.00	0.00
PBT	2224.73	3061.18	3432.80
Tax	586.75	807.83	904.99
PAT	1637.98	2253.35	2527.81
NPM	1.61	2.77	3.08
ROE%	23.66	24.24	19.02
EPS	6.72	9.24	10.30
Eq Cap	380.98	2,438.25	2,488.25
Net Worth	7,186.92	9,440.33	13,457.44

(Source: RHP)

**Peer Comparison**

Company Name	Face Value	EPS	P/E	ROE %	NAV
Patel Retail Limited	10.00	10.30	--	19.02	54.08
<b>Peers</b>					
Vishal Mega Mart (Consolidated)	10.00	1.40	104.73	9.87	13.92
Avenue Supermarts Limited (Consolidated)	10.00	41.61	102.33	12.64	329.27
Spencers Retail Limited (Consolidated)	5.00	-27.33	--	-37.24	-73.40
Osia Hyper Retail Limited	1.00	1.46	8.73	4.97	23.85
Aditya Consumer Marketing Limited	10.00	-2.62	--	-18.51	14.14
Sheetal Universal Limited	10.00	8.12	15.58	21.44	38.27
Kovilpatti Lakshmi Roller Flour Mills Limited	10.00	1.27	101.61	1.72	73.92
KN Agri Resources Limited (Consolidated)	10.00	14.76	17.001	10.50	140.60
Madhusudhan Masala Limited	10.00	10.93	12.92	16.04	64.73



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