



Press Release

PATEL RETAIL LIMITED (ERSTWHILE PATEL RETAIL PRIVATE LIMITED)

July 04, 2025

Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	112.04	ACUITE BBB Stable Reaffirmed	-
Bank Loan Ratings	113.70	-	ACUITE A3+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	225.74	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating of ‘**ACUITE BBB**’ (read as **ACUITE triple Ba**) and the short-term rating of ‘**ACUITE A3+**’ (read as **ACUITE A three plus**) on the Rs.225.74 crore bank facilities of Patel Retail Limited (PRL) (Erstwhile Patel Retail Private Limited). The outlook is ‘**Stable.**’

Rationale for Rating

The rating reaffirmation factors in the moderation in revenues albeit improvement in the profitability. Further, the rating factors in the experienced management, long operational track record and comfortable financial risk profile of the company. However, the rating is constrained on account of moderately intensive working capital operations, agro climatic risk, risk related to government regulations and company’s presence in a highly fragmented and competitive retail industry.

About the Company

Patel Retail Limited (PRL) was incorporated in the year 2007 and has ~44 supermarket stores (owned) having over 1 lakh sq. ft. of area between Dombivali-Kalyan-Shahad - Titwala, Ulhasnagar-Ambernath & Badlapur under the brand ‘Patel R. Mart’ where it sells all kinds of groceries, home & personal care, spices, oils, dry fruits, utensils among others. The company is adding of 1-2 new stores every year. . The warehouse is in Ambernath. PRL has two manufacturing units in Kachchh Gujarat dedicated to processing diverse agricultural commodities where it carries out processing of pulses, peanuts, cumin seeds, and coriander seeds among others. The operations of manufacturing unit 1 started in 2016 and manufacturing unit 2 started in 2022. Mr. Hiren Bechar Patel, Mr. Dhanji Raghavji Patel, Mr. Bechar Raghavaji Patel, Mr. Yashwant Suresh Bhojwani, Mr. Nitin Pandurang Patil and Mr. Harshini Vikas Jadhav are the directors of the company.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone financial and business risk profiles of PRL to arrive at the rating.

Key Rating Drivers

Strengths

Experienced management and established track record of operations

PRL has an established track of operations of more than a decade. The company is promoted by Mr. Bechar Patel and Mr. Dhanji Patel, having an experience of over two decades in retail industry. The promoters are being supported by its team of experienced professionals in managing day to day operations of PRL. The extensive experience of the promoters has enabled PRL to establish a healthy relationship with its customers and suppliers in the exports market and expansion of its store network in the central line of Mumbai over the years. At present, PRL has 44 supermarket stores under its own brand 'Patel R. Mart' in proximity to residential areas and railway stations in Mumbai.

Improvement in margins albeit moderations in revenue

The company has achieved revenue of Rs.821.04 crore in FY2025 (Prov.) as against Rs.813.75 crore in FY2024. The improvement in the turnover is contributed by increase in the retail stores from 32 to 44. The EBITDA margin is improving YoY and stood at 7.62 percent as on FY2025 (Prov.) as against 6.91 percent as on FY2024 and 4.23 percent as on FY2023. The improvement in the margins is due to backward integration by setting up of food processing units and exit from low margin traded goods to an extent. The PAT margins improved and stood at 3.08 per cent in FY2025 (Prov.) as against 2.77 per cent in FY2024 and 1.60 per cent in FY2023. In 2MFY2026, PRL has reported Rs.160 crores of the revenue. Acuité believes that PRL will continue to have steady operating performance in near to medium term.

Comfortable Financial risk profile

Financial risk profile of PRL remained comfortable marked by improving net worth, moderate gearing and comfortable debt protection metrics. The net worth of the company has improved to Rs.134.45 crore as on March 31, 2025 (Prov.) as against Rs.94.27 crore as on March 31, 2024 and Rs.71.16 crore as on March 31, 2023 on account of healthy accretion to reserves. The gearing (debt-to-equity) is improving YoY and stood at 1.36 times as on March 31, 2025 (Prov.) as against 1.99 times as on March 31, 2024 and 2.58 times as on March 31, 2023. The total debt of Rs.182.55 crore as on March 31, 2025 (Prov.) consists of long term bank borrowings of Rs.7.65 crore, short term bank borrowings of Rs.155.74 crore and current maturities for long term debt of Rs.4.64 crore. The debt/EBITDA ratio stood at 2.88 times as on March 31, 2025 (Prov.) as against 3.29 times as on March 31, 2024. TOL/TNW stood at 1.83 times as on March 31, 2025 (Prov.) as against 2.51 times as on March 31, 2024. The debt protection metrics of the company remained moderate with interest coverage ratio (ICR) of 3.64 times for FY2025 (Prov.) as against 3.48 times for FY2024 while the Debt-Service Coverage ratio (DSCR) stood at 2.47 times for FY2025 (Prov.) as well as in FY2024. The Net Cash Accruals to Total debt stood at of 0.20 times for FY2025 (Prov.). Acuité believes that the financial risk profile of PRL would remain moderate over the medium term on account of ongoing addition of stores as against healthy net worth base.

Weaknesses

Moderately intensive working capital operations

The working capital operations of PRL are intensive in nature marked by its moderate Gross Current Assets (GCA) of 127 days for FY2025 (Prov.) as against 110 days for FY2024 on account of slight increase in receivables days. The receivables days stood at 56 days for FY2025 (Prov.) against 44 days for FY2024. The inventory days stood low at 69 days as on March 31, 2025 (Prov.) as against 61 days as on March 31, 2024. Further, the creditors stood at 33 days in FY2025 (Prov.) as against 26 days in FY2024. The company purchases Agro products from the farmers and local mandis (during off season) of various states like Gujarat, Kerala, Tamil Nadu and Madhya Pradesh among others. Credit term with the farmers is upfront and around 10 to 30 day's credit to wholesalers. The credit term offered to customer is up to 30 days. Average bank limit utilization for last 8 months period ended March 2025 stood high at ~95.04 percent. Acuite believes, the operations of PRL would remain moderately efficient on the back of comfortable credit terms with customers and suppliers.

Agro climatic and government regulation risk

PRL is transforming from marketing and selling of products to processing of products by its own through its new agro processing facility at Dhudai, Gujarat. The products include agro commodities, and its availability is totally dependent on monsoon and climatic conditions. This exposes PRL to the risk of raw material availability at the implementation time and may have impact on operations. PRL like any other agro exporting business, is susceptible to government regulations such as ban on sugar, rice etc exports and removal of export incentives. However, Acuité believes that promoters' experience and established presence of the company in the industry would reduce such risk to some extent.

Highly fragmented and competitive industry

The Indian retail industry is fragmented with presence of large number of organised players, E-retailers and funding from foreign players has boosted entry of new players. PRL would face high competition from the existing retailers and new entrants, both organised and unorganized, thereby impacting pricing power. Further, slowdown in footfall amid competitive factors will hurt the overall financial risk profile and liquidity of the company.

Rating Sensitivities

- Sustain improvement in revenues and profitability.

- Deterioration in financial risk profile owing to high debt funded capex
- Any significant elongations in working capital cycle leading to deterioration in liquidity position

Liquidity Position

Adequate

PRL has adequate liquidity position marked by adequate net cash accruals (NCA) to its maturing debt obligations. The company generated cash accruals of~ Rs.37 crores during FY2025 (Prov.) as against its repayment obligation of Rs.4.58 Cr during the same period. Going forward the NCA are expected in the range of Rs.47 – 55 crores for period FY2026-FY2027 against its repayment obligation in the range of Rs.3.6 Cr for the same period. The average bank limit utilization for last 8 months period ended March 2025 stood high at ~95.04 percent. Current ratio stands at 1.31 times as on 31 March 2025 (Prov.) The company has maintained cash & bank balance of Rs.2.75 crores in FY2025 (Prov.)

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	821.04	813.75
PAT	Rs. Cr.	25.28	22.53
PAT Margin	(%)	3.08	2.77
Total Debt/Tangible Net Worth	Times	1.36	1.99
PBDIT/Interest	Times	3.64	3.48

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
05 Apr 2024	Post Shipment Credit	Short Term	76.70	ACUITE A3+ (Reaffirmed)
	Post Shipment Credit	Short Term	5.00	ACUITE A3+ (Assigned)
	PC/PCFC	Short Term	38.72	ACUITE A3+ (Reaffirmed)
	PC/PCFC	Short Term	23.78	ACUITE A3+ (Assigned)
	Post Shipment Credit	Short Term	2.00	ACUITE A3+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	1.00	ACUITE A3+ (Reaffirmed)
	Cash Credit	Long Term	8.50	ACUITE BBB Stable (Reaffirmed)
	Working Capital Demand Loan (WCDL)	Long Term	8.50	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	22.58	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	13.36	ACUITE BBB Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	25.60	ACUITE BBB Stable (Assigned)
14 Mar 2024	Post Shipment Credit	Short Term	76.70	ACUITE A3+ (Reaffirmed)
	PC/PCFC	Short Term	38.72	ACUITE A3+ (Reaffirmed)
	Post Shipment Credit	Short Term	2.00	ACUITE A3+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	1.00	ACUITE A3+ (Reaffirmed)
	Cash Credit	Long Term	8.50	ACUITE BBB Stable (Reaffirmed)
	Working Capital Demand Loan (WCDL)	Long Term	8.50	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	22.58	ACUITE BBB Stable (Reaffirmed)
15 Dec 2022	Post Shipment Credit	Short Term	5.00	ACUITE A3+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	1.00	ACUITE A3+ (Reaffirmed)
	Post Shipment Credit	Short Term	15.00	ACUITE A3+ (Assigned)
	PC/PCFC	Short Term	23.00	ACUITE A3+ (Assigned)
	Bills Discounting	Short Term	5.00	ACUITE A3+ (Assigned)
	Post Shipment Credit	Short Term	41.70	ACUITE A3+ (Reaffirmed)
	PC/PCFC	Short Term	15.00	ACUITE A3+ (Reaffirmed)
	Post Shipment Credit	Short Term	2.00	ACUITE A3+ (Reaffirmed)
	Term Loan	Long Term	0.72	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	0.36	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	8.50	ACUITE BBB Stable (Reaffirmed)

	Working Capital Demand Loan (WCDL)	Long Term	8.14	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	1.04	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	0.21	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	1.00	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	0.72	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	4.61	ACUITE BBB Stable (Reaffirmed)
	Secured Overdraft	Long Term	10.00	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	15.00	ACUITE BBB Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.00	Simple	ACUITE A3+ Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	43.50	Simple	ACUITE BBB Stable Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	29.00	Simple	ACUITE A3+ Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Post Shipment Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE A3+ Reaffirmed
Yes Bank Ltd	Not avl. / Not appl.	Post Shipment Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	81.70	Simple	ACUITE A3+ Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	53.80	Simple	ACUITE BBB Stable Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	17 Jun 2023	Not avl. / Not appl.	07 Mar 2030	7.74	Simple	ACUITE BBB Stable Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	7.00	Simple	ACUITE BBB Stable Reaffirmed

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